

Tuesday 22 August 2023

**OIA IRO-465**

Name: [REDACTED]

Email: [REDACTED]@gmail.com

Kia ora [REDACTED]

**Official information request for three waters' delivery to Wellington City Council.**

Thank you for your official information request dated Tuesday 25 July 2023.

We have considered your request in accordance with the Local Government Official Information and Meetings Act 1987 (the Act) and determined that we are able to grant a response to your first three questions in full.

Our answers are in the Appendix of this letter.

Pursuant to [Section 14\(1\)\(b\)](#) of the Act, we are extending the time to respond with a decision on your fourth question. You can expect a response no later than Friday 8 September 2023.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or freephone 0800 802 602.

Ngā mihi,

[REDACTED]

**Group Manager, Network Strategy and Planning**

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[www.wellingtonwater.co.nz](http://www.wellingtonwater.co.nz)

**Our water, our future.**

## Appendix

### **Question One: When did we set the targets?**

#### *Answer...*

This is an indication, and not a formal target, of the rate of renewal required to address the historical backlog, and all the predicted renewal needs over the next 30 years, averaged to one annual figure. It is a purely age-based calculation and does not account for condition factors, which could defer or advance renewal needs.

### **Question Two: Is the 100km for WCC or all clients, if only for WCC, what's their portion?**

#### *Answer...*

The figure is for all six councils. For Wellington City Council, the figure is 38km.

### **Question Three: When did we communicate this?**

#### *Answer...*

It has been raised verbally in several forums such as the Water NZ Conference, in discussions with the National Transition Unit asset management programme and most recently at the July 2023 Wellington Water Committee Meeting. See the Agenda attached in our email to you, with mention of the 2022/23 Capex Delivery on Page 30. The matter was also raised at the March 2023 Wellington Water Committee Meeting – see page 15 of those meeting minutes attached in our email to you.

Please note that all Water Committee Agendas and Minutes are proactively released on the Hutt City Council Website [here](#).

Monday 18 September 2023

**OIA IRO-465**

Name: [REDACTED]

Email [REDACTED][@gmail.com](#)

Kia ora [REDACTED]

**Official information request for three waters' delivery to Wellington City Council.**

On Tuesday 22 August we provided answers to the first three questions and extended the response time of the fourth question until today, 8 September.

We have considered your final question in accordance with the Local Government Official Information and Meetings Act 1987 (the Act) and determined that we can provide the information you are after.

Please see our response to your fourth and final question in the Appendix.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or freephone 0800 802 602.

Ngā mihi,

[REDACTED]

**Group Manager, Network Development and Delivery**

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## Appendix

**Question Four: What funding do you need from WC to reach its goal for this year? How much do you have? What can be achieved with that?**

### *Answer...*

For the 2023/24 Financial year, please see a breakdown of the work planned and the cost of that which has been confirmed and budgeted, and note the following:

1. 3.587km of pipes are forecast to be delivered, and
2. We have \$25.155 million to achieve that.

Council	Total Meters	Funding
WCC	3587	\$ 25,155,000

Please note that the cost of renewing pipe is highly variable depending on factors such as:

- How big and deep the pipe is,
- It's location; in a road, berm, private property, crossing a water body, in the middle of the CBD or a quiet suburb,
- The traffic management arrangements that are required,
- Whether we can re-use the trench material, or whether it needs to go to landfill or if it is contaminated,
- What temporary works are required to provide the service while construction is ongoing.



# KOMITI NGĀ WAI HANGARUA WELLINGTON WATER COMMITTEE

19 July 2023

Order Paper for the meeting to be held in the  
Hutt City Council Chambers, 2nd Floor, 30 Laings Road, Lower Hutt,  
on:

## **Monday 24 July 2023 commencing at 10.00am**

The meeting will be live streamed on Hutt City Council's Facebook page.  
Members of the public wishing to speak to items on the agenda are asked to contact  
[democraticservices@huttcity.govt.nz](mailto:democraticservices@huttcity.govt.nz)

### **Membership**

Mayor A Baker	Porirua City Council
Mayor C Barry (Chair)	Hutt City Council
Mayor M Connelly	South Wairarapa District Council
Cr R Connelly (Deputy Chair)	Greater Wellington Regional Council
Mayor W Guppy	Upper Hutt City Council
H Modlik	Te Rūnanga O Toa Rangatira
L Rauhina-August	Taranaki Whānui ki Te Upoko o Te Ika
Mayor T Whanau	Wellington City Council
A Rutene	Ngāti Kahungunu ki Wairarapa Tamaki Nui a Rua Treaty Settlement Trust
Cr T Brown	Wellington City Council (Alternate)
Cr C Kirk-Burnnand	Greater Wellington Regional Council (Alternate)
Cr R Leggett	Porirua City Council (Alternate)
Deputy Mayor M Sadler-Futter	South Wairarapa District Council (Alternate)
R Faulkner	Te Rūnanga O Toa Rangatira (Alternate)
Deputy Mayor H Swales	Upper Hutt City Council (Alternate)
K Tamanui	Taranaki Whānui ki Te Upoko o Te Ika (Alternate)
Cr G Tupou	Hutt City Council (Alternate)
N Hooper	Member, Māori Standing Committee, SWDC (Observer)

For the dates and times of Council Meetings please visit [www.huttcity.govt.nz](http://www.huttcity.govt.nz)

# Wellington Water Committee

## Terms of Reference

### Purpose

The Wellington Water Committee ("the Committee") is established to:

- Provide governance and leadership across issues which are related to the planning, delivery and management of water services to communities serviced by Wellington Water Limited;
- Provide governance oversight of Wellington Water Limited, including by exhibiting good governance practice;
- Provide a forum for the representatives of Wellington Water Limited's shareholders and mana whenua to meet, discuss and co-ordinate on relevant issues and, through their representatives, to exercise their powers; and
- Strive for consistency across all client councils so all customers receive a similar level of service.

### Status

The Committee is, for the purposes of the Local Government Act 2002, a joint committee of the Lower Hutt City Council, Porirua City Council, Upper Hutt City Council, Wellington City Council, South Wairarapa District Council and the Wellington Regional Council.

### Specific responsibilities

The Committee's responsibilities are:

Governance oversight responsibilities

Shareholder and mana whenua governance oversight of Wellington Water Limited and of the network infrastructure for the delivery of bulk water, water reticulation, wastewater and stormwater services in the geographical areas of Wellington Water Limited's operations, including by:

- Receiving and considering the half-yearly and annual reports of Wellington Water Limited;
- Receiving and considering such other information from Wellington Water Limited as the Committee may request on behalf of the parties to the Shareholders and Partnership Agreement and/or receive from time to time;
- Undertaking performance and other monitoring of Wellington Water Limited;
- Considering and providing recommendations to the parties to the Shareholders and Partnership Agreement on proposals from Wellington Water Limited;
- Providing co-ordinated feedback, and recommendations as needed, on any matters requested by Wellington Water Limited or any of the parties to the Shareholders and Partnership Agreement;
- Providing recommendations to the parties to the Shareholders and Partnership Agreement regarding regional studies which the Shareholders need to be cognisant of;

- Providing recommendations to the parties to the Shareholders and Partnership Agreement regarding water conservation;
- Agreeing the annual Letter of Expectation to Wellington Water Limited;
- Receiving, considering and providing agreed feedback and recommendations to Wellington Water Limited on its draft statement of intent;
- Receiving, considering and providing recommendations to the parties to the Shareholders and Partnership Agreement regarding Wellington Water Limited's final statement of intent.
- Agreeing when Shareholder meetings, or resolutions in lieu of Shareholder meetings, are required, without prejudice to Shareholder and Board rights to call meetings under Wellington Water Limited's constitution and;
- Seeking and interviewing candidates for Wellington Water Limited's Board as needed and recommending to the holders of Class A Shares appointments and/or removals of directors of Wellington Water Limited;
- Recommending the remuneration of directors of Wellington Water Limited;
- Monitoring the performance of the Board of Wellington Water Limited; and
- Providing recommendations to the parties to the Shareholders and Partnership Agreement regarding changes to these terms of reference, the Shareholders and Partnership Agreement and the constitution of Wellington Water Limited.

## **Membership**

The membership of the Committee will be as specified in the Shareholders and Partnership Agreement. With the exception of the Committee Members nominated by the Mana Whenua Partners Entities, each appointee must be an elected member of the appointing Shareholder.

## **Chairperson**

The Chairperson and Deputy Chairperson will be elected by the Committee once all Committee members have been appointed.

## **Quorum**

Subject to the below for Committee meetings to appoint directors of Wellington Water Limited, for a meeting of the Committee to have a quorum, a majority of Committee Members, or their appointed Alternates, must be present, and the number making up the majority must include at least an equal number of Shareholder appointed Committee Members as MWPE nominated Committee Members.

Where the Committee is providing a forum for the Shareholders to meet and exercise their powers in relation to Wellington Water Limited, the requirements of Wellington Water Limited's constitution will prevail.

Clause 11.3 of the company's constitution provides that Directors shall be appointed and removed by the unanimous resolution of the Shareholders holding Class A Shares. For this matter the quorum for the Committee meeting is therefore attendance by all Committee Members (or their Alternates) for the holders of the Class A Shares.

## **Alternates**

Each Committee Member appointed to the Committee must have an Alternate.

## **Other Shareholder attendee**

Each Shareholder-appointed elected member Committee member will be entitled to invite an officer attendee to Committee meetings, provided however that the additional attendee will not have any voting rights on the Committee.

## **Decision-making**

The Committee will strive to make all decisions by consensus.

In the event that a consensus on a particular matter before the Committee is not able to be reached, each Committee Member has a deliberative vote. In the situation where there is an equality of votes cast on a matter, the Chairperson does not have a casting vote and therefore the matter subject to the vote is defeated and the status quo is preserved.

Other than for those matters for which the Committee has effective decision-making capacity through these Terms of Reference, each Shareholder retains its powers to make its own decisions on matters referred to it by the Committee and on matters specified in Part 1 of Schedule 2 to the Shareholders and Partnership Agreement (for clarity, this means that only Shareholders have voting rights in relation to the matters specified in Part 1 of Schedule 2).

## **Secretariat services**

Unless otherwise agreed from time to time by all of the elected member Committee Members, the Council for which the Chairperson is an elected member will provide secretariat services to the Committee. The Chairperson will be responsible for managing the agenda at Committee meetings.

## **Standing Orders**

The Standing Orders of the Council providing secretariat services to the Committee will apply to Committee meetings, subject to the provisions for meeting quorum and decision making as set out in these terms of reference taking precedence.

## **Remuneration**

Each Shareholder will be responsible for remunerating the elected member Committee Member appointed by it to the Committee, and their Alternate, for any costs associated with those persons' membership on the Committee.

The Shareholders will also be responsible for remunerating (in equal shares) the Committee Members nominated by Mana Whenua Partner Entities, and their Alternates, and appointed to the Committee by the Shareholders, for any costs associated with those persons' membership on the Committee.

## **Administration**

Reports to be considered by the Committee may be submitted by any of the Shareholders, any of the Mana Whenua Partner Entities, or Wellington Water Limited.

## **Duration of the Committee**

In accordance with clause 30(7) of Schedule 7 to the Local Government Act 2002, the Committee is not deemed to be discharged following each triennial election.



## **Appendix**

### **Common delegations by Shareholders**

#### Governance oversight responsibilities

- Each Shareholder will delegate to the Committee the responsibilities and powers necessary to participate in and carry out the Committee's governance oversight responsibilities.

#### Shareholders' responsibilities

- Each Shareholder will delegate to its appointed elected member Committee Member and, in accordance with these terms of reference, that person's Alternate, all responsibilities and powers in relation to the agreement of:
  - when Shareholder meetings, or resolutions in lieu of Shareholder meetings, are required (without prejudice to Shareholder and Board rights to call meetings under Wellington Water Limited's constitution); and
  - the appointment, removal and remuneration of Wellington Water Limited's directors.

## KOMITI NGĀ WAI HANGARUA | WELLINGTON WATER COMMITTEE

Meeting to be held in the Hutt City Council Chambers,  
2<sup>nd</sup> Floor, 30 Laings Road, Lower Hutt on  
Monday 24 July 2023 commencing at 10.00am.

### ORDER PAPER

### PUBLIC BUSINESS

#### 1. OPENING FORMALITIES - KARAKIA TIMATANGA

Whakataka te hau ki te uru  
Whakataka te hau ki te  
tonga  
Kia mākinakina ki uta  
Kia mātaratara ki tai  
E hī ake ana te atakura  
He tio, he huka, he hau hū  
Tihei mauri ora.

*Cease the winds from the west  
Cease the winds from the south  
Let the breeze blow over the land  
Let the breeze blow over the ocean  
Let the red-tipped dawn come with a  
sharpened air.  
A touch of frost, a promise of a glorious  
day.*

#### 2. APOLOGIES

Mayor Whanau

#### 3. PUBLIC COMMENT

Generally up to 30 minutes is set aside for public comment (three minutes per speaker on items appearing on the agenda). Speakers may be asked questions on the matters they raise.

#### 4. CONFLICT OF INTEREST DECLARATIONS

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

#### 5. CHAIR'S STATEMENT

A verbal statement by the Chair.

#### 6. MINUTES

Meeting minutes Komiti Ngā Wai Hangarua | Wellington Water Committee,  
9 June 2023

7. **REPLACEMENT OF TE RŪNUNGA O TOA RANGATIRA MANA WHENUA REPRESENTATIVES**
- Report No. WWC2023/3/104 by the Chief Executive, Porirua City Council 22
- CHAIR'S RECOMMENDATION:**
- “That the recommendations contained in the report be endorsed.”
8. **THREE WATERS REFORMS - LEGISLATION AND PROGRAMME UPDATE**
- A verbal update by the Programme Director, Water Reform – Wellington Water Councils.
9. **COMPANY AFFORDABLE WATER REFORM TRANSITION REPORT**
- Report No. WWC2023/3/105 by Wellington Water Limited 24
- CHAIR'S RECOMMENDATION:**
- “That the recommendation contained in the report be endorsed.”
10. **COMPANY AND GOVERNANCE UPDATE**
- Report No. WWC2023/3/106 by Wellington Water Limited 27
- CHAIR'S RECOMMENDATION:**
- “That the recommendations contained in the report be endorsed.”
11. **OUR WATER, OUR FUTURE: WELLINGTON WATER LIMITED STATEMENT OF INTENT 2023-2026**
- Report No. WWC2023/3/107 by Wellington Water Limited 75
- CHAIR'S RECOMMENDATION:**
- “That the recommendations contained in the report be endorsed.”
12. **INVESTMENT PLANNING UPDATE 2024/34**
- Report No. WWC2023/3/108 by Wellington Water Limited 129
- CHAIR'S RECOMMENDATION:**
- “That the recommendations contained in the report be endorsed.”

13. **WATER SUPPLY AND DEMAND RISK FOR 2023/24 SUMMER – JULY UPDATE**

Report No. WWC2023/3/109 by Wellington Water Limited 131

**CHAIR’S RECOMMENDATION:**

“That the recommendation contained in the report be endorsed.”

14. **WELLINGTON WATER LIMITED ANNUAL GENERAL MEETING**

Report No. WWC2023/3/110 by Wellington Water Limited 138

**CHAIR’S RECOMMENDATION:**

“That the recommendation contained in the report be endorsed.”

15. **INFORMATION ITEM - WELLINGTON WATER COMMITTEE FORWARD PROGRAMME 2023**

Memorandum dated 6 July 2023 by the Democracy Advisor 141

**CHAIR’S RECOMMENDATION:**

“That the recommendations contained in the memorandum be endorsed.”

16. **CLOSING FORMALITIES - KARAKIA WHAKAMUTUNGA**

Unuhia!	<i>Release us from the supreme</i>
Unuhia!	<i>sacredness of our tasks</i>
Unuhia i te uru-tapu-nui	<i>To be clear and free</i>
Kia wātea, kia māmā	<i>in heart, body and soul in our</i>
Te ngākau, te tinana, te wairua	<i>continuing journey</i>
i te ara takatū	<i>Oh Rongo, raise these words up high</i>
Koia rā e Rongo whakairihia	<i>so that we be cleansed and be free,</i>
ake ki runga	<i>Yes indeed, we are free!</i>
Kia wātea, kia wātea!	<i>Good and peaceful</i>
Ae rā, kua wātea!	
Hau, pai mārire.	

Annie Doornebosch  
**Democracy Advisor**  
**Hutt City Council**

**KOMITI NGĀ WAI HANGARUA | WELLINGTON WATER COMMITTEE**

Minutes of a meeting held in the Hutt City Council Chambers on  
**Friday 9 June 2023 commencing at 10.00am**

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**PRESENT:**

Mayor C Barry (HCC) (Chair)  
 Mayor A Baker (PCC)  
 Cr R Connelly (GWRC) (Deputy Chair)  
 Mayor W Guppy (UHCC)  
 L Rauhina-August (Taranaki Whānui ki Te Upoko o Te Ika)  
 A Rutene (Ngāti Kahungunu ki Wairarapa Tamaki Nui a Rua  
 Treaty Settlement Trust)  
 Mayor T Whanau (WCC)

**APOLOGIES:**

Mayor M Connelly, Deputy Mayor M Sadler-Futter

**IN ATTENDANCE:**

Cr T Brown (WCC Alternate) (part meeting)  
 Cr R Leggett (PCC Alternate)  
 Deputy Mayor H Swales (UHCC Alternate)  
 N Hooper (SWDC) (Observer)  
 W Walker, Chief Executive, PCC  
 P Kelly, Chief Executive, UHCC  
 S McLean, Group Manager, Corporate Services, GWRC (via  
 audio visual link)  
 B Hodgins, Strategic Advisor, HCC  
 D List, Programme Director, Water Reform - Wellington  
 Water Councils (part meeting)  
 T Haskell, Chief Executive, WWL  
 N Leggett, Interim Chair, WWL Board (part meeting)  
 J McKibbin, Group Manager, Network Management Group,  
 WWL  
 J Alexander, Group Manager, Network Strategy and Planning,  
 WWL  
 M Ford, Group Manager Business Services/Chief Financial  
 Officer, WWL  
 K Locke, Group Manager, Customer Operations Group, WWL  
 I Dennis, Transition Programme Manager, WWL  
 C Barker, Director, Regulatory Services, WWL  
 L Edwards, Chief Advisor, Potable Water, WWL  
 F Clarke, Head of Three Waters Strategy, WWL  
 L Harding, Principal Advisor, Service Planning, WWL  
 N Crane, Principle Advisor, Chief Executive's Office, WWL  
 V MacFarlane, Manager, Communications and Community  
 Engagement, WWL  
 A Doornebosch, Democracy Advisor, HCC

**PUBLIC BUSINESS**

**1. OPENING FORMALITIES - KARAKIA TIMATANGA**

<p>Whakataka te hau ki te uru          Whakataka te hau ki te tonga          Kia mākinakina ki uta          Kia mātaratara ki tai          E hī ake ana te atakura          He tio, he huka, he hau hū          Tihei mauri ora.</p>	<p><i>Cease the winds from the west          Cease the winds from the south          Let the breeze blow over the land          Let the breeze blow over the ocean          Let the red-tipped dawn come with a sharpened air.          A touch of frost, a promise of a glorious day.</i></p>
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**2. APOLOGIES**

**RESOLVED:** (Mayor Barry/Mayor Baker)

**Minute No. WWC 23301**

*"That the apologies received from Mayor Connelly and Deputy Mayor Sadler-Futter be accepted and leave of absence be granted."*

**3. PUBLIC COMMENT**

There was no public comment.

**4. CONFLICT OF INTEREST DECLARATIONS**

There was no conflict of interest declarations.

**5. CHAIR'S STATEMENT**

A verbal update was provided by the Chair attached as page 9 to the minutes.

**6. MINUTES**

**RESOLVED:** (Mayor Barry/Mayor Baker)

**Minute No. WWC 23302**

*"That the minutes of the meeting of the Komiti Ngā Wai Hangarua | Wellington Water Committee held on Friday, 17 March 2023, be confirmed as a true and correct record."*

7. **APPOINTMENT OF DIRECTORS TO WELLINGTON WATER LIMITED**

Report No. WWC2023/3/150 by the Chief Executive, Porirua City Council

The Chief Executive, Porirua City Council (PCC) elaborated on the report.

In response to questions from members, the Chief Executive, PCC said she had discussed the directors to WWL selection process with Jackson Stone. She advised she would ask Jackson Stone to consider candidates with Board experience and diversity. She said she would make the Board Skills Matrix for the candidates available to the panel. She noted this would also be included in the report to the Committee to appoint Directors.

The Chair asked that Jackson Stone look widely for candidates including Mana Whenua representatives. He asked that candidates with transition experience be considered.

**RESOLVED:** (Mayor Barry/Cr Connelly)

**Minute No. WWC 23303**

*“That the Committee:*

- (1) *receives and notes the report;*
- (2) *notes the resignation of Lynda Carroll and Mike Underhill from the Wellington Water Limited Board and the expiration of the term of Kim Skelton in September 2023;*
- (3) *agrees to recommend to the shareholders that a further three directors are appointed to the Board of Wellington Water Limited;*
- (4) *appoints Jackson Stone as the recruitment agency to undertake an identification and selection process to identify suitable candidates for appointment as previously agreed by email;*
- (5) *agrees on the below panel membership to work with Jackson Stone to shortlist and select preferred candidates to be considered for appointment by the full Wellington Water Committee:*  
  
*Mayor Barry, Mayor Baker, Mayor Connelly, Andrea Rutene and a Wellington Water Committee representative from Wellington City Council;*
- (6) *agrees to consider the recommendations of the panel; and*
- (7) *notes a report will be submitted to the Wellington Water Committee meeting to be held on 24 July 2023 with recommendations to:*
  - (a) *appoint and approve new directors to Wellington Water Limited; and*
  - (b) *recommend a Chair to the Board.”*

## 8. THREE WATERS REFORMS - LEGISLATION AND PROGRAMME UPDATE

The Programme Director, Water Reform - Wellington Water Councils provided a verbal update and presentation attached as pages 10 to 13 to the minutes.

In response to questions from members, the Programme Director, Water Reform – Wellington Water Councils noted the terms for the entity Chief Executives had changed as a result of the date reset from central government. He said a critical point in the establishment of the water services entities would be the establishment of their boards. He noted the entities would be established in a staged approach with Auckland likely to be the first. He highlighted policy would be provided in the draft legislation on these requirements. He advised contact with Mana Whenua needed refinement and this had been raised with the National Transition Unit (NTU). He agreed to provide members with future Select Committee reports and key summaries released by the Te Tari Taiwhenua | Department of Internal Affairs (DIA).

In response to questions from members, the Chief Executive, PCC advised the Chief Executive's role for Entity C had substantially changed. She understood the role would continue to manage the change process within the boundaries of Entity C and was still the main point of contact. She advised some issues sitting within the transition process were being referred to the NTU. She noted a roadshow on the Water Reforms would be held at Pataka Art and Museum in Porirua on 27 June 2023. She advised she would follow up the invitations for the roadshow with DIA.

L Rauhina-August asked for a representative from Te Rūnanga o Toa Rangatira to be appointed to the Committee.

**RESOLVED:** (Mayor Barry/ L Rauhina-August)

**Minute No. WWC 23304**

*"That the Committee receives and notes the presentation."*



9. **AFFORDABLE WATER REFORM TRANSITION PROGRAMME UPDATE**

Report No. WWC2023/3/90 by Wellington Water Limited

The Head of the Three Waters Transition Programme, WWL elaborated on the report.

In response to a question from a member, the Chief Executive, WWL said a key priority for the transition was the impact on WWL staff.

In response to a question from a member, the Head of the Three Waters Transition Programme advised part of the impact assessment included the best way to support staff. He said this included making sure people leaders were making time for one on one conversations with staff to talk through the transition process. He noted WWL had also established transition champions to ensure the voice of staff was being heard and responded to.

**RESOLVED:** (Mayor Barry/Mayor Baker)

**Minute No. WWC 23305**

*"That the Committee receives and notes the report."*

## 10. COMPANY AND GOVERNANCE UPDATE

Report No. WWC2023/3/91 by Wellington Water Limited

The Chair congratulated the Interim Board Chair, WWL on his appointment.

The Interim Board Chair, WWL noted he had accepted the role recognising that WWL had a limited life cycle. He said the WWL Board had a duty of stewardship to the Committee and the region to ensure an accountable transition to the new water services entity.

The Chief Executive, WWL elaborated on the report. She said the appointment of the Interim Board Chair to WWL would provide a good level of stability. She noted the OPEX challenges and thanked councils for their engagement. She highlighted the non-compliance of the Martinborough Wastewater Treatment Plant (WWTP) and advised this would need careful management going forward within available funding.

In response to questions from members, the Chief Executive, WWL said WWL was discussing the planning process for SWDC's WWTP capacity with senior officers of SWDC. She said that once developed, lessons learned would be shared across the region. She noted a plan for a big subdivision had been the catalyst to put future applications on hold to connect to the Martinborough WWTP. She agreed that officers should have information on WWTP capacity available across the region. She noted the information should also be provided regularly to the Committee. She said WWL had provided advice to SWDC that the Martinborough WWTP had reached capacity. She advised SWDC decided to put this hold in place. She highlighted that impacts on the environment had also been considered. She said the decision was not taken lightly and had been made after several issues had been considered.

In response to questions from members, the Chief Executive, WWL advised WWL had been in discussion with the Chair of the Committee regarding future workshops. She highlighted the need to understand what the vision for water leakage for the region was and this was something all councils needed to invest in. She said further work was being developed on the Capital Delivery Dashboard to include a metric of work completed as well as the cost.

The Chair requested WWL officers provide an update on WWTP capacity in the region to the next Committee meeting to be held on 24 July 2023. The Chair noted it was important for the Committee to understand at a regional level future processes for managing WWTP capacity.

Mayor Baker highlighted that members had been told two years ago that the Martinborough WWTP was at capacity. She said she was not sure why members were suddenly being told connections were on hold and asked that this be recorded in the minutes.

L Rauhina-August asked that reference to Te Rūnunga o Toa Rangatira be removed from future reports until they had a representative appointed to the Committee.

**RESOLVED:** (Mayor Baker/A Rutene)

**Minute No. WWC 23306**

*"That the Committee receives and notes the report."*

11. **WATER SUPPLY AND USAGE RISK FOR 2023/24 SUMMER - METROPOLITAN WELLINGTON**

Report No. WWC2023/3/92 by Wellington Water Limited

The Group Manager, Customer Operations, WWL elaborated on the report.

The Director, Regulatory Services, WWL noted that WWL had good water supply risk mitigations in place. He said the amount of water loss had not been reduced so the region was now facing an increasing likelihood of an acute water shortage this year.

In response to questions from members, the Group Manager, Customer Operations, WWL said the real water losses graph demonstrated that over time water loss was increasing. He advised the data was plotted against the number of leaks outstanding so this meant that leaks in the system yet to be fixed were increasing. He noted the water supply and usage graph attached as Appendix 1 to the report showed that the water supply and demand system was complex. He said there were several variables that could be discussed at the workshop. He advised councils could impose enforcement action in the community if water restrictions were not followed during summer months.

In response to a question from a member, the Chief Advisor, Potable Water, WWL said it was hard to measure real water losses due to the lack of water meters in the network. He advised more refined figures were available at the end of each financial year but not over the year due to the lack of meters. He said the key things to note from the graph in Appendix 2 attached to the report were the trend and number of open leaks.

The Chair noted the importance of a regional approach to managing these risks.

**RESOLVED:** (Mayor Barry/Mayor Baker)

**Minute No. WWC 23307**

*"That the Committee:*

- (1) notes that modelling indicates that if we experience an average summer this year (for example, without significant rainfall), it is likely the region will face an acute water shortage, despite increased efforts to address leaks;*
- (2) notes the consequences to our communities when peak demand for water use is at levels higher than our ability to treat and supply water, which includes the potential for boil water notices to be required;*
- (3) notes Wellington Water Limited is unable to mitigate the risk of an acute water shortage within current funding levels;*
- (4) notes Wellington Water Limited will continue to optimise our activities within current funding and report on progress;*
- (5) notes it's likely that councils will need to approve increased levels of water restrictions, and for a longer period this summer and/or have us stand up emergency responses to ask customers to significantly reduce their usage at short notice; and*
- (6) notes the risk of water shortage will remain acute in future years until coordinated regional investment in water supply is made by councils."*

12. **INFORMATION ITEM - WELLINGTON WATER COMMITTEE FORWARD PROGRAMME 2023**

Memorandum dated 1 June 2023 by the Democracy Advisor

The Chair asked officers to work on options for priority areas for workshops and report back to the Committee.

**RESOLVED:** (Mayor Barry/ A Rutene)

**Minute No. WWC 23308**

*"That the Committee receives and notes the Forward Programme for 2023 attached as Appendix 1 to the memorandum."*

13. **CLOSING FORMALITIES - KARAKIA WHAKAMUTUNGA**

Unuhia!	<i>Release us from the supreme sacredness of our tasks</i>
Unuhia!	<i>To be clear and free</i>
Unuhia i te uru-tapu-nui	<i>in heart, body and soul in our continuing journey</i>
Kia wātea, kia māmā	<i>Oh Rongo, raise these words up high</i>
Te ngākau, te tinana, te wairua i te	<i>so that we be cleansed and be free,</i>
ara takatū	<i>Yes indeed, we are free!</i>
Koia rā e Rongo whakairihia ake ki	<i>Good and peaceful</i>
runga	
Kia wātea, kia wātea!	
Ae rā, kua wātea!	
Hau, pai mārire.	

There being no further business the Chair declared the meeting closed at 11.21am.

Mayor C Barry  
**CHAIR**

**CONFIRMED as a true and correct record**  
**Dated this 24th day of July 2023**

Wellington Water Committee Chair's opening statement

Kia ora everyone, before we begin I would like to give a brief statement.

### **Capital Programme Delivery**

I want to acknowledge the immense work that has been done in delivering our Capital Programme.

Wellington Water has delivered over \$200 million in capital projects across the region this year, focusing on improving water outcomes for our communities. We have 35 projects in progress with another 14 identified for construction across 2023.

It also has the added benefit of providing significant job opportunities for the local economy.

I want to congratulate and welcome Nick Leggett as interim Chair of Wellington Water following the resignation of Lynda Carroll. Nick is CE of Infrastructure NZ and a former Mayor of Porirua City.

The WWL Board has appointed Tonia Haskell as the permanent Chief Executive. Tonia has been acting in the role and was formerly Group Manager Network Development and Delivery.

It is great to have both Nick and Tonia on board and I'm sure they will add a lot in their respective roles.

Reforms continue to be a key issue for Wellington Water. Although the Government has announced its revision of the three waters programme, there remains uncertainty with an election looming and Wellington Water is focused on supporting its staff through this period.

Staff are also working closely with councils to develop their LTPs against this uncertain backdrop.

### **Major project underway for Porirua**

Earthworks have begun on the 7 million litre Porirua central wastewater storage tank. It's due for completion in 2026 and will reduce overflows of untreated wastewater during wet weather. The partially buried reinforced concrete tank has a lifespan of 100 years.

The project was blessed with karakia in mid-May and Ngāti Toa's Taku Parai spoke of the impact this project will have on improving the health of the harbour.

### **Leaks**

We've got a paper from Wellington Water on our agenda today on water loss, but it's one of the most pressing problems we're all facing.

Despite the additional funding some councils have provided, and the hard work from Wellington Water, we're jointly still losing about 40 percent of the drinking water that WWL's putting into our pipes.

Our discussion on WWL's water loss paper will be a very important part of today — and our workshop after this meeting to discuss a way forward to mitigate the risk of severe water shortages during summer.

The slide features a background image of a lush green hillside with a body of water in the foreground, reflecting the sky and trees. A blue diagonal banner is overlaid on the left side of the image.

**Wellington Water Committee**

**Item 8: Three waters reform**

**Key updates on legislation and programme**

9 June 2023  
Dougal List, Programme Director

1

## Key matters to be covered in this update

### Matters for update

- Government reset
- Legislation update
- Reforms programme and timeline
- Programme dashboard

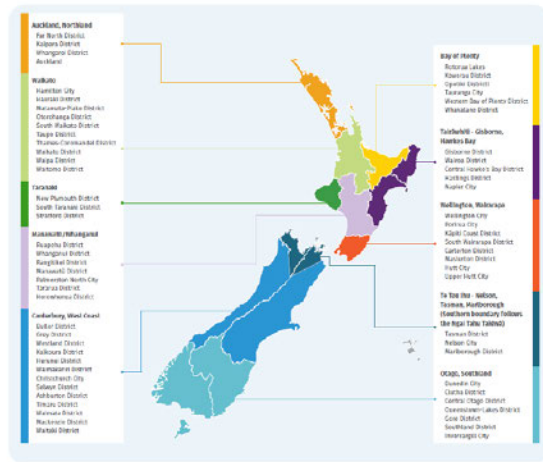
## Government reset

### Government reset – Water Services Reform

- On 13 April the Government announced a reset of water reforms

The key changes announced are:

- An increase of the number of WSE to 10.
- Staged establishment date 2025 to 1 July 2026, rather than the original start date of 1 July 2024 for all entities
- Legislation will need to be amended to enable councils to include water in the 2024 LTP
- All councils represented on the RRG
- Other features of the WSE remain largely unchanged – balance sheet separation, council ownership, board governance, RRG oversight from councils and Iwi / Māori



Wellington Water Committee – Three Waters reforms update 9 June 2023 3

## Better off funding and implementation

### Changes to better off funding

- The first \$500 million of Crown-funded 'better off' funding for councils is unaffected.
- \$1.5 billion second phase/tranche of better off funding for councils is cut.
- The \$500 million 'no worse off' funding package for councils will remain
- Announcement on transition funding expected late June

### Giving effect to the change

- Key next steps will need to include:
  - Further policy decisions by Government
  - Enactment of the Water Services Legislation Bill and the Economic Efficiency and Consumer Protection Bill
  - Further legislation
  - Budget decisions and funding to enable the reforms process, including funding for councils
- A significant reset of the implementation plan is also required from the National Transition Unit. Expected by end of June

## Giving effect to the reset, implications and risk

### Implications and risks

- Risk assessment – the details of the reset remain unclear and ongoing assessment of the risks and mitigation will be required
- Reforms will take longer to implement – potentially out to 1 July 2026
- The general elections may result in further changes
- There will be ongoing resource and financial implications for councils to 2026
- Councils will need to include water in the 2024 LTP for unknown timeframe
- WWL needs to continue to deliver services and operations until a later establishment date

## Legislation update

### Select Committee Report Back

On 8 June the Finance and Expenditure Select Committee reported back on both current Bills:

- Water Services Legislation Bill
- Water Services Economic Efficiency and Consumer Protection Bill

A verbal update on the Select Committee reports will be provided at the meeting.

It is likely that final readings of these Bills will be aligned with the passage of further legislation amendments by August.

### Amendment to Legislation

- Further amendments are expected to give effect to the reset by mid-June
- Amendments are required to increase the number of WSE, change start dates and enable councils to include water in LTP for 2024 to 2026 period
- May include provisions to clarify establishment dates for each WSE
- It is expected that these will proceed through Select Committee and into legislation by August



## Programme update

### Reforms programme

- There remains uncertainty on the process and timing for reforms
- More detail is expected on this during June and July through the following:
  - Amendment Bill – mid-June
  - Supporting Cabinet papers – mid-June
  - NTU work programme – late June
  - Transition funding – late June
  - Entity specific work programme – July
  - Select Committee process – July
  - Decisions on legislation - August

## Water reforms – WWLASC programme dashboard

Programme	Status	Commentary
Budget and costs		<ul style="list-style-type: none"> <li>• Councils are forecasting some unallocated transition funding at end of FY22/23</li> <li>• NTU have indicated further funding for FY23/24 with details by end of June</li> </ul>
Risks		<ul style="list-style-type: none"> <li>• Impacts of change in Government policy and unclear programme</li> <li>• Resourcing impacts of reset unclear</li> <li>• Impact on core BAU programme delivery</li> </ul>
Progress		<ul style="list-style-type: none"> <li>• Limited progress over reset period</li> <li>• Unclear tasks and timeline ahead due to reset</li> </ul>
Critical activities next quarter		<ul style="list-style-type: none"> <li>• Select Committee report back</li> <li>• Amendment Bill</li> <li>• NTU programme reset</li> <li>• Confirmation of transition funding</li> <li>• LTP / AMP process and inputs</li> </ul>



# Komiti Ngā Wai Hangarua Wellington Water Committee

07 July 2023

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Report no: WWC2023/3/104

## Replacement of Te Rūnunga o Toa Rangatira Mana Whenua Representatives

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### Purpose of Report

1. To note the change in representation by Te Rūnunga o Toa Rangatira as Mana Whenua Partners on the Wellington Water Committee.

### Recommendations

That the Committee:

- (1) notes and receives the report; and
- (2) notes that Helmut Modlik is to replace Miria Pomare as the Te Rūnunga o Toa Rangatira nominated representative and Rawiri Faulkner its nominated alternate, replacing Naomi Solomon.

### Background

2. The Wellington Water Limited Shareholders Agreement, paragraph 3.3 allows for replacement of representatives from time to time with written notice to the Wellington Water Committee as follows:
  - a. Any Committee Member and/or Alternate may be replaced from time to time as follows:
    - i. a Committee Member who is also an elected member of a Shareholder, by the relevant Shareholder; and
    - ii. a Committee Member who is not also an elected member of a Shareholder, by the relevant nominating MWPE,in each case, by the relevant party providing written notice to the Wellington Water Committee and the Shareholders.

3. Te Rūnanga Toa Rangatira Tumu Whakarae Helmut Modlik notified the Chair of the Wellington Water Committee on 29 June 2023 of their replacement representatives.
4. Rawiri Faulkner, Te Rūnanga's new Pou Toa Matarau officially starts his new position on 1 September 2023 although he will attend the Wellington Water Committee on 24 July 2023 for Helmut Modlik who will be overseas. At other times, acting Pou Toa Matarau Paula Collins will attend hui as required.
5. A copy of the Shareholders and Partnership Agreement relating to Wellington Water Limited will be provided to the new representatives.

#### **Next steps**

6. Going forward Helmut Modlik will represent Ngāti Toa on the Committee, and from 1 September 2023 Rawiri Faulkner will be alternate.

#### **Appendices**

There are no appendices for this report.

**Author:** Wendy Walker  
Chief Executive, Porirua City Council

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# Komiti Ngā Wai Hangarua Wellington Water Committee

16 July 2023

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Report no: WWC2023/3/105

## Company Affordable Water Reform Transition Report

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### Purpose of Report

1. To update the Committee on the progress of transition related work activities within Wellington Water Limited (WWL) in support of our shareholding Councils as they navigate through Affordable Water Reform.

### Recommendation

That the Committee receives and notes the report.

### Summary

2. While there is good progress, there remains a significant level of uncertainty in requirements for transition and possible support we may need to provide the Wellington Regional Establishment Group.
3. We will continue to place our people's engagement at the top of the priority list and are working hard to ensure that they feel informed and engaged through the transition process.

### Broader Water Services Reform Update

4. On 22 June 2023 the Government introduced the Water Services Entities Amendment Bill ('Bill 4') to parliament for its first reading. The omnibus 'Bill 4' looks to implement the single broad policy to provide for, and adjust, the establishment, governance, functions, and accountability arrangements for ten Water Services Entities (WSEs).
5. The National Transition Unit (NTU) presented to Entity G council officers as part of their broader Water Services Reform Programme roadshow. The roadshow presentations gave an overview of the reform reset changes and outlined the legislative process and timelines, including 'Bill 4'.

6. It is clear the NTU has been able to maintain delivery momentum during the Affordable Water Reform reset process, with only a few programme items delayed due to the requirement for a Government policy decision. The focus for the NTU during this reset period has been to develop 'Agnostic Generic Entity Runway' (AGER) plans for the establishment of the ten WSE irrespective of scheduling.
7. There has been a shift from national led change approach to a more decentralised model of regionally led change through the creation of Regional Establishment Groups (REGs). One of those REGs, the Wellington REG will be responsible for setting up the four WSEs loosely aligned with the legacy 'Entity C' territory.
8. The Wellington REG was formally established on 1 July 2023. During July, Wellington REG Functional Leads will create a specific Entity G establishment programme plan of activities based on the AGER plans developed by the NTU. The priority will be identifying and completing no regret activities between August and November.
9. While this is good progress, there remains a significant level of uncertainty in requirements for transition and possible support we may need to provide the Wellington REG.
10. The Entity G establishment programme plan will be presented to the Wellington Region Entity G Steering Group at their next meeting on 1 August for endorsement. The plan will also call out what Council and Wellington Water Limited (WWL) resources that may be required to support execution of the Entity G Establishment Programme.
11. WWL's internal Transition Programme (TP) will continue to provide assurance to our council owners that the transition to the new WSE is well managed, while ensuring delivery of our core services are not impacted as a result.

### **Programme Management**

12. We continue to have regular communication with council Transition Managers (TMs) and conduct internal information sharing meetings between key staff who participate in NTU steering/working groups. Our Manager of the Transition Programme is now included in the Wellington REG weekly planning sessions so there is full transparency over their approach.

### **People**

13. There has been a significant increase in the number of staff feeling supported by the organisation through water reform, from 62% in Q3 to 75% in Q4. This indicates our focus on leader led conversations has been effective with people leaders being clear what to tell their teams and where they can find support if they need it. As we get into more transition activity, WWL will increase our effort in supporting our people leaders.
14. To further support our staff engagement efforts, WWL has continued to ensure we have regular programme communications, using the right channels for our people. The staff engagement result in Q4 showed 73% of staff say they understand the upcoming changes in the water sector which is another significant increase from 60% in Q3.

15. To support the establishment of the REG, the General Manager, Customer Operations Group, WWL has been seconded full time for one month, and the Director of Regulatory Services, WWL for 25% of his time ongoing. WWL's Head of Communications has reaffirmed her commitment of 40% to the NTU.

**Key risks**

16. The effort required to support transition planning for transition to Entity G is still unknown.
17. To mitigate this risk, WWL will continue to work with the NTU and the Wellington REG Chief Executive on how the relationship with WWL will develop, including when and how we share resources.
18. While our people are currently feeling positive about reform, the release of the new Amendment Bill has created some unease amongst some staff.
19. To mitigate this risk, WWL will continue to communicate transparently with our people through multiple channels, the process of change and steps for transition to the new WSE.

**Appendices**

There are no appendices for this report.

**Author:** External Author (Wellington Water Limited)

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# Komiti Ngā Wai Hangarua Wellington Water Committee

16 July 2023

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Report no: WWC2023/3/106

## Company and Governance Update

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### Purpose of Report

1. To provide an overview of the Three Waters activities across the metropolitan area of Wellington and the South Wairarapa District Council.

### Recommendations

That the Committee:

- (1) receives and notes the report;
- (2) notes that Wellington Water Limited has renewed 18km of pipes in 2022/23 and the ideal renewal rate for the region's network is approximately 100km per year; and
- (3) notes that Wellington Water Limited has completed all the actions under the fluoride inquiry recommendations, and agrees to remove the six-monthly progress update on fluoride from the Committee's work programme.

### How to read this report

2. There are four parts, as follows:
  - i. Governance Update,
  - ii. Water Committee Priorities,
  - iii. Key Issues, and
  - iv. Operational Matters.

### **Governance Update**

3. The key Governance conversations held and actions taken by the Board of Wellington Water Limited (the Board) since the last meeting of the Committee include:
  - i. the Board has approved the Statement of Intent for 2023-2026 and recommends it is received by the Committee;
  - ii. the Board held a workshop on 4 July 2023 on Water Loss Scenario Planning; and
  - iii. the Board is seeking approval from the Committee to not hold an AGM for the 2022/23 financial year.

#### ***Statement of Intent for 2023-26***

4. Feedback from members on the Draft Statement of Intent for 2023-26 (SOI) and the implications of the Government reset of its water reform programme have been incorporated. The Wellington Water Board met on 4 July 2023 to approve the SOI.
5. A final version of the SOI is presented to the Committee in a separate paper.

### **The Water Committee Priorities**

#### ***Ensuring a smooth transition through water reform to the new entity in 2024***

6. The Government is working with the sector on the timing of establishment of the ten water services entities enabled through the Water Services Entities Amendment Bill, currently at Select Committee stage. An Entity G/Wellington Water Services Entity Regional Establishment Group has been set up and is working on the 'runway' plan.
7. This is covered in the Regional Water Reform Report and the Company's Transition Report provided under separate cover to this meeting. Once Wellington Water Limited (WWL) know the establishment date, we will provide advice to the Committee about the process for the wind-up of Wellington Water as part of the broader plan.

#### ***Three waters investment planning for 2024-34***

8. There will be a presentation to the meeting about the current work that WWL is doing on investment planning for 2024-34, together with council officers, the National Transition Unit and the Entity G Regional Transition Unit.

#### ***Sustainable water supply and reducing consumption***

9. WWL appreciated the Committee's engagement in the workshop held on 9 June 2023 and look forward to continuing this dialogue at the regional summit in September. The 9 June workshop presentation is provided as Appendix 1 attached to the report.
10. There is a separate paper for the Committee on the water supply risk and current state of work around water losses.



***Regulatory performance***

11. WWL's relationship with all regulators remains strong. Increasingly Greater Wellington Regional Council (GWRC) are taking a stronger stance within the wastewater area but are positive about WWL's engagement with them and that WWL is working to achieve the desired outcomes. Improving the regulators understanding of the different council financial constraints and how that impacts WWL ability to improve compliance is an area that WWL will focus on. GWRC has agreed to lift the tempo of regulatory meetings with WWL to allow sufficient time to develop a common understanding of compliance across the broad range of consents.

***Future workshop topics***

12. At the 9 June Committee meeting WWL was asked to propose topics for workshops to follow upcoming meetings. Our suggestions are:
- i. Capacity of WWTPs (this is scheduled to follow this meeting),
  - ii. Capital programme,
  - iii. Regional investment 2024-34,
  - iv. Growth update,
  - v. Global consents, and
  - vi. Wind-up of WWL

**Key Issues*****Operational budgets****Council operating expenditure*

13. At the end of May WWL is forecasting an 5% (\$5.3m) budget overrun for the year, with overspend forecast for all councils.
14. Most of the forecast overspend is on drinking water (\$5.6m), attributed to increased demand for water, pipe leakage identification and repair, and treatment chemical price increases.

*Wellington Water operations (management & advisory services)*

15. WWL is forecasting a year-end deficit of \$1.7m, which is a \$0.6m favourable variance to budget and within the bounds of our retained earnings so does not impact on the company's liquidity.
16. The main driver for this deficit is the increased replacement costs for employees, contractors and consultants covering vacancies, and the increased demand to support the council network.
17. It is worth noting that as we move towards water reform, WWL continues to see an uplift in transition planning and preparation activities across the company. WWL note that we have limited funding confirmed from councils and the National Transition Unit for the purposes of funding our transition activities.

### *Capex Delivery*

18. At the end of June 2023, spend on the capital delivery programme was \$261m at a regional programme level, which is in the top end of the expected range of \$174m-\$276m.
19. Some highlights for the year include: the Omāroro Reservoir being commissioned; the hydraulic upgrade at the Porirua City Council (PCC) Wastewater Treatment Plant (WWTP) being completed; construction being well underway on two bridges: the Kaitoke Flume Bridge and Whakawhirinaki Shared Path Pipe Bridge; completion of two projects within the Wellington CBD WW Pump Station and Rising Main Programme; completing the tunnelling portion of the duplication of the Main Collecting Sewer from Barber Grove to Seaview WWTP; and construction of the Donald Street Wastewater Pump Station and rising main underway in Featherston.
20. WWL constructed 18km of pipeline in 2022/23, which is an increase above the total of 14.8km renewed in 2021/22.
21. Note that the ideal renewal rate for the region's network is approximately 100km per year. WWL still has work to do to increase our funding and annual output in this space. The rate at which we can construct pipelines is dependent on complexity factors such as the location (urban or rural roads, under rivers or streams, in public or private property, under buildings), complexity of required shut-downs to maintain water and wastewater services, adjacent services, pipe size, and depth. As a programme we need to get the balance right between delivering volume i.e. long lengths of pipe, versus the high risk and high criticality complex pipe lengths that take longer and cost more.
22. In addition to pipe renewals, the delivery teams are increasing the volume of work for a range of different asset types. We are doing more work in the treatment plants and on other structures such as storage tanks, reservoirs and bridges.
23. Increasing the volume of work delivered requires WWL to continue to work with our delivery partners to build the regional capacity and capability of the workforce. We continue to compete with other regional construction programmes for resources, so it is important that we continue to provide a stable pipeline of work that enables our suppliers to invest in growing their teams, training their people, and getting the right equipment to meet the needs of the capital delivery programme.
24. The delivery teams worked throughout Q4 to get contracts awarded for the 2023/24 financial year, as a result we are on track to start the next financial year in a strong position with delivery.
25. Looking to 2023/24, the expected capital delivery range for the region is \$233-328M. This increase is driven by a combination of being able to undertake more work and current high levels of construction cost escalation.

## Operational Issues

### *Wastewater Treatment Plants*

26. The latest monthly Wastewater Treatment Plant and Water Treatment Plant dashboard reports, showing regulatory compliance, are attached as Appendix 2 to the report.
27. The wastewater treatment plants in the South Wairarapa require significant investment to return to compliance or to avoid further instances of non-compliance.
28. Effluent discharge quality from the metropolitan treatment plants is compliant except for Moa Point, due to ongoing mechanical issues and high rainfall events. It is expected to return to compliance in September. Works to improve odour control at Careys Gully and Seaview WWTP's continues.
29. There is a workshop following this meeting on **Regional Wastewater Treatment Plant Capacity**.

### *6-month progress report on improvements from Fluoride Inquiry*

30. The Fluoride Inquiry was closed out by the Board in November 2022 and our BAU practices now reflect that fluoridation is a core part of our work and will continue to be a focus for the company. WWL will report on developments in the Stage 2 capital work as they arise, and more generally through our SOI measures. We believe this six-monthly progress report is no longer needed and are recommending that it be removed from the Committee's forward work programme.

### *Point Howard Review*

31. The recommendations relevant to WWL from the review into the slip at Point Howard have all been implemented. Hutt City Council (HCC) advises that it has implemented a Customer Service Improvement Project to address the recommendations relevant to Council, with actions completed in June.
32. HCC is also progressing an organisation-wide customer experience project which will involve the introduction of new technology and capability, which will replace the current systems.
33. Appendix 3 attached to the report shows the outcomes resulting from the review.

### *Growth update*

34. Growth studies for Northern Wellington, The Central Business District, Western Porirua and Featherston have been completed, these studies provide an unconstrained list of projects that would increase network capacity and/or lift existing levels of service to accommodate development based on future population projections.
35. The studies identify the level of investment required for each project and this is generally split into two categories: level of service and growth. Level of service relates to the investment needed to upgrade the asset to meet existing demand. Growth is additional capacity to meet future developments.

36. Greenfield developments tend to be fully growth funded and required three waters assets are delivered by the developers, whereas infill usually requires upgrades to existing network with a much higher proportion of level of service investment.
37. We are now working with specific Councils to develop a prioritised and sustainable growth investment plan for each of the areas studied.

#### *Environmental Water Quality update*

38. Network Discharge Consents have now been lodged for wastewater and stormwater and are being reviewed by GWRC. These respond to increasing environmental standards and the expectations of mana whenua and our communities and are required to maintain the legal operation of the networks. Wastewater and stormwater network infrastructure improvements will be required to meet new standards and will require significant additional investment over the next 35 years.
39. The Porirua WWTP Discharge Consent has been granted for a period of 18 years, despite some public opposition. We are within the appeal period, which ends Wednesday 12 July.

#### *Net Zero Carbon update*

40. WWL continues to look for opportunities to adopt low carbon approaches into our operations and capital projects, and to incorporate climate change mitigation and adaptation into decision-making, within available funding. Only limited, dedicated funding has been provided for climate change-related activities in 2023: to investigate renewable generation opportunities (\$75k, GWRC); and for mitigation and adaptation investigations in the Hutt Valley wastewater system (\$200k). We are also partnering with HCC to investigate regional opportunities for the beneficial use of wastewater biosolids, using circular economy principles.
41. As part of our effort to incorporate low carbon strategies into company processes, a Carbon Community Group has been formed, comprising of representatives from various groups within WWL and our supply chain.
42. A plan to implement a carbon management system into our capital delivery process is being implemented with the support of this Group. This system will enable WWL to monitor and report the capital project carbon emissions against the baseline measurements and help make informed decisions to achieve emission reductions.
43. These decisions will need to continue to be made long beyond the life of WWL - the data we have collected on both our operational and capital emissions will be helpful for the new water services entity. It provides the opportunity to build on the emissions reduction roadmap and ensure that an ambitious and collaborative approach to emissions reduction is embedded across the wider Wellington-Wairarapa region.
44. In the absence of material investment in emissions reduction, and with growing demand for three waters services, we anticipate that operational emissions will continue to increase over the coming financial year.

### Connecting the Water Committee to Individual Councils

45. The Committee has a major role in providing leadership to the six councils who own WWL. At the Committee meeting you are receiving and discussing material that all councils will receive via WWL's ongoing advice on operations.
46. As with the last three meetings, we have provided a summary report (attached as Appendix 4 to the report) to assist with individual councils understanding of the material the Committee is working on. This will be provided to your councils to assist you to provide a report back to individual councils after each meeting.

### Climate Change Impact and Considerations

47. There are no direct climate change impacts or considerations from the matters addressed in this report.

### Appendices

No.	Title	Page
<a href="#">1</a>	9 June 2023 WWC Workshop - Water Supply and Demand Risk	34
2	9 June 2023 - Wastewater Treatment Plant and Water Treatment Plant Dashboard Reports	58
<a href="#">3</a>	Point Howard Recommendations Outcomes	71
<a href="#">4</a>	Summary of Papers	72

**Author:** External Author (Wellington Water Limited)

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# Water supply and demand risk

WWC Workshop

9 June 2023



Our water, our future.

## The purpose of this workshop

The workshop is intended to:

- **Outline** the current and future states for regional water demand and supply
- **Present** the investment pathway expected to provide the best outcomes for the water, the community, and the environment.
- **Seek alignment** on the inclusion of necessary investment in 2024/34 investment plans.

*The focus of the workshop is on water supply and demand for the metropolitan region (and does not discuss South Wairarapa)*

*The workshop reflects the Committee's direction from its 2023/24 Letter of Expectations.*



**Our water, our future.**

## What we'll be discussing

- Demand growth, water loss, climate change and environmental pressures have brought our water supply to its limits
- These pressures are increasing, and the current approach is unsustainable
- Investment must commence in a combination of supply and demand initiatives (i.e. conserve and construct) to achieve a sustainable water future
- Metering and increased water loss management are essential to deferring very high-cost solutions such as desalination.
- Achieving this investment requires regional alignment



Our water, our future.



# Our water, our future



Our water, our future.

## Water supply – expectations and obligations

### What customers and communities are expecting:

- Provide sufficient, safe water
- Ensure it is supplied and used efficiently
- Sustain the health of source waters and their connected ecosystems
- Ensure this is sustainable for future generations, including financially

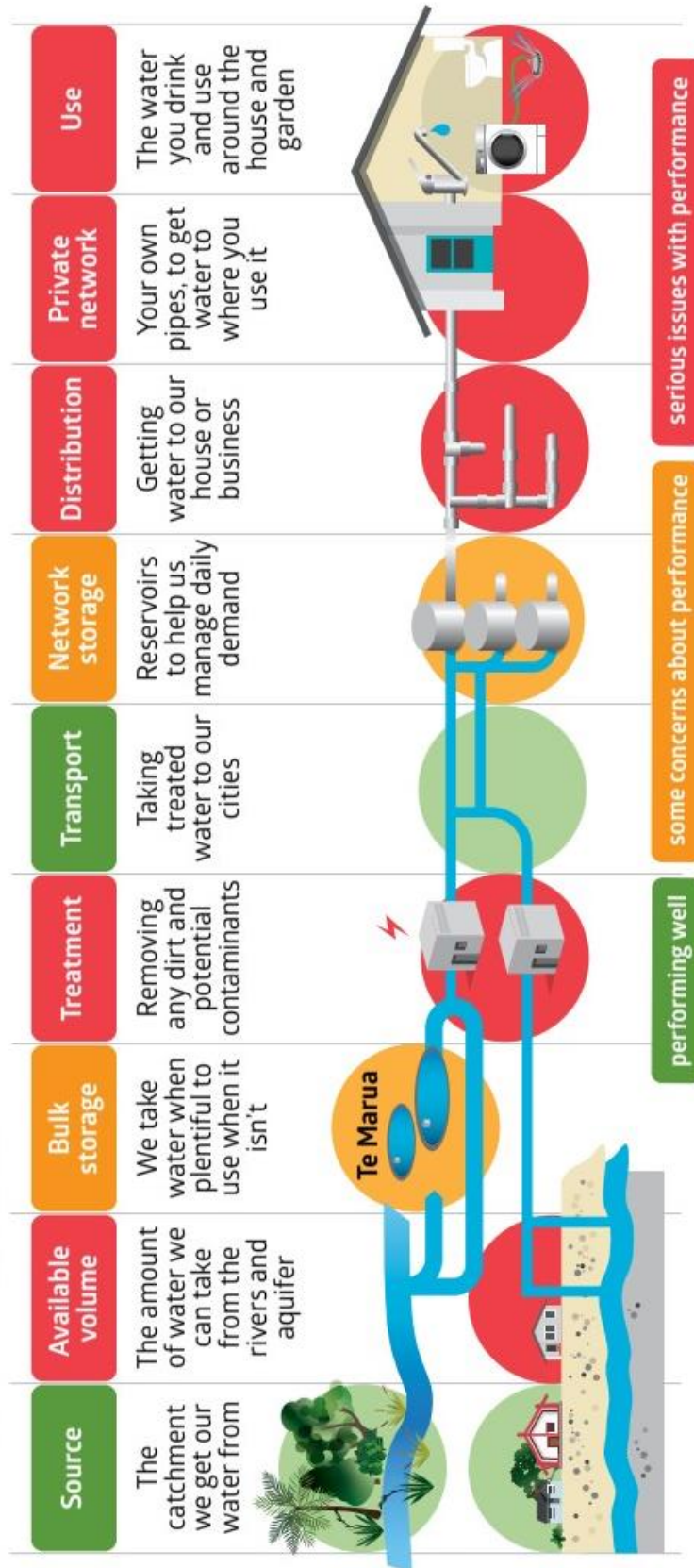
### What the obligations are:

- Sufficient water to meet normal demand up to 1-in-50-year drought
- Provide reliable supply
- Provide a sufficient quantity of water (Water Services Act)
- Restore te mauri o te wai/Operate within resource consents



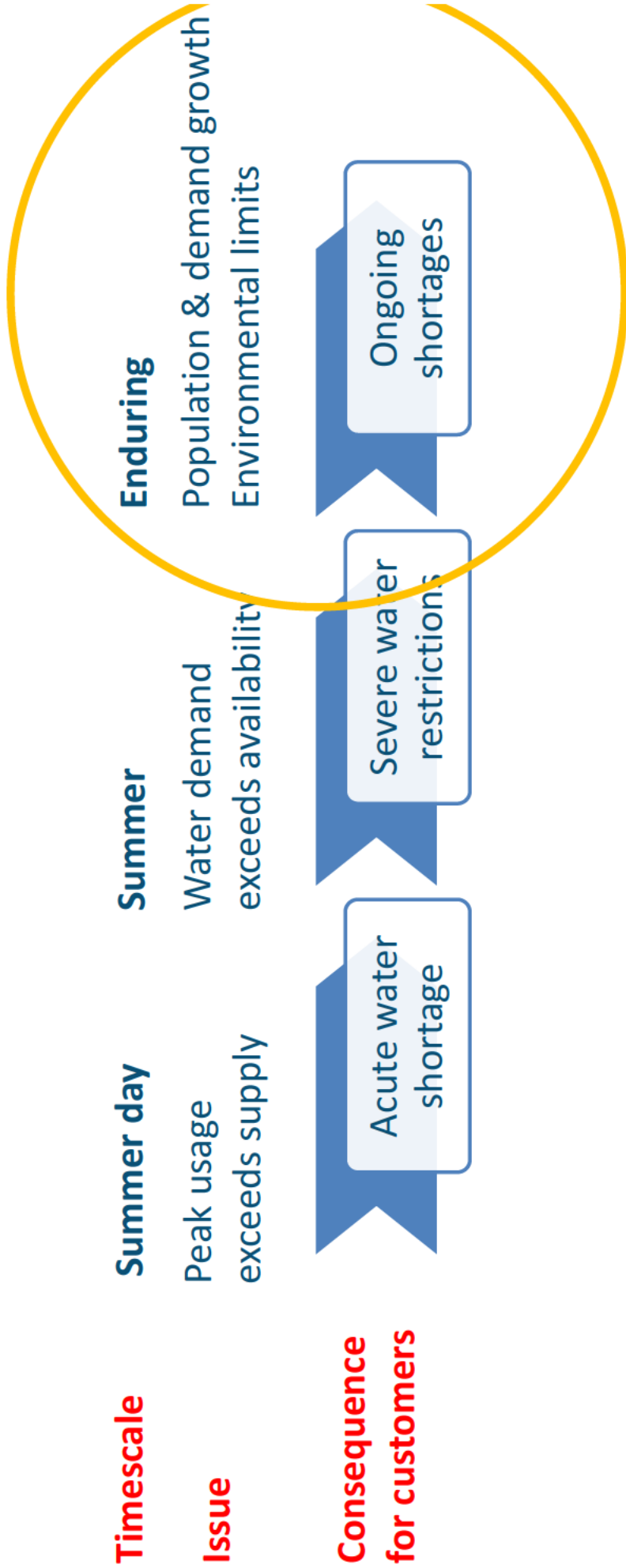
Our water, our future.

# Water – from catchment-to-tap



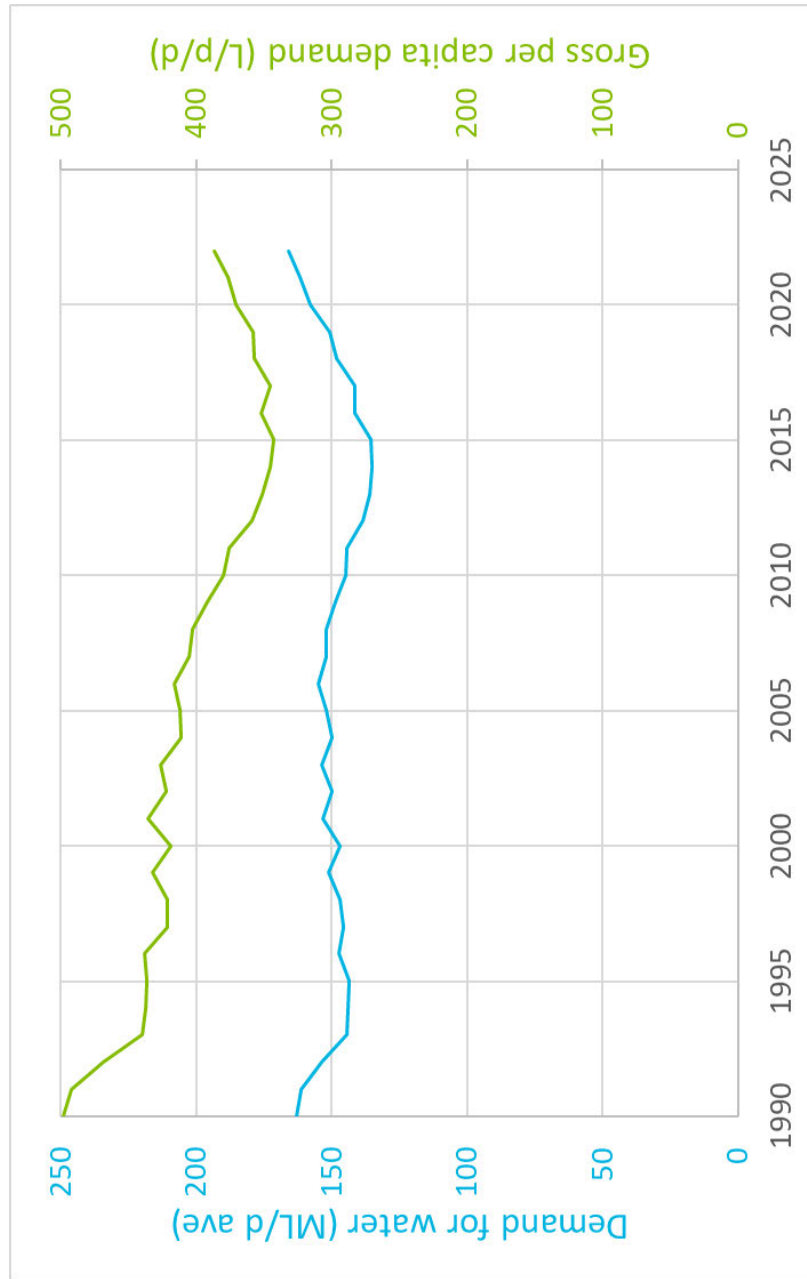
Our water, our future.

# The focus here is on the enduring risk



Our water, our future.

# A system at its limits

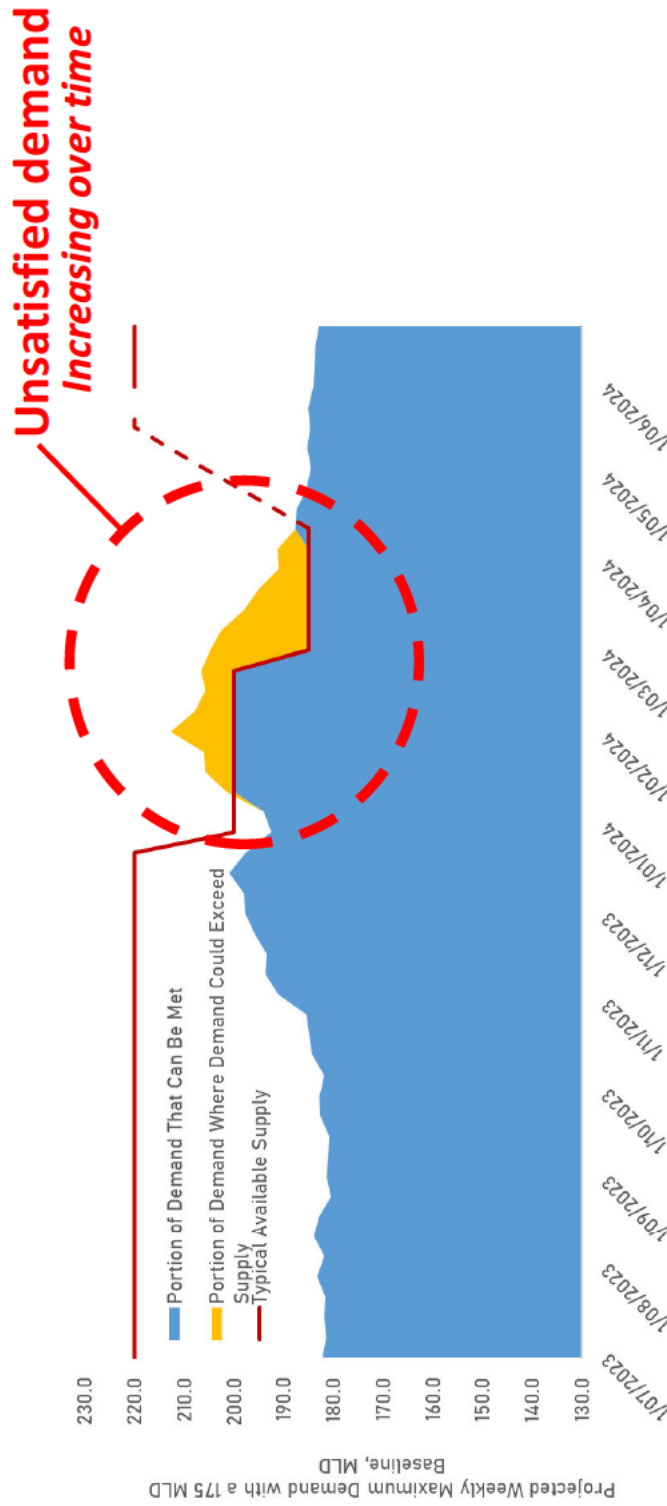


...and 135,000 more people expected in the next 30 years



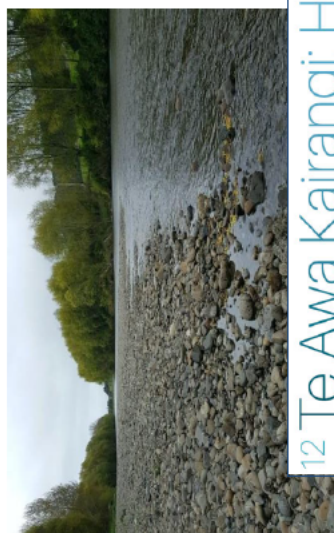
Our water, our future.

# With real consequences for communities...



Our water, our future.

## ...and consequences for the water



12 Te Awa Kairangi: He Taonga  
 THE HUTT RIVER: A CULTURAL TREASURE

121 Te whakamārama i Te Awa Kairangi  
 Describing Te Awa Kairangi

⚠ Wai Kautu - wadeable - state of uncertainty and risk



- Need to restore the balance between people, the water, and the environment
- Current water takes are unsustainable (over-allocation)
- Water lost is water that could be left to the rivers
- Re-consenting in 2035 will need to give effect to Te Mana o te Wai (allocations and efficient use)



Our water, our future.

# The risk is increasing into the future



Population Growth  
*(and per capita demand)*



Te Mana o te Wai



Climate Change  
*(including sea level rise)*

Increasing Resilience  
*(and expected Level of Service)*



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**Any questions on  
the context, before  
we move into the  
solutions?**



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## We are planning for this future

- While the future is uncertain, it can still be planned for
- We are looking through a multi-generational lens (Te Mana o te Wai, long-lived cities and assets)...
- ...for solutions that are sustainable for the water, environment, and people (Te Ika Rō Wai)
- Using a set of principles/outcomes
- Conceivable pathways have been identified, sequenced and tested



Our water, our future.

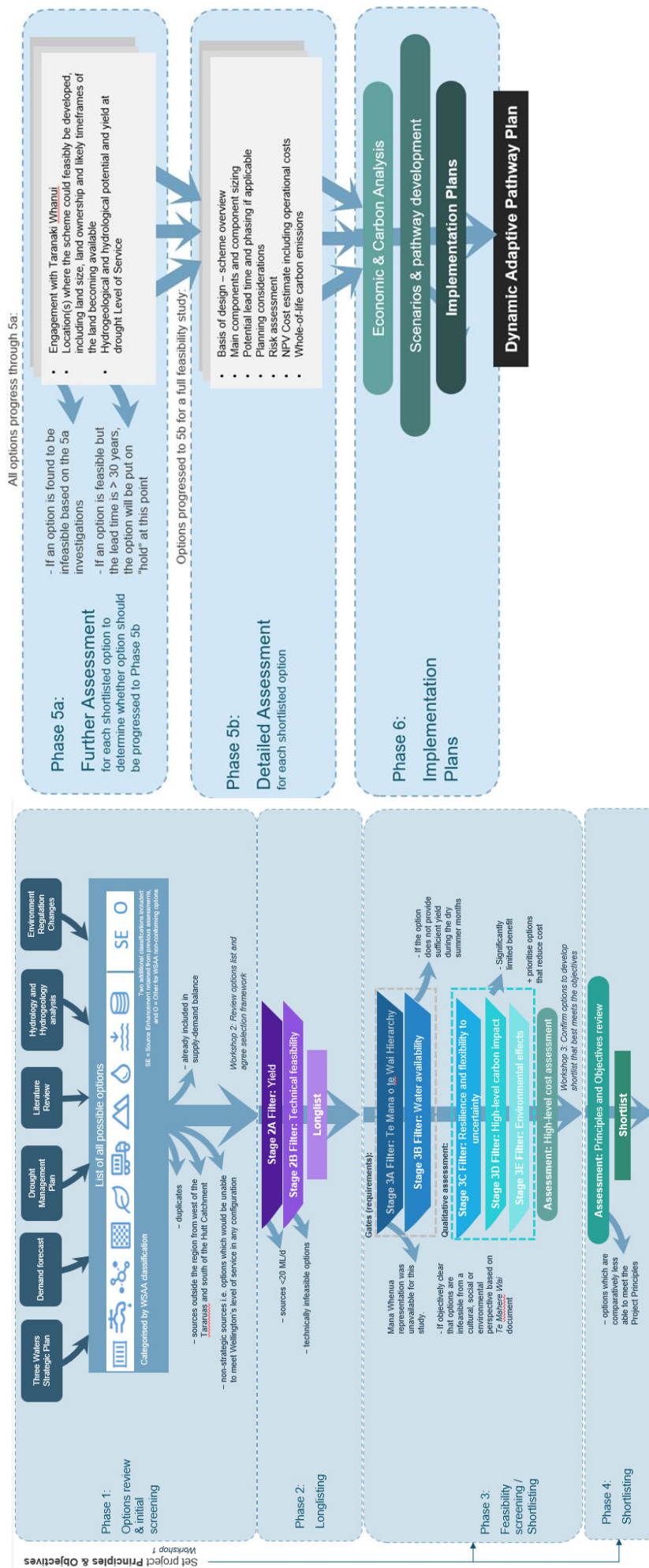
## Project principles

- 100-year approach prioritising affordability, environment & climate responsibility.
- Recognise the significance of *wai*, *mai uta ki tai*, and *Te Mahere Wai*
- Enhance Wellington's water health, and supply diversity and resilience.
- Twin-track approach (i.e. both construct & conserve)
- Able to adapt to uncertainty, including climate change
- Engage meaningfully with *mana whenua*.
- Collaborate with the regulator, Greater Wellington Regional Council
- Meet relevant regulatory, legal and governance requirements
- Community and stakeholder-first approach



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# A comprehensive approach, applying recognised good practice



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# The shortlist includes supply- and demand-side options



'Construct' Options
Storage at Pakuratahi Lake 1 and 2
Storage at Pakuratahi Lake 3
Storage at Wainuiomata
Desalination plant
Purified recycled water scheme
Managed aquifer recharge



'Conserve' Options
Universal metering
Leakage – medium investment
Leakage – high investment



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## Water loss management, meters and storage are the lowest cost pathways

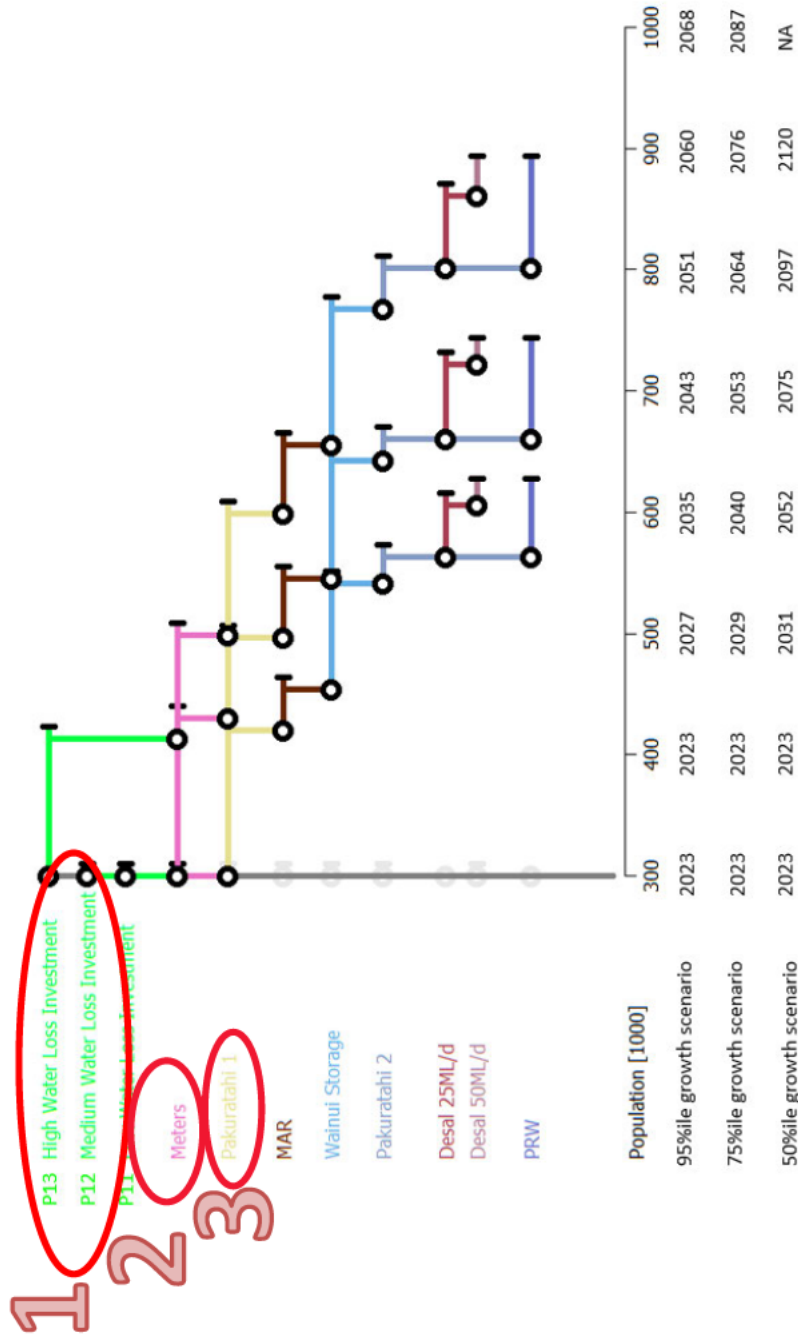
- Water loss management and meters are effectively new sources, but without taking the water, needing major infrastructure, or generating carbon emissions
- Savings from meters are equivalent to the water demand of 90,000 people (or “enough for two Upper Hutts”)
- Costs are a quarter to a half of pathways with high water loss and no meters (ca. \$1bn NPV versus \$2.5-\$4bn)
- Greatest flexibility to respond to population uncertainty and future expectations



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# Recommended pathway starts today

## - water loss reduction, meters, and lakes



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## Summary

- Demand growth, water loss, climate change and environmental pressures have brought our (weather-dependent) water supply to its limits
- These pressures are increasing, and the current approach is unsustainable
- Investment must commence in a combination of supply and demand initiatives (i.e. conserve and construct) to achieve a sustainable water future
- Metering and increased water loss management are essential to deferring very high-cost solutions such as desalination and treated wastewater re-use.

**Any questions, before we move into the workshop discussion?**



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## For discussion

- Do you support the proposed initial investment pathway of water loss reduction + meters + new lakes?
- If not, what pathway would you be prepared to accept, and why?
- How do we achieve regional alignment on 2024/34 investment in LTPs and/or the Entity G AMP?
  - With councils?
  - With the community?
  - With the NTU?
- How well does the community understand this risk (including the level of service)? Should this investment story be presented to them?
- Is there anyone that you'd like to hear from on meters? (i.e. New Plymouth, Christchurch, Kapiti, Auckland, etc.)



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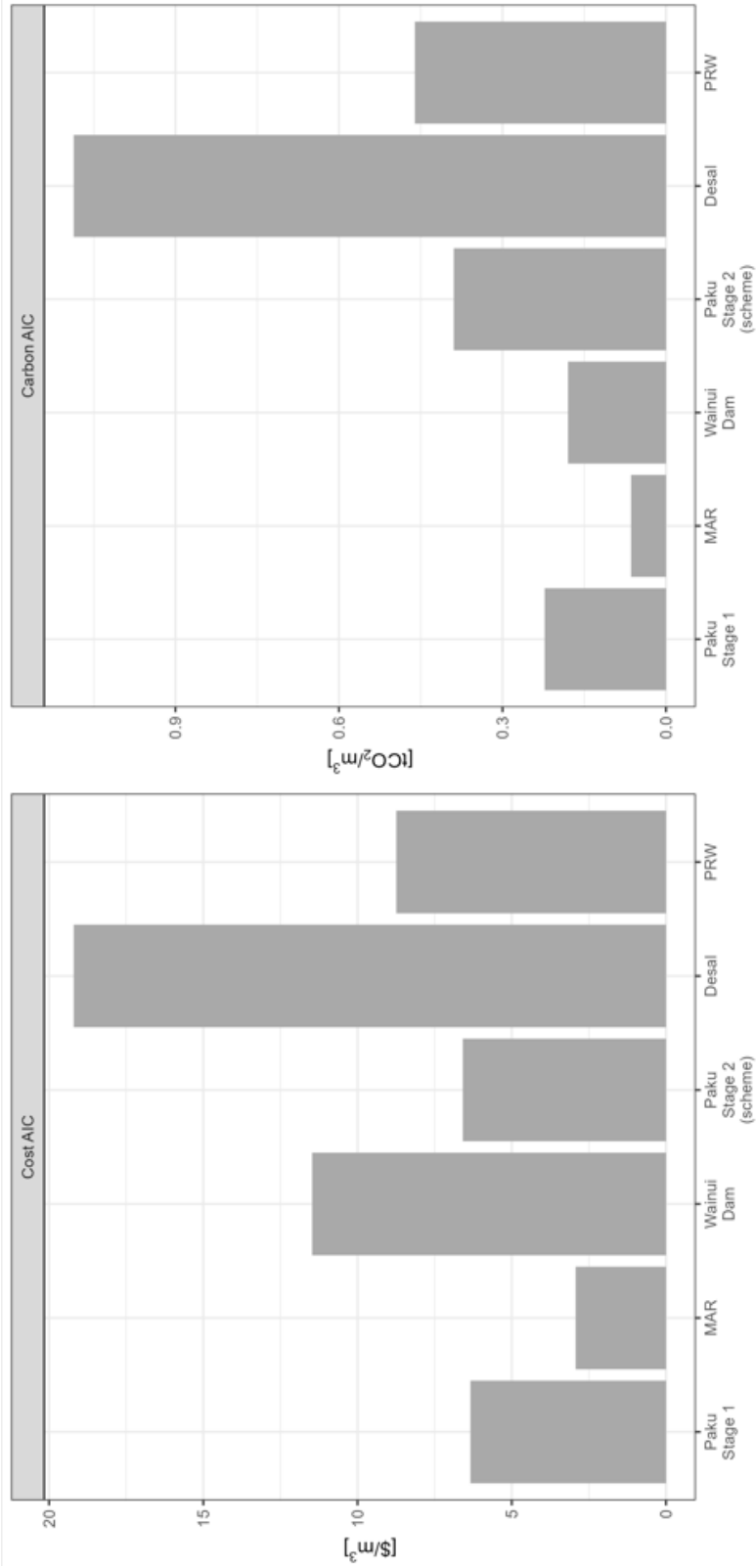


Supporting  
material



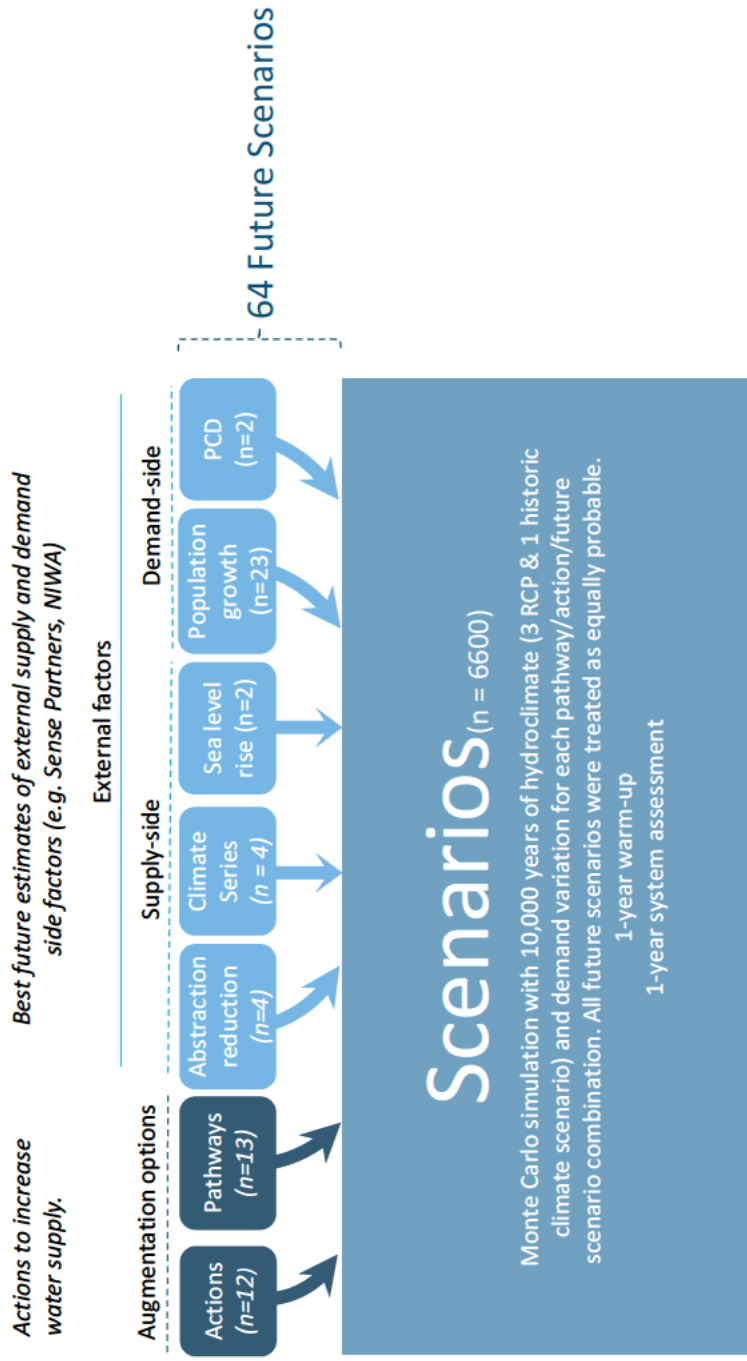
Our water, our future.

# Costs and carbon emissions have been assessed



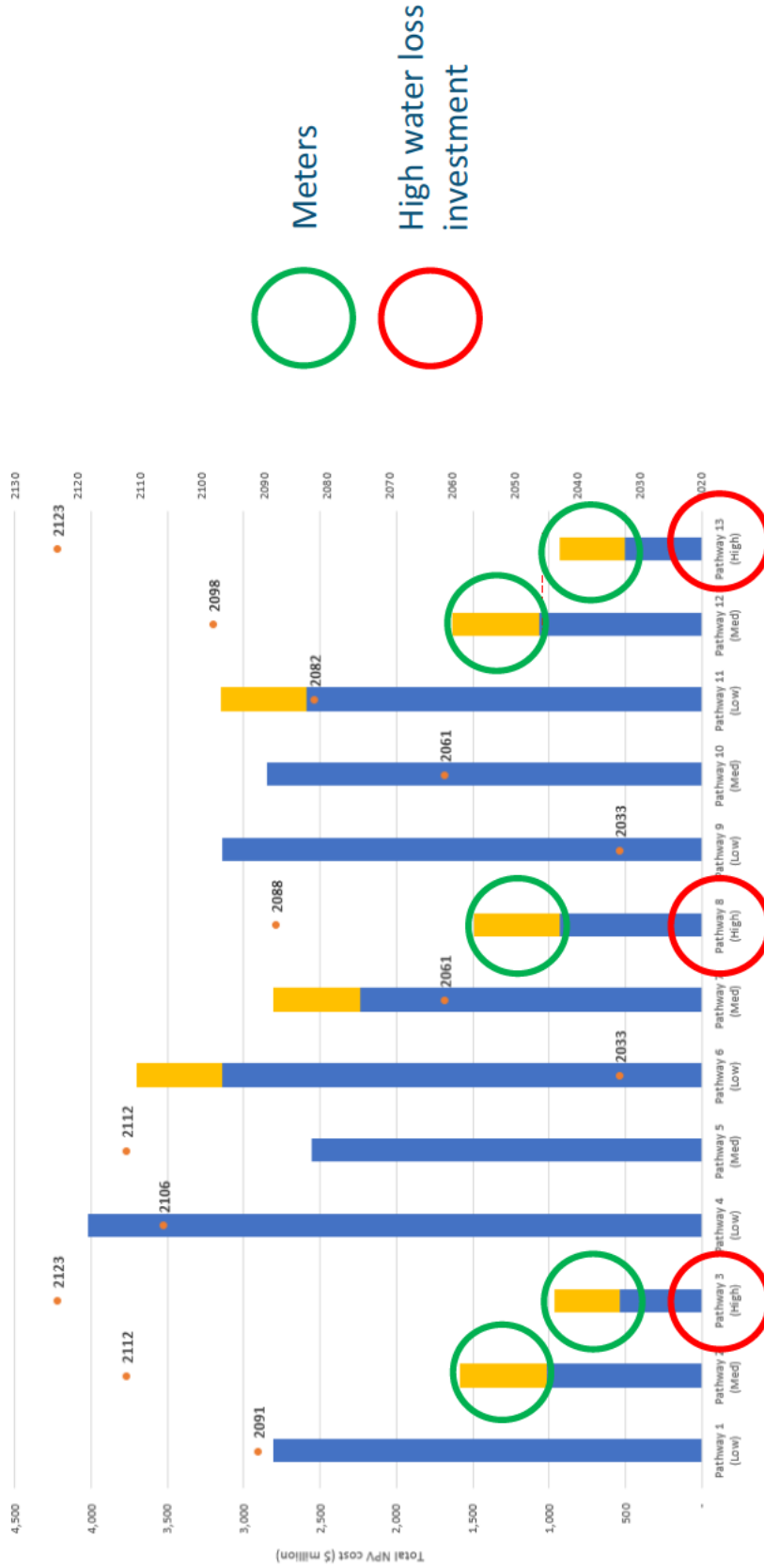
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# The full range of pathways and scenarios have been tested






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# The lowest cost pathways include water loss management, meters and storage



Our water, our future.

## Wellington Metropolitan Water Treatment Plants – June 2023



 Compliant – we are meeting the necessary regulatory requirements	 Not compliant but nearing compliance	 Not compliant with necessary regulatory requirements
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\*Due to changes in the assurance rules, the capability of the existing treatment facilities, and the layout of the network, a significant treatment plant upgrade and/or additional network infrastructure is required to achieve compliance with the rules as written. Taumata Arowai are currently considering dispensation in this instance.

Water Treatment plants	Comments	Safe drinking water	Fluoride
Waterloo*	Taumata Arowai's new Assurance Rules commenced on the 15 <sup>th</sup> Nov. An exemption has been sought to meet new bacterial compliance criteria. This issue does not affect drinking water safety. Waterloo achieved 100% compliance with the MoH's recommended fluoridation levels		
Wainuiomata	Taumata Arowai's new Assurance Rules commenced on the 15 <sup>th</sup> Nov. Wainuiomata only achieved 94% compliance with the MoH's recommended fluoridation levels due to plant being off as well as testing of alarms		
Te Marua	Taumata Arowai's new Assurance Rules commenced on the 15 <sup>th</sup> Nov. Te Marua achieved 94% compliance with the MoH's recommended fluoridation levels due to PLC maintenance		
Gear Island	Taumata Arowai's new Assurance Rules commenced on the 15 <sup>th</sup> Nov. Gear Island only achieved 94% compliance with the MoH's recommended fluoridation levels due to the ongoing fluoride plant upgrades and commissioning.		



# Supply and long-term drought resilience June 2023

	Low risk of not being able to meet demand or needing water restrictions
	Medium risk of not being able to meet demand or likely to need water restrictions
	High risk of not being able to meet demand and high likelihood of severe restrictions

Supply risk	Comments	Risk level
Short term supply	The storage lakes are full and river sources at healthy levels. Consequently, the Wellington Region does not have any water restrictions in place	
Long term supply (drought resilience)	Increased leakage and the impacts of climate change will likely lead to severe water restrictions in the years to come e.g. Level 4, which would mean asking people to reduce indoor use.	

	Compliant – we are meeting the necessary regulatory requirements
	Not compliant but nearing compliance
	Not compliant with necessary regulatory requirements



## South Wairarapa Water Treatment Plants – June 2023

Water Treatment plants	Comments	Safe drinking water	Fluoride
Waiohine	The Waiohine WTP is currently non-compliant with Taumata Arowai's new rules due to insufficient treatment to meet the source water risk.		Currently not yet mandated by the MoH
Memorial Park	The Memorial Park WTP is currently non-compliant with Taumata Arowai's new rules due to insufficient treatment to meet the source water risk.		Currently not yet mandated by the MoH
Martinborough	The Martinborough WTP is currently non-compliant with Taumata Arowai's new rules due to insufficient treatment to meet the source water risk.		Currently not yet mandated by the MoH
Pirinoa	Taumata Arowai's new Assurance Rules commenced on the 15 <sup>th</sup> Nov. Impacts of the new rules are being assessed		Currently not yet mandated by the MoH



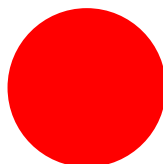
# Supply and long-term drought resilience June 2023

	Low risk of not being able to meet demand or needing water restrictions
	Medium risk of not being able to meet demand or likely to need water restrictions
	High risk of not being able to meet demand and high likelihood of severe restrictions

Supply risk	Comments	Risk level
Short term supply	River sources are currently at healthy levels. Consequently, the South Wairarapa region is at Level 1 water restrictions	
Long term supply (drought resilience)	Increased leakage and the impacts of climate change will likely lead to severe water restrictions in the years to come e.g. Level 4, which would mean asking people to reduce indoor use.	

# Moa Point Wastewater Treatment Plant performance

Update – June 2023



**Current status: Non-compliant**

## Commentary:

The plant remains non-compliant for faecal coliform limits (since 10<sup>th</sup> May '23). This was a combination of high wet weather flow and high solids inventory in the system causing the UV treatment to be less effective. If there are no further non-compliance events, the plant is expected to return into compliance by September 2023\*.

NB: \*This element of plant compliance is based on a 90-day rolling samples. This requires the daily non-compliant results to fall off the rolling 90-day period in order for the plant to return to compliance.

## Discharge:

The plant had no discharges in June.

## Items of significance:

### Advisory Notice issued: Careys Gulley SDP

Odour related Advisory Notice issued by GWRC following site visit on 1 June. The bio-filter media is being replaced during July/August and should address the issue. GWRC and community are aware of this maintenance activity and progress is being updated regularly.

### Odour:

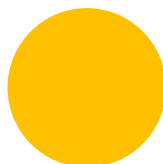
Moa Point received no odour complaints in June. The odour scrubber system maintenance was completed.

### Inlet Pump Station (IPS)

The physical works are planned for the winter months which increases the risk of short outfall wet weather discharges. The project communications plan has been completed. A long-term Inlet Pump Station renewal options report is currently under review by Wellington Water.

## Porirua Wastewater Treatment Plant performance

Update – June 2023



**Current status:** Compliant, but with the risks identified below.

### Commentary:

The plant is compliant for effluent quality consent limits, except for the daily discharge volume.

The Hydraulic upgrade project continues as planned, expecting to be completed by 7<sup>th</sup> July.

The mechanical fault in the new UV treatment unit outlet penstock remains under investigation. The risk of partially treated wastewater being released to the environment during wet weather flows remains until fault is fully understood. The UV project team is working on the solution with urgency.

### Items of significance:

#### Discharges:

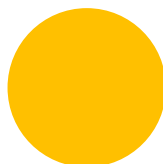
The plant had no unconsented discharges in June. The replacement spindle ordered for the new UV system has been cancelled due to the current spindle deemed in good working order by Xylem (the UV supplier). Veolia's Technical Team are investigating the penstock leak, the findings report is expected in July.

#### Odour:

No odour complaints in June. Veolia will submit their Odour Management Plan to WWL in July. Negotiations with the land-owner regarding the proposed weather station installation at Pikarere Farm are ongoing.

## Seaview Wastewater Treatment Plant performance

Period – June 2023



**Current status: Compliant**, but with the risks identified below.

### Commentary:

The plant is compliant for all effluent quality consent limits.

### Discharges:

The plant ceased discharging fully treated wastewater to the Waiwhetu Stream on 7<sup>th</sup> June once the planned outfall repair works were completed.

There was no other discharges during June.

### Odour complaints:

The plant received 1 odour complaint in June.

### Items of significance:

#### Outfall Repair

The permanent repair to the outfall leak was completed on 7<sup>th</sup> June, two days ahead of schedule. GWRC relayed positive feedback around the proactive communications to the wider public as well as required communication to GWRC.

#### Biofilter remedial works

Replacement of biofilter media used for odour treatment is planned to begin in July.

## Seaview Wastewater Treatment Plant performance – Odour Treatment

Period – June 2023

### What has been completed:

The odour survey and odour control system assessment reports have been completed with several recommendations made.

A project brief for the renewal of the odour control system of the site has been completed incorporating the recommended actions from the investigation reports. The project is in response to the Abatement notice issued by GWRC. The project has been assigned to Wellington Water's Major Projects Team to manage.

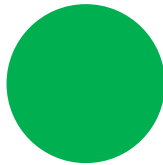
### What is currently in progress:

WWL's Major Projects Team have shared the project brief to WWL's consultant panel members to assign the project. Once a project team has been established, the project will proceed to planning phase.

Replacement of biofilter media used for odour treatment on the site is planned to commence in July 2023. Veolia is planning the work and contractors. The completion date is not yet determined due to the detailed internal inspection of the system which will be undertaken once the biofilter media is removed.

# Western Wastewater Treatment Plant performance

Update – June 2023



**Current status:** Compliant.

**Commentary:**

Effluent quality is compliant with Resource Consents.

**Current environmental issues:**

The outfall pipe continues to discharge treated effluent into Karori Stream while outfall repair work continues. Regular stream testing and ecological assessments are being undertaken.

**Discharges:**

The plant had no discharges in June.

**Items of significance:**

**Outfall Repair:**

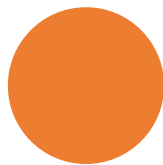
The completion date for the Karori outfall repair has been further delayed with work currently on hold due to a dispute with the landowner. The planned completion date of end of July is unlikely to be met.

**Alternative Power Supply:**

Maintenance to replace the circuit breaker in the plant's backup power supply was completed early July. A mains power shut down plan is required by the power supplier in order to complete the switchover work. This is expected in July.

## Featherston Wastewater Treatment Plant performance

Period – June 2023



**Current status:** Compliant, but with the risks mentioned below

### Commentary:

Earlier in the year, Greater Wellington Regional Council issued letters requesting explanations of non-compliance. Wellington Water is implementing the required corrective actions where possible within the plant and resource constraints.

### Major investment is required to achieve a new consent.

Renewal of the consent is being managed as a major project, and we are operating on an extension of the old consent.

The consent approval process currently underway will better inform the required capacity of the WWTP to cater for growth in Featherston beyond 2032.

### Items of significance:

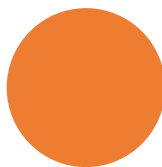
Current plant design is insufficient resulting in risk of ongoing non-compliance.

Plant continues to require ongoing management of resources focused on effluent quality to achieve compliance with consent requirements.

Ongoing non-compliance of treatment plant increases the risk of enforcement action by the environmental regulator.

# Greytown Wastewater Treatment Plant performance

Period – June 2023



**Current status:** Compliant, but with the risks identified below

## Commentary:

Earlier in the year, Greater Wellington Regional Council issued letters requesting explanations of non-compliance. Wellington Water is implementing the required corrective actions where possible within the plant and resource constraints.

### **Major investment is required, and current funding levels do not meet this requirement.**

Wellington Water is undertaking a programme of work to better manage the treated effluent discharge rates in relation to the stream flow rate.

A compliance upgrade project is currently underway however the scope of that does not currently allow for growth

## Items of significance:

Current plant design and processes are inadequate resulting in a risk of non-compliance.

A consent requirement to discharge treated effluent to land is hindered by competing land use. However, a wet month has led to minimal discharges to land.

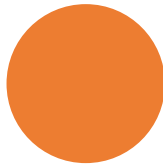
WWL staff were successful in their application for an extension to the GWRC Compliance Report deadlines while they work through the resourcing and funding required to implement the Report's recommendations.

A consultant has been employed to investigate and scope potential operational upgrades



# Lake Ferry Wastewater Treatment Plant performance

Period – June 2023



**Current status: Compliant**, but with the risks identified below

**Commentary:**

An operations and management plan has been submitted for certification by GWRC. GWRC have receipted the Plan.

**Further investment is required to achieve this management plan.**

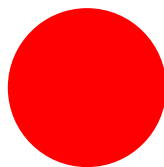
It is expected that decisions around growth and development of additional treatment & disposal capacity will coincide with the resource consent renewal process undertaken by 2025.

**Items of significance:**

- Source of current high Inflow and Infiltration is still under investigation.
- Lack of WWL compatible remote monitoring and control requires ongoing resources for operational management of this remote plant.
- The WWTP outlet flowmeter has failed. The Automation team are looking into repairing.
- Existing resource consent will expire 2025.

# Martinborough Wastewater Treatment Plant performance

Period – June 2023



**Current status:** non-compliant

## Commentary:

Earlier in the year, Greater Wellington Regional Council issued letters requesting explanations of non-compliance. Wellington Water is implementing the required corrective actions where possible within the plant and resource constraints. A subsequent abatement notice was issued on the 9<sup>th</sup> August 2022 and a response was sent on the 30<sup>th</sup> Nov.

## Major investment is required, and current funding levels do not meet this requirement.

It is expected that decisions around growth and development of additional treatment & disposal capacity will coincide with the resource consent renewal process undertaken by 2025.

## Items of significance:

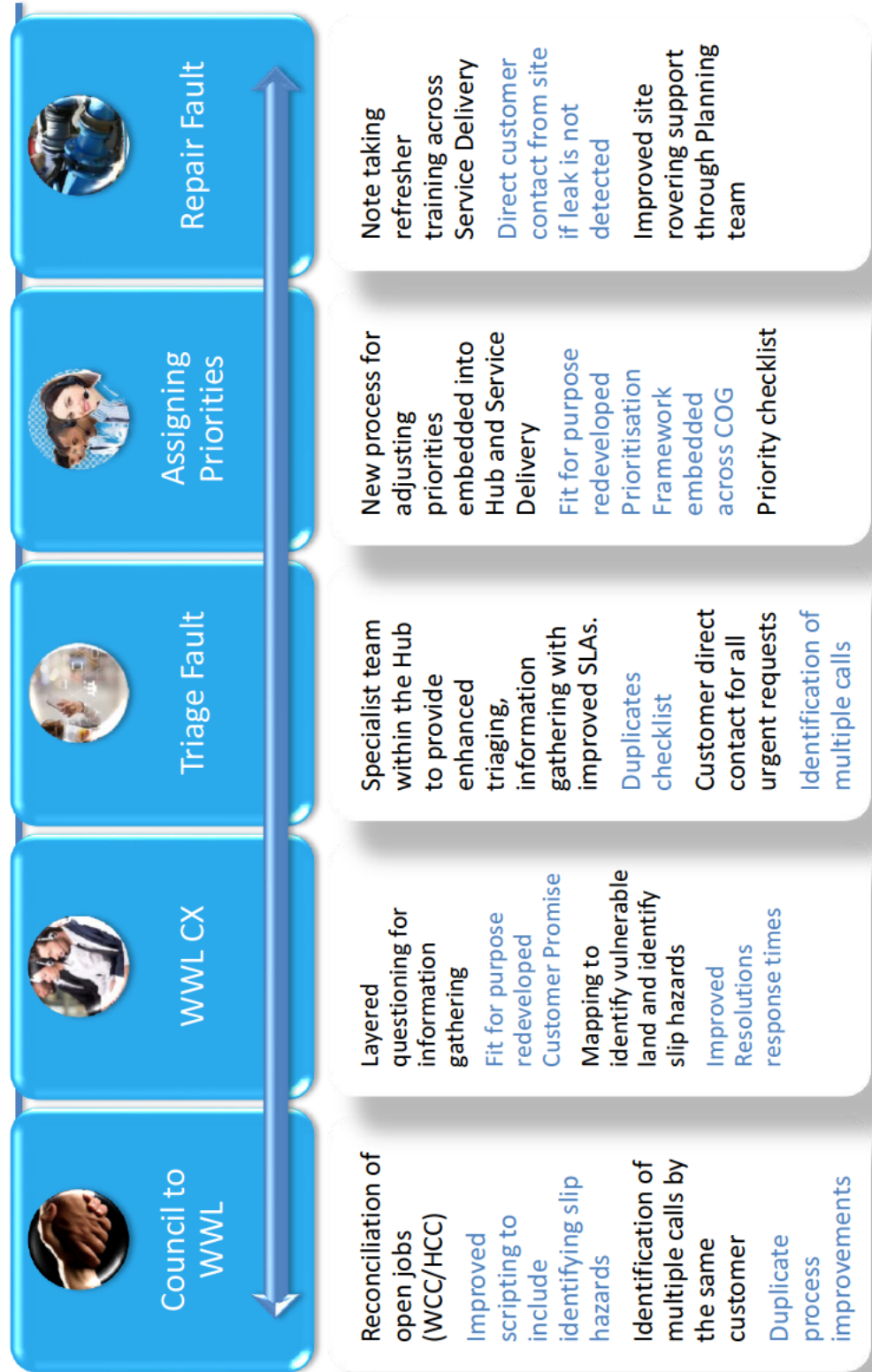
Current plant design is insufficient to avoid non-compliance. Effluent discharge rate and quality to both land and river continue to exceed current consent limits.

Inflow rates are currently within operational management levels.

Significant reliability issues due to the land irrigator not being fit for purpose, the amount of sludge in the pond, and a wet month has led to minimal discharges to land.

These issues are contributing to the poor performance of the plant. A consultant has been employed to investigate and scope potential operational upgrades

# What's changed!



## Company and Governance Update

**Appendix 4: Summary for councillors of papers to the Wellington Water Committee meeting, Monday 24 July 2023****Purpose**

1. This appendix to the Company and Governance Update provides a summary of the content of the meeting's papers.
2. It is intended to support Committee members reporting back to their fellow councillors, and councillors to engage in the work of the Committee.
3. The present meeting is the third in calendar 2023. The next meeting is scheduled for October 2023.

**Overview of papers**

4. Wellington Water items presented to the Committee this meeting are:
  - a. Company and Governance Update
  - b. The 2023-26 Statement of Intent
  - c. Water Supply Risk
  - d. Investment Planning 2024-34
  - e. Company Affordable Water Reform Transition Report
  - f. 2022/23 Annual General Meeting

*Wellington Water Company and Governance Update*

5. This paper covers key governance conversations and actions; Water Committee priorities; Key Issues; and operational matters since the last meeting.
6. The paper notes the Board has reviewed the company's Statement of Intent 2023-26 and is recommending it be received by the Committee.
7. The Board this quarter workshopped the company's water loss scenario planning in preparation for the coming summer.
8. The Company and Governance Update also provides a brief comment on each of the Water Committee's current priorities. These are to ensure a smooth transition through water reform, three waters investment planning for the period 2024-34, sustainable water supply, and regulatory performance.
9. Reform and transition matters are covered in a separate report to the Committee; the Company and Governance Update notes the Government's role in the timing of establishing new entities, and the formation of a Regional Establishment Group for this region.
10. The establishment of the new entity affects investment planning being carried out for council 2024-34 long term plans, and there will be an update to the Committee on the latest developments of how that is being managed, also covered in a separate paper.
11. On sustainable water, the report notes the Committee's engagement in a workshop at the previous meeting, and a separate paper to this meeting will cover the latest assessment of risk and activity carried out to reduce water loss.

### Company and Governance Update

12. Relationships with regulators are strong, and the company will work with regulators to broaden mutual understanding of the consequences of financial constraints on desired outcomes. As usual, water treatment plant dashboards (for drinking and wastewater) are attached to this report.
13. A list of future workshop topics is proposed: Wastewater treatment plant capacity; the coming capital works programme; Regional investment 2024-34; Growth; Global (multi-catchment) consents (in particular for discharges); and the winding up of the company as an element of the transition to a new entity.
14. Under key issues, a five per cent overspend on operational activity is noted and mainly attributed to the cost of providing drinking water. The company's forecast deficit is also noted. The council capital delivery programme achieved a \$261m spend and several significant construction milestones are given. Further increases are required to achieve the recommended rate of renewal, and the coming year's programme is forecast in a band of \$223m-\$328m.
15. Under operational issues, the report notes challenges with wastewater treatment; and an update on improvements with respect to fluoridation processes. It then covers the remaining regional three waters strategies, noting under growth the studies completed and next steps to support council planning in that area; the lodging of applications for consents of network discharges and from the Porirua Wastewater Treatment Plant; and activity related to reducing carbon use and greenhouse gas emissions.

#### *Statement of Intent 2023-26*

16. The paper covering the final draft of the company's Statement of Intent for 2023-26 establishes the purpose of the document and recaps the process for its delivery. It highlights the company's intended focus on delivering core three waters services while supporting its people through change precipitated by reform, as well as the significance of the risk to supply shortages in coming summers.
17. Also flagged are risks to some performance measures, such as strict compliance with new regulations introduced by Taumata Arowai, the target ratio of planned to reactive maintenance, and some measures required by the Department of Internal Affairs.

#### *Water Supply Risk*

18. Following on from the workshop held at the previous Water Committee meeting, this paper notes the completion of a plan to reduce water loss, that includes a focus on renewing service connections and implementing pressure management initiatives.
19. It also provides the Committee additional detail on planning to meet the possibility of acute water shortages, a situation which would be managed in accordance with the company's existing emergency management framework. This includes clear protocols to escalate events to other agencies.
20. A "Water Summit" for all Councils is scheduled for 11 September 2023, on the issues and challenges being faced, the impact of these on their communities and the activities that need to be implemented to address the water demand risks.

### Company and Governance Update

#### *Investment Planning 2024-34*

21. The purpose of this paper is to provide visibility of activity under way to support investment planning by Wellington Water's shareholding councils and the proposed new entity.
22. It asks the Committee to note that changes to water reform have created risk to the company's capacity to support council long term planning processes, and that various steps are being taken to mitigate this.
23. A presentation at the meeting will cover these matters and what councils and iwi mana whenua can expect from Wellington Water over the next few months.

#### *Company Affordable Water Reform Transition Report*

24. This paper covers the update that will be given to the Committee at its meeting on the latest developments in relation to reform and transition. It notes that the key focus of the National Transition Unit, during a re-set of reform structure, has been on developing a runway, or path to establishment, of the ten new entities, regardless of the timing of establishment.
25. At the same time, some decentralisation has taken place with the establishment of Regional Establishment Groups, whose role is to create the entity-specific programme for establishment.
26. The Entity G establishment plan will be presented to the Wellington Region Entity G Steering Group on 1 August for their endorsement.

#### *AGM for 2022/23*

27. The company is requesting that the company not hold an annual general meeting for the financial year 2022/23.



## Komiti Ngā Wai Hangarua Wellington Water Committee

16 July 2023

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Report no: WWC2023/3/107

### Our Water, Our Future: Wellington Water Limited Statement of Intent 2023-2026

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#### Purpose of Report

1. The purpose of this paper is to present Wellington Water Limited's final Statement of Intent 2023-26 to the Wellington Water Committee.

#### Recommendations

That the Committee:

- (1) notes that the Wellington Water Constitution requires:
  - (a) the Wellington Water Board to deliver the completed Wellington Water Limited Statement of Intent 2023-26 to the Committee; and
  - (b) the Wellington Water Committee to consider Wellington Water Limited's final Statement of Intent 2023-26;
- (2) notes the draft of the Wellington Water Limited Statement of Intent was provided to the Wellington Water Committee on 17 March 2023 and the subsequent feedback incorporated; and
- (3) receives the final Wellington Water Limited Statement of Intent 2023-26.

#### Background

2. Wellington Water Limited (the Company), as a Council Controlled Organisation (CCO), is required to produce an annual Statement of Intent (SOI) that aligns with councils' Long-Term Plans (LTPs) and Annual Plans.

3. The purpose of a SOI is to outline for the public the activities and intentions of a CCO for the year, and how these will contribute to the objectives or outcomes sought.
4. The SOI provides shareholders the opportunity to influence the direction of the organisation and provides a basis for the accountability of the directors to their shareholders for the performance of the organisation.
5. Each year in December the Chair of the Wellington Water Board receives a Letter of Expectations from the Chair of the Wellington Water Committee (the Committee) on behalf of the shareholding councils. This letter sets out the council and mana whenua priorities for the coming year and is used to form the Statement of Intent.

#### **Draft Statement of Intent 2023-26**

6. The Letter of Expectations was used as the framework for preparing the draft SOI. The Committee received the draft SOI at its meeting on 17 March 2023 and agreed to extend the time for delivery of the final SOI by one month to the end of July 2023.
7. Councils were asked to forward any comments they had on the draft document to the Principal Administrator - Chief Executive, Porirua City Council by 1 May 2023.
8. The Company received feedback at this time that primarily dealt with finer details of the document of which the Board received at their 23 May 2023 meeting. The changes have been incorporated into the final SOI presented today.
9. During this time the government announced the three waters reform reset and the document was revised to reflect the changes to the number of entities and the timeframes.

#### **Final Statement of Intent 2023-26**

10. The Board approved the SOI at its meeting on 4 July 2023 and the final version is attached as Appendix 1 attached to the report.
11. The SOI focuses on delivering the core services of providing safe and reliable drinking water, removing and treating wastewater before returning it to the environment, and delivering on our growing capital works programme while supporting our people through change.
12. The acute summer risk is front of mind, and we outline the steps being taken to prepare the region for the potential of tighter water restrictions for longer periods of time this summer.
13. Included in the document are a set of company performance measures to monitor and report on throughout the year that align with the Letter of Expectations.



14. The Drinking Water Standards for metropolitan Wellington will likely not be achieved due to the Waterloo Treatment Plant no longer complying with the new Taumata Arowai chlorine rules, which impacts a small number of Lower Hutt households. We are still waiting to hear back from Taumata Arowai regarding an exemption to the contact time requirements.
15. Similarly with the ratio of planned to reactive maintenance although we are aiming to achieve a reduced deviation, we do not expect to achieve this measure overall due to the state of the network and renewals backlog.
16. The Department of Internal Affairs measures and targets have been included as an appendix to the SOI as required by the Local Government Act 2002. Based on the investment levels and the targets adopted by the councils, the Company will not be able to meet a number of these this year and we have indicated this in the tables.
17. The financials statements reflect the agreed capital and operational expenditure programmes for the 2023-26 financial years as at 28 June 2023.

### Next steps

18. The SOI will be forwarded to council officers and published on the Company's website. Shareholding councils are required to also publish the final version on their websites within one month of receiving the Statement of Intent.
19. The Committee will receive quarterly updates on how the Company is progressing against the SOI 2023-26.

### Appendices

No.	Title	Page
1 <a href="#">↓</a>	Wellington Water Limited Statement of Intent 2023-26	78

**Author:** External Author (Wellington Water Limited)

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## Our water, our future

### Draft Statement of Intent 2023-26



## Taki

He wai, he wai  
He wai herenga tāngata  
He wai herenga whenua  
He wairua  
He waiora  
Tihei mauri ora!

‘Tis water, ‘tis water  
Water that joins us  
Water that necessitates the land  
Soul of life  
Life forever  
‘Tis the breath of life!

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## Foreword

The water sector in New Zealand continues to face uncertainty and change and the Wellington region is far from immune to that. We are operating under increasing cost pressures and inflation, new regulatory requirements and the challenge of Central Government water reforms.

The backdrop to this is historic underinvestment in water, meaning more network assets are reaching the end of their life and the costs and effort to maintain and replace them are growing. Population growth means more is required from networks and treatment plants. In addition, our communities are demanding better outcomes of us, and our client councils rely on us to deliver safe and reliable water services to the region on their behalf.

Despite the complex environment the sector is facing, as an organisation we are clear on the task ahead of us.

Having sufficient drinking water is a critical risk for the region. Our modelling shows that the region is likely to face a significant water shortage even if we experience just an average summer this year. The amount of water the region is losing through public and private leaks in the network remains high and is increasing, despite more efforts from our crews to find and fix leaks. We are working with councils, businesses, and the public to ensure they are aware of the risk and prepare the region for the potential of tighter water restrictions for longer periods of time this summer. Despite this, we do not expect our interventions to significantly impact the acute risk this summer.

The risks of water shortage, climate change and growing demand will continue well beyond summer. The most impactful intervention we can make as a region is to roll out water meters to understand where our water is going and how it is being used. Along with this, we need increased investment in water loss management, an increased focus on renewal of water pipes and investment in additional storage lakes to ensure Wellington has a sustainable water supply for the future.

From a delivery perspective, it's important we retain our focus on delivering our core services. Keeping to the core for us means we will continue to provide safe and reliable drinking water, remove and treat wastewater before returning it to the environment, and deliver on our growing capital works programme. We will keep improving the resilience of water infrastructure as well as working to meet the demands of population growth. Given our current circumstances, we must prioritise our work even more carefully to ensure that we are applying resources and people on the right things, and to the areas needed most.

Foremost in our ability to deliver what the region requires is our people. Uncertainty and change can be unsettling for some and we are committed to ensuring our people, and the people in our supplier whānau, are engaged, informed and supported.

Our journey to restore te Mana o te Wai for the region remains our ultimate outcome. We look forward to continuing that journey in partnership with our councils, iwi, central government and communities to provide better water outcomes for our region.



**Nick Leggett**  
INTERIM CHAIR OF THE BOARD



**Tonia Haskell**  
CHIEF EXECUTIVE

## Who we are and what we do

Wellington Water is council-owned and funded. We are the Wellington region’s professional water provider and our job is to deliver safe and healthy drinking water, collect and treat wastewater, and ensure the stormwater network is well managed.

We are owned by Wellington City Council, Hutt City Council, Porirua City Council, Upper Hutt City Council, Greater Wellington Regional Council and South Wairarapa District Council.

Our councils own the water infrastructure in the region. Councils set the level of funding and investment in these assets and the levels of water services. They then task us to manage the infrastructure and deliver water services to our communities.

Our purpose is to “create excellence in three water services so our communities can prosper.” The value of water sits at our organisational heart. Every day our people come to work and strive to deliver services and build infrastructure in a way that provides the best outcomes for our communities and the environment. This is reflected in our organisational values, which drive how we behave and the work we do:

- Tangata tiaki: together we protect our most precious taonga
- Whānau: united we support, connect with and respect each other
- Mana: we recognise, respect, and value the mana of others and seek to build mana-enhancing relationships

Councils fund our work and determine our proposed activities and budgets through their Long-Term Plans (LTPs) and Annual Plans. This Statement of Intent covers the third year of the 2021-24 LTPs and the 2023/24 council Annual Plans, as well as the first two years of the upcoming 2024-34 LTP cycle.

Wellington Water is a registered company with its own Board of Directors. The company reports to individual councils on their assets and to the Wellington Water Committee, which is made up of a representative of each council and iwi mana whenua, on the company’s approach to three waters matters in general, including the Statement of Intent and Annual Report.

### A new water services entity will replace Wellington Water by 1 July 2026

The Government’s water reform reset will see ten entities formed to manage three waters services across the motu. The Water Services Entities Act, passed in December 2022, needs to be amended to reflect the shift from four to ten entities. The remaining pieces of legislation to put this into action are expected to be made law before the General Election in October 2023.

The five city and district councils Wellington Water currently services will be joined by Kāpiti Coast, Masterton and Carterton district councils as shareholders of the new entity (Entity G) spanning their territories.

Management of three waters infrastructure and services must transfer from Wellington Water to Entity G before 1 July 2026. The Government has indicated those entities prepared to stand up before this date can do so. We are continuing with our transition work, managing the required activities and ensuring our people are ready for the reforms. In the current uncertain climate it is imperative we keep our staff engaged and updated with progress.

The Department of Internal Affairs (DIA) has a monitoring and oversight role of water services providers during the establishment period of the new entities. They are creating guidance for water services providers to follow during this period, which will be finalised after the Water Services Entities Amendment Act is passed. In the meantime, Wellington Water is taking a proactive approach and disclosing any matters that may impact the new entity to the DIA.

### Our funding is determined by our councils

The funding for our activities is provided by our councils through their LTP process. The LTPs set out each council's proposed activities and budgets for at least the next ten years. These are updated every three years. The current LTPs commenced in July 2021.

As part of the LTP process we provide each of our councils with advice on the capital and operating expenditure that we consider is required to deliver the three waters services and to meet customer expectations and all regulatory requirements. The councils determine how much of this recommended funding is provided, including through considering public submissions on a draft LTP.

For the 2021-31 LTPs our advice to councils was that a step change increase in investment was required from the 2018-28 plans<sup>1</sup>. Central to this was a need for a significant increase in asset renewals, with around 30% of network assets already at or beyond their nominal end-of-life and others in poor condition. These aged assets are contributing to increased failures, higher operating costs, and poor environmental outcomes. In addition, all councils need to invest to enable forecast growth, to meet increasing environmental performance and regulatory requirements, and to respond to climate change.

Our advice was that meeting all these requirements would require total capital investment across all councils of around \$300 million per year. This is up from around \$100 million per year across the 2018-28 LTPs. A peer review of our advice by the Water Industry Commission for Scotland (WICS) suggested that investment of \$350-\$400 million per year would be more appropriate given the asset condition and performance. Significant increases in operational expenditure are also required to manage the rising failure rate, including through planned maintenance activities.

The funding provided for 2021-31 has generally been focused on asset renewals. The total capital expenditure provided is around \$230 million per year over the 2021-24 period. Some councils have now also been able to provide additional funding for 2023/24, but total operational funding remains approximately 30% below the level required to effectively deliver these services.

Rising inflation is exacerbating this issue. We estimate costs including labour and materials have risen by at least 20% over the past two years. This is creating further strain on operational budgets and tough decisions for our councils when evaluating levels of service.

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<sup>1</sup> Our investment advice to our councils is available at <https://www.wellingtonwater.co.nz/publication-library/advice-and-work/>. The risks resulting from the investment provided are also described in our Strategic Asset Management Plan (SAMP) at <https://www.wellingtonwater.co.nz/publication-library/advice-and-work/regional-service-plan/>

## Our shared vision for water

The aspirations of our mana whenua partners are to restore the balance between water, people, and the environment, and return the region's water to a more natural state: Te Ika Rō Wai. This name refers to the pure state of water essential to life.

Achieving this state requires us to put the needs of the water and the ecosystems it supports at the front of our work. It is a journey that will take many years to complete and will continue under the new entity.

### We understand the investment required to move towards Te Ika Rō Wai

The pathway towards Te Ika Rō Wai is reflected in our values, the strategic priorities we are pursuing, and the planning we have undertaken. In preparing advice for councils' current Long-Term Plans, we agreed five priority areas for investment to move us most quickly and effectively towards Te Ika Rō Wai, and to achieve the levels of service and performance sought by customers and required in legislation. These priorities are:

- look after existing infrastructure
- support growth
- ensure sustainable water supply for the future
- improve water quality of our rivers, streams and harbours
- reduce our carbon emissions and adapt to the impacts of climate change.

### Te Mana o te Wai – our obligations

Te Mana o te Wai is a concept that refers to the fundamental importance of water and recognises that protecting the health of water protects the health and well-being of the wider environment. Te Mana o te Wai is about restoring and preserving the balance between the water, the wider environment, and the community.

Te Mana o te Wai is defined in the National Policy Statement for Freshwater Management as:

- a) Mana whakahaere: the power, authority, and obligations of tangata whenua to make decisions that maintain, protect, and sustain the health and well-being of, and their relationship with, freshwater
- b) Kaitiakitanga: the obligations of tangata whenua to preserve, restore, enhance, and sustainably use freshwater for the benefit of present and future generations
- c) Manaakitanga: the process by which tangata whenua show respect, generosity, and care for freshwater and for others
- d) Governance: the responsibility of those with authority for making decisions about freshwater to do so in a way that prioritises the health and well-being of freshwater now and into the future
- e) Stewardship: the obligations of all New Zealanders to manage freshwater in a way that ensures it sustains present and future generations
- f) Care and respect: the responsibility of all New Zealanders to care for freshwater in providing for the health of the nation.

There is a hierarchy of obligations in Te Mana o te Wai that prioritises:

- a) first, the health and well-being of water bodies and freshwater ecosystems
- b) second, the health needs of people (such as drinking water)
- c) third, the ability of people and communities to provide for their social, economic, and cultural well-being, now and in the future.

Water services providers, including Wellington Water, have an obligation under the Water Services Act to give effect to Te Mana o te Wai. This requirement will also fall to the new entity Wellington Water joins, and the work that we do with our iwi mana whenua partners to understand their priorities and aspirations will endure. We recognise these aspirations as central for the new entity that we want to support as best we can.

We will focus on fostering and supporting iwi mana whenua governance of water services, as members of the Water Committee. Through the recruitment of our Kaitātari Tumuaki Māori we intend to grow the cultural competence of the Wellington Water whānau in giving effect to Te Mana o te Wai. This involves considering these principles at all levels of the business, from operations to planning through to decision-making. Continuing



to build an understanding of what Te Mana o te Wai means to iwi mana whenua, and how we can give effect to that is a journey that will take time.

### Supporting the vision of our owners and mana whenua partners

Despite a lift in investment over the past few years, councils have been unable to provide the resourcing required to achieve the end-state of a balance between water, people and the environment. The improved funding mechanisms and increased scale of the new entities mean that they will have the ability to scale up to achieve these goals in the long term.

Reform dictates that our role in achieving this future state will cease by 1 July 2026. We expect to hand our insight and plans to the new water services entity, so that it continues the journey.

Two years ago, we prepared a 30-year investment direction that outlined work to move towards a balance between water, people, and the environment - Te Ika Rō Wai. The Department of Internal Affairs (DIA) will be leading the planning work for the new entity's first Asset Management Plan, detailing their investment over a 30-year timeframe. We continue to work with our councils, who will engage with the DIA to advocate for the region's aspirations for water. We will continue planning the investment required for the 2024-27 investment cycle and the next 10-year planning period (2024-2034) so they are consistent with this view and can be readily adopted into the new entity's first asset management plan.

### Addressing the critical water supply risk

Working to ensure a sufficient supply of water to the Wellington Region is one of our key priorities for the year, as we need to take immediate steps with our owners to ensure that we have enough water both in the short term, as well as into the future. The most impactful thing that we can do is to install smart water meters across the region, as these will help us to pinpoint and repair leaks.

The Wellington Water Committee has asked that we continue to progress development of an indicative business case for smart water metering. This business case will guide forward investment decisions for councils and/or the Government's proposed future water services entity. The indicative business case will include the strategic, economic, commercial, financial and management cases that are essential to appropriately inform forward planning and is expected to be completed by June 2024.

For more information about other ways we are managing the water supply risk, see the section "providing safe and sufficient drinking water to our communities" on page 13.

### Our focus for the next three years is on delivery of core services

Our delivery focus over the remaining period of our operation will be on the areas funded by councils. This is predominantly in looking after existing infrastructure (i.e. operations, maintenance, and renewals) and completing targeted growth investments. These investments are typically meeting "business as usual" requirements.

The other strategic priorities are focused on changing our direction, not just maintaining what we have today. We will progress improvements against these strategic priorities only to the extent that funding is provided. We will use this funding to improve the understanding of which investments are effective, helping the new water services entity to make more rapid progress in the future as more funding and capability become available.

## Build trust through delivery of three water services

The delivery of three waters services is essential to the functioning of our cities, towns and the region. Our council owners, mana whenua partners, customers, and communities count on us to deliver these services safely and effectively.

We build trust by doing our work well in our core areas of service delivery including managing the networks and treatment plants and taking care of the assets, within the funding levels allocated by our council owners.

### Ensuring our councils can support core services and our delivery focus

To enable effective discussions with our owners around funding priorities and to provide assurance that budgets are being used appropriately, we are working on improving financial modelling and reporting tools. This will enhance communication about our real service and financial performance as well as outstanding risks carried by the councils.

Maintaining working relationships at the political, executive and officer level are important to us. We meet quarterly with the chief executive of each council, more regularly with officers, and plan to be in front of each council at least twice a year. The main topics for the financial year will be our progress on transition, investment planning for 2024-34, water consumption and conservation and our regulatory performance. This mahi is outlined in more detail in this document.

### Fostering our mana whenua partnerships

Wellington Water values our relationships with our iwi and mana whenua partners Taranaki Whānui ki te Upoko o te Ika, Ngāti Toa Rangatira, Ngāti Kahungunu ki Wairarapa Tmaki Nui a Rua, and Rangitāne o Wairarapa. As we continue to strengthen these relationships, we are increasing our understanding and compliance alignment with the values of Te Mana o te Wai.

One of the key changes with the new water services entities will be a regional representative group comprising 50% mana whenua. We want to continue to work with mana whenua to grow mutual understanding of priorities as we work towards transition.

Our aim is to work with councils and mana whenua to understand regional priorities on three-, ten- and thirty-year-plus horizons, so that the investment advice proposed for inclusion in the new water service entity's initial asset management plan aligns with mana whenua priorities for our region and encompasses Te Mana o te Wai principles.

We will continue to work closely with Greater Wellington Regional Council (GWRC), in the role of the environmental regulator. GWRC is implementing the National Policy Statement for Freshwater Management through its Whaitua programme.

GWRC have taken a catchment-based approach, working closely with mana whenua and local communities, developing five Whaitua (catchment) committees to make decisions on the future of land and water management in their area and implementing the National Policy Statement for Freshwater Management.

### Our relationship with customers and communities

We strive to maintain an open and transparent relationship with customers and communities. The work that we do, in particular to build understanding of the state of the networks and the challenges of improving performance, assists with this.

#### *Managing customer expectations*

Within the networks, the backlog of asset renewals is translating into an increased frequency of network failures. This is reflected in record numbers of customer service requests to attend to leaks and overflows, creating further backlog in maintenance of the network.

Major storms and weather events are becoming more frequent and severe, requiring an intensive response both in preparing for and responding to events, and then addressing resulting customer issues. In these circumstances, we believe customer satisfaction will likely decline while we work with our councils to address network performance and start to address the backlog of renewals and open jobs.

*Delivering expected levels of service for fluoride*

Last year we worked hard to restore fluoridation of drinking water in the Wellington metropolitan area and we continue to regularly publish information on fluoride levels to communities. This year we will be conducting six-monthly reviews of the cultural integration of our new processes and will continue to review our performance against the recommendations in the report into fluoridation.

*Enabling the efficient connection of new property developments*

New housing developments are proceeding faster than historic rates, and we are working closely with our council building and resource consent teams across the region to enable new customers to connect to services. However, existing networks, designed to service a smaller population, have constrained capacity. Planning for future capital works takes future growth into account, but before new infrastructure is completed, councils may have to begin declining applications for new connections.

In the meantime, we will continue to work to ensure that applications for consents are processed within the required statutory timeframes.

*How we will measure success*

#	Purpose	Measure	Target 2023/24	Target 2024/25	Target 2025/26
1	We deliver a level of service that our councils and customers expect.	Customers rate their experience of our performance as 'Satisfied' or better.	70%	70%	70%
2	The yearly average level of fluoride leaving each Water Treatment Plant is within the Ministry of Health guidelines.	The yearly average level of fluoride leaving each Water Treatment Plant is within the Ministry of Health guidelines (0.7-1.0 parts per million).	Achieved at all plants	Achieved at all plants	Achieved at all plants
3	We will process resource consents in a timely manner, to enable growth in our region.	The percentage of the time resource consents are processed within timeframes (10 working days).	Greater or equal to baseline	Greater or equal to 2023/24	Greater or equal to 2024/25

## Enhancing our compliance and assurance frameworks to meet the sector's new regulatory requirements

Our regulators provide our customers, councils and mana whenua with the assurance that we are doing what we are meant to be doing. Meeting regulatory requirements helps us earn the trust of our stakeholders and retain our social licence to provide water services to our communities. Over the past two years significant changes in the water industry's regulation landscape have occurred. Most prominent were the Water Services Act 2021 coming into effect, the Health (Fluoridation of Drinking Water) Amendment Act 2021, and Taumata Arowai becoming the Water Services Regulator from October 2021.

Wellington Water has a duty of care to our customers but increasingly regulation also requires Wellington Water to give effect to Te Mana o te Wai.

### Providing assurance

To provide assurance to our regulators, customers and communities, we need to be able to demonstrate that we are adequately managing the risks associated with delivering water services. Drinking Water Safety Plans and Source Water Risk Management Plans have become key legislative risk management instruments and it is incumbent on us to ensure we meet the intent of these plans and implement them.

We do this in part by constantly monitoring our networks to ensure they comply with the relevant standards. The new measures are prescriptive and, in some cases, require us to adapt our reporting capability to meet the requirements of the regulator. The development of our source water management plans in particular has identified areas of investment above and beyond what was previously expected under preceding legislation.

There are several improvements needed to be able to demonstrate to our customers and regulator that we are fulfilling our duty of care. We are continuing to invest in our people, processes and systems to ensure that we give effect to Te Mana o te Wai, meet our regulatory obligations and keep water, people and the environment safe. In addition, our systems need to be able to provide timely, accurate and reliable data to the regulator, which requires additional investment. As well as providing an easy interface with Taumata Arowai, we also need to make these improvements so we can provide assurance, if required, up to 1 July 2026. While the Statement of Intent assumes we will not operate past this date, we cannot be derelict in our duty of care simply because we didn't anticipate having to provide services past that date.

### Making improvements where necessary

Last year we finalised our Source Water Management Plans and Drinking Water Safety Plans, and we must now keep these up to date, and more importantly, action the improvements outlined in these plans.

To support this work, we set up a dedicated regulatory and compliance directorate to ensure that we focus on continual improvement of compliance within the company. Key to this is earning and maintaining the trust of our regulators. This is a multi-year effort with significant work still to be done to shape the future compliance landscape and to comply with the new regulations.

Our focus is on demonstrating compliance with these rules first and foremost. We have established a Safe Drinking Water Committee and an Environmental Compliance Committee which are empowered to make decisions that ensure we are focusing on the right areas for improvement. We will be unable to demonstrate compliance with all new regulations overnight, but we have plans to tackle the highest priority improvements first. This is understood by the regulator, who is expecting water services providers to be able to demonstrate the roadmap to full compliance where it cannot be achieved straight away. Full compliance will require commitments to investment and activities beyond what is currently funded.

We will also be contributing into the development of the rules moving forward, as Taumata Arowai is actively consulting future performance measures for drinking water, as well as developing rules for wastewater services. We have the expertise to help shape future regulations and will advocate for our customers and communities to the regulator, providing submissions to the regulator, ensuring that the right things are measured.

Our risk profile – Regulatory compliance

Risk	Consequence
Funding pressures reduce the scope of planned improvements.	Increased risk of not meeting regulatory requirements and non-compliance.
Level of improvements insufficient to meet full compliance with regulations.	Non-compliance with regulations and regulator loses confidence in Wellington Water performance.
Investment constrains the pace at which the improvements are delivered.	Increased risk of not meeting regulatory requirements and regulator loses confidence in Wellington Water performance.

## A focus on core services

### Providing safe and sufficient drinking water to our communities

Clean, safe drinking water allows communities and cities to thrive. The delivery of sufficient safe and healthy drinking water is our core responsibility. Our increased focus on regulation will ensure we maintain safe drinking water; however, the sufficiency of supply is of growing concern.

We have been highlighting the risks of the region's high level of demand since 2018. Water use in the Wellington metropolitan region continues to increase and is at an all-time high. This is primarily due to water loss and in part to population growth. Current estimates show that the Wellington region is losing over 40 per cent of drinking water supplied due to leaks from both the public network and on private properties. This is a result of aging infrastructure, historical underinvestment, and a backlog of renewals and repairs.

There are two main constraints on our ability to meet demand; our consents which dictate how much water we can take from the environment, and how much water we can physically treat and supply to customers each day.

Despite an increase in usage last summer, the region avoided serious water restrictions due to rainfall over the summer and significant rainfall at a critical time from Cyclone Gabrielle. We are not assuming that we will see similar conditions into the future, and our modelling shows that it is likely that we will face an acute water shortage this summer.

### We have limited options to mitigate water supply risk in the short term

We are seeing record numbers of service requests for leak repairs, with over 3,000 leaks awaiting repair in the Wellington region at the time of publishing. Addressing these leaks is the key lever that we can use to bring down water losses and reduce strain on our supplies in the short term. As such, we have developed a Metropolitan Water Loss Reduction Plan (Water Loss Plan), which looks at how we will optimise the available funding we have to minimise water loss in the next nine to 12 months while also considering an approach to address the issue in the longer term.

The plan will incorporate the following activities:

- increase the speed and quality of repairs we undertake on water pipes
- survey the network, find leaks, and undertake investigations to identify and mitigate causes of leaks
- identify additional areas in the network where we can reduce water pressure to prevent leaks and reduce the water lost when leaks do occur
- introduce dedicated reactive and proactive renewals of service connections which are known to be the major source of leaks, and reprioritising renewals of drinking water pipes to address water loss where possible
- communications, engagement, and public education.

This plan includes a target to reduce consumption by 20 million litres per day over the next 10 years, even with forecast population growth. To measure the success of our leakage management, we have included in this year's Statement of Intent the Infrastructure Leakage Index (ILI). For more information see the How we measure performance section for Core Services, on page X.

### Water restrictions are likely this summer

The interventions outlined in the Water Loss Plan that will be undertaken within the current funding will only partially reduce the short-term risk. Modelling shows these interventions are unlikely to make a significant impact on the risk of acute water shortage this coming summer, and we may be unable to meet our target ILI reduction.

We face an increasing likelihood of experiencing an acute water shortage. The risk is primarily associated with our ability to treat and supply enough water to meet demand, even under typical summer conditions. Falling reservoir levels increase the risk of loss of pressure within the network. Subsequent backflow and possible contamination of the supply could result in boil water notices being issued.

There is also the possibility of reaching the consent limits on the amount of water we can extract from the region's water sources. This means that it is likely that our councils will need to increase the level of water

restrictions this summer and/or stand-up emergency responses to ask customers to significantly reduce water usage at short notice.

### Ensuring adequate water supply for the long-term

As we monitor water use and prepare for restrictions this summer, investment in long-term protection against water shortages is at the forefront of our planning. A coordinated, region-wide approach including smart metering, increased investment in leak detection and repair and building additional storage lakes will help ensure Wellington achieves a sustainable water supply for the future.

A key project we have under way is the Te Mārua Water Treatment Plant Capacity Optimisation Project. Due for completion in late 2024, this project will increase the Te Mārua Water Treatment Plant capacity and the ability to utilise more of the water stored in the Macaskill Lakes. Once completed, this project will return the metropolitan region's resilience to be able to cope with a one-in-fifty-year drought.

While increasing treatment capacity will increase our ability to meet peak demand, it will not relieve long-term strain on the water source. Major interventions are needed to manage the water supply risk beyond 2024/25, with the two main options being the development of a new water source and universal water metering to improve our leakage management and reduce demand.

Water metering in the Wellington metropolitan region is not currently fully funded. Without the demand reduction that it will achieve, implementation of new source capacity needs to begin in the next five years if we are to reach the desired level of drought resilience. Bringing a new water source on-line is estimated to cost more than \$800 million to develop and will take many years to commission.

### Managing the impacts of our wastewater treatment operations

Every day, Wellington Water collects and treats around 180 million litres of wastewater at eight wastewater treatment plants across Wellington and South Wairarapa. This water, once treated, gets safely discharged into the environment. Issues at the wastewater treatment plants over the past few years mean that, on occasion, we haven't been able to meet the levels of service that our communities expect, with occasional exceedance of resource consent limits. There are also regular overflows of untreated wastewater from our wastewater networks during heavy rainfall.

Over the past two years we have worked hard to bring the Wellington metropolitan wastewater treatment plants back into compliance, following a period of underperformance. They are now largely compliant, with our focus for the coming year on working on process optimisation to allow our plants to operate as well as the asset condition allows, while we work on fast-tracking urgent renewals.

Currently in South Wairarapa, one of the Council's wastewater treatment plants (Martinborough) is non-compliant with resource consents, which has resulted in two abatement notices (as at 09 February 2023) issued to Wellington Water and South Wairarapa District Council over the past year. Significant investment from the Council is required to bring the plant back into compliance.

The South Wairarapa District Council's three other wastewater treatment plants are currently compliant, however they are all at significant risk of non-compliance moving forward. Significant capital investment, as well as operational investment in standard maintenance activities such as desludging the ponds, needs to be committed by the Council in order to ensure that we achieve the compliance and do not significantly adversely affect the environment. We will continue to monitor the situation and provide risk analysis and investment advice to the Council, however, our ability to focus on any improvements in South Wairarapa in the coming twelve months is significantly constrained by investment levels. We expect the plants to remain non-compliant until sufficient investment is committed.

In the metropolitan area, our focus for the next twelve months is to complete repairs at the Moa Point WWTP and return the plant to full capacity, while maintaining compliance across the rest of our plants and network with a focus on renewing aging mechanical and electrical components at the treatment plants.

### Looking after existing infrastructure

Our shareholding councils jointly own at least \$7.7 billion of three waters infrastructure. It is extensive and complex to manage, with most of these assets buried underground. And it is aging. Around 30% of the region's pipeline assets have exceeded their nominal design lifetime, with many others approaching nominal end-of-

life. Other assets are failing before their designed lifetimes. Over the past few years, issues with some of the most critical assets, and a noticeable increase in the number of leaks, overflows, bursts and faults, have highlighted these challenges.

Reversing this trend requires a multi-pronged approach, including lifting the number of renewals, investing in understanding the real condition of our assets, and significantly increasing the amount of planned maintenance we undertake.

### Investment in renewals has increased, but it will take many years to turn the tide

The renewal of assets in poor condition is fundamental to both the performance and the costs of the service they provide, as it is generally significantly cheaper to replace an asset before it fails.

Councils responded to the aging assets issue with their largest investment to date included in their current Long-Term Plans. Despite this, we are facing a sizeable backlog of work to renew the existing infrastructure. The increased investment only begins to address the existing backlog, and the demand for renewals has continued to increase since these plans were adopted in 2021. Current investment levels mean throughout the 30-year period of the LTP, we can expect the number of assets that are at or beyond end of life to increase significantly.

Carrying out the funded programme of asset renewals will be a focus for us as we work towards the transition. This includes ensuring appropriate investment in condition assessments, and that at-risk assets identified through these programmes are appropriately prioritised and scheduled for renewal. We estimate that, regionally, \$10 million each year of investment into asset condition assessments is appropriate for our councils' networks. Currently our councils have only committed to investments totalling approximately \$2.5 million each year. Funding and prioritisation decisions rely on quality data. The more we know about the condition of the assets, the more effectively we can plan for and fund their renewal.

### Operating expenditure budgets are under pressure, and levels of service may be impacted

The rising number of faults we're experiencing requires us to work increasingly reactively, as has the increasing frequency and intensity of major weather events. This high level of reactive activity puts pressure on budgets and has consequences for levels of service experienced by customers. It also affects the extent of planned maintenance that can be carried out when resources are diverted to unplanned work.

Reducing the extent of planned maintenance compounds our operating challenge, by increasing the likelihood of faults and failures. We will work to find the right balance between planned and reactive activity within the budgets provided, and to ensure we prioritise the activities that have the greatest consequence for our customers.

The costs of maintenance and operating materials have risen sharply, as have other significant operating costs such as landfill disposal of wastewater biosolids, chemicals and energy. Labour shortages often require us to use more expensive, contracted suppliers to complete tasks that would normally be completed internally. Similar pressures are also being observed in our capital works programme and we continue to work hard to manage this challenge. While inflation was anticipated within the LTPs, the forecasted costs for the next twelve months are approximately 30% higher than forecast in LTPs.

Overall, the budgets provided will not meet our recommended level of activity. This means that some activities, such as a full programme of condition assessment and asset data quality improvements, will not be undertaken, and that our customers may be less satisfied with our work as leaks run for longer and faults continue to occur with high frequency.

We expect to work closely with councils on prioritising funding allocations as the year progresses and the extent of reactive activity required becomes clear. With our councils we attempted to place a fixed budget on reactive costs last year, but pressing issues such as water loss, as well as the increased costs, meant that we had to be more reactive than we intended. Our objective remains to increase the ratio of planned to reactive maintenance this year, and to enable the new entity to further improve this ratio.



## Supporting growth and land development

The growth forecasts used in the Wellington Regional Growth Framework suggest that an extra 150,000 people – more than the existing population of the Hutt Valley – could be living in the region within the next 30 years.

Each of our councils are expecting significant growth. The extent and speed of growth will put further pressure on aging and capacity-constrained three waters infrastructure and services, and on the environment that we operate in.

### Growth is outstripping our network capacity

Our Regional Three Waters Capacity Assessment, completed in 2021, found that most areas do not have the infrastructure required to accommodate the expected new housing. The current networks have had only incremental capacity changes over time and will not be able to meet growth needs without significant investment. In many cases the networks do not meet existing levels of service requirements, and investment is also required to meet today's environmental performance expectations.

### Growth planning identifies the investment required for specified growth areas

Growth planning allows us to identify the best way to meet our cities', towns' and communities' future needs. Our activities in this area are led by our councils, who identify the areas of expected growth and direct funding for studies and growth investment plans. Where funded, we will continue with growth studies to determine how to meet long-term capacity demands.

Our councils funded some specific investments in identified growth areas in their 2021-31 LTPs and the delivery of those projects is a focus area for our capital works programme.

Early growth project development aims to balance our regulatory, environmental, and customer expectations and determine cost allocation for funding of growth projects.

The improvement proposals identified will ultimately be delivered by the new entity and delaying these studies would only increase the lag time on necessary infrastructure investment.

Increased demand on our networks is strongly influenced by policy settings, so we participate in statutory planning processes, such as district and regional plan-making, to promote our three waters strategic priorities.

## Supporting urban regeneration and housing delivery programmes

Increasing the supply of housing is a priority for the country and the region, and responses to this include major urban regeneration and revitalisation projects where the three waters infrastructure will be delivered by other organisations as part of overall urban development. Local examples include the Eastern Porirua Regeneration Project (Kāinga Ora) and the Riverlink Project, Te Wai Takamori o Te Awa Kairangi (Waka Kotahi NZ Transport Agency, Greater Wellington Regional Council, Hutt City Council, and mana whenua). These developments will alter, connect to and expand our existing networks and also impact our ability to operate within our consented environmental limits. We will continue to work with other infrastructure providers to try and optimise investment outcomes and see that relevant quality and performance standards are met.

## Government Infrastructure Funding

Two projects have been funded through the government's contestable Infrastructure Acceleration Fund. This fund supports investment in infrastructure needed to unlock housing growth, enabling developments to progress faster and with financial certainty. The two projects are the Riverlink Wastewater Bypass & Stormwater Upgrades (Hutt City) and Trentham Wastewater Upgrades (Upper Hutt City). As with the housing delivery programmes discussed above, the three waters infrastructure for these developments will likely be provided by third parties.

Where requested by our owners, Wellington Water will work with external groups including councils, developers and government agencies to coordinate programming, technical three waters input and ensure that any three waters assets built by third parties are able to be accepted onto the network in future. If directed by our councils, Wellington Water may be required to deliver projects in our capital programme. We are working on establishing a reimbursement mechanism with our councils to capture the funding of our contribution to these projects, and ensure we are resourced to provide meaningful input.

### Delivering our largest ever capital programme

Our capital programme has grown from \$67 million in 2018/19 to a projected \$251 million in 2023/24. This is anticipated to continue to grow under the new entity to upwards of \$600 million per annum – just in the areas currently serviced by Wellington Water.

A key focus for the year will be improving our capability to deliver projects in our councils' drinking water and wastewater treatment plants. There are a combined 16 treatment plants in the Wellington metropolitan area and South Wairarapa. Whereas our below ground assets (such as pipes) have relatively long lifespans of 50 years or more, electrical and control equipment in the treatment plants have much shorter lifetimes of 15-20 years.

We aim to have just 40% of the programme (by value) with the Major Projects team (high risk), and 40% with our programme delivery team (medium risk). We have vastly improved our capability to deliver these projects over the past few years, including by establishing our consultant and contractor panels.

The remaining 20% consist of smaller projects, and with the size of our programme expanding so significantly, these have risen from approximately \$13 million to \$50 million. These projects require a different approach to delivery than our other projects, and we now need to focus on making improvements in this space.

We will continue to develop our capability as well as the capacity of our partners and the supply chain to ensure that the wider industry is able to support the level of growth needed. Over the past years we have successfully implemented improvements to our renewals programme, alongside our contractor and consultant panels, to be able to lift the level and pace of delivery with our fast-track, catchment-based renewals programme. We will be targeting similar improvements to our low-cost renewals over the coming year.

### Keeping our people safe

Here at Wellington Water we are committed to ensuring the safety of our people. With more than 800 people working across our supply chain it is important that we ensure that we all go home healthy and safe at the end of each day. Our health and safety strategy is guided by our simple commitment: "People first, every time." This strategy has steered us through Covid-19 and allowed us to ensure we were able to protect our people while still delivering critical services to the communities we serve.

Each year we work to continually improve our health and safety systems through the critical risk projects we carry out with the Wellington Water whānau. This year, we are focusing on Underground Service Strikes, and Mental Health in the Water Industry. These projects were chosen as they are areas where we are exposed to risks and could see benefit in ensuring we have the right controls and supports in place.

By working through these projects alongside our Wellington Water whānau we can improve the standard of health and safety across our supply chain, placing the industry in a good position heading into water reform.

### Our risk profile – Core Services

Risk	Consequence
Leakage continues to worsen, and continuity of supply is compromised	More frequent and severe water restrictions will need to be imposed to maintain continuity of supply
Level of renewals is insufficient to address the backlog	Networks continue to get older. More faults, bursts and service interruptions
Operating cost pressures reduce the scope of planned maintenance activities	Further increased risk of unexpected failure and increased cost to the customer
Limited investment into condition assessments for our most critical assets	Limited ability for Wellington Water and its successor to understand performance risks and make timely, efficient investment decisions

Growth increases the size of the three waters infrastructure deficit	Levels of service drop further and/or growth cannot be supported by the networks
Insufficient capacity in the market to be able to deliver growth projects	We will be unable to keep up with the pace of growth projects around the region
Insufficient resources within Wellington Water to participate fully in major housing delivery projects	Increased risk that solutions provided by third parties will not meet desired performance and operating requirements
Insufficient resources within Wellington Water to participate in statutory planning processes	Increased risk that policies are put in place that exacerbate the demand on our water services or prevent us or the new entity from being able to achieve required environmental and service performance outcomes

#### How we will measure success – Core Services

#	Purpose	Measure	Target 2023/24	Target 2024/25	Target 2025/26
4	We will deliver safe drinking water to metro Wellington	Compliance with Drinking Water Quality Assurance Rules (Treatment)*	Compliant monthly (12/12 months compliant)	Compliant monthly (12/12 months compliant)	Compliant monthly (12/12 months compliant)
5	We will aim to deliver safe drinking water to South Wairarapa	Compliance with Drinking Water Quality Assurance Rules (Treatment)*	Compliant monthly (12/12 months compliant)	Compliant monthly (12/12 months compliant)	Compliant monthly (12/12 months compliant)
6	We will have sufficient water to meet customer needs	The Infrastructure Leakage Index (ILI) of the Wellington Metropolitan Network will improve**	Achieved	Achieved	Achieved
7		We will complete all actions for the defined period set out in our Water Loss Reduction Plan	Achieved	Achieved	Achieved
8	Our metropolitan Wastewater Treatment Plants will operate as expected	We will receive no abatement notices, infringement notices, enforcement orders or convictions for breaches of consent in the relevant financial year	Achieved	Achieved	Achieved
9	SWDC Wastewater Treatment Plants will operate as expected	SWDC is kept informed of the risk of enforcement action (abatement notices, infringement notices, enforcement orders or convictions) for breaches of consent in the relevant financial year	Achieved	Achieved	Achieved

#	Purpose	Measure	Target 2023/24	Target 2024/25	Target 2025/26
10	We will deliver the three-year planned renewals programme set by our councils	Percentage of three-year programme (2021-24) complete†	90%	TBD*** in coming year	TBD*** in coming year
11	We will improve service reliability through increased use of planned maintenance activities	Ratio of planned to reactive maintenance increases	Ratio increases from baseline (TBC)	Ratio greater than or equal to 2023/24	Ratio greater than or equal to 2024/25
12	We will deliver our capital programme within the expected range	Total capital delivery is between \$233m and \$328m	Delivery between \$233m and \$328m	TBD*** in coming year	TBD*** in coming year
13	We will monitor and address critical health and safety risks for our people	Health and Safety critical risks will be reviewed, and improvements are implemented	Two or more	Two or more	Two or more

\*Measured separately at each Water Treatment Plant. The Metro Wellington treatment plants are Gear Island, Te Mārua, Wainuiomata and Waterloo. South Wairarapa treatment plants are Featherston, Greytown, Martinborough and Pirinoa.

Note that we are unable to meet the CT (contact time) requirements for chlorine at the Waterloo plant as the first customers serviced are too close to the plant. We are seeking an exemption from Taumata Arowai, and unless this is granted then the Waterloo plant will be reported as non-compliant.

\*\*The ILI is an industry standard measure of how much water is being lost from the supply network. We are currently finalising our baseline ILI for improvement over the coming year.

\*\*\*To be defined in the coming financial year

## Other priorities

### Improving environmental water quality

All of the water that our customers receive and use is ultimately returned to the environment. This is done through two networks: wastewater and stormwater. The wastewater network is intended to carry unsafe water to treatment plants where it is made safe to standards set by the environmental regulator before it is discharged; the stormwater network is designed to discharge into streams, rivers and the sea from multiple points. However, the two networks have connections between them, both designed and inadvertent. These make it impossible to ensure that untreated wastewater does not enter the environment. Most stormwater is untreated before discharge, enabling contaminants from roads and properties to reach our fresh water and harbours. Capturing, piping and channelling stormwater can also have adverse impacts on the function and health of the natural water bodies that are part of the stormwater system.

Existing performance is poor with few, if any, monitored streams meeting existing water quality limits. Pending changes to regional environmental plans will reduce these limits further and significant improvements are required.

Wastewater contamination reflects the age and condition of public and private pipes. Older pipes are prone to damage and leaks, while overflows often occur as a result of heavy rainfall or through blockages caused by contaminants such as wet wipes.

Any discharge of untreated wastewater to the environment is contrary to the principles of Te Mana o te Wai, and unacceptable to our mana whenua partners.

#### *Standards for environmental water quality are increasing*

Anticipated changes to the region's natural resources plan required by the National Policy Statement for Freshwater Management and informed by Greater Wellington Regional Council's Whaitua process will require significant improvements in water quality to be achieved over the medium to long term. Water quality improvements will be implemented through resource consents to discharge stormwater and wastewater.

At the current level of investment, councils cannot meet existing environmental standards. Without significant uplift they will be unable to meet the higher standards for human and environmental health that will be set in the Natural Resources Plan.

We currently hold a consent to discharge stormwater (on behalf of our metropolitan councils). As a part of this consent we must monitor and identify the negative effects of our stormwater discharges and manage any acute effects on human health. We have also developed a Stormwater Management Strategy, which is our plan for minimising the impact of stormwater discharges on water, people and the environment.

Our focus for the year is to continue to work towards renewing the stormwater consent for the metropolitan Wellington area and the consent covering all wastewater network overflows. We will also be seeking a consent for stormwater discharges in South Wairarapa. Compliance with these consents will require long-term reduction of impacts on fresh and coastal water, and improvements to the stormwater and wastewater infrastructure. The consents will be held by the new entity and will shape the strategic direction of the management of stormwater and wastewater across the region. The work we are doing this year will lay the groundwork for decades of improvement and the journey to Te Ika Rō Wai.

We need to continue to do work to ensure that the consents, when granted, are able to be delivered. We estimate that the delivery of the Stormwater Management Strategy will cost between \$1 billion to \$2 billion over the next 30 years, while improving our wastewater networks could be up to \$8 billion. We continue to work with our Territorial Authorities<sup>2</sup>, mana whenua, Greater Wellington Regional Council as the environmental regulator, and the National Transition Unit to ensure that we have strategies that are deliverable.

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<sup>2</sup> Territorial Authorities (TA's) are District or City Councils. Our TA owners are Upper Hutt City Council, Hutt City Council, Porirua City Council, South Wairarapa District Council and Wellington City Council.

#### *Funding limits the level of short-term improvements we will make*

Very limited funding for improving environmental water quality was included in councils' LTPs.

The limited funding that has been provided means we can generally only address issues with the discharge of untreated wastewater reactively, with some limited proactive investigations for Hutt City Council, Wellington City Council and Porirua City Council funded in 2023/24.

A catchment-based approach has been adopted and has seen some success in those catchments where we have been funded to make interventions in the past. Last year there was a reduction in contaminants in both Black Creek and Ōwhiro Bay, with contamination levels now well below the maximum limit under the global stormwater consent in Ōwhiro Bay. In Titahi Bay we saw improvements in human health pollutants, but there is still contamination measured in a local stream which is above current guidelines. A sustained level of focus and investment will be necessary to ensure that we can fix existing problems in the networks and restore the health of our environment.

#### Net carbon zero 2050

The Climate Change Response (Zero Carbon) Amendment Act sets a target for New Zealand to achieve net zero carbon emissions by 2050. The majority of our owner councils have also declared climate change emergencies and are setting or considering emission reduction targets and climate change response strategies. The country's response to climate change will need to include mitigation (reducing our emissions) and adaptation (managing the impacts of climate change), and water services providers have a part to play in both mitigation and adaptation of these elements.

#### *Mitigation*

We generate emissions from both our operational activities and our capital works programme. We understand the source and scale of our operational emissions and have some sense of what is required to reduce them. While there has been no funding provided for specific operational emissions reductions initiatives,<sup>3</sup> we will continue to seek improvements in areas such as energy efficiency as we go about our standard operations and renewal activities, although the scope for this is very small with only twelve months left until transition.

The emissions for our capital programme were baselined in 2021/22, enabling us to consider opportunities to reduce them. We will continue to monitor the carbon emissions of our capital programme, consider options to reduce our emissions and importantly, ensure this information is readily available for the new entity. This will provide a starting point from which to pursue mitigation opportunities.

#### *Adaptation*

While there is an element of uncertainty about exactly how the effects of climate change will play out for our communities, we are developing our understanding of the expected challenges in water services delivery, including by flood mapping, and considering various climate change scenarios when planning future interventions. While there may be little change in the annual rainfall, weather patterns will change. This will likely result in more variable rain, drier periods where water supplies will be at risk, and an increase in the frequency and intensity of extreme weather events. The sea level will rise, resulting in hard decisions for councils - not just for water services - about what infrastructure to build, where we build it and how to make it resilient to these changes.

Our water services are highly integrated into climate processes, and climate change will impact on all three waters:

- Our access to drinking water will be affected by changes in seasonal water availability and sea level rise (for the aquifer).

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<sup>3</sup> The Sludge Minimisation Plant at Moa Point will reduce Wellington City emissions but is being funded and delivered by Wellington City Council with technical input from Wellington Water.

- Our wastewater services will be affected by rainfall intensity, temperature, groundwater levels and coastal erosion.
- The demands on our stormwater services will be affected by rainfall intensity, sea level rise, groundwater levels, and coastal erosion.

We have a good grasp on what we need to do to protect our water supply at the source, with much of this work being planned for and undertaken in response to the increased leakage. We will continue to build our understanding around the potential impacts to our network assets to enable good decision-making by the new entity.

Our stormwater models help us to see the likely impacts of rainfall intensity and sea level rise. We have looked at the impacts of climate change on our wastewater treatment plants and the trunk network for Hutt Valley. More work is needed to assess the impacts of climate change.

With limited funding available from councils to pursue adaptation work, we will not be making significant improvements this year. We will, however, be able to hand over to the new entity our understanding of these impacts and limited proposals for investment pathways moving forward. These pathways will have to be dynamic, as the impacts of climate change are felt more deeply and better understood. We expect this will be a major focus for the new entity over the coming years.

#### Our risk profile – Other priorities

Risk	Consequence
Inability to meet the likely new standards for environmental water quality set through our discharge consents	Unacceptable environmental health outcomes, with waters increasingly unsuitable for recreation and human health, which will need to be addressed by the new entity
Operational emissions are likely to increase with population and demand growth	Increased environmental impact of our activities, and increased operating costs (as rising carbon prices impact on electricity and other input costs)
Limited understanding of the impacts of climate change on the assets and services	Increased risk that investment planning is not adequately incorporating these impacts
Increased frequency and severity of extreme weather events	Unplanned costs impact on our ability to provide core services

## Ensuring our people are ready for water reform transition

It is now proposed that future water services will be delivered by ten regional water entities. The Wellington region has eight councils (excluding Greater Wellington Regional Council, which will revert to a regulator-only role). Wellington Water will join an entity encompassing the existing councils we service as well as Kāpiti Coast, Carterton and Masterton. This entity will hold the assets of these eight councils and collect revenues from customers.

In the meantime, it will be business as usual for Wellington Water as we continue to provide services to our councils. However, our shareholding councils expect us to transfer our knowledge and capability to the WSE and ensure customers do not experience a decline in service.

Until the agreed go live date, we will continue to progress our capital delivery programme, remain alert to existing and emerging risks, ensure that our whānau remain engaged in their work and that their health and wellbeing are supported.

A transition programme has been established at Wellington Water. The vision of a successful transition is to integrate Wellington Water's collective capability into the new entity, which is operating well and flourishing. The objectives of the Programme to enable the delivery of the vision are:

- Assure our shareholding councils that the transition to the new entity will be well managed.
- Ensure the ongoing delivery of core services and value to shareholding councils through to 1 July 2026.
- Support staff through the process to the new WSE, so their move is a good experience.
- Support the National Transition Unit, the new Local Establishment Entity, and shareholding councils to establish a successful WSE.

### Collaboration

Establishing a water services entity in the region will also significantly affect our Council owners. We will continue to work collaboratively with councils to ensure our collective resources are used effectively within the context of water reform.

A regional working group and a steering group that includes all the chief executives have been established to support the transition to the WSE.

Our council owners are accountable for water services until the new water services entity goes live, who accountability will shift to. Therefore, working collaboratively with councils, the National Transition Unit within the Department of Internal Affairs, and the WSE as it is established, is critical to a successful outcome.

### Our people experience a good transition

Supporting Wellington Water's employees' transition to the new entity is challenging. Our transition strategy aims to mitigate risk for Wellington Water by proactively ensuring people have a good transition experience.

There are six streams of work supporting the Transition Strategy: Communications; current context and maintaining line of sight; supporting leadership practice; ensuring succession plans are in place; engagement and employee value proposition, and pastoral care of crucial water resources.

. Alongside this strategy, the People Strategy supports people to be the best they can be to take advantage of opportunities available in the larger WSE.

Retention of existing employees with water sector skills is critical, given the lack of skills across New Zealand to deliver improved water services.

### Preparing for transition

In addition to the planning and risk obligations detailed earlier in this document, our existing contracts and agreements need to be transferred to the new entity so that they can smoothly transition. We also need to work with the new entity and the National Transition Unit to ensure that we migrate our asset data to their new systems, including input into what those systems look like and how they will be used. Lastly, we need to develop a plan to wind up Wellington Water when it is no longer needed.



Doing all these things takes time and resources.

Risk	Consequence
The timeframe for the work required is short, and there are likely to be some significant decisions to make on what is necessary and possible for day one of the new entity	Work with NTU, Local Establishment Entity (LEE), and councils to scope what Wellington Water transitional activities are required to perform and what systems may need to continue after Day One
Staff may choose to leave the sector due to uncertainty and disruption or may leave WWL to join NTU or the new establishment entity	Ensure people are engaged with their work and understand and support water reform. Provide effective training for people to transition seamlessly to the WSE
Reform could be slowed or stopped due to a change of government or reprioritisation of focus	WWL to be agile to changing requirements with the potential to continue to operate up to 1 July 2026.

#### How we measure success – Managing the transition

#	Purpose	Measure	Target 2023/24	Target 2024/25	Target 2025/26
15	We will support our staff through water reform	Staff feel supported by the organisation through water reform (staff survey)	Greater than 2022/23	Greater than 2023/24	Greater than 2024/25
16	Our staff will understand water reform	Staff feel as if they understand water reform (staff survey)	Greater than 2022/23	Greater than 2023/24	Greater than 2024/25

## Letter of expectations

Chair, Wellington Water Committee  
C/- Hutt City Council  
Private Bag 31912  
LOWER HUTT

16 December 2022

Lynda Carroll  
Chair  
Wellington Water Limited  
Private Bag 39804  
Wellington Mail Centre

Dear Lynda,

This letter sets out the priorities and expectations of the six owner councils and iwi mana whenua to inform the development of Wellington Water Limited's (WWL) draft Statement of Intent (SOI) for 2023-2026. These priorities were developed at a Wellington Water Committee workshop in September 2022 and have been informed by discussions with councils and mana whenua.

### **Context**

All councils acknowledge the progress of water reform and the potential impacts on the company. However, the provision of services up until the 1st of July 2024 is our focus and during this time we need to create the momentum so that what we commit to now and plan for the future can be easily transferred to the new Entity C for implementation. It is imperative for our customers that they experience a smooth and successful transition of core services.

### ***Te Mana o te Wai***

Te Mana o te Wai prioritises the health and wellbeing of water first. The second priority is the health needs of people (such as drinking water) and the third is the ability of people and communities to provide for their social, economic and cultural well-being. We expect Wellington Water to give effect to Te Mana o te Wai and commence its integration into planning and regulatory processes, working in partnership with mana whenua and recognising that it will take time to develop a shared understanding.

### ***Facilitating the input of mana whenua to improve water service delivery***

In the eighteen remaining months until the water services entities go live we expect Wellington Water to continue to work with mana whenua to:

- Optimise the contribution of mana whenua members on the Wellington Water Committee through ongoing briefings and support;
- Work with mana whenua entities to identify programmes and projects of significance and facilitate input to these; and
- Continue to grow the cultural competence of the company through governance, management and workforce.

### ***Whaitua outcomes***

Greater Wellington Regional Council's Whaitua programme is an important reference point in the management of water services.

***Wellington Water role***

Wellington Water has a crucial role in providing water services to customers within the Wellington metropolitan and South Wairarapa area and therefore its actions have a direct impact on the wellbeing of customers, as well as the health of the broader environment and resilience of the community.

Wellington Water's next SOI aligns to the third year of the councils' long-term plans, and to the last year of the company before its functions are transferred to the new Water Services Entity. Therefore, we expect that in addition to key priorities of looking after infrastructure; growth; reducing water consumption; reducing carbon emissions and improving environmental water quality, the SOI will also have a significant focus on ensuring a smooth and successful transition of people, operations and planning.

***Priorities for 2023/24***

We have a number of priorities for the upcoming year which we would like to see reflected in the SOI.

***Ensuring a smooth transition through water reform to the new entity***

Three Waters Reform will lead to the disestablishment of Wellington Water and transfer of staff and functions to the new Water Services Entity in July 2024. We expect WWL to prepare for this change through a robust change process and the management of risks during the transition process. Recognising the shared nature of assets, data and services, this process needs to be undertaken collaboratively with the shareholder councils to ensure that change is undertaken efficiently and effectively.

This transition process needs to include a focus on robust asset management planning. This needs to be undertaken working with councils and with the National Transition Unit to ensure that the councils' future investment needs are understood and prioritised by the WSE and work programmes in the next 3-10 years are not disrupted.

Planning should be undertaken informed by ongoing asset condition assessment investigations, completion of growth planning investigations, and guided by the principles of the journey to Te Ika Rō Wai and restoring the balance of te ao wai, te ao taiao, and te ao tangata; and te mana o te wai.

We expect you to focus on retaining WWL staff and whānau suppliers to ensure no loss of productivity through transition and that we continue to look after existing infrastructure.

The Wellington region is facing significant growth and demands on infrastructure. We expect WWL to provide timely advice (including capacity and condition assessments) in regulatory development and policy processes.

We expect you to ensure that, as far as funding allows, customer service levels are maintained throughout the transition. This includes ongoing delivery of the current CAPEX and OPEX programmes.

***Three waters investment planning for 2024-34***

The draft Water Services Entities Bill includes provisions for the National Transition Unit to complete three waters investment planning for 2024-34 and for this not to be a requirement for councils' 2024-34 Long Term Plans. The shareholding councils would like to ensure that the NTU's investment plan for Entity C reflects their investment needs and the strategic investment direction for the region established for the current LTPs and endorsed in our September 2021 workshop, and as reflected in Wellington Water's recent Statements of Intent. Accordingly, we require Wellington Water to undertake and present investment planning advice for each council to allow them to engage in the NTU's process and ensure the best outcomes for our communities and environment. This advice should include consideration of the investment priorities identified by mana whenua and information on how different funding levels and allocations would impact on strategic outcomes. In doing so, Wellington Water should keep the Water Committee updated on those items that would benefit from a regional overview.

***Sustainable water supply and reducing consumption***

The councils have taken a 'conserve' rather than 'construct' approach to water supply. We acknowledge that the continual growth in demand now requires multiple solutions, including identification of new water sources.

We expect Wellington Water to advise us on options to ensure the supply of drinking water is sustainable now and into the future, including the setting out a compelling case for new water storage for the region so that this can be considered and prioritised as part of the AMP of the new WSE.

We wish to see an increased focus on detecting and fixing leaks within the network to minimise water loss. This means prioritising high volume leaks first followed by those in highly trafficked areas and a more responsive approach to leaks and complaints identified by the community. This is needed to both reduce the time taken to resolve these leaks and therefore to help build our social licence for water conservation efforts.

***Regulatory performance***

The regulatory landscape has changed in recent years and continues to evolve. We expect Wellington Water to continue to respond to the new regulatory environment and to continue to improve its rigour and transparency of assurance reporting to councils and to Taumata Arowai.

I look forward to receiving a draft of Wellington Water's Statement of Intent by 1 March 2023.

Yours sincerely

Chair, Wellington Water Committee

### Department of Internal Affairs (DIA) Rules

The DIA has the power to make rules specifying non-financial performance measures (the Rules) for local authorities. These Rules are consistent across the country, and therefore across all of our councils. Each council is responsible for setting targets for each Rule, and then Wellington Water reports against the targets throughout the year.

As part of the Long-Term Plan advice provided to councils, Wellington Water recommended amended targets based on investment levels and current trends:

- \* Attendance to urgent callouts (loss of service): ≤ 90 minutes
- \* Resolution of urgent callouts: ≤ 8 hours
- \* Attendance to non-urgent callouts (loss of service): ≤ 20 working days
- \* Resolution of non-urgent callouts: ≤ 20 working days
- \* Number of complaints received for water supply and stormwater: ≤ 20 complaints per 1000 connections
- \* Number of complaints received for wastewater: ≤ 30 complaints per 1000 connections
- \* The number of flooding events: ≤ 2
- \* For each flooding event the number of habitable floors affected: varied but > 0.10 across councils
- \* Median response time to attend a flooding event: ≤ 8 hours

The level of uptake across councils was limited, with only Hutt City Council, Greater Wellington Regional Council and Porirua City Council broadly accepting the targets. The below table sets out the Rules and the targets for the year ahead. We have shown with a ^ where we believe we will not achieve these targets due to funding constraints, asset conditions or practicalities.

Please note that the first two performance measures, relating to Safety of Drinking Water, refer to compliance with Part 4 and Part 5 of the Drinking Water Standards for New Zealand which were revoked as of 13 November 2022. Taumata Arowai has taken over as the Water Services regulator for New Zealand and has set new measures. Reporting is now done directly to the regulator on a monthly basis. The DIA rules have not been updated to reflect the change in regulation, however we will no longer be reporting on Part 4 and Part 5 of the Drinking Water Standards.

DIA Part/Sub Part	Measures	Targets					
		GWRC	PCC	UHCC	SWDC	WCC	HCC
Part 2: Sub-part 1 - Water supply	(1) Performance measure 1 (safety of drinking water) The extent to which the local authority's drinking water supply complies with:	Compliant	Compliant*	Compliant	Compliant*	Compliant	Compliant*

DIA Part/Sub Part	Measures	Targets					
		GWRC	PCC	UHCC	SWDC	WCC	HCC
	(a) part 4 of the drinking-water standards (bacteria compliance criteria).						
Part 2: Sub-part 1 - Water supply	<b>(1) Performance measure 1 (safety of drinking water)</b> The extent to which the local authority's drinking water supply complies with: (b) part 5 of the drinking-water standards (protozoal compliance criteria).	Compliant	Compliant	Compliant	Compliant*	Compliant	Compliant**
Part 2: Sub-part 1 - Water supply	<b>(2) Performance measure 2 (maintenance of the reticulation network)</b> The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this). <sup>1</sup> Calculated as a regional mean value	+/- 0.25%^	< 20% <sup>1,^</sup>	< 20% <sup>1,^</sup>	< 30% <sup>^</sup>	< 17% <sup>1,^</sup>	< 20% <sup>1,^</sup>
Part 2: Sub-part 1 - Water supply	<b>(3) Performance measure 3 (fault response times)</b> Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured (a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site,	≤ 90 min	≤ 90 min	≤ 60 min <sup>^</sup>	< 75% attendance in < 1 hour <sup>^</sup>	≤ 60 min <sup>^</sup>	≤ 90 min

DIA Part/Sub Part	Measures	Targets					
		GWRC	PCC	UHCC	SWDC	WCC	HCC
Part 2: Sub-part 1 - Water supply	<p><b>(3) Performance measure 3 (fault response times)</b> Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured</p> <p>(b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.</p>	≤ 8 hours	≤ 8 hours	≤ 4 hours <sup>^</sup>	< 90% resolution in 8 hours <sup>^</sup>	4 hours <sup>^</sup>	8 hours
Part 2: Sub-part 1 - Water supply	<p><b>(3) Performance measure 3 (fault response times)</b> Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured</p> <p>(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site</p>	≤ 72 hours	≤ 20 working days	≤ 36 hours <sup>^</sup>	≥ 75% attendance in < 2 working days <sup>^</sup>	≤ 36 hours <sup>^</sup>	≤ 72 hours
Part 2: Sub-part 1 - Water supply	<p><b>(3) Performance measure 3 (fault response times)</b> Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured</p>	≤ 20 days	≤ 20 working days	≤ 15 days <sup>^</sup>	≥ 75% resolved in < 5 working days <sup>^</sup>	5 days <sup>^</sup>	20 working days

DIA Part/Sub Part	Measures	Targets					
		GWRC	PCC	UHCC	SWDC	WCC	HCC
	(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	< 20 complaints per 1000 connections	< 20 complaints per 1000 connections	< 20 complaints per 1000 connections (Except (e))	< 75 per 1000 connections (Except (e))	< 20 complaints per 1000 connections	< 20 complaints per 1000 connections
Part 2: Sub-part 1 - Water supply	<b>(4) Performance measure 4 (customer satisfaction)</b> The total number of complaints received by the local authority about any of the following: (a) drinking water clarity (a) drinking water taste (b) drinking water odour (c) drinking water pressure or flow (d) continuity of supply, and (e) the local authority’s response to any of these issues expressed per 1000 connections to the local authority’s networked reticulation system	< 20 complaints per 1000 connections	< 20 complaints per 1000 connections	< 20 complaints per 1000 connections (Except (e))	< 20 complaints per 1000 connections (Except (e))	< 20 complaints per 1000 connections	< 20 complaints per 1000 connections
Part 2: Sub-part 1 - Water supply	<b>(5) Performance measure 5 (demand management)</b> The average consumption of drinking water per day per resident within the territorial authority district	375L	320L	415L	400L	365L	385L
Sub-part 2 – Sewerage	<b>(1) Performance measure 1 (system and adequacy)</b>	N/A	< 20 per 1000 connections	< 20 per 1000 connections	< 10 per 1000 connections^	Zero^	< 20 per 1000 connections



DIA Part/Sub Part	Measures	Targets					
		GWRC	PCC	UHCC	SWDC	WCC	HCC
and the treatment and disposal of sewage	The number of dry weather sewerage overflows from the territorial authority's sewerage system expressed per 1000 sewerage connections to that sewerage system.						
Sub-part 2 – Sewerage and the treatment and disposal of sewage	<p><b>(2) Performance measure 2 (discharge compliance)</b></p> <p>Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:</p> <p>(a) abatement notices received by the territorial authority in relation to those resource consents</p>	N/A	Nil	Nil	< 2	Nil	Nil
Sub-part 2 – Sewerage and the treatment and disposal of sewage	<p><b>(2) Performance measure 2 (discharge compliance)</b></p> <p>Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:</p> <p>(b) infringement notices received by the territorial authority in relation to those resource consents</p>	N/A	Nil	Nil	Nil	Nil	Nil
Sub-part 2 – Sewerage and the treatment	<p><b>(2) Performance measure 2 (discharge compliance)</b></p> <p>Compliance with the territorial authority's resource consents for discharge from its</p>	N/A	Nil	Nil	Nil	Nil	Nil

DIA Part/Sub Part	Measures	Targets					
		GWRC	PCC	UHCC	SWDC	WCC	HCC
and disposal of sewage	sewerage system measured by the number of: (c) enforcement orders received by the territorial authority in relation to those resource consents						
Sub-part 2 – Sewerage and the treatment and disposal of sewage	<b>(2) Performance measure 2 (discharge compliance)</b> Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (d) convictions received by the territorial authority in relation to those resource consents	N/A	Nil	Nil	Nil	Nil	Nil
Sub-part 2 – Sewerage and the treatment and disposal of sewage	<b>(3) Performance measure 3 (fault response times)</b> Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured: (a) attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site	N/A	≤ 60 min	≤ 60 min	≥ 70% resolved in < 1 hour	≤ 1 hour	≤ 90 min
Sub-part 2 – Sewerage and the	<b>(3) Performance measure 3 (fault response times)</b>	N/A	≤ 6 hours	≤ 6 hours	≥ 75% resolved in < 4 hours	≤ 6 hours	8 hours

DIA Part/Sub Part	Measures	Targets					
		GWRC	PCC	UHCC	SWDC	WCC	HCC
treatment and disposal of sewage	Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured: (b) resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.						
Sub-part 2 – Sewerage and the treatment and disposal of sewage	<b>(4) Performance measure 4 (customer satisfaction)</b> The total number of complaints received by the territorial authority about any of the following: (a) sewage odour (b) sewerage system faults (c) sewerage system blockages, and (d) the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system	N/A	< 30 total	< 30 complaints per 1000 connections	< 60 per 1000 connections	< 30 complaints per 1000 connections	< 30 complaints per 1000 connections
Sub-part 3 – Stormwater drainage	<b>(1) Performance measure 1 (system adequacy)</b> (a) The number of flooding events that occur in a territorial authority district *SWDC does not have a stormwater system as defined in the DIA Rules	N/A	2	Zero^	0*	2	2

DIA Part/Sub Part	Measures	Targets					
		GWRC	PCC	UHCC	SWDC	WCC	HCC
Sub-part 3 – Stormwater drainage	<p><b>(1) Performance measure 1 (system adequacy)</b></p> <p>(b) For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority’s stormwater system.)</p> <p>The regional consistency for habitable floors affected in a flooding event is 10 per event, however as the DIA measure is per 1000 properties connected, we have calculated this based on connections in 2020/21.</p> <p>*SWDC does not have a stormwater system as defined in the DIA Rules</p>	N/A	0.57	Zero^	0*	0.13	0.24
Sub-part 3 – Stormwater drainage	<p><b>(2) Performance measure 2 (discharge compliance)</b></p> <p>Compliance with the territorial authority’s resource consents for discharge from its stormwater system, measured by the number of:</p> <p>(a) abatement notices received by the territorial authority in relation to those resource consents</p>	N/A	Nil	Nil	Nil	Nil	Nil*
Sub-part 3 – Stormwater drainage	<p><b>(2) Performance measure 2 (discharge compliance)</b></p> <p>Compliance with the territorial authority’s resource consents for discharge from its stormwater system, measured by the number of:</p> <p>(b) infringement notices</p>	N/A	Nil	Nil	Nil	Nil	Nil*

DIA Part/Sub Part	Measures	Targets					
		GWRC	PCC	UHCC	SWDC	WCC	HCC
	received by the territorial authority in relation to those resource consents						
Sub-part 3 – Stormwater drainage	<p><b>(2) Performance measure 2 (discharge compliance)</b>                      Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of:                      (c) enforcement orders received by the territorial authority in relation to those resource consents</p>	N/A	Nil	Nil	Nil	Nil	Nil*
Sub-part 3 – Stormwater drainage	<p><b>(2) Performance measure 2 (discharge compliance)</b>                      Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of                      (d) convictions received by the territorial authority in relation to those resource consents</p>	N/A	Nil	Nil	Nil	Nil	Nil*
Sub-part 3 – Stormwater drainage	<p><b>(3) Performance measure 3 (response times)</b>                      The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.</p>	N/A	≤ 8 Hours	≤ 60 minutes^	95% within 5 hours^	≤ 60 minutes^	8 hours

DIA Part/Sub Part	Measures	Targets					
		GWRC	PCC	UHCC	SWDC	WCC	HCC
Sub-part 3 – Stormwater drainage	<p>*SWDC does not have a stormwater system as defined in the DIA Rules</p> <p><b>(4) Performance measure 4 (customer satisfaction)</b>                      The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.</p>	N/A	< 20 per 1000 connections	< 20 per 1000 connections	Zero**	< 20 per 1000 connections	< 20 per 1000 connections

\*These targets are worded significantly differently in the councils' LTP, but are measuring substantially the same level of service

\*\*SWDC does not have a stormwater system as defined by the DIA

^ Wellington Water believe we will not achieve these targets due to funding constraints, asset conditions or practicalities.

## Governance and shareholder information







### Wellington Water Committee

The Wellington Water Committee (the Water Committee) is a joint committee of our councils under the Local Government Act 2002 and provides governance oversight of Wellington Water.

It does this by considering the company's Half-Year and Annual Reports, monitoring performance, recommending directors for appointment, and providing recommendations to shareholders on proposals.

Each shareholder holds an equal percentage of the voting shares ('A' shares) of Wellington Water.

The Water Committee writes an annual Letter of Expectations to Wellington Water's Board of Directors, which outlines key priorities and areas of focus. It is used to guide the development of our Statement of Intent. The Committee comprises:

Wellington Water Committee		
	<b>Mayor Campbell Barry</b>	Water Committee Chair Hutt City Council
	<b>Ros Connelly</b>	Water Committee Deputy Chair Greater Wellington Regional Council
	<b>Mayor Anita Baker</b>	Porirua City Council
	<b>Mayor Tory Whanau</b>	Wellington City Council
	<b>Mayor Wayne Guppy</b>	Upper Hutt City Council
	<b>Mayor Martin Connelly</b>	South Wairarapa District Council

The Water Committee has space for three appointments of iwi partners. Lee Rauhina-August is the representative of Taranaki Whānui ki te Upoko o te Ika, Andrea Rutene is the representative of Ngāti Kahungunu ki Wairarapa Tamaki Nui a Rua and there is a currently a vacancy for a representative of Te Rūnanga o Toa Rangatira.



**Lee Rauhina-August**

TARANAKI WHĀNUI KI TE UPOKO O TE IKA

Need a picture	<b>Andrea Rutene</b> NGĀTI KAHUNGUNU KI WAIRARAPA TAMAKI NUI A RUA
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### Information to be provided to shareholders

In each year, Wellington Water shall comply with the reporting requirements of the Local Government Act 2002 and the Companies Act 1993 and regulations. In particular, Wellington Water will provide:

- A Statement of Intent, detailing all matters required under the Local Government Act 2002, including financial information for the next three years;
- Within two months after the end of the first half of each financial year, a report on the operations of Wellington Water to enable an informed assessment of its performance, including financial statements (in accordance with section 66 of the Local Government Act 2002); and
- Within three months after the end of each financial year, an annual report, which provides a comparison of its performance with the Statement of Intent, with an explanation of any material variances, audited consolidated financial statements for that financial year, and an auditor's report (in accordance with sections 67, 68, and 69 of the Local Government Act 2002). Note that the LGA has been amended to temporarily extend the timeframe for this financial year to 30 November 2022 (s67(5)(b)).

### Share acquisition

There is no intention to subscribe for shares in any other company or invest in any other organisation.

### Compensation from local authority

It is not anticipated that the company will seek compensation from any local authority other than in the context of management services agreements and the shareholders' agreements with client councils.

### Equity value of the shareholders' investment

The total shareholders' equity is estimated to be valued at \$1 million as at 31 December 2022. This value will be assessed by the directors on completion of the annual accounts or at any other time determined by the directors. The method of assessment will use the value of shareholders' funds as determined in the annual accounts as a guide.

### Ratio of consolidated shareholders' funds to total assets

The ownership of infrastructural assets is retained by the shareholders (or other clients). The business returns all benefits to shareholders; the ratio of shareholders' funds to assets is provided in Appendix 4.

### Board of Directors of Wellington Water

All directors must be independent and are selected by the Water Committee in accordance with the Board's skill matrix. Each director can serve a maximum of two terms, or six years, unless agreed by the Water Committee.

The Board is responsible for the direction and control of Wellington Water Limited. The Chair of the Board reports to the Water Committee. The Board approves strategy, ensures legal compliance, and monitors Wellington Water's performance, risks, and viability.

The Board's approach to the governance of the company is to establish with management (and in consultation with shareholders) clear strategic outcomes that drive performance. The Board is mindful of the significant investment by its shareholder councils in its operations, and of the need to preserve, grow, and demonstrate shareholder value and regional prosperity through the provision of its three waters services.

The Board will ensure that the company focuses on the priorities set out in the shareholders' Letter of Expectations. More broadly, it will ensure the company is mindful of the councils' strategic priorities set out in their long-term plans and focuses on those that are relevant to the company's objective to provide leadership



to the region. The Board is also mindful of its relationship with the Water Committee and how both the Board and the Water Committee influence the company in different ways.

Our Board supports and empowers our management team to deliver and report on performance using a 'no surprises' approach, by creating an environment of trust where information is freely available, decision-making is transparent, and strategic conversations provide insights and guidance for the company. Consistent with a high-performance organisation, Board members challenge management (and other Board members) to keep a healthy culture of inquiry and openness.

Board of Directors	Appointed to
	<p><b>Nick Leggett (Interim Chair)</b></p> <p>17 March 2024</p>
	<p><b>Kim Skelton</b></p> <p>1 September 2023</p>
	<p><b>Leanne Southey</b></p> <p>30 June 2024</p>
	<p><b>Alexandra Hare</b></p> <p>30 June 2024</p>

### Wellington Water Limited

Wellington Water is a council-controlled organisation as defined by section 6 of the Local Government Act 2002. Wellington Water is also covered by the Companies Act 1993 and governed by law and best practice. The Shareholders' and Partnership Agreement relating to Wellington Water outlines the way the shareholders manage their shareholdings in Wellington Water and their respective relationships with each other.

The principal objectives of Wellington Water as set out in our Constitution are to:

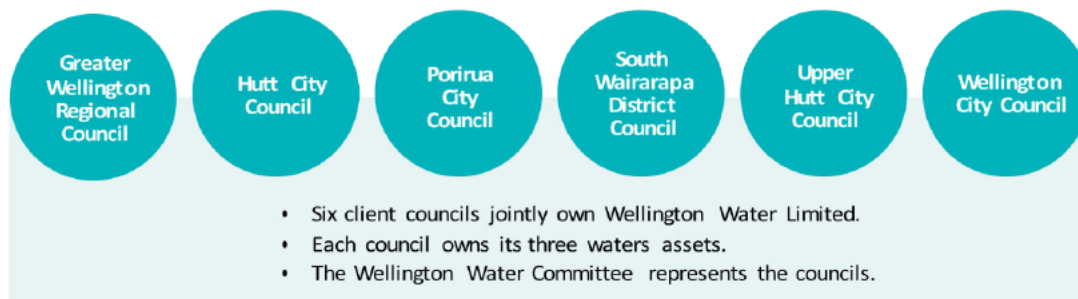
- Manage drinking-water, wastewater and stormwater services in the greater Wellington region for local authority shareholders;
- Achieve the objectives of its shareholders;
- Be a good employer;
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which the company operates and by endeavouring to accommodate or encourage these when able to do so; and
- Conduct its affairs in accordance with sound business practice.

We employ around 250 staff and provide drinking water, stormwater and wastewater services to customers on behalf of our shareholders.

To do this, we manage annual expenditure of approximately \$253 million (based on the 2022/23 budget) to maintain and develop water assets with a replacement value upwards of \$7.7 billion. We also provide investment advice on the future development of the three waters assets and services.

Each shareholding client council owns its own three waters assets (pipes, pump stations, reservoirs and treatment plants), and decides on the level of service it will purchase from us, the policies it will adopt, and the investments it will make (after considering our advice) in consultation with its community.





We operate under the Companies Act 1993 and the Local Government Act 2002 and comply with the Health Act 1956, requirements of the Drinking Water Regulator Taumata Arowai under the Water services Act, and other legislation such as the Resource Management Act 1991, the Wellington Regional Water Board Act 1972 and the Health and Safety at Work Act 2015.






↕ Service level agreements, pricing and policies ↕

**Wellington Water Limited**

- **Network Strategy and Planning:** asset planning, information management, education.
- **Network Development and Delivery:** project design, work programme management.
- **Customer Operations:** network operations, service delivery, customer service.
- **Network Management:** treatment facilities, quality control, innovation.
- **Business Services:** financial, procurement, business support, communications, planning & performance.
- **Regulatory Services:** legal, regulation, risk and assurance
- **Chief Executive Office:** company strategy, leadership

Senior Leadership Team		
	<b>Tonia Haskell</b>	Chief Executive
	<b>Julie Alexander</b>	Group Manager Network Strategy and Planning
	<b>Susannah Cullen</b>	Group Manager Network Development and Delivery (Acting)
	<b>Jeremy McKibbin</b>	Group Manager Network Management

 <b>Mark Ford</b>	Group Manager Business Services
 <b>Kevin Locke</b>	Group Manager Customer Operations
 <b>Charles Barker</b>	Director of Regulatory Services

## Prospective financial statements

Wellington Water receives annual management fees from its six client councils. These cover operating expenses such as employee costs, vehicle costs, directors' fees and depreciation.

Funding is also received for the council work programme. This work programme (capex and opex) is managed by Wellington Water employees. The planned spend in the next three years is \$666 million on three waters capital projects and \$269 million on three waters infrastructure maintenance and operation.

Wellington Water adopts a 'no surprises' approach. Regular forecasting and ongoing communication with our client and shareholder representatives enable us to achieve this.

The summary financials below support the delivery of our three customer outcomes: safe and healthy water; respectful of the environment; and resilient networks that support our economy.

In July 2020, the Government launched the Three Waters Reform Programme – the three-year programme to reform local government three waters service delivery arrangements. Currently 67 different councils own and operate the majority of the drinking water, wastewater and stormwater services across New Zealand. The reform programme is being progressed through a partnership-based approach with the local government sector, alongside iwi/Māori as the Crown's Treaty Partner.

The financials in this SOI are draft and include a number of assumptions which are subject to change. Final council approved budgets were not available at the time of publishing.

### Three Waters Reform

Water Services Reform will transfer the delivery of water services from the 67 councils to ten water services entities by 1 July 2026, currently known as Entities A to J. Wellington Water's staff, functions, assets, liabilities and interests will be transferred to Entity G, provisionally called Wellington Water Services Entity.

### Revenue and Expenditure for 2024/25 and 2025/26

Projected council OpEx and CapEx expenditure for 2024/25 and 2025/26 are the 2021-31 LTP numbers that Council have agreed during the last LTP cycle. These figures are below what we expect we would get from the councils in the next LTP cycle. They are based on the existing funding model, which is expected to change under Government's water services reform

## Prospective Statement of Comprehensive Revenue and Expenses

	Projection 2024 \$000	Projection 2025 \$000	Projection 2026 \$000
Council work programme	389,305	273,478	271,615
Management & advisory services	24,682	25,422	26,185
Other revenue	1,125	875	750
<b>Total revenue</b>	<b>415,111</b>	<b>299,775</b>	<b>298,550</b>
Council capex expenditure	(278,419)	(194,400)	(192,900)
Council opex expenditure	(110,886)	(79,078)	(78,715)
Salaries and wages	(44,954)	(47,648)	(50,507)
Direct costs charged to capex programme	26,843	28,185	29,594
Direct costs charged to opex programme	15,584	16,363	17,181
Superannuation	(1,401)	(1,485)	(1,574)
Directors' fees	(210)	(221)	(232)
Audit - financial statements	(281)	(303)	(326)
Operating leases	(1,891)	(2,178)	(2,287)
Other personnel costs	(1,313)	(908)	(960)
Other expenditure	(16,465)	(16,720)	(16,694)
Depreciation and amortisation	(1,718)	(1,383)	(1,131)
<b>Total expenses</b>	<b>(415,111)</b>	<b>(299,775)</b>	<b>(298,550)</b>
<b>Surplus/(deficit) before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
Tax (expense)/credit			
<b>Total comprehensive revenue and expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>

The financials in this SOI are draft and include a number of assumptions which are subject to change. Final council approved budgets were not available at the time of publishing.

## Prospective Statement of Changes in Equity

	Retained Earnings \$000	Issued Capital \$000	Total \$000
Balance at 1 July 2023	2,035	1,000	3,035
<b>Comprehensive revenue and expenses</b>			
Net surplus/(deficit) for the year	-	-	-
<b>Projected balance at 30 June 2024</b>	<b>2,035</b>	<b>1,000</b>	<b>3,035</b>
Balance at 1 July 2024	2,035	1,000	3,035
<b>Comprehensive revenue and expenses</b>			
Net surplus/(deficit) for the year	-	-	-
<b>Projected balance at 30 June 2025</b>	<b>2,035</b>	<b>1,000</b>	<b>3,035</b>
Balance at 1 July 2025	2,035	1,000	3,035
<b>Comprehensive revenue and expenses</b>			
Net surplus/(deficit) for the year	-	-	-
<b>Projected balance at 30 June 2026</b>	<b>2,035</b>	<b>1,000</b>	<b>3,035</b>

The financials in this SOI are draft and include a number of assumptions which are subject to change. Final council approved budgets were not available at the time of publishing.

## Prospective Statement of Financial Position

	Projection 2024 \$000	Projection 2025 \$000	Projection 2026 \$000
Cash and cash equivalents	17,745	13,872	14,503
Receivables and prepayments	34,593	24,981	24,879
<b>Total current assets</b>	<b>52,337</b>	<b>38,854</b>	<b>39,382</b>
Intangible assets	104	60	35
Property, plant and equipment, vehicles	4,769	3,880	3,224
Deferred tax	(360)	(360)	(360)
<b>Total non-current assets</b>	<b>4,513</b>	<b>3,580</b>	<b>2,899</b>
<b>Total assets</b>	<b>56,851</b>	<b>42,434</b>	<b>42,280</b>
Payables and provisions	51,889	37,472	37,319
Employee entitlements	1,891	1,891	1,891
Tax payable/(receivable)	19	19	19
<b>Total current liabilities</b>	<b>53,798</b>	<b>39,381</b>	<b>39,228</b>
Employee entitlements	18	18	18
<b>Total non-current liabilities</b>	<b>18</b>	<b>18</b>	<b>18</b>
<b>Total liabilities</b>	<b>53,816</b>	<b>39,399</b>	<b>39,246</b>
<b>Net assets</b>	<b>3,035</b>	<b>3,035</b>	<b>3,035</b>
Issued capital	1,000	1,000	1,000
Retained earnings	2,035	2,035	2,035
<b>Total equity</b>	<b>3,035</b>	<b>3,035</b>	<b>3,035</b>
<b>Shareholder equity ratio</b>	<b>5%</b>	<b>7%</b>	<b>7%</b>

The financials in this SOI are draft and include a number of assumptions which are subject to change. Final council approved budgets were not available at the time of publishing.

## Prospective Statement of Cash Flows

	Projection 2024 \$000	Projection 2025 \$000	Projection 2026 \$000
Receipts from customers	400,787	308,511	297,902
Interest received	1,125	875	750
Employees and suppliers	(405,790)	(312,809)	(297,572)
<b>Net cash flow from operating activities</b>	<b>(3,879)</b>	<b>(3,422)</b>	<b>1,080</b>
Purchase of intangibles	(125)	(50)	(50)
Purchase of property, plant and equipment, vehicles	(1,346)	(400)	(400)
<b>Net cash flow from investing activities</b>	<b>(1,471)</b>	<b>(450)</b>	<b>(450)</b>
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash flow</b>	<b>(5,349)</b>	<b>(3,872)</b>	<b>630</b>
Add: cash at the beginning of the year	23,094	17,745	13,872
<b>Cash at the end of the year</b>	<b>17,745</b>	<b>13,872</b>	<b>14,503</b>
Comprised of:			
Cash at bank and on hand	17,745	13,872	14,503

The financials in this SOI are draft and include a number of assumptions which are subject to change. Final council approved budgets were not available at the time of publishing.



## Other financial information

<b>Current value of assets</b>	The current value of assets at 31 December 2022 was \$3M based on the net asset value of Wellington Water as disclosed in the unaudited interim financial statements.
<b>Accounting policies</b>	Accounting policies are as per 2022 Annual Report.
<b>Financial reporting</b>	Wellington Water's financial reporting is prepared in accordance with generally accepted accounting policies.

## Major accounting policies

### *Revenue*

Revenue is derived from the six council shareholders, and from occasionally charging third parties for work performed. Revenue is billed and recognised monthly and consists of management and advisory services, council operational expenditure (opex) programme and council capital expenditure (capex) programme.

### *Management and advisory services*

The management and advisory services revenue is recognised using the percentage of completion method and is agreed with councils and performed on a financial year basis. Management and advisory services revenue has been fully recognised because services have been fully provided at balance date.

### *Operational expenditure programme and unexpected event reserve*

The operational expenditure programme fee is recognised using the percentage of completion method. Wellington Water develops an Annual Work Programme from the Long-Term Plans of councils which is delivered on a financial year basis. Wellington Water enters into contracts with contractors to perform the work and manages the programme. Wellington Water is acting as a principal in relation to these transactions. Wellington Water employees also perform some of the work.

Operational expenditure programme revenue has been fully recognised because services have been fully provided at balance date.

Any part of the operational expenditure charge that remains unspent is transferred to the unexpected event reserve (up to an agreed cap). This reserve is used to fund unexpected events that may occur in relation to the three waters network and is ring fenced for each council. Funds that are transferred to the unexpected event reserve are accounted for as deferred revenue at balance date, as the reserve reflects revenue received in advance of providing services.

### *Capital expenditure programme*

The capital expenditure programme fee is recognised using the percentage of completion method and based on the costs incurred as a percentage of total costs under the contracts. The capital expenditure programme fee also comprises a portion of Wellington Water labour costs that are directly attributable to the capex programme.

Wellington Water develops an annual work programme that is jointly agreed with councils. Wellington Water is responsible for the procurement process including selection of contractors and contract pricing, enters into contracts with contractors to perform the work, and manages the programme. Wellington Water is acting as a principal in relation to these transactions. Wellington Water has recognised capital expenditure programme revenue and expenses equivalent to the invoices paid or payable to third parties for the financial year.

### *Property, plant and equipment, vehicles and intangibles*

Property, plant and equipment (PPE) consists of fit-out and equipment. Vehicles consist of commercial vehicles used for operational purposes. Intangible assets consist of computer software and systems. These assets are carried at cost less accumulated depreciation or amortisation and accumulated impairments. Assets are reviewed annually for indicators of impairment.

### *Cost*

These assets are initially measured at cost. Expenditure is capitalised when it creates a new asset or increases the economic benefits over the total life of an existing asset and can be measured reliably. Assets under construction are recorded as capital work in progress and include operational and intangible assets under construction. Costs that do not meet the criteria for capitalisation are expensed.

The cost of assets includes the purchase cost and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential and that can be measured reliably is capitalised.

*Depreciation and amortisation*

Depreciation is calculated on a straight-line basis, to allocate the cost or value of the asset over its useful life. The useful lives and depreciation rates are reviewed annually, and adjusted if appropriate at each balance date.

The range of depreciation and amortisation rates for each class of asset is:

Fit-out and equipment	6% – 67%
Vehicles	13.5% – 20%
Intangibles	40%

**Māori to English glossary**

<b>Māori</b>	<b>English</b>
Iwi	Tribe
Kaitiaki	Guardian
Mana	Prestige, authority, control, power, influence, status, spiritual power
Mana whenua	Tribes/Subtribes who have territorial rights and draw power from the land
Mauri	Life force
Taiao	Earth, natural world
Tangata	Person
Tangata tiaki	People who have a responsibility to guard and protect
Taonga	Treasure, possessions
Te ao Māori	The Māori world (Māori world view)
Te Ika Rō Wai	The pure state of water essential to life
Te mana o te wai	The fundamental importance of water
Te reo	The Māori language
Tikanga	Protocols, customs – the customary system of values and practices that have developed over time and are deeply embedded in the social context
Wai	Water
Whānau	Family



# Komiti Ngā Wai Hangarua Wellington Water Committee

10 July 2023

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Report no: WWC2023/3/108

## Investment Planning Update 2024/34

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### Purpose of Report

1. The purpose of this paper is to give the Wellington Water Committee visibility of the activities underway within Wellington Water Limited (WWL) to support investment planning activities for the 2024-34 timeframe.

### Recommendation

That the Committee:

- (1) receives and notes the report; and
- (2) endorses a consistent, aligned approach between councils, the Department of Internal Affairs National Transition Unit and the newly formed Regional Establishment Group to make the best use of the collective resources and get the best investment outcomes for the region's water services.

### Overview

2. Changes to the timing of water reform and uncertainties in the information required means WWL needs to be agile in the way it will support council Long Term Plan (LTP) processes and the development of the Water Services Entity Asset Management Plan for Entity G within relatively short timeframes.
3. WWL is working closely with council Chief Financial Officers and Infrastructure Managers, the DIA National Transition Unit (NTU) and the newly formed Regional Establishment Group to coordinate timeframes and align inputs through this uncertainty.
4. Discussions with Mana Whenua iwi in our region are at different stages. WWL has more work to do to incorporate Mana Whenua views into councils' investment planning for the 2024-34 period.

5. WWL and the Regional Establishment Group will be engaging with councils in August and September 2023 to set out the unconstrained investment needs and funding scenarios, and seek feedback on investment priorities.
6. WWL will report back to the Wellington Water Committee at its next meeting in October 2023.

### **Presentation**

7. There will be a presentation at the meeting to outline the approach WWL is taking. The presentation will cover:
  - i. legislation changes and expectations on councils,
  - ii. recap of the region's strategic priorities and how WWL will address them as part of the investment planning process,
  - iii. working together to manage uncertainty, and
  - iv. what councils and Mana Whenua can expect from WWL over the next few months.

### **Appendices**

There are no appendices for this report.

**Author:** External Author (Wellington Water Limited)

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## Komiti Ngā Wai Hangarua Wellington Water Committee

16 July 2023

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Report no: WWC2023/3/109

### Water Supply and Demand Risk for 2023/24 Summer – July Update

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#### Purpose of Report

1. To update the Wellington Water Committee on the acute water supply and demand risk the metropolitan Wellington region faces for 2023/24 summer.

#### Recommendation

That the Committee receives and notes the report.

#### Overview/background

2. At the 9 June 2023 Committee meeting, Wellington Water Limited (WWL) reported that indications are that the region is likely to face acute water shortages this summer requiring at least Level 3 (outdoor water use ban) watering restrictions, regardless of the concentrated efforts being undertaken to address water loss.
3. Water demand remains unseasonably high across the region.
4. The Water Loss Reduction Plan (the Plan) has been completed and includes a number of initiatives aimed at reducing water loss in both the short and long term.
5. The Plan contains a target of “no net increase in water loss” over the coming summer, based on what is potentially achievable under current funding and resource constraints.
6. WWL is finalising an Acute Water Shortage Response Plan.

### **Our Water Demand remains at elevated levels**

7. Water demand across the region continues to be high for this time of the year as evidenced by the graph in appendix 1 attached to the report.
8. Work on finding and fixing leaks is progressing and the leak priority framework (see appendix 2 attached to the report) has been revised and implemented.
9. Proactive leak detection programmes continue to deliver results, however, they do add to the overall backlog of open leak jobs.
10. In areas where funding allows, progress is being made at reducing the overall leak backlog.
11. The reactive connection renewal programme has started and is focused on the renewal of leaking assets.

### **WWL has finalised our Water Loss Reduction Plan**

12. The Plan has been completed and approved.
13. Implementation of the actions from the Plan are well underway (see Appendix 3 attached to the report for a list of short term interventions and benefits) within the context of the 2023/24 funding envelope and resource allocations available.
14. The Plan has a target set for summer 2023/24 of no net increase in seasonally adjusted leakage in ML/d from January 2023 to January 2024.
15. The actions to meet this target include:
  - i. reactive renewal of service connections,
  - ii. fast tracking pressure management initiatives, and
  - iii. proactive service connection renewals.
16. Even if this target is achieved, it does not address the risk of an acute water shortage for the 2023/24 summer period.
17. Measuring and reporting tools to track and report on progress are being developed.
18. Work continues to look for other initiatives that can be implemented in the short term to lower the risk.
19. Longer term actions outlined within the Plan will be put forward for future funding via Councils' planning processes (Long Term Plans).

### **WWL is preparing an Acute Water Shortage Response Plan**

20. The Acute Water Shortage Response Plan (AWSRP) is an operational management plan that will fit within the existing WWL Emergency Management Framework.



21. The AWSRP will outline the specific response to a water shortage event and outline the actions required.
22. If and when the AWSRP is operational, it will have strategic implications and require the WWL Board, Wellington Water Committee and Council support.
23. Key elements of the AWSRP include:
  - i. clear transition parameters from Surveillance to Emergency Management,
  - ii. an activation protocol and response structure (including council and WREMO touchpoints),
  - iii. clear response principles and what these mean in practice: Safe water; enough water, and
  - iv. action plans, grounded in the principles, that cover: supply; demand; asset; resilience; moving water around; customers and internal and external communications.
24. The AWSRP is being developed and will be communicated with the councils and the Committee.
25. Targeted engagement will be carried out with the agencies and functions of Councils that would normally be expected to support WWL as a lifeline utility in an acute water shortage scenario. WWL will also engage with WREMO and regional public health as part of a wider stakeholder engagement.

### **Water Summit**

26. At the workshop following the last Committee meeting, visibility was given on the water supply challenges that the region will face over summer and for the foreseeable future, given the current level of water demand.
27. It was agreed that it would be beneficial to hold a “Water Summit” such that all councils were clear on the issues and challenges being faced and the impact of these on their communities. The Summit would also outline the activities that need to be implemented to address the water demand risks.
28. The Summit is scheduled for 11 September 2023.

### **Next Steps**

29. WWL will provide regular updates to councils and the Committee on the progress of this work and report back to the Committee at the next meeting.

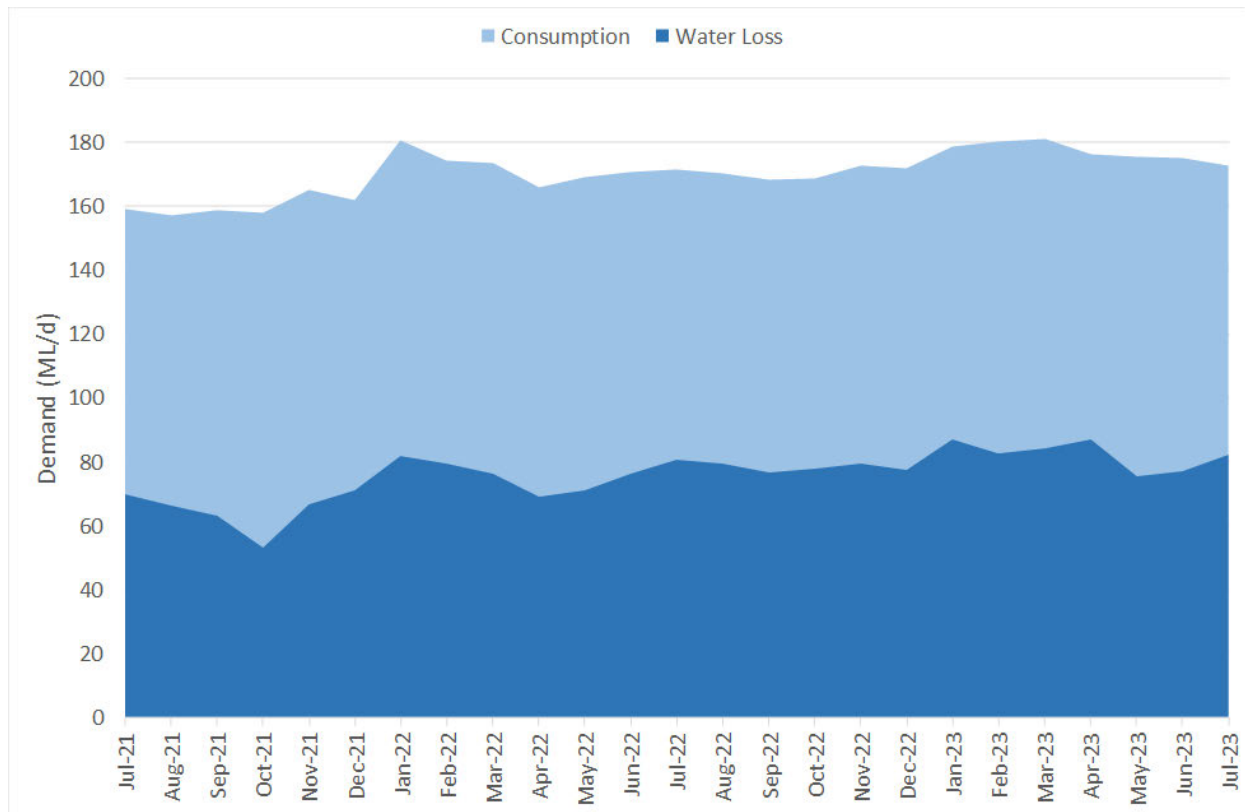
**Appendices**

<b>No.</b>	<b>Title</b>	<b>Page</b>
1↓	Regional Water Consumption and Water Loss	135
2↓	Leak Priority Framework Water Supply and Usage Risk for 2023/24 Summer - July Update	136
3↓	Planned Short Term Interventions	137





**Author:** External Author (Wellington Water Limited)

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**APPENDIX 1: Regional Water Consumption and Water Loss**



**Reactive Maintenance: Incoming Service Call Classification Mapping to Work Order Prioritisation Attendance and Resolution SLA Timeframes. Standardised across all Client Council's.**

DIA	Priority Numeric Value	Reactive Maintenance Attendance to Site Time (Median Time)	Reactive Maintenance Resolved (Median Time)	Incoming Call Category (Service Type in Maximo)	Service Level	Health & Safety	Public or Private Property	Leak size (estimated)	DMA zone	Reference Picture	Responsibility
Urgent - An urgent call-out is one that leads to a complete loss of supply of drinking water	Priority 1	<1 Hour	4hr PW 6 Hr WW / SW	Priority 1 Incoming Call Categories: 1. Loss of Service 2. Health & Safety 3. Major Burst or Breakage	No water No water affecting multiple properties (i.e. as a result of public network issue and not a private side issue)	Immediate safety risk to people Significant risk to residents or passers-by (e.g. Dirty water, significant flooding into dwelling)	Damage / significant risk Damage occurring or significant risk to buildings or roads (e.g. slips, identified ground movement or void appearing etc.)	Significant leak Based on loss of service or significant burst (e.g water geyser into the air or flowing like a stream)	N/A Based on loss of service or significant risk only		HUB to Service Delivery
	Priority 2	< 36 Hours - Due to DMA surveys timing TBD - Currently working with DIA	5 days - Due to DMA surveys timing TBD - Currently working with DIA	Priority 2 Incoming Call Categories: 1. Reduced service 2. Poor Water Quality 3. Flooding 4. Fault - Third Party Damage	Low pressure / slow flow Noticeable difference in pressure as a result of public network issue (i.e. not private side issue) Very likely to escalate to loss of service	Could result in personal harm High risk to residents or passers-by (e.g. Moderate flooding into dwelling, odour issue or reports of actual H&S incident) Very likely to escalate to significant safety risk	High risk to structures High risk to buildings or road (e.g. identified potential for slips, ground movement etc.) Very likely to escalate to significant structure risk	Large leak Water spurting into the air or flowing like 2 or more taps on full. >10 L/min	N/A Based on likelihood to escalate to P1 only		HUB to Service Delivery
	Priority 3	< 5 Days - Due to DMA surveys timing TBD - Currently working with DIA	15 Days - Due to DMA surveys timing TBD - Currently working with DIA	Priority 3 Incoming Call Categories: 1. Leaking pipes 2. Leaky or Faulty Connection/Meter/Toby 3. Seepage 4. Leak at Reservoir	N/A Based on DMA zones and leak size	N/A Based on DMA zones and leak size	N/A Based on DMA zones and leak size	Moderate leak More than a tap on full. 7-10 L/min Medium leak Less than a tap on full. 4-7 L/min	DMA zones are used to support bundling and priority of leaks Red zones ILI bands and ranked by estimated water losses from survey		HUB to Water Loss Team to Service Delivery/Renewals (subject to resources)
Non-urgent - A non-urgent call-out is one where there is still a supply of drinking water.	Priority 4	Agreed Date	Agreed Date	Priority 4 Incoming Call Categories: 1. Facility Issue 2. Graffiti 3. Instructed Works 4. Locate Asset 5. Poor Quality Work 6. Meter Reading 7. Usage Restriction Breach 8. Unauthorised Use 9. Complaint 10. General Fault 11. Information Request - from Client 12. Information Request Public 13. Underground Investigation (potholing)	Normal water pressure No noticeable change in pressure or flow	Unlikely to cause personal harm No risk to people	Low risk No risk to property	Insignificant leaks/seepage Even if they are in high priority DMA's. < 4 L/min These can be escalated up if and when resources are available. Seepage jobs can be escalated if deemed to be causing nuisance.	Orange zones ILI bands and ranked by estimated water losses from survey Green and Blue zones These can be escalated up if and when resources are available		HUB to Water Loss Team to Others (subject to resources)

### APPENDIX 3: Planned Short Term Interventions

Intervention	ML/d benefit	Estimated Cost (for interventions with above baseline impact only)	Estimated Cost per ML/d	Comments
Reactive renewal of service connections	3.1	\$4.8 million (\$8000 per connection)	\$1.5 million	We have \$4.8m assigned for reactive service connection renewals. It is estimated to achieve a 3.1 MLD gross reduction in leakage above normal due to the additional repairs of around 600 leaks. It is presumed that this activity is front loaded and the majority of this occurs before January 2024. Note this is an early estimate of cost.
Pressure Management (Brooklyn, Melrose, Johnsonville)	0.6	\$2.1 million (briefed cost)	\$3.4 million	Three projects will be live in the coming months which will bring about a 0.3 MLD reduction in leakage and demand and a leak and burst reduction of 44 leaks per year. This will produce an estimated additional 0.3 MLD in saved leakage. In total 0.6 MLD estimated savings by January 2024.
Proactive Renewal of Service Connections	0.1	\$8 million (\$8000 per connection)	\$80 million	Assumes 1000 service connection renewals, 8% probability of failure per year with 3 months average time between installation and January 2023, 0.1l/s average flow from a leak. This will have a long term benefit in reduced risk, but will have limited short term benefit as it doesn't target connections that have already failed.
Private leak identification, communication and repair	0			We have increased communicating to customers progressively over the year and voluntary repairs are tracking up. We're on a good track, but only likely to keep to our annual baseline.
GI Ridermains	0			The rate of renewals is still below the level required to maintain or address the backlog of renewals and hence we would expect to see an increase in network risk and an increase in the number of leaks occurring.
Conventional Renewals	0			If we do more than our 7km baseline there may be benefit, however since our infrastructure is on average still aging, it's unlikely to actually realise any benefits by January 2024.
Assessment and renewal of PCVs	0			No quantified benefit, but this is an area we could stretch into with more budget.
Operational Pressure Management	0			Minor benefits within the timeframe but is an area we could stretch into.
Speed and quality of repairs	0			Looking at where we can improved operational efficiency. Note we are resource limited, especially in Wellington City with budget less than requested.
Fix reservoir leaks	0			No quantified benefit, but this is an area we could stretch into with more budget.
<b>Total</b>	<b>3.8 ML/D</b>			



# Komiti Ngā Wai Hangarua Wellington Water Committee

11 July 2023

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Report no: WWC2023/3/110

## Wellington Water Limited Annual General Meeting

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### Purpose of Report

1. The purpose of this paper is to seek approval from the Wellington Water Committee for Wellington Water Limited (WWL) not to hold an Annual General Meeting (AGM) for the 2022/23 financial year.

### Recommendation

That the Committee signs the Shareholders' resolution in lieu of an Annual General Meeting for the 2022/23 Financial Year.

### Summary

2. Under section 120 of the Companies Act 1993, the board of a company must call an AGM of shareholders to be held no later than six months after the balance date of the company. However, it is unnecessary for the company to hold a meeting if everything required to be done at that meeting is done by written resolution of the shareholders, passed in accordance with section 122 of the Companies Act 1993.
3. The main purpose of an Annual General Meeting (AGM) is for the directors to report on the performance of the company. It provides an opportunity for the shareholders to question the directors about the company and their conduct of its affairs, and for members to vote on resolutions that have to be put before the meeting. These matters are usually dealt with via the meetings of the Wellington Water Committee.
4. The other purpose of holding an AGM would be for the shareholders to reappoint Audit New Zealand on behalf of the Auditor General as the Company's auditors and to pass a resolution regarding the auditor's fees and expenses. However, as a Council Controlled Organisation, the Auditor General is the auditor for WWL under section 70 of the Local Government Act 2002, so no appointment of the auditor is required.

5. The annual report will be published and received by the Wellington Water Committee later in the year, within the required six month period. The audit will be complete by the end of September 2023. At that time, the directors will adopt the financial statements of the company for the year ended 30 June 2023.
6. The annual report contains the annual financial statements and all other information required to be reported to shareholders.
7. As there is no requirement to appoint an auditor and the annual report will be received by the Wellington Water Committee, WWL considers no AGM is necessary. The shareholders may, however, wish to meet for another reason.

### Appendices

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<a href="#">1</a>	Shareholders Resolution in lieu of Annual General Meeting	140

**Author:** External Author (Wellington Water Limited)

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## Wellington Water Limited

### Shareholders' Resolution in lieu of Annual General Meeting

In accordance with s 122 of the Companies Act 1993, the shareholders of Wellington Water Limited resolve that no annual general meeting is required for the 2022/23 financial year.

**Signed**

**Date**

**Campbell Barry**

Chair Wellington Water  
Committee

Mayor  
Hutt City Council

**Ros Connelly**

Deputy Chair Wellington Water  
Committee

Councillor  
Greater Wellington Regional  
Council

**Anita Baker**

Committee Member

Mayor  
Porirua City Council

**Tory Whanau**

Committee Member

Mayor  
Wellington City Council

**Wayne Guppy**

Committee Member

Mayor  
Upper Hutt City Council

**Martin Connelly**

Committee Member

Mayor  
South Wairarapa District  
Council



*Our Reference*



**TO:** Chair and Members  
Wellington Water Committee | Komiti Ngā Wai Hangarua

**FROM:** Annie Doornebosch

**DATE:** 06 July 2023

**SUBJECT:** WELLINGTON WATER COMMITTEE FORWARD  
PROGRAMME 2023

### **Purpose of Memorandum**

1. To provide the Wellington Water Committee (the committee) with a Forward Programme of work and workshops planned for the committee for 2023.

### **Recommendations**

That the Committee:

- (1) receives and notes the Forward Programme for 2023 attached as Appendix 1 to the memorandum; and
- (2) notes and agrees on future workshop topics for inclusion in the Forward Programme.

### **Background**

2. The Terms of Reference for the committee require the committee to provide governance and leadership across issues relating to the planning, delivery and management of water services to communities serviced by Wellington Water Limited (WWL).
3. The Forward Programme for 2023 provides a planning tool for members, officers and WWL staff to coordinate programmes of work for the year. The programme is attached as Appendix 1 to the memorandum.
4. Workshops are being planned for each meeting cycle to provide members with a forum to build knowledge and discuss strategic issues and topical items. Below is a list of topics for consideration for future workshops:
  - a. capital programme;
  - b. regional investment 24-34
  - c. growth update
  - d. wind-up of WWL
  - e. global consents

5. The committee is asked to decide on future topics for workshops. These will then be incorporated into the Forward Programme.

### Forward Programme

6. The Forward Programme is a working document and is subject to change regularly. Any changes to the Forward Programme made by officers and WWL staff will be made in consultation with the Chair.
7. A draft Forward Programme for 2024 will be developed and submitted to the Wellington Water Committee meeting to be held on 6 October 2023.

### Appendices

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<a href="#">1</a>	Wellington Water Committee Forward Programme 2023	143

**Author:** Annie Doornebosch  
Democracy Advisor

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**Reviewed By:** Kate Glanville  
Senior Democracy Advisor

**Approved By:** Kathryn Stannard  
Head of Democratic Services

**Wellington Water Committee Forward Programme 2023**

24 August	11 September	6 October	8 December
<p><i>Location Hutt City Council</i></p> <p><b>Wellington Water Committee</b></p> <ul style="list-style-type: none"> <li>• Appointment of Directors to Wellington Water Limited</li> </ul>	<p><i>Location Town Hall, Lower Hutt Events Centre</i></p> <p><b>Water Storage Summit</b></p>	<p><i>Location Hutt City Council</i></p> <p><b>Wellington Water Committee</b></p> <ul style="list-style-type: none"> <li>• Workshop – Regional Investment Options 2024-34</li> <li>• Chairperson’s Statement</li> <li>• 3 Waters Reform – Legislation and Programme Update</li> <li>• WWC Forward Programme</li> </ul> <p><b>Wellington Water</b></p> <ul style="list-style-type: none"> <li>• Transition Programme Update</li> <li>• Company and Governance Update (including Update on Wastewater Treatment Plant Capacity)</li> <li>• Receive Annual Report to 30 June 2023</li> <li>• Water Supply Risk</li> </ul>	<p><i>Location Hutt City Council</i></p> <p><b>Wellington Water Committee</b></p> <ul style="list-style-type: none"> <li>• Workshop – Wind up of Wellington Water Limited</li> <li>• Chairperson’s Statement</li> <li>• 3 Waters Reform – Legislation and Programme Update</li> <li>• Annual Letter of Expectation</li> <li>• Appointment of Directors to WWL Board</li> <li>• Review of WWL Director’s Fees Meeting dates for 2024</li> <li>• WWC Forward Programme</li> </ul> <p><b>Wellington Water</b></p> <ul style="list-style-type: none"> <li>• Transition Programme Update</li> <li>• Company and Governance Update (including Quarterly Performance and Update on Wastewater Treatment Plan Capacity)</li> <li>• Water Supply Risk</li> <li>• Final Investment Advice 2024-34</li> <li>• Capital Delivery Update and Regulation Performance</li> </ul>

**KOMITI NGĀ WAI HANGARUA | WELLINGTON WATER COMMITTEE**

Minutes of a meeting held in the Hutt City Council Chambers,  
2nd Floor, 30 Laings Road, Lower Hutt on  
**Friday 17 March 2023 commencing at 10.00am**

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**PRESENT:**

Mayor A Baker (PCC)  
Mayor C Barry (HCC) (Chair)  
Mayor M Connelly (SWDC) (via audio visual link)  
Cr R Connelly (GWRC) (Deputy Chair)  
Mayor W Guppy (UHCC)  
L Rauhina-August (Taranaki Whānui ki Te Upoko o Te Ika)  
Mayor T Whanau (WCC) (via audio visual link)

**APOLOGIES:**

There were no apologies.

**IN ATTENDANCE:**

A Rutene (SWDC) (Observer) (via audio visual link) (part meeting)  
Cr R Leggett (PCC Alternate)  
W Walker, Chief Executive, PCC  
J Livschitz, Group Chief Financial Officer, HCC (via audio visual link) (part meeting)  
B Hodgins, Strategic Advisor, HCC  
P Kelly, CE UHCC (via audio visual link) (part meeting)  
H Wilson, CE SWDC (via audio visual link)  
D List, Programme Director, Water Reform - Wellington Water Councils (part meeting)  
C Mathews, Manager Waste, Water and Resilience WCC (via audio visual link)  
T Haskell, Acting Chief Executive, WWL  
J McKibbin, Group Manager, Network Management Group, WWL  
J Alexander, Group Manager, Network Strategy and Planning, WWL  
M Ford, Group Manager Business Services/Chief Financial Officer, WWL  
M Underhill, WWL Board Member  
I Dennis, Transition Programme Manager, WWL  
C Barker, Director, Regulatory Services, WWL (part meeting)  
F Clarke, Head of Three Waters Strategy, WWL  
S Cullen, Manager Programme Management, WWL  
L Harding, Principal Advisor, Service Planning, WWL  
S Watkins, Head of Governance, Planning and Performance, WWL

V MacFarlane, Manager, Communications and Community Engagement, WWL  
 K Stannard, Head of Democratic Services HCC (part meeting)  
 K Glanville, Senior Democracy Advisor, HCC (via audio visual link)  
 A Doornebosch, Democracy Advisor, HCC

### PUBLIC BUSINESS

#### 1. OPENING FORMALITIES - KARAKIA TIMATANGA

Whakataka te hau ki te uru  
 Whakataka te hau ki te tonga  
 Kia mākinakina ki uta  
 Kia mātaratara ki tai  
 E hī ake ana te atakura  
 He tio, he huka, he hau hū  
 Tihei mauri ora.

*Cease the winds from the west  
 Cease the winds from the south  
 Let the breeze blow over the land  
 Let the breeze blow over the ocean  
 Let the red-tipped dawn come with a sharpened air.  
 A touch of frost, a promise of a glorious day.*

#### 2. APOLOGIES

There were no apologies.

#### 3. PUBLIC COMMENT

There was no public comment.

#### 4. CONFLICT OF INTEREST DECLARATIONS

There were no conflict of interest declarations.

#### 5. CHAIR'S STATEMENT

A verbal update was provided by the Chair attached as pages 10 to the minutes.

#### 6. MINUTES

RESOLVED: (Mayor Barry/Cr Connelly)

**Minute No. WWC 23101**

*"That the minutes of the meeting of the Komiti Ngā Wai Hangarua | Wellington Water Committee held on Friday, 16 December 2022, be confirmed as a true and correct record."*

7. **THREE WATERS REFORMS - LEGISLATION AND PROGRAMME UPDATE**

The Programme Director, Water Reform - Wellington Water Councils gave a verbal update and presentation attached as pages 11 to 13 to the minutes.

In response to a question from a member, the Programme Director, Water Reform - Wellington Water Councils noted possible changes to the water reform programme and reporting for Long Term Plans (LTP) for member councils were critical issues. He advised officers were following up with the Department of Internal Affairs (DIA) for clearer guidance on this process. He said the DIA was working with the Office of the Auditor General to determine audit requirements for LTP processes.

The Chief Executive, PCC noted some councils may need to continue some services they had planned to withdraw, due to the possible amendments in the water reform programme. She said the timing would be critical with LTP preparations starting in the latter half of 2023. She noted the three waters legislation would not likely be in place at that time.

**RESOLVED:** (Mayor Barry/Mayor Baker)

**Minute No. WWC 23102**

*"That the Committee notes the update and presentation."*

8. **WELLINGTON WATER LIMITED - THREE WATERS REFORM TRANSITION PROGRAMME UPDATE**

Report No. WWC2023/1/45 by Wellington Water Limited (WWL)

The Transition Programme Manager, WWL elaborated on the report.

The Acting Chief Executive, WWL noted that WWL staff would receive a letter on 23 March 2023 setting out what their position would be within the new structure. She said this would start the consultation process. She advised WWL was ensuring its leaders would provide ongoing support to staff.

In response to a question from a member, the Transition Programme Manager, WWL said there were two pathways available for staff during the transition period. He advised some staff would receive like-for-like offers with no substantial changes. He noted senior managers would receive a guarantee of offer which would include a redundancy option. He said he was comfortable there was support available for staff.

In response to a question from a member, the Acting Chief Executive, WWL advised senior managers could decline the offer if it was not acceptable and opt for redundancy. She noted all other staff had a guarantee they would receive a like-for-like offer.

Mayor Connelly left the meeting at 10.17am and rejoined the meeting at 10.22am.

Mayor Whanau left the meeting at 10.23am and rejoined the meeting at 10.25am.

**RESOLVED:** (Mayor Barry/ L Rauhina-August)

**Minute No. WWC 23103**

*"That the Committee receives and notes the report."*

## 9. COMPANY AND GOVERNANCE UPDATE

Report No. WWC2023/1/46 by Wellington Water Limited (WWL)

Mike Underhill, WWL Board member and the Acting Chief Executive, WWL elaborated on the report.

The Acting Chief Executive, WWL further elaborated on the report.

Mayor Whanau left the meeting at 10.26am and rejoined the meeting at 10.27am.

In response to questions from members, the Acting Chief Executive, WWL advised the water network was not configured to provide correct chlorine levels or correct water contact time in Wainuiomata. She said the immediate fix for this would be costly and staff were considering the best way forward. She assured members there was no safety issue with the quality of the drinking water and that this would be maintained. She said the development of the Memorandum of Understanding (MOU) with Entity C was in its early stages. She noted this work included queries on resourcing and funding. She said as the development of the MOU moved forward there would be greater levels of agreement incorporated.

In response to questions from members, the Group Manager, Network Management Group, WWL advised that the Wainuiomata treatment plant under normal operations was dosing fluoride. He said that the plant became compromised if river levels dropped or were raised due to weather conditions. He said when this occurred WWL had to back pump from the Waterloo treatment plant. He advised during this time WWL was unable to fluoridate water. He noted that WWL was planning to work on a new design next year. He advised funding for this would be available in 2025. He said in the interim period there would be short periods when fluoride would not be available. He noted as a result there would be times when the plant would not reach Taumata Arowai standards.

In response to a question from a member, Mike Underhill, WWL Board member said the WWL Board was going through a formal process to appoint a Chief Executive. He noted this was due to the possible changed timing of the three waters reforms. He advised internal and external applicants had applied for the role.

RESOLVED: (Mayor Barry/Mayor Baker)

**Minute No. WWC 23104**

*"That the Committee receives and notes the report."*



## 10. 2024-34 REGIONAL INVESTMENT NEEDS AND OPTIONS

Report No. WWC2023/1/49 by Wellington Water Limited (WWL)

The Group Manager, Network Strategy and Planning, WWL elaborated on the report.

The Head of Three Waters Strategy, WWL gave a presentation attached as pages 14 to 17 to the minutes.

In response to a question from a member, the Head of Three Waters Strategy, WWL said staff would welcome further discussion on regional investment with Mana Whenua representatives on the Committee.

The Chair noted the importance of work completed on regional investment for the long term. He ask staff to engage with the National Transition Unit to ensure work completed to date was not lost in new structures and processes.

**RESOLVED:** (Mayor Barry/L Rauhina-August)

**Minute No. WWC 23105**

*“That the Committee:*

- (1) *notes the investment required across the region’s agreed strategic priorities is anticipated to exceed the new Water Services Entity’s funding and delivery capacity;*
- (2) *notes that, in addition to these priority areas, the observed impacts of recent major weather events are likely to create an increased focus on the risks of natural hazard events to three waters service delivery;*
- (3) *notes that Mana Whenua are still forming a final view of their investment priorities but is giving clear direction that ongoing degradation of the natural environment through wastewater and stormwater discharges, and the taking of excess freshwater to accommodate drinking water system losses cannot continue;*
- (4) *notes that regional growth is being considered through the development of the Wellington Regional Leadership Committee’s Future Development Strategy and that the outcomes of that strategy may need to influence regional three waters investment prioritisation;*
- (5) *notes that, while the benefits of looking after existing infrastructure are primarily experienced at the council level, there will be consequential benefits to the other regional priorities through an appropriately targeted investment programme;*
- (6) *agrees that Wellington Water Limited engages directly with the councils to understand their relative investment priority for the regional issues of sustainable water supply and demand; improving environmental water quality; and reducing carbon emissions; and local growth and resilience issues, from the starting point of an investment profile strongly weighted to a targeted programme looking after existing infrastructure; and*
- (7) *notes that Wellington Water Limited will provide the results of its engagement with councils and Mana Whenua to the Committee at its meeting to be held on 24 July 2023, providing the Committee with a regional overview and enabling it to provide direction on the coordination of council inputs to 2024-34 investment plans.”*

## 11. WELLINGTON WATER LIMITED'S DRAFT STATEMENT OF INTENT 2023-26

Report No. WWC2023/1/47 by Wellington Water Limited (WWL)

The Acting Chief Executive, WWL elaborated on the report.

In response to a question from a member, the Acting Chief Executive, WWL said the Whaitua process had not been included in the draft WWL Statement of Intent (SOI).

The Chair asked staff to amend the WWL SOI to include reference to the Whaitua Programme and process, including freshwater quality and water take processes. The Chair asked that this be reported back to the Committee.

The Chair foreshadowed his intention to move an additional recommendation asking WWL staff to consider and report back on feedback received on the draft WWL SOI.

**RESOLVED:** (Mayor Barry/Mayor Guppy)

**Minute No. WWC 23106**

*"That the Committee:*

- (1) *receives Wellington Water Limited's draft Statement of Intent 2023-26 attached as Appendix 1 to the report;*
- (2) *provides combined shareholder feedback on Wellington Water Limited's draft Statement of Intent by Monday, 1 May 2023;*
- (3) *endorses the outlined approach to finalise Wellington Water Limited's Statement of Intent 2023-26 to allow for alignment with council Annual Plan decision-making;*
- (4) *agrees to provide Wellington Water Limited with one-month extensions in accordance with Schedule 8, Part 1, Clause 4 of the Local Government Act 2002 to consider the feedback and to deliver the final Statement of Intent 2023-26 to the Committee by 31 July 2023; and*
- (5) *asks Wellington Water Limited staff to consider and report back on the feedback provided at the Committee meeting on the draft Wellington Water Limited Statement of Intent, including work completed on the Whaitua Programme."*

## 12. WELLINGTON WATER LIMITED'S HALF-YEAR REPORT TO 31 DECEMBER 2022

Report No. WWC2023/1/48 by Wellington Water Limited (WWL)

The Group Manager Business Services/Chief Financial Officer, WWL elaborated on the report.

**RESOLVED:** (Mayor Barry/Mayor Baker)

**Minute No. WWC 23107**

*"That the Committee receives the Wellington Water Limited Half-Year Report to 31 December 2022."*

**13. INFORMATION ITEM - WELLINGTON WATER COMMITTEE FORWARD PROGRAMME 2023**

Memorandum dated 1 March 2023 by the Democracy Advisor

In response to a question from a member, the Chair asked officers to include water meterage and water storage reporting in the Forward Programme.

**RESOLVED:** (Mayor Barry/Mayor Guppy)

**Minute No. WWC 23108**

*"That the Committee receives and notes the Forward Programme for 2023 attached as Appendix 1 to the memorandum."*

**13a. APPOINTMENT OF NGĀTI KAHUNGUNU KI WAIRARAPA TAMAKI NUI A RUA TREATY SETTLEMENT TRUST AS A MANA WHENUA PARTNER ENTITY FOR WELLINGTON WATER LIMITED**

Report No. WWC2023/1/51 by the Chief Executive, Porirua City Council (PCC)

The Chief Executive, PCC elaborated on the report. She noted Andrea Rutene currently held observer status on the Committee. She said for future meetings Andrea Rutene would be a full member subject to agreement from Greater Wellington Regional Council.

**RESOLVED:** (Mayor Guppy/Mayor Baker)

**Minute No. WWC 23109**

*"That the Committee:*

*(1) receives the report; and*

*(2) notes that subject to Greater Wellington Regional Council approval on 30 March 2023, Ngāti Kahungunu ki Wairarapa Tamaki nui a rua Trust will be appointed a Mana Whenua Partner Entity for Wellington Water Limited."*

**14. EXCLUSION OF THE PUBLIC**

**RESOLVED:** (Mayor Barry/Mayor Baker)

**Minute No. WWC 23110**

*"That the public be excluded from the following parts of the proceedings of this meeting, namely:*

*15. Minutes - 16 December 2022*

*The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution about each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:*

(A)	(B)	(C)
<i>General subject of the matter to be considered.</i>	<i>Reason for passing this resolution in relation to each matter.</i>	<i>Ground under section 48(1) for the passing of this resolution.</i>

*Minutes of the Komiti Ngā  
Wai Hangarua  
| Wellington Water  
Committee held on 16  
December 2022*

*The withholding of the  
information is  
necessary to protect  
information where the  
making available of the  
information would be  
likely unreasonably to  
prejudice the  
commercial position of  
the person who  
supplied or who is the  
subject of the  
information  
(s7(2)(b)(ii)).*

*That the public conduct of the  
relevant part of the proceedings of  
the meeting would be likely to  
result in the disclosure of  
information for which good  
reason for withholding exist.*

*This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as specified in Column (B) above."*

There being no further business the Chair declared the public part of the meeting closed at 11.27am. The non-public part of the meeting closed at 11.30am.

Mayor C Barry  
**CHAIR**

**CONFIRMED as a true and correct record  
Dated this 9th day of June 2023**

Kia ora and welcome back everyone.

I want to give a brief update of what's been happening across the region over the past three months.

While the worst impacts of Cyclone Gabrielle mostly missed the region, with the exception of some flooding in the Wairarapa, it certainly hit home and showed that climate change is well and truly on our doorstep.

Wellington Water played their part by sending people and equipment to help out, which by talking to other mayors in affected regions, I know was gratefully received.

Good progress has been made on a range of major projects across the Wellington region, including the new flume bridge at Kaitoke, which will make metro area supply more resilient. And a new site has been finalised for a future reservoir in the Eastern Hills in Lower Hutt to serve the city.

Last week I visited the wastewater pipe duplication from Moera to Seaview, which when completed will service up to 90% of the Hutt Valley and be a crucial piece of resilient infrastructure for the Hutt. I even got to see Saint Barbara who was keeping a watchful eye over the tunnelling!

In Wellington city, work on wastewater is progressing well - with crews busy constructing the wastewater pump station in the CBD, and the renewal of the Victoria St wastewater rising main getting underway on Monday. This is a perennial problem area and this work is part of a five phase programme of resilience-focused upgrades that will also allow for growth and protect the harbour from leaks.

February saw a record 800 leaks repaired. While this is good progress, we all know it's still not enough to deal with the volume we're seeing across the region. The backlog is growing, and there's pressure on operational budgets that could further affect services such as leak responses. That's a challenge that all of us are facing.

I also want to acknowledge the Chief Executive Colin Crampton who has departed. I know a number of us were able to attend his farewell at Wellington Water - so just a formal acknowledgement for his time as Chief Executive, and of course Tonia has stepped in to the Acting role.

I would also like to acknowledge Mike Underhill. For those who are unaware Mike will be resigning from the Board. Thank you so much for your contribution and service and I know we'll have an opportunity to talk further with Mike stepping for Lynda but we really appreciate your contribution over the past three years.



### Key matters to be covered in this update

#### Matters for update

- Government reforms 'reset'
- Impacts on key work
- Risk
- Programmedashboard

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### Water Reforms 'reset'

#### Water reforms reset– recent direction from Government

- The Government has confirmed Water reforms remain a priority
- Change is however apparent, with details to be confirmed
- The Minister spoke at LGNZ Rural and Provincial Sector meeting 3 March
  - Confirmed he is seeking to put forward a proposal which seeks the right balance between economic and financial sustainability and strengthens the links between local communities and their water services. His proposal will look to address the concerns of regional and rural communities, in particular the local link to the entities.
  - He spoke also of the importance of Te Tiriti and that mana whenua must have a role in the system and that he would be considering how that would be managed.
  - He indicated that once he has spoken to colleagues, he intends to consult with the local government sector and iwi before taking a proposal to Cabinet. His intention is for this to take weeks rather than months.

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## Reforms - Key work and potential impacts of reset

Key progress to date	Impact of reforms	To establish WSE in any form will require
<ul style="list-style-type: none"> <li>✓ Bill 1 passed into law</li> <li>✓ Bill 2 (amendment Bill) and Economic regulation Bill Select Committee</li> <li>✓ Confirmation of WSE CEs</li> <li>✓ Commercial and legal RFI– nearing completion</li> <li>✓ Operations stocktake– underway</li> <li>✓ AMP – substantial progress</li> <li>✓ Debt assessment underway</li> <li>• Constitution process. <i>Delayed</i></li> <li>• Confirmation of System of Record. <i>Delayed</i></li> <li>• WSE Board appointments - <i>Delayed</i></li> </ul>	<p>Until the extent of the reset is clarified, the degree of impact on the work programme remains unclear and work continues to be progressed.</p> <p>Much of the reforms work should remain valid. This includes due diligence and AMP work.</p> <p>However:</p> <ul style="list-style-type: none"> <li>• Some work may need to be paused or changed</li> <li>• Some work may need to be restarted</li> <li>• Some new work will be required</li> <li>• Further legislation may be required</li> <li>• The establishment date may change</li> </ul>	<ul style="list-style-type: none"> <li>• Legislation</li> <li>• Allocation schedule and transfer: Due diligence and transfer of debt, liabilities, assets</li> <li>• AMP and delivery programme: priorities, costs, delivery, projects, maintenance and operations</li> <li>• Confirmation of finance, funding, pricing and billing</li> <li>• People – structure, roles, transfer process, health and safety, terms and conditions</li> <li>• WSE establishment – structure, locations, brand, delivery value chains, change process, internal processes and policy</li> <li>• WSE governance – constitution, governance, boards</li> <li>• System of record and transfer of data and systems</li> <li>• Establishment process and transitional arrangements inc. relationship agreements with councils</li> <li>• Customer relationships and service– engagement, billing, brand, level of service</li> </ul>

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## Key risks for water reforms

### Risk context for the programme

- Risks are similar but different for councils, WWL & the WWLAS programme
- Our focus is on the risks to our organisations and interests
- Risk assessment is currently very dynamic due to impacts of the potential reset
- The reset increases risk for councils and WWL – particularly potential delay into the next LTP

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## Council risk

### Key council risks

- LTP: Delays or change to reforms lead to a risk that councils need to develop an alternative LTP to include water for 1+ years
- Billing: risk that councils may need to establish billing processes and systems in time for 'go live' date
- Resourcing: being able to effectively resource the reforms and ensure council interests protected
- Staff: risk of loss of key staff and expertise to WSE or from sector
- Residual functions: Lack of clarity of residual functions and accountabilities post 1 July 2024 and the requirements for funding and delivering these
- Clarity of future working relationships and transitional arrangements relationship agreements are key mitigation
- Lack of funding for councils to participate in reforms from FY23/24 onwards will result in loss of momentum and support for work

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## WWL risk

### Key WWL risks

- Customers and LoS – ability of WWL to maintain current / planned programme due to reforms impacting on staff retention and productivity
- Staff – uncertainty of roles and transition arrangements, loss of staff, disruption of reforms. All impact on staff including retention, recruitment and productivity
- Staff – resources for reforms work and managing impacts on BAU. Currently unclear reforms resource demands

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## Water reforms – WWLASC programme dashboard

Programme	Status	Commentary
Budget and costs		<ul style="list-style-type: none"> <li>• Confirmed transition budget from DIA and agreed programme allocations</li> <li>• No clear funding for FY23/24</li> </ul>
Risks		<ul style="list-style-type: none"> <li>• Impacts of change in Government policy as noted above</li> <li>• Resourcing impacts of reset</li> <li>• Impact on core BAU programme delivery</li> </ul>
Progress		<ul style="list-style-type: none"> <li>• Good progress on current due diligence – legal RFI, operations stocktake</li> <li>• Unclear tasks and timeline ahead due to reset</li> </ul>
Critical activities next quarter		<ul style="list-style-type: none"> <li>• Confirmation of Government policy direction</li> <li>• Reset of reforms programme</li> <li>• Planning and resourcing to deliver programme</li> <li>• Engagement with new WSE CE</li> <li>• Completion of legal RFI</li> <li>• Debt negotiations</li> <li>• AMP process and inputs</li> </ul>

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# 2024-34 Regional Investment Challenges

Wellington Water Committee

17 March 2023



Our water, our future.

## Purpose



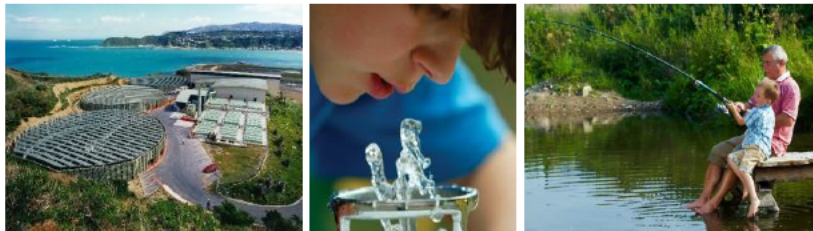
To provide the Committee with an overview of:

- challenges facing the region's three waters services now and into the future
- the nature of investment choices needed to address regional strategic priorities.

Our water, our future.



We live with the water; we thrive with the water



Our water, our future.

## He wai mō ngā Whakatupuranga – "Water for generations to come"



### On the pathway tōe Ika Rō Wai:

- Mana Whenua want us to change our relationship with water so that we, and the environment, thrive sustainably.
- This will give effect to Te Mana o te Wai: restoring and preserving the balance between people, water, and the environment.
- It is reflected in the phrase Te Ika Rō Wai, referring to the purity of the water at the head of Te Ika a Maui (the North Island).



Mana Whenua's expectations for water are outlined in Te Mahere Wai o Te Kāhui Taio

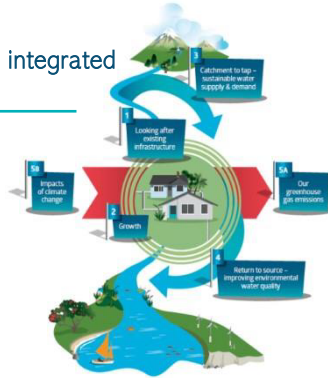
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## Investing in the water cycle



### Agreed strategic priorities sit within an integrated system:

- The investment is both for customers, and for the water as it passes through the catchments from source to sea (ʻmai uta ki taiʼ)
- The services and the catchments are shared, so a regional view needs to be taken
- Standards for drinking water and environmental outcomes are increasing
- The achievement of these outcomes is underpinned by existing assets



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## Looking after existing infrastructure



Existing assets and services need to be operated, maintained, and replaced to ensure they deliver services expected by customers.



### Challenges:

- Aging assets = service disruptions, more costs, more reactive work
- **3,157kms** of pipes need replacing over 30 years (105kms per year)
- **4%** of our critical assets are in very poor condition and **27%** in poor condition
- Reduction in resilience

### 2024-34 Investment response:

- Increase investment for maintenance and renewals, planned maintenance, condition assessments, and compliance (drinking water and wastewater)
- Increase rate of renewals to at least 4.5x current

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## Supporting a growing population



Water services exist to serve communities. As the number of people in cities increases, the extent of water services must grow with them.



### Challenges:

- Services needed for more than 100,000 additional houses regionally by 2050
- Many existing networks already at or close to capacity
- Services and the environment degraded when network capacity exceeded

### 2024-34 Investment response:

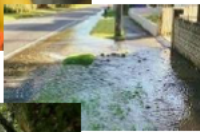
- Investment in agreed areas and aligned to region's Future Development Strategy
- Investment needs identified from growth studies, i.e. \$1.3bn for HCC, \$1.8bn for PCC, etc. over next 30 years .

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## Sustainable water supply and demand



Our communities want to have enough water when they need it. Mana Te Wai is enhanced by using it efficiently and leaving enough water in the rivers to sustain freshwater ecosystems.



### Challenges:

- Aging pipes, with 40% of water lost as leaks
- Water taken from Te Awa Kairangi must be reduced
- Total water demand increased by 32% since 2014
- Risk of severe restrictions and acute shortages increasing

### 2024-34 Investment response:

- Increased leakage management (\$80m) & pipe renewals
- Complete Te Marua optimisation (ca. \$58m)
- Universal smart water meters (ca. \$300m) and
- Expansion of water storage lakes (ca. \$600m)

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## Improving environmental water quality



Stormwater and treated wastewater are returned to the environment. Pollutants enter the water, making it unsafe for people and ecosystems. Stormwater management can also significantly modify the natural characteristics of creeks and streams.



### Challenges:

- Urban waterways are poor quality and don't meet public and regulatory expectations
- Aging private & public wastewater pipes cause leaks and overflows
- Untreated stormwater and legacy wastewater network design contribute to poor environmental outcomes
- New consents needed for wastewater networks and treatment plants

### 2024-34 Investment response:

- Complete resource consent applications
- Renewals, inflow and infiltration reduction, & wastewater storage tanks (ca. \$8bn over 30 years)
- Complete stormwater subcatchment management plans and start investment for priority catchments (\$1.1bn over 30 years)
- Featherston wastewater treatment plant replacement

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## Achieving net zero carbon emissions



Water services are entirely climate dependent. They generate emissions through both operations and in completing capital projects. The regional water service delivery must do its share to support the country's net zero emissions target and help support the long sustainability of water services.

**Challenges:** **2024-34 Investment response:**



Te Awa Kairangi in dry conditions, GWRC 2019

- Operational emissions doubled in the last 5 years and are forecast to increase by another 10% by 2050
- The capital delivery programme predominantly utilises conventional construction techniques
- Replace Seaview WWTP dryer and establish and implement a regional biosolids strategy
- Investigate and invest in renewable energy
- Measure and monitor WWTP process emissions
- Adopt low-carbon approach to capital programme

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## Increasing resilience to natural hazards and the impacts of climate change



The water services are at risk from natural hazards such as earthquakes and landslides and from th intense rainfall events and sea level rise being caused by climate change

**Challenges:** **2024-34 Investment response:**



- Older pipelines using low durability materials
- Assets located on or across fault lines and unstable slopes
- Communities and assets exposed to high intensity rainfall and rising seas
- Pipe renewals using ductile materials
- Revisit 80-30-80 strategy and regional Lifelines business case
- Localised flood risk management
- Complete climate change risk assessments

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## Choosing the regional investment pathway and next steps



### There is a lot to do

- It will not be possible to do everything. Hard choices are needed.
- Wellington Water will be talking to councils to discuss investment needs and priorities
- It is recommended in all cases the start point and focus for investment should be in looking after existing infrastructure as the building block for all other strategic priorities.

Timeframe	Activity
May – June 2023	Talk to Councils individually to discuss their specific investment needs and options
June 2023	Update the Committee on insights from discussions with councils
July 2023	Committee provided summary report and recommendations
August – October 2023*	Support to councils in providing feedback on draft investment plan

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