



Wellington Water Committee | Komiti Ngā Wai Hangarua

08 November 2021

File: (21/1907)

Report no: WWC2021/5/26 (4)

Company Update

Purpose of Report

1. To provide an update on three waters activities across the metropolitan area of Wellington and the South Wairarapa District Council area.

Recommendations

That the Committee receives and notes the report.

Key Messages

2. The discharge of bio-solids to the environment on 19 August 2021 at the Porirua Wastewater Treatment Plant (WWTP) was the latest issue following ten infringement/abatement notices. Unlike the ten notices, the discharge of bio-solids was foreseeable, avoidable and reportable, none of which occurred. What is of most concern is that the event is fundamentally misaligned with our values and with our environmental outcomes.
3. As a consequence, we announced an independent review of our WWTP contract with Veolia. A Steering Group made up of Council, iwi/Māori, Veolia and Wellington Water Limited (the company) representatives will receive recommendations on the way forward, which will not include continuation with the status quo. This is a challenging review to ensure we meet the requirements for discharge to the environment.

4. We are forecasting capex delivery between the low and midpoint of the delivery range (\$145M-\$169M). The capex programme is experiencing headwinds as Aotearoa NZ wrestles with a chronic labour shortage, border logistics issues and inflationary pressures. These issues are mitigated by the collaborative panel arrangements we run.
5. The company is experiencing increased turnover as we try to grow the organisation to deliver on councils' larger programmes. The buoyant labour market, and the ongoing uncertainty with COVID-19 and Water Reform are producing an unsettling environment for our people.

2021/22 Statement of Intent (SOI)

6. The Statement of Intent is our formal agreement with the Wellington Water Committee. This document lays out the long run strategy for the company and the results the company wants to achieve over the next one to three years.
7. At the end of Quarter 1, progress has been satisfactory. Our customers are receiving safe water across the metropolitan area of Wellington and heading toward this state in the South Wairarapa District Council area. Customer satisfaction with network activities was above benchmark for the quarter. The single most unsatisfactory result is the ongoing trend of non-compliance of the discharges from the region's Wastewater Treatment Plants.
8. Progress against our Statement of Intent measures is provided in Appendix 1 attached to the report.

Three Waters Priorities

Capex Delivery

9. Across the six council owners, \$600M of capital expenditure (capex) is required to be delivered over the next three years. This is some \$200M more than the previous 2018/21 Long Term Plan (LTP). Currently, delivery is constrained by our capacity and that of our delivery partners – consultants and contractors.
10. To achieve the overall target of \$600M of capex over three years, the company has staggered the delivery roughly along the lines of \$169M; \$196M; and \$228M over the next three years. Progress in 2021/22 has been satisfactory, with expenditure to date ahead of last year (\$131M delivered) but we are experiencing headwinds with COVID-19, material supplies and labour shortages. We are also behind on our planned targets for awarding construction contracts for the current year. This means we most likely will deliver a capex programme somewhere in the bottom half of our range. We will be more confident in our forecasts at the end of quarter two.
11. Prioritisation of capex activities is standard practice for an organisation with constrained resources. Prioritisation allows entities to invest in resources which will result in the greatest benefits for customers. Provision of the core services is given the highest priority, i.e. operations, maintenance, and renewals, before service improvements are considered.

12. Councils have discretion over the amount of funding provided to these improvements, and the choice of which improvements to pursue, so it is important that there is a framework in place to help to make these choices. The company has established a prioritisation framework for these projects that considers strategic alignment, criticality and urgency and applied it across the six owner councils, and collectively. An outline of the process and the collective list of the “top 11” projects (highest impact and urgency) is provided in Appendix 2 attached to the report.
13. The main role of the framework is to guide governance and oversight, ensuring there is appropriate risk management and resourcing to obtain the desired outcomes. Projects ranked lower down the list are still being resourced and managed within each council’s own funding.
14. The prioritisation framework also provides a basis for considering changes to the programme such as new projects required in the event of an asset failure, an increase in project costs that impacts on overall budgets, or the need to reprioritise resources in the event of constraints. The identification of a new, very high impact and very high urgency project would see the “top 11” become a “top 12” rather than an existing project dropping down the ranking.
15. Progress reports on each council’s capital programme are provided directly to them. The update below describes progress with the three highest-ranked projects to demonstrate the nature of the projects and the risks being managed. The first two projects have impacts for more than one council, and the third reflects the fundamental importance of providing safe drinking water:
 - a. Silverstream Pipebridge Seismic Upgrade:
 - i. The objective of the project is the replacement of the bulk water main that crosses Te Awa Kairangi (Hutt River) to improve the resilience of the water supply network to Porirua City and North Wellington. This project is critical to address the seismic resilience of the water supply to these cities as the current pipeline over Te Awa Kairangi and the network either side is in poor condition.
 - ii. There are two key activities underway at present:
 - The RMA consent was notified on 4 November 2021, and
 - We have a tender process underway with the two shortlisted contractors that closes on 1 December 2021.
 - iii. The key risk to the project is around affordability – the current estimate range is between \$75M and \$85M, but there is risk that the price will increase in the current market. Greater Wellington Regional Council (GWRC) has three major projects, all in the top 20 priority project list that are due to be in construction in the next

three years. In order to mitigate the cost risk, the project works have been split into four sections that can be delivered in stages.

- iv. Other activity of interest is that the detailed design is nearing completion and conversations are underway with Hutt City Council around support of the cycleway across the bridge.

b. Te Mārua Treatment Plant Upgrade:

- i. The project objective is to upgrade the Te Mārua Water Treatment Plant to achieve the plant's design maximum instantaneous plant flow of 140 megalitres per day under all foreseeable raw water quality conditions. Without this upgrade we are unable to meet the level of service for summer water supply resilience.
- ii. The concept design is now complete and we are moving into detailed design phase. Looking forward, we are working through the procurement strategy. We have had feedback from the market that the traditional design and build approach will not be attractive to suppliers, so we are looking to split the work into four bundles, with a mix of using our Wellington Water Contractor Panel for the contract works and specialist contractors engaged for the plant. We will be looking to award contracts and start work on site before the end of the 2021/22 financial year.
- iii. The key risk to this project is the market – with the revision to the contracting method outlined above, there is a high likelihood that the cost will be greater than the early stage estimate currently in the Long Term Plan.

c. South Wairarapa District Council (SWDC) Treatment Plant Compliance:

- i. The Waiohine and Memorial Park Water Treatment Plant projects are projects critical to achieving drinking water compliance in SWDC.
- ii. Works are complete on an additional fourth bore at the Waiohine Water Treatment Plant, and commissioning work is ongoing on the treated water reservoir. We are anticipating bringing the additional storage into use prior to Christmas. Temporary UV and pH correction at the Memorial Park Water Treatment Plant has been successful in providing additional safe drinking water barriers.
- iii. Current site construction works are focused on the re-alignment of the swimming pool wastewater lateral, which poses a contamination risk to the bore.
- iv. The next phase of works at the Memorial Park Water Treatment Plant will be the installation of the permanent containerised Water

Treatment Plant currently forecast for completion Quarter 1 FY22-23.

- v. The key issue with the project has been the delay in delivery so far. The team has put a lot of effort into the appointment of additional senior staff and enhanced communication of the importance and urgency of the projects and they are now getting back on-track.

Construction Sector Accord

- 16. The Construction Sector Accord (the Accord) is a joint commitment from government and industry to work together to create a high performing construction sector for a better New Zealand.
- 17. Although the Accord is government focused, it sets out goals, outcomes and principles that resonate with the Company values and whānau approach we share with the Consultant and Contractor Panels. A number of our contracting whānau are members of the Accord.
- 18. The company is part of the Construction Clients Group (CCG), an industry body that provides an independent, collective voice for public and private sector clients with the construction supply chain, government and other key stakeholder groups. The CCG is a supporter and promotor of the Accord for their government members.

Workforce Skills

- 19. Across the three waters frontline workforce we are in the process of introducing a graduated structure. The objective is to provide clear requirements for training and development and pathways for succession, ensuring we lift capability across the workforce and make the opportunities more attractive. In general terms the graduated structure progresses from a trainee serviceperson, to serviceperson, qualified serviceperson and ultimately certified service person.
- 20. The first of our Infrastructure Skills Centre programmes is still on track to be held in February next year. The six-week accelerated training opportunity is aimed at school leavers and youth entering the sector for the first time.

We have set ambitious targets to attract 50% female, 30% Māori and 15% Pacifica to the programme.
- 21. No further progress will be made on developing a Regional Skills Training Facility until funding is made available.

Water Reform

- 22. The Government announcement that the establishment of four water entities will be mandatory takes one bit of uncertainty away from staff. However, overall, the company is experiencing stressful times at the moment as it deals with expansion to meet the increased programmes from councils, the

uncertainty of water reform and the impacts COVID-19 has on doing day-to-day business.

23. The company is focused on supporting our people, providing context for all the changes surrounding us and keeping people engaged in what they do. Additional floorspace has been secured in the TAB building for our expanding capex teams and our Network Management teams as they deal with the new drinking water regulator. Some new space also gives us the opportunity to create collaborative spaces where the Company and all its suppliers can meet and work on accelerating the capital programme.

Regulation Update

24. At your meeting we will introduce our new Director of Regulatory Services, Charles Barker. Charles will manage a small team working across the organisation to ensure the regulatory system we are setting up meets all the requirements of Taumata Arowai.
25. At the last Wellington Water Committee meeting we gave you an example of a disclosure statement for the Martinborough plant. Early next year, Charles will lay out the full disclosure reporting plan for councils and the Wellington Water Committee.
26. Taumata Arowai has shifted back its full implementation date to 1 July 2022. The Water Services Bill has been passed into legislation and Taumata Arowai will consult with water services entities on the proposed requirements. We will input on behalf of owner councils.

Company Risk Profile

27. Appendix 3 attached to the report contains the current risk profile for the company.
28. The most critical and immediate issue is to establish drought levels of service for customers to protect our water, our customers and businesses from the effects of severe drought.

Other Important Matters

29. Stimulus Funding Programme: the most recent financial updates report total expenditure to date of \$26.3M out of a total of \$47.3M. The \$21M still to be expended represents a cashflow of roughly \$3M per month.
30. The approach to three waters in the 2024/34 LTP will be interesting this year. Councils will need to complete the planning for this but will not, ultimately, be funding this work. This raises the question as to whether the LTP looks similar to the current plan or is more expansive taking account of greater investment in water quality and decarbonisation activities.

31. We will use the same process as previous years, using the 30-year plan as the direction of travel, followed by:
 - a. Early signals to councils;
 - b. Options; and
 - c. Preferred options.

Drought Customer Service Standards

32. Recognising that we are carrying an elevated water supply shortfall risk in relation to both our water source availability during drought (water security) and network capacity during periods of hot weather and high demand (water reliability), we have moved to define 'drought customer service standards'. These are levels of customer demand that can be sustained under plausible scenarios of constrained water availability, expressed in terms that are relatable to customers, ie acceptable length of showers, numbers of washing loads, hosing times.
33. Establishing such standards is a crucial step in addressing the prospect of water shortages, particularly while we move to reinforce our drought resilience level of service. Once finalised, the standards will be communicated to our customers to help manage expectations and demand through periods of drought and system stress. Communications will relate the standards back to water restrictions and water conservation to ensure cohesive and consistent messaging.

Annual Plans

37. The company is engaged with councils and is providing updated advice on Annual Plans to all councils through November. Key challenges for councils include: the investment gap to meet reactive and critical planned maintenance; emerging risks and cost pressures; phasing for a sustainable capital delivery programme; and delivery headwind pressures.
38. In addition to the known operational investment gaps a regional \$5M to \$7M per annum cost pressure is emerging to provide safe water assurance, continuing asset information and data improvements, address cybersecurity and ongoing proactive leak management repairs.
39. The Government's "better off" reform support funding, \$39M regionally, has been suggested as an opportunity to address funding challenges including mitigating developing risks.

Appendices

No.	Title	Page
1 ↓	Quarter 1 Wellington Water Statement of Intent Results	30
2 ↓	Wellington Water Prioritisation of Capital Funded Activities	34
3 ↓	Wellington Water Key Risks Performance Summary Quarter 1 2021-2022	37

Author: External Author (Wellington Water Ltd)



Our water, our future.

COMPANY UPDATE: APPENDIX 1

Statement of Intent 2021-24: Q1 results summary

Trusted by councils, mana whenua, customers and community				
#	Measure	Target	Result	Commentary
1	The percentage of customers rating their experience of our performance as 'Satisfied' or higher steadily improves	Greater than or equal to 73%	78%	Customer satisfaction is high at 78%, tracking above the annual baseline target of 73%.
2	We will meet the regulatory requirements for safe drinking water	All schemes compliant with Drinking Water Standards (DWS) Parts 4 and 5, except in SWDC*	100%	All metropolitan councils were compliant with the water schemes. *SWDC is not currently set up to meet DWS part 5 (protozoa) from the Greytown water supply. The Pirinoa scheme which supplies eight properties and a school is also not set up for full compliance.
3	Our wastewater network will operate as expected	We will receive: a) no abatement notices, infringement notices, enforcement notices or convictions for our wastewater resource consents, and	a) one abatement notice and three infringement notices	This quarter we received two infringement notices and a formal warning for odour discharges at the Seaview Wastewater Treatment Plant (HCC), caused by blockages in the dryer conveyer belt. We also received an infringement notice for a discharge of non-compliant effluent water quality from the Moa Point Wastewater Treatment Plant (WCC). This was the result of a damaged launder in a clarifier. We received an abatement notice relating to discharge of non-disinfected effluent from the Porirua Wastewater Treatment Plant, as a result of maintenance work that was being carried out.
		b) dry-weather overflows will be less than 20 per 1000 connections across the network	b) result not available	The year-to-date will be available at the end of quarter 2.



Our water, our future.

COMPANY UPDATE: APPENDIX 1

Five strategic priorities				
#	Measure	Target	Result	Commentary
4	We will complete scheduled improvements to our asset management system	All scheduled improvements complete	Improvements being prioritised	A Business Improvement Programme is in place to assist prioritised improvement initiatives, including Asset Management. The roadmap of improvements to the asset management systems is being finalised in November.
5	We will complete scheduled health assessments for our assets	100% of scheduled Very High Criticality Assets health assessments complete	Steady progress	Above ground assets (pump stations, water treatment plant assets and reservoirs) are mostly complete, excepting the most difficult or operationally critical assets in the water treatment plants which may require a shutdown. Below ground asset inspections are proving more difficult than predicted: for example, we are unable to shut down critical parts of the network to make inspections without causing outages; and in some cases asset condition is proving to be a barrier (such as inability to isolate laterals).
6	We will deliver the three-year planned renewals programme	Greater than or equal to 25% of three-year programme complete	19%* of one-year programme complete	We have completed 19% of the renewals programme for the year, and 94% of planned renewals for the quarter despite Alert Level 4. Work is ongoing to classify the three-year Capital programme into Renewals, Levels of Service upgrades and Growth. *94% of quarterly renewals complete.
7	Growth plans will be developed for each council, and updated	Six growth plans complete	Scoping	The scope and content for each Council Growth Plan is under development.
8	We will input into our councils' statutory planning processes related to growth (We will engage in every relevant council District Plan change, Bylaw review and Annual Plan process)	Input provided for all relevant processes	Completed	We provided input into all relevant processes. We are continuing discussions and feedback on the Climate Change workstream of the Regional Growth Framework and supporting councils in their district plan reviews.



Our water, our future.

COMPANY UPDATE: APPENDIX 1

Five strategic priorities				
#	Measure	Target	Result	Commentary
9	We will slow the rate of increase in gross water consumption per capita	Year-on-year change decreases (2019/20: increased by 14.04 litres per person per day)	Down by 1.5 L/p/d	Consumption is down 1.5 L/p/d from the same period last year.
10	Te Mārua water treatment plant upgrade will be completed, providing a step-change for drought resilience in the region	Design and procurement plan agreed	Detailed design underway	Detailed design has begun, and procurement strategy is under review for approval. Note that the programme and cost estimate will be reviewed when the contractor is on board.
11	Targeted investigations and potential interventions at select catchments (eg drainage investigation teams) will demonstrate improved water quality (2021-22: Black Creek, Titahi Bay and Owhiro Bay)	Improvements at Titahi Bay, Black Creek and Owhiro Bay	Not due	The Human Health Mitigation Project is continuing in target catchments. Fault letters have been issued to property owners at the South Beach culvert in Porirua, lateral CCTV analysis for Owhiro Stream is 60% complete and inspections in Black Creek are ongoing.
12	We will baseline our capital emissions, and set targets for reductions in future Statements of Intent	Baseline and targets set	Engaged consultant	This quarter we have established background data for the baseline, employed and onboarded an in-house carbon modeller, engaged Mott Macdonald to assist with modelling work and begun data collection initiatives.
13	We will deliver our capital programme inside our expected range	Total capital delivery between \$145m - \$189m	15% unfavourable variance	The COVID-19 lockdown has contributed to the delay. All construction sites closed for three weeks in August and early September. There are also ongoing delays with sourcing materials out of Auckland, and access to services such as laboratories that are Auckland-based. The programme forecast is significantly backloaded, with a peak in spend forecast to occur in the last four months of the year. We have asked project delivery teams across the programme to prioritise getting construction contracts awarded in order to try to bring forward construction work where possible.

Focus areas				
#	Measure	Target	Result	Commentary
14	We will meet all of the disclosure requirements of Taumata Arowai	All disclosure requirements met within timeframes	N/A Taumata Arowai establishment delayed	In September we prepared a "draft" disclosure for the South Wairarapa District as if the new requirements were in place. We will continue to develop these for our other councils in preparation for the transition. A permanent Director of Regulatory Services started on 8 November to lead this work.
15	Health and safety critical risks are reviewed and improvements are implemented	Two or more annually	25% complete	The first critical risk we are reviewing is confined spaces, and a workshop took place in August. The Terms of Reference was confirmed, a discussion on the risk of confined spaces across all WWL activities took place, and an understanding was gained of how well the controls are being applied.
16	Our people a) understand the upcoming changes in the water sector and b) feel well supported by the organisation	a) baseline established b) baseline established	a) 79% b) 68%	We run an ongoing engagement survey for staff on their anniversary date. Of the respondents surveyed in the last quarter: a) 79% understand the upcoming changes in the water sector and b) 68% trust the organisation will support them through the upcoming changes to the water sector.



Prioritisation of capital-funded activities

1. The starting point for prioritisation is ensuring that our customers receive the minimum required core services before going on to consider improvements. This means that we need to set aside sufficient funds for operations and maintenance, and for asset renewals.
2. Renewals have been prioritised separately from the other capital projects within the allocated renewals budget. They have been prioritised using a process that recognises criticality (i.e. effectiveness or impact of the renewal) and the trade-off between replacement and the ongoing cost of repair (i.e. investment efficiency).
3. For the remaining capital projects, that deliver improvements to the services, we have applied a prioritisation framework that considers the strategic fit, asset criticality, and risk likelihood (or urgency) of all significant projects in the three-year programme:

Impact	<p>Assessed as a combination of:</p> <p>Strategic fit The extent to which the project will contribute to achieving the relevant strategic priority. The highest scoring projects deliver high benefits across more than one priority or are required for us to achieve statutory compliance.</p> <p>Criticality The extent of the services or assets being invested in, with reference to the asset criticality framework. The highest scoring projects include assets such as treatment plants that deliver 100% of the services to a city.</p> <p>Projects with the highest impact make the greatest contribution to the strategic priority through the greatest proportion of the services</p>
Urgency	<p>Considers the relative timing or need for the investment. The most urgent investments are those identified as a high and immediate risk, that are necessary to achieve an SOI target, or that are enablers for other high impact projects.</p>

4. This has identified that the programme includes eleven very high impact, very high urgency projects. There are another nine projects of very high impact and high urgency.

Results of the assessment – our top priority projects

5. Applying the framework has identified the following top eleven projects:

Client Council	Strategic Priority	Water	Activity Name	Major Project	Priority ranking	Risk being addressed
Greater Wellington	Looking after existing infrastructure	Drinking Water	Kaitoke main on Silverstream Bridge	Yes	1	Condition of very high criticality asset that if failure will prevent water getting to Porirua and part of Wellington
Greater Wellington	Sustainable water supply & demand	Drinking Water	Te Marua WTP Capacity optimisation	Yes	2	Water availability
South Wairarapa	Looking after existing infrastructure	Drinking Water	SWDC WTP compliance	No	3	There are drinking water compliance concerns to be addressed at SWDC
Porirua City	Supporting growth	Wastewater JV	Porirua WWTP upgrade (milliscreen to aeration basin upgrade)	No	4	Hydraulic capacity of the plant
Porirua City	Looking after existing infrastructure	Wastewater JV	PCC WWTP consent renewal	Yes	5	Consent to discharge from the plant requires renewal. If not consented we will be non-compliant
South Wairarapa	Looking after existing infrastructure	Wastewater	Featherston WWTP - Major plant upgrade and consenting	Yes	6	Consenting and potential upgrade of the WWTP
HCC, PCC, UHCC, WCC	Looking after existing infrastructure	Wastewater	Wastewater network overflow consents	No	7	Consenting of overflows as required by the Natural Resources Plan
HCC, PCC, SWDC, UHCC, WCC	Looking after existing infrastructure	Stormwater	Global stormwater consents	No	8	Consenting of stormwater discharges as required by the Natural Resources Plan

Client Council	Strategic Priority	Water	Activity Name	Major Project	Priority ranking	Risk being addressed
South Wairarapa	Looking after existing infrastructure	Wastewater	Featherston - WW PS - Donald Street (Wastewater Pump Station) - Renewal	No	9	Renewal of a critical asset
Porirua City	Supporting growth	Wastewater	Paremata-Papakowhai gravity sewer capacity increase	Yes	10	This project has been bought forward due to the risk of ongoing failure.
Wellington City	Supporting growth	Wastewater	CBD PS 01-07 rising main replacement including Taranaki St PS	Yes	11	Replacement of critical assets that have known failures

6. There are several consenting and compliance projects on the list, reflecting the increasing regulatory requirements on the services. These projects are necessary for us to continue to hold our "licence to operate". In the case of the environmental consents, these are likely to result in significant future investment requirements once the consents are granted.
7. It should be noted that multiple projects are underway at the same time. Although a project may be ranked lower down the list this does not mean that it is not being resourced. These top projects could also change, if a major critical asset fails or further risk is identified on a lower ranked project the rankings may change. This is where the framework will play an important role in supporting the delivery of the capital programme. The framework provides a mechanism to consider the relative importance of projects when changes are proposed. Reasons for change could include the following:
 - a) new projects being identified (such as through an unexpected asset failure)
 - b) an increase in the cost of a project that results in the need to defer another project to stay within a council's available budget
 - c) redistribution of resources if constraints are encountered.
8. If any such change is required, it will be managed through a change process with the relevant council to ensure proper assessment and transparency.

APPENDIX 2: RISK PROFILE

Wellington Water Key Risks – Performance Summary Quarter 1 2021 / 2022

Key Risk	Risk Description	Risk mitigation measures	Quarter 1 Performance
Cybersecurity breach	Malicious acts compromising information, communications and technology systems that are critical for the supply of three waters services.	<ul style="list-style-type: none"> ○ Regular staff training and awareness. ○ Deployment of specialist cybersecurity expertise. ○ Independent experts used to advise on an enhanced cybersecurity roadmap and tools. 	<p>Risk level remains the same.</p> <p>Engaged an experienced supplier to support us in updating our business continuity plans in the cyber context and provide an incident response service in the event of a successful attack. We continue to track plan on the security controls assessments which enable development of options and associated investment required to enhance our cyber capability.</p>
Water supply shortage leading to drought levels of service	Demand for water has continued to increase over 2020/21 due to population growth. If the trend continues with current leakage levels, then restrictions needed to manage average summer demand will be greater than Level 2 (sprinkler ban) within two years. This could result in water shortage resulting in drought levels of service.	<ul style="list-style-type: none"> ○ Integrated water management model for water supply. ○ Integrated risk management model for summer supply. ○ Water restrictions and bylaws. ○ Water supply enhancements. ○ Customer communications. ○ Leakage management. ○ Smart meters. ○ Drought management plan ○ Business Continuity plan 	<p>Risk level remains the same.</p> <p>Sustainable water supply and demand programme established.</p> <p>Proactive lead detection programme is operative.</p> <p>Supply operational improvements at Te Marua (split-stream) on-track.</p> <p>Supply enhancements at Te Marua (optimisation upgrade) on-track.</p> <p>Customer communications strategy refreshed and launched with beginning of daylight savings.</p> <p>Smart metering pilot project underway.</p> <p>Summer demand risk framework activated.</p>

APPENDIX 2: RISK PROFILE

Wellington Water Key Risks – Performance Summary Quarter 1 2021 / 2022

Key Risk	Risk Description	Risk mitigation measures	Quarter 1 Performance
Unplanned critical asset failure	Failure of a critical asset through asset condition that could result in unplanned disruption to the supply of three waters services.	<ul style="list-style-type: none"> ○ Establish very high critical asset health. ○ Secure funding to continue asset health assessments. ○ Initiate remedial plans as required. 	<p>Risk level remains the same.</p> <p>100% of the Very high criticality assets (VHCA) pumpstation and 99% of the above ground reservoirs have condition ratings and 85% of the water treatment plant assets now have condition ratings. The VHCA pipeline physical inspections are about 15% complete and is behind programme due to contractor resourcing and operational matters, such as difficulties accessing pressure pipes for inspections. An additional contractor has been engaged to accelerate progress.</p> <p>Work is underway to plan for the next priority of assets (High criticality assets) that will be assessed within Long term plan programme.</p> <p>As critical issues are identified these are being flagged for urgent repairs or replacement.</p>
Delivery of the capital programme into the future	Sub-optimal execution of the capital programme due to insufficient resources (staff, contractors and suppliers) to deliver on the larger programme of work in the Long Terms Plans.	<ul style="list-style-type: none"> ○ Market resources are secured to support delivery. ○ Procurement strategies to optimise delivery. ○ Ensure sustainable programme of work. 	<p>Risk level remains the same.</p> <p>Delivery strategy drafted and shared with each Council.</p> <p>Confidence in the mitigation measures and controls in place.</p> <p>Market remains difficult to recruit.</p>

APPENDIX 2: RISK PROFILE

Wellington Water Key Risks – Performance Summary Quarter 1 2021 / 2022

Key Risk	Risk Description	Risk mitigation measures	Quarter 1 Performance
		<ul style="list-style-type: none"> ○ Drive efficiency in the programme delivery. 	
Treatment of wastewater	The risk that wastewater treatment plant operations adversely impact environmental outcomes and/or does not meet regulatory requirements.	<ul style="list-style-type: none"> ○ Review of asset management philosophies. ○ Review of critical assets condition. ○ Management relationship development. ○ Increased contract management oversight. ○ Independent contract review. 	New risk.

APPENDIX 2: RISK PROFILE

Wellington Water Key Risks – Performance Summary Quarter 1 2021 / 2022

Key Risk	Risk Description	Risk mitigation measures	Quarter 1 Performance
Leadership, people, culture and behaviors	Not able to maintain stable organisational working environment (due to Covid, Three Waters Reform and growth) which leads to non-achievement of objectives.	<ul style="list-style-type: none"> ○ People Strategy ○ Resolve accommodation capacity issues. ○ Bring in leadership and change management expertise to support Managers through change. ○ Lift resource in the recruitment function. ○ Being deliberate about open conversations on wellbeing and developing tangible actions. 	New risk.