

Wellington Water Committee
C/- Hutt City Council
Private Bag 31912
Lower Hutt 5040

11 November 2015

Mr J Strahl
Chair
Wellington Water Limited
Private Bag 39804
Wellington Mail Centre

Dear John

EXPECTATIONS FOR 2016/17 FINANCIAL YEAR

This letter outlines the Wellington Water Committee's expectations of Wellington Water Ltd for 2016/17.

Wellington Water Ltd has consolidated its foundations and the transition process is well and truly settled. The focus going forward is on demonstrating that strategic goals and outcomes can create value and can be achieved, cost effectively to meet customer expectations.

The Wellington Water Committee has organised its expectations into eight areas, long term outcomes, regional approach, value for money, environment, health and safety, land development, engagement and preparing for possible expansion. Each is explained in more detail below.

Three long term outcomes

We would expect Wellington Water Ltd to keep delivering on the three outcomes and progressing towards the long term strategic goals comprising each outcome. Particular focus would be:

- maintaining the high quality of our drinking water;
- respecting the environment and in particular working with GWRC to progress the intent of the Natural Resources Plan; and
- incorporating the economic value of water as well as the health and welfare benefits of water within the resilience outcome.

Regional approach

In support of the three outcomes, we anticipate that the regional approach will include:

- developing future generation Regional Asset Management Plans with supporting regional investment prioritisation and financial transparency for the five councils.
- continuing to strengthen the resilience of the water supply network programme business case. This includes reflecting results of public consultation in council long term plans.
- continuing to monitor and implement freshwater quality initiatives with Whaitua Committee(s) and improve environmental management (incl. compliance with consents).
- community education with the public and key stakeholders to ensure three waters opportunities and vulnerabilities are proactively managed (eg. preparing for drought, floods and earthquakes).
- taking direction from Land Information New Zealand to implement metadata standards for the water in the Wellington region.

We would like to see the content in the Regional Asset Management Plan informing discussions with our councils about where to invest. This would lead to prior annual budget approval with councils around September/October so Wellington Water Ltd can progress with work prioritisation.

Value for money

While Wellington Water Ltd should always be looking for cost effective ways of delivering its services (eg through procurement innovation) of more importance is that value that can be created. We would like to see Wellington Water Ltd consolidate its system for identifying and actioning value for money initiatives and we appreciate it could take years before benefits can be demonstrated, especially for those of more significant value. We would like to see targets agreed with councils for value for money before the Statement of Intent is finalised.

Environment

Alignment with the intent of the Natural Resources Plan will require Wellington Water Ltd to focus on the quality of Wellington Regions rivers, streams and harbours. This may occur in a manner consistent with local strategies (eg the Te Awarua-O-Porirua Harbour and Catchment Strategy).

Wellington Water Ltd has a goal to plan for sustainable water sources, future demand, growth and climate change. We would like to see Wellington Water Ltd participating in and encouraging a regional approach to addressing climate change challenges.

We would also like to see some evidence that Wellington Water Ltd is achieving better consenting compliance.

Health and safety

It is critical that Wellington Water Ltd is well positioned to respond to health and safety legislation, that staff participate in health and safety changes and receive adequate training and access to resources and equipment. This applies equally to contractors, consultants and suppliers. We expect to have increased visibility of health and safety performance results as new initiatives are implemented.

Land development

While Wellington Water Ltd already provides some land development advice and services, there is an opportunity to increase consistency and streamline a regional approach to land development. This may include closer working relationships with other agencies.

Engagement

The councils are interested in knowing the following throughout the year:

- progress of the customer care plan.
- alignment with client council shareholder engagements, with consistent messaging
- how the company is influencing the wider sector and local/regional and central government initiatives.

We encourage Wellington Water Ltd to shift its shareholder interactions to be more strategically focused on outcomes and driving regional consistency, however it remain important to continue delivering operational excellence.

Expansion

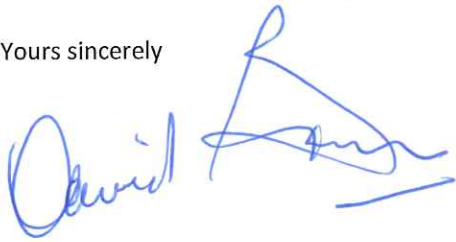
We would like to see Wellington Water Ltd explore the scope of its business model for possible expansion, for example geographically to assist councils outside the immediate Wellington region and to collaborate with other utilities that have strong synergies with water.

In conclusion

The Wellington Water Committee will receive the draft Statement of Intent (on or before 1 March for its 10 March 2016 meeting) and agree to a final 31 May 2016.

We look forward to quarterly (and the half yearly) updates on progress and another exciting year with Wellington Water Ltd.

Yours sincerely



Deputy Mayor David Bassett
Chair, Wellington Water Committee

