

KOMITI NGĀ WAI HANGARUA | WELLINGTON WATER COMMITTEE

Minutes of a meeting held in the Council Chambers, 2nd Floor, 30 Laings Road,
Lower Hutt on

Friday 24 May 2024 commencing at 10:00 am

PRESENT:

Mayor C Barry (HCC) (Chair)
Mayor A Baker (PCC)
Cr R Connelly (GWRC) (Deputy Chair)
Deputy Mayor M Sadler-Futter (SWDC) (via audio-visual link)
Mayor W Guppy (UHCC)
Mayor T Whanau (WCC)
L Rauhina-August (Taranaki Whānui ki Te Upoko o Te Ika)
A Rutene (Ngāti Kahungunu ki Wairarapa Tamaki Nui a Rua
Treaty Settlement Trust) (via audio-visual link)
R Faulkner (Te Rūnanga O Toa Rangatira)

APOLOGIES:

Helmut Modlik, Te Rūnanga O Toa Rangatira

IN ATTENDANCE:

Deputy Mayor H Swales (UHCC) (Alternate) (via audio-visual link)
Cr T Brown (WCC) (Alternate)
W Walker, Chief Executive (PCC)
J Miller, Chief Executive (HCC)
B McKerrow, Chief Executive (WCC)
G Swainson, Chief Executive (UHCC)
S Corbett, Acting Chief Executive (SWDC)
T Haskell, Chief Executive (Wellington Water Ltd)
C Barker, Director Regulatory Services (Wellington Water Ltd)
P Dougherty, Board Member (Wellington Water Ltd)
A Hare, Board Member (Wellington Water Ltd)
B Hodgins, Strategic Advisor (HCC)
K Stannard, Head of Democratic Services (HCC)
J Kilty, 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

RESOLVED: (Mayor Barry/Cr Connelly)

Minute No. WWC 24201

That the apology received from H Modlik (Te Rūnanga O Toa Rangatira) be accepted and leave of absence be granted."

3. PUBLIC COMMENT

There was no public comment.

4. CONFLICT OF INTEREST DECLARATIONS

There were no conflict of interest declarations.

5. CHAIR'S STATEMENT

Two weeks ago, mayors from across Greater Wellington, Wairarapa and Horowhenua signed a Memorandum of Understanding to work together on what a delivery model for drinking water, wastewater and stormwater would look like.

Councils wanted to ultimately get the best outcome for ratepayers. There was a clear sense of urgency across all councils to come up with a new model.

Kerry Prendergast had been appointed as independent chair of the group.

6. MINUTES

RESOLVED: (Mayor Barry/Mayor Guppy)

Minute No. WWC 24202

"That the minutes of the meeting of the Komiti Ngā Wai Hangarua | Wellington Water Committee held on 15 March 2024 be confirmed as a true and accurate record."

7. LOCAL WATER DONE WELL - LEGISLATION AND WATER SERVICE DELIVERY PLAN UPDATE

The Programme Director, Water Reform – Wellington Water Councils delivered a presentation attached as page 8-12 to the minutes.

RESOLVED: (Mayor Barry/Mayor Baker)

Minute No. WWC 24203

"The Committee receives and notes the update."

8. COMPANY AND GOVERNANCE UPDATE

Report No. WWC2024/2/59 by Wellington Water Limited (WWL)

Pat Dougherty, board member of WWL, delivered apologies for the Wellington Water Board (the Board) Chair, and Acting Chair. The Chair was returning from Europe, and the Acting Chair was in Board meetings in the Wairarapa, and felt that the board should be represented in person at the meeting. Pat Dougherty was standing in for them, and another Director, Alexandra Hare, was in the public gallery.

Pat Dougherty apologised for errors in the CAPEX budgeting and their impact on councils. Pat Dougherty noted the terrible pressure on operating budgets by councils and acknowledged that this was the worst time in 20 years to make a mistake like that, and the worst moment to find out about it. He emphasised the need for an independent review to be conducted.

The Chief Executive of WWL reiterated the Board's apology and stated that WWL had disappointed itself. She emphasised that WWL aimed to be trusted advisors but had failed to earn councils' trust in this case.

The Chair thanked Pat Dougherty and the Chief Executive of WWL for appearing before the Committee to address the error. He said that the error undermined public confidence in WWL. He said the error struck the heart of councils, residents, and ratepayers' confidence in undertaking the work. He mentioned that officers would continue investigating the implications of underestimating CAPEX requirements for Hutt City Council.

Cr Connolly reiterated the Chair's statement about appearing before the Committee to address the error. She questioned whether the news should have been communicated earlier. She asked if there were any reflections on communications and timing.

Pat Dougherty stated that the error had been found earlier than communicated but had not been considered as serious as it was.

Mayor Baker expressed anger and disappointment at the errors of WWL and questioned the timing of communications.

The Chief Executive of WWL acknowledged that WWL was aware of the error's impact on Friday and was communicated on Monday.

Mayor Whanau requested that Key Performance Indicators (KPIs) be reconsidered and put back on the table.

Mayor Whanau thanked WWL for appearing before the Committee to address the error. She expressed disappointment on behalf of Wellington City Council (WCC) and believed that the independent review of what happened was a good idea. She asked that the Committee feed into the terms of reference for the independent review because members wanted to ensure accountability.

Mayor Guppy said he was not surprised by WWL's error and highlighted the organisation's history of crises. He advocated for WCC's independent report into WWL's performance to be considered over an independent review handled by WWL.

Pat Dougherty affirmed that the review would be independent and that WWL was willing to share all information regarding the review with the Committee members.

The Chair expressed his willingness to collaborate with other members and contribute to the terms of reference for the independent review.

Pat Dougherty and the Chief Executive of WWL elaborated on the report.

In response to questions from members, the Chief Executive of WWL mentioned that an increased workforce led to more serious health and safety issues being reported. She also acknowledged that low staff morale was having an impact.

In response to further questions from members, the Chief Executive of WWL noted that statistics were already available for the amount of megalitres saved through leak repairs.

The meeting adjourned at 10.48am and reconvened at 10.56am.

RESOLVED: (Mayor Barry/Mayor Whanau)

Minute No. WWC 24204

"That the Committee:

- (1) receives and notes the report;*
- (2) agrees that the terms of reference for the review of the CAPEX budget understatement will be developed by the Wellington Water Limited Board (the Board); and*
- (3) agrees that the Board will then share these terms with the Wellington Water Committee for input, noting that the Board will sign off on the final terms of reference."*

9. ACUTE WATER SHORTAGE UPDATE 24 MAY 2024

Report No. WWC2024/2/60 by Wellington Water Limited (WWL)

The Director of Regulatory Services, WWL, elaborated on the report.

In response to questions from members, the Director of Regulatory Services emphasised that Taumata Arowai would not accept WWL's approach to address water shortage. He said this was because water delivery during the acute shortage period was uncertain, and reports on water loss reduction efforts were also required. He highlighted that Taumata Arowai recognised the importance of the Dissolved Air Flotation in addressing these issues.

RESOLVED: (Mayor Barry/Cr Connelly)

Minute No. WWC 24205

"That the Committee receives and notes the report."

10. **REPORTING OF ANNUAL MEASURES TO TAUMATGA AROWAI**

Report No. WWC2024/2/61 by Wellington Water Limited (WWL)

The Director of Regulatory Services, WWL, elaborated on the report.

In response to questions from members, the Director of Regulatory Services clarified that the new monitoring rules focused on procedure standards. He emphasised that these assurance rules were new, and WWL was developing plans for them. He pointed out that the assurance rules were not related to the water quality but focused on system-based rules.

In response to further questions from members, the Director of Regulatory Services stated that he could provide more information about plans to ensure compliance.

Cr Connelly asked for the distribution of the proposed improvements to ensure compliance.

Lee Rauhina-August inquired about the delivery of the CAPEX works programme and asked for information on how to stay informed about events, as she did not have the opportunity to see it. She emphasised the importance of being included in communication of future events.

RESOLVED: (Mayor Barry/Cr Connelly)

Minute No. WWC 24206

"That the Committee receives and notes the report."

11. MEETING SCHEDULE FOR 2024/25

Memorandum dated 17 May 2024 by the Democracy Advisor

In response to a question from a member, the Head of Democratic Services, HCC, stated that she would look to distribute the Wellington Water Committee's agendas more than two clear working days prior to meetings in consultation with staff at Wellington Water Limited.

In response to a member's question, the Chief Executive of PCC agreed to follow up on the progress of the KPI work.

RESOLVED: (Mayor Barry/Mayor Whanau)

Minute No. WWC 24207

"That the Committee:

- (1) *agrees to the meeting schedule from November 2024 until December 2025 as follows:*
 - (a) *Friday, 13 December 2024 commencing at 10 am;*
 - (b) *Friday, 14 March 2025, commencing at 10 am;*
 - (c) *Friday, 23 May 2025, commencing at 10 am;*
 - (d) *Friday 25 July 2025 commencing at 10 am; and*
 - (e) *Friday, 26 September 2025 commencing at 10 am;*
- (2) *confirms the venue for its meeting will be the Council Chambers, Hutt City Council, 30 Laings Road, Lower Hutt;*
- (3) *delegates authority to the Chair in consultation with the Chief Executive of Porirua City Council to alter the date, time, or venue of a meeting, or cancel a meeting, should circumstances require this; and*
- (7) *notes that the meeting times will be publicly notified by Hutt City Council's Democratic Services business unit."*

12. INFORMATION ITEM

Wellington Water Committee Forward Programme 2024

Memorandum dated 7 May 2024 by the Democracy Advisor

Members asked to add the terms of reference for reviewing the CAPEX budget from the Wellington Water Board to the forward programme.

RESOLVED: (Mayor Barry/Mayor Baker)

Minute No. WWC 24208

"That the Committee receives and notes the draft Forward Programme and future workshop topics for the Wellington Water Committee for 2024 attached as Appendix 1 to the memorandum."

13. QUESTIONS

There were no questions.

14. EXCLUSION OF THE PUBLIC

RESOLVED: (Mayor Barry/Cr Connelly)

Minute No. WWC 24209

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

15. *Appointment of Directors to Wellington Water Limited*

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to 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>
<i>Appointment of Directors to Wellington Water Limited.</i>	<i>The withholding of the information is necessary to protect the privacy of natural persons. (s7(2)(a)).</i>	<i>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.</i>

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 11:10 am. The public excluded part of the meeting closed at 11:29am.

Mayor Barry
CHAIR

CONFIRMED as a true and correct record
Dated this 26th day of July 2024

Wellington Water Committee

**Item 7: Local water
done well**

**Legislation and water
service delivery plan
update**

22 May 2024

Dougal List, Programme Director



Key updates – policy and legislation

Legislative change

Bill 1 - passed

Bill 2 – expected in May

- Framework for councils to develop a future water service delivery plan within 12 months of enactment
- Simplified process for engagement on CCO models

Bill 3 - late 2024 to early 2025

- Policy development underway
- Long-term requirements for financial sustainability
- provide for a complete economic regulation regime
- structural and financing tools, including a new type of financially independent council-controlled organisation

1
REPEAL LEGISLATION: LAY FOUNDATION FOR NEW SYSTEM
 INTRODUCED AND ENACTED FEB 2024

- Restore continued council ownership and control of water services, and responsibility for service delivery.
- Provide support options to help councils complete and include water services in their 2024-24 long-term plans.

2
ESTABLISH FRAMEWORK AND TRANSITIONAL ARRANGEMENTS
 INTRODUCED AND ENACTED MID-2024

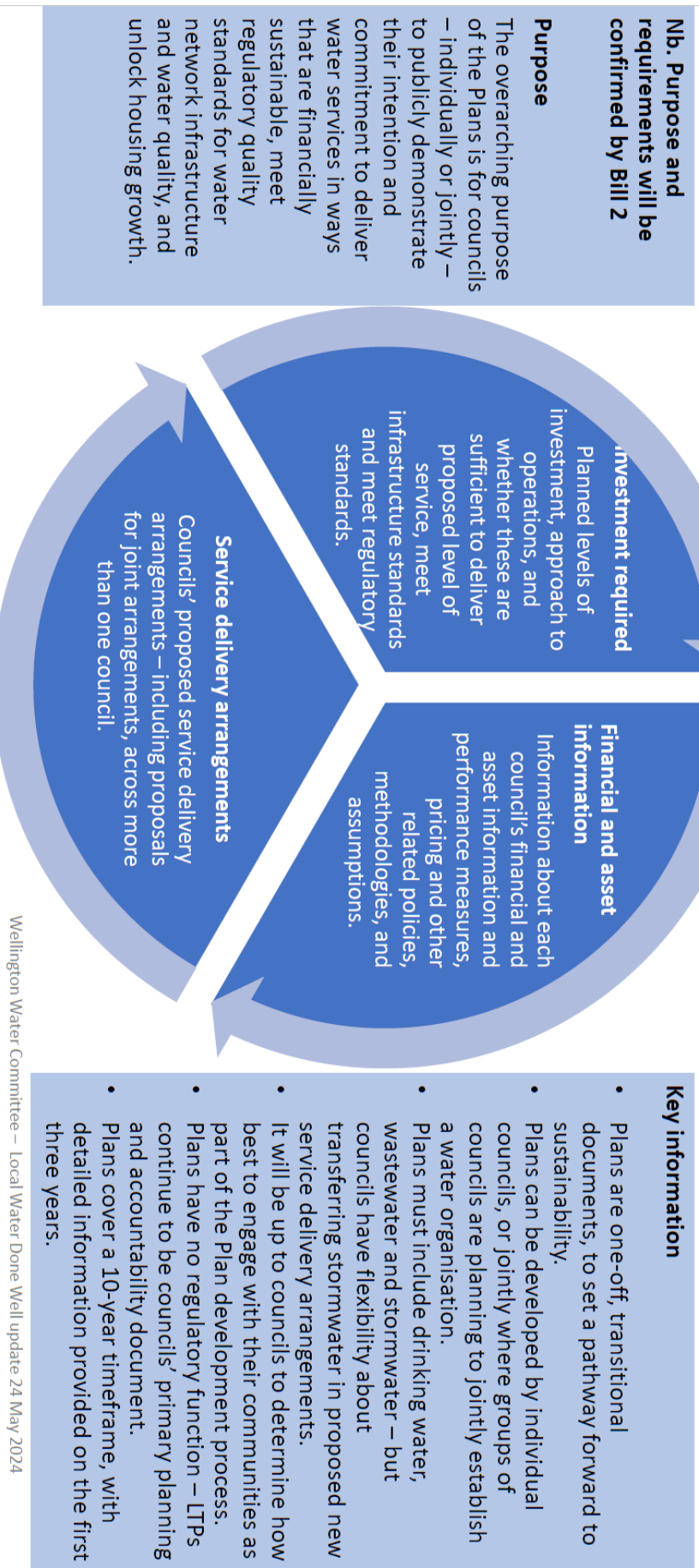
- Provide a framework for councils to self-determine future service delivery arrangements via a water services delivery plan (to be submitted within 12 months).
- Establish foundational information disclosure requirements (as first step towards economic regulation).
- Streamline requirements for establishing council-controlled organisations under the Local Government Act to enable councils to start shifting the delivery of water services into more financially sustainable configurations, should they wish to do so.
- Provide technical and advisory support to Auckland Council to determine how they wish to create a financially sustainable model for Watercare.

3
ESTABLISH ENDURING SETTINGS AND BEGIN TRANSITION
 INTRODUCED DECEMBER 2024 AND ENACTED MID-2025

- Set long-term requirements for financial sustainability.
- Provide for a range of structural and financing tools, including a new class of financially independent council controlled organisations.
- Consider the water regulator's empowering legislation to ensure the regulatory regime is efficient, effective, and fit-for-purpose, and standards are proportionate for different types of drinking water suppliers.
- Provide for a complete economic regulation regime.
- Establish regulatory backed powers, to be used when required to ensure effective delivery of financially sustainable on-site water services.
- Refine water service delivery system settings to support the new system, such as consistent industry standards.



What is a water services delivery plan – Bill 2 to confirm



Agreed approach for the Wellington region and Horowhenua

Joint Water Service Delivery for the Wellington Region

Private and confidential

Councils in the Wellington region are committed to jointly developing a water service delivery plan and future delivery model.

Investment in resilient and affordable water infrastructure is critical for the economic and social future of the Wellington region, including housing growth. Our approach is underpinned by a joint governance group and process.

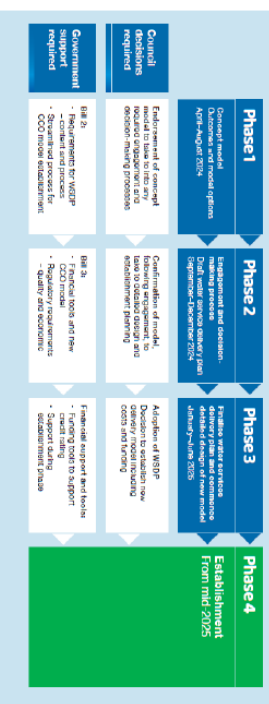
To be successful, the water service delivery plan and delivery model must be:

- Supported by all councils and partner partners
 - Supported by the Government and enabled through legislative change
 - Based on a sustainable funding model that is workable, equitable and meets the needs of communities and the environment
- The plan will enable commitment from councils and the Government to establish a new model for delivery.

Government support

- Enabling legislation**
 - Streamlined requirements for water services delivery plans
 - Enable period in meeting regulatory requirements
 - Tools to enable older headroom and financial separation from councils
- Financial support and tools**
 - Use of current transition grant funding during planning phase
 - Funding tools for the new delivery model to enable financial separation
 - Support during the establishment phase to set up the new model and to ensure affordable transition for communities

Phases of delivery



The Councils

Nine territorial authorities and Greater Wellington Regional Council



Key progress to date

- ✓ Joint approach agreed across 10 councils
- ✓ Councils signed MoU
- ✓ Joint funding and resources
- ✓ Councils retina decision rights and clear off-ramps
- ✓ AOG Chair confirmed and first meeting held on 10 August
- ✓ Analysis of network economics, governance and legal requirements underway
- ✓ Agreement to focus on COC or COO type models
- ✓ Engagement with Minister and DIA

Key Phases and decision points

