

9 September 2024

OIA-735



Tēnā koe 

Response to your information request - Independent Review

Thank you for your request of 11 August 2024 asking for information regarding the Independent Review on Wellington Water's capital programme estimating and budget systems.

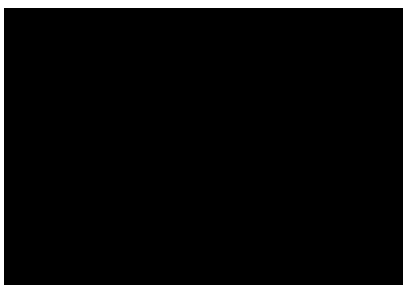
The information you have requested is set out below in the Appendix and **enclosed**.

Please note that it is our policy to proactively release our responses to official information requests where possible. Our response to your request will be published shortly at <https://www.wellingtonwater.co.nz/about-us/official-requests/official-information-act-responses/> with your personal information removed.

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 or freephone 0800 802 602.

If you wish to discuss this decision with us, please feel free to email us at official.information@wellingtonwater.co.nz

Nāku noa, nā



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/wellingtonwater



@wgtwaternz & @wgtwateroutage



@wellington_water

www.wellingtonwater.co.nz

Our water, our future.

APPENDIX

1. *The total cost paid by Wellington Water for the independent review.*

\$102,324.00 including GST

2. *The amount paid to Roy Baker and Kevin Jenkins respectively for the investigation.*

Roy Baker: \$30,903 including GST

Kevin Jenkins: \$22,500 including GST

3. *Any internal and external communications relating to the price and payment for this investigation.*

Please refer to the **enclosed** documents. In some documents information has been redacted and is withheld under the following sections of Local Government Official Information and Meetings Act 1987:

- section 7(2)(a) to protect the privacy of natural persons, including that of deceased natural persons; and / or
- section 7(2)(b)(ii) 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.

We consider that the public interest in this information does not outweigh the reasons for withholding. The information withheld is extraneous to the information requested and of low public interest. Conversely, disclosure of the information would intrude on individuals' privacy by potentially exposing them to unwanted contact, and would significantly impact on a person's commercial position by revealing commercially sensitive information.

From: zzz Nick Leggett
Sent: Monday, 5 August 2024 7:02 pm
To: Robert Mackie
Cc: Charles Barker
Subject: Final invoice - Martin Jenkins
Attachments: Invoice.PDF

Caution: This is an external email. Please take care when clicking links or opening attachments.

Kia ora Rob,

We just need to check that this doesn't spill over our budget and that MJ has correctly invoiced the final amount.

If you could please let me know the total with this added I can go back if need be.

Nick

Sent from my iPhone

From: Lynda Byford
Sent: Tuesday, 6 August 2024 12:58 pm
To: Sheree Matheson; Robert Mackie
Cc: Charles Barker
Subject: FW: Invoices from the review
Attachments: Invoice.pdf

Hi Sheree

Thanks for the completed forms.

I have processed these and forward for approval, once paid I will let you all know.

Invoice for Suzanne, as the vendor is set up in the system (Martin Jenkins) can you please raise a PO and GR it and let me know I so can ensure it gets picked up for payment this week.

Thank you

Kind Regards,
Lynda Byford (A-I) Accounts Administrator



Mob LGOIMA s 7(2)(a) Reception 04 912 4400

Private Bag 39804, Wellington Mail Centre 5045
Level 4, 25 Victoria Street, Petone, Lower Hutt

From: Sheree Matheson <Sheree.Matheson@wellingtonwater.co.nz>
Sent: Tuesday, August 6, 2024 10:52 AM
To: Robert Mackie <Robert.Mackie@wellingtonwater.co.nz>; Lynda Byford <Lynda.Byford@wellingtonwater.co.nz>
Cc: Charles Barker <Charles.Barker@wellingtonwater.co.nz>
Subject: RE: Invoices from the review

Apologies for the delay, I have been working from home without access to a printer.

I have signed and forwarded the forms on to Lynda.

I have not yet been sent the invoice for Suzanne to process, I will wait for this.

Thanks!
Sheree Matheson

Executive Assistant
Regulatory Services



Mob LGOIMA s 7(2)(a)

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Level 4, 25 Victoria Street, Petone, Lower Hutt

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Make the most of your water
Find easy ways to save water at
wellingtonwater.co.nz

From: Robert Mackie <Robert.Mackie@wellingtonwater.co.nz>
Sent: Tuesday, August 6, 2024 9:51 AM
To: Lynda Byford <Lynda.Byford@wellingtonwater.co.nz>; Sheree Matheson <Sheree.Matheson@wellingtonwater.co.nz>
Cc: Charles Barker <Charles.Barker@wellingtonwater.co.nz>
Subject: Invoices from the review
Importance: High

Hi Sheree, Lynda,

There are three invoices to be paid for the review. Could you please help with processing payment?

The invoices from Roy Baker (Colway Holdings) and Kevin Jenkins have both been approved for payment. The invoice for Martin Jenkins has not been approved by Nick.

[@Sheree Matheson](#) could you please create the one off payment forms for these three invoices and pass on to Lynda? I believe one has already been created but awaiting signature. If you are to complete these as soon as possible that would be appreciated. Lynda will aim to fit them in this week's pay run (Thursday).

Supplier	Invoice #	Amount	Payment date
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Kevin Jenkins	13	\$20,400.00	18/07/2024
Total Paid		\$86,286.00	

Colway Holdings - Roy Baker	7001	\$6,417.00	Pending (approved by Nick 26/07)
Kevin Jenkins	16	\$2,100.00	Pending (approved by Nick 30/07)
Martin Jenkins - Suzanne Carter	28373	\$7,521.00	Pending, not yet approved
Pending payment		\$16,038	
Grand Total		\$102,324.00	

Could you please confirm receipt?

Charles FYI.

Ngā mihi

Robert Mackie Head of People and Capability



TEL LGOIMA s 7(2)(a) Mob LGOIMA s 7(2)(a)

Private Bag 39804, Wellington Mail Centre 5045
Level 4, 25 Victoria Street, Petone, Lower Hutt

www.wellingtonwater.co.nz

Wellington Water is owned by the Hutt, Porirua, Upper Hutt and Wellington city councils and Greater Wellington Regional Council.
We manage their drinking water, wastewater and stormwater services.

From: zzz Nick Leggett
Sent: Tuesday, 30 July 2024 2:04 pm
To: Robert Mackie
Subject: Fwd: Invoice
Attachments: Kevin Jenkins Invoice 16 Wellington Water 31 July 2024.pdf

Caution: This is an external email. Please take care when clicking links or opening attachments.

Kia ora Rob,

Please find Kevin's final invoice for payment.

Nick
Sent from my iPhone

Begin forwarded message:

From: Kevin Jenkins <LGOIMA s 7(2)(a)>
Date: 30 July 2024 at 1:39:22 PM NZST
To: Nick Leggett <LGOIMA s 7(2)(a)>
Subject: Invoice

Kia ora Nick,

please find my final invoice attached.

Thank you for engaging me on this review.

Ngā mihi.

Kevin Jenkins
Mobile: LGOIMA s 7(2)(a)
[LinkedIn](#) | [NZ Herald](#)

Kevin Jenkins

LGOIMA s 7(2)(a)

Tax Invoice 16

31 July 2024

Wellington Water
PO Box 39804
Wellington Mail Centre
Petone 5045

Attention: Nick Leggett, Chair

Fee for:

WELLINGTON WATER LIMITED: REVIEW OF CAPITAL PROGRAMME ESTIMATING BUDGET SYSTEMS

Kevin Jenkins

Services to lead the Review of the Estimation Error conducted
in collaboration with Colway Holdings (Roy Baker)

LGOIMA s 7(2)(b)(ii)	2,100.00
No GST requirement	-
	2, 100.00

TOTAL TO PAY \$2,100.00

Please to bank account: K J JENKINS LGOIMA s 7(2)(a)

From: Robert Mackie
Sent: Wednesday, 19 June 2024 4:14 pm
To: Suzanne Carter
Subject: RE: Cost estimate as at 14 June

Kia ora Suzanne

The contracts have been drafted and are with our CFO for sign off. I hope to have them finalised tomorrow morning. My apologies for the delay.

Ngā mihi

Robert

From: Suzanne Carter <Suzanne.Carter@martinjenkins.co.nz>
Sent: Tuesday, June 18, 2024 9:50 PM
To: Robert Mackie <Robert.Mackie@wellingtonwater.co.nz>
Subject: Re: Cost estimate as at 14 June

Caution: This is an external email. Please take care when clicking links or opening attachments.

Hi Robert, how are you getting on with the contracts for Kevin and Roy? Any update I can give them tomorrow? Or feel free to contact them directly, nga mihi, Suzanne.

Suzanne Carter (she/her)
General Manager Corporate Services | Manahautū Rangatōpū
MartinJenkins
M LGOIMA s 7(2)(a) T +64 4 499 6130

From: Robert Mackie <Robert.Mackie@wellingtonwater.co.nz>
Sent: Monday, June 17, 2024 1:34 PM
To: Suzanne Carter <Suzanne.Carter@martinjenkins.co.nz>
Subject: RE: Cost estimate as at 14 June

Thanks Suzanne. I will draft it on the basis that Kevin Jenkins will be party to the contract.

I will have the contracts reviewed internally and provided to Kevin and Roy for their approval.

Ngā mihi

Robert Mackie Head of People and Capability (Acting)



TEL LGOIMA s 7(2)(a) Mob LGOIMA s 7(2)(a)

Private Bag 39804, Wellington Mail Centre 5045
Level 4, 25 Victoria Street, Petone, Lower Hutt

www.wellingtonwater.co.nz

From: Suzanne Carter <Suzanne.Carter@martinjenkins.co.nz>
Sent: Monday, June 17, 2024 1:16 PM
To: Robert Mackie <Robert.Mackie@wellingtonwater.co.nz>
Subject: RE: Cost estimate as at 14 June

You don't often get email from suzanne.carter@martinjenkins.co.nz. [Learn why this is important](#)

Caution: This is an external email. Please take care when clicking links or opening attachments.

Hi Robert, no the contract will be with Kevin Jenkins (covering his and my costs) not MartinJenkins and separately with Roy Baker, does that make sense? Feel free to call me thx, s

Suzanne Carter (she/her)
General Manager Corporate Services | Manahautū Rangatōpū
MartinJenkins
M **LGOIMA s 7(2)(a)** T +64 4 499 6130

From: Robert Mackie <Robert.Mackie@wellingtonwater.co.nz>
Sent: Monday, June 17, 2024 9:54 AM
To: Suzanne Carter <Suzanne.Carter@martinjenkins.co.nz>
Subject: RE: Cost estimate as at 14 June

Kia ora Suzanne

Thank you for sending through the revised estimate.

Can I confirm with you that the contract will be between MartinJenkins and Wellington Water, including Kevin's costs?

Ngā mihi

Robert Mackie Head of People and Capability (Acting)



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From: Suzanne Carter <Suzanne.Carter@martinjenkins.co.nz>
Sent: Monday, June 17, 2024 8:14 AM
To: zzz Nick Leggett <**LGOIMA s 7(2)(a)**>
Cc: Kevin Jenkins <**LGOIMA s 7(2)(a)**>; bakerroy.roy <**LGOIMA s 7(2)(a)**>; Robert Mackie <Robert.Mackie@wellingtonwater.co.nz>
Subject: RE: Cost estimate as at 14 June

You don't often get email from suzanne.carter@martinjenkins.co.nz. [Learn why this is important](#)

Caution: This is an external email. Please take care when clicking links or opening attachments.

Many thanks Nick.

Suzanne Carter (she/her)

General Manager Corporate Services | Manahautū Rangatōpū

MartinJenkins

M [REDACTED] T +64 4 499 6130

From: Nick Leggett <[REDACTED]>

Sent: Sunday, June 16, 2024 10:17 PM

To: Suzanne Carter <Suzanne.Carter@martinjenkins.co.nz>

Cc: [REDACTED]; Roy Baker <[REDACTED]>; Robert Mackie

<Robert.Mackie@wellingtonwater.co.nz>

Subject: Re: Cost estimate as at 14 June

Kia ora koutou,

Thanks you all for this response, it assists us to move forward quickly. I have just now received confirmation from the board that we will proceed with the up to date cost estimate provided by Suzanne.

Naturally, as things progress you may discover more or less work is required and we would like that communicated to us as quickly as possible.

I've copied in Robert Mackie of Wellington Water. Robert will be able to arrange a contract based on what is attached and payment at the appropriate time.

Suzanne, I am happy to arrange a time to meet this week online. Can you please suggest a couple of times? Probably a 5am or 6am time for me at this end would be good.

Nick

Sent from my iPad

On 16 Jun 2024, at 5:22 AM, Suzanne Carter <Suzanne.Carter@martinjenkins.co.nz> wrote:

Hi Nick, please find attached the overall costs estimated for the Review work as outlined in the ToR. We have reviewed our original estimates to be as realistic as possible taking on board the breadth of the work required to be completed by 22 July.

We have presented costs together for transparency. Please note we have removed the contingency and dropped some hours, noting that if work arises outside of our estimation, we will speak with you first. Of course, if we complete the work ahead of schedule and more efficiently, only hours worked will be invoiced.

If you have any further feedback, please let us know.

For your interest we have spoken to Pat, and Charles and Garry, and have arrangements underway to get things up and running from tomorrow. We are working on landing a time to

speak to Tonia this week, and we are keen to talk to you too. If you have a time preference while you are away, please let us know i.e. morning or evening? so we can fit around you as best we can.

Ngā mihi, Suzanne.

Suzanne Carter (she/her)

General Manager Corporate Services | Manahautū Rangatōpū

MartinJenkins

M **LGIOIMA s 7(2)(a)** T +64 4 499 6130

in



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**MARTIN
JENKINS**

Level 1, City Chambers, Cnr Johnston & Featherston Sts, **Wellington**
Level 16, 41 Shortland St, **Auckland**

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From: zzz Nick Leggett
Sent: Sunday, 16 June 2024 10:17 pm
To: Suzanne Carter
Cc: Kevin Jenkins; Roy Baker; Robert Mackie
Subject: Re: Cost estimate as at 14 June
Attachments: WWL Independent Review Approach and cost estimates 14 June 2024.docx

Caution: This is an external email. Please take care when clicking links or opening attachments.

Kia ora koutou,

Thanks you all for this response, it assists us to move forward quickly. I have just now received confirmation from the board that we will proceed with the up to date cost estimate provided by Suzanne.

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Ngā mihi, Suzanne.

Suzanne Carter (she/her)

General Manager Corporate Services | Manahautū Rangatōpū

MartinJenkins

M **LGOIMA s 7(2)(a)** T +64 4 499 6130

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**MARTIN
JENKINS**

Level 1, City Chambers, Cnr Johnston & Featherston Sts, **Wellington**
Level 16, 41 Shortland St, **Auckland**

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Estimated Costs for the WWL Review project

These costs are prepared in support of the approach to the Review as attached. All costs exclude GST. There are no contingency costs. In the event of additional work being required, matters arising that need further unscheduled work for clarification, or more information being needed, we will discuss time and costs implications with you.

Consulting

Phase and activities	Kevin Hours and costs	Roy Hours and Costs	Suzanne Hours and costs	Total per Phase
Project management <ul style="list-style-type: none"> Project inception Project planning Progress updates Meetings 	LGOIMA s 7(2)(b)(ii)			14,880 NZD
Insights gathering <ul style="list-style-type: none"> Interviews Document review Summary of themes 				23,400 NZD
Analysis <ul style="list-style-type: none"> Review adequacy of current settings Summarise findings 				18,120 NZD
Final report <ul style="list-style-type: none"> Final draft Final final report Presentation 				20,160 NZD
Total (excl. contingency and GST)				76,560 NZD

Disbursements

Disbursements		(2,000 NZD)		2,000 NZD
<ul style="list-style-type: none"> Travel and Accommodation 				
Total Consulting and Disbursements (excl. contingency and GST)	68 hours 20,400 NZD	80 hours 20,160 NZD	150 hours 34,800 NZD	78,560 NZD

Our Approach to the Review

We will work collaboratively with you, ensuring that the Board Chair maintains appropriate oversight over the process.

1. Set up and scoping	10 June - 12 June
<p>We will hold a project set-up discussion with you to confirm the scope, timing, our approach, and how we will work together (including with the Board Chair overseeing the review process).</p> <p>We will discuss background documents and agree approach staff and stakeholder interviews.</p> <p>We will work to the high-level timetable and plan outlined in this approach.</p> <p>And, we will agree with you how we will keep you informed as the project progresses, distinct from project deliverables.</p>	<p>Outputs:</p> <ul style="list-style-type: none">• Agreed plan and scope• Project brief• Interviewees identified
2. Insights gathering	13 June – 24 June
<p>Conduct a document review, including (but not limited to):</p> <ul style="list-style-type: none">• A copy of the preliminary investigation carried out by staff to identify how the error occurred. Any documents used to draw the preliminary conclusions will be attached to this report.• A copy of the 2022 Fluoride Enquiry Report. This report is being provided solely to assist the reviewers establish if there are any parallels between the events considered in the Fluoride Report and the events that need to be considered now.• Internal policies, and processes and procedures relating to/involving relevant third parties• A copy of the WWL structure chart. <p>Conduct interviews approximately 30 interviews with:</p> <ul style="list-style-type: none">• Current staff involved in the process of the development and quality assurance of the long-term plan (LTP), including the Chief Executive, and potentially former staff,• Current Board members (not all), and potentially former Board members,• Representatives from 6 Shareholding Councils (Wellington City, Hutt City, Upper Hutt City, Porirua City and South Wairarapa District Councils and Greater Wellington Regional Council), and 3-4 people in PMO positions, likely Tier 4/5, who understand the programme• Consider suppliers of interest e.g HR culture advisers if they are being used (TBD) <p>Summarise themes from the insights gathering into initial insights, and test with the Board Chair for any gaps.</p>	<p>Outputs:</p> <ul style="list-style-type: none">• Interview guide and participation consent form• Initial insights for testing
3. Analysis	24 June- 28 June
<p>Reviewing the appropriateness of current setting, including</p> <ul style="list-style-type: none">• An analysis of the adequacy of processes, systems, roles and responsibilities that informed the development of the long-term plan, and the associated budget.• An analysis of the adequacy of the response actions taken, and• A summary of the communication timeline and commentary on the quality of communication, and• A summary of the findings with regards to the adequacy of the management response, the governance response, and the shareholder response.	

Identify root causes of the error, and

- extent of any previous similar issues and ongoing effects,
- summarise findings with regards to organisational structure, oversight, capability, systems, processes, resources.

4. Draft report

1 July -4 July

A draft report will be presented for initial consideration by the Board, summarising the findings with regards to the appropriateness of the current settings and the root causes of the error.

It will also provide initial high-level advice on possible remedies within the current context of water reform, with key changes and actions required.

Outputs:

- Draft report

5. Final report

8 July- 26 July

The Chair will provide a copy of the draft report to the Chief Executive for her to socialise with individuals who have had input into the review, to check factual accuracy.

The Board may provide commentary/additional questions that will need to be addressed in the final report. The Board may also refer the report for legal review to ascertain whether any material proposed for inclusion triggers an obligation of privacy, confidentiality, or other legal obligation.

The final report will include more in-depth advice on possible remedies based on the feedback received, and shall be presented at a Board meeting and then to a meeting of the WWC.

We note the WWC meeting shall be open to the public unless there are good reasons to exclude the public under section 48 of the Local Government Official Information and Meetings Act 1987.

The reviewers will attend the Board meeting and WWC meeting and may assist in providing background to WW to respond to any media queries a.

Outputs:

- Draft report (4 July)
- Final report (22 July)
- Presentation (26 July)

From: Robert Mackie
Sent: Thursday, 8 August 2024 8:13 pm
To: Lynda Byford; Sheree Matheson
Cc: Charles Barker
Subject: RE: Invoices from the review

Great, thanks very much Lynda.

Ngā mihi

Robert

From: Lynda Byford <Lynda.Byford@wellingtonwater.co.nz>
Sent: Thursday, August 8, 2024 3:36 PM
To: Robert Mackie <Robert.Mackie@wellingtonwater.co.nz>; Sheree Matheson <Sheree.Matheson@wellingtonwater.co.nz>
Cc: Charles Barker <Charles.Barker@wellingtonwater.co.nz>
Subject: RE: Invoices from the review

Hi Robert

Confirming that the payments to Colway Holdings and Kevin Jenkins are being made today

Thanks
Lynda

From: Robert Mackie <Robert.Mackie@wellingtonwater.co.nz>
Sent: Tuesday, August 6, 2024 9:51 AM
To: Lynda Byford <Lynda.Byford@wellingtonwater.co.nz>; Sheree Matheson <Sheree.Matheson@wellingtonwater.co.nz>
Cc: Charles Barker <Charles.Barker@wellingtonwater.co.nz>
Subject: Invoices from the review
Importance: High

Hi Sheree, Lynda,

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[@Sheree Matheson](#) could you please create the one off payment forms for these three invoices and pass on to Lynda? I believe one has already been created but awaiting signature. If you are to complete these as soon as possible that would be appreciated. Lynda will aim to fit them in this week's pay run (Thursday).

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Pending payment		\$16,038	
Grand Total		\$102,324.00	

Could you please confirm receipt?

Charles FYI.

Ngā mihi

Robert Mackie Head of People and Capability



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From: Robert Mackie
Sent: Wednesday, 7 August 2024 12:36 pm
To: Lynda Byford; Sheree Matheson
Cc: Charles Barker
Subject: Re: Invoices from the review

Hi Lynda, Sheree,

I haven't received approval from Nick to authorise the payment to Martin Jenkins.

This needs to stay on hold until approval is received. I'll update you when I hear more.

Thanks,
Robert

Ngā mihi

Robert Mackie Head of People and Capability

DDI: [REDACTED] Mob: [REDACTED]

Private Bag 39804, Wellington Mail Centre 5045
Level 4, 25 Victoria Street, Petone, Lower Hutt

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From: Lynda Byford <Lynda.Byford@wellingtonwater.co.nz>
Sent: Wednesday, August 7, 2024 12:27:08 PM
To: Sheree Matheson <Sheree.Matheson@wellingtonwater.co.nz>; Robert Mackie <Robert.Mackie@wellingtonwater.co.nz>
Cc: Charles Barker <Charles.Barker@wellingtonwater.co.nz>
Subject: RE: Invoices from the review

Hi Sheree

Yes, if you can please GR that will be great

Thank you

Kind Regards,
Lynda Byford (A-I) Accounts Administrator



Mob: [REDACTED] Reception 04 912 4400

Private Bag 39804, Wellington Mail Centre 5045
Level 4, 25 Victoria Street, Petone, Lower Hutt

From: Sheree Matheson <Sheree.Matheson@wellingtonwater.co.nz>
Sent: Wednesday, August 7, 2024 10:50 AM
To: Lynda Byford <Lynda.Byford@wellingtonwater.co.nz>; Robert Mackie <Robert.Mackie@wellingtonwater.co.nz>
Cc: Charles Barker <Charles.Barker@wellingtonwater.co.nz>
Subject: RE: Invoices from the review

The PO has been amended to cover this invoice – is it approved so I can GR it?

Thanks!

Sheree Matheson
Executive Assistant
Regulatory Services



Mob LGOIMA s 7(2)(a)

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From: Lynda Byford <Lynda.Byford@wellingtonwater.co.nz>
Sent: Tuesday, August 6, 2024 12:58 PM
To: Sheree Matheson <Sheree.Matheson@wellingtonwater.co.nz>; Robert Mackie <Robert.Mackie@wellingtonwater.co.nz>
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Hi Sheree

Thanks for the completed forms.

I have processed these and forward for approval, once paid I will let you all know.

Invoice for Suzanne, as the vendor is set up in the system (Martin Jenkins) can you please raise a PO and GR it and let me know I so can ensure it gets picked up for payment this week.

Thank you

Kind Regards,

Lynda Byford (A-I) Accounts Administrator



Mob LGOIMA s 7(2)(a) Reception 04 912 4400

Private Bag 39804, Wellington Mail Centre 5045
Level 4, 25 Victoria Street, Petone, Lower Hutt

From: Sheree Matheson <Sheree.Matheson@wellingtonwater.co.nz>

Sent: Tuesday, August 6, 2024 10:52 AM

To: Robert Mackie <Robert.Mackie@wellingtonwater.co.nz>; Lynda Byford <Lynda.Byford@wellingtonwater.co.nz>

Cc: Charles Barker <Charles.Barker@wellingtonwater.co.nz>

Subject: RE: Invoices from the review

Apologies for the delay, I have been working from home without access to a printer.

I have signed and forwarded the forms on to Lynda.

I have not yet been sent the invoice for Suzanne to process, I will wait for this.

Thanks!

Sheree Matheson

Executive Assistant

Regulatory Services



Mob LGOIMA s 7(2)(a)

Private Bag 39804, Wellington Mail Centre 5045
Level 4, 25 Victoria Street, Petone, Lower Hutt

www.wellingtonwater.co.nz

Make the most of your water

Find easy ways to save water at wellingtonwater.co.nz

From: Robert Mackie <Robert.Mackie@wellingtonwater.co.nz>
Sent: Tuesday, August 6, 2024 9:51 AM
To: Lynda Byford <Lynda.Byford@wellingtonwater.co.nz>; Sheree Matheson <Sheree.Matheson@wellingtonwater.co.nz>
Cc: Charles Barker <Charles.Barker@wellingtonwater.co.nz>
Subject: Invoices from the review
Importance: High

Hi Sheree, Lynda,

There are three invoices to be paid for the review. Could you please help with processing payment?

The invoices from Roy Baker (Colway Holdings) and Kevin Jenkins have both been approved for payment. The invoice for Martin Jenkins has not been approved by Nick.

@Sheree Matheson could you please create the one off payment forms for these three invoices and pass on to Lynda? I believe one has already been created but awaiting signature. If you are to complete these as soon as possible that would be appreciated. Lynda will aim to fit them in this week's pay run (Thursday).

Supplier	Invoice #	Amount	Payment date
Martin Jenkins - Suzanne Carter	28147	\$41,400.00	11/07/2024
Colway Holdings - Roy Baker	6001	\$24,486.00	12/07/2024
Kevin Jenkins	13	\$20,400.00	18/07/2024
Total Paid		\$86,286.00	
Colway Holdings - Roy Baker	7001	\$6,417.00	Pending (approved by Nick 26/07)
Kevin Jenkins	16	\$2,100.00	Pending (approved by Nick 30/07)
Martin Jenkins - Suzanne Carter	28373	\$7,521.00	Pending, not yet approved
Pending payment		\$16,038	
Grand Total		\$102,324.00	

Could you please confirm receipt?

Charles FYI.

Ngā mihi

Robert Mackie Head of People and Capability



TEL [REDACTED] Mob [REDACTED]

Private Bag 39804, Wellington Mail Centre 5045
Level 4, 25 Victoria Street, Petone, Lower Hutt

www.wellingtonwater.co.nz

Wellington Water is owned by the Hutt, Porirua, Upper Hutt and Wellington city councils and Greater Wellington Regional Council.
We manage their drinking water, wastewater and stormwater services.

From: zzz Nick Leggett
Sent: Friday, 9 August 2024 5:24 pm
To: Robert Mackie
Subject: Re: Summary of Reviewer's Costs

Caution: This is an external email. Please take care when clicking links or opening attachments.

Thanks very much - yes please process.
Sent from my iPhone

On 9 Aug 2024, at 4:28 PM, Robert Mackie <Robert.Mackie@wellingtonwater.co.nz> wrote:

Hi Nick

You're correct, the final Martin Jenkins invoice is within budget. The difference was the GST component.

I assume you are happy for the invoice to be processed?

Supplier	Inv #	Incl Gst	Exl Gst	Payment date
Colway - Roy Baker	6001	\$ 24,486.00	\$ 21,292.17	12/07/2024
Colway - Roy Baker	7001	\$ 6,417.00	\$ 5,580.00	9/08/2024
Kevin Jenkins	13	\$ 20,400.00	\$ 20,400.00	18/07/2024
Kevin Jenkins	16	\$ 2,100.00	\$ 2,100.00	9/08/2024
Martin Jenkins - Suzanne	28147	\$ 41,400.00	\$ 36,000.00	11/07/2024
Martin Jenkins - Suzanne	28373	\$ 7,521.00	\$ 6,540.00	Pending
		\$ 102,324.00	\$ 91,912.17	

Ngā mihi

Robert

From: Robert Mackie
Sent: Thursday, August 8, 2024 8:15 PM
To: 'Nick Leggett' <LGOIMA s 7(2)(a)>
Subject: RE: Summary of Reviewer's Costs

Kia ora Nick

To confirm, the final invoices for both Roy Baker and Kevin Jenkins were paid today.

Would you like me to process Martin Jenkins invoice or wait for further instruction?

Ngā mihi

Robert Mackie Head of People and Capability

<image001.png>

TEL LGOIMA s 7(2)(a) Mob LGOIMA s 7(2)(a)

Private Bag 39804, Wellington Mail Centre 5045
Level 4, 25 Victoria Street, Petone, Lower Hutt

www.wellingtonwater.co.nz

Wellington Water is owned by the Hutt, Porirua, Upper Hutt and Wellington city councils and Greater Wellington Regional Council.
We manage their drinking water, wastewater and stormwater services.

From: Robert Mackie
Sent: Tuesday, August 6, 2024 8:55 AM
To: 'Nick Leggett' <LGOIMA s 7(2)(a)>
Cc: Charles Barker <Charles.Barker@wellingtonwater.co.nz>
Subject: Summary of Reviewer's Costs

Kia ora Nick

To my knowledge, the total approved value is \$78,560 as attached. This aligns with the email you sent on 16/06.

The total paid to date is \$86,286, with a further round of final invoices received to the value of \$16,038. This brings the total cost of the reviewers to **\$102,324** which is \$23,764 over budget.

Supplier	Invoice #	Amount	Payment date
Martin Jenkins - Suzanne Carter	28147	\$41,400.00	11/07/2024
Colway Holdings - Roy Baker	6001	\$24,486.00	12/07/2024
Kevin Jenkins	13	\$20,400.00	18/07/2024
Total Paid		\$86,286.00	
Colway Holdings - Roy Baker	7001	\$6,417.00	Pending (approved by Nick 26/07)
Kevin Jenkins	16	\$2,100.00	Pending (approved by Nick 30/07)
Martin Jenkins - Suzanne Carter	28373	\$7,521.00	Pending, not yet approved
Pending payment		\$16,038	
Grand Total		\$102,324.00	

I will continue processing the approved payments unless advised otherwise and I will wait to hear regarding the Martin Jenkins invoice.

Ngā mihi

Robert

From: Nick Leggett <LGOIMA s 7(2)(a)>
Sent: Monday, August 5, 2024 7:02 PM
To: Robert Mackie <Robert.Mackie@wellingtonwater.co.nz>
Cc: Charles Barker <Charles.Barker@wellingtonwater.co.nz>
Subject: Final invoice - Martin Jenkins

Caution: This is an external email. Please take care when clicking links or opening attachments.

Kia ora Rob,

We just need to check that this doesn't spill over our budget and that MJ has correctly invoiced the final amount.

If you could please let me know the total with this added I can go back if need be.

Nick

Sent from my iPhone
<Invoice.PDF>

From: Robert Mackie
Sent: Monday, 29 July 2024 11:06 am
To: zzz Nick Leggett
Subject: RE: WWL Review Final Invoice

Kia ora Nick

Thank you meeting with us all on Friday.

I will process the invoice for payment. I assume Kevin will also issue a further invoice.

The total value paid to date is \$86,286.

Supplier	Inv #	Amount	Payment date
Martin Jenkins - Suzanne Carter	28147	\$ 41,400.00	11/07/2024
Colway - Roy Baker	6001	\$ 24,486.00	12/07/2024
Kevin Jenkins	13	\$ 20,400.00	18/07/2024
Total		\$ 86,286.00	

Ngā mihi

Robert

From: Nick Leggett <LGOIMA s 7(2)(a)>
Sent: Friday, July 26, 2024 9:54 PM
To: Robert Mackie <Robert.Mackie@wellingtonwater.co.nz>
Subject: WWL Review Final Invoice

Caution: This is an external email. Please take care when clicking links or opening attachments.

Kia ora Robert,

I approve this payment, could you please let me know the total costs paid for the review now?

Thanks

Nick

Sent from my iPhone

Begin forwarded message:

From: Roy Baker <LGOIMA s 7(2)(a)>
Date: 26 July 2024 at 8:20:11 PM NZST
To: Nick Leggett <LGOIMA s 7(2)(a)>
Subject: Fwd: WWL Review Final Invoice

Nick
please find attached the final invoice from Colway Holdings .

I thought the WWC meeting today went well and you have the appropriate mandate to move forward.

Thanks for the opportunity to work on the review for the Board

regards
Roy Baker

ps meeting finished at 1.55am here in Switzerland!!

From: zzz Nick Leggett
Sent: Monday, 1 July 2024 4:46 pm
To: Robert Mackie
Subject: Review invoice - Colway Holdings
Attachments: WWL June invoice.pdf

Caution: This is an external email. Please take care when clicking links or opening attachments.

Kia ora Robert,

Please find the invoice from the other reviewer with my approval for payment.

Regards,

Nick

Sent from my iPhone

Colway Holdings Ltd

Colway Holdings Ltd

Invoice No. 6001
Invoice Date: April 30, 2023
GST Number 109024520
Bill To: Nick Leggett
Chairman
Address: Wellington Water
PO Box 39804 Lower Hutt
EPO number TBC
E-mail: **LGOIMA s 7(2)(a)**

Description	Cost Per Unit	Amount
WWL Review	\$	-
Cost associates with the Review of the Estimation Error in terms of the contract Colway Holdings: WWL . Project management, Insight gathering, analysis and report preperation	LGOIMA s 7(2)(b)(ii) \$	20,160.00
Disbursements		
Airfares chch -wgtm return. 17 June/21 June	\$	415.30
Accommodation - 83 Assure Motel	\$	596.87
meals @ 30/day	\$	120.00
Invoice Subtotal	\$	21,292.17
GST Rate		15.00%
GST amount		3,193.83
Other		
TOTAL		24,486.00

Make all checks payable to Colway Holdings Ltd
electronic payments to **LGOIMA s 7(2)(b)(ii)**

Thank you for your business!

From: zzz Nick Leggett
Sent: Tuesday, 2 July 2024 5:31 pm
To: Robert Mackie
Subject: Revised invoice
Attachments: Invoice.PDF

Caution: This is an external email. Please take care when clicking links or opening attachments.

For payment with my approval for support of Kevin and Roy with the review.

Thanks,

Nick Leggett

Sent from my iPhone

From: zzz Nick Leggett
Sent: Tuesday, 2 July 2024 5:33 pm
To: Robert Mackie
Subject: Revised invoice
Attachments: Kevin Jenkins Invoice 13 Wellington Water 30 June 2024.pdf

Caution: This is an external email. Please take care when clicking links or opening attachments.

Kia ora Robert,

These two invoices (MartinJenkins and KevinJenkins) replace Kevin's one that was withdrawn by you earlier today.

I approve this for payment.

Thanks,

Nick Leggett

Sent from my iPhone

Kevin Jenkins

LGOIMA s 7(2)(a)

Invoice 13

30 June 2024

Wellington Water
PO Box 39804
Wellington Mail Centre
Petone 5045

Attention: Nick Leggett, Chair

Fee for:

WELLINGTON WATER LIMITED: REVIEW OF CAPITAL PROGRAMME ESTIMATING BUDGET SYSTEMS

Kevin Jenkins	
Services to lead the Review of the Estimation Error (conducted in collaboration with Colway Holdings (Roy Baker)	
LGOIMA s 7(2)(b)(ii)	20,400.00
No GST requirement	-
	20, 400.00

TOTAL TO PAY \$20,400.00

Please to bank account: K J JENKINS LGOIMA s 7(2)(a)

From: zzz Nick Leggett
Sent: Friday, 26 July 2024 9:54 pm
To: Robert Mackie
Subject: WWL Review Final Invoice
Attachments: WWL July invoice.pdf

Caution: This is an external email. Please take care when clicking links or opening attachments.

Kia ora Robert,

I approve this payment, could you please let me know the total costs paid for the review now?

Thanks

Nick

Sent from my iPhone

Begin forwarded message:

From: Roy Baker <LGOIMA s 7(2)(a)>
Date: 26 July 2024 at 8:20:11 PM NZST
To: Nick Leggett <LGOIMA s 7(2)(a)>
Subject: Fwd: WWL Review Final Invoice

Nick

please find attached the final invoice from Colway Holdings .

I thought the WWC meeting today went well and you have the appropriate mandate to move forward.

Thanks for the opportunity to work on the review for the Board

regards
Roy Baker

ps meeting finished at 1.55am here in Switzerland!!

Colway Holdings Ltd

Colway Holdings Ltd

Tax Invoice No.	7001
Invoice Date:	July 26, 2024
GST Number	109024520
Bill To:	Nick Leggett Chairman
Address:	Wellington Water PO Box 39804 Lower Hutt
EPO number	TBC
E-mail:	LGOIMA s 7(2)(a)

Description	Cost Per Unit	Amount
WWL Review - Final invoice	\$	-
Final cost associated with the Review of the Estimation Error in terms of the contract Colway Holdings: WWL . Project management,, analysis and report preperation and Board meetings	LGOIMA s 7(2)(b)(ii) \$	5,580.00
Invoice Subtotal	\$	5,580.00
GST Rate		15.00%
GST amount		837.00
Other		
TOTAL		6,417.00

Make all checks payable to Colway Holdings Ltd
electronic payments to **LGOIMA s 7(2)(b)(ii)**

Thank you for your business!

Short Form of Agreement for Reviewer Engagement

SHORT FORM OF AGREEMENT FOR REVIEWER ENGAGEMENT

BETWEEN: Wellington Water Limited
(CLIENT)

AND: Colway Holdings Limited
(REVIEWER)

Collectively referred to herein as the "Parties" and individually as a "Party"

PROJECT: Wellington Water Budget Estimation Error – External Review	LOCATION: Onsite and remote
---	--------------------------------

SCOPE & NATURE OF THE SERVICES:

The scope of works includes conducting an external review into the circumstances surrounding the error that resulted in Wellington Water's corporate cost relating to some projects not being included in the LTP advice provided to councils.

The Terms of Reference (attached) provide detail as to the purpose and scope of the review, as well as specifying what matters are outside of the scope of the review, and the process the review should follow.

PROGRAMME FOR THE SERVICES:

Contractually, the work will be undertaken collaboratively between Kevin Jenkins and Colway Holdings Ltd (Roy Baker), each assisted by Suzanne Carter of Martin Jenkins. Work will commence on 17 June 2024.

Timeline

Conduct document review and interviews – 17 June - 24 June

Draft report to Wellington Water Board – 4 July

Board to discuss draft report with reviewers – 11 July

Final report to Wellington Water Board – 22 July

Final report presented to the Wellington Water Committee – 26 July

FEES & TIMING OF PAYMENTS

The costs are as set out in the in the attached estimate dated 14 June 2024, which has been approved by the Board.



Short Form of Agreement for Reviewer Engagement

INFORMATION OR SERVICES TO BE PROVIDED BY THE CLIENT:

As per the approved Terms of Reference.

The Client engages the Reviewer to provide the Services described above and the Reviewer agrees to perform the Services for the remuneration provided above. Both Parties agree to be bound by the provision of the Short Form Model Conditions of Engagement (overleaf), including clauses 2, 3, 9 and 10 and any Variations noted below. Once signed, this Agreement, together with the conditions overleaf and any attachments, will replace all or any oral agreement previously reached between the Parties.

VARIATIONS TO THE SHORT FORM MODEL CONDITIONS OF ENGAGEMENT (OVERLEAF):

See attached.

CLIENT DIRECTOR/AUTHORISED SIGNATORY (IES):



PRINT NAME:

Pat Dougherty

DATE:

21/6/24

REVIEWERS AUTHORISED SIGNATORY (IES):



PRINT NAME:

R Baker

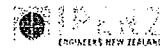
DATE:

21/6/24

March 2010



Page 2



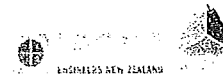
Short Form of Agreement for Reviewer Engagement

SHORT FORM MODEL CONDITIONS OF ENGAGEMENT

1. The Reviewer shall perform the Services as described in the attached documents.
2. Nothing in this Agreement shall restrict, negate, modify or limit any of the Client's rights under the Consumer Guarantees Act 1993 where the Services acquired are of a kind ordinarily acquired for personal, domestic or household use or consumption and the Client is not acquiring the Services for the purpose of a business.
3. The Client and the Reviewer agree that where all, or any of, the Services are acquired for the purposes of a business the provisions of the Consumer Guarantees Act 1993 are excluded in relation to those Services.
4. In providing the Services the Reviewer shall exercise the degree of skill, care and diligence normally expected of a competent professional.
5. The Client shall provide to the Reviewer, free of cost, as soon as practicable following any request for information, all information in his or her power to obtain which may relate to the Services. The Reviewer shall not, without the Client's prior consent, use information provided by the Client for purposes unrelated to the Services. In providing the information to the Reviewer, the Client shall ensure compliance with the Copyright Act 1994 and shall identify any proprietary rights that any other person may have in any information provided.
6. The Client may order variations to the Services in writing or may request the Reviewer to submit proposals for variation to the Services. Where the Reviewer considers a direction from the Client or any other circumstance is a Variation the Reviewer shall notify the Client as soon as practicable.
7. The Client shall pay the Reviewer for the Services the fees and expenses at the times and in the manner set out in the attached documents. Where this Agreement has been entered by an agent (or a person purporting to act as agent) on behalf of the Client, the agent and Client shall be jointly and severally liable for payment of all fees and expenses due to the Reviewer under this Agreement.
8. All amounts payable by the Client shall be paid within twenty (20) working days of the relevant invoice being mailed to the Client. Late payment shall constitute a default.
9. Where Services are carried out on a time charge basis, the Reviewer may purchase such incidental goods and/or Services as are reasonably required for the Reviewer to perform the Services. The cost of obtaining such incidental goods and/or Services shall be payable by the Client. The Reviewer shall maintain records which clearly identify time and expenses incurred.
10. Where the Reviewer breaches this Agreement, the Reviewer is liable to the Client for reasonably foreseeable claims, damages, liabilities, losses or expenses caused directly by the breach. The Reviewer shall not be liable to the Client under this Agreement for the Client's indirect, consequential or special loss, or loss of profit, however arising, whether under contract, in tort or otherwise.
11. Neither Party shall be liable for any loss or damage occurring after a period of six years from the date on which the Services were completed.
12. If either Party is found liable to the other (whether in contract, tort or otherwise), and the claiming Party and/or a Third Party has contributed to the loss or damage, the liable Party shall only be liable to the proportional extent of its own contribution.

March 2010

Page 3

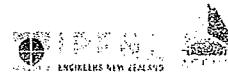


Short Form of Agreement for Reviewer Engagement

13. The Reviewer shall retain intellectual property/copyright in all drawings, specifications and other documents prepared by the Reviewer. The Client shall be entitled to use them or copy them. The ownership of data and factual information collected by the Reviewer and paid for by the Client shall, after payment by the Client, lie with the Client. The Client may reproduce drawings, specifications and other documents in which the Reviewer has copyright, as reasonably required in connection with the project but not otherwise.
14. The Reviewer has not and will not assume any obligation as the Client's Agent or otherwise which may be imposed upon the Client from time to time pursuant to the Health and Safety in Employment Act 1992 ("the Act") arising out of this engagement. The Reviewer and Client agree that in terms of the Act, the Reviewer will not be the person who controls the place of work.
15. The Client may suspend all or part of the Services by notice to the Reviewer who shall immediately make arrangements to stop the Services and minimise further expenditure. The Client and the Reviewer may (in the event the other Party is in material default) terminate the Agreement by notice to the other Party. Suspension or termination shall not prejudice or affect the accrued rights or claims and liabilities of the Parties.
16. The Parties shall attempt in good faith to settle any dispute by mediation.
17. This Agreement is governed by the New Zealand law, the New Zealand courts have jurisdiction in respect of this Agreement, and all amounts are payable in New Zealand dollars.

March 2010

Page 4



Short Form of Agreement for Reviewer Engagement

Special Conditions

These Special Conditions modify the IPENZ Short Form Model Conditions of Engagement (March 2010).

1. Add the following to the end of Clause 4:

The Reviewer shall also:

- Comply with all reasonable directions of the Client's representative.
- Provide all reports and all other information as is required for the carrying out of the services.
- Keep the Client adequately advised of the progress of the Services.

2. Add the following to the end of the second sentence of Clause 5:

...and the non-disclosure agreement between the Client and the Reviewer dated 17 June 2024 shall apply to all such information.

3. Delete the last sentence of Clause 6 and replace with the following:

Where the Reviewer considers a direction from the Client or any other circumstance is a Variation, the Reviewer shall notify the Client as soon as possible and shall seek the Client's approval before commencing any work on a Variation.

4. Add the following to the end of Clause 6:

Variations with a value in excess of \$1,000, in total or in aggregate (excluding GST), shall not be valid unless approved in writing by the Client. Such approval must be obtained before any work commences or any costs are incurred in respect of the Variation. The Reviewer shall not be entitled to claim payment for a Variation as referred to above that has not had prior approval in writing by the Client.

5. Delete the second sentence of Clause 7 and add a new paragraph to Clause 7 as follows:

The Reviewer shall submit monthly claims to the Client by the third day of each month. Each claim shall be for all matters carried out in the previous month plus any approved variations as provided for in Clause 6 of this Contract.

6. Amend Clause 9 by adding a new sentence after the first sentence as follows:

The total cost of incidental items shall not exceed \$2,000 unless prior approval is provided.



Short Form of Agreement for Reviewer Engagement

7. Add the following to the end of Clause 15:

The Client's right to use the intellectual property/copyright under this clause is a perpetual, irrevocable, royalty-free licence granted by the Reviewer to the Client.

8. Amend clause 16 by amending the reference to the Health and Safety in Employment Act 1992 to the Health and Safety at Work Act 2015, and adding the following to the end of clause 16:

The Reviewer shall comply with all applicable health and safety laws, as well as with the reasonable health and safety requirements of the Client.

9. Add a new Clause 20 as follows:

20 For the purposes of this Agreement the Client's and Reviewer's Representatives are as follows:

Client's Representative: Insert Name and Title	Wellington Water Board Chair, or Acting Wellington Water Board Chair
Address:	
Mobile:	LGOIMA s 7(2)(a) (Nick Leggett) LGOIMA s 7(2)(a) (Pat Dougherty)
Email:	LGOIMA s 7(2)(a) LGOIMA s 7(2)(a)

Reviewer's Representative: Insert Name and Title	Roy Baker Director
Address:	LGOIMA s 7(2)(a)
Mobile:	
Email:	

Short Form of Agreement for Reviewer Engagement

10. Add a new Clause 21 as follows:

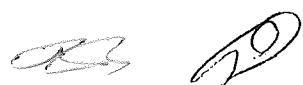
- 21 The parties acknowledge that the Client is subject to the Local Government Official Information and Meetings Act 1987 (LGOIMA), and that under that Act the Client may be required to release information about the Services and this Agreement. The Reviewer agrees to comply with the requirements of LGOIMA in relation to all information relating to the Client and its Reviewers and/or Contractors held by the Reviewer, its employees and subcontractors. The Reviewer will only release information directly to a third party under LGOIMA through the Client unless compelled by a competent authority, in which case it will immediately advise the Client as to the information released.

11. Add a new Clause 22 as follows:

- 22 The Reviewer confirms that it has no actual or potential conflict of interest in respect of the provision of the Services to the Client. Where an actual or potential conflict of interest arises during the term of this engagement, the Reviewer will immediately notify Client of that conflict of interest in writing ("Conflict Notice"), including all relevant details of that conflict of interest. Within five business days of receipt of the Conflict Notice by the Client, the parties will meet to agree the actions to be taken to resolve (or if not resolvable, to manage or mitigate) the conflict of interest.


12. Add new Clauses 23 to 26 as follows:

- 23 Either party may terminate this Agreement without having to give any reason by giving the other party not less than five business days' notice (the date on which such notice period ends, being the "Termination Date"). The Client shall have no further liability to make any payment to the Reviewer for any work undertaken after the Termination Date.
- 24 The Client may, by giving written notice to the Reviewer, terminate the Engagement with immediate effect and without any liability to make any further payment to the Reviewer (other than in respect of amounts accrued before the Termination Date) if at any time:
- (a) the Reviewer breaches any provision of this Agreement or refuses or neglects to comply with any reasonable and lawful directions of the Client;
 - (b) the Reviewer is convicted of any criminal offence;
 - (c) the Reviewer is, in the reasonable opinion of the Client, negligent or incompetent in the performance of the Services;
 - (d) the Reviewer is declared bankrupt or makes any arrangement with or for the benefit of their creditors;
 - (e) the Reviewer makes a resolution for its winding up, makes an arrangement or composition with its creditors or makes an application to a court of competent jurisdiction for protection from its creditors or an administration or winding-up order is made or an administrator or receiver is appointed in relation to the Reviewer;



Short Form of Agreement for Reviewer Engagement

- (f) the Reviewer commits any fraud or dishonesty or acts in any manner which in the opinion of the Client brings or is likely to bring the Reviewer or the Client and/or any of the Client's shareholders into disrepute or is materially adverse to the interests of the Client; or
 - (g) the Reviewer commits any breach of the Client's health and safety requirements.
- 25 The rights of the Client under clause 24 (b) are without prejudice to any other rights that it might have at law to terminate the Services or to accept any breach of this Agreement on the part of the Reviewer as having brought the agreement to an end. Any delay by the Client in exercising its rights to terminate shall not constitute a waiver of these rights.
- 26 On the Termination Date, the Reviewer shall:
- (a) immediately deliver to the Client all Client property which is in its or their possession, custody, power or under its or their control, including any draft versions of the report;
 - (b) irretrievably delete any information (including any Confidential Information) relating to the business of the Client stored on any electronic data storage medium and all matter derived from such sources which is in its or their possession or under its or their control outside the premises of the Client; and
 - (c) provide written confirmation to the Client that the Reviewer has complied fully with its or their obligations under this clause 25, together with such evidence of compliance as the Client may reasonably request.
13. Add new Clauses 27 and 28 as follows:
- 27 The Reviewer shall, in providing the Services, be an independent contractor of the Client, and nothing in this Agreement shall constitute or be construed to constitute an employment relationship, partnership, joint venture, co-ownership, agency, [employment agreement] or any other relationship between the Parties, or confer any rights on, or constitute or be construed to constitute any grant of authority to, a party to direct or control the day-to-day activities of the other party.
- 28 This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be an original, and all the counterparts together shall constitute one and the same instrument.



External Review: Terms of Reference

Wellington Water Limited: Capital programme estimating and budgeting systems.

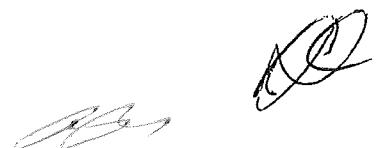
The Board of Directors (**Board**) of Wellington Water Limited (**WWL**) have appointed Roy Baker and Kevin Jenkins (assisted by Suzanne Carter) to undertake a review of the circumstances surrounding the error that occurred on or about 1 May 2024 that meant that WWL's corporate cost had not been included in the LTP advice provided to councils relating to major projects carried out within the capital programme (**Estimation Error**). Accordingly, the review will report to the Board of WWL.

Introduction

1. WWL is owned by Wellington City, Hutt City, Upper Hutt City, Porirua City and South Wairarapa District Councils and Greater Wellington Regional Council. On behalf of the shareholding councils, the company manages \$7 billion of assets which provide safe drinking water, treat wastewater and manage stormwater. WWL is amongst the largest organisation involved in water infrastructure management in New Zealand.
2. WWL and the Board receive overall leadership and direction from the Wellington Water Committee (**WWC**). The WWC is made up of representatives from the shareholding Councils and mana whenua and is Chaired by the Mayor of Hutt City, Campbell Barry.
3. WWL funding is provided by its shareholding councils and (with the exception of the Regional Council) the water rates and charges are the single largest, and fastest growing cost the Councils are obliged to pass on to their ratepayers.

Background

4. As part of the development of the Councils' Long-Term Plans (**LTPs**), WWL provides recommendations on capital projects that should be included in the LTPs together with the associated budgets. Councils rely on the accuracy of this advice to develop a draft document, consult with their communities, and eventually adopt their LTP before 1 July 2024. This whole process can take more than 12 months.
5. There can be several iterations of information provided, but the first round of this advice was provided by WWL in September 2023.
6. The capital budgets should represent the total estimated capital cost to deliver the capital programme and should include the WWL corporate costs required to manage and support the capital programme.
7. On or about 1 May 2024, WWL staff realised that an error meant that WWL's corporate cost had not been included in the LTP advice provided to councils relating



to the capital programme (**Estimation Error**). It took nearly three weeks to determine the scale of the Estimation Error and advise councils (estimated \$51 million or around 6%) in the first three-years alone.

8. While there is nothing to suggest that the wider asset advice is questionable, the Board is concerned that the Estimation Error has undermined WWL's role as a trusted advisor. The Board has decided to commission an independent review to identify what went wrong, look at the company's systems and processes and provide recommendations for improvement.

Purpose of the review



9. The purpose of the review is to inquire into and report upon the following:

How the Estimation Error occurred and identify lessons appropriate for an entity with a limited life to learn from in order to minimise future occurrences.

Scope of the review

10. In considering this question, the reviewers shall consider WWL systems and processes for developing financial elements for capital projects for the LTPs and the way they are provided to the shareholding Councils, and in doing so they will ask a number of questions to determine how systems and processes can be improved, including:
 - a. *How the Estimation Error occurred:*
 - i. What is the process WWL follow in compiling the capital programme estimates for the LTPs and is it fit for purpose, including comparisons, benchmarks and assurance steps.
 - ii. What is the process for establishing and apportioning the corporate cost for estimating purposes for the LTP, and is it appropriate for the WWL model?
 - iii. What is the state of WWL's systems and processes that support the LTP process and are they fit for purpose? What are the main factors in terms of preventing or detecting an abnormality in the estimates?
 - iv. What is the capacity of the staff involved in this process (out of scope of this review is the capability of staff)?
 - v. What are the roles of other parts of WWL such as the Finance team and Internal Audit in providing advice and assurance?
 - vi. What is WWL's approval process, and did it provide the appropriate checks and balances? What process was followed between management to governance to councils?
 - b. *What happened in response:*
 - i. When did people know in the organisation there was an Estimation Error?



- ii. Why did it take so long to detect the Estimation Error?
 - iii. Why was there a delay in understanding the scale of the issue and advising the shareholders?
 - iv. Is there a culture problem in the organisation (e.g. the “learned helplessness” referred to in the Martin Jenkins Inquiry into the Cessation of Water Fluoridation by Wellington Water dated 21 June 2022) that sees a reluctance to deliver bad news?
 - v. Provide a timeline summarising the actions of WWL from the beginning of the process for developing financial elements for capital projects for the LTPs up until WWL communicating the Estimation Error to all of its shareholding councils and providing commentary on the quality of those actions.
 - vi. Provide specific comment on:
 - The management response,
 - The governance response, and,
 - The shareholder response.
- c. *Determine the root cause of why the Estimation Error happened:*
- i. How did the following factors contribute to the error – organisational structure, oversight, capacity, culture, systems, processes and resources?
- d. *Recommendations on actions to address issues found in this review which will support management learning from these events - within the context of the water reform:*
- i. What changes to culture, systems and processes are required to ensure there is not a repetition of this incident and generally that WWL is able to produce reliable cost forecasts for inclusion in its shareholder councils’ budgets?
 - ii. Provide an action list to ensure this and similar issues do not arise again before WWL ceases to exist in its current form.
11. This review may consider any past incidents and behaviours from a systemic perspective to establish whether there are any parallels between past events and this Estimation Error (e.g. the findings and recommendations contained in the previous reviews or inquiries referred to below).
12. Any recommendations made as a result of the review needs to be appropriate in recognition that the lifetime of WWL is limited due to water reform. While WWL is still delivering critical water services, there will unlikely be an appetite from its shareholders for heavy investment in improvements in systems and capabilities prior to water reform, unless there is a clear rationale and evidence that such investment would be critical in the life of WWL or may be carried over into any new water entity.
13. The Board has the authority to amend these terms of reference.
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Out of scope of the review

14. The review will not ascribe blame or liability to any party or individuals and cannot be used in any disciplinary processes with any individuals involved and will not pre-empt or duplicate any other inquiry into any incidents that come within scope of this review. The review is not to inquire into, determine or report in an interim or final way or otherwise prejudice the following matters:
 - Whether the capability of staff may have contributed to the error,
 - Whether any employment laws have been breached,
 - Whether any disciplinary processes ought to be progressed,
 - Whether any questions of liability arise,
 - Any third-party inquiries or investigations into the Estimation Error, and
 - Any other reviews, inquiries or investigations into similar matters, except to assist the reviewers in establishing if there are any parallels between the events considered in these reviews and the Estimation Error.
15. For the avoidance of doubt and consistency with inquiries under the Inquiries Act 2013, this review has no power to determine civil, criminal or disciplinary liability of any person.

Process for Review


16. Any documents and information the reviewers require to conduct the review will be made available to the reviewers, including the following:
 - a. A copy of the preliminary investigation carried out by staff to identify how the Estimation Error occurred. Any documents used to draw the preliminary conclusions will be attached to this report,
 - b. A copy of the Martin Jenkins Inquiry into the Cessation of Water Fluoridation by Wellington Water dated 21 June 2022; the Field Force Contract Optimisation Review Report (and its Executive Summary) 2023/2024 and WWL's response to it dated 20 December 2023; the Wellington City Council's Mayoral Taskforce on Three Waters Report 2020; and the Independent Report into the relationship between Wellington City Council and WWL dated April 2020; and any associated materials relating to any these reviews. These reports are being provided solely for information to assist the reviewers in establishing if there are any parallels between the events considered in these reviews and the Estimation Error,
 - c. Internal policies, and processes and procedures relating to/involving relevant third parties, and
 - d. A copy of the WWL organisation structure chart.
17. The reviewers can invite any of the following staff or stakeholders to voluntarily provide information or take part voluntarily in an interview for this review whose insights will be reflected as general themes in the report:



- a. Any current WWL staff member, including the Chief Executive,
 - b. Any current Fulton Hogan employee who is working on secondment at WWL including the Alliance Director (**Fulton Hogan Secondees**),
 - c. Any current Board member including the Chair,
 - d. WWL's shareholding Councils represented by one representative from each Council and one person in PMO positions,
 - e. Suppliers of interest (e.g., HR culture advisers if they are being used), and
 - f. Any further documents or resources the independent reviewers require to carry out the review.
18. If it would assist the reviewers to speak to any former WWL staff, Fulton Hogan Secondees or Board members, reasonable endeavours will be used to seek their agreement to participate.
19. Participation from people in the review process is voluntarily and optional only. All information disclosed by a participant will be kept in strict confidence. Any pressure placed on a person to participate in the review, or any reprisal, retaliation, disciplinary action or other adverse action taken against a person for declining the offer to participate in the review is strictly prohibited.
20. The report will be respectful of WWL and its people by not identifying individuals by name or job title except where that is necessary to fulfil the terms of reference. The names of the people who participated in the review as well as any documents, notes, recordings or any other information (verbal or otherwise) made by either the participants or the reviewers during the course of this review are owned by and held by the reviewers in strict confidence and will not be disclosed to anyone outside of the reviewers.
21. The review will be conducted in accordance with natural justice.

Overview and Reporting

22. The Board Chair will oversee the review process and will be available to meet with the reviewers as required to discuss progress and to consider any changes to terms of reference and advise the reviewers of the names of people who may be appropriate for the reviewers to consider interviewing. He will nominate a contact person within WWL to act as day-to-day liaison and arrange meetings and provision of any additional information required.
23. The review will report findings and opinions on, and make any recommendations it considers fit within the scope of these terms of reference, and will include the following:
- Factual background, including a chronology of events,



- Make findings that report the themes at a high-level in a way that will help WWL to learn from the Estimation Error, and
 - Make recommendations that will help WWL to improve its performance in the event of a similar incident and to minimise future occurrences.
24. The report will be provided to the Board in draft for legal advice and legal review, and for comment from the Board. The Chair will provide a copy of the draft report to the Chief Executive for her to share with any affected parties for comment prior to finalisation and to check the factual accuracy of the report and to socialise it with individuals who have had input into the review. The Board may provide commentary/additional questions that will need to be addressed in the final report.
25. The final report shall be presented at a Board meeting and then to a meeting of the WWC. That WWC meeting will only be closed to the public where there are good reasons to exclude the public under section 48 of the Local Government Official Information and Meetings Act 1987 for the WWC to consider the report in whole or in part.
26. The reviewers will be required to attend the Board meeting during its Board Only Time without WWL Management, and to attend the WWC meeting alongside WWL Management and the Board Chair.
27. The Board Chair will respond to any media queries and handle any public communications about this review, and the reviewers may be required to assist with responding to any media queries as required.



Timeframe

28. The Board requires the draft report by Thursday 4 July 2024.
29. The reviewers will meet with the Board on Thursday 11 July to discuss the draft report.
30. The Board requires the final report by Monday 22 July.
31. The final report will be presented to the WWC on 26 July 2024.

Signed on 13 June 2024 by the Board Chair, on behalf of the Board:

Nick Leggett, Board Chair

Board of Directors of Wellington Water Limited



Estimated Costs for the WWL Review project

These costs are prepared in support of the approach to the Review as attached. All costs exclude GST. There are no contingency costs. In the event of additional work being required, matters arising that need further unscheduled work for clarification, or more information being needed, we will discuss time and costs implications with you.

Consulting

LGOIMA s 7(2)(b)(ii)			
Project management <ul style="list-style-type: none"> Project inception Project planning Progress updates Meetings 			14,880 NZD
Insights gathering <ul style="list-style-type: none"> Interviews Document review Summary of themes 			23,400 NZD
Analysis <ul style="list-style-type: none"> Review adequacy of current settings Summarise findings 			18,120 NZD
Final report <ul style="list-style-type: none"> Final draft Final final report Presentation 			20,160 NZD
Total (excl. contingency and GST)			76,560 NZD

Disbursements

Disbursements <ul style="list-style-type: none"> Travel and Accommodation 		(2,000 NZD)		2,000 NZD
Total Consulting and Disbursements (excl. contingency and GST)	68 hours 20,400 NZD	80 hours 20,160 NZD	150 hours 34,800 NZD	78,560 NZD

Short Form of Agreement for Reviewer Engagement

SHORT FORM OF AGREEMENT FOR REVIEWER ENGAGEMENT

BETWEEN: Wellington Water Limited

(CLIENT)

AND: Kevin Jenkins residing at 7(2)(a)

(REVIEWER)

Collectively referred to herein as the "Parties" and individually as a "Party"

PROJECT:

Wellington Water Budget Estimation Error – External Review

LOCATION:

Onsite and remote

SCOPE & NATURE OF THE SERVICES:

The scope of works includes conducting an external review into the circumstances surrounding the error that resulted in Wellington Water's corporate cost relating to some projects not being included in the LTP advice provided to councils.

The Terms of Reference (attached) provide detail as to the purpose and scope of the review, as well as specifying what matters are outside of the scope of the review, and the process the review should follow.

PROGRAMME FOR THE SERVICES:

Contractually, the work will be undertaken collaboratively between Kevin Jenkins and Colway Holdings Ltd (Roy Baker), each assisted by Suzanne Carter of Martin Jenkins. Work will commence on 17 June 2024.

Timeline

Conduct document review and interviews – 17 June – 24 June

Draft report to Wellington Water Board – 4 July

Board to discuss draft report with reviewers – 11 July

Final report to Wellington Water Board – 22 July


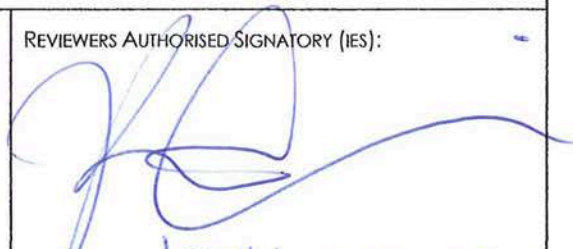
Final report presented to the Wellington Water Committee – 26 July

FEES & TIMING OF PAYMENTS

The costs are as set out in the attached estimate dated 14 June 2024, which has been approved by the Board.

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Short Form of Agreement for Consultant Engagement

<p>INFORMATION OR SERVICES TO BE PROVIDED BY THE CLIENT:</p> <p>As per the approved Terms of Reference.</p>	
<p>The Client engages the Reviewer to provide the Services described above and the Reviewer agrees to perform the Services for the remuneration provided above. Both Parties agree to be bound by the provision of the Short Form Model Conditions of Engagement (overleaf), including clauses 2, 3, 9 and 10 and any Variations noted below. Once signed, this Agreement, together with the conditions overleaf and any attachments, will replace all or any oral agreement previously reached between the Parties.</p>	
<p>VARIATIONS TO THE SHORT FORM MODEL CONDITIONS OF ENGAGEMENT (OVERLEAF):</p> <p>See attached</p>	
<p>CLIENT DIRECTOR/AUTHORISED SIGNATORY (IES):</p>  <p>PRINT NAME: Pat Dougherty</p> <p>DATE: 21/6/24</p>	<p>REVIEWERS AUTHORISED SIGNATORY (IES):</p>  <p>PRINT NAME: KEVIN JENKINS</p> <p>DATE: 21/6/24</p>

March 2010



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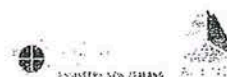
Short Form of Agreement for Consultant Engagement

SHORT FORM MODEL CONDITIONS OF ENGAGEMENT

1. The Reviewer shall perform the Services as described in the attached documents.
2. Nothing in this Agreement shall restrict, negate, modify or limit any of the Client's rights under the Consumer Guarantees Act 1993 where the Services acquired are of a kind ordinarily acquired for personal, domestic or household use or consumption and the Client is not acquiring the Services for the purpose of a business.
3. The Client and the Reviewer agree that where all, or any of, the Services are acquired for the purposes of a business the provisions of the Consumer Guarantees Act 1993 are excluded in relation to those Services.
4. In providing the Services the Reviewer shall exercise the degree of skill, care and diligence normally expected of a competent professional.
5. The Client shall provide to the Reviewer, free of cost, as soon as practicable following any request for information, all information in his or her power to obtain which may relate to the Services. The Reviewer shall not, without the Client's prior consent, use information provided by the Client for purposes unrelated to the Services. In providing the information to the Reviewer, the Client shall ensure compliance with the Copyright Act 1994 and shall identify any proprietary rights that any other person may have in any information provided.
6. The Client may order variations to the Services in writing or may request the Reviewer to submit proposals for variation to the Services. Where the Reviewer considers a direction from the Client or any other circumstance is a Variation the Reviewer shall notify the Client as soon as practicable.
7. The Client shall pay the Reviewer for the Services the fees and expenses at the times and in the manner set out in the attached documents. Where this Agreement has been entered by an agent (or a person purporting to act as agent) on behalf of the Client, the agent and Client shall be jointly and severally liable for payment of all fees and expenses due to the Reviewer under this Agreement.
8. All amounts payable by the Client shall be paid within twenty (20) working days of the relevant invoice being mailed to the Client. Late payment shall constitute a default.
9. Where Services are carried out on a time charge basis, the Reviewer may purchase such incidental goods and/or Services as are reasonably required for the Reviewer to perform the Services. The cost of obtaining such incidental goods and/or Services shall be payable by the Client. The Reviewer shall maintain records which clearly identify time and expenses incurred.
10. Where the Reviewer breaches this Agreement, the Reviewer is liable to the Client for reasonably foreseeable claims, damages, liabilities, losses or expenses caused directly by the breach. The Reviewer shall not be liable to the Client under this Agreement for the Client's indirect, consequential or special loss, or loss of profit, however arising, whether under contract, in tort or otherwise.
11. Neither Party shall be liable for any loss or damage occurring after a period of six years from the date on which the Services were completed.
12. If either Party is found liable to the other (whether in contract, tort or otherwise), and the claiming Party and/or a Third Party has contributed to the loss or damage, the liable Party shall only be liable to the proportional extent of its own contribution.

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Short Form of Agreement for Consultant Engagement

13. The Reviewer shall retain intellectual property/copyright in all drawings, specifications and other documents prepared by the Reviewer. The Client shall be entitled to use them or copy them. The ownership of data and factual information collected by the Reviewer and paid for by the Client shall, after payment by the Client, lie with the Client. The Client may reproduce drawings, specifications and other documents in which the Reviewer has copyright, as reasonably required in connection with the project but not otherwise.
14. The Reviewer has not and will not assume any obligation as the Client's Agent or otherwise which may be imposed upon the Client from time to time pursuant to the Health and Safety in Employment Act 1992 ("the Act") arising out of this engagement. The Reviewer and Client agree that in terms of the Act, the Reviewer will not be the person who controls the place of work.
15. The Client may suspend all or part of the Services by notice to the Reviewer who shall immediately make arrangements to stop the Services and minimise further expenditure. The Client and the Reviewer may (in the event the other Party is in material default) terminate the Agreement by notice to the other Party. Suspension or termination shall not prejudice or affect the accrued rights or claims and liabilities of the Parties.
16. The Parties shall attempt in good faith to settle any dispute by mediation.
17. This Agreement is governed by the New Zealand law, the New Zealand courts have jurisdiction in respect of this Agreement, and all amounts are payable in New Zealand dollars.

March 2010

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Short Form of Agreement for Consultant Engagement

Special Conditions

These Special Conditions modify the IPENZ Short Form Model Conditions of Engagement (March 2010).

1. Add the following to the end of Clause 4:

The Reviewer shall also:

- Comply with all reasonable directions of the Client's representative.
- Provide all reports and all other information as is required for the carrying out of the services.
- Keep the Client adequately advised of the progress of the Services.

2. Add the following to the end of the second sentence of Clause 5:

...and the non-disclosure agreement between the Client and the Reviewer dated 18 June 2024 shall apply to all such information.

3. Delete the last sentence of Clause 6 and replace with the following:

Where the Reviewer considers a direction from the Client or any other circumstance is a Variation, the Reviewer shall notify the Client as soon as possible and shall seek the Client's approval before commencing any work on a Variation.

4. Add the following to the end of Clause 6:

Variations with a value in excess of \$1,000, in total or in aggregate (excluding GST), shall not be valid unless approved in writing by the Client. Such approval must be obtained before any work commences or any costs are incurred in respect of the Variation. The Reviewer shall not be entitled to claim payment for a Variation as referred to above that has not had prior approval in writing by the Client.

5. Delete the second sentence of Clause 7 and add a new paragraph to Clause 7 as follows:

The Reviewer shall submit monthly claims to the Client by the third day of each month. Each claim shall be for all matters carried out in the previous month plus any approved variations as provided for in Clause 6 of this Contract.

6. Amend Clause 9 by adding a new sentence after the first sentence as follows:

The total cost of incidental items shall not exceed \$2,000 unless prior approval is provided.

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Short Form of Agreement for Consultant Engagement

7. Add the following to the end of Clause 15:

The Client's right to use the intellectual property/copyright under this clause is a perpetual, irrevocable, royalty-free licence granted by the Reviewer to the Client.

8. Amend clause 16 by amending the reference to the Health and Safety in Employment Act 1992 to the Health and Safety at Work Act 2015, and adding the following to the end of clause 16:

The Reviewer shall comply with all applicable health and safety laws, as well as with the reasonable health and safety requirements of the Client.

9. Add a new Clause 20 as follows:

- 20 For the purposes of this Agreement the Client's and Reviewer's Representatives are as follows:

Client's Representative: <small>Insert Name and Title</small>	Wellington Water Board Chair, or Acting Wellington Water Board Chair
Address:	
Mobile:	LGOIMA s 7(2)(a) (Nick Leggett) LGOIMA s 7(2)(a) (Pat Dougherty)
Email:	LGOIMA s 7(2)(a)

Reviewer's Representative: <small>Insert Name and Title</small>	KEVIN JENKINS
Address:	LGOIMA s 7(2)(a)
Mobile:	
Email:	

Handwritten initials: KJ

Short Form of Agreement for Consultant Engagement

10. Add a new Clause 21 as follows:

- 21 The parties acknowledge that the Client is subject to the Local Government Official Information and Meetings Act 1987 (LGOIMA), and that under that Act the Client may be required to release information about the Services and this Agreement. The Reviewer agrees to comply with the requirements of LGOIMA in relation to all information relating to the Client and its Reviewers and/or Contractors held by the Reviewer, its employees and subcontractors. The Reviewer will only release information directly to a third party under LGOIMA through the Client unless compelled by a competent authority, in which case it will immediately advise the Client as to the information released.

11. Add a new Clause 22 as follows:

- 22 The Reviewer confirms that it has no actual or potential conflict of interest in respect of the provision of the Services to the Client. Where an actual or potential conflict of interest arises during the term of this engagement, the Reviewer will immediately notify Client of that conflict of interest in writing ("Conflict Notice"), including all relevant details of that conflict of interest. Within five business days of receipt of the Conflict Notice by the Client, the parties will meet to agree the actions to be taken to resolve (or if not resolvable, to manage or mitigate) the conflict of interest.

12. Add new Clauses 23 to 26 as follows:

- 23 Either party may terminate this Agreement without having to give any reason by giving the other party not less than five business days' notice (the date on which such notice period ends, being the "Termination Date"). The Client shall have no further liability to make any payment to the Reviewer for any work undertaken after the Termination Date.
- 24 The Client may, by giving written notice to the Reviewer, terminate the Engagement with immediate effect and without any liability to make any further payment to the Reviewer (other than in respect of amounts accrued before the Termination Date) if at any time:
- (a) the Reviewer breaches any provision of this Agreement or refuses or neglects to comply with any reasonable and lawful directions of the Client;
 - (b) the Reviewer is convicted of any criminal offence;
 - (c) the Reviewer is, in the reasonable opinion of the Client, negligent or incompetent in the performance of the Services;
 - (d) the Reviewer is declared bankrupt or makes any arrangement with or for the benefit of their creditors;
 - (e) the Reviewer makes a resolution for its winding up, makes an arrangement or composition with its creditors or makes an application to a court of competent jurisdiction for protection from its creditors or an administration or winding-up order is made or an administrator or receiver is appointed in relation to the Reviewer;



Short Form of Agreement for Consultant Engagement

- (f) the Reviewer commits any fraud or dishonesty or acts in any manner which in the opinion of the Client brings or is likely to bring the Reviewer or the Client and/or any of the Client's shareholders into disrepute or is materially adverse to the interests of the Client; or
 - (g) the Reviewer commits any breach of the Client's health and safety requirements.
- 25 The rights of the Client under clause 24 (b) are without prejudice to any other rights that it might have at law to terminate the Services or to accept any breach of this Agreement on the part of the Reviewer as having brought the agreement to an end. Any delay by the Client in exercising its rights to terminate shall not constitute a waiver of these rights.
- 26 On the Termination Date, the Reviewer shall:
- (a) immediately deliver to the Client all Client property which is in its or their possession, custody, power or under its or their control, including any draft versions of the report;
 - (b) irretrievably delete any information (including any Confidential Information) relating to the business of the Client stored on any electronic data storage medium and all matter derived from such sources which is in its or their possession or under its or their control outside the premises of the Client; and
 - (c) provide written confirmation to the Client that the Reviewer has complied fully with its or their obligations under this clause 25, together with such evidence of compliance as the Client may reasonably request.

13. Add new Clauses 27 and 28 as follows:

- 27 The Reviewer shall, in providing the Services, be an independent contractor of the Client, and nothing in this Agreement shall constitute or be construed to constitute an employment relationship, partnership, joint venture, co-ownership, agency, [employment agreement] or any other relationship between the Parties, or confer any rights on, or constitute or be construed to constitute any grant of authority to, a party to direct or control the day-to-day activities of the other party.
- 28 This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be an original, and all the counterparts together shall constitute one and the same instrument.



External Review: Terms of Reference

Wellington Water Limited: Capital programme estimating and budgeting systems.

The Board of Directors (**Board**) of Wellington Water Limited (**WWL**) have appointed Roy Baker and Kevin Jenkins (assisted by Suzanne Carter) to undertake a review of the circumstances surrounding the error that occurred on or about 1 May 2024 that meant that WWL's corporate cost had not been included in the LTP advice provided to councils relating to major projects carried out within the capital programme (**Estimation Error**). Accordingly, the review will report to the Board of WWL.

Introduction

1. WWL is owned by Wellington City, Hutt City, Upper Hutt City, Porirua City and South Wairarapa District Councils and Greater Wellington Regional Council. On behalf of the shareholding councils, the company manages \$7 billion of assets which provide safe drinking water, treat wastewater and manage stormwater. WWL is amongst the largest organisation involved in water infrastructure management in New Zealand.
2. WWL and the Board receive overall leadership and direction from the Wellington Water Committee (**WWC**). The WWC is made up of representatives from the shareholding Councils and mana whenua and is Chaired by the Mayor of Hutt City, Campbell Barry.
3. WWL funding is provided by its shareholding councils and (with the exception of the Regional Council) the water rates and charges are the single largest, and fastest growing cost the Councils are obliged to pass on to their ratepayers.

Background

4. As part of the development of the Councils' Long-Term Plans (**LTPs**), WWL provides recommendations on capital projects that should be included in the LTPs together with the associated budgets. Councils rely on the accuracy of this advice to develop a draft document, consult with their communities, and eventually adopt their LTP before 1 July 2024. This whole process can take more than 12 months.
5. There can be several iterations of information provided, but the first round of this advice was provided by WWL in September 2023.
6. The capital budgets should represent the total estimated capital cost to deliver the capital programme and should include the WWL corporate costs required to manage and support the capital programme.
7. On or about 1 May 2024, WWL staff realised that an error meant that WWL's corporate cost had not been included in the LTP advice provided to councils relating

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to the capital programme (**Estimation Error**). It took nearly three weeks to determine the scale of the Estimation Error and advise councils (estimated \$51 million or around 6%) in the first three-years alone.

8. While there is nothing to suggest that the wider asset advice is questionable, the Board is concerned that the Estimation Error has undermined WWL's role as a trusted advisor. The Board has decided to commission an independent review to identify what went wrong, look at the company's systems and processes and provide recommendations for improvement.

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9. The purpose of the review is to inquire into and report upon the following:

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a. How the Estimation Error occurred:

- i. What is the process WWL follow in compiling the capital programme estimates for the LTPs and is it fit for purpose, including comparisons, benchmarks and assurance steps.
- ii. What is the process for establishing and apportioning the corporate cost for estimating purposes for the LTP, and is it appropriate for the WWL model?
- iii. What is the state of WWL's systems and processes that support the LTP process and are they fit for purpose? What are the main factors in terms of preventing or detecting an abnormality in the estimates?
- iv. What is the capacity of the staff involved in this process (out of scope of this review is the capability of staff)?
- v. What are the roles of other parts of WWL such as the Finance team and Internal Audit in providing advice and assurance?
- vi. What is WWL's approval process, and did it provide the appropriate checks and balances? What process was followed between management to governance to councils?

b. What happened in response:

- i. When did people know in the organisation there was an Estimation Error?

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- ii. Why did it take so long to detect the Estimation Error?
 - iii. Why was there a delay in understanding the scale of the issue and advising the shareholders?
 - iv. Is there a culture problem in the organisation (e.g. the "learned helplessness" referred to in the Martin Jenkins Inquiry into the Cessation of Water Fluoridation by Wellington Water dated 21 June 2022) that sees a reluctance to deliver bad news?
 - v. Provide a timeline summarising the actions of WWL from the beginning of the process for developing financial elements for capital projects for the LTPs up until WWL communicating the Estimation Error to all of its shareholding councils and providing commentary on the quality of those actions.
 - vi. Provide specific comment on:
 - The management response,
 - The governance response, and.
 - The shareholder response.
- c. *Determine the root cause of why the Estimation Error happened:*
- i. How did the following factors contribute to the error – organisational structure, oversight, capacity, culture, systems, processes and resources?
- d. *Recommendations on actions to address issues found in this review which will support management learning from these events - within the context of the water reform:*
- i. What changes to culture, systems and processes are required to ensure there is not a repetition of this incident and generally that WWL is able to produce reliable cost forecasts for inclusion in its shareholder councils' budgets?
 - ii. Provide an action list to ensure this and similar issues do not arise again before WWL ceases to exist in its current form.
11. This review may consider any past incidents and behaviours from a systemic perspective to establish whether there are any parallels between past events and this Estimation Error (e.g. the findings and recommendations contained in the previous reviews or inquiries referred to below).
12. Any recommendations made as a result of the review needs to be appropriate in recognition that the lifetime of WWL is limited due to water reform. While WWL is still delivering critical water services, there will unlikely be an appetite from its shareholders for heavy investment in improvements in systems and capabilities prior to water reform, unless there is a clear rationale and evidence that such investment would be critical in the life of WWL or may be carried over into any new water entity.
13. The Board has the authority to amend these terms of reference.

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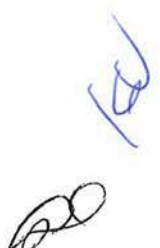


Out of scope of the review

14. The review will not ascribe blame or liability to any party or individuals and cannot be used in any disciplinary processes with any individuals involved and will not preempt or duplicate any other inquiry into any incidents that come within scope of this review. The review is not to inquire into, determine or report in an interim or final way or otherwise prejudice the following matters:
 - Whether the capability of staff may have contributed to the error,
 - Whether any employment laws have been breached,
 - Whether any disciplinary processes ought to be progressed,
 - Whether any questions of liability arise,
 - Any third-party inquiries or investigations into the Estimation Error, and
 - Any other reviews, inquiries or investigations into similar matters, except to assist the reviewers in establishing if there are any parallels between the events considered in these reviews and the Estimation Error.
15. For the avoidance of doubt and consistency with inquiries under the Inquiries Act 2013, this review has no power to determine civil, criminal or disciplinary liability of any person.

Process for Review

16. Any documents and information the reviewers require to conduct the review will be made available to the reviewers, including the following:
 - a. A copy of the preliminary investigation carried out by staff to identify how the Estimation Error occurred. Any documents used to draw the preliminary conclusions will be attached to this report,
 - b. A copy of the Martin Jenkins Inquiry into the Cessation of Water Fluoridation by Wellington Water dated 21 June 2022; the Field Force Contract Optimisation Review Report (and its Executive Summary) 2023/2024 and WWL's response to it dated 20 December 2023; the Wellington City Council's Mayoral Taskforce on Three Waters Report 2020; and the Independent Report into the relationship between Wellington City Council and WWL dated April 2020; and any associated materials relating to any these reviews. These reports are being provided solely for information to assist the reviewers in establishing if there are any parallels between the events considered in these reviews and the Estimation Error,
 - c. Internal policies, and processes and procedures relating to/involving relevant third parties, and
 - d. A copy of the WWL organisation structure chart.
17. The reviewers can invite any of the following staff or stakeholders to voluntarily provide information or take part voluntarily in an interview for this review whose insights will be reflected as general themes in the report:



- a. Any current WWL staff member, including the Chief Executive,
 - b. Any current Fulton Hogan employee who is working on secondment at WWL including the Alliance Director (**Fulton Hogan Secondees**),
 - c. Any current Board member including the Chair,
 - d. WWL's shareholding Councils represented by one representative from each Council and one person in PMO positions,
 - e. Suppliers of interest (e.g., HR culture advisers if they are being used), and
 - f. Any further documents or resources the independent reviewers require to carry out the review.
18. If it would assist the reviewers to speak to any former WWL staff, Fulton Hogan Secondees or Board members, reasonable endeavours will be used to seek their agreement to participate.
19. Participation from people in the review process is voluntarily and optional only. All information disclosed by a participant will be kept in strict confidence. Any pressure placed on a person to participate in the review, or any reprisal, retaliation, disciplinary action or other adverse action taken against a person for declining the offer to participate in the review is strictly prohibited.
20. The report will be respectful of WWL and its people by not identifying individuals by name or job title except where that is necessary to fulfil the terms of reference. The names of the people who participated in the review as well as any documents, notes, recordings or any other information (verbal or otherwise) made by either the participants or the reviewers during the course of this review are owned by and held by the reviewers in strict confidence and will not be disclosed to anyone outside of the reviewers.
21. The review will be conducted in accordance with natural justice.

Overview and Reporting

22. The Board Chair will oversee the review process and will be available to meet with the reviewers as required to discuss progress and to consider any changes to terms of reference and advise the reviewers of the names of people who may be appropriate for the reviewers to consider interviewing. He will nominate a contact person within WWL to act as day-to-day liaison and arrange meetings and provision of any additional information required.
23. The review will report findings and opinions on, and make any recommendations it considers fit within the scope of these terms of reference, and will include the following:
- Factual background, including a chronology of events,

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- Make findings that report the themes at a high-level in a way that will help WWL to learn from the Estimation Error, and
 - Make recommendations that will help WWL to improve its performance in the event of a similar incident and to minimise future occurrences.
24. The report will be provided to the Board in draft for legal advice and legal review, and for comment from the Board. The Chair will provide a copy of the draft report to the Chief Executive for her to share with any affected parties for comment prior to finalisation and to check the factual accuracy of the report and to socialise it with individuals who have had input into the review. The Board may provide commentary/additional questions that will need to be addressed in the final report.
25. The final report shall be presented at a Board meeting and then to a meeting of the WWC. That WWC meeting will only be closed to the public where there are good reasons to exclude the public under section 48 of the Local Government Official Information and Meetings Act 1987 for the WWC to consider the report in whole or in part.
26. The reviewers will be required to attend the Board meeting during its Board Only Time without WWL Management, and to attend the WWC meeting alongside WWL Management and the Board Chair.
27. The Board Chair will respond to any media queries and handle any public communications about this review, and the reviewers may be required to assist with responding to any media queries as required.

Timeframe

28. The Board requires the draft report by Thursday 4 July 2024.
29. The reviewers will meet with the Board on Thursday 11 July to discuss the draft report.
30. The Board requires the final report by Monday 22 July.
31. The final report will be presented to the WWC on 26 July 2024.

Signed on 13 June 2024 by the Board Chair, on behalf of the Board:

Nick Leggett, Board Chair

Board of Directors of Wellington Water Limited



Estimated Costs for the WWL Review project

These costs are prepared in support of the approach to the Review as attached. All costs exclude GST. There are no contingency costs. In the event of additional work being required, matters arising that need further unscheduled work for clarification, or more information being needed, we will discuss time and costs implications with you.

Consulting

LGOIMA s 7(2)(b)(ii)		
Project management <ul style="list-style-type: none">• Project inception• Project planning• Progress updates• Meetings		14,880 NZD
Insights gathering <ul style="list-style-type: none">• Interviews• Document review• Summary of themes		23,400 NZD
Analysis <ul style="list-style-type: none">• Review adequacy of current settings• Summarise findings		18,120 NZD
Final report <ul style="list-style-type: none">• Final draft• Final final report• Presentation		20,160 NZD
Total (excl. contingency and GST)		76,560 NZD

Disbursements

Disbursements		(2,000 NZD)		2,000 NZD
• Travel and Accommodation				
Total Consulting and Disbursements (excl. contingency and GST)	68 hours 20,400 NZD	80 hours 20,160 NZD	150 hours 34,800 NZD	78,560 NZD

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