

23 May 2025

LGOIMA 25-032

██████████
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Tēnā koe ██████████

Request for information: Wellington Water financial and procurement information

I refer to request for information received via ██████████, Wellington Water's Board Chair on 2 March 2025 asking for financial and procurement information about Wellington Water Limited.

Your request is responded to in accordance with the Local Government Official Information and Meetings Act (LGOIMA – the Act) 1987. The response to your individual questions is detailed in the appendix on the following page.

While there has been a series of issues that have contributed to the lateness of this response, none of them are acceptable, and this delay should not have occurred. I apologise for the delay unreservedly.

For your information, the primary reason was that your request got caught up with other requests, and there was a misunderstanding as to what you were requesting. As you will see from your follow-up request for all information relating to the handling of your request, staff had commenced compilation of the details of how much had been paid to all suppliers.

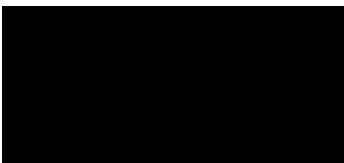
When this was identified, the request was not subsequently followed up promptly for an internal response.

We have not been delivering to an acceptable standard, and as a result we are currently undertaking an improvement programme to get our LGOIMA processes to an acceptable standard of quality and timeliness.

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



Chief Corporate Services Officer

APPENDIX

Could you please have sent through to me all information that shows what work was done by Wellington Water over the last, say two and a half years, to ensure that the work paid for by it and delivered by its suppliers was done at the best price possible for Wellington Water (and by extension for the ratepayers of the Wellington Region). Perhaps just focusing on the top 5-7 suppliers by values.

Our focus on value for money has been led by the Board in support of the Chief Executive since he was appointed in September 2024. This has included reviewing our current delivery arrangements, with the Alliance and with our contractor and consultant panels.

Concerns raised from a range of sources, including councils and staff, were responded to through the instigation of a number of reviews. These reviews have identified that the commissioning practices that have been in place for a number of years were in need of improvement. Although the approaches used are common, there has been insufficient commercial tension in project pricing.

The Board has led the drive for change by setting value for money as a priority for the organisation.

In terms of major suppliers, these have been appointed under open market tendering (noting that these were quite some time ago now). Two primary examples are Fulton Hogan and Veolia.

Alliance – Fulton Hogan were appointed after a market process including Request for Information, with three shortlisted respondents then participating in a Request for Proposal. This process was undertaken in 2018, and Fulton Hogan have remained as the Alliance provider since that time on a 10 year contract commencing July 2019.

Veolia - In 2019, Veolia was selected after a market process including Request for Information, and Request for Proposal, to operate and maintain the four wastewater treatment plants serving Wellington. This included a 10-year, \$17 million per year contract with Wellington Water. Veolia had already been operating the Moa Point and Western wastewater treatment plants since 2004. The contract expanded to encompass all four plants, including those in Seaview, Lower Hutt, and Porirua.

This was the media release at the time:

<https://www.wellingtonwater.co.nz/about-us/news-and-media/news-and-media-2/wellington-water-veolia-sign-170m-contract-for-wastewater-services>

Recent work has focused on improving the contract terms to require reporting against agreed value-focused KPIs, and more detailed authorisation processes. The benchmarks provided through the recent Aecom value for money review did provide some comparative price data, but details were not provided due to commercial sensitivity.

As well as changing the invoicing and payment processes, the recent reviews are incorporating internal and external audits to assist with verifying claims.

For example, please supply the details of your procurement practices and what disciplines, practices and policies were in place to drive down costs and get the best deal for Wellington ratepayers. I am sure you have plenty of examples and probably were involved yourself in a few initiatives to get the best value for the people of Wellington - given your role as Chairman and your expertise in infrastructure

In recent years capital delivery projects under \$1m were allocated through our consultancy and contractor panels. The panel arrangements were set up between 2017-2019, where Wellington Water and councils were focussed on increasing the scale and pace of delivery. Panel members went through a qualifying process where prices and prequalification requirements (such as health and safety) were agreed and contracted. The panel set up allowed for work to be allocated directly by Panel members which allowed for quicker contracting, which was considered more efficient at that time.

In mid-2024 the board became aware of the loss of best-value that this approach has created, and instituted a series of reviews which have confirmed the need for change. One key example of this is the Aecom value-for-money review that was published this year.

We have now changed our panel arrangements, and all projects over \$100k are put out to tender for competitive bidding. This is to ensure we are receiving the best value for money. This revised approach will also help us build a benchmark for costs on water infrastructure work for the region.

Projects for work exceeding \$1 million, have been and will continue to be put out for open tender and approval of any contract is made by an internal governance body called the Procurement Decision-Making Committee (PDMC). The PDMC consists of key members, including the Chief Executive, Head of Commercial & Procurement, Head of Finance, and Chief Advisor, Service Delivery.

This committee is responsible for reviewing and critically assessing large-scale project procurement decisions. Their role is to evaluate organisational risks, financial implications, and ensure that the procurement strategy or Tender Evaluation Report on project bids presented is robust and delivers value for money.

Additionally for projects over \$10 million, we have a Major Projects Committee, which is a sub-committee of the Wellington Water Board, and they are responsible for ensuring oversight of significant projects through regular (at least quarterly) reporting.

Additional measures include appointing a Quantity Surveyor to provide independent cost estimation at the project scope stage, prior to going to market for tenders. Staff capacity has been dedicated to undertake ongoing analysis as key cost areas are identified, such as traffic management, with an expectation of delivering further efficiencies.

Following this process and once projects are in delivery, Wellington Water has a range of reporting on projects on timeliness, quality and budget, to the executive team and to the board. There is also regular detailed reporting on our projects to councils on a monthly basis.

Could also you send through all the information Wellington Water has on the queries people have, in the past raised concerning whether Wellington Water was getting good value from its suppliers (including any queries on this subject raised by Wellington Region local authorities, elected members and their officers) and what Wellington Water (and of course you and the board) did or said in response to such queries (including any suggestions that the relevant practices of Wellington Water/ information not be shared with councils or the wider public).

This is a very broad request, and one that is difficult to respond to thoroughly, due to constraints in our document management and email correspondence.

As an example, queries and interactions between Wellington Water and its shareholder councils would be in many forms, and difficult to identify within the many exchanges that occur (i.e. they would not all be headed up 'value for money'). Because your request cannot be made available without substantial collation, we are unable to respond in full.

What we can confirm is that the question of value for money has been raised by councils in recent years. Public documents are available over this time through the Wellington Water Committee. These can be accessed on the [Hutt City Council Meeting agendas and minutes](#) webpage – search for Wellington Water Committee.

A specific example of the queries that we can provide is in relation to a review commissioned by Wellington City Council, undertaken by an Australian company called FieldForce4. As part of the improvement programme that Wellington Water is now undertaking, the report and recommendations have been included for action, and for regular reporting to the board and to Wellington Water Committee.

The report can be read here: [FieldForce report](#).

Please don't forget to also send me all information that relates to the commissioning and release (or not releasing) and messaging of the results of any reports on the subject.

Please find attached the AECOM review of three panels proposal for undertaking the value for money review.

Information has been withheld under sections 7(2)(a) – *privacy of natural persons* and 7(2)(b)(ii) of the Act 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*

In accordance with section 7(1) of the Act, we do not consider the withholding of information under the respective section(s) 7 of the Act is outweighed by other considerations which render it desirable, in the public interest, to make that information available.

Please also refer to the publicly available [AECOM Full Redacted Report - Analysis of WWL Panel Costs and Valuation Unit Rates](#)