

HUTT CITY COUNCILKOMITI NGĀ WAI HANGARUA | WELLINGTON WATER COMMITTEE

Minutes of a meeting held via Zoom on
Friday 24 September 2021 commencing at 10.00am

PRESENT:

Mayor C Barry (Chair) (HCC)
 (Via audio visual link) Mayor W Guppy (Deputy Chair) (UHCC)
 Mayor A Baker (PCC)
 Mayor A Beijen (SWDC)
 Ms L Rauhina-August (Taranaki Whānui ki Te Upoko o Te Ika)
 Cr S Rush (WCC)
 Cr J van Lier (GWRC) (until 11.52am)

APOLOGIES:

Ms M Pomare, Te Rūnanga o Toa Rangatira

IN ATTENDANCE:

(Via audio visual link) Ms N Hooper, Observer, SWDC
 Ms W Walker, Chief Executive, PCC
 Deputy Mayor G Emms (SWDC Alternate)
 Deputy Mayor T Lewis (HCC Alternate)
 Deputy Mayor H Swales (UHCC Alternate)
 Mr C Crampton, Chief Executive, Wellington Water Limited
 Ms T Haskell, Group Manager, Network Development and Delivery, Wellington Water Limited (part meeting)
 Mr M Ford, Group Manager, Business Services/Chief Financial Officer, Wellington Water Limited
 Mr K Locke, Group Manager, Customer Operations Group, Wellington Water Limited (part meeting)
 Mr J McKibbin, Group Manager, Network Management Group, Wellington Water Limited
 Ms J Alexander, Group Manager, Network Strategy and Planning, Wellington Water Limited
 Mr D de Boer, Director, Regulatory Services, Wellington Water Limited
 Mr A van Paassen, Principal Advisor Strategic Communications, Wellington Water Limited (part meeting)
 Mr M Hall, Manager, Commercial, Business Improvement and Procurement, Wellington Water Limited
 Mr G Dangerfield, Chair Wellington Water Board
 Ms L Carroll, Member Wellington Water Board
 Ms B McKerrow, Chief Executive, WCC
 Mr D List, Project Director, PCC

Ms S Gainsborough, General Manager, Corporate Services, GWRC
 Mr M Mendonca, Chief Resilience Officer, WCC
 Ms J Livschitz, Group Chief Financial Officer, HCC
 Mr B Hodgins, Strategic Advisor, HCC
 Ms K Glanville, Senior Democracy Advisor, HCC
 Mr M Ackroyd, Service Desk Analyst, HCC
 Mrs A Doornebosch, Democracy Advisor, HCC

PUBLIC BUSINESS

1. OPENING FORMALITIES - KARAKIA TĪMATANGA

Kia hora te marino	<i>May peace be wide spread</i>
Kia whakapapa pounamu te moana	<i>May the sea be like greenstone</i>
He huarahi mā tātou i te rangi nei	<i>A pathway for us all this day</i>
Aroha atu, aroha mai	<i>Let us show respect for each other</i>
Tātou i a tātou katoa	<i>For one another</i>
Hui e Tāiki e!	<i>Bind us together!</i>

2. RESOLVED: (Mayor Barry/Cr Rush) **Minute No. WWC 21401**

"That the apology received from Ms M Pomare be accepted and leave of absence granted."

3. PUBLIC COMMENT

There was no public comment.

4. CONFLICT OF INTEREST DECLARATIONS

There were no conflict of interest declarations.

5. CHAIR'S STATEMENT

Mayor Barry thanked members, iwi and Mana Whenua partners for their attendance at the recent 30 Year Investment Story Wellington Water Limited's workshop. He highlighted this had provided a good opportunity for further alignment and noted Wellington Water Limited (the company) would continue this work into the future. He acknowledged frontline workers in the recent level 3 Covid lockdown and particularly support provided at the Paremata Wastewater Pipeline. He thanked staff from the company for facilitating the vaccination of frontline staff. He noted it would be important to conserve water in the coming months and asked residents to be mindful of their water usage. He highlighted the impact to the Capital Programme as a result of Covid alert level restrictions. He asked members to consider how this could be managed moving forward should there be further level 3 or 4 restrictions. He thanked all parties who had been involved in the reform process and staff from the company for their contribution toward this.

6. MINUTES

RESOLVED: (Mayor Barry/Cr Rush)

Minute No. WWC 21402

"That the minutes of the meeting of the Komiti Ngā Wai Hangarua | Wellington Water Committee held on Monday, 19 July 2021, be confirmed as a true and correct record."

7. WATER REFORMS - PRELIMINARY REGIONAL VIEW

The Project Director, Porirua City Council presented a Powerpoint presentation attached as pages 11 to 12 of the minutes.

The Chief Executive, Porirua City Council considered central government would work quickly to make a decision on the proposed reforms. She noted there was a large range of views from councils across New Zealand, with local engagement at the forefront of officers minds.

In response to questions from members, the Project Director, Porirua City Council advised that if stormwater was split from the three waters programme, it would be difficult to manage capability and responsibilities as the systems were interlinked. He highlighted the recent report from the Stormwater Technical Working Group. He said this provided principles for identification of asset transfer based on whether the primary purpose of the asset or land was for three waters. He noted that some land or assets that appeared to be for water purposes held other uses such as sports fields and this needed further consideration. He considered the intent of the Department of Internal Affairs (DIA) once a reforms process was confirmed, would be to define a methodology for debt identification. He said this would include a process for debt identification for each council and asset identification and transfer. He noted this would form the basis of the due diligence process for identification of assets and land and the process for the transfer of this. He said DIA had, through the consultation period, been made aware of various rural water supply schemes. He noted DIA now recognised a lot more work was required in this area and whether or not these assets would be included in the transfer process. He said there would be common themes emerging from council submissions received and officers would be able to analyse these moving forward. He noted consistent themes received to date included ensuring Wellington Water Limited was well protected moving through the transition process. He further noted the delivery of the work programme needed to be maintained as well as managing the transition process itself.

In response to a question from a member Ms Rauhina-August noted Taranaki Whānui ki Te Upoko o Te Ika representatives had not yet had an opportunity to discuss the issues in detail and would be meeting next week. She said timing restraints may be too short to provide a perspective at this stage. In addition, Ms Hooper asked for further discussion to establish how the interests of the South Wairarapa District Council Māori Standing Committee could be considered within the Wellington Water Committee. She asked if Andrea Rutene could become a member of the Wellington Water Committee representing Kahungunu ki Wairarapa within the Committee structure.

Members agreed to provide a submission to central government on the Water Reforms proposal, based on the following:

- (a) acknowledging the water reforms process;
- (b) noting that individual councils would provide their own submissions based on their own feedback;
- (c) highlighting the Committee's willingness to engage moving forward, noting any potential impacts; and
- (d) noting a supplementary letter would follow as the process was worked through, which would include any issues identified by Wellington Water Limited as a result of the reform process.

RESOLVED: (Mayor Barry/Cr van Lier)

Minute No. WWC 21403

“That the Committee:

(1) notes the report; and

(2) asks officers to prepare a submission to central government based on discussion made at the meeting.”

8. UPDATE ON TAUMATA AROWAI AND WATER SERVICES REGULATION DISCLOSURES (21/1459)

Report No. WWC2021/4/19 (3) by Wellington Water Limited

The Chair of the Wellington Water Board elaborated on the report. He noted many of the reports for the meeting were focused on future issues as a result of the water reforms. He said this would ensure the systems of Wellington Water Limited (the company) were as efficient and effective as possible moving forward.

The Chief Executive of the company highlighted that when Taumata Arowai was established the company created a new Director of Regulatory Services position. He noted this position took responsibility for providing disclosures to the company’s Board and owners. He highlighted many of the reports to date were to ensure members were aware of the step changes required to meet Taumata Arowai’s requirements. He said the company considered there was low awareness across New Zealand of what changes were required under the new legislation. He advised the new operating model included a new regulatory system. He said this required the company to provide assurance to the committee that they had a skilled labour force, were operating with standardised documentation and were continuously improving. He highlighted the Martinborough Plant was currently compliant with Ministry of Health requirements and the company had used this plant in the report as an example of format only.

The Director of Regulatory Services elaborated on the report.

In response to questions from members, the Director of Regulatory Services said Version 36 of the Draft Standards was received from Taumata Arowai approximately four weeks prior to the committee meeting. He noted the company then included these Standards into its processes for gap analysis. He advised Taumata Arowai was now using Version 45 of these Standards and the company was expecting some small changes.

In response to questions from members, the Chief Executive of the company said the company was planning to have a full list of disclosure statements prepared by the end of March 2022. He noted the company would then have a Business Case sitting alongside this to address any funding issues. He advised its current focus was on system design and infrastructure requirements. He said this would include risks associated with this in terms of work needed over the next year and how to become fully compliant. He advised a schedule of reporting requirements with timelines would be reported to the committee going forward. He said representatives from the company would be meeting with Mana Whenua to discuss the cultural assessment of the impacts of the water reforms.

RESOLVED: (Mayor Barry/Cr Rush)

Minute No. WWC 21404

"That the Committee:

- (1) *notes that the regulation of drinking water under Taumata Arowai is likely to begin on 1 April 2022;*
- (2) *receives Wellington Water Limited's draft assurance disclosure for the South Wairarapa drinking water treatment plant; and*
- (3) *notes that the ongoing impacts on councils and Wellington Water Limited as a result of the Water Services Bill and regulations will be monitored and reported to the committee as the legislation progresses."*

9. COMPANY UPDATE (21/1448)

Report No. WWC2021/4/20 (3) by Wellington Water Limited

The Chief Executive, Wellington Water Limited elaborated on the report.

In response to questions from members the Chief Executive, Wellington Water Limited (the company) said that the company had established drought levels of service based on the minimum amount of water that could be supplied to customers. He noted this was 100 litres per person per day. He said this would allow the company to liaise with customers on how they managed water use at home. He highlighted the company could then monitor water consumption at the same time. He advised this would manage risks through the year rather than requiring restrictions in drought conditions only. He said the company was expecting an audit opinion from Audit New Zealand next week. He advised a copy of this would be distributed to members. He noted the ability for Audit New Zealand to conduct the audit had been impacted by Covid and a lack of current resources.

In response to questions from members, the company's Group Manager, Customer Operations Group noted that the youth training initiative would be provided for young people from the Wellington region. He said connections had been made with the Ministry of Education and careers advisors to facilitate this. He advised Mana Whenua, Māori and Pasifika youth would be included in the campaign to ensure there was a balance of opportunities provided.

RESOLVED: (Mayor Barry/Ms Rauhina-August)

Minute No. WWC 21405

"That the Committee receives and notes the report."

10. UPDATE ON CAPITAL WORKS PROGRAMME (21/1450)

Report No. WWC2021/4/225 (3) by Wellington Water Limited

The Group Manager, Network Development and Delivery, Wellington Water Limited (the company) elaborated on the report. She noted each council in the Wellington Region would have received a Capital Works Programme Pack from the company. She advised this outlined different strategies the company would use for each council's Capital Programme.

In response to questions from members, the Group Manager, Network Development and Delivery said she would report back to the committee on the timeline for the Silverstream Pipe Bridge Project. She said the company's contractors were generally happy to stand down during Covid level 4 restrictions. She advised during level 3 restrictions, the contractor companies could see what the risk was and were eager to stand-up their workforces. She noted any future contractor workforce risks related to Covid level restrictions would also be addressed by the Construction Sector Accord.

In response to a question from a member, the Chief Executive of the company advised the company had reported outputs over the next three years. He noted this would need to be delivered in a staged manner to ensure there was sufficient market capacity to deliver each council's workstream. He noted further consultation would be required with each council during their Long Term Plan process to ensure capacity requirements were considered.

Mayor Barry asked that members be included in discussions around the Infrastructure Accord. He also asked that the matter be reported to the next committee meeting along with the Capital Works Programme Update.

RESOLVED: (Mayor Barry/Mayor Beijen)

Minute No. WWC 21406

"That the Committee:

(1) notes the progress of the programme to date; and

(2) notes the delivery risks."

11. UPDATE ON MARKET CONDITIONS (21/1453)

Report No. WWC2021/4/226 (3) by Wellington Water Limited

The Manager, Commercial, Business Improvement and Procurement, Wellington Water Limited (the company) elaborated on the report. He highlighted the current higher shipping costs and noted shipping companies were now reluctant to take long term shipping orders. He advised the company would assess how to mitigate these costs within contracts going forward.

In response to questions from members, the Manager, Commercial, Business Improvement and Procurement of the company advised these cost increases were the result of Covid, shipping costs, availability of shipping containers and the increase in the labour market. He noted central government had introduced stimulus programmes across New Zealand so the demand for labour was high which drove costs up. He considered if the three waters programme created an increase in expenditure, the pressure on the labour market would continue. He said the graph contained within his report compared modelling based on projects completed in 2020 based on current pricing.

RESOLVED: (Mayor Barry/Cr van Lier)

Minute No. WWC 21407

"That the Committee:

- (1) receives the report;*
- (2) notes that there are ongoing indications that costs will continue to be unpredictable due to the current pandemic; and*
- (3) notes that Wellington Water Limited is working with its suppliers and contractors to minimise the impact of existing and future cost increases. "*

12. **PERFORMANCE REPORT ON VALUE FOR MONEY** (21/1456)

Report No. WWC2021/4/227 (3) by Wellington Water Limited

The Chair of the Wellington Water Limited (the company) Board noted this was the first value for money report the company had prepared. He advised the company would include this as regular report to the committee. He highlighted a range of measures focusing on efficiency and effectiveness. He noted the Statement of Intent included benchmarking data on the company's performance against Australian based data. He said the company would like feedback from members and suggestions on other metrics to include over time.

The Manager, Commercial, Business Improvement and Procurement of the company elaborated on the report.

In response to questions from members, the Manager, Commercial, Business Improvement and Procurement advised the modelling had created a series of questions to identify efficiencies. He noted the company would report on modelling comparisons within New Zealand for the next committee meeting.

In response to a question from a member, the Chief Executive of the company advised the company asked the Water Industry Commission of Scotland to review the advice the company had given councils for their Long Term Plans. He noted the Wellington region had plentiful water so producing and distributing water was relatively cost effective in comparison to Australian organisations. He noted this did not mean the company could not find further efficiencies out of the network in the future. He advised there was high expectation in the wastewater network in investment and planning and condition assessment which could bring costs down.

Cr Van Lier left the meeting at 11.52am.

RESOLVED: (Mayor Guppy/Cr Rush)

Minute No. WWC 21408

"That the Committee receives the September 2021 quarterly Value for Money report attached as Appendix 1 to the report."

13. INFORMATION ITEM

Wellington Water Committee Work Programme 2021 (21/1366)

Report No. WWC2021/4/122 (3) by the Democracy Advisor

In response to questions from members, the Chief Executive, Wellington Water Limited (the company) advised he was happy with the content of the Work Programme. He highlighted five performance measures within the Annual Plan that were not qualified. He noted two of these related to asset ownership and three were the responsibility of the company. He said the latter were the customer service metric, response times and dry weather overflows. He advised the company's Board disagreed with Audit New Zealand's current position that these should remain unqualified. He advised this was with the exception of the water losses measure as there currently were not enough water meters in the network.

Mayor Barry highlighted the importance of keeping shareholders informed on all issues into the future.

RESOLVED: (Mayor Barry/Mayor Beijen)

Minute No. WWC 21409

That the work programme be noted and received.

14. CLOSING FORMALITIES - KARAKIA WHAKAMUTUNGA

Whakataka te hau ki te uru
Whakataka te hau ki te tonga
Kia mākinakina ki uta
Kia mātaratara ki tai
E hī ake ana te atakura
He tio, he huka, he hau hū
Tihei mauri ora.

*Cease the winds from the west
Cease the winds from the south
Let the breeze blow over the land
Let the breeze blow over the ocean
Let the red-tipped dawn come with a sharpe
A touch of frost, a promise of a glorious day*

There being no further business the Chair declared the meeting closed at 12.06 pm.

Mayor C Barry
CHAIR

**CONFIRMED as a true and correct record
Dated this 29th day of November 2021**