

# Hutt City Council's three waters investment and delivery snapshot - 22/23

Below is an overview of Hutt City Council's investment decisions and the levels of service Wellington Water can deliver based on levels of funding.

## Hutt City Council's (HCC) role

- Owns their water assets in their council area
- Set rates
- Decides the level of funding for Wellington Water & water services
- Sets the level of water services for their residents
- Tasks Wellington Water to deliver water services based on level of funding
- Sets performance targets, measures & policy

## Wellington Water Ltd's (WWL) role

- Provides Hutt City Council with advice on the level of investment needed to maintain, improve & renew their water infrastructure
- Deliver water services to customers on the Council's behalf within the funding that is provided
- Delivers renewals & upgrades
- Prioritises their work programme based on the level of funding provided

## Situation

Water assets are aging at a faster rate than HCC is replacing them. 14% of wastewater pipes and 27% of drinking water pipes are past their nominal useful life. The network is getting older & experiencing increasing leaks, bursts & service interruptions. Costs to maintain the network are increasing due to inflation & labour shortages.

The population is expected to grow by 24% by 2050, and much of the networks are already not meeting the required levels of service.

Increasing demands on water supply & growing public expectations on positive environmental outcomes. Increasing regulatory demands for drinking water and environmental standards & need to respond to climate change.

Services	Level of service WWL is able to provide	Level of service WWL is unable to provide
<p><b>Customer service</b></p>	<ul style="list-style-type: none"> <li>• &gt;70% customer satisfaction with services on call-back (region-wide)</li> <li>• Aim to keep complaints below 20 per 1,000 drinking and stormwater connections, and below 30 per 1,000 wastewater connections</li> <li>• Set baseline for time to process land development resource consents</li> </ul>	<ul style="list-style-type: none"> <li>• Won't meet targeted consumption level of 385 litres/person</li> </ul>
<p><b>Drinking water</b></p>	<ul style="list-style-type: none"> <li>• Provide safe drinking water</li> <li>• Fluoridate the water</li> <li>• Provide reliable water</li> <li>• Respond to faults as quickly as possible</li> <li>• Won't always meet targets of:                             <ul style="list-style-type: none"> <li>◦ Urgent jobs attended within 90 minutes</li> <li>◦ Urgent jobs resolved within 8 hours</li> <li>◦ Non-urgent jobs attended within 72 hours</li> <li>◦ Non-urgent jobs resolved within 20 days</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Won't meet &lt;20% loss target</li> <li>• Won't meet drinking water security measure (for GWRC) in all but a 1-in-50 year drought – currently only 1 in 14 is covered</li> </ul>
<p><b>Stormwater</b></p>	<ul style="list-style-type: none"> <li>• Respond to flooding events within 8 hours</li> <li>• Meet resource consent conditions for discharges</li> <li>• Keep flooding events below 2, affecting less than 0.24 floors/1000 connections</li> </ul>	N/A
<p><b>Wastewater</b></p>	<ul style="list-style-type: none"> <li>• Wastewater treatment plants will operate as expected</li> <li>• &lt;20 dry weather overflows/1000 connections</li> <li>• Meet resource consent conditions for discharges</li> <li>• Respond within 90 min and resolve any wastewater overflows from the network in 8 hours or less</li> </ul>	N/A
<p><b>Asset management</b></p>	<ul style="list-style-type: none"> <li>• Set benchmark for ratio of reactive to planned maintenance</li> <li>• Complete 100% of funded renewals</li> <li>• Deliver our capital programme within agreed range</li> </ul>	<ul style="list-style-type: none"> <li>• Planned maintenance is forecast to reduce as reactive maintenance increases</li> </ul>

## Operational expenditure

### Investment advice & decisions

In 2020 WWL provided HCC with LTP opex investment advice for a 10-year period (2021-2031). [TBC whether JV costs are included.]

Investment advice of **\$267M** was provided to meet optimal levels of service & reduce a backlog of work. **HCC invested around \$225M** [NB we would like HCC to confirm this figure].



Actual for FY22 (including Government's Stimulus Funding): **\$24M**  
Budget for FY23: **\$23M**

## Capital expenditure

### Investment advice & decisions

In 2020, WWL provided HCC with LTP capex investment advice for a 10-year period (2021-2031).

An investment range of **\$377M - \$548M** was provided. **HCC invested \$512M**. [TBC whether JV costs are included.]

**32.7KMs of pipe needs to be renewed** (replaced) every year in order to get on top of the aging network. Last year, based on funding, **4.3KMs was renewed**.



## Result of funding decision

Low opex budgets put at risk our ability to:

- respond to customer issues in a timely way
- do planned maintenance to effectively manage health and safety risks
- do planned and preventative maintenance, compounding the risk of faults and failures
- carry out condition assessments and investigations to inform future work

## Result of funding decision

- Even with increased investment in renewals, the aging pipe network and backlog means bursts and leaks will continue to cause unplanned work and disruption, leading to increased opex spend.
- Increasing growth and demand for services adds to the burden on aged and under-capacity services, reducing levels of services and increasing wastewater overflows and other environmental impact
- Very low investment in improving the water quality of streams, rivers and harbour & mitigating and adapting to climate change
- Low investment in reducing water usage and water security measures

## Remaining key risks at current level of HCC funding

- Increased likelihood of not being able to provide safe and healthy water, meet duty of care obligations nor give effect to Te Mana o te Wai.
- Increased likelihood of environmental incidents due to population growth compromising the capacity of the networks.
- Assets continue to age at a rate faster than they can be replaced, increasing the backlog of work needed. This results in increasing operational costs, as old infrastructure costs more to maintain and operate.
- Increased risk of unplanned failures due to under- investment in condition assessments, investigation and asset data.
- Increased likelihood of climate change impacting three waters activities and carbon emissions continue to increase.

## WWL's advice has been peer reviewed

The 21-31 Long Term Planning renewals forecast provided by WW was based primarily on age, with reference to the (limited) available asset condition information and application of recognised guidelines. Independent review by internationally recognised water services regulator concluded that WWL had a reasonable understanding of the assets and their likely lives and replacement costs as a basis for the advice, and that WWL needed to do more work to understand asset condition and performance.