

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

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

Porirua City Council's (PCC) 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 Porirua 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 PCC is replacing them. 40.5km of pipe is past its nominal useful life, and a further 445km will be by 2050. The network is getting older & experiencing increasing leaks, bursts & service interruptions. Costs to maintain the network are increasing due to inflation & labour shortages.

The city is facing significant population growth - 11,000 new homes by 2050, and the impacts of this on the capacity of the network are particularly important for wastewater.

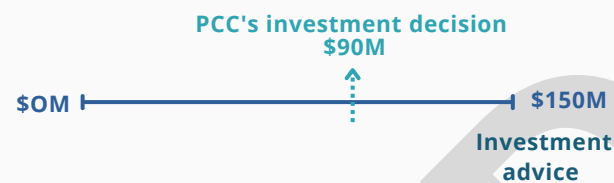
Increasing demands on water supply & growing public expectations on positive environmental outcomes. Increasing regulatory demands for drinking water and environmental standards & need to respond to climate change.



Operational expenditure

Investment advice & decisions

In 2020 WWL provided PCC with LTP opex investment advice for a 10-year period (2021-2031). [TBC whether JV costs are included.] Investment advice of **\$150M** was provided to meet optimal levels of service & reduce a backlog of work. **PCC invested around \$90M.**



Actual for FY22 (including Government's Stimulus Funding): **\$12M**
Budget for FY23: **\$10.5M**



Result of funding decision

- Minimum levels of services & reactive work is funded in a largely reactive environment
- Limited funding for WWL to carry out planned & preventative maintenance
- Backlog of work continues to grow
- The network will experience increasing levels of faults & breaks
- Underinvestment in condition assessments, future investigations & asset data completeness and integrity
- Increasing operational costs: aging infrastructure, inflation, labour shortages

Capital expenditure

Investment advice & decisions

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

An investment range of **\$479M - \$589M** was provided. **PCC invested \$454M.**

16.3KMs of pipe needs to be renewed (replaced) every year in order to get on top of the aging network. Last year, based on funding, **2.1KMs was renewed.**



Result of funding decision

- Backlog of assets requiring replacement will continue to grow
- Increasing faults, leaks & bursts
- Growth is ahead of investment & demand on the network & services will outstrip ability to supply
- Funding has gone to a small number of high-cost projects
- Very low investment in improving water quality, & addressing climate change
- More environmental impacts will occur
- Low investment in reducing water usage and water security measures

Services	Level of service WWL is able to provide	Level of service WWL is unable to provide
<p>Customer service</p>	<ul style="list-style-type: none"> • >70% customer satisfaction with services on call-back (region-wide) • Aim to keep complaints below 20 per 1,000 drinking and stormwater connections, and below 30 per 1,000 wastewater connections • Set baseline for time to process land development resource consents 	<ul style="list-style-type: none"> • Won't meet targeted consumption level of 320 litres/person
<p>Drinking water</p>	<ul style="list-style-type: none"> • Provide safe drinking water • Fluoridate the water • Provide reliable water • Respond to faults as quickly as possible • Won't always meet targets of: <ul style="list-style-type: none"> ◦ Urgent jobs attended within 90 minutes ◦ Urgent jobs resolved within 8 hours ◦ Non-urgent jobs attended within 20 days ◦ Non-urgent jobs resolved within 20 days 	<ul style="list-style-type: none"> • Won't meet <20% loss target • 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
<p>Stormwater</p>	<ul style="list-style-type: none"> • Respond to flooding events within 8 hours • Meet resource consent conditions for discharges • Keep flooding events below 2, affecting less than 0.57 floors/1000 connections 	N/A
<p>Wastewater</p>	<ul style="list-style-type: none"> • Wastewater treatment plants will operate as expected • <20 dry weather overflows/1000 connections • Meet resource consent conditions for discharges • Respond within 1 hour and resolve any wastewater overflows from the network in 6 hours or less 	N/A
<p>Asset management</p>	<ul style="list-style-type: none"> • Set benchmark for ratio of reactive to planned maintenance • Complete 100% of funded renewals • Deliver our capital programme within agreed range • Complete Western Porirua Growth Study and plans 	<ul style="list-style-type: none"> • Planned maintenance is forecast to reduce as reactive maintenance increases

Remaining key risks at current level of PCC 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.