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LOWER HUTT

7 February 2025

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Kia ora Nick

### **Letter of Expectation 2025 - 2028**

This letter sets out the priorities and expectations of the six shareholding Councils and Mana Whenua of Wellington Water Limited (WWL) for the period 2025-2028.

We expect these to be reflected in the development of WWL's draft Statement of Intent for the Wellington Water Committee's consideration. These priorities have been informed by discussions over the past year.

### **Context**

Over the past year the pathway to water reform has become somewhat clearer with councils accountable for the development and adoption of Water Service Delivery Plans (WSDP) by 3 September 2025.

In our region five of the six shareholding councils remain committed to development of a joint WSDP and the establishment of a new regional water entity by 2026. In addition, South Wairarapa District Council is working with the other Wairarapa councils on a potential local CCO model.

The reform process and establishment of a new water entity will have implications for WWL. In particular:

1. This responsibility sits outside the WWL governance arrangements but will require the active cooperation of the company especially in the provision of information and operational expertise.
2. The intent is that this process will lead to the eventual disestablishment of WWL, however it is intended that significant operational aspects of WWL, including staff, contracts and relationships would transfer to the new entity. As a result, WWL needs

to maintain ongoing alignment with the establishment planning to ensure that it is in a position to support this process.

3. The focus in the short to medium term must be on WWL managing assets and delivering three water services efficiently and effectively with emphasis as outlined below and in line with Organisational Capability Plan 2024-2026.

### **Te Mana o Te Wai – the korowai for water services**

Te Mana o te Wai prioritises the health and wellbeing of water first. The second priority is the health needs of people and the third is the ability of people and communities to provide for their social, economic and cultural wellbeing.

We expect WWL to give effect to te Mana o te Wai, in planning, regulatory and operational areas working in partnership with mana whenua.

### **Key Expectations of Wellington Water Limited for 2025-26**

1. Within agreed funding, prioritisation and delivery of the Organisational Capability Plan 2024-2026 and respond to the key findings of recent reviews of WWL including the WWL Cost Estimation Error. In particular, provide regular quarterly reporting that demonstrates tangible progress in relation to:
  - i. Accountability – including organisational restructuring so that accountabilities are clear and capabilities can be enhanced in the lead up to a new entity, ensuring value for money
  - ii. Assurance – establish effective risk management, align internal management with strategic goals, improve operational efficiency and compliance, and oversee the implementation of review recommendations
  - iii. Controls – finance and process: Strengthen the overall control environment by creating and enhancing internal controls that support consistency and quality in financial and other capability, planning, process and systems
  - iv. Improve programme and project governance including performance monitoring
  - v. Responsibilities to shareholders: rebuild the trust and confidence of shareholding councils in WWL
  - vi. Transition to a new entity: Prepare, support and engage in the transition to a new entity
  - vii. Ways of working: embed organisational values and behaviours into daily practices, defining clearer leadership expectations, and adapting performance management to ensure account ability and to support a positive workplace culture.
2. WWL will work with shareholders to deliver on a single integrated water meter implementation plan across the shareholding Councils.
3. Develop a prioritised programme of investment for key information technology systems that can be utilised by WWL in the short-medium term and passed to the new water entity in the longer term. This programme should be done in partnership with the intended shareholders of the new entity and will include finance, asset management and scoping of customer relationship management system (CRM).

4. For the next year, drinking water investments and maintenance should be oriented around mitigate the risk of an acute water shortage for the summer of 2026 while addressing the long term risks and solutions – including bulk water storage.
5. The shareholding Councils endorse the five existing priority areas for WWL, and note that these need to be balanced:
  - Look after existing infrastructure.
  - Support growth.
  - Ensure sustainable water supply for the future.
  - Improve water quality in our rivers, streams, and harbours.
  - Reduce our carbon emissions and adapt to the impacts of climate change.
6. WWL must ensure that local Mana Whenua priorities are incorporated into operations.

This letter is communicated at a time where we are looking to a future delivery model in order to address the challenge that our assets continue to fail, with obvious and high-profile consequences across the network. The need for WWL and its shareholders to work together in pursuit of these expectations has never been greater.

The shareholding Councils look forward to receiving a concise draft of the WWL Statement of Intent no later than 1 April 2025.

Please contact [wendy.walker@porirua.govt.nz](mailto:wendy.walker@porirua.govt.nz) should you have any queries.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Campbell Barry', with a stylized flourish at the end.

Campbell Barry  
Chair  
Wellington Water Committee