

WELLINGTON WATER COMMITTEE

Minutes of a meeting held in the Hutt City Council Chambers, Level 2, 30 Laings Road,
Lower Hutt on **Thursday 29 November 2018 commencing at 1.00pm**

PRESENT: Deputy Mayor D Bassett (Chair) (HCC)
Cr I Pannett (WCC)
Cr J Brash (GWRC)
Cr R Leggett (PCC)
Cr G McArthur (UHCC)

APOLOGIES: Apologies were received from Mayor Guppy and Mayor Tana.

IN ATTENDANCE: Mr D Wright, Chair, Wellington Water Ltd
Mr T Stallinger, Chief Executive, HCC
Mr C Crampton, Chief Executive, Wellington Water Ltd
Ms S Cuthbert, Principle Advisor to Chief Executive,
Wellington Water Ltd
Mr M Kinvig, Group Manager, Network Strategy and
Planning, Wellington Water Ltd
Mr K Dentice, Senior Advisor Whaitua Relationships,
Wellington Water Ltd
Mr D Baxter, City Engineer, WCC
Mr C Laidlaw, Chair, GWRC (part meeting)
Ms K Stannard, Divisional Manager Democratic Services, HCC
Ms H Clegg, Minute Taker

PUBLIC BUSINESS**1. APOLOGIES**

RESOLVED: **Minute No. WWC 18501**

"That the apologies received from Mayor W Guppy and Mayor M Tana be accepted and a leave of absence be granted."

2. PUBLIC COMMENT

There was no public comment.

3. CONFLICT OF INTEREST DECLARATIONS

There were no conflict of interest declarations.

4. MINUTES

RESOLVED: **Minute No. WWC 18502**

"That the minutes of the meeting of the Wellington Water Committee held on Monday, 10 September 2018, be confirmed as a true and correct record."

5. **THREE WATERS REVIEW UPDATE** (18/1835)

Report No. WWC2018/5/338 by Wellington Water Ltd

The Chief Executive, Wellington Water Ltd (WWL) gave a presentation comparing the recent Three Water Review central government's announcement with WWL's submission. He concluded that central government's proposed service delivery model and the oversight and stewardship proposal was similar to those suggested in WWL's submission.

Members expressed concern with the proposed structural reform, stressing retention of public ownership of assets was important. Mr Wright, Chair of WWL, advised that WWL was comfortable with the current company structure.

RESOLVED:

Minute No. WWC 18503

"That the Committee:

(i) receives and notes the information, together with the Three Waters timetable; and

(ii) acknowledges the additional work to be done on this."

PRECEDENCE OF BUSINESS

That, in terms of Standing Order 10.4, precedence be accorded to item 7 dealing with the update on discussions with other Councils. The item is recorded in the order in which it is listed on the order paper.

6. **UPDATE ON DISCUSSIONS WITH IWI** (18/1877)

Mr Wayne Mulligan, Chair, Taranaki Whanui ki Te Upoko o Te Ika explained that a Memorandum of Understanding (MoU) had been signed with Wellington Water Ltd (WWL) one year ago. He highlighted that Iwi wished to be part of the public service relating to water, adding an inclusive model built on behaviour and attitudes was preferable. He added having iwi as a member of WWL would be beneficial to making the best decisions.

In response to questions from members, Mr Mulligan explained he would welcome other iwi sitting around the table. He acknowledged iwi resources were not extensive, but that they were committed to sitting at the table. He further acknowledged that the current Constitution provided for asset owners holding voting rights, which iwi were not part of. He expressed preference for a small focus group.

Members discussed the merits or otherwise of the constitutional requirement that if a member Council withdrew from WWL, the associated mana whenua member was also required to withdraw. Members also discussed the issue of balancing voting rights between all members.

7. **UPDATE ON DISCUSSIONS WITH OTHER COUNCILS** (18/1834)

The Chair elaborated on discussions with South Wairarapa District Council (SWDC) and had received a response moments before the meeting commencing. He further advised SWDC expressed strong interest in joining Wellington Water Ltd (WWL) and asked for the Committee to approve this in principle.

The Chair explained that to enable another entity to join WWL, the Constitution required alteration and full approval of all shareholders was required. He added he had spoken to all Mayors and Chief Executives of each member Council and they had all voiced approval in principle for this to occur.

In response to a question from a member, the Chair advised SWDC already contracted its work to City Care Water. However that contract expired in six months time.

In response to a question from a member, the Chief Executive, Hutt City Council (HCC) elaborated on the costs involved to be a shareholder of WWL. He added that Wellington City Council had the most Class B shares and he anticipated SWDC would hold the least, should it become a member.

Members agreed due diligence would be required to ensure WWL did not inherit any unforeseen liabilities and that the capacity of WWL needed to be taken into account. The Chief Executive, HCC advised WWL had already held preliminary talks with SWDC to understand its assets and any issues. He added that if large investments were required by any one member, that member was responsible for financing those.

The Chief Executive, WWL advised initial discussions with SWDC had concluded. He noted there would be a future consent required for a Discharge to Land for the current SWDC Wastewater Treatment operation, the whole Wairarapa region had long term water sustainability issues and that a reservoir had been mooted for future water storage. He acknowledged SWDC may have medium to long term water issues.

The Chief Executive, HCC tabled draft recommendations, explaining the intention was to provide SWDC with assurance it could consult with the community on the proposal.

Members discussed the recommendations.

In response to questions from members, the Chief Executive, WWL advised due diligence investigations should be completed in two weeks, that a report back to the WWL Board would be followed by a report back to the Committee and then to each member Council.

RESOLVED: (UNANIMOUS)

Minute No. WWC 18504

“That the Committee:

- (i) *notes the letter from the Mayor of South Wairarapa District Council dated 22 November 2018;*
- (ii) *recommends acceptance of South Wairarapa District Council as a new shareholder in Wellington Water Limited subject to:*
 - a. *South Wairarapa District Council formally requesting to become a shareholder after*

- considering the results of their intended consultation process;*
- b. a summary report being prepared for shareholders on South Wairarapa District Council becoming a shareholder, including the high level implications on the Wellington Water Limited from a financial and operational perspective, and this report being approved by the company's Board of Directors; and*
 - c. all shareholding councils formally resolving to accept South Wairarapa District Council as a new shareholder and approving any necessary associated resolutions; and*
- (iii) agrees that once conditions (ii)a and (ii)b above are satisfied, the Committee Chair will circulate confirmation and then circulate the documentation for shareholding council approval to Wellington Water Committee members with a copy to the respective council chief executives."*

8. LETTER OF EXPECTATION 2019/2020 (18/1813)

Memorandum dated 15 November 2018 by the Chief Executive, Hutt City Council

The Chief Executive, Hutt City Council elaborated on the memorandum. He reiterated that the Letter of Expectation needed to remain a high level document and should signal any changes in direction.

Members discussed the Letter of Expectation noting that all priorities needed to be listed including environmental and that the order of priorities may need to be altered.

The Chief Executive, Wellington Water Ltd (WWL) reminded members that WWL was approaching its second year of a three year Statement of Intent. He explained each Council sets its expected level of service for water, sets their rates accordingly and makes policy decisions. He further explained WWL gave each Council a number of options which would assist them to determine their level of rates.

The Chair undertook to review the Letter of Expectation and to distribute it to members as soon as possible. He acknowledged the Letter of Expectation needed to reflect the delivery of programmes as contained in Councils' Long Term Plans, show support for Councils growth rates and include financial considerations.

RESOLVED:

Minute No. WWC 18505

"That the Committee:

- (i) receives the report; and*
- (ii) approves the 2019/2020 shareholder Letter of Expectation to Wellington Water Limited attached as Appendix 1 to the memorandum and authorises the Committee Chair to sign the letter subject to the Chief Executive of Hutt City Council reviewing feedback from the members regarding delivering on programmes under Councils' Long Term Plans and including amendments as discussed, with final changes to be circulated to members prior to the Committee Chair signing."*

The meeting adjourned at 2.33pm and resumed at 2.49pm.

9. **SHAREHOLDER RESOLUTION IN LIEU OF ANNUAL GENERAL MEETING**
(18/1833)

Report No. WWC2018/5/337 by Wellington Water Ltd

RESOLVED:

Minute No. WWC 18506

"That the Committee:

- (i) receives the report;*
- (ii) notes that the annual report was published on 30 September 2017 and 28 September 2018 which fulfilled the relevant statutory requirements;*
- (iii) agrees not to have an annual general meeting of Wellington Water for the 2016/17 and 2017/18 financial years; and*
- (iv) notes that the Auditor General has appointed Audit New Zealand as auditor on their behalf for the 2016/17, 2017/18 and 2018/19 financial years."*

10. **SHAREHOLDERS AGREEMENT AND CONSTITUTION** (18/1875)

Report No. WWC2018/5/341 by the Chief Executive, Hutt City Council

The Principle Advisor to the Chief Executive, Wellington Water Ltd (WWL) elaborated on the report. She had received advice from Russell McVeigh throughout the process and that the proposed changes were in line with the submission made to central government. She added the proposed changes were designed to future proof the document and would allow for any future Councils to join without having to reword the Constitution.

In response to a question from a member regarding voting rights, the Principle Advisor to the Chief Executive, WWL advised the Partnership section contained in the Constitution was changed to provide for a greater sense of true partnership, differentiating between shareholders and those decisions which involve mana whenua. She added that in most situations, mana whenua would have a vote, except for decisions involving Annual General Meeting resolutions and the daily operations of WWL.

The Chair explained there were three matters needing to be addressed by the Constitution - ability to accept a new authority; involvement of iwi; and consequential matters. He added that all Mayors of the region and the Chair of Greater Wellington Regional Council had noted their support to update the Constitution. The Chief Executive, Hutt City Council (HCC) explained that any proposed changes required the signature of each member Council.

Members discussed the merits of including the words "*in the Wellington region*" in the Operative Provisions section of the Constitution. It was agreed any requests from other Councils to join WWL would be dealt with on a case by case basis, and that the words "*in the Wellington region*" be added.

In response to requests from a member, the Principle Advisor to the Chief Executive, WWL agreed to investigate changing the first bullet point under Purpose of WWL to read: "*Provide governance and leadership across all issues...*"; and to update the corresponding references.

In response to a question regarding iwi representation numbers on the Wellington Water Committee ('the Committee'), the Chief Executive, HCC advised that the Committee needed to work with the Iwi to achieve effective Iwi representation without large numbers of personnel. The Principle Advisor to the Chief Executive, WWL added that under the Constitution, the Committee must accept an iwi representative from the geographical area WWL operated within.

In response to requests from members, the Principle Advisor to the Chief Executive, WWL agreed to investigate the requirement of the mana whenua representative resigning from the Committee if the corresponding Council did, as this did not reflect true partnership intent.

In response to a request from a member, the Chair, WWL agreed to investigate Committee member training concerning cultural issues.

RESOLVED:**Minute No. WWC 18507**

"That the Committee:

- (i) receives the report,*
- (ii) endorses the proposed changes for the Shareholders' Agreement attached as Appendix 1 to the report including the changes made at the meeting;*
- (iii) endorses the proposed changes to the Constitution attached as Appendix 2 to the report including the changes made at the meeting; and*
- (iv) forwards the Shareholders' Agreement and Constitution to the Shareholder Councils for approval."*

11. COMPANY UPDATE REPORT (18/1812)

Report No. WWC2018/5/334 by Wellington Water Ltd

In response to a query from a member regarding the Three Waters Dashboard, the Group Manager, Network Strategy and Planning, Wellington Water Ltd (WWL) advised analysis of data and studies over the next 12 months would provide clearer answers for reasons for the increase in per capita demand for water figures.

In response to a question from a member regarding Greater Wellington Regional Council (GWRC) and WWL's work on the flood protection, the Chief Executive, WWL confirmed officers from both GWRC and WWL worked together on the matter.

The Group Manager, Network Strategy and Planning, WWL advised the Stormwater Project would commence in 2019 with the engagement of members due to occur shortly.

RESOLVED:**Minute No. WWC 18508**

"That the Committee receives the Company Update Report."

12. **PLANNING FOR THE 2021/31 LONG TERM PLANS** (18/1814)

Report No. WWC2018/5/335 by Wellington Water Ltd

The Group Manager, Network Strategy and Planning, Wellington Water Ltd (WWL) elaborated on the planning for the Long Term Plans.

Members discussed the need for adequate information Councillor attendance at water and levels of service workshops. Members agreed that a post-election Councillor workshop should occur for the benefit of potentially new members appointed to the Committee.

RESOLVED:

Minute No. WWC 18509

"That the Committee receives the report."

13. **PLANNING FOR GROWTH** (18/1815)

Report No. WWC2018/5/336 by Wellington Water Ltd

The Group Manager, Network Strategy and Planning, Wellington Water Ltd (WWL) explained the modelling work should be completed by Christmas and that so far, it had shown significant capacity issues in water and wastewater networks. He added that planning for future growth would be assisted by identification of areas for upsizing the network to deal with capacity issues. He acknowledged the true costs of options to deal with water issues were not only financial and that stormwater issues were also important.

RESOLVED:

Minute No. WWC 18510

"That the Committee receives the report."

14. **ALLIANCE IMPLICATION PLAN AND WATER QUALITY** (18/1876)

The Chief Executive, Wellington Water Ltd (WWL) introduced Mr Kevin Locke, Alliance Manager from Fulton Hogan. Mr Locke elaborated on the partnership agreement between Fulton Hogan and WWL.

15. **MEETING SCHEDULE 2019** (18/1698)

Memorandum dated 13 November 2018 by the Divisional Manager, Democratic Services, Hutt City Council

The Chair recommended members meet regularly with the Wellington Water Ltd (WWL) Board and also with the Minister of Local Government. He advised that the Minister of Local Government was keen to meet as soon as possible which may result in the scheduled February 2019 meeting venue being changed to Lower Hutt.

Members noted that if Minister of Local Government was unable to attend the February meeting of the Wellington Water Committee then an additional Committee meeting would be organised.

RESOLVED:

Minute No. WWC 18511

"That the Committee agrees to the meeting schedule for 2019 as follows:-

Thursday, 28 February 2019 commencing at 1 pm with the Minister of Local Government followed by a workshop (Hutt City Council);

Wednesday, 29 May 2019 commencing at 1 pm followed by a workshop (Greater Wellington Regional Council);

Thursday, 26 September 2019 commencing at 1 pm followed by a workshop (Hutt City Council)

Tuesday, 3 December 2019 (pending the results of the local body elections) commencing at 1 pm followed by a workshop (Upper Hutt City Council)."

The Chair thanked members, staff and board members for their work throughout the year.

Members thanked the Chair for his leadership.

There being no further business the Chair declared the meeting closed at 4.20pm.

Deputy Mayor D Bassett
CHAIR

CONFIRMED as a true and correct record
Dated this 28 day of February 2019