

WELLINGTON WATER COMMITTEE

Minutes of an extraordinary meeting held in the Council Chambers, 2nd Floor,
30 Laings Road, Lower Hutt on
Tuesday 3 November 2020 commencing at 10.30am

PRESENT: Cr D Bassett (HCC) (Chair)
Mayor W Guppy (UHCC) (Deputy Chair)
Mayor A Baker (PCC)
Mayor A Beijen (SWDC)
Cr J Brash (GWRC)
Cr S Rush (WCC)

APOLOGIES: An apology was received from Mr T Parai.

IN ATTENDANCE: Deputy Mayor T Lewis (Alternate HCC)
Cr R Leggett (Alternate PCC)
Deputy Mayor H Swales (Alternate UHCC)
Cr J van Lier (Alternate GWRC)
Ms W Walker, Chief Executive, PCC
Mr S Mahoney, Company Portfolio Manager, (GWRC)
Mr P Kelly, Chief Executive (UHCC)
Mr G Dangerfield, Board Chair, Wellington Water Limited
Mr C Crampton, Chief Executive, Wellington Water Limited
Ms S Cuthbert, Principal Advisor, Wellington Water Limited
Mr E Stansfield, Manager, Service Planning – Network
Strategy and Planning, Wellington Water Limited
Mr A van Paassen, Communications Engagement Manager,
Wellington Water Limited
Ms K Stannard, Head of Democratic Services, HCC (part
meeting)
Ms H Clegg, Minute Taker, HCC

PUBLIC BUSINESS

1. APOLOGIES

RESOLVED: (Cr Bassett/Cr Brash)

Minute No. WWC 20601

That the apology received from Mr T Parai be accepted and leave of absence be granted."

2. PUBLIC COMMENT

There was no public comment.

3. CONFLICT OF INTEREST DECLARATIONS

There was no conflict of interest declarations. The Chair explained that he was a member and director of a number of organisations. He highlighted that he had received written confirmation from the Auditor-General that he had no conflict of interest in relation to Wellington Water Limited.

4. MINUTES (20/1333)

RESOLVED: (Cr Bassett/Cr Brash)

Minute No. WWC 20602

"That the minutes of the meeting of the Wellington Water Committee held on Monday, 29 June 2020, be confirmed as a true and correct record."

RESOLVED: (Cr Bassett/Mayor Baker)

Minute No. WWC 20603

"That the minutes of the meeting of the Wellington Water Committee held on Friday, 24 July 2020, be confirmed as a true and correct record."

5. WELLINGTON WATER LIMITED COMPANY UPDATE (20/1324)

Report No. WWC2020/6/252 by the Wellington Water Limited.

The Chief Executive from Wellington Water Limited (WWL) elaborated on the report.

The Board Chair from WWL advised that the Annual Report was yet to be fully audited. However, he highlighted that the financial statements had been audited with no issues. He believed that Audit New Zealand was requesting further information on the service performance measures, especially the response times for call outs. He added it was anticipated the final audit would be received in two to three weeks but may not be available for the upcoming Annual General Meeting.

In response to questions from members, the Board Chair from WWL acknowledged the time spent fulfilling Audit New Zealand's requests. He advised it was necessary work to ensure correct procedures were being followed. He highlighted that he was confident in WWL's processes. He spoke of the proposed changes regarding the performance measures.

In response to questions from members regarding the small area meters, the Chief Executive of WWL advised these were permanent fixtures designed to obtain a representative picture of the water use situation. He added that, combined with the existing commercial meters, an overall water use picture could be developed for the city, including the location of potential leaks.

In response to questions from a member regarding the timely dissemination to each Council of the data collected by WWL, the Chief Executive from WWL advised that an effective database could be developed over three months. He highlighted that there would be no additional costs incurred by Councils for this information as in-house managerial changes had resulted in more efficient uses of resources.

In response to a question from a member concerning the increasing amount of water leak reporting over summer, the Chief Executive from WWL explained that when the ground dried over the summer months, the public noticed signs of water leaks. He added that ageing underground pipes were put under stress when the soil dried out.

The Chief Executive from WWL agreed to send to Councils a dashboard graphic of the results of the critical asset assessments which would also be useful in tracking WWL progress.

In response to questions from members, the Chief Executive from WWL agreed to organise a visit for members to observe new technologies in the area.

The Chair advised he was satisfied and confident with the level of reporting from WWL.

RESOLVED: (Cr Bassett/Cr Brash)

Minute No. WWC 20604

"That the Committee notes and receives the report."

6. **2020/31 LONG TERM PLANNING UPDATE** (20/1328)

Report No. WWC2020/6/253 by the Wellington Water Limited

The Chief Executive from Wellington Water Limited (WWL) elaborated on the report. He explained that Stage 3 of the process needed to be customised and optimised for each Council. He advised that Mr Sutherland from Scottish Water had been engaged to provide audit advice. He agreed to send the advice to Councils. He provided a brief overview of the Long Term Plan advice presented to each Council. The overview covered drought resilience risk work, reducing water demand and response time measures.

In response to a question from a member regarding the \$47M stimulus package funding, the Chief Executive from WWL advised the funding had been allocated to specific projects (in consultation with each Council). He confirmed the funding had to be spent by June 2022 and that if any project was delayed then there was a “back-up” list of proposed projects to ensure the funding could be utilised.

In response to questions from members regarding the the measures for response times, the Chief Executive from WWL advised the business case being developed was assessing a different process. He highlighted that the different process was a “one-stop-shop” approach for urgent callouts.

In response to questions from a member, the Chief Executive from WWL advised that the Long Term Plans contained different OPEX and CAPEX combinations to achieve water conservation. He agreed that public education on water use and conservation may be able to be made more extensive.

In response to questions from a member regarding public feedback each Council received concerning priorities for infrastructure spending, the Chief Executive from WWL advised that the Stimulus Funding Package projects had been developed in conjunction with extensive consultation with Council officers. He added that possible changes may occur with regard to the amount of leakage detection work.

In response to a question from a member regarding water meters, the Chief Executive from WWL advised that the report on a business case for regional water meters would be available for the next Committee meeting.

Mayor Baker expressed support for WWL’s Long Term Plan process. She highlighted that it was up to individual Councils to determine rates funding.

Cr Brash expressed support for WWL’s Long Term Plan process. She added that it was not preferable to build another storage lake at Te Marua at a cost of \$230M.

Mayor Guppy advised Wellington would face a similar water crisis to Auckland if infrastructural spending was not future proofed and increased.

RESOLVED: (Cr Bassett/Mayor Baker)

Minute No. WWC 20605

“That the Committee:

(i) notes that stimulus funding and reform activities are influencing Councils’ consideration of

future investment for three waters;

- (ii) notes the interdependency between the current state of the network, the investment levels and targets for performance measures;*
- (iii) notes that advice on what performance targets are practically achievable will be updated in line with 'stage 3' budget-optimised investment plans (ie the targets will need to reflect the level of investment);*
- (iv) agrees to the principle of adopting regionally consistent performance measures and targets from the 2021/31 Long Term Plan onwards;*
- (v) endorses continued engagement with Council officers on how Wellington Water Limited can improve the consistency and meaningfulness of performance measures for the 2021/31 Long Term Plan; and*
- (vi) notes that inconsistent regional investment in the Reducing Water Consumption priority may result in the need for investment in a new water source inside the 2021/31 Long Term Plan and that this has not been included in the proposed investment plan for bulk water."*

7. FUTURE MANAGEMENT OF WATER

The Chair advised that numerous suggestions/issues raised in the Wellington Water Limited's (WWL) submission to central government's Three Waters Reform had been adopted.

The Chief Executive from Porirua City Council (PCC) advised the Three Waters Reform Funding Agreement had been signed by all Councils with the opt in/opt out process set for mid-2021. She added that all Chief Executives had been sent a request for further information (RFI) from central government concerning the stimulus package funding. She highlighted that the request was for a significant amount of detailed information which would involve a substantial amount of officers time. She added that moving forward, the Chief Executives were looking to implement the same process for the Three Waters Reform that had been adopted for the Regional Spatial Plan. She highlighted that Mr Patchett had been engaged to facilitate the process.

Mr Patchett explained that he was developing a project team drawing on officers from all Councils to develop a clear work programme based on Department of Internal Affairs (DIA) work streams. He also explained the process to be undertaken by 1 February 2021. He added that public consultation may be required at some stage in the process leading up to Councils being able to make informed decisions about the opt in/opt out process in mid-2021.

Mr Patchett advised that the Department of Internal Affairs would be providing additional information in February/March 2021 regarding the full reform process. He noted that a Cabinet paper was due in May 2021 and the new legislation timed to be being introduced in September/October 2021. He added that the reforms were timed to be enacted in June 2022.

In response to a question from a member regarding the RFI, the Chief Executive from PCC advised there was no legal requirement for Councils to supply this. However, all Councils had signed the Memorandum of Understanding (MoU) in good faith and there was value in having regional data.

Mayor Beijen expressed concern that the requirement for this information was not signalled prior to the signing of the MoU. He questioned the need for the ownership structure of Three Waters infrastructure to be changed and whether proposed aggregations would encourage monopolies. He questioned the lack of public consultation by central government on publicly owned assets worth billions of dollars. He questioned whether the timeframes set were realistic.

The Chief Executive from PCC reiterated it was advantageous for Councils in the Wellington region to gain an in-depth understanding of the Three Waters' networks in the region. She added that each Council would have to be agile in the process.

Deputy Mayor Swales expressed concern that tight timeframes and requests for significant amounts of information would place a huge strain on officers. The Chief Executive from PCC advised that \$60,000 per Council had been allocated to assist with RFI information collection.

Cr Brash noted that all Councils were bound by the requirements of the Local Government Act (the Act) and could not operate outside of this. She added the Act

required a prescribed public consultation process to be carried out if there were amendments to a Long Term Plan.

Cr Leggett believed the timeframes were too tight and that it was vital that complete data and facts be presented in the RFI responses.

Mayor Baker agreed with Cr Leggett's comments. She added that PCC was happy to continue with the process.

The Chair supported information sharing within the region and signalled the role of the Committee may change in the future depending on the outcomes of the reform. He also questioned the governance role of the Committee regarding the information being collected for the RFI.

Members discussed the future of the Committee noting that central government had already signalled WWL did not fit the aggregation criteria. It was suggested the Committee present an alternative to central government, rather than an alternative structure being forced on the region. The Chief Executive from PCC advised that the regional Chief Executives would continue to keep the Mayoral Forum updated and that a regionally consistent message to central government was important. Members agreed that regular reporting from Mr Patchett was required.

8. WELLINGTON WATER LIMITED PROPOSED REVIEW (20/1338)

Mayor Guppy elaborated on the letter. He expressed Upper Hutt City Council's (UHCC) concern as to a perceived lack of reporting and transparency from Wellington Water Limited (WWL) to the Committee. He highlighted an example of the lack of transparency offered by WWL. He believed members had a responsibility to their ratepayers to make sure Three Waters services were being delivered in the best possible way. He requested a full review of WWL be undertaken with urgency. He believed there was an opportunity to improve processes.

Mayor Baker expressed Porirua City Council's support of WWL. She did not support a full review being undertaken, especially in light of the current Three Waters Reform. She questioned whether UHCC wanted to withdraw from WWL.

Cr Brash agreed with Mayor Baker's comments.

Mayor Beijen believed WWL's processes were improving and that there was a proper process to follow if members believed there were issues with the quality of reporting. He added he would support a review of WWL that related to future capability and the use of innovation.

Cr Rush advised that it was good practice to question process. He suggested the once-proposed service agreement be reinstated, with an improved reporting requirement. He agreed that with the Three Waters Reforms currently underway, it was not a good time to review WWL. He did not support the points raised by Mayor Guppy concerning the lack of audit reporting.

RESOLVED: (Cr Bassett/Cr Rush)

Minute No. WWC 20606

"That the Committee:

- (i) *receives and notes the content of the letter; and*
- (ii) *does not support proceeding with a full review of Wellington Water Limited at this stage, in order to focus attention on the government Three Waters Reform; and*
- (iii) *requests Mayor Guppy provide specific information in regard to his "lack of transparency" claims, for the Chair of the Committee to raise with Wellington Water Limited."*

9. ANNUAL GENERAL MEETING OF WELLINGTON WATER LIMITED - WEDNESDAY, 25 NOVEMBER 2020

In response to a question from a member, the Board Chair from Wellington Water Limited (WWL) advised there was a statutory requirement for WWL to hold its Annual General Meeting by the end of November 2020.

RESOLVED: (Cr Bassett/Mayor Guppy)

Minute No. WWC 20607

"That an additional meeting of the Wellington Water Committee be held on 25 November 2020 at the Wellington Water Limited offices, immediately following the Wellington Water Limited Annual General Meeting."

10. GENERAL BUSINESS

There was no general business.

11. EXCLUSION OF THE PUBLIC

RESOLVED: (Cr Bassett/Mayor Guppy)

Minute No. WWC 20608

"That the public be excluded from the following parts of the proceedings of this meeting, namely:

12. MINUTES (20/1336)

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

| (A) | (B) | (C) |
|---|---|---|
| <i>General subject of the matter to be considered.</i> | <i>Reason for passing this resolution in relation to each matter.</i> | <i>Ground under section 48(1) for the passing of this resolution.</i> |
| <i>Minutes of the Wellington Water Committee on 29 June 2020 – Appointment of Directors to Wellington Water Limited</i> | <i>The withholding of the information is necessary to protect the privacy of natural persons. (s7(2)(a)).</i> | <i>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exist.</i> |

This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as specified in Column (B) above."

There being no further business the Chair declared the meeting closed at 12.15pm and the non-public portion of the meeting closed at 12.27pm.

Cr D Bassett
CHAIR

**CONFIRMED as a true and correct record
Dated this 25th day of November 2020.**