

14 January 2022

Max Shierlaw

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Tēnā koe Max

Request for Information – Local Government Official Information and Meetings Act 1987

We refer to your official information request dated 15 December 2021 for information relating to the Three Waters historic investment levels.

Our responses to your questions are provided below:

Prior to 2020 did Wellington Water (WWL) periodically produce asset management plans (AMPs) which contained projects (capital) and programmes (operating) designed to maintain and improve the Three Waters networks over time, and were those plans reviewed and approved by independent experts, and audited by the Office of the Auditor General?

Wellington Water has been involved in three rounds of Long-Term Plan advice to its client councils since it was established in September 2014.

For the 2015-2025 Long-Term Plan, Wellington Water provided Asset Management Plans (AMPs) for each of the three Hutt City Council waters assets, being water supply, wastewater, and stormwater. These were co-authored by AECOM (NZ) Ltd and approved for issued by Wellington Water.

A suite of Regional Service Plan documents was produced for the 2018 -2028 Long-Term Planning process. These formed the basis of information for asset and service planning for the region and comprised of three parts:

- Part one –The strategic asset management plan setting out Wellington Waters approach to water services asset management,
- Part two – Network plans for each of the Three Waters services - water supply, wastewater and stormwater,
- Part three – Council specific programmes of work and funding.

The level and maturity of the plan were reviewed against the Office of the Auditor General's (OAG) Criteria for Assessing Levels of Asset Management, Asset Management Maturity Index (International Infrastructure Management Manual 2011) (IIMM) and ISO 55001:2014 Asset Management systems - Requirements. Additional future improvements to the Regional Service Plan were identified and documented.

Prior to 2020 did WWL ever express any concern to Council, that the AMPs which they produced did not represent good asset management practice. If so, please provide details of any such advice given to Council.

Wellington Water has provided asset management planning to Councils through the 2015 Asset Management Plans and 2018 Regional Service Plan documents. These documents set Wellington Water's asset management planning approach, outcomes and risks for the Three Waters services provided to Hutt City Council.

Acknowledging the level of information and data available to inform the plan and the maturity of the process, a continuous improvement programme was prepared.

Can the Council confirm that the budget guidelines given to WWL prior to 2020 as part of the annual planning round were indeed just guidelines, and where WWL expressed any concern about the level of funding of any particular capital project or operating programme, please provide details of the concerns expressed by WWL.

Budget guidelines are issued each year by the Finance Team to all budget managers including the managers responsible for preparing the Three Waters budgets.

While the format of those guidelines has been reasonably consistent over the years, the approach to how they are managed with Wellington Water has changed. Previously Wellington Water was advised to prioritise capital expenditure within an overall budget envelope. This approach has changed in the last 3 years, with Wellington Water now being asked to provide Council with its best advice on funding required to maintain and renew the Three Waters networks over their expected life.

For the 2021-31 Long-Term Plan, Wellington Water provided options (high, medium and low) for Council consideration. The emphasis now is on Wellington Water to provide as much unconstrained advice as possible and for Council to make informed decisions based on that advice.

For annual plan years (between Long-Term Plans), Wellington Water provides advice on any changes to the Long-Term Plan brought about through new or more up to date information or emerging issues that may require consideration.

Prior to 2020 did WWL ever convey to HCC any specific instances where HCC budget restraint meant that WWL were unable to deliver the projects or programmes in the AMPs? If so, please provide details of those projects/programmes, and of any advice given to Council on these issues, and details of any discussion or agreement, or lack of agreement.

The 2015 AMPs and 2018 Regional Service Plan documents included explanations of principal risks resulting from the plan and associated investment levels proposed. Examples of the principal risks included in the 2015 Water Supply AMP are:

- A significant seismic event in Wellington leading to catastrophic failure of water mains and limiting the ability to distribute water to local residents
- Significant microbiological or chemical contamination of the water supply
- Failure of bulk water supply (other than through a major disaster)
- Water Shortages
- Pipeline failure causing property damage

The Council specific 2018 Regional Service Plan document identifies the following risks to service delivery including:

- Trade-offs between service goals may lead to increased exposure to service failure in some areas. A funding gap exists due to prioritisation of resilience and growth over renewals.
- Main Outfall Pipeline Overflow Mitigation is dependent on consenting and consultation outcomes. Funding has been proposed based on a low-risk strategy.
- Outcomes from the Natural Resources Plan, Whaitua process are currently unknown and not yet quantifiable. Funding has been allowed for consenting-related activities and we are planning for network improvements.
- Infrastructure is unable to deliver desired level of service due to increasing demand and existing capacity limitation.
- Planned activities are funded. There is the risk of localised effects of unforeseen development impacts.
- Limitations in network understanding may prevent knowledge of potential performance issues. A work programme has been developed to address this.

In the cases of the trunk wastewater main down Randwick Road and the stormwater main under the lower part of Dowse Drive, did WWL express any concern about the risk analysis associated with delaying those projects? If so, please provide the concerns expressed by WWL.

There is no record on file of Wellington Water expressing concerns in respect of either of these projects.

Can the Council confirm that the below accurately summarises the annual budget process pertaining the Three Waters and, if not, in what way is it not accurate?

- a) WWL periodically (every 3 years?) produced AMPs for each of the Three Waters**
- b) Each year, Council would give all departments, including WWL, budget guidelines within which they were asked to live.**
- c) In WWLs case, they were therefore asked to deliver the capital projects and operating programmes in the AMPs, within those guidelines, if possible.**
- d) Where WWL considered that was not possible, then WWL would notify HCC that they needed extra funding in that particular area. HCC would discuss the matter and bring it to a resolution. Once agreed, HCC would either find extra funding within the infrastructure group budget, or at a higher level by way of discussion at a senior level. There were times when HCC pushed back on some of WWL's requests and WWL would then review and/or reconsider, but the final outcome was always by agreement, never by way of any flat directive from HCC.**
- e) While it could be said that up to 2019 WWL were operating under a financial strategy which looked to impose limits on spend, both HCC and WWL were under no illusion that good asset management practice came first, and the budget guidelines were simply guidelines, designed to impose financial prudence on the relationship, in other words - simply sensible annual planning.**

The way that Council interacts with Wellington Water in respect to its budget processes is described earlier in this letter.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Please note that this letter may be published on the Council's website.

Nāku noa, nā

A handwritten signature in black ink, appearing to read 'Susan Sales'.

Susan Sales
Senior Advisor, Official Information and Privacy