

## **SUMMARY OF INFORMATION – integrated delivery of water services**

### **Proposal to transfer Wellington metropolitan bulk water activities into an existing council-owned water management company (currently named Capacity Infrastructure Services Ltd)**

Greater Wellington Regional Council (GWRC) supplies bulk water to Hutt City Council, Upper Hutt City Council, Porirua City Council and Wellington City Council (the Cities). GWRC owns and manages land and infrastructure to enable this bulk water supply. This includes water treatment plants at Te Marua, Waterloo, Wainuiomata and Gear Island as well as a network of pumping stations, pipes and reservoirs, including two storage lakes at Te Marua.

The downstream water infrastructure (wastewater, stormwater, drinking water) owned by the Cities is currently managed on their behalf by a council controlled organisation called Capacity Infrastructure Services Limited (Capacity). Each of the Cities is a shareholder in Capacity.

GWRC is proposing to contract the management of its bulk water supply operations to Capacity. At the same time it is proposed GWRC will become a shareholder in Capacity and change its name to Wellington Water Limited.

All land and bulk water supply infrastructure owned by GWRC will remain in public ownership under the proposal.

The objectives of the water integration proposal are to manage GWRC's bulk water supply in a way that:

- Retains public ownership of bulk water infrastructure
- Enables a strategic approach to, and the integrated management of, service delivery for the Wellington metropolitan water supply network
- Enhances public accountability and maintains political oversight in relation to the management of the Wellington metropolitan water services
- Promotes cost-effectiveness over the long term.

Managing GWRC's bulk water supply assets on a network basis alongside the downstream water services managed by Capacity will allow a more strategic approach to be taken for the

planning and delivery of these services. The associated economies of scale and operating efficiencies will yield benefits to the community in the longer term.

In summary, the proposal is that:

- GWRC retains ownership of its bulk water infrastructure assets
- GWRC becomes a shareholder in Capacity
- Capacity is renamed “Wellington Water Limited” trading as “Wellington Water”
- Wellington Water’s board reports to a new committee of GWRC (the Water Committee) made up of five elected members - one representing each of Wellington Water’s shareholders. Meetings of the committee will be in public
- The make-up of Wellington Water’s board of directors is changed so that all directors will be independent (not elected representatives)
- Staff currently employed by GWRC to deliver its bulk water services transfer to Wellington Water
- Some operational assets (but not infrastructure assets) transfer to Wellington Water; and
- GWRC contracts with Wellington Water to provide water infrastructure management services for its bulk water supply.

Each of the Cities will continue to have their own management agreement with Wellington Water and retain responsibility for setting water services charges and rates, setting service levels and capital works programmes.

As part of the proposal, GWRC will purchase shares in Capacity, the number to be agreed with the other councils. Payment for the shares could be offset by the value of transferred assets. There are some other costs GWRC will incur with the proposal. The initial project costs associated with the development of the proposal are unlikely to exceed \$100,000. The anticipated implementation costs are described in the detailed statement of proposal.

GWRC considered three other options: retaining the status quo; establishing its own water management company; and contracting with Capacity for the management of water services but not becoming a shareholder. These options and the preferred option were considered against GWRC’s strategic direction and policies. Contracting Capacity to manage GWRC’s water infrastructure assets and related services and becoming a shareholder was judged to be the best option.

The four councils affected by this proposal (Wellington City, Hutt City, Upper Hutt City and Porirua City) have been consulted. Each council has agreed in principle to the proposal. If

approved, the transfer of the management of GWRC's bulk water activities into Capacity is expected by the end of the 2014 calendar year.

A full copy of the Statement of Proposal can be viewed on the GWRC website [www.gw.govt.nz/have-your-say](http://www.gw.govt.nz/have-your-say) or at the Regional Council offices Shed 39, Harbour Quays, Wellington and 34 Chapel Street, Masterton.

### **Make a submission**

Submissions on this proposal may be made during the period to [ xxx 2014] . The final date for making a submission is [ xxx 2014]

To make a submission you can:

- Use the submission form on page 13 of the draft Annual Plan 2014/15 Summary
- Send an online submission form via our website [www.gw.govt.nz/have-your-say](http://www.gw.govt.nz/have-your-say)
- Write a letter to us at:

Greater Wellington Regional Council  
Water proposal  
Freepost 3156  
P O Box 11646  
Wellington 6142