

26 March 2001

«Title» «FirstName» «LastName»
((Address 1))
«Address2»
«City»

Dear «Dear»

Water Services Integration Proposal

Thank you for your interest to date in the proposal to integrate the water, wastewater and stormwater services of Hutt City, Wellington City and the Wellington Regional Council. You may have heard that the three councils have now all considered the proposal and all have agreed that it can go to the next stage, which is full public consultation.

Attached for your information is a copy of the consultation document, which is now being distributed. We would be pleased to receive a submission from you, or to provide any further information you might need to answer any questions.

Consistent with the approach taken to date, the three councils are working together on the consultation. In what we believe is a first for councils in this region, there is a single consultation document and the consultation programme will involve joint public meetings, joint hearings for oral submissions and joint assessment of all submissions.

Residents, community groups and businesses are being asked for their views on the proposal to establish a trust to bring the water services activities of the three councils into one organisation. The move would produce ongoing savings that have been estimated to be at least \$2.8 million a year, by eliminating duplication between the councils and improving service delivery and planning. Set up costs are estimated to be up to \$3.0 million.

When consultation is complete, the three councils will each consider the consultation report and only then decide whether to go ahead with the proposal. All three councils need to agree before the proposal could go ahead.

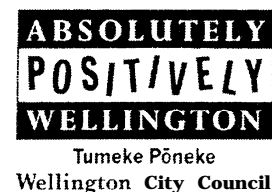
Once again, we will continue to keep you informed of developments and would be very happy to provide a briefing if you would find this useful.

Yours sincerely

Stuart Mackaskill
Chairperson
Wellington Regional Council

John Terris
Mayor of Hutt City

Mark Blumsky
Mayor of Wellington



Dear Sir/Madam

Water Services Integration Proposal

Full public consultation is about to begin on a proposal to integrate the water, wastewater and stormwater services of Hutt City, Wellington City and the Wellington Regional Council and we thought you (or your organisation) may be interested in making a submission.

Brief details of the proposal, and information on how to make a submission, are included in the enclosed consultation document. The proposal is the result of nine-months' work by a joint working party of officers of the three councils, and concludes that establishing a Trust to manage the services would give ongoing savings estimated at least \$2.8 million a year, by eliminating duplication between the councils and improving service delivery and planning. Set up costs are estimated to be up to \$3.0 million.

The three councils considered the report of the working party in February and all three agreed that the proposal should go forward for full public consultation. The main features of the officers' proposal are that

- a stand-alone trust be established to bring together the skills the councils already have in managing and operating the region's water services
- the trust be owned by the three councils, and structured in a way that protects public ownership and control
- Porirua and Upper Hutt city councils have the option to participate in the future should they choose (Porirua and Upper Hutt decided last year not to take part in the review that resulted in this proposal)
- councils continue to set water prices and pricing systems as they do at present (e.g. the trust would not make decisions such as whether to introduce meters)
- councils decide how the savings generated from the changes are used.

Consistent with the approach taken to date, the three councils are working together on the consultation. In what we believe is a first for councils in this region, there is one consultation document and the consultation programme will involve joint public meetings, joint hearings for oral submissions and joint assessment of all submissions.

When consultation is complete, the three councils will each consider the consultation report and only then decide whether, and on what basis, to go ahead with the proposal. All three councils need to agree before the proposal could go ahead.

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We would welcome your submission on the proposal. Written submissions close at 5pm on 30 April 2001. Oral submissions are also welcomed from those who have submitted a written submission and have indicated an intention to follow-up orally.

Copies of the full report that went to the councils are available from the offices of the three councils and from public libraries in Wellington City and Hutt City.

Yours sincerely



Stuart Mackaskill
Chairman
Wellington Regional Council



John Terris
Mayor of Hutt City



Mark Blumsky
Mayor of Wellington

Publication	Placement dates
Dominion	Sat 24 March & Wed 28 March
Evening Post	Sat 24 March & Wed 28 March
Wairarapa Times Age	Mon 26 March
Contact	Thurs 29 March
Hutt News	Tues 27 March Deadline Thurs before
Kapi Mana News	Tues 27 March
Upper Hutt Leader	Wed 28 March
Wairarapa News	Wed 28 March
Capital Times	Wed 28 March
City Voice (still publishing ???)	Thurs 29 March
Cook Strait News	Mon 26 March
Eastborne Herald	Fourth Friday of every month
Independent Herald	Tues 27 March
Kapiti Observer	Mon 26 March
Newlands Paparangi Post	Tues 27 March
Petone Herald	Mon 26 March
Porirua News	Wed 28 March
Tawa Times	Tues 27 March
The Norwester	Wed 28 March
Wainuiomata News	Thurs 29 March
Western News	Fri 23 March

Adlink (part of Wellington Newspapers) are able to place ads in all the above newspapers. The person to contact is Jenny Fenton dd 474 0250.

Petition

Organised by Mike Grigg, 29 Hyde Street, Wainuiomata, Lower Hutt

“We the undersigned petition the Hutt City Council, the Wellington City Council and the Wellington Regional Council to reject the water supply integration proposal.”

A total of 994 signatures against the water services integration proposal were collected.

27 April 2001

Iwi group

Name

Address

Address

Address

Tēna koutou,

Many thanks for your participation, korero and whakaaro from the technical workshop on the consumptive use of water. Many good ideas and issues were raised, and a lot of valuable information was shared among iwi representatives and the host of presenters. We will be encouraging feedback about this workshop at the next Ara Tahī meeting.

One of the issues discussed at the workshop was the proposal for the integration of Wellington's water supply. Dave Benham presented the proposal on behalf of the Wellington Regional Council, Wellington City Council and Hutt City Council. There were many issues raised concerning this proposal. Therefore a provision has been made to set aside time for oral submissions to be heard at an Iwi hearing. The date and times are as follows:

Date: Friday 11 May

Time: 10am – 2.30pm

Venue: Wellington Regional Council Committee Room, level 5.

You are encouraged to come and present your whakaaro at this hearing. The council has agreed to cover all travel expenses. If this date and time are not suitable for you and you wish to present an oral submission, please contact me as soon as possible. For those of you who wish to present something on this day please contact me by **Wednesday 9 May to confirm.**

If you have any queries please contact me on;
ph (04) 384 5708 or
via e mail: keriana.wilcox@wrc.govt.nz.

Naaku noa naa

Keriana Wilcox

Maori Policy Advisor

Wellington Regional Council



In reply please quote: EN/5/2
For enquires please contact: TM Davin
Extension: 8469TA
Direct Dial: 04 237 1412

Address
correspondence to:

The Chief Executive
Porirua City Council
PO Box 50218
Porirua City
New Zealand
Phone 6442375089
Fax 64 4 237 6384

4 May 2001

Wellington Regional Council
PO Box 11 646
WELLINGTON

Administration Bldg
Cobham Court
Porirua City

Attn: Water Integration Project

SUBMISSION ON THE WATER SERVICES INTEGRATION PROPOSAL

Enclosed is the Submission on the Water Services Integration Proposal.

This was adopted by Council at a Special Council meeting on Thursday 3rd May 2001.

Please note that the Porirua City Council wishes to have its Submission heard at the formal Submission hearing.

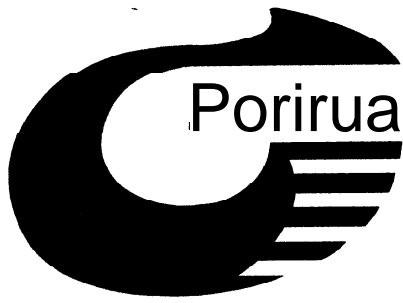
Please advise details to:

Tim Davin
Porirua City Council
Ph 042371412
e-mail tdavin@pcc.govt.nz

Yours faithfully

A handwritten signature in black ink, appearing to read 'T. M. Davin', written in a cursive style.

T M Davin
GENERAL MANAGER UTILITIES POLICY
For CHIEF EXECUTIVE



Porirua City Council

Submission
on the

**Water Services
Integration
Proposal**

PORIRUA CITY - IT'S AMAZING

MAY 2001

PORIRUA CITY COUNCIL

SUBMISSION ON THE WATER SERVICES INTEGRATION PROPOSAL

The Porirua City Council has carefully considered the proposal by Wellington Regional Council, Wellington City Council and the Hutt City Council to establish a Water Trust to deliver water, sewerage and stormwater services.

Councils analysis of the savings shows that rather than a saving of \$2.8m, only \$1.1m of this is relevant to the Porirua City Council.

The reason for this is that of the \$2.8m, \$0.6m is an annualised cost for a major reservoir. Both the report by Mr Howard Stone and the previous work undertaken by Ernst & Young in 1997 – with the support of Sinclair Knight Merz, indicate that this reservoir is not required. The operational needs that the reservoir was intended to meet can simply be avoided by a contractual arrangement between the Wellington Regional Council and the Wellington City Council. This Council believes these two Councils should implement such a contractual arrangement immediately to remove this argument from all future consideration.

In addition, in the Report \$1.1m is identified for best practice savings. However this only applies to the Wellington City and Hutt City water reticulation and sewerage reticulation services and clearly is not relevant to the Porirua City Council.

There are \$0.2 million of recurring additional costs leaving a balance of \$1.3m. This \$1.3m is the economies of scale savings and again the wastewater savings of the other Councils can be discounted (\$0.2m) leaving \$1.1m of potential savings. This is shown as follows:

Total savings	\$2.8m
Less avoided capital expenditure	<u>\$0.6m</u>
	\$2.2m
Less WCC & HCC reticulation (best practice)	\$1.1m
	<u>\$1.1m</u>
Add Recurring Additional Costs	<u>\$0.2m</u>
Economies of Scale Savings	\$1.3m
Less WCC & HCC Wastewater EOS Savings	<u>\$0.2m</u>
Economies of Scale Savings (WCC, HCC, WRC water)	<u>\$1.1m</u>

Although the Report indicates that the Wellington Regional Council's portion of this is not able to be identified, for the sake of argument on the basis that Wellington Regional Council's status quo core process baseline costs are 37%, then arguably 37% of these savings (\$1.1 m) could be apportioned to the Wellington Regional Council – ie \$400,000 pa. As Porirua City Council pays 10% of the costs, then approximately \$40,000 may accrue to the Porirua City Council after the 3 year establishment phase. Clearly this is relatively small and is insignificant in the context of this "high level feasibility study".

Porirua City Council also has a number of reservations about these savings. These include comment that savings can be achieved through bulk purchasing of electricity supply but this has already been achieved through national purchasing arrangements.

There is also much made in the Report about the need to undertake ring fencing of costs to ensure that costs are charged to the relevant activity and ratepayer. It was of concern to learn in this process that the Wellington Regional Council's share of the professional costs for this three council investigation (Price Waterhouse Coopers & Phillips Fox) were being paid for from the bulk water area. We believe it is entirely inappropriate for Upper Hutt

City and Porirua City to pay a portion of this investigation and this raises concerns about assurances of ring fencing. At the very least this Council asks that those charges be transferred from the bulk water area to the Wellington Regional Council's general overheads.

It is feasible that the Porirua City Council could make savings if it was involved in the Trust in both the best practice and economies of scale areas. However, since these operations are relatively small in Porirua City, it is not expected that these savings would be significant.

Council has also had an opportunity to consider the legal issues. In one of the opinions received from Phillips Fox there is a statement that until either the Wellington Regional Water Board Act is repealed or until all the constituent authorities agree, there could be no absolute vesting of Wellington Regional Council assets in the new Trust. It suggests that at least the Wellington Regional Council must retain the ultimate power to control the assets to the extent they are necessary to fulfil its obligations under the Wellington Regional Water Board Act.

This was a surprise to the Porirua City Council as the Report on the Trust proposal indicates these assets would be vested in the Trust. We suggest this issue be further clarified.

The Phillips Fox opinions also state that the existing legislation constrains a number of aspects of the concept in a way which would probably be undesirable in the long term, and goes on to suggest that the legislation should be changed in the future. The nature of these aspects has not been identified in the Report and we suggest this be done. With the possibility that the legislation may not be able to be amended, the extent of the constraints of the legislation needs to be better identified.

The major drawback of the Trust proposal, in the view of the Porirua City Council is the loss of political accountability. In the first instance this affects the relationship between Porirua City and the Regional Council. Through the

Water Board Act that relationship will remain and yet the Wellington Regional Council will only have limited influence over the Trust

While Porirua City Council believes this is a significant issue if Porirua City Council remains outside the Trust, clearly it is an issue for the Wellington Regional Council, the Hutt City Council and the Wellington City Council. Councils will be rating their ratepayers for the provision of these services and have limited control over the Trust. From our reading of the Report this **control** is limited to influencing the establishment documents for the Trust, the **appointment** of their Trustee and his or her influence, and a possible five **yearly** review. This is clearly significantly less political accountability from the **status quo**.

Council also has reservations about the Trust as a form of governance, as Trustees are required, under Trustee law, to act independently, and this will reduce the influence of the Councils. This issue was highlighted in a recent **Report** of the Controller and Auditor General on the Governance of Subsidiary **Entities**.

Council thus does not wish to become directly involved in the Trust at this stage because of the significant political accountability shortcomings of the **proposal**.

However, Council does believe there are some alternatives that **could be considered**. It will be recalled that at the end of 1999 a Four Cities Review **considered** nine options for the improvement of water services in the **Wellington region**. However the three Councils seem to have decided that **integration** was the only option that required analysis and added sewerage and stormwater services to the proposal.

This Council believes this is not a valid form of **public policy** analysis and that **a number** of options need to be considered in order to provide high quality **policy advice** to elected representatives. It is feasible that some of these nine **options** could achieve 'most of the economies of scale and best practice savings outlined in the Report, without the **significant** political accountability

loss inherent in establishing a new governance structure – The Trust. Examples include joint service delivery arrangements and/or the establishment of an asset management professional team.

This Council urges the three Councils to place the Trust proposal on hold and to undertake further analysis of some of the options outlined in the Four Cities review in order for true comparisons to be made. The continuation of that review should now of course include the Wellington Regional Council. Only at that point can valid decisions be made.

The Porirua City Council thanks the three Councils for the opportunity to make this Submission but is of the view that it does not wish to be directly involved in the Trust at this stage.

A handwritten signature in black ink, appearing to read 'Roger Blakeley', written over a light grey rectangular background.

Roger Blakeley

CHIEF EXECUTIVE



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DATE: 30-Apr-01

TO : Wafer Services *Integration*

ATTENTION :

FAX NO : 04 - 3877775

SENDER : *Lachlan Wallach*

FILE :329/1/3

TOTAL PAGES : 2

(including this page)

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Submission on the Proposal **by Hutt** City Council, **Wellington City Council** and **Wellington** Regional Council to Integrate their Water Services **Operations**

Attached is the submission from the Upper Hutt City Council.

Lachlan Wallach
Director Operations
Upper Hutt City Council



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Chairman and Members
Wellington Regional Council
Hutt City Council
Wellington City Council
Water Services Integration Project
PO Box 2199
WELLINGTON

File: 329/ 1/3

30 April 2001

Dear Sir/Madam

SUBMISSION ON THE PROPOSAL BY HUTT CITY COUNCIL, WELLINGTON CITY COUNCIL AND WELLINGTON REGIONAL COUNCIL TO INTEGRATE THEIR WATER SERVICES OPERATIONS

Thank you for the opportunity to make the following submission on the proposal to integrate your water services operations. **Our Councillors have considered the project report and the following comments are made.**

1. Upper **Hutt City Council confirms its decision not to** participate in the proposed integration of water services.
2. If the proposal **proceeds, Council requires:**
 - that the level of service to Upper Hutt City be no less than it is now;
 - **that the current security of supply of bulk water is no less than it is now;**
 - **that the bulk wastewater and bulk water operations be financially ring-fenced;**
 - that there be no increased costs to Upper **Hutt City Council because of the** integration;
 - **that any savings in the bulk wastewater and bulk water supply areas be passed on** to Upper Hutt City Council in accordance with **the** allocation formulas agreed at the time; and
 - that if the bulk water assets are transferred to the proposed Trust, the terms of the transfer are such that should there be a failure in performance by the Trust, then the Wellington Regional Council will be able to **perform** the function and obligation itself or arrange for another entity to do so.

If there were to be hearings on the submissions then Council would like to be heard.

Yours faithfully

Lachlan Wallach
DIRECTOR, OPERATIONS