

Report 14.379
Date 25 August 2014
File E/12/16/04

Committee Wellington Water Committee
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Company update

1. Purpose

To provide the Committee with a concise update of Company issues.

2. Background

Capacity Infrastructure Services Limited (the Company) is a Council Controlled Organisation (CCO) owned by the four urban city councils of the Wellington region (Porirua City Council, Hutt City Council, Upper Hutt City Council and Wellington City Council – the shareholding councils).

The purpose of the Company is to provide water, stormwater and wastewater (collectively known as 3 Waters) services to the shareholding councils consisting of:

- Long term asset planning;
- Project development and delivery; and
- Day-to-day operations.

The Shareholding councils retain responsibility for consulting with communities over service levels and the setting of long term and annual investment levels.

The Company currently has an establishment base of 80 staff.

3. Comment

3.1 Ownership change being effected

On 26 June 2014 Greater Wellington Regional Council (GWRC) resolved to join the CCO providing 3 Waters services. GWRC also resolved to establish the Wellington Water Committee as a joint committee, to provide governance oversight of the CCO on behalf of the shareholding councils. This committee would be responsible for representing owners' interests in guiding the Company, monitoring its performance and being an advocate for regional 3 waters issues. Each shareholding council would appoint one representative to

the Committee. All current shareholders have approved the proposal that GWRC become a shareholder in the CCO; they have also established the joint committee, adopted the Committee's terms of reference, and appointed their representative and alternate to the Committee.

The Company is managing the addition of the GWRC as a significant merge project with a separate change management team. The project has been planned and now fully resourced. Critical dates are:

- a) 19 September for transfer of GWRC bulk water staff to the CCO;
- b) Reorganisation of current structures and a more efficient structure decided by Christmas 2014; and
- c) New company fully operational by 30 June 2015.

During the reorganisation phase we will run the CCO as two parallel business units, consisting of GWRC bulk water and the old Capacity business respectively. This will ensure we provide exactly the same services until effective integration of services has been achieved. This is the lowest risk way of doing this.

In parallel with the change we are working with the current shareholders to streamline the way they interface with the Company so we can provide a consistent service. This has resulted in two staff transferring from Porirua City Council on 4 August 2014 and a further 20 staff (approximately) from Wellington City Council transferring on 3 October 2014.

The merge is going very well and the mood is good amongst all staff who, on reflection, judge the merge as a positive opportunity.

3.2 Company strategy

Over the first three months of this calendar year Capacity completed a strategy refresh. The key elements of the strategy are:

- a) The shareholding councils are our primary customer because they consult communities on infrastructure service levels and set investment levels. This has resulted in the Company positioning itself as the Trusted Advisor to councils and for our primary behaviour to be collaborative;
- b) We have retained our current operational excellence strategy which aims to deliver long term value to the shareholding councils through a competent and resilient professional workforce; and
- c) We wish to pursue conversations with all shareholding councils on issues of regional significance which affect two or more councils. Our aim is to endeavour to pursue regional outcomes in a collective manner.

3.3 Interface with the Water Committee

We are really looking forward to the chance to talk to the Committee about regional issues. We feel there is a place for councils to collectively discuss

regional issues and promote thought leadership on how to address these issues with individual councils and their communities.

We have been doing some thinking about how to interface with the Water Committee. As a talking point we have produced the diagram contained in **Attachment 1**. The diagram endeavours to explain the various roles of the shareholding councils, the Company, the Company's Board and the Water Committee.

The big added value the Company can provide to the Water Committee is to research and present regional issues for the Water Committee to discuss. The Water Committee could see one of its roles as providing direction to councils on these issues and then communicating this direction to councils and the general public.

We look forward to presenting to you our regional quarterly report in October. This report sits above all the individual council reports and provides the public with assurance 3 Waters management is progressing well.

4. The decision-making process and significance

No decision is being sought in this report.

5. Recommendations

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*

Report prepared by:

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Report approved by:

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Attachment 1: Interface with the Wellington Water Committee