

15 May 2025

File Ref: OIAPR-1274023063-38909

Councillor [REDACTED]
C/o Wellington City Council
113 The Terrace
Wellington

By email: [REDACTED]@wcc.govt.nz

Tēnā koe [REDACTED],

Request for information 2025-146

I refer to your submission made on behalf of a group of individuals to the Annual Plan 2025/26 engagement. In the course of preparing a response to your submission, it was noted that it also included a request for information, dated 31 March 2025. This request was received by Greater Wellington Regional Council (Greater Wellington) on 31 March 2025 as part of your submission and we apologise for the lateness of considering this response under the Local Government Official Information and Meetings Act 1987.

You have requested the following:

“GWRC is requested to provide evidence that it has the legal authority to approve such IT system expenditure and add the cost to Bulk Water Charges. Such clarification should reference the Local Government Act, Regional Water Service Act 1972, and the Client Council Master Services Agreement.

Greater Wellington’s response follows:

Inclusion of Wellington Water Limited’s ICT Project in the Annual Plan 2025/26

Overview

As part of the development of the 2025/26 Annual Plan, Greater Wellington considered a proposal to include debt-funding for Wellington Water Limited’s (WWL) corporate ICT system upgrade. This letter describes the proposal, outlines the legal authority for including this expenditure in the water levy and summarises the evaluation of its significance under the Local Government Act 2002 and Greater Wellington’s Significance and Engagement Policy.

Proposal Description

From its formation WWL has relied on its partners (councils and suppliers) to share systems rather than purchasing its own. While this has on the surface been cost effective it has restricted the organisation's ability to be effective and efficient in its operations and many of those systems have now reached their end of life. The core “systems of record” required to run an effective and efficient water utility are not fit for purpose. WWL has made a case for critical investment in these essential core technology systems required to avoid further errors and issues reoccurring. This need was highlighted in the independent review into WWL’s capital programme estimation and budgeting systems in 2024.

Greater Wellington has proposed to support an initial funding envelope of \$25 million (\$13.8m in 2025/26, the balance in 2026/27), excluding contingency, pending the submission of a proposal paper outlining more finalised costs from the procurement process. The \$13.8 million is proposed to be debt-funded in the 2025/26 financial year. Only the interest portion of this cost would be passed on through the bulk water levy in that year.

Although this represents an increase in capital expenditure, it aligns with Greater Wellington’s existing Long Term Plan (LTP), which includes both capital and operating provisions for WWL. The proposal also supports the Council’s financial strategy by funding intergenerational investments through debt, with costs recovered via the water levy from those who benefit.

Legal Authority to Fund and Recover Costs via the Water Levy

Greater Wellington has legal authority to deliver and manage bulk water supply services under both the Water Services Act 2021 (WSA) and the Wellington Regional Water Board Act 1972 (Water Board Act). As the “owner” of the drinking water supply under the WSA, Greater Wellington is responsible for preparing a drinking water safety plan and ensuring its supply is operated in accordance with that plan. Greater Wellington has engaged WWL to carry out those functions as its operator, under section 30(4) of the WSA, and has entered into a service level agreement (SLA) with WWL to support compliance with its statutory obligations and its own long-term planning documents.

In addition, Greater Wellington has assumed the powers of the former Wellington Regional Water Board under the Water Board Act, including its obligations for the bulk supply of water to local authorities and the right to charge for that supply. The charging framework under sections 85 and 86 of the Water Board Act requires Greater Wellington to consult on the method of calculation but allows it to recover a range of costs, including operating, capital, and administrative expenses. Greater Wellington may discharge these functions through WWL under the SLA, and if a particular cost is considered an administrative cost associated with delivering bulk water supply, it may be passed on to local authorities under section 86.

The ICT system upgrade is an administrative function that supports the delivery of bulk water services and enables WWL to carry out its responsibilities effectively. As such, the cost can be

appropriately classified as an administrative expense or “additional sum” recoverable via the water levy.

Evaluation of Significance

An assessment of significance was completed applying Greater Wellington’s Significance and Engagement Policy. Key considerations are:

- Nature of the change: this is an internal shift in corporate ICT systems and does not alter the level of service provided to the public or directly impact bulk water delivery.
- Alignment with strategies: the proposal is consistent with both the financial and infrastructure strategies, supporting resilience and centralised systems.
- Public interest: while corporate ICT upgrades are unlikely to draw direct public concern, there is general interest in WWL, elevating community awareness to a medium level.
- Mana whenua interests: the proposal does not alter water delivery or governance and is not considered to affect the enduring interest of mana whenua in water management.
- Climate change impacts: these are considered negligible.

After weighing these criteria, the proposal is assessed as not significant, and no public engagement or consultation was required.

Conclusion

Greater Wellington is legally empowered to approve and fund the WWL ICT project and recover the associated interest costs via the bulk water levy. The proposal has been assessed under Greater Wellington’s Significance and Engagement Policy and determined to be not significant, as it does not alter service levels, governance, or community outcomes. Therefore, public consultation is not required.

If confirmed through the Annual Plan 2025/26, this investment will address the problem that WWL’s current state technology is fragmented, unable to scale, and in some cases, ageing and requiring replacement. It will also serve as essential transferable infrastructure for any future water service entity under the Local Water Done Well reform process.

Invitation to Public Participation

Date: 22 May 2025

Time: 9:30AM

Location: Council Chambers, 100 Cuba St., Wellington

The Council will be discussing the Annual Plan 2025/26 engagement on 22 May 2025. Your group is invited to attend the meeting and present during public participation. If you wish to do so, please advise democratic.services@gw.govt.nz as soon as possible but by 21 May at the latest.

If you have any concerns with the decision(s) referred to in this letter, you have the right to request an investigation and review by the Ombudsman under section 27(3) of the Local Government Official Information and Meetings Act 1987.

Please note that it is our policy to proactively release our responses to official information requests where appropriate. Our response to your request will be published shortly on Greater Wellington's website with your personal information removed.

Nāku iti noa, nā



Julie Knauf

Kaiwhakahaere Matua Ratonga Rangapū | Group Manager Corporate Services