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Tēnā koutou

Assurance of ongoing supply of a sufficient quantity of drinking water in the Wellington Region

This letter follows our work with Wellington Water Limited (**WWL**) to understand and manage risks to the supply of a sufficient quantity of drinking water in the Wellington Region over the 2023/24 summer period, now that we are moving past the period of greatest risk of a shortage of drinking water according to modelling commissioned by WWL.

While our collective attention has (and is) rightly focused on addressing risk in the 'here and now', it is also important that a similar situation is avoided next summer. Early and sustained action is likely to be important to achieving that.

Under the Water Services Act 2021 (**WSA**), drinking water suppliers have a duty to ensure a sufficient quantity of drinking water is provided to each point of supply.¹ As the owners and operator of a drinking water supply, local authority shareholders and WWL are all drinking water suppliers for the purposes of the WSA. Each organisation consequently has a non-transferrable, overlapping duty to ensure the ongoing sufficiency of supply, moderated through the application of s17 of the WSA.

I'm conscious that local authorities are currently working through long-term plan (**LTP**) processes under the Local Government Act 2002, noting the increased flexibility around that process provided through the Water Services Acts Repeal Act 2024. I am also aware the Minister of Local Government, Hon Simeon Brown, has written to you about the longer-term challenges of funding water infrastructure, stressing the need for continued increases in investment and for WWL and its shareholder councils to work together effectively. Our interest is in ensuring the risks to sufficient water supply are managed in the immediate-term.

It's apparent that all councils are looking hard at the investment that needs to be made to address the problems currently affecting the region's water services in the longer-term. It is also really pleasing to see agile leadership to get on top of the issue, such as Hutt City Council's decision to accelerate leak repair work to reduce the backlog before summer arrives next year.

¹ WSA, s 25(1).

While the situation is changing as new decisions are taken, on the information currently available to Taumata Arowai we are not confident that WWL's operational plans or broader council investment decisions will be adequate to prevent the current acute water shortage risk from happening again next summer.

A step change is required to head into next summer with confidence

The letter sent to Taumata Arowai on 22 November 2023 by WWL contains a description of the key contributing factors to the current water shortage risk, which can be summarised as:

- record high water use, comprised of active consumer demand (based on historical summer water use trends) and significant and increasing passive demand through water loss in public and private distribution networks, and
- changing climatic conditions (particularly with the shift to an El Niño weather pattern), which impact both source water availability and active consumer demand.

None of these factors are rapidly emerging, unforeseeable, or exceptional – a situation that can be contrasted, for example, with the impacts of Cyclone Gabrielle in numerous parts of the North Island in February 2023. While they present challenging problems, they represent reasonably predictable seasonal risk.

Without any significant change in the approach to the ongoing supply of a sufficient quantity of drinking water, there is no reason to expect that the risk will be avoided next summer. As population growth, network asset deterioration and climate change continue to add further supply and demand stress, the risk of future water shortages seems likely to increase.

A step change appears to be required in the approach of WWL and its local authority owners to ensure that there is not an imminent risk to the supply of a sufficient quantity of drinking water over the same period in future years, starting with the 2024/25 summer.

It is not viable in our view for the Wellington metropolitan drinking water supply to be operated so that the potential declaration of a drinking water emergency under the WSA, or a broader civil defence emergency, and the exceedance of existing resource consent limits is seen as a regular part of summer water supply management. The use of emergency powers should be reserved for situations where extraordinary events occur, or factors affecting supply could not reasonably have been anticipated or modelled. That does not appear to be the case here.

Risk mitigation plan

WWL's letter of 22 November 2023 identifies a number of options that it is progressing to reduce the water shortage risk in the medium to long-term. Several of these are described as not being of particular benefit for the current summer period because of the limited time available as at the date of the letter. However, they are discussed in terms that indicate WWL considers they will be of longer-term strategic benefit.

They include:

- increased investment in water loss management (corresponding to a reduced passive demand through network water loss)

- reduced active consumer demand, through residential water metering and other demand management activities
- creation of additional network storage capacity, and
- creation of increased production capacity at the Te Marua Water Treatment Plant (**WTP**), which I understand will result from the addition of dissolved air flotation (**DAF**) technology.

I understand that WWL is also exploring the possibility of variations to the existing resource consents that it relies on to take water with a view to increasing the volume of supply available in certain circumstances, subject to Greater Wellington’s usual assessment and decision-making processes under the Resource Management Act 1991. We note that was not pursued this summer, with indications that it would take a year to process such applications even if they were successful.

I expect there are other network investment, management, or operation options that will similarly have some impact on the supply and demand sides of the water availability equation. They will no doubt all have their own pros, cons, costs and risks that you need to weigh up and decide on.

As we move out of the period of peak water shortage risk for the current summer period, it is time for WWL and its local authority owners to determine how the risk to sufficiency of supply will be appropriately mitigated in future summer periods.

To enable Taumata Arowai to examine that, I ask that WWL provides a clear plan to Taumata Arowai, by no later than **8 March 2024**, that sets out the actions planned to avoid an imminent risk to the supply of a sufficient quantity of drinking water over the 2024/25 summer period.

To be clear, I am not asking for a plan that provides for all of the network issues currently being faced by WWL and its local authority owners to be addressed in their entirety ahead of the next summer period. That is a long-term fix.

Our focus is specifically on the actions needed to significantly mitigate the risk in the shorter term so that WWL and its owner councils satisfy statutory duties, and notification of the risk of a declaration of a drinking water emergency is unnecessary this coming summer.

It isn’t sensible or feasible to eliminate the risk completely; the possibility of extraordinary weather or other events cannot be excluded. There is also a balance to be struck between what’s needed in the short-term – for example, accelerated fixing of leaks – and what’s most efficient and effective longer-term – such as renewals of the network that take time.

Your plan should provide assurance that the residual risk that Level 2 water restrictions will be exceeded will be negligible, to the extent it relates to foreseeable circumstances or conditions.

While the scope and content of the plan is a matter for WWL to determine alongside its local authority owners, to help guide your response it might include:

- (a) Identification and discussion of the assumptions, updated modelling, and other inputs used to determine the anticipated risk situation for the 2024/25 summer period, including any limits on the precision or reliability of that information.
- (b) Identification of the package of options proposed to mitigate water shortage risk, whether they address demand factors, supply factors, or a combination. This should be supported by information about:

- (i) relative pros, cons and risks² of different options
 - (ii) quantification of how much water each option is expected to make available or save
 - (iii) cost information or assumptions, to assist in assessing reasonableness/value and assurance that the plan is or will be funded, and
 - (iv) explanation of how opportunity costs or other trade-offs have been assessed (for example, how you are balancing the relative efficiency and effectiveness of leak repair work against network renewal work).
- (c) Critical timing milestones for key activities or investments.
- (d) A description of engagement with mana whenua in relation to the development and selection of options, and how Te Mana o te Wai has been applied.
- (e) The basis for knowing whether the plan is achieving its objectives, to support active monitoring of implementation and the ability to provide assurance to the public that efforts are on track.

Irrespective of the planned approach, additional investment to address water shortage risks should not come at the expense of necessary investment in wastewater or stormwater services.

Once Taumata Arowai has received and reviewed WWL's plan, consideration will be given to whether or not it needs to be supported – and its implementation assured – by any sort of compliance instrument under the WSA.

Concluding comments

Thank you again for the positive work that has been carried out in relation to the water shortage risk affecting the Wellington Region this summer, including your active and collaborative engagement with Taumata Arowai.

We hope to continue in that manner as we turn to what's needed from here and look forward to continued dialogue and engagement with you as you work to shape up the plan requested above and as new inputs become available, such as renewed and longer-term climate and risk modelling information.

If it would be useful, I'm very happy to arrange a follow-up conversation with you all to clarify anything in this letter or the associated expectations of Taumata Arowai.



Allan Prangnell
Chief Executive

² For example, if significant increased production through the addition of DAF capacity at the Te Marua WTP is a component of the plan, what contingency measures will be in place in case the DAF facility is not available by the start of the 2024/25 summer period?