



Finance and Performance Committee | Kōmiti o te Pūtea me te Angitū

Minutes

Record of a Finance and Performance Committee meeting held in the Council Chambers, Civic Centre, 838 – 842 Fergusson Drive, Upper Hutt on Wednesday 11 September 2024 commencing at 4.30 pm.

Present: Councillor D M Bentley (Chair), Councillor E Holderness (Deputy Chair/Chair for Item 7) His Worship the Mayor W N Guppy, Deputy Mayor H Swales, Councillor C B G Carson, Councillor J B Griffiths, Councillor A W Hammond, Councillor H Newell, Councillor T M Ultra and Councillor D Wheeler.

Apology: Councillor M G Carey.

The Chair opened the meeting and asked elected members to observe a moment of silence to acknowledge and reflect on the passing of the Māori King [Kīngi Tūheitia](#) (21 April 1955 – 30 August 2024).

The Chair offered congratulations to the new Māori Queen [Ngā Wai Hono i te Pō](#).

Public Business

1. Apologies

An apology has been received from Councillor Carey.

MOVED: Councillor Bentley / Councillor Holderness

“That the apology from Councillor Carey be accepted and leave of absence be granted.”

MOTION CARRIED: FP 240501

2. Declarations of Interest

Chair Councillor Bentley declared a conflict of interest with Item 7: Council Loan Requirements 2024 – 2025 and advised that he would leave the room and Deputy Chair Councillor Holderness will take the Chair for this part of the meeting.

3. Public Forum

There were no members of the public wanting to speak.

The Chair, on behalf of Deputy Mayor Swales tabled notes from Mary Beth Taylor in relation to Item 4: Water Meter Business Case Update 2024 – 2025, these are appended as **Attachment 2** to the minutes.

MOVED: Councillor Bentley / Councillor Ultra

“That the notes from Mary Beth Taylor be received.”

MOTION CARRIED: FP 240502

4. Water Meter Business Case Update 2024 - 2025

The Chair noted that a supplementary paper has been tabled for this item, providing more background information and context on this matter; the document is appended as **Attachment 1** to the minutes.

The Chief Executive answered questions from members about the Water Meters Business Case, the recommendations from Wellington Water Limited, and the Council's participation in the regional business case.

The Acting Director of Asset Management and Operations answered questions from members about the Water Meters Business Case, the recommendations from Wellington Water Limited, the scope of the business case for universal residential water meters, the significance and engagement assessment, the Council's participation in the regional business case, funding considerations and the risks of not progressing with universal residential meters.

The Director of Finance, Risk and Digital Solutions answered questions from members about the considerations for financing and resourcing and engagement.

Councillor Carson, with the support of Councillor Hammond, proposed an additional recommendation as follows.

MOVED: Councillor Carson / Councillor Hammond

"The Committee recommends that Council notes it has only committed to a Water Meters Business Case in its Long Term Plan, no decision has been made around the implementation and installation of water meters."

MOTION CARRIED: FP 240503

MOVED: Councillor Griffiths / Councillor Bentley

"The Committee recommends that Council:

- A. receives and notes the report titled Water Meter Business Case update 2024 - 2025,*
- B. approves Option one recommended by Wellington Water Limited – bringing forward the water meter money so they can move forward with the regional work."*

MOTION CARRIED: FP 240504

5. Local Water Done Well – Early and indicative Council financial projects

The Director of Finance, Risk and Digital Solutions noted this report is for information, providing a high-level overview of the Council's Long Term Plan having separated water and non-water activities.

The Director of Finance, Risk and Digital Solutions answered questions from members about the water services asset transfer, operational costs and financial projections.

MOVED: Councillor Holderness / Mayor Guppy

"That the Committee recommends Council receives and notes the report titled Local Water Done Well– Early and Indicative UHCC financial projections."

MOTION CARRIED: FP 240505

6. Proposed Carryovers from the 2023 - 2024 Financial Year to the 2024 - 2025 Financial Year

The Director of Finance, Risk and Digital Solutions answered questions from members about the proposed carryovers, schedule of proposed carryovers (attachment 1 to the report) relating to the Residential Stimulus Policy,

The Acting Director of Asset Management and Operations answered questions from members about the schedule of proposed carryovers (attachment 1 to the report) relating to the potable watermain upgrade to Chatsworth Road,

The Director of Community Services answered a question from a member about the approved solar panels for H2O.

The Economic Development Manager answered questions from a member about economic and retail development stimulus policies.

Members highlighted that only 3% of the requested carryovers are from rate funding, with the majority being loan-funded projects.

MOVED: Councillor Bentley / Councillor Ultra

“That the Committee recommends that Council:

- A. receives the report titled Proposed Carryovers from the 2023 - 2024 Financial Year to the 2024 -2025 Financial Year, and*
- B. resolves that the Chief Executive be given authority to carry over unutilised funding for the items listed as carryovers on the Schedule appended to this report, (Attachment 1) based on his assessment of the financial position and status of each item as at 30 June 2024.”*

MOTION CARRIED: FP 240506

7. Council Loan Requirements 2024 - 2025

Governance note: Having declared a conflict of interest with Item 7: Council Loan Requirements 2024 – 2025, the Chair (Councillor Bentley) left the room at 5.15 pm, and delegated their responsibilities to the Deputy Chair (Councillor Holderness).

The Chief Executive answered a question from a member about the borrowing required for Parks and Reserves.

The Director of Finance, Risk and Digital Solutions answered a question from a member about the amount of borrowing required for the Long Term Plan.

MOVED: Councillor Holderness / Mayor Guppy

“That the Committee recommends that Council:

- A. receives the report entitled Council Loan Requirements 2024 – 2025,*
- B. borrows up to \$69,155,391 (the borrowed sum), being maximum amount for the purposes stated in the Council’s 2024 - 2034 Long Term Plan for the financial year ended 30 June 2025 and carryovers,*
- C. maintains and utilises an overdraft facility (the overdraft), and may repay and redraw under that facility, for the council’s cashflow management up to a maximum outstanding at any time under such facility of \$600,000,*
- D. approves the Chief Executive be hereby delegated authority to negotiate and agree the terms, interest rate payable by Council, frequency of interest payments, timing of drawdowns, number of loans, facilities or issues stock which make up the borrowed sum and the overdraft and all other terms and conditions of such loans or facilities or stock including whether such loans, facilities or stock will be secured under the Debenture Trust Deed, as may be necessary for the obtaining of such loans, facilities or stock on behalf of the Council in accordance with the Upper Hutt City Council Treasury Risk Management Policy,*
- E. approves the Chief Executive be hereby delegated authority to approve all transactions contemplated by the documents required to facilitate the financing of the borrowed sum and the overdraft,*
- F. in the event the terms and conditions of the borrowed sum loan require the Council to subscribe to borrower notes, the Chief Executive be hereby delegated authority to borrow in addition to the borrowed sum, the minimum amount necessary to enable the Council to subscribe to the number of borrower notes required by terms and condition of the loan so that the net amount advanced to the Council equals the borrowed sum,1) based on his assessment of the financial position and status of each item as at 30 June 2024.*
- G. authorises the Chief Executive to negotiate and enter suitable Forward Rate Agreements and any security arrangements required by other party to the Forward Rate Agreement to manage the interest rate risk of the borrowing in accordance with the Treasury Risk Management Policy, and*
- H. authorises the Chief Executive be hereby delegated authority to sub-delegate powers, duties and discretions, delegated to them under the resolutions above, to members of the Council’s Executive Leadership Team, as they consider appropriate.”*

MOTION CARRIED: FP 240507

Councillor Bentley returned to the meeting and assumed the Chair at 5.19 pm.

8. Financial Management Report (Draft Rate Funding Statement) as at 30 June 2024

The Director of Finance, Risk and Digital Solutions answered a member's question about the HAPAI Building and capital spending on the Pinehaven Stream Project and Western Hill Trunk

The Acting Director of Asset Management and Operations answered questions from members about the capital funding for roading from Waka Kotahi (New Zealand Road Transport), the HAPAI Building, non-subsidised roading and the Pinehaven Stream Project.

MOVED: Councillor Griffiths / Mayor Guppy

"That the Committee recommends Council receive and notes the report titled Financial Management Report (Rate Funding Statement) as at 30 June 2024."

MOTION CARRIED: FP 240508

9. Debtors Report

The Director of Finance, Risk and Digital Solutions answered questions from members about general debt management, trends in rates arrears and debtor management and support.

MOVED: Mayor Guppy / Councillor Holderness

"That the Committee recommends Council receives and notes the report titled Debtors Report"

MOTION CARRIED: FP 240509

10. Public Exclusion

MOVED: Councillor Griffiths / Councillor Newell

"That the public be excluded from the following parts of the proceedings of this meeting, namely:

Pursuant to the provisions of [section 48 of the Local Government Official Information and Meetings Act 1987 \(LGOIMA\)](#), the public is excluded from the following part of the proceedings of this meeting. The particular interest(s) protected by [section 6](#) or [section 7](#) of LGOIMA which would be prejudiced by the holding of the whole or the relevant part of the meeting in public meetings are specified below:

<i>General subject of each matter to be considered.</i>	<i>Reasons for passing this resolution in relation to each matter.</i>	<i>Ground under section 48(1) for the passing of this resolution.</i>
11. Debtors Report	<i>The withholding of the information is necessary to protect the commercial position of the person who supplied, or who is the subject of information. LGOIMA Section 7(2)(b)(i).</i>	<i>That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist, where the local authority is specified in schedule 1, under section 7 [except section 7(2)(f)(i)]."</i>
12. Summary of Rates Remissions for Economic Development	<i>The withholding of the information is necessary to protect the commercial position of the person who supplied, or who is the subject of information. LGOIMA Section 7(2)(b)(i).</i>	

MOTION CARRIED: FP 240510

The Chair closed the public meeting at 5.37 pm and moved into public excluded, the meeting closed at 6.08 pm.

Included attachments:

Attachment 1: Memo - Water Meters Business Case 10 September 2024

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Attachment 2: Tabled notes from Mary Beth Taylor

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Cr D M Bentley
Chair

Water Meters Business Case

TO Kate Thomson, Director Finance, Risk and Digital Solutions, Upper Hutt City Council;
Gunther Wild, Interim Director Asset Management and Operation, Upper Hutt City Council

COPIED TO [REDACTED], Manager Service Planning, Wellington Water

[REDACTED], Head of Metering Programme Establishment, Wellington Water

FROM [REDACTED], Group Manager Network Strategy and Planning, Wellington Water

DATE 10 September 2024

ACTION For noting and discussion

Contact for telephone discussion (if required)

Name	Position		1st Contact
	Group Manager Network Strategy & Planning, Wellington Water		
[REDACTED]	Head of Metering Programme Establishment, Wellington Water	[REDACTED]	

Purpose

1. This memo provides supporting information to Upper Hutt City Council (Council) in considering investing their share of funding to develop a regional business case for universal residential water meters in 2024-25.

Recommendations

2. Wellington Water recommends that Council:
 - a. **Note** the need to progress a business case for Universal Residential Water Meters as a precursor to any delivery.
 - b. **Note** the benefits of supporting the regional business case for Universal Residential Water Meters and that these will be delivered by June 2025
 - c. **Note** the risks of not investing in the development of the regional business case for Universal Residential Water Meters

Background

3. Council has allocated \$570,000 in year 2 of the 2024-34 Long Term Plan (LTP) for a business case on universal residential water meters to help inform consideration of and enable future decision-making.
4. To ensure sustainable water supply and demand in the wellington region the Wellington Water Committee has instructed Wellington Water (WWL) in the letter of expectation to work with councils to develop an integrated approach to water metering. Wellington Water is progressing a work programme to develop a regional business case for universal residential water meters in 2024–25. Other metropolitan councils around the region have provided funding in 2024-25.
5. The overall allocated costs for the regional business case and associated supporting work is \$4.7m. This has been estimated by the project team and is in-line with a previously developed workplan provided by EY/Beca. This also aligns with the relative costs of the overall programme if metering is implemented.
6. The regional business case will provide detailed evidence on the costs/ benefits and understanding of risks to enable informed future decision-making.
7. Council is providing a report to its Finance and Performance Committee to consider bringing forward the allocated \$570,000 to 2024-25 for the business case work. This being the proportion of this regional work is \$570,000 based on a regional calculation of anticipated number of connections across the four local authorities in metropolitan Wellington.
8. Council has requested Wellington Water to provide additional information on why investment in business case is required.
9. In response to Council's request, this memo provides information on the background, need and deliverables from the universal residential water meters business case.

The need for Universal Residential Water Meters

10. Providing sufficient quantity of safe and healthy water while managing the environmental impact is a fundamental requirement for local councils and its water services provider.
11. A related primary objective is for customers to have sufficient water during typical summer conditions. Our region's level of service for water supply is to have sufficient water available to meet normal customer demand except in a 1-in-50-year or greater drought event.
12. Achieving this level of service can include a mixture of supply-side (i.e. water supply and storage) and demand-side (i.e. water use efficiency and leakage management) activities.
13. Achieving this level of service in the Wellington metropolitan region has been increasingly challenging due to limited water supply, increasing demand and water loss in the network.
14. Water supply is a system that runs "from catchment to tap" and encompasses supply, delivery, and use. Water security can be supported all the way along this system through applying the following **KRAs** for water supply:
 - a. **Keep the water in the pipes**
 - b. **Reduce water demand through water**
 - c. **Add more supply so there is enough in summer when river and aquifer availability declines.**
15. In November 2020, Wellington Water provided the Water Committee and councils with an economic case, which evaluated a range of options for using water consumption information to reduce water demand, support customer engagement, reduce environmental impacts, and improve network management. The economic case considered a range of options including increased use of network meters, analogue meters, and smart meters. Options analysis concluded that only smart meters would provide the region with the benefits in terms of money spent and water saved.
16. Further to this, Wellington Water commissioned the report 'Water Source Options Assessment for Wellington Metropolitan Supply' (Options Report), completed in June 2023. This report re-confirmed and established the need for universal smart water metering as part of a three-limbed investment approach that also includes increased leakage management and new water storage lakes`
17. The Options Report underpins the recommendations presented to the Regional Water Summit in September 2023 and the investment advice that was provided to councils (including Upper Hutt City Council) for consideration for inclusion in their 2024/34 LTPs.
18. Further information and documents supporting the need for universal residential water meters are available on Wellington Water's website.
<https://www.wellingtonwater.co.nz/resources/topic/water-conservation/water-meters/>

The need for UHCC to participate in the of the Regional Business Case

19. Taking a regional approach is considered the most efficient and effective way to make progress this work. Development of the regional business case does not commit council to funding the implementation of metering but provides the evidence to make an informed decision.
20. The business case will assess the risks and allow a robust assessment of the regional opportunity for council to consider.

21. A joint steering group has been established with councils to enable a coordinated regional approach and ensure the work will meet council needs and facilitate future decision making.
22. Applying a common approach will also support an effective transition to a future, regional, asset-owning water services entity.

Scope of the business case for Universal Residential Water Meters

23. International experience has demonstrated that introducing metering can be a complex and high-risk activity if not carefully planned and delivered.
24. The business case will provide a workplan to inform investment decisions and help manage the risk and complexity of delivering Universal Residential Smart Meters if required. The framework for the metering case will be tailored to suit the regions needs but consistent with The Treasury's Better Business Case model.
25. The funding provided by councils will be required in the following areas leading to completion of a Detailed Business Case (DBC) for the Metering Programme for council's review by June 2025.
 - a. Development of a fit-for-purpose business case to inform consideration of and decision-making on future Council investment decisions. This will include:
 - Strategic case – testing the need for investment
 - Economic case – testing if the investments offer value for money
 - Commercial case – investigating viability of investment
 - Financial case – investigating affordability of investment
 - Management case – testing achievability and benefits can be realised
 - b. De-risking work to understand the technologies and installation complexities to metering deployments. This will cover:
 - Desktop study of communications & metering technologies and installation methodologies
 - Field testing and validation
 - Programme planning required to prepare informed DBC inputs and maintain engaged and involved stakeholder groups.
26. Further work is needed to understand the risks and costs of different elements of meter service delivery and the merits of different delivery models. These form part of the economic, commercial and management cases for the project and this work will be completed to support the decision to proceed to implementation.
27. The extent to which the development of the final business case will consider the costs associated with adopting a charging regime will be determined in discussions with councils. The potential application of a charging regime will be most effective if it was applied consistently across the metro region.

Risks of not progressing with Universal Residential Water Meters

28. Not progressing with Universal Smart Metering will not satisfy the required level of service for water security, and could result in:

- increase supply risks for customers and ratepayers
- increase costs to customers (by requiring investment in more expensive means of providing water security)
- increase the potential for other adverse outcomes such as freshwater degradation
- increase the risk of regulatory non-compliance.

Finance and Performance Committee 11 Sept 2024 MaryBeth Taylor

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Recommendations| He tūhunga

2. The Committee recommends that Council:

- a. receives and notes the report titled Water Meter Business Case update 2024 - 2025, **YES**
- b. approves Option one recommended by Wellington Water Limited – bringing forward the water meter money so they can move forward with the regional work **YES**

Question to councillors:

Why would you **NOT** support bringing forward funding to investigate a business case for universal residential water meters?

Hint: Money is NOT the answer. You can borrow money. You cannot borrow water. You cannot drink money.

Rationale for water meters in Upper Hutt

1. We are in a Climate Emergency that manifests with 3 serious risks
 - a. Biodiversity decline
 - b. **Fresh water quantity and quality decline**
 - c. Energy decline
2. We are late in responding to these serious risks
3. The community is well familiar with and accepts the concept of measuring their resource use and paying for what they use.
 - a. Electricity supply
 - b. Gas supply
 - c. Petrol supply
4. Measuring and paying for fresh water usage will be normalised as well.
5. Refer to Kapiti Coast District Council as an example of successful implementation and outcomes
<https://www.kapiticoast.govt.nz/services/waters/water-supply/metering/>
6. Refer to fresh water ecologist Mike Joy's journey with fresh water
https://newsroom.co.nz/2024/09/10/mike-joys-grave-new-world/?utm_source=Newsroom&utm_campaign=1bc9c6c2b1-Daily_Briefing+10.09.2024&utm_medium=email&utm_term=0_71de5c4b35-1bc9c6c2b1-98074033&mc_cid=1bc9c6c2b1&mc_eid=a5719e3e76
7. Refer also to Mike Joy's book: 'The Fight for Fresh Water' July 2024

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Significance and engagement assessment | Te tino Aromatawai

13. The options have been assessed and do not trigger the Significance and Engagement Policy.

- **Risking the quantity and quality of fresh water supply in Upper Hutt is of very high significance and interest to the community**

Sustainability | Rautaki Whakauka

14. There are no sustainability considerations for Council at this time.

- **Further delaying work on securing the quantity and quality of fresh water supply in Upper Hutt is all about sustainability**

Sustainability Strategy: pgs 28, 29 of the UHCC Sustainability Strategy 2020

Goal 3: We will have a good quality and sufficient water supply

- 3.1 Council will manage water demand and use, ensuring that this is monitored, **measured** and communicated to the community

- 3.2 Council will consider initiatives to take pressure off reticulated water supplies = **water meters**
- 3.3 Develop a water campaign to inform the community about the **individual and collective responsibility** around the pollution of waterways and conservation of fresh water resources
- 3.4 Continue to review and address overflow and integrity issues to the infrastructure and pipe network as they are identified

Monitor – Annual updates through the Annual Plan

I suggest a four strand approach to securing fresh water quantity and quality in Upper Hutt (and elsewhere)

1. Repair leaks
2. Water meters
3. Water tanks
4. Storm water toilet flushing
5. Zoning decisions
 - Ring fence urban Upper Hutt residential areas within the river valley to limit/allow/control future provision of reticulated water supply drawn from Te Awakairangi/Hutt River
 - Serve only residentially zoned areas with reticulated water infrastructure and not rural zoned areas
 - PC50 future zoning decisions will be decided based on what the river can afford to give without additional harm and with healing to the health of the river by increasing flow
 - PC50 future zoning decisions will be decided based on what water infrastructure the rate payers of Upper Hutt can afford to install and maintain to a very high level
 - Residential areas outside of the urban ring fence for reticulated fresh water will provide their own on site water services including
 - Water collection (roof, stream), water tank, pump
 - Grey water storage
 - Septic system
 - This is currently normal for rural areas in Upper Hutt
6. Community Water Awareness campaigns – ongoing public messaging to raise awareness around essential water conservation practices