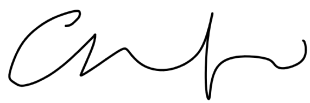



**South Wairarapa District  
Council and Wellington Water  
Report – Joint review of the  
circumstances that led to a  
common understanding of the  
compliance and capacity of the  
Martinborough WWTP to  
support growth not being held  
between WWL and SWDC, prior  
to connections being  
suspended.**

Prepared By		
Charles Barker	 Signed	Date 13.09.23
Director Regulatory Services, Wellington Water		
Robyn Wells	 Signed	Date
Principal Advisor - Water, South Wairarapa District Council		

Version Control			
Current Status			DRAFT
No	Date	Description	Compiled by
0.1	18.07.23	Author Draft	Charles Barker and Robyn Wells
0.2	08.09.23	Final Draft	Charles Barker and Robyn Wells
1.0	13.09.23	Signed	Charles Barker and Robyn Wells

# Table of Contents

Executive Summary .....	4
Scope and Objective.....	6
Issues out of Scope .....	6
Sequence of events .....	7
Background and Impact .....	7
Events Overview.....	7
Analysis and Findings .....	10
Correspondence between WWL and SWDC .....	10
WWL Understanding of the Martinborough WWTP .....	12
SWDC Internal Communication / Processes .....	13
SWDC Understanding of the Martinborough WWTP.....	14
WWL and SWDC Relationship .....	16
Conclusions and Recommendations .....	17
Recommendations .....	17

# Executive Summary

On 21 April 2023, to support the sustainable compliant growth of the Martinborough area, Wellington Water Limited (WWL) recommended South Wairarapa District Council (SWDC):

- a. Prioritises the return of the Martinborough Wastewater Treatment Plant (WWTP) to full operational functionality and consent compliance to support the current population. The first step of this for SWDC, WWL and Greater Wellington Regional Council (GWRC) is to urgently confirm the proposed programme of works to address the present compliance issues with the Martinborough WWTP (including funding).
- b. Prioritises the completion of the Martinborough growth assessment study (currently planned for 23/24) to inform what additional plant upgrades are required.
- c. Not approve additional connections to the Martinborough wastewater network until the Martinborough WWTP is compliant and there is a plan in place to provide sufficient treatment capacity.

On 11 May 2023, SWDC announced that applications for new wastewater connections in Martinborough are being put on pause, with immediate effect.

The report recommendations focus on lessons learnt through this review that may minimise future occurrences. These include:

## ***Recommendation 1***

WWL review key historical communications to ensure:

- a. Risks to the strategic drivers of SWDC's Long Term Plan posed by any of the three water services are shown on risk products.
- b. Communications more clearly reference previous communication to allow new staff and elected officials to build awareness and easily trace history.
- c. Induction packs for elected officials outline the long-term/strategic challenges to the SWDC plans before moving to the operational matters.

## ***Recommendation 2***

SWDC review its risk register to ensure:

- a. Key water service risks are included in the register.
- b. The WWL quarterly active risk register is utilised as an input to the SWDC register.

## ***Recommendation 3***

SWDC and WWL will review the connection process to ensure:

- a. The capacity of water service infrastructure is considered.
- b. Capacity for growth is tracked and communicated appropriately.
- c. Delineation of responsibilities in approving new developments is clear.

## ***Recommendation 4***

SWDC and WWL complete a workshop to build a deeper understanding of the perspective and challenges each face and how that can be supported by the other party.

**Observation 1**

A potential recommendation was that WWL provides a memorandum of the regions WWTPs ability to sustain growth to its shareholders, but this has been achieved by WWL's recent provision of:

- a. Regional Wastewater Treatment Plant Capacity Discussion - Wellington Water Committee workshop dated 24 July 2023.
- b. Capacity of SWDC WWTPs to support growth – Memo from WWL to SWDC dated 29 May 2023

**Observation 2**

The corporate knowledge of SWDC water infrastructure resides within WWL. It is therefore important that WWL is routinely invited to participate in the creation of council planning documents and briefings in a full and frank manner to elected members.

**Observation 3**

A significant number of reports from WWL are received by SWDC at various levels of the organisation. It would be useful to review all the correspondence and ensure it is unambiguous, of value, and is directed to the appropriate SWDC recipients.

**Observation 4**

SWDC systems of record are incomplete and inefficient which means that corporate knowledge is not well retained. To aid finding and organising our information we need to have a clear and common understanding of what we have and where it currently is, as well as why it's stored where it is. A project is already underway to address this issue being led by the Lead Advisor – Information Management.

# Scope and Objective

As set out in the attached terms of reference, the purpose of this review is to inquire into and report upon the following:

The purpose of this review is to inquire into and report upon the following:

***The circumstances that led to a common understanding of the compliance and capacity of the Martinborough WWTP to support growth not being held between WWL and SWDC, prior to connections being suspended.***

In considering this question, the reviewers have created a timeline summarising the actions of SWDC and WWL from 2012 to 2023.

The scope of the review includes reviewing the following documents and sources of information:

- Correspondence between WWL and SWDC relating to Martinborough WWTP (WWL)
- Historical communication relating to Martinborough WWTP provided to SWDC (WWL)
- Actions taken by SWDC officers to brief elected officials on matters relating to Martinborough WWTP (SWDC)
- Actions taken by both parties to communicate within their organisations relating to Martinborough WWTP – cross functionally (SWDC and WWL)
- How/when decisions were made and approved (WWL and SWDC)
- Any other relevant communications relating to Martinborough WWTP (SWDC and WWL)
- Any other material within the scope of the review (SWDC and WWL)

## Issues out of Scope

The review will not ascribe blame or liability to any party or person, cannot be used in any disciplinary processes with any workers involved, and will not pre-empt or duplicate any other inquiry into any incidents that come within the scope of this review. The review is not to inquire into, determine or report in an interim or final way or otherwise prejudice any questions of liability.

# Sequence of events

## Background and Impact

On the 12 May 2023 SWDC announced that applications for new wastewater connections in Martinborough were paused in Martinborough for the time being because the town's wastewater plant had failed to meet performance and compliance standards, the plant had also reached its design capacity as population growth, and annual connections have exceeded expectations.

This decision was based on the specialist advice from Council's water services provider, WWL, that additional connections would further compromise the plant's performance, increasing the risk to the environment, public health and safety, and risk more severe enforcement action from GWRC.

SWDC was therefore obliged to pause applications for new connections to the Martinborough WWTP.

As the SWDC and WWL did not share a common understanding of the compliance and capacity of the plant prior to the 12 May 2023, the pausing of new connections was unexpected to the community of Martinborough.

## Events Overview

The sequence of events as represented below has been compiled with the best of endeavours and is sourced from a combination of documented information and personal accounts. It summarises only the key communications and publications relating to the Martinborough WWTP within SWDC and WWL, and between the two entities.

WWL took responsibility for the operation of SWDC water networks in October 2019 which included four WWTPs and four Drinking Water Treatment Plants. By October 2020 WWL had indicated that the capacity of the WWTPs needed to be reviewed against growth scenarios but indicated that with the limited funding available the immediate focus should remain to bring the plants to compliance within their current consents.

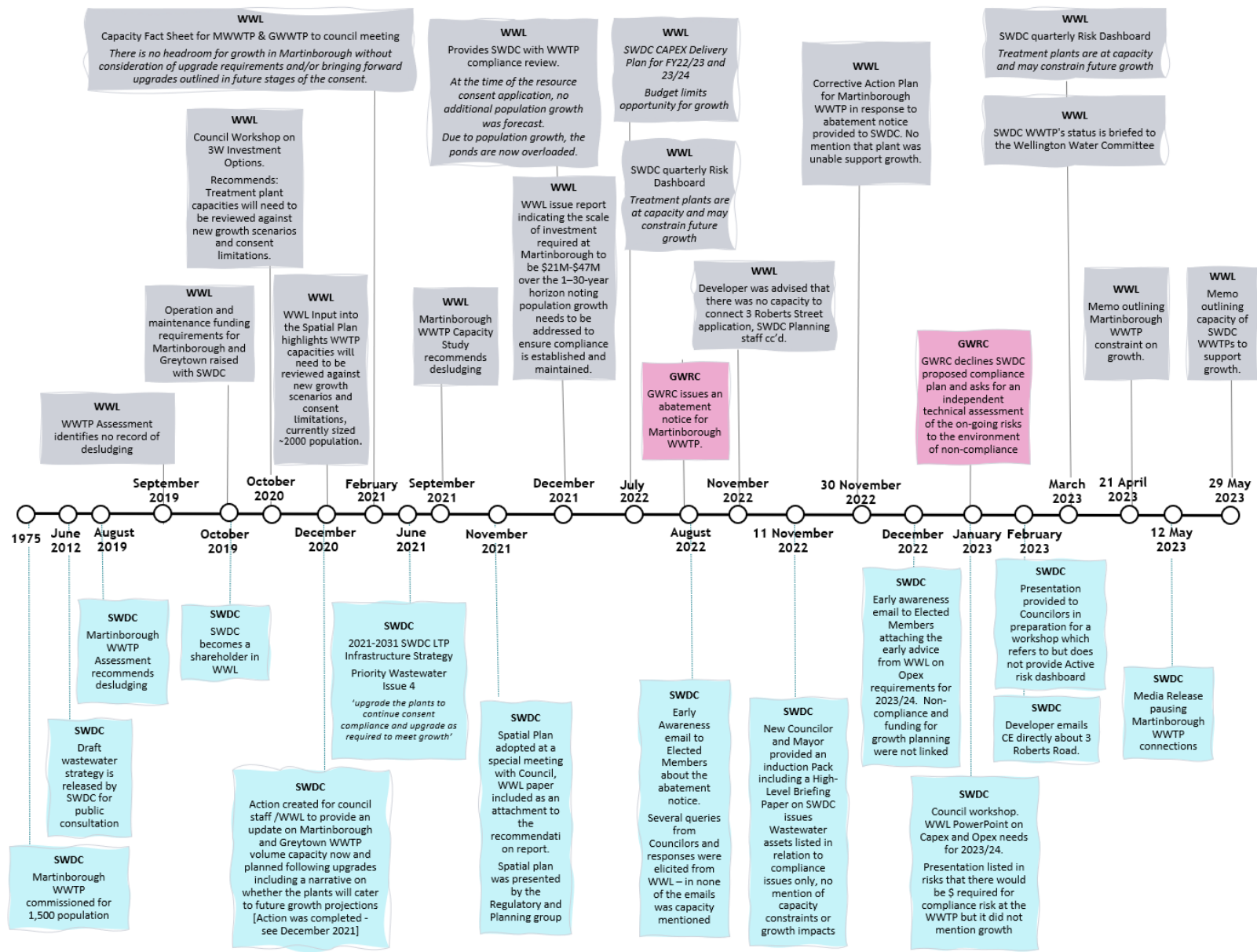
WWL provided input into SWDC Spatial Plan in February 2021 which highlighted the limited capacity of Martinborough WWTP and the significant investment that was required. In July 2022, the Capital Expenditure (CAPEX) report to SWDC indicated that the CAPEX budget limits the opportunity for capital to be spent on growth infrastructure. In July 2022 WWL commenced providing SWDC with a quarterly risk dashboard which indicated that 'Treatment Plants are at capacity and may constrain future growth'. In November 2022 WWL advised SWDC there was no capacity to connect the '3 Roberts Street' application and in April 2023 provided SWDC a memo outlining Martinborough WWTP was at capacity and could not support growth.

While the timeline indicates regular advisement of the risk to growth posed by the WWTPs the context was one of a constrained budget where the daily operational focus was bringing the SWDC treatment plants into compliance. The bulk of all communications focused on improving compliance and avoiding regulatory action, with future growth being a secondary priority for funding and resourcing and reflected accordingly in correspondence. SWDC has a small officer staff that has had significant turnover along with newly elected officials taking office in late 2022, WWL is in effect the corporate memory for SWDC in water matters. The briefings of new officers and officials did not recognise that wider responsibility and focused primarily on bringing new staff and officials up to speed on the immediate compliance issues of the WWTPs and pending regulatory actions.

This led to a diverging understanding of the plant's capacity and compliance between WWL and SWDC; resulting in SWDC holding the erroneous impression that returning the WWTPs to compliance would free up some capacity in the plant for future growth.

Supporting this view that the immediate focus needed to be on compliance rather than an imminent risk to capacity, was a flawed connection approval process. This process assumed that one or other of the parties was calculating how much capacity was available before approval, when in fact, it was only when a very large connection request for 3 Roberts Street came across the desk that the capacity risk emerged. The fact that approvals from SWDC were being granted gave contributed to a false comfort within SWDC that the plant was not nearing its limits.





# Analysis and Findings

## Correspondence between WWL and SWDC

WWL's goal is to be regarded as a trusted advisor to SWDC and a rich and effective suite of communications are essential to establish that trust. A key outcome of that communication being that SWDC have enough time and information to make critical decisions. Wellington Water communicates with council officers using a diverse range of channels, tools, and products, along with informal communication between officers.

Communications between WWL and SWDC fall into four main categories: finance; performance; risk; and compliance. Each of these categories involves specialist officers and communications products, supported by scheduled meetings and informal exchanges.

### Finance communications

The main method for routinely informing SWDC of current financial performance in capital works, operations and major projects is through monthly finance dashboards.

The development of future budgets and associated levels of service is completed through a series of officer level meetings which is formalised through memorandum to the council which provides the formal advice to assist council in setting the next FY budget.

### Risk communications

WWL provides SWDC with a quarterly risk assessment (since July 2022). This classifies risks relating to the provision of three waters services from the perspective of an asset owner and is provided to SWDC officers ahead of the Chief Executives' quarterly meeting.

### Compliance

WWL provides a monthly dashboard which illustrates the level of compliance of all Council-owned drinking and wastewater plants, including an indication of the risk to supply and consent compliance. It is provided to the Mayor and Chief Executive and posted on our website.

### Performance

Every quarter WWL prepare and share a Council Performance Dashboard. This documents performance against national measures (created by the Department of Internal Affairs) and Council-specific measures (set in Council's current long-term plan). Metrics and targets in the dashboard cover Wellington Water's and the networks' performance in achieving customer outcomes, including safe and reliable drinking water, wastewater, and stormwater management; customer responsiveness and environmental management.

### Correspondence relating to Martinborough WWTP Capacity to support Growth

WWL became the operator of the Martinborough WWTP in October 2019 when SWDC became a shareholder in WWL. The initial correspondence with SWDC in 2019 focused on the immediate compliance issue of bringing the Martinborough WWTP into compliance with its consent, which was for a population of 1500.

In preparation for the SWDC Spatial plan WWL indicated in late 2020 and early 2021 that the capacity of the treatment plan needed to be reviewed against the new growth scenarios and consent limitations. There is a balance between informal correspondence that supports a common operating picture and more formal products, where clear company issues are formalised. In December 2021 WWL provided SWDC with a WWTP compliance review that outlined that the plants were not built to accommodate growth in Martinborough. In July 2022, the SWDC quarterly risk dashboards were indicating that the treatment plants are at capacity and may constrain growth.



## **At Capacity**

In response to a developer's inquiry asking for confirmation that existing services could support the proposed development at 3 Roberts Street, and in light of the abatement notice received in August 2022, WWL advised the developer and SWDC staff by email in November 2022 that there was no capacity to connect the 3 Roberts Street development and expected further engagement with the developer.

The strategic significance of a large development not being able to progress was not recognised internally within WWL and was not therefore immediately raised with SWDC. On 21 April 2023 WWL formalised the recommendation that no additional connections should be made to the Martinborough WWTP until it has capacity to support them in response to a query from SWDC CE about 3 Roberts Road on 24 February 2023.

## **WWL Understanding of the Martinborough WWTP**

Two issues about the Martinborough WWTP were being communicated by WWL to SWDC that were related but essential separate. The first being the current level of compliance of the Martinborough WWTP and its capacity to support the current population, the second the inability of the plant to sustain the growth projected for the region as it was for all purposes already at capacity.

The inability of the plant to support growth was self-evident from a WWL perspective as the consent never allowed for growth. There was a perception within WWL that SWDC must know this from having owned/operated the plant since 1975, and it being raised by WWL on occasion. WWL may not have appreciated that in reality only limited knowledge of the plant resided within SWDC of the plant, its history, and its capacity. While the lack of capacity to support growth was expressed on occasion by WWL the immediate compliance requirements consumed most of the attention and was the focus of most correspondence. In the language used by WWL to council regarding the immediate compliance issue phrases such as 'return to compliance' and 'improve capacity' were often used. This contributed to the lack of a common understanding existing of the fundamental fact that returning the Martinborough WWTP to compliance and restoring it to its design capacity was never going to provide capacity for growth in the Martinborough region.

### ***Recommendation 1***

WWL review key historical communication to ensure:

- a. Risks to the strategic drivers of SWDC's Long Term Plan posed by any of the three water services are shown on risk products.
- b. Communications more clearly reference previous communication to allow new staff and elected officials to build awareness and easily trace history.
- c. Induction packs for elected officials outline the long-term/strategic challenges to the SWDC plans before moving to the operational matters.

### ***Observation 1***

A potential recommendation was that WWL provides a memorandum of the regions WWTPs ability to sustain growth to its shareholders, but this has been achieved by WWL's recent provision of:

- a. Regional Wastewater Treatment Plant Capacity Discussion - Wellington Water Committee workshop dated 24 July 2023.
- b. Capacity of SWDC WWTPs to support growth – Memo from WWL to SWDC dated 29 May 2023

## **SWDC Internal Communication / Processes**

### **Context**

In order for WWL to provide water management services for SWDC resources previously engaged by Council directly SWDC became a shareholder in WWL in 2019. Internal SWDC resources were either transferred to WWL or disestablished. As a result, SWDC retains very few resources that dedicate any time to the provision of water services. The responsibility for managing the relationship with WWL sits under the Partnership and Operations Group (P&O). WWL provides a Wellington Water Delivery Manager who spends part of their time in the SWDC offices and was appointed at the behest of Council to improve communications and mitigate risk between the parties in April 2021; however, their focus is on major project delivery.

### **Communications**

There are multiple points of communications between WWL and SWDC; involving the Mayor, Councillors, CE, GM P&O and other council staff. There is also a relationship between the WWL Land Development Group and the SWDC Planning and Regulatory Group, and SWDC admin staff and specialists within the Land Development Group.

Some communications from WWL go out directly to elected members. Some communications go to the mayor as the representative sitting on the Wellington Water Committee. New communications are introduced and there is a bedding in of the suitability and form of the advice, as experienced when the quarterly risk assessment was first introduced in July 2022 (not finalised until April 2023).

Since the new council was formed in October 2022, the GM P&O has taken an approach of giving early warning of significant issues or risks to the elected members with the support of WWL. In addition, the induction process was expanded and enhanced with WWL input to provide a series of communications that explained the form, role, and function of WWL as our CCO (Council Controlled Organisation) partner.

Much of the communications received from WWL are shared with elected members either directly by email (WWL or SWDC) or through council and committee agenda packs such as the financial dashboards for the Infrastructure and Community Services committee. Sometimes, the same information goes to two committees, or in two separate report formats to two separate recipients.

### **Risk**

SWDC maintains their own Significant Risk Register. Up until October 2021, staff provided both a strategic and an operational risk register to elected members in the Finance and Audit Risk Committee. The operational risk register, which noted growth constraints posed by water services as being a risk, was presented in publicly excluded business. In February 2022 council staff were asked to overhaul the approach to risk and the two registers were combined into a single Significant Risk Register owned at the ELT level, during this process the risk relating to constraints on growth was dropped. The Significant Risk Register remains an agenda item in the Assurance and Risk Committee but sits at a higher level than the previous operational risk register (see attachment J).

### **Process**

An important interaction between WWL and SWDC relates to the process of approving new connections to the wastewater (or any water) infrastructure (see attachment K). On appointment of WWL the SWDC responsibility for managing the process of connection requests fell to the administration department of SWDC. The administration function is required to elicit approvals from both WWL and SWDC staff before communicating to the requestor that their connection can go ahead. The administration department has

no technical skills and relies on the specialist groups of WWL and SWDC to provide accurate and complete advice.

### **At Capacity**

Elected members were aware that Council needed a plan to address capacity at both the Greytown and Martinborough WWTP as early as December 2020. An action was noted in the Assets and Services committee minutes for staff to provide '*an update on Martinborough and Greytown WWTP volume capacity now and planned following upgrades including a narrative on whether plants will cater to future growth projections*'. WWL prepared capacity fact sheets for both Greytown and Martinborough that were presented to the Assets and Services committee in March 2021 (attachment L). By December 2021 the action had been removed from the register as being complete with the receipt of the WWL advice.

WWL had provided an attachment on infrastructure constraints for the Spatial Plan, but were not present, when the report was presented to the council recommending the adoption of the spatial plan in November 2021. The recommendation approved by the council in adopting the Spatial Plan was to proceed with Master Planning and Structural Planning to implement the Spatial Plan. Elected members would naturally have assumed that advice from WWL would be part of that further planning carried out by staff and WWL.

Growth and capacity were certainly mentioned in many of the communications received by elected members, but often disconnected from the immediate focus which tended to be on compliance. A good example being the High-Level Briefing received from the CE of WWL in November 2022 that focused exclusively on compliance rather than capacity for growth.

### **SWDC Understanding of the Martinborough WWTP**

In all the correspondence the council elected in 2022 has received from SWDC and WWL staff there was no information highlighted for elected members to readily see that the SWDC WWTPs posed a significant risk to growth. Although this had been communicated in March 2021 via the capacity fact sheets, over the intervening period of staff and elected member turn-over the information had been lost / overlooked for significance. The issuing of the abatement notice by GWRC for the Martinborough WWTP in August 2022 had focused WWL and SWDC on compliance and consumed the focus of all parties at the expense of strategic issues such as growth.

Internal SWDC Processes for approving connection requests had become procedural due to the impact of the restructure of council, the consequential loss of institutional knowledge, and the absolute reliance on WWL advice regarding water infrastructure. The result being a fundamental lack of appreciation within SWDC of the precarious capacity situation at the plant and therefore the formalised recommendation that no additional connections should be made, was unexpected.

#### ***Recommendation 2***

SWDC review its risk register to ensure:

- a. Key water service risks are included in the register.
- b. The WWL quarterly active risk register is utilised as an input.

#### ***Recommendation 3***

SWDC and WWL will review the connection process to ensure:

- a. The capacity of water service infrastructure is considered.
- b. Capacity for growth is tracked and communicated appropriately.
- c. Delineation of responsibilities in approving new developments is clear.

***Observation 2***

The corporate knowledge of SWDC water infrastructure resides within WWL. It is therefore important that WWL is routinely invited to participate in the creation of council planning documents and briefings in a full and frank manner to elected members.

***Observation 3***

A significant number of reports from WWL are received by SWDC at various levels of the organisation. It would be useful to review all the correspondence and ensure it is unambiguous, of value, and is directed to the appropriate SWDC recipients.

***Observation 4***

SWDC systems of record are incomplete and inefficient which means that corporate knowledge is not well retained. To aid finding and organising our information we need to have a clear and common understanding of what we have and where it currently is, as well as why it's stored where it is. A project is already underway to address this issue being led by the Lead Advisor – Information Management.

## **WWL and SWDC Relationship**

An understanding of the nature of the relationship between WWL and SWDC is not well shared between the respective parties and generates mistrust. SWDC is a unique shareholder of WWL in that it is small and rural which SWDC perceives WWL does not appreciate sufficiently. Similarly, WWL perceive that SWDC treats WWL as a contractor rather than a CCO owned by SWDC.

Underpinning the communication issues outline in the review is a deeper cultural issue that requires attention to ensure that both parties appreciate the issues each respectively face and are working to achieve the best outcomes for South Wairarapa.

### ***Recommendation 4***

SWDC and WWL complete a workshop to build a deeper understanding of the perspective and challenges each face and how that can be supported by the other party.



# Conclusions and Recommendations

A common understanding of the compliance and capacity of the Martinborough WWTP to support growth was not held between WWL and SWDC, prior to connections being suspended due to the primary focus of WWL and SWDC staff on the immediate compliance of the plant and regulatory action, the lack of corporate knowledge of SWDC water infrastructure within SWDC, and a wastewater new connection process with unclear responsibilities and accountabilities for factoring in capacity.

The following recommendations are provided to minimise the potential occurrences:

## Recommendations

### ***Recommendation 1***

WWL review key historical communications to ensure:

- a. Risks to the strategic drivers of SWDC's Long Term Plan posed by any of the three water services are shown on risk products.
- b. Communications more clearly reference previous communication to allow new staff and elected officials to build awareness and easily trace history.
- c. Induction packs for elected officials outline the long-term/strategic challenges to the SWDC plans before moving to the operational matters.

### ***Recommendation 2***

SWDC review its risk register to ensure:

- a. Key water service risks are included in the register.
- b. The WWL quarterly active risk register is utilised as an input.

### ***Recommendation 3***

SWDC and WWL will review the connection process to ensure:

- a. The capacity of water service infrastructure is considered.
- b. Capacity for growth is tracked and communicated appropriately.
- c. Delineation of responsibilities in approving new developments is clear.

### ***Recommendation 4***

SWDC and WWL complete a workshop to build a deeper understanding of the perspective and challenges each face and how that can be supported by the other party.

### ***Observation 1***

A potential recommendation was that WWL provides a memorandum of the regions WWTPs ability to sustain growth to its shareholders, but this has been achieved by WWL's recent provision of:

- a. Regional Wastewater Treatment Plant Capacity Discussion - Wellington Water Committee workshop dated 24 July 2023.
- b. Capacity of SWDC WWTPs to support growth – Memo from WWL to SWDC dated 29 May 2023

### ***Observation 2***

The corporate knowledge of SWDC water infrastructure resides within WWL. It is therefore important that WWL is routinely invited to participate in the creation of council planning documents and briefings in a full and frank manner to elected members.

***Observation 3***

A significant number of reports from WWL are received by SWDC at various levels of the organisation. It would be useful to review all the correspondence and ensure it is unambiguous, of value, and is directed to the appropriate SWDC recipients.

***Observation 4***

SWDC systems of record are incomplete and inefficient which means that corporate knowledge is not well retained. To aid finding and organising our information we need to have a clear and common understanding of what we have and where it currently is, as well as why it's stored where it is. A project is already underway to address this issue being led by the Lead Advisor – Information Management.