

13 June 2025

File Ref: OIAPR-1274023063-39633

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

Tēnā koe [REDACTED],

Request for information 2025-177

I refer to your request for information dated 6 June 2025, which was received by Greater Wellington Regional Council (Greater Wellington) on 6 June 2025. You have requested the following:

“Can you please confirm if GWRC final annual plan includes a commitment to provide funding to WWL to enable the company to upgrade its IT systems, and if so can you please provide details.”

Greater Wellington’s response follows

Greater Wellington Regional Council’s proposed 2025/26 Annual Plan includes funding the IT systems upgrades at Wellington Water Limited (WWL). The Annual Plan is due to be adopted by Council on 26 June 2025, confirming this funding for WWL.

As per our previous response to you (2025-146), 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.

The IT systems in which require funding were presented to Council in December 2024. The presentation from WWL said we need to invest in:

- End of life systems – construction project & info management systems.
- Integrated asset management & financial systems.
- Customer relationship management systems.

This is planned to:

- Reduce significant risk
- Improve process efficiency
- Gain control of essential info & data sets
- Deliver value for money for councils
- Enable complete and quality performance reporting
- Provide the new entity with core essential systems that it will need to operate

Attachment one - The presentation to Council from WWL 5 December 2024.

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



Alison Trustrum-Rainey

Kaiwhakahaere Matua | Pūtea me ngā Tūraru | Group Manager, Finance and Risk

Technology Systems Investment in Water Services

Greater Wellington Regional
Council

5/12/2024



Our water, our future.

Context

Core technology systems are needed

- When it comes to organisational capability, maturity, and technology systems – Wellington Water is far behind on where we need to be & not right sized for the work we need to do.
- Investment into the organisation has not kept pace with councils' work programmes.
- We are missing core systems needed for any effective water utility organisation - significant & urgent investment is needed (independent review reinforced this).
- We haven't been clear with councils on our organisational need – but we are now.
- Urgently increasing our core technology systems and corporate capability is now vital to deliver councils' operational and capital programmes
- If we do not implement new technology systems and associated capability we will see errors and issues reoccurring.

The investment

We are asking GWRC to facilitate funding the investment

- The investment needed covers core essential systems for any effective water utility.
- Investment is needed now so we can continue to deliver for councils & avoid further errors.
- This isn't regretful spend – the systems we put in now are the same ones needed for the new water services entity.
- Doing this now will:
 - reduce risk for transition to the new entity
 - enable a new entity to operate from day one



The problem – current issues

Fragmented, not scalable, old & reliance on suppliers

- We use Wellington City Council's finance system which we can't integrate with other systems
- Reliance on Fulton Hogan's & Veolia's asset management system
- Construction project management and information management systems are not fit for purpose and coming to 'end-of-life'
- No systems for budgeting, forecasting, contract management, developer services or adequate H&S systems

This means

- Manual & limited reporting that doesn't meet council's needs
- High risk of errors
- Inefficient processes & inconsistent data
- Increasing cyber risk



Recommended investment

What we need to invest in:

- End of life systems – construction project & info management systems.
- Integrated asset management & financial systems.
- Customer relationship management systems.

This will:

- Reduce significant risk
- Improve process efficiency
- Gain control of essential info & data sets
- Deliver value for money for councils
- Enable complete and quality performance reporting
- Provide the new entity with core essential systems that it will need to operate

Timeline cost phasing is based on – 2 & 3 year scenario incl.

Dates – to be refined post funding decisions and detailed planning

2 year
Implementation
Phased over
Two Years

Project	FY24-25	FY25-26	FY26-27	FY27-28
End of Life	Procure	Implementation Go		
		Operate	Operate	Operate
Asset and Finance	Procure	Implementation Go		
			Operate	Operate
Customer Management		Procure	Implementation Go	
				Operate

We are already underway with Programme stand up and planning, this will:

- Refine timelines
- Ensure we can begin system build in FY 25-26

3 year
Implementation
Phased over
Three Years

Project	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29
End of Life	Procure	Implementation Go			
		Operate	Operate	Operate	Operate
Asset and Finance		Procure	Implementation Go		
				Operate	Operate
Customer Management			Procure	Implementation Go	
					Operate

The numbers – programme costs

Phased implementation & phased costs

2 year Programme costs excluding contingency

Implementation	FY25-26	FY26-27	
End of Life	\$4.6m		
Asset and Finance	\$13.0m		
Customer Management		\$7.4m	
Total Implementation	\$17.6m	\$7.4m	\$25m

3 year Programme costs excluding contingency

Implementation	FY25-26	FY26-27	FY27-28	
End of Life	\$4.6m			
Asset and Finance	\$4.6m	\$8.4m		
Customer Management		\$1.5m	\$5.9m	
Total Implementation	\$9.2m	\$9.9m	\$5.9m	\$25m

2 year Including 50% contingency

Implementation	FY25-26	FY26-27	
End of Life	\$6.9m		
Asset and Finance	\$19.5m		
Customer Management		\$11.1m	
Total Implementation	\$26.4m	\$11.1m	\$37.5m

3 year Including 50% contingency

Implementation	FY25-26	FY26-27	FY27-28	
End of Life	\$6.9m			
Asset and Finance	\$7.0m	\$12.5m		
Customer Management		\$2.2m	\$8.9m	
Total Implementation	\$13.9m	\$14.7m	\$8.9m	\$37.5m

- Cost estimates were developed by an external agency who are specialists in digital capability for the water sector.
- At this stage of IT programmes **contingency is essential**.
- Market engagement and the resulting product choice enables refinement of estimated costs.

The numbers – running costs

Phased estimated ongoing running costs

No contingency is added to these costs as they are based on the high end of an estimated range - \$5m per annum.

2 year Operating Costs stated at the high end of estimated range

Ongoing Operating Costs	FY25-26	FY26-27	FY27-28
End of Life	\$0.4m	\$1.2m	\$1.2m
Asset and Finance		\$2.5m	\$2.5m
Customer Management		\$0.3m	\$1.2m
Total Operating Costs per annum	\$0.4m	\$4m	\$5m

- These costs start to be incurred one month before systems go live.
- Costs are modelled on a mix of internal staff and service contracts and licence costs based on headcount.
- Product choice, via market engagement, will determine the actual cost model.

3 year Operating Costs stated at the high end of estimated range

Ongoing Operating Costs	FY25-26	FY26-27	FY27-28	FY28-29
End of Life	\$0.5m	\$1.2m	\$1.2m	\$1.2m
Asset and Finance		\$0.6m	\$2.5m	\$2.5m
Customer Management			\$0.3m	\$1.2m
Total Operating Costs per annum	\$0.5m	\$1.8m	\$4m	\$4.9m

The numbers – impact on bulk water levy of 2 year scenario

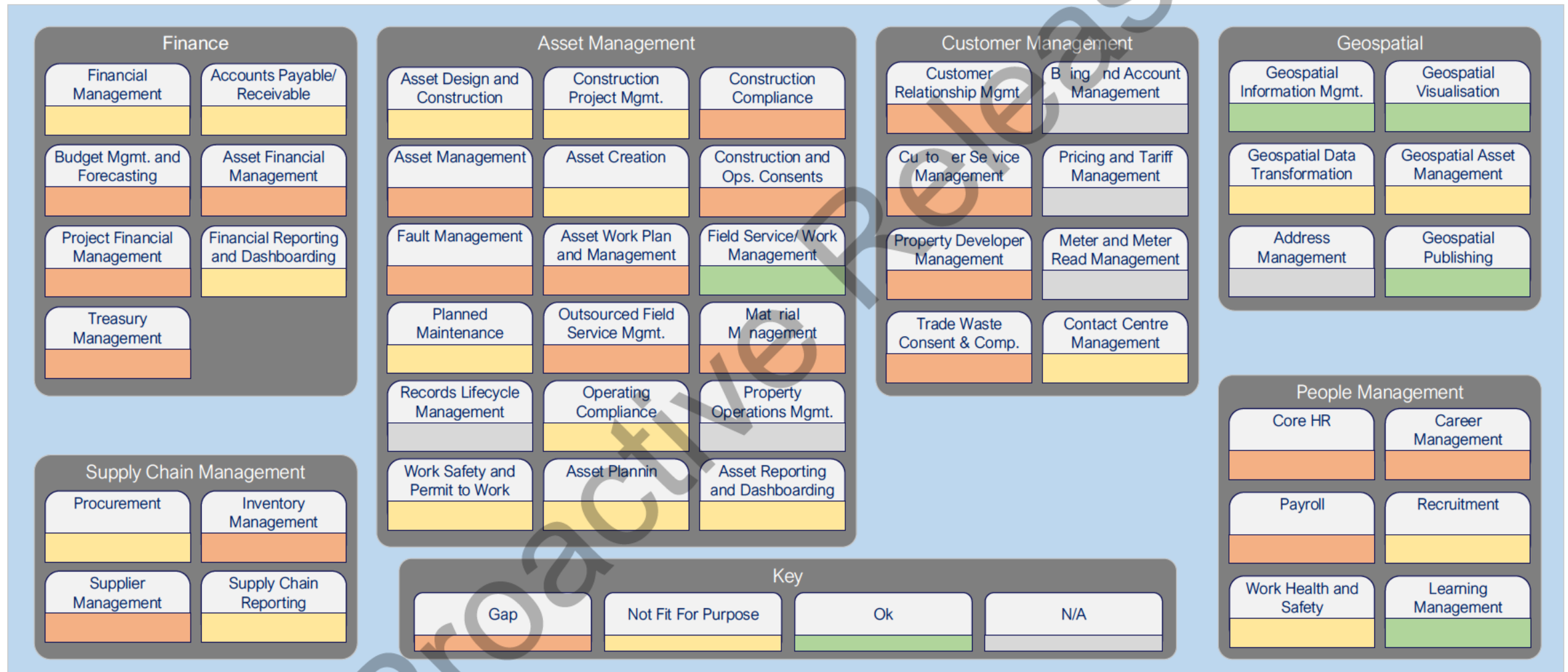
If GWRC facilitates funding the investment

The interest only costs on the investment would be passed on to the metropolitan councils via the bulk water levy

Levy impact	FY25-26	FY26-27
No contingency	0.60%	1.25%
50% contingency	0.90%	1.87%

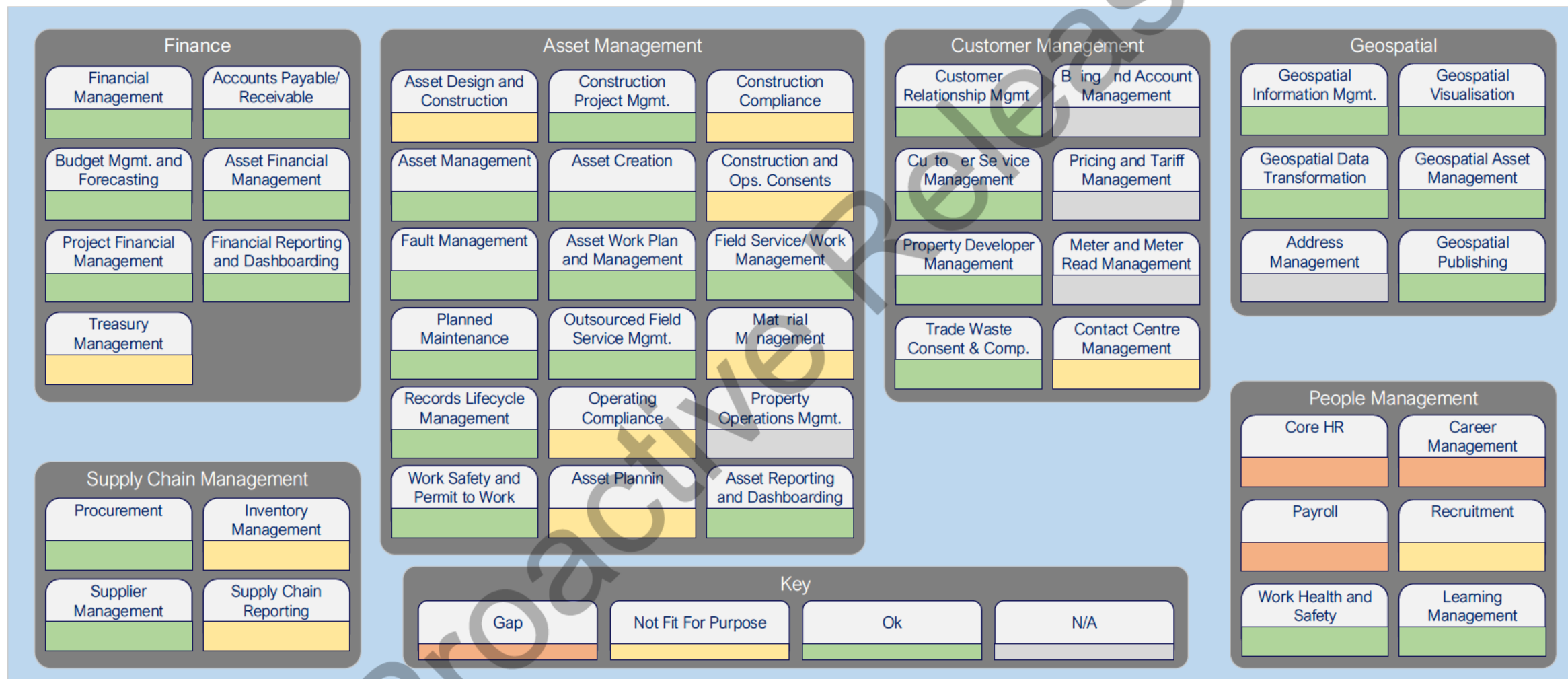
Levy increase	FY25-26	FY26-27
Current	12.20%	6.02%
No contingency	13.41%	11.93%
50% contingency	13.71%	12.56%

Current state of Wellington Water technology environment



Future state of Wellington Water technology environment

Post the recommended investment



Questions?