

Report: PE03.73
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Committee Policy, Finance and Strategy
Author M D Kennedy Strategy and Asset Manager

Containerising of Water for Emergency Supply

1. Purpose

To approve a policy on the volume of water abstraction rights Greater Wellington Water could sell so that in an emergency the water could be purchased by the Council as containerised water.

2. Exclusion of the Public

Grounds for exclusion of the public under section 48(1) of the Local Government Official Information and Meetings act 1987 are::

That the public conduct of the whole or relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist, i.e. commercial negotiations.

3. Introduction

Report PE02.744 (Attachment 1) relating to a land lease at Gear Island and a bottled water plant was considered by the Utility Services Committee in November 2002. The recommendations approved were:

Resolved

- (1) That the report be received and the contents noted.*
- (2) That the Divisional Manager, Utility Services Division to enter into a non-binding Head of Agreement to allow development of the proposed bottled water plant at Gear Island, be authorised.*
- (3) That officers to report progress to the Committee at the first Committee meeting in 2003.*

- (4) *That officers obtain further information on the views of Ara Tahi, how the bottling plant contributes to emergency management plans, and the background to the allocation process for taking water from the Waiwhetu aquifer.*

Subsequently, another party approached the Council about the possibility of constructing a water bottling plant. This then raised the issue of how much of Greater Wellington Water's abstraction consent to the Waiwhetu aquifer could be sold so bottled water would be available in an emergency.

Following the November Utility Services Committee meeting, the first bottling plant proposer has indicated they have obtained a building on private land close to the Gear Island Water Treatment Plant. Hence, they no longer require Greater Wellington Water land for their building. They would still like to sink a well near Greater Wellington's wells and run a pipeline to their building. This simplifies the proposal and a non-binding heads of agreement, mentioned in Resolution 2, is no longer appropriate.

Comment is made on possible consultation (as noted in Resolution 4) with Ara Tahi later in this report. Resolution 4 also asks for information on the water allocation process. Allocation processes for water are controlled by the Resource Management Act (RMA) 1991. Prior to this Act, there were previous processes for controlling the water allocations in the Hutt Valley, so when the Act was passed, a number of parties already had extraction rights. In the period between 1991 and 1999 when the Regional Freshwater Plan for the Wellington Region was approved, there was, to some extent, a vacuum in the allocation process.

It became apparent following a 1995 hydrology study in the Hutt Valley that the Waiwhetu aquifer was over allocated. At the time though, the Environment Division had limited power to act. This led to one commercial skirmish by the Utility Services Division in order to protect its share of the resource.

Once the Regional Freshwater Plan was approved, the allocation process was more defined. The Utility Services Division then instigated a process whereby aquifer users would give up their surplus capacity in exchange for Utility Services paying for their water right renewals. All but one of the major aquifer users agreed to this. At present then, the Waiwhetu aquifer water availability and the resource allocation are in balance. A new entity can still apply for a resource consent to take water from the Waiwhetu Aquifer. However, as the resource is fully allocated, it is unlikely the application would receive a favourable recommendation. Therefore, the safest way to secure an allocation is to obtain an allocation from an existing user.

The first bottling company had previously suggested the Council may like to take a small shareholding in the company. With the emergence of a second company, an investment of this type is not appropriate.

4. Emergency Containerised Water Supply

This section outlines how the bottling plant can contribute to emergency management plans and responds to part of Resolution 4 of the Utility Services Committee meeting report PE02.744..

An earlier report 01.795 (Attachment 2) was considered by the Utility Services Committee in December 2001. It mentioned that in an emergency situation following say a major earthquake, the minimum quantity of water required when there was no reticulated water was 20 litres per person per day after the first three days of the incident. For the four cities in the Wellington area, this now equates to about 7,200 cubic metres a day.

It is not practical at short notice to deliver this quantity to all the suburbs in metropolitan Wellington. Therefore, other self reliance measures are needed and these are being addressed in a separate study.

Delivering a quantity of containerised water is practical, the question is how much? The answer depends on the particular circumstances. However, a quantity of 300-400 cubic metres a day seems to be possible from a logistical point of view. A fleet of 10 trucks, with an average capacity of 10 tonnes is required to make four trips a day.

The promoters of both potential bottled water plants would like to purchase water rights from Greater Wellington Water so each can bottle up to 50 cubic metres a day (50,000 litres). In an emergency situation, it is possible the plants could produce 75,000 to 100,000 litres per day. Hence, four plants are likely to be able to provide the required quantity of containerised water.

On this basis, the maximum amount of the abstraction right that could be sold to water bottling plants is 200 cubic metres a day from the 83,165 cubic metres a day held by Greater Wellington Water. Expressions of interest to date require half this amount. The conditions of sale would provide for the bottled water emergency supply function and the right for Greater Wellington Water to recover the abstraction right under adverse circumstances.

Once all the water rights are sold, any other potential water bottling companies can still set up a business. They would need to purchase an abstraction right from another holder. Greater Wellington Water holds between 90 and 95% of the Waiwhetu aquifer rights.

5. Consultation with Iwi

Consultation is important to Greater Wellington Water and extensive consultation took place with Iwi as part of the resource consent process to abstract water from various rivers and the Waiwhetu aquifer. The Ara Tahī group though presents interests from the wider region. Consultation at that level is not considered appropriate for an issue confined to a specific geographic location.

The magnitude and the nature of the transaction are also important in deciding whether to consult or not. Two hundred cubic metres a day represents 0.2 percent of Greater Wellington Water's allocation from the Waiwhetu aquifer. In terms of quantity, it is therefore very minor.

On this basis, the effects are minimal and consultation is not seen as being needed.

6. Other Benefits

Apart from the contribution to the emergency management strategy, bottled water plants provide other benefits. These were mentioned in report PE02.744. In summary, they are:

- Job creation
- Investment in the Wellington area
- Enhancement of the aquifer water quality
- Ability to purchase small quantities of water for promotional purposes
- Contract work for Greater Wellington Water's Laboratory.

Another two factors that have not been previously mentioned are:

- It is a sustainable industry
- The four City Council's could access bottled water for their own emergency supply purposes through Greater Wellington Water.

7. Legal

Oakley Moran, solicitors to the Council on water issues of this type, have been consulted regarding the proposal. They are comfortable with it, provided there is provision for the right to transfer back to Greater Wellington Water under defined circumstances.

8. Disclosure

Because water issues are sensitive, representatives of both companies were asked to confirm that to the best of their knowledge, no Councillor or Council officer has, or is likely to have, an investment or an interest in the water bottling plants. Both companies have confirmed this is the case.

A prior declaration had been made to the General Manager about the second company potentially leasing part of a piece of land that is owned indirectly by a person associated with the Council.

9. Media Communications

Both the applicants for the water, who know of each others existence, would like to keep their proposals under wraps for as long as possible for commercial reasons. At this stage, a media release is not appropriate. In due course, the issue will become public, then some limited comment may be appropriate.

10. Recommendations

It is recommended that the Committee:

- (1) Endorses the principle of encouraging water bottling plants in the area so the Council can contract for containerised water supply in an emergency.*
- (2) Approves the sale from Greater Wellington Water's abstraction rights for the Waiwhetu aquifer of up to 200 cubic metres a day to water bottling plants.*
- (3) Authorises officers to enter into agreements for the sale of water rights up to 200 cubic metres a day for water bottling purposes, provided the Council's rights to obtain bottled water and other general issues outlined in this report are incorporated into any sale and purchase agreement.*
- (4) Directs officers to report further progress to the Utility Services Committee.*

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Attachments

Attachment 1: Report PE 02.744

Attachment 2: Report 01.795