

Statement of Intent 2017-20

1 July 2017



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Foreword

There is much to look forward to in 2017-20. Over the past three years the company has consolidated its strategy of acting regionally across our five client councils but only after establishing trust with them. This trust has enabled us to start implementing a key regional initiative called One Budget that brings the five Wellington councils' operational and capital costs under one umbrella here at Wellington Water.

The first part of 2017 was dominated by the flow-on effects of the Kaikoura earthquake. We expect these effects to continue to have an impact into 2017/18 which is an opportunity for us to work with others to promote the need for our community, businesses and critical users to be more self-resilient by storing at least seven days' drinking water supply. We await funding decisions that would enable us to prepare better for aftershocks and to accelerate long-term network projects. Whatever is decided, we feel comfortable that we can provide the best advice for our client councils.

We have also been watching and learning from the inquiry into Havelock North's water supply contamination and asking ourselves how we can improve the quality of our drinking water.

Our key deliverable to the end of the year is to develop the first optimised regional service plan. Our councils have collectively told us they wish to see a greater priority placed on water quality, resilience, reducing the impacts of flooding and supporting all council's growth agendas. Increasing emphasis in these areas (while continuing to meet the basic customer service goals) is the objective of the regional service plan. The regional service plan will provide input to councils as they develop their long term plans. Once approved, the plan will be more linked to water rates and be able to tell the community what changes in service they can expect from investment made in the three waters networks.

While it is still early days, we expect our customer panel to provide some insight into our service planning approach and as we ramp up our customer experience work this too will provide useful customer insight into our implementation of customer service goals. We also expect to make further progress with iwi relationships.

All this work is only possible through the actions of our people. Wellington Water continues to enhance its capability and build a very positive culture. Our culture is a result of the need to work collaboratively with many parties and to back ourselves to make decisions across the breadth and depth of the organisation. Our engagement survey results continue to tell us we are on the right track. We see great opportunity as well as challenge ahead of us and we can't wait to get going.



John Strahl
Chairman of the Board



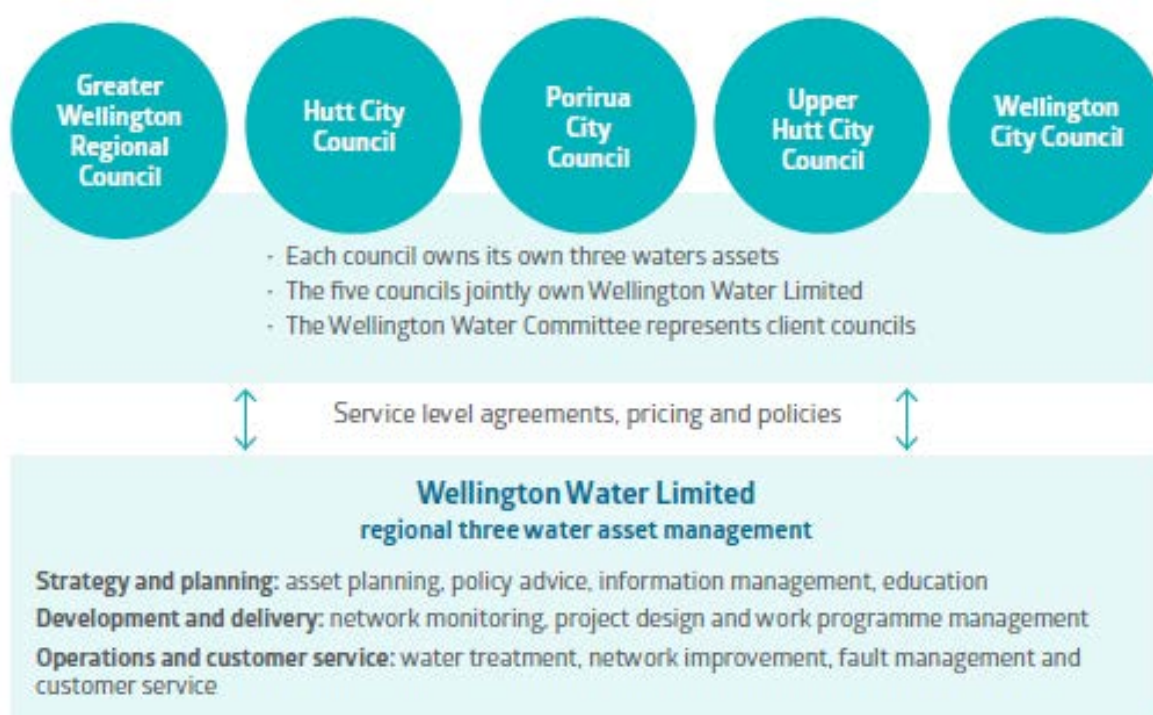
Colin Crampton
Chief Executive

Who we are

Wellington Water is a council-controlled organisation jointly owned by the Hutt, Porirua, Upper Hutt and Wellington City Councils, and Greater Wellington Regional Council (GWRC).

We employ 192 staff and provide services to the customers of the metropolitan area of Wellington on behalf of our shareholders.

We manage the three water (drinking water, stormwater and wastewater) networks, infrastructure and services on behalf of our shareholding councils. To do this we manage annual expenditure of approximately \$154 million to maintain and develop water assets with a replacement value of approximately \$5.3 billion. We also provide investment advice about the future development of three water assets and services.



Each shareholding council owns its own water services assets (pipes, pump stations, reservoirs and treatment plants). Each council decides the level of service it will purchase from Wellington Water, the policies it will adopt and investments it will make (after considering advice from Wellington Water) in consultation with respective communities.

We operate under the Companies Act 1993 and the Local Government Act 2002 and comply with the Health (Drinking Water) Amendment Act 2007, the Drinking Water Standards for New Zealand 2005 (revised 2008) and other legislation such as the Resource Management Act 1991 (and proposed amendments), the Wellington Regional Water Board Act 1972 and the Health and Safety Reform Act.

How we are governed

Board of Directors

The company is governed by a Board of independent directors.



John Strahl, Chair

Cynthia Brophy

Nicki Crauford

David Wright

David Benham

The Chair of the Board reports to the Wellington Water Committee. The Board approves the company's strategy, ensures legal compliance, that the company has necessary capability to deliver and it monitors the company's performance, risk and viability.

The Board's approach to governance is to establish with management (and in consultation with shareholders), clear strategic outcomes that drive the company's performance. The Board is also mindful of its relationship with the Wellington Water Committee and how both the Board and Committee influence the company in different ways.

It supports and empowers management to deliver and report performance using a no surprises approach, by creating an environment of trust where information is freely available, decision making is transparent and strategic conversations provide insights and guidance for the company.

Consistent with a high performance organisation, Board members challenge management (and other Board members) to keep a healthy culture of inquiry and openness.

Wellington Water Committee

The Wellington Water Committee's five shareholders are the Hutt City Council, Porirua City Council, Upper Hutt City Council, Wellington City Council and Greater Wellington Regional Council. Each shareholder holds 20% of the voting shares ('A' shares) of Wellington Water.



David Bassett
Chair,
Wellington Water
Committee

Deputy Mayor, Hutt
City Council



Wayne Guppy
Deputy Chair,
Wellington Water
Committee

Mayor,
Upper Hutt City
Council



Mike Tana
Mayor,
Porirua City Council



Jenny Brash
Councillor, Greater
Wellington
Regional Council



Iona Pannett
Councillor,
Wellington City
Council

The Wellington Water Committee provides governance oversight of Wellington Water and its management of the network infrastructure for the delivery of bulk water, water reticulation, wastewater and stormwater services.

They do this by considering the company's half yearly and annual reports, monitoring performance of the company, appointing directors to the Board and providing recommendations to shareholders on proposals from the company. The Committee writes an annual Letter of Expectations to the Chair of the Board of Wellington Water which outlines key priorities and areas of focus for the company. Wellington Water has used the Letter to guide development of this Statement of Intent.

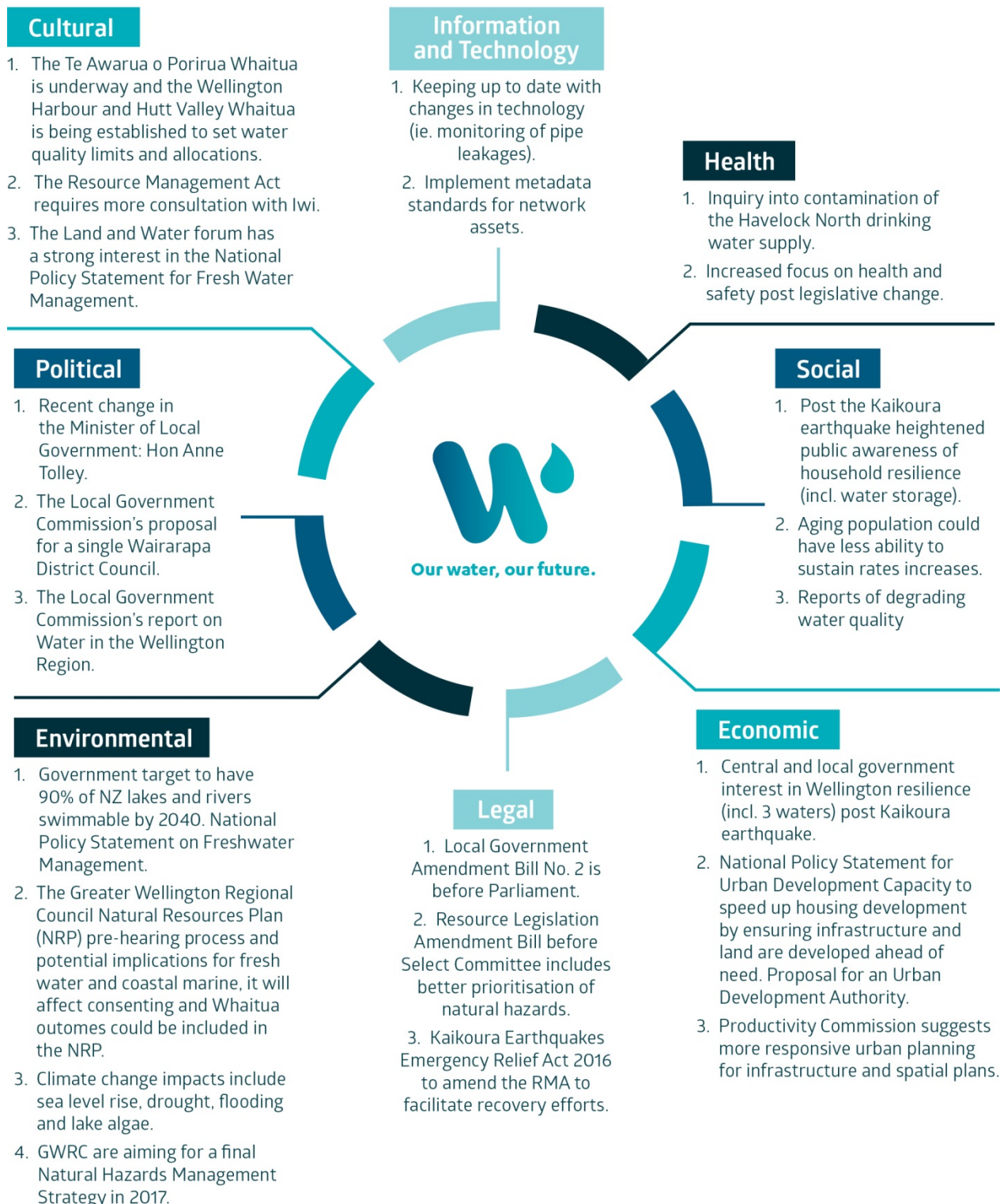
Refer to Appendix 2 for information about governance and shareholders.



Briefing new councillors and the Mayor of Porirua City Council, Mike Tana, at an Upper Hutt wastewater pipe renewal site

What influences us

There is a lot going on around us. We need to keep pace with these changes and understand their implications to provide good advice to client councils. Some potential influences are in the diagram below.



What we do

Our role is to plan and deliver three waters services to the local community. We do this by detailing what we will deliver in a single regional service plan that is agreed with shareholding councils. This plan identifies future infrastructure investments and their rationale from both a regional perspective and, when significant, from a local or Council perspective. The plan is supported with budgets for each Council. Councils then use this information to develop their long-term plans and infrastructure strategies.

Our asset management services include the collection, treatment and delivery of drinking water for our client councils; the construction, operation, management and maintenance of three waters networks assets and systems; as well as wastewater treatment facilities, pump stations, reservoirs and related networks. Effective development and maintenance of these assets is critical for the local economy.

We will progress four regional initiatives. These are to build resilience for drinking water supply and wastewater, to develop an integrated catchment approach to manage water and land use to achieve better outcomes (i.e. improve urban water quality), to better plan for and accommodate urban growth and change, and climate change impacts on three waters.

We deliver a capital work programme that includes upgrading, renewing and developing of the three waters infrastructure. This involves managing the lifecycle of water assets to support our communities' three waters needs and accommodate council growth strategies and changes. It also requires close collaboration with our suppliers and contractors to deliver to required standards (including health and safety).



Inside the Konini Reservoir in Wainuiomata where we carried out earthquake strengthening.

What we want to achieve

Our work is not so much about the assets we manage as it is about the outcomes we provide for the community of Wellington. To do this effectively we have developed three outcomes and 12 supporting customer service goals. Each outcome and strategic goal has a set of key performance indicators that we use to assess how well we are delivering services to our customers.

It is important that our service goals and outcomes support the needs and aspirations of our five client councils. This alignment will be reflected in our Three Waters Strategy that provides the context for and an understanding of the operating environment for the regional service plan.

Purpose statement

Our purpose statement is:

To create excellence in regional water services so communities prosper

Customer outcomes

We have three long-term (20-30 years) customer outcomes:

- Safe and healthy water
- Respectful of the environment
- Resilient networks support our economy

Each outcome is supported by four customer service goals that help focus delivery. We seek to either maintain or improve our performance against each outcome.

Customer service goals





Our customer service goals state what we want to achieve by providing water supply, stormwater and wastewater services to the Wellington region.





During 2016/17 we had discussions with our client councils about what service goals they wanted to invest in and why. Regionally there was good consistency in the signals for investment towards the end of 2016. They were interested in investing to reduce the impact of overflows on the environment, reduce the likelihood and impact of flooding, to strengthen resilience and to see infrastructure planned in support of local growth opportunities.





Throughout 2017/18 we will take these conversations further to firm up investment trade-offs and decisions to feed into council long-term planning processes. Over time we expect new influences to challenge current investment decisions, for example when the findings from the Havelock North Inquiry are released this may mean we increase our focus on water quality and how it is managed.

We describe our customer outcomes and service goals over the page and Appendix 3 contains their supporting measures.

Customer outcomes and service goals

Customer Outcome	
Outcome 1 - Safe and Healthy Water	
We provide water services to ensure safe drinking water and work to eliminate the harmful effects of wastewater and stormwater over time	
Service Goal	Key Result Areas
 We provide safe and healthy drinking water	Water is delivered to meet current NZ Drinking Water Standards and water supply legislation so that our activities prevent contamination of treated water Water supplied is of acceptable quality to customers
 We operate and manage assets that are safe for our suppliers, people and customers	Water services are delivered in a way that is safe for our suppliers, people and customers Asset safety risks are identified and improved
 We provide an appropriate region-wide fire-fighting water supply to maintain public safety	Sufficient water is supplied meet urban firefighting needs under normal conditions We identify and implement water supply improvements to assist the Fire Service
 We minimise public health risks associated with wastewater and stormwater	The public is protected from direct exposure to untreated wastewater onto land The public is protected from direct exposure to untreated wastewater onto beaches

Customer Outcome	
Outcome 2 - Respectful of the environment	
When we provide water services we seek to avoid harm to the natural and built environment and over time enhance it for the benefit of future generations	
Service Goal	Key Result Areas
 We manage the use of resources in a sustainable way	Our customers receive water services that are managed efficiently through minimising: <ul style="list-style-type: none"> · water loss · energy consumption · production of treatment plant waste
 We will enhance the health of our waterways and the ocean	Water quality of the waterways and harbours is not adversely affected by discharges from any of the three waters network Integrated catchment management plans are used in a collaborative approach with stakeholders to carry out improvements to the water quality of waterways and harbours
 We influence people's behaviour so they are respectful of the environment	Communities are educated to use our infrastructure in ways that reduce the impact on the natural environment in areas such as stormwater pollution and water conservation
 We ensure the impact of water services is for the good of the natural and built environment	Water services are managed to comply with consents Water services are built and managed in ways that are not intrusive to communities.

Customer Outcome	
Outcome 3 - Resilient networks support our economy	
We provide reliable day-to-day water services that are able to withstand shock and stresses and future-proof the network to enable a strong regional economy and enhanced natural environment	
Service Goal	Key Result Areas
 We minimise the impact of flooding on people's lives and proactively plan for the impacts of climate change	The potential impact of increased sea levels and flooding on property and key transport links from stormwater is identified and the impacts are minimised The impacts of an additional 1 m sea level rise are understood and preventive measures are implemented where practicable. Where prevention is not possible, the impacts will be managed operationally
 We provide three water networks that are resilient to shocks and stresses	We work to meet agreed levels of service to restore water services to customers
 We plan to meet future growth and manage demand	The water supply network meets normal demand except where a drought is more severe than a 1-in-50 year return period event Water supply and wastewater services are planned to accommodate changes in demand and future growth, with a focus on reducing water wastage
 We provide reliable services to customers	Customers have access to reliable water and wastewater services Stormwater networks perform as intended when it rains

Regional service plan

To help us deliver these customer outcomes and service goals, we need to deliver a 30-year regional service plan that signals to client councils what to invest in and why against each service goal.

The highest order value for money advice we can provide to councils is described in the regional service plan that (with support from our councils) will enable us to optimise three waters investment as part of councils 2018-28 long term plans.

We expect to have ongoing conversations with councils over the first six months of 2017/18 to optimise three waters investment as they consider investment across all council infrastructure assets. Our main aim is to ensure a well-balanced programme of investment and consistent treatment of regional initiatives (activities apply to all councils). As we provide final advice to councils we will assist them to provide transparency between the funding required for three waters services and the relevant service plan investment programme for each council

Customer experience

Currently Wellington Water has only limited view of its customers. A significant amount of three waters customer engagement is through client council contact centres and through our contractors.

We have established a customer panel (a group of three waters services customers) that we will invite into our business to influence our thinking, our advice to councils and how we can improve community awareness initiatives. They are also invited to co-define their own participation in the business, from asset management strategy to programme delivery.

For the regional service plan to be relevant to ratepayers we need to consider customer feedback and advice from the Customer Panel.

We are developing a customer hub where we will grow our understanding of customers and what they expect from us. We will learn from customer feedback and analyse customer data for trends and how we can improve the customer experience of our services.

We will work towards a common customer experience across the region but in order to do this, we first need to work with client councils and our contractors to integrate the 'customer' at the heart of everything we do in a cultural sense.

Measure
<ul style="list-style-type: none">• Develop a suite of customer service measures and start using the results to guide our business to be more customer centric• Of an annual 10% sample of call-backs to customers, 80% have a satisfactory experience.• Invite Scottish Water to review our customer work and provide recommendations for future improvement

How we do it

Company result area 1: growing capability, resilience and culture

We want to be an organisation where people can do their best. We will develop our capability and organisational culture to support achievement of customer outcomes and service goals.

Our priority initiative is to develop and embed a workforce plan so that we can develop capability to meet our future challenges.

Health and safety

We are reviewing our health and safety vision through a consultative process with staff, councils and suppliers. The vision will be supported by objectives and key performance indicators that we will track progress against over time.

The Senior Leadership Team will continue increasing its visibility, participation and accountability of health and safety and work with our councils to address critical risks. To address this in a meaningful way for our staff, supply chain, councils and customers we will work collaboratively to create a safe and healthy environment and a culture that people believe in and uphold. We will report regularly to councils, the Board and the Wellington Water Committee on this.

Our approach to health and safety includes providing an equal emphasis on both wellness and safety. Developing people's personal resilience, welfare and health is also a focus for us. In order to provide resilient services to the community we need to first be resilient ourselves.

A key area of focus for 2017/18 will be staff wellness. This is an evolving area for health and safety and means companies have to balance wellness with traditional worksite safety. We want to manage workload stress and ensure staff welfare is taken into account in our resilience planning.

Measure
<ul style="list-style-type: none">• Staff engagement scores for "Safety Environment" increased in 2016 to 85%. This is 18% higher than the international benchmark and a 6% lift for Wellington Water in the same area since 2015. Our target is to maintain this achievement during 2017/18• Near hit/risk reporting/something good ratio to total recordable injuries. Target: Increasing ratio of 50% year-on-year towards a stretch target of 25:1 by end of 2018/19. Our focus is on lifting contractor performance• Standard lag measures such as injury frequency rates for lost time, total recordable injury. Targets: LTIFR¹ 1.5 and TRIFR² 6 per 200,000hrs

¹ LTIFR Lost Time Injury Frequency Rate. The number of lost time injuries per 200,000hrs worked. LTI frequency rate (LTIFR).

² TRIFR Total Recordable Injury Frequency Rate. Total of all injuries per 200,000hrs worked incl. First Aid and return to work/rehabilitation cases.

Leadership

During 2016/17 we developed our leadership capability through the adaptive leadership programme that encourages leadership capability for all people leaders and high potential staff. We will continue putting our people through the adaptive leadership programme and working in peer learning groups to refine leadership skills.

Measure
<ul style="list-style-type: none">• All staff participate (within six months of joining Wellington Water) in a one day workshop for adaptive leadership• An evaluation of how well peer learning groups are working will be completed by the end of 2017

Engagement

Wellington Water aims to be a high performing organisation. To achieve this it's important we have highly engaged employees who deliver performance, go the extra mile and intend to stay.

The 2016 employee engagement survey, completed by 89% of employees, highlighted a significant positive shift in engagement from 2015. Our transparent, authentic and consistent communications within the organisation along with a similar approach to health and safety were also reflected in favourable survey results from employees.

We believe at an organisational level the adaptive leadership programme designed to improve leadership capability along with a highly participative programme to identify options for our future (named "Shaping the Future"), contributed to improving employee engagement.

To keep improving staff engagement from an organisational perspective, we will have a specific focus on improving customer service and experience and on landing our Service Delivery Strategy with staff. Our Service Delivery Strategy outlined how we will work with our suppliers to deliver services across our three waters.

Measure
<ul style="list-style-type: none">• We continue to see an increasing trend in our overall engagement score

Working across the company

When Wellington Water was established, we organised our people into groups but with an overriding mantra that workflow is more important than structure, so the organisation was effective as possible in its service planning approach. Over the next year as the regional service plan is completed, we want to be assured all our staff work in the way we envisaged.

Measure
<ul style="list-style-type: none">• Working effectively across the organisation will be measured by adding a new specific question on workflow to the next engagement survey

Specific priority – workforce plan

In 2017/18, one of our priorities will be to finish the workforce plan and agree our key areas to move forward. Our workforce plan will describe where the organisation is going and how many people, what roles and what skills are required to get there. It will help us understand our current workforce and how it needs to be positioned to meet future goals and environmental factors which influence the performance of the company. The plan includes looking at our capacity (number and mix of people), capability (skills and competencies of people) and our organisational culture.

The ability to attract and retain skilled/capable people remains critical to the success of Wellington Water. Our focus has been in the engineering function, through partnering with the Institute of Professional Engineers New Zealand (IPENZ). We also will continue to monitor and prioritise resources for roles that are critical to delivering customer service goals and operational effectiveness.

Measure
<ul style="list-style-type: none">A workforce plan signed off by the Senior Leadership Team by 1 July 2017 and key areas developed and actioned

Company result area 2: creating value for money

Our biggest value for money offering is to optimise the regional service plan. Complementary to this, we will continue to implement some regional initiatives for resilience, climate change, urban growth and catchment areas. Our priority initiative is to implement a Service Delivery Strategy.

Regional service plan

The regional service plan will be produced by 1 July 2017 to inform client council long-term plans for 2018-28. The plan will implement service levels that we expect to achieve over three, six, nine and 30 years. It will inform the company how long it will take to document an evidence base that supports measurement of service goals.

The plan will be informed by a three waters strategy which will highlight improvements that need to be made. Conversations with councils have so far indicated their preference to invest in flooding, water supply and wastewater resilience and minimising impacts on the environment to improve water quality outcomes.

Measure
<ul style="list-style-type: none">• Produce a regional service plan and provide input to councils' 30 year infrastructure strategies to inform council 2018-28 long term plans• Evaluate, over three years how well we are implementing the regional service plan by assessing performance against service goal measures (see Appendix 3)

An integral part of delivering the regional service plan is delivering the capital works programme. This includes working with our consultancy panel³ to achieve seamless and efficient delivery to enable better quality outcomes. We will also organise ourselves into a more proactive cycle of working with our contractors. This requires better planning, change control and agility to respond to new information as it becomes available, as well as good consultation with our client councils and other interdependent utilities. We will continue to look for opportunities to lift performance and improve relationships we have with suppliers.

Measure
<ul style="list-style-type: none">• 95% of all planned construction projects from client council annual plans are completed within timeframes agreed with councils• 90% of all completed projects (from a 10% sample) met requirements of the project brief

³ In July 2016 a new collaborative, relationship-based model was adopted with establishment of a seven year Professional Services Consultancy Panel. The Panel consists of three consultancy teams tasked with improving the safety, quality and reliability of project delivery; increasing value for money through innovation and knowledge sharing; and ensuring outcomes are aligned with Wellington Water's strategic goals.

Regional initiatives

One of the reasons for forming Wellington Water was to see where there could be benefits from taking a regional approach to solving an issue. We have identified four key areas where adopting a regional approach should benefit client councils. We started work on the first two last year and have added two more from 1 July 2017:

- Resilience for drinking water supply and wastewater
- Catchment management approach
- Urban growth and change
- Climate change impact on three waters

Resilience for drinking water supply and wastewater

We began implementing our water supply resilience strategy “Towards 80-30-80” in early 2017. “Towards 80-30-80” is a long-term strategy focused on implementing a series of network improvement and community initiatives that will progressively improve the resilience of the water supply network over time. The key outcome of the strategy is to have a “80-30-80” resilient water supply network in place that will provide 80% of our customers, within 30 days of a reasonable seismic event (i.e. a 7.5 magnitude earthquake), with 80% of their drinking water needs.

Achieving this goal is estimated to require the region to progressively invest up to \$700 million over the short, medium and long term.

Our priority over the next three years is to build community awareness of need for households to have at least seven days of drinking water stored, and to work alongside critical customers and other utilities to achieve the same. Seven days storage is not only required for maintaining household viability, but is also needed to provide us with the necessary time to focus our efforts on priority repair work.

We also plan to continue with the capital projects that aim to: deliver new water storage for Wellington CBD and Porirua; strategic stores; alternate bore supplies in Porirua, central Wellington and Waterloo; emergency water extraction at the Wainuiomata and Te Marua water treatment plants as well as implementing new network alternatives (such as a water bladder system) and water filtration and treatment options.

Achieving the aims of the strategy will also require a focus on new large infrastructure projects to improve the overall resilience of the region. This means we will start investigations to put in place new and relocated pump stations, new large scale water conveyance improvements and new regional resilience stores. It also means we may need to reprioritise existing work to enable resilience work to happen.

We will work with client councils to make resilience investments visible in their 2018-28 long term council plans.

We also know that our wastewater network is equally vulnerable to a major shock. Our wastewater strategic case identified that almost 80% of the network is considered to be non-resilient. The strategic case identified work was required to make communities more self-sufficient and that there was a need to work more closely with other utilities to improve recovery efforts.

Our approach for improving water supply and wastewater resilience is highly dependent on collaboration with local government, central government, suppliers and other utilities. This collaborative approach has seen us already working with central government to implement some

of the personal resilience and network recovery initiatives identified for both waters in early 2017.

Measure
<ul style="list-style-type: none"> • Implement the water supply resilience strategy by: <ul style="list-style-type: none"> - Implementing education and community programmes to raise awareness of the need for drinking water and wastewater self-sufficiency for at least the “first seven days” by June 2018 - Investigating, and if approved, implementing agreed initiatives (e.g. network alternatives and new water source, reservoirs and equipment projects) by June 2020 • Complete a wastewater programme business case by June 2019

Catchment management approach

We will adopt an integrated approach to planning, investment and management of activities to achieve better outcomes across all three waters in the region.

As we develop an integrated approach we will consider the direction set by National Policy Statements, utilise our operational knowledge of the networks and work with our stakeholders to share information and build capability to enable holistic investment decision making.

Our catchment approach will be influenced by Whaitua processes⁴ in the region. The Te Awarua o Porirua Whaitua is underway and the Wellington Harbour and Hutt Valley Whaitua is currently being formed. We will continue facilitating, providing information and advocating for three waters as part of the Whaitua process to achieve both aspirational and realistic outcomes for communities.

Measure
<ul style="list-style-type: none"> • An Integrated Catchment Management Plan (ICMP) is being developed by end of March 2018 for Lambton Harbour as part of the existing global stormwater consent held by Wellington City Council

Measure
<ul style="list-style-type: none"> • A global stormwater consent for all Councils will be in place by the end of 2017 calendar year, which will initially require a stormwater monitoring regime followed by the development of stormwater management strategies by all Councils

⁴ The Maori word whaitua means a designated space or catchment. Greater Wellington Regional Council is working closely with communities to manage land and water through Whaitua Committees.

Climate change impact on three waters

We know that climate change is upon us with an increasing likelihood of frequent and intense rainfall and rising sea levels affecting stormwater networks and causing flooding in low lying areas.

We need to plan proactively and regionally for this impact to ensure value for money and that our actions are in alignment with council growth strategies.

Measure
<ul style="list-style-type: none">• Develop a strategic case to investigate effects of climate change on stormwater management by 30 June 2018

Urban growth and change

The National Policy Statement for Urban Development Capacity requires councils to provide in their plans enough development capacity to ensure demand for development can be met. Development capacity includes the provision of adequate infrastructure to support the development of land. Our focus will be on supporting the proposed changes and providing advice on infrastructure changes to meet growth strategies.

Measure
<ul style="list-style-type: none">• A survey that tells us whether client councils are satisfied with our involvement in the early planning stages of growth and development changes, our contribution to spatial planning and ensuring increased alignment with their strategies for future growth

Our value for money system

We have developed a system that allows Wellington Water staff, consultants and contractors to register good ideas and a framework for demonstrating values created. We will continue to embed a culture of continuous improvement and introducing innovation within Wellington Water and throughout our supply chain and with our consultancy panel.

Measure
<ul style="list-style-type: none">• A trend of increasing registration value for money ideas from within Wellington Water and throughout our supply chain• An independent reviewer agrees that greater than 85% of our value for money ideas have actually generated value

Specific priority – service delivery strategy

One of the three themes that arose out of the “Shaping our Future” initiative was to develop a collaborative service delivery strategy that consolidates our approach to water services across the region. This strategy will encapsulate wastewater treatment plants, maintenance services, network upgrades and consulting services. The final strategy is scheduled for completion by July 2017, with delivery commencing immediately and through the following 3 years.

The regional service delivery strategy will drive regional consistency and operational excellence, including developing a health and safety culture with our suppliers and promoting innovation and

new technology opportunities. We will be looking for reliable delivery of the capital programme, fully utilising our new consulting panel and will review our in/out sourcing arrangements as we develop the strategy.

Measure
<ul style="list-style-type: none">• Regional service delivery strategy completed and endorsed by 30 July 2017• Regional service delivery strategy implemented progressively through 2020, including wastewater delivery, operation and maintenance alliance; and contractor panel. Quarterly reporting against strategy milestones to the Senior Leadership Team

We are also looking at other ways of regionalising our services and that includes, for example, providing asset valuations on behalf of all our councils. We are already a consenting applicant and holder on behalf of our councils (except for major strategic assets).

Company result area 3: working collaboratively

We work collaboratively with our customers, shareholders and key stakeholders at central, regional and local levels. Our goal is to be seen as a trusted adviser to councils, managing our relationships with our stakeholders will help us achieve that. Working collaboratively includes putting ourselves in the centre of all conversations with authenticity and a commitment to act.

Our priority initiative is to develop relationships with neighbouring councils to improve three waters service provision.

Trusted advisor to our shareholders

As a trusted advisor to our client councils it is essential we are transparent and responsive to their needs and expectations. We treat each client council as an individual, with specific conditions and needs that we must meet and where it makes sense introduce a regional perspective.

Measure
<ul style="list-style-type: none">Client council representatives judge us on an ongoing basis as being their trusted advisor

Central government

At the national level, there are a range of matters relating to water governance and management that we need to be involved in, including resilience. This requires us to continue to develop effective relationships with the Treasury's National Infrastructure Unit, the Ministry of Business Innovation and Employment, Worksafe, the Department of Internal Affairs and the Ministry for the Environment.

Measure
<ul style="list-style-type: none">Work alongside central government to improve the resilience of the three waters infrastructure including providing advice to central government on three waters issuesInvolve central government in our initiatives as appropriate eg. climate change impact on three waters.

Other stakeholders

We have relationships with Local Government New Zealand and Local Government Commission and the Department of Internal Affairs. We believe we can both learn from and share our experience with these national bodies to build and operate a successful shared service model for managing three waters networks.

We are strengthening our alliances with other utilities, for example Wellington Electricity, New Zealand Land Transport Agency and other organisations such as the New Zealand Fire Service through our resilience work.

We continue supporting Water New Zealand to lift performance of the sector through collaboration with other water businesses, by participating in governance arrangements and leading national projects.

We have begun developing relationships with local iwi through their Post Settlement Governance Entities – Port Nicholson Block Settlement Trust and Te Runanga o Toa Rangatira. We will continue to further develop these relationships through the whitua and other processes.

Measure
<ul style="list-style-type: none">• Conduct an annual stakeholder survey by 1 April 2018 in consultation with client councils

Specific priority – neighbouring councils

We have already begun discussions with neighbouring councils in the wider Wellington region, including some Wairarapa councils, to explore how we can help them with asset management and data related services such as providing assistance in implementing metadata standards. We will consider how we could fund this in a sustainable way.

Measure
<ul style="list-style-type: none">• Provide asset management and data related services to neighbouring councils, including implementation of metadata standards and sharing our knowledge

Company values



People come first

What we do makes a big difference to other people's lives, and we strive for excellence in serving our communities and each other.



We share our knowledge

We're a diverse team of skilled professionals, soaking up new knowledge to share innovative solutions that meet our customers' and clients' needs.



Together we're stronger

We look out for each other, we trust and respect each other, and we're proud of our achievements.

Operating frameworks

Key operational focus areas for the company include improving company systems, risk management, company performance through our results sheets process, completing special projects and setting up One Budget and funding certainty.

Company systems

Wellington Water will continue to develop its systems. This will include implementing the Information Strategy that is focused on recording and maintaining accurate data, which is transformed to information to aid decision-making and is shared to support knowledge.

We will focus on simplification of underlying business processes, the development of new, integrated systems to support those processes within the Wellington Water environment and a rationalisation of applications currently used by employees. We will also implement our Information Technology Strategy and monitor development of technology-enabled smart services supporting three waters operations.

Risk management

Our risk management framework supports our company strategy and outcomes and aims to integrate risk management across all aspects of the company. We invite all staff to engage in risk management, understand their role in risk processes and influence and improve risk effectiveness.

Our risk procedures require all groups to actively maintain their risk profiles and risk registers and to discuss risks, their treatment programmes and to report on them on at a leadership level on at least a quarterly basis. Risk management and its effectiveness is discussed that the Senior Leadership Team quarterly performance meetings.

We report risks quarterly to the Company Audit and Risk Committee and discuss treatment programmes to mitigate extreme risks at each meeting. Quarterly we also report to the meeting of the client council representative's risks that relate to the work programme and those that we collectively share.

Company performance

We have a well-established system for measuring company performance. This system demonstrates alignment between outcomes and goals through to individual staff result sheets. This is how we turn the Statement of Intent into reality and monitor its progress quarterly at senior leadership team meetings. We also provide additional reporting to the Board and the Wellington Water Committee.

We have performance measures that tell us how well we are achieving our outcomes and service goals. They contain a combination of Department of Internal Affairs measures, Service Level Agreement measures and new measures. We continue to report quarterly to councils against Department of Internal Affairs measures on our website.

Special projects for 2017/18

To contribute to the company's smooth operation, we will investigate with councils how we can effectively support consent activity, have increased access to warrants that our staff need to do

their jobs, undertake asset valuations and continue the move towards regionally consistent three waters bylaws and policies.

One Budget and funding certainty

We anticipate by the 1 July 2017 we will have agreed to the One Budget concept for operational funding for each council. This consists of each council paying to Wellington Water the full operating budget for three waters in 12 monthly instalments. From this funding stream, we will optimise the costs between the company, consultants and contractors.

Once the 2018-28 Long-Term Plan is approved by councils, we envisage fixing annual funding over a three year period, providing the company with more certainty. We will be more explicit about risk pricing, our method for managing risks and any coverage individual councils need to be aware of. In the case of capital projects, we will use the retiming of projects as the principle basis for managing scope and cost risk, but this will be done with the agreement of councils involved. Similarly, councils expect to be able to modify funding priorities in the event of emergencies or other significant events, this would be done in discussion with the company and in consideration of existing commitments and operational risks.

Financial performance is covered in Appendix 5.

Appendix 1: Organisation structure



Appendix 2: Governance and shareholder information

Wellington Water is a council-controlled organisation as defined by Section 6 of the Local Government Act 2002. Wellington Water is also covered by the Companies Act 1993 and governed by law and best practice. The Shareholders' Agreement relating to Wellington Water Limited outlines the way they manage their shareholdings in Wellington Water and their respective relationships with each other.

The Board of directors

The Board of Directors currently consists of five members. All directors must be independent directors selected by the Wellington Water Committee, in accordance with the Boards skill matrix. Each director can serve a maximum of two terms, or six years unless agreed by the Wellington Water Committee.

Board Chair John Strahl's term has been extended for a further two years to expire on 31 December 2017. Nicola Crauford is an independent director to 31 December 2017. The Wellington Water Committee jointly appointed Cynthia Brophy and David Wright to 1 February 2018. David Benham is appointed to 1 July 2018.

Board performance reviews are undertaken annually and will be provided to the Wellington Water Committee and shareholders on completion. The Board is responsible for the direction and control of Wellington Water Limited.

Ratio of consolidated shareholders' funds to total assets

Ownership of infrastructural assets is retained by the shareholders (or other clients). As a business that returns all benefits to shareholders, the ratio of shareholders' funds to assets is contained in the Statement of Changes in Equity (Appendix 5).

Information to be provided to shareholders

In each year Wellington Water shall comply with the reporting requirements under the Local Government Act 2002 and the Companies Act 1993 and regulations.

In particular Wellington Water will provide:

- A statement of intent detailing all matters required under the Local Government Act 2002, including financial information for the next three years
- Within two months after the end of the first half of each financial year, the Company shall provide a report on the operations of Wellington Water to enable an informed assessment of its performance, including financial statements (in accordance with section 66 of the Local Government Act 2002)
- Within three months after the end of each financial year, Wellington Water will provide an annual report which provides a comparison of its performance with the statement of intent, with an explanation of any material variances, audited consolidated financial statements for that financial year, and an auditor's report (in accordance with sections 67, 68 and 69 of the Local Government Act 2002)

Due to the extensive reporting requirements undertaken in accordance with the service level agreements with client councils, the reliance on six monthly reports fully meets the Local Government Act's requirements and is considered appropriate.

Share acquisition

There is no intention to subscribe for shares in any other company or invest in any other organisation.

Compensation from local authority

It is not anticipated that the company will seek compensation from any local authority other than in the context of management services agreements and the shareholders agreements with client councils.

Equity value of the shareholders' investment

Total shareholders' equity is estimated to be valued at \$1.7 million as at 31 December 2016. This value will be assessed by the directors on completion of the annual accounts or at any other time determined by the directors. The method of assessment will use the value of shareholders' funds as determined in the annual accounts as a guide.

Appendix 3: Performance measures

Outcome	Service Goal	Objective (KRA)	Measure	Proposed Target	
Safe and Healthy Water	We provide safe and healthy drinking water	Water is delivered to meet current NZ Drinking Water Standards and water supply legislation so that our ongoing activities prevent contamination of treated water.	Compliance with National Drinking Water Standards	100%	
		Water supplied is of acceptable quality to customers.	Number of customer complaints relating to: <ul style="list-style-type: none"> · clarity · taste · odour · pressure or flow · continuity of supply · responsiveness 	<140/1000 connections (HCC, PCC, UHCC, WCC) <5/1000 connections (GWRC)	
	We operate and manage assets that are safe for our suppliers, people and customers	Water services are delivered in a way that is safe for our suppliers, people and customers	LTI's involving Wellington Water or its suppliers in activities associated with operation of council assets	Nil	
		Asset safety risks are identified and improved	Number of assets identified for improvement as entered in the company's Health and Safety risk register	Trend only	
	We provide an appropriate regional wide fire-fighting water supply to maintain public safety	Sufficient water is supplied to meet urban firefighting needs under normal conditions	Number of identified key hydrants that meet testing requirements (as defined in SNZ PAS 4509:2008)	95%	
		We identify and implement water supply improvements to assist the Fire Service	Number of asset improvements completed to improve firefighting service	1 per year	
	We minimise public health risks associated with wastewater and stormwater	The public is protected from direct exposure to untreated wastewater onto land	Number of dry weather network blockages that result in discharge to land	Nil	
		The public is protected from direct exposure to untreated wastewater onto beaches	Percentage of days during the bathing season (from 1 November to 31 March) that the monitored beaches are suitable for recreational use	90% (HCC, PCC & WCC only)	
	Respectful of the environment	We manage the use of resources in a sustainable way	Our customers receive water services that are managed efficiently through minimising water loss	Gross average drinking water consumption (litres) per resident per day	335 l/p/d (PCC, UHCC) 345 l/p/d (HCC) 375 l/p/d (WCC)
			Our customers receive water services that are managed efficiently through minimising energy consumption	Electricity usage at pump stations and treatment plants - GJ/cum for water supply and wastewater	Set baseline
Our customers receive water services that are managed efficiently through minimising production of treatment			Sludge disposed to land fill from water and wastewater treatment plants (t/ML and t/ML DS)	Set baseline	

Outcome	Service Goal	Objective (KRA)	Measure	Proposed Target
		plant waste		
	We maintain or enhance the health of our waterways and the ocean	Water quality of the waterways and harbours is not adversely affected by discharges from any of the three waters networks	Percentage of monitored fresh water sites that have a rolling twelve month median value for E.coli (dry weather samples) that do not exceed 1000 cfu/100ml	90% (HCC, PCC, UHCC, WCC)
		Integrated catchment management plans are used in a collaborative approach with stakeholders to carry out improvements to the water quality of waterways and harbours	Number of new water quality improvement projects initiated from ICMPs for the region	1 per year
	We influence people's behaviour so they are respectful of the environment	Communities are educated to use our infrastructure in ways that reduce the impact on the natural environment in areas such as stormwater pollution and water conservation	Percentage of people surveyed who understood nominated education messages conveyed within same financial year	30%
	We ensure the impact of water services is for the good of the natural and built environment	Water services are managed to comply with consents	Compliance with resource consents for the water supply, wastewater and stormwater activities (full compliance is no notices/convictions):	100% compliance (Zero notices)
		Water services are built and managed in ways that are not intrusive to communities	Number of confirmed customer complaints relating to odour, noise and visual impacts for three waters	<5/1000 connections
Resilient networks support our economy	We minimise the impact of flooding on people's lives and take into account climate change	Our operational response to flooding events satisfies customers' expectations	Median response time to attend flooding event	60 mins (HCC, PCC, UHCC, WCC)
		The potential impact of increased sea levels and flooding on property and key transport links from stormwater is identified and the impacts are minimised	Percentage of urban catchments covered by detailed hydraulic stormwater models.	100%
	The impacts of an additional 1 m sea level rise are understood and preventive measures are implemented where practicable. Where prevention is not possible, the impacts will be managed operationally			
We provide three waters networks that are resilient to shocks and stresses	The resumption of water services to customers is prioritised and managed appropriately	Percentage of customers with access to sufficient potable water for at least 7 days (using at least 3 l/person/d)	80%	

Outcome	Service Goal	Objective (KRA)	Measure	Proposed Target
	We plan to meet future growth and demand	The water supply network meets normal demand except where a drought is more severe than a 1-in-50 year return period event	The assessed reliability of the potable water network shall not exceed an annual shortfall probability of 2% (assessed using the Sustainable Yield Model).	Less than 2%
		Water supply and wastewater services are planned to accommodate changes in demand and future growth, with a focus on reducing water wastage	Total volumetric deficit of water supply storage based on 2 days of storage at average daily demand	Zero
	We provide reliable services to customers	Customers have access to reliable three water services	Median response time to fix Water Supply service outages	60 mins (attendance for urgent call outs) 4 hours (resolution of urgent call outs) 36 hours (attendance for non-urgent call outs) 15 days (resolution of non-urgent call outs)
			Number of wastewater blockages reported (per KM of pipe)	Less than 1.2 per km

Appendix 4: Accounting policies

Reporting entity

Wellington Water is a council-controlled organisation (CCO) owned by Wellington City Council, Hutt City Council, Upper Hutt City Council, Porirua City Council and Greater Wellington Regional Council. Wellington Water provides asset management services specialising in water, stormwater and wastewater services. Wellington Water does not operate to make a financial return and the company's purpose is to create excellence in regional water services so communities prosper.

Wellington Water Limited is a company registered in New Zealand under the Companies Act 1993 and is a Tier 1 Public Benefit Entity (PBE) for reporting purposes.

Wellington Water Limited will apply the following accounting policies consistently during the year and to the Statement of Intent.

Cautionary note: The forecast financial information is prospective. Actual results are likely to vary from the information presented, and the variations may be material.

Nature of prospective information

The financial information presented consists of forecasts that have been prepared on the basis of best estimates and assumptions on future events that Wellington Water Limited expects to take place.

Areas of significant estimation and judgement

Wellington Water is required to make estimates and judgements when applying accounting policies. The significant areas are the useful lives of property, plant and equipment, vehicles and intangibles and provisions.

a. Revenue from exchange transactions

Revenue is derived from the five council shareholders. This management fee is agreed on an allocation based on the Asset Value and three year Operations Work programme. The one budget fee is based on approved council budgets.

Revenue is billed and recognised monthly and consists of:

- management fee for the five councils
- one budget fee for the five councils; our one budget fee will incorporate our consultancy spend fees, network maintenance service fees and physical works spend fees.

b. Property, plant and equipment, vehicles and intangibles

Property, plant and equipment (PPE) consists of furniture and fittings, fit-out and office equipment. Vehicles consist of commercial vehicles used for operational purposes. Intangible assets consist of computer software and systems. These assets are carried at cost less accumulated depreciation or amortisation and accumulated impairments. Assets are reviewed annually for indicators of impairment.

Cost

These assets are initially measured at cost. Expenditure is capitalised when it creates a new asset or increases the economic benefits over the total life of an existing asset and can be measured reliably. Costs that do not meet the criteria for capitalisation are expensed.

The cost of assets includes the purchase cost and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential and that can be measured reliably is capitalised.

Depreciation and amortisation

Depreciation is calculated on a straight line basis, to allocate the cost or value of the asset over its useful life. The useful lives and depreciation rates are reviewed annually, and adjusted if appropriate, at each balance date.

The range of depreciation and amortisation rates for each class of asset is:

Furniture and equipment	6% – 67%
Vehicles	20%
Intangibles	40%

c. Taxation

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable surplus.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probably that taxable surplus will be available against which the deductible temporary differences or tax losses can be utilised.

d. Goods and services tax

All items in the financial statements are stated exclusive of Goods and Services Tax (GST), except for receivables and payables, which include GST. The net amount of GST recoverable from or payable to Inland Revenue is included as part of receivables or payables in the statement of financial position.

e. Receivables

All receivables greater than 30 days in age are considered past due. There are no material trade receivable balances past due.

f. Payables

All payables greater than 30 days in age are considered past due. There are no material trade payable balances past due.

g. Cash and cash equivalents

Cash and cash equivalents include cash on hand, at bank, and other short-term, highly liquid investments with original maturities of three months or less.

h. Share capital

Class A shares entitle the holder to vote at a meeting of the Shareholders on any resolution.

Class B shares entitle the holder to an equal share in the distribution of the surplus assets of the company.

The company's capital is its equity, which comprises shareholders' equity and retained surpluses. Equity is represented by net assets. The company requires the Board of Directors to manage its revenue, expenses, assets, liabilities, investments and general financial dealings prudently and therefore managing the company's equity. The objective of managing the company's equity is to ensure that the company effectively achieves its required shareholders' funds to asset ratio as noted in the Statement of Intent, whilst remaining a going concern.

i. Related parties

Wellington Water enters into material related party transactions with the five council shareholders in relation to management fees, consultancy fees and network maintenance services.

Wellington Water also receives services (such as payroll, IT shared services) from Wellington City Council on an arm's length basis. These transactions are considered to be immaterial.

j. Financial instruments and risk management

Financial instruments include cash and cash equivalents, receivables from exchange transactions, payables from exchange transactions and a bank loan.

Fair values

Payables, receivables and loans are initially recognised at fair value less transaction costs and subsequently carried at amortised cost. Due to the relatively short-term nature, their carrying amounts were considered a reasonable approximation of fair value.

Market risk

Market risk is the risk of exposure to fluctuating interest rates and foreign currency rates.

Wellington Water does not have any long term borrowings. The medium term bank loan is at a fixed interest rate, therefore managing interest rate exposure. The company does not have any foreign currency exposure.

Credit risk

Credit risk is the risk that counterparties will default on its contractual obligations, resulting in financial loss to the company. Concentrations of credit risk with respect to receivables are high due to the reliance on Wellington City Council, Hutt City Council, Upper Hutt City Council, Porirua City Council and Greater Wellington Regional Council for the company's revenue.

However, the councils are considered by the Directors to be high credit quality entities. Receivables balances are monitored on an ongoing basis to manage Wellington Water's exposure to bad debts.

Cash and cash equivalents are held with ANZ Bank which has a Standard and Poor's credit rating of AA-.

Liquidity risk

Liquidity risk is the risk that the company is unable to meet its financial obligations. This is managed by maintaining short payment terms with the five council shareholders and also by ensuring availability of committed credit lines and borrowing facilities with ANZ. There are no trade payables with a due date of more than one year.

Appendix 5: Three-year forecasts

Commentary on Financial Statements

Wellington Water's operating expense budget for 2017/18 is \$23.9 million. Of this total, \$18.8 million represents remuneration and other employee costs, and \$5.1 million relates to vehicles, utilities, professional services and directors fees, and depreciation costs.

Wellington Water adopts a no surprises approach. Forecast updates, capital expenditure plans, debt and forecast positions are communicated to our client and shareholder representative meetings.

Forecast Statement of Comprehensive Revenue and Expenses

Wellington Water's 2016/17 forecast Comprehensive Revenue and Expenses was based on the approved operating budget of \$23.3 million. Year-on-year up to 2019-20, a 2.5% increment was applied on Personnel and Other Employee Costs and 1% on other operating expenditure.

Forecast Statement of Financial Position

Forecasts include the principal repayment of the \$0.6 million loan secured in July 2016. Interest was assumed at 6%. No further loan is anticipated.

Trade and other payables are high at year end resulting mostly from timing differences on the payment of project consultancy accruals.

Staff leave is being continuously managed and the increased leave liability from prior years is largely a result of increased staff numbers.

Capital expenditure was assumed only up to the extent of the preceding year's depreciation.

Statement of Cash flows

The forecast Statement of Cash Flows remain steady with the inflow from Operations being received on the month they fall due. No further investments are anticipated except for capital expenditure funded by depreciation. Fixed amortisation payments on the \$0.6 million loan are expected to reduce financing cash flows.

Statement of Comprehensive Revenue and Expenses

	Budget						
	WWL	GWRC	WCC	HCC	PCC	UHCC	TOTAL
	17/18	17/18	17/18	17/18	17/18	17/18	17/18
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Management fee	23,979	-	-	-	-	-	23,979
One budget fee	-	21,919	59,348	19,995	19,255	9,743	130,258
Other revenue	100	-	-	-	-	-	100
Total revenue	24,079	21,919	59,348	19,995	19,255	9,743	154,338
One budget capex expenditure	-	(13,997)	(34,973)	(11,130)	(9,300)	(4,672)	(74,073)
One budget opex expenditure	-	(7,921)	(24,374)	(8,864)	(9,955)	(5,070)	(56,185)
Salaries and wages	(16,767)	-	-	-	-	-	(16,767)
Superannuation	(591)	-	-	-	-	-	(591)
Directors	(135)	-	-	-	-	-	(135)
Audit	(62)	-	-	-	-	-	(62)
Consultancy	(718)	-	-	-	-	-	(718)
Operating leases	(1,020)	-	-	-	-	-	(1,020)
Other personnel costs	(802)	-	-	-	-	-	(802)
Other expenditure	(3,181)	-	-	-	-	-	(3,181)
Depreciation and amortisation	(754)	-	-	-	-	-	(754)
Interest expense	(50)	-	-	-	-	-	(50)
	(24,079)	(21,919)	(59,348)	(19,995)	(19,255)	(9,743)	(154,337)
Surplus/(deficit) before tax	-	-	-	-	-	-	-
Tax (expense)/credit	(73)	-	-	-	-	-	(73)
Total comprehensive revenue and expenses	(73)	-	-	-	-	-	(73)

The above table shows the impact of One Budget implementation to the Statement of Comprehensive Revenue and Expenses for 2017/18 only.

Note that these are estimated revenue and cost numbers subject to confirmation by the respective council under the implementation of the One Budget project. The additional statements that follow on the next three pages have not been adjusted to show One Budget impacts.

Statement of Comprehensive Revenue and Expenses

	Forecast 16/17 \$000	Budget 17/18 \$000	Budget 18/19 \$000	Budget 19/20 \$000
Management fee	23,311	23,979	24,651	25,184
Consultancy fee	11,875	12,548	13,175	13,834
Network maintenance service fee	11,058	11,058	11,611	12,191
Other revenue	168	100	100	100
Total revenue	46,412	47,685	49,537	51,310
Salaries and wages	(16,761)	(16,767)	(17,186)	(17,616)
Superannuation	(552)	(591)	(606)	(621)
Directors	(120)	(135)	(135)	(135)
Audit	(62)	(62)	(62)	(62)
Consultancy	(12,497)	(13,266)	(13,930)	(14,626)
Network maintenance services	(11,058)	(11,058)	(11,611)	(12,191)
Operating leases	(934)	(1,020)	(1,030)	(1,041)
Other personnel costs	(702)	(802)	(810)	(818)
Other expenditure	(3,267)	(3,181)	(3,212)	(3,245)
Depreciation and amortisation	(805)	(754)	(825)	(825)
Interest expense	(46)	(50)	(30)	(30)
	(46,804)	(47,685)	(49,436)	(51,209)
Surplus/(deficit) before tax	(391)	0	101	101
Tax (expense)/credit	37	(73)	(100)	(100)
Total comprehensive revenue and expenses	(354)	(73)	-	-
Attributable to:				
Wellington City Council	(149)	(31)	-	-
Hutt City Council	(75)	(15)	-	-
Upper Hutt City Council	(30)	(6)	-	-
Porirua City Council	(45)	(9)	-	-
Greater Wellington Regional Council	(56)	(11)	-	-
Total comprehensive revenue and expenses	(354)	(73)	-	-

Statement of Changes in Equity

	Forecast 16/17 \$000	Budget 17/18 \$000	Budget 18/19 \$000	Budget 19/20 \$000
Surplus/(deficit) for the year	(354)	(73)	-	-
Equity at the beginning of the year	1,960	1,606	1,534	1,534
Total equity	1,606	1,534	1,534	1,534
Attributable to:				
Wellington City Council	676	646	646	646
Hutt City Council	338	323	323	323
Upper Hutt City Council	135	129	129	129
Porirua City Council	203	194	194	194
Greater Wellington Regional Council	254	242	242	242
Total comprehensive revenue and expenses	1,606	1,534	1,534	1,534
Ratio of shareholders funds to total assets	0.27:1	0.26:1	0.26:1	0.26:1

Statement of Financial Position

	Forecast 16/17 \$000	Budget 17/18 \$000	Budget 18/19 \$000	Budget 19/20 \$000
Cash and cash equivalents	1,638	1,586	1,518	1,422
Receivables and prepayments	1,911	1,967	2,066	2,169
Total current assets	3,549	3,553	3,584	3,591
Intangible assets	666	764	827	866
Property, plant and equipment, vehicles	1,688	1,590	1,526	1,488
Deferred tax	52	41	33	27
Total non-current assets	2,406	2,395	2,387	2,380
Total assets	5,956	5,949	5,971	5,971
Payables and provisions	3,755	3,832	3,947	4,067
Tax payable/(receivable)	(37)	73	100	100
Bank loan	120	120	120	270
Total current liabilities	3,839	4,026	4,168	4,438
Deferred tax	-	-	-	-
Bank loan	510	390	270	-
Total non-current liabilities	510	390	270	-
Total liabilities	4,349	4,416	4,438	4,438
Net assets	1,606	1,534	1,534	1,534
Issued capital	950	950	950	950
Accumulated comprehensive revenue and expenses	656	584	584	584
Total equity	1,606	1,534	1,534	1,534

Statement of Cash Flows

	Forecast 16/17 \$000	Budget 17/18 \$000	Budget 18/19 \$000	Budget 19/20 \$000
Receipts from councils	47,616	47,616	49,462	51,234
Interest received	168	100	100	100
Employees and suppliers	(49,339)	(46,881)	(48,581)	(50,354)
Tax paid	(245)	37	(73)	(100)
Interest paid	(46)	(50)	(30)	(30)
Net cash flow from operating activities	(1,846)	822	878	850
Purchase of property, plant and equipment, vehicles	(358)	(332)	(363)	(363)
Purchase of intangibles	(455)	(422)	(462)	(462)
Net cash flow from investing activities	(813)	(754)	(825)	(825)
Proceeds from borrowings	-	-	-	-
Repayment of borrowings	(120)	(120)	(120)	(120)
Share capital issued	-	-	-	-
Net cash flow from financing activities	(120)	(120)	(120)	(120)
Net cash flow	(2,779)	(52)	(67)	(95)
Add: cash at the beginning of the year	4,417	1,638	1,586	1,518
Cash at the end of the year	1,638	1,586	1,518	1,422
Comprised of:				
Cash at bank and on hand	1,638	1,586	1,518	1,422
Term deposits with maturities less than 3 months	-	-	-	-

Cost allocation schedule

Schedule One					
Wellington Water Budgeted Controllable Expenditure Summary 2017-18		Wellington Water Management Fee	Regional Opex Programme	Regional Capex Programme	Total
		\$000's	\$000's	\$000's	\$000's
Water	WCC	2,761	5,232	14,581	22,574
	GWRC	9,021	7,921	13,997	30,940
	HCC	1,229	2,511	3,363	7,103
	PCC	415	5,299	2,705	8,419
	UHC	624	1,122	1,709	3,455
	Total		14,050	22,086	36,355
Wastewater	WCC	3,669	16,954	13,788	34,411
	HCC	1,248	4,964	5,217	11,429
	PCC	1,036	4,203	5,873	11,111
	UHC	409	3,335	2,133	5,877
	Total		6,361	29,456	27,012
Stormwater	WCC	1,988	2,188	6,604	10,780
	HCC	837	1,390	2,550	4,777
	PCC	416	453	722	1,591
	UHC	327	612	830	1,769
	Total		3,568	4,643	10,707
Total	WCC	8,418	24,374	34,973	67,765
	GWRC	9,021	7,921	13,997	30,940
	HCC	3,314	8,864	11,130	23,309
	PCC	1,867	9,955	9,300	21,122
	UHC	1,359	5,070	4,672	11,102
	Total		23,979	56,185	74,073

All numbers in this table are provisional (draft) only as council budgets are still being agreed and calculated
The Regional Opex Programme includes only Wellington Water managed budgets