



Our water, our future

Taki

He wai, he wai

He wai herenga tāngata

He wai herenga whenua

He wairua

He waiora

Tihei mauri ora!

'Tis water, 'tis water

Water that joins us

Water that necessitates the land

Soul of life

Life forever

'Tis the breath of life!

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Wellington Water is owned by the Greater Wellington Regional Council, Hutt City Council, Porirua City Council, South Wairarapa District Council, Upper Hutt City Council and Wellington City Council. Our role is to provide drinking water, stormwater and wastewater services to our customers and communities.

This document has been prepared by Wellington Water and reflects the decisions made by each council through their long-term plans.



Foreword

Our Statement of Intent outlines for our stakeholders what the company will work on, and how, in order to achieve the expectations of our six shareholding councils. It is renewed every three years, in line with council strategic and funding decisions made in their long-term plan processes. It is refreshed annually. This year, we are in the second year of the 2021-31 long term plan cycle.

Historically, there have always been two important provisos to our ability to deliver on stakeholder expectations: funding, and the state of the network. Over the past year, and into the future, however, a third key factor is shaping up to play a role in delivery – people.

The impact of the Covid pandemic and the national push in infrastructure construction and housing growth has created unprecedented demand for labour and skills. The service delivery strategy we put in place with the formation of Wellington Water has once again proved extremely valuable here. Our strategy has been to establish close relationships with key suppliers in network and wastewater treatment plant operations and maintenance, professional consultancy services and project delivery. This has meant we're as well placed as we could be to sustainably deliver the increased work programme that our councils funded in their 2021-31 plans.

The other nationally significant factor affecting what our organisation will deliver and how is water reform. The establishment of Taumata Arowai, the water services regulator, and continuing with the Waters Services Act and the Water Services Entities Bill, is a once-in-a-generation re-setting of how water services will be delivered. The Bill targets a 1 July 2024 date for the commencement of the new, four-entity structure – less than two years

from the publication of this document. We will focus on making this transition as seamless as possible for our customers, handing over services, data, plans and people that are ready to make the most of the opportunities for improvement that reform is intended to provide.

There is now a much higher bar on regulatory requirements, and we are focused on improving and demonstrating the processes and systems we have in place to meet them. Consistent fluoridation of the water supply is just one element that we will have a critical focus on.

The changes also rightfully place the management of water services in the context of te ao Māori. An holistic way of working with water – understanding the needs and te mana o te wai, in the context of the natural environment and human requirements – can only lead to better long term outcomes. The challenge for us and for our iwi mana whenua partners with whom we want to begin our planning and delivery processes circles back again to the issue of human resource.

In times of change and when stresses are placed on people, teams and organisations, relationships are more important than ever. Our intention is that through our relationships with client councils, iwi mana whenua, communities, customers, regulators, suppliers and internally, as well as within the transition arena, we are able to jointly work on what matters most for water. With that and the wider context in mind, this document sets out what and how we'll deliver over the next two years; with a focus on providing core services, delivering the capital programme, planning for post 1 July 2024, and looking after our people.



Lynda Carroll
CHAIR OF THE BOARD



Colin Crampton
CHIEF EXECUTIVE

Who we are and what we do

Wellington Water is council-owned and funded. We are the Wellington region's professional water services and utilities provider, and our job is to provide safe and healthy drinking water, collect and treat wastewater, and ensure the stormwater network is well managed.

We are owned by Wellington City, Hutt City, Porirua City, and Upper Hutt City councils, Greater Wellington Regional Council and South Wairarapa District Council.

Our councils own the water infrastructure in the region, and we manage the infrastructure and deliver water services to our communities.

Our purpose is to “create excellence in three water services so our communities can prosper”. The value of water sits at our organisational heart. Every day our people come to work and strive to deliver services and build infrastructure in a way that provides the best outcomes for our communities and our environment.

This is reflected in our organisational values, which drive how we behave as an organisation and the work we do:

- **Tangata tiaki:** together we protect our most precious taonga
- **Whānau:** united we support, connect with and respect each other
- **Mana:** individually we bring our best to every situation

We are a shared-service entity that is responsible for providing safe drinking water to customers, collecting and treating wastewater, and managing stormwater within the urban environment, while respecting the environments from which we collect and to which we return the water.

How we are funded

We provide our council owners with investment advice and recommendations on how to maintain, improve and renew their water infrastructure and this is fed into individual councils' Long-Term Planning processes.

Our councils then make their investment decisions and task us with delivering their programmes.

A new water services entity will replace Wellington Water from 1 July 2024

The Government has committed to reform the water sector which will see four independent water entities established to provide three waters services for the whole country. Legislation to establish the entities entered the parliamentary process in early June 2022 and proposes that these entities begin operating on 1 July 2024.

The services currently provided by Wellington Water will formally transfer to the new water services entity (currently known as Entity C) from that date, though naturally much of the transition work will happen beforehand.



Our funding is determined by our councils

The funding for our activities is provided by our councils through their Long Term Plan (LTP) process. The LTP sets out each council's proposed activities and budgets for at least the next ten years and is updated every three years. The current LTPs commenced in July 2021.

As part of the LTP process we provide each of our councils with advice on the capital and operating expenditure that we consider is required to deliver the three waters services, and to meet customer expectations and all regulatory requirements. The councils then determine how much of this recommended funding is provided for water services. The councils consider public submissions on a draft LTP.

For the 2021-31 LTPs our advice to councils was that a step change increase in investment was required from the 2018-28 plans. We advised the need for a significant increase in asset renewals, as around 30% of network assets are already at or beyond their nominal end-of-life and others are in poor condition. These aged assets are contributing to increased failures, higher operating costs, and poor environmental outcomes. In addition, all councils need to invest to meet forecast population growth, to meet increasing environmental performance requirements and changing regulatory requirements; and to respond to climate change.

Our advice was that meeting all these requirements would require total capital investment across all councils of around \$300 million per year. This is up from around \$100 million per year across the 2018-28 LTPs.

A peer review of our advice by the Water Industry Commission for Scotland suggested that investment of \$350-\$400 million per year would be more appropriate given the asset condition and performance. Significant increases in operational expenditure are also required to manage the rising failure rate of ageing assets, including planned maintenance activities.

The funding provided for 2021-31 has increased from 2018-28 and has generally been focussed on asset renewals (building new infrastructure). The total capital expenditure provided by the councils is around \$230 million per year over the 2021-24 period, which is insufficient to address the identified strategic risks. Operational expenditure has also been increased from 2018-28 levels, and for 2021-22 we were also able to access government stimulus funding that enabled us to undertake additional activities. Some councils have also been able to provide additional funding above what was originally included in the LTP for 2022-24 operations, but total operational funding remains 15-20% below the level required to effectively deliver the services needed and expected by customers.



¹ Our investment advice to our councils is available at <https://www.wellingtonwater.co.nz/publication-library/advice-and-work/>. The risks resulting from the investment provided are also described in our Strategic Asset Management Plan (SAMP) at <https://www.wellingtonwater.co.nz/publication-library/advice-and-work/regional-service-plan/>

Our shared vision for water

The aspirations of our iwi mana whenua partners are to restore the balance among water, people, and the environment, and return the region's water to a more natural state: Te Ika Rō Wai. This name refers to the pure state of water essential to life.

Achieving this state requires us to put the needs of the water and the ecosystems it supports at the front of our work. It is a journey that will take many years to complete, and we are only just beginning.

This Statement of Intent sets out the first steps towards achieving this vision, our priorities and success measures, all within the investment provided by our council owners.

We understand the investment required to move towards Te Ika Rō Wai

The pathway towards Te Ika Rō Wai is reflected in our values, the strategic priorities we are pursuing, and the planning we have undertaken. In preparing advice for councils' current long-term plans, we agreed five priority areas for strategic investment to move us quickly and effectively towards Te Ika Rō Wai, and to achieve the levels of service and performance sought by customers and required in legislation. These priorities are:

- to look after existing infrastructure
- support growth
- ensure sustainable water supply for the future
- improve water quality of our rivers, streams and harbours
- reduce our carbon emissions and adapt to the impacts of climate change.

As we move towards the transition to the new entity, our focus has narrowed to the core services

Our delivery focus over the remaining two years of our operation will be on the areas funded by councils. This is predominantly in looking after existing infrastructure (i.e., operations, maintenance and renewals) and completing targeted and funded growth investments. These investments are typically meeting "business as usual" requirements.

We will progress improvements against other priorities only to the extent that funding is provided. We will use this funding to improve the understanding of what investments are effective, helping the new water services entity to make more rapid progress in the future as more funding and capability becomes available.

Our plan for moving towards Te Ika Rō Wai is part of our legacy

While our role in achieving this future state will cease from 1 July 2024, we will hand our insights and plans to the new water entity, so that it continues the journey.

During 2021-22 we prepared a 30-year investment direction that outlined work to move towards Te Ika Rō Wai. We will share this long-term view with our partners, stakeholders and the new entity so it can guide the entity on how the region's aspirations for water can be realised. We will continue planning the investment required for the 2024-27 investment cycle and the next 10-year planning period (2024-2034) so they are consistent with this view and can be readily adopted into the new entity's first asset management plan.

The 30-year statement reveals there are significant challenges for the region (including the South Wairarapa district). The ageing assets and ongoing growth are stretching the ability to provide safe drinking water reliably; wastewater leaks and overflows continue to pollute the environment; and the contribution to net carbon zero by 2050 is very modest.

Trusted by councils, mana whenua, customers, and communities

The safe, reliable and efficient delivery of water services is essential to the functioning of our cities, towns and the region. Our owners, mana whenua partners, customers, and communities have put their trust in us to deliver these water services for them. We earn their trust by doing our work well. As this trust grows, their willingness to support our activities also increases, enabling even greater benefits to be achieved.

We also need to be able to demonstrate to our stakeholders, and particularly to our regulators, how we are performing in critical areas of service delivery, such as water quality, treatment, and asset performance. We have increased duties and responsibilities under the new regulations administered by Taumata Arowai. In the wake of the fluoride treatment failure, we have work to do to regain the trust of the community.

Ensuring our councils can support core services and our delivery focus

We are dealing with a backlog of asset renewals which is translating into an increased frequency of bursts and failures in the network, reflected in record numbers of customer service requests to attend to leaks and overflows. Major storms and weather events also appear to be becoming more frequent, and these can require an intensive response in preparing for the event and addressing the customer issues that typically result. Funding and labour constraints are likely to result in longer resolution times overall, as we prioritise faults that have the greatest consequences for customers and our clients.

To give our councils confidence that the budgets are being used appropriately, and to enable effective discussion on funding priorities, we are developing additional financial modelling and reporting tools that we expect to have in place from the end of the first quarter of 2022/23. By effectively communicating service and financial performance, capital delivery progress, and risk, we will be able to provide our councils a complete picture of overall delivery.

Maintaining trust relies on working relationships at the political, executive and officer level. We meet quarterly with the chief executive of each council, more regularly with officers and plan to be in front of council at least two times a year. The main topics for the financial year are the results of the very high criticality assets assessments, progress on drinking water regulation and discussing individual council and collective risks.

Partnering with iwi mana whenua

We continue to work on strengthening our connection with Taranaki Whānui ki te Upoko o te Ika and Ngāti Toa Rangatira. Our aim is that we jointly develop programmes of investment in three-, 10- and 30-year horizons, so that the investment advice proposed for inclusion in the Entity C's initial asset management plan reflects mana whenua priorities.

We also aim to create better alignment on issues such as drinking water regulation, consenting, capital projects and workforce development. As one example, we are working with Ngāti Toa to support a mana whenua contractor model where Te Rūnanga o Toa Rangatira will begin to perform maintenance and repair activities on the Porirua networks. There are many potential areas of engagement, and we will work with them to ensure we make the best use of their time and knowledge through focussing on what is most important to them.

Both iwi are now represented on the Wellington Water Committee, and we will continue to work with them to ensure they are able to participate in the Committee's activities in a manner that is effective for them. We have the same aspiration for our work in South Wairarapa and are slowly building our relationships with Ngāti Kahungunu ki Wairarapa and Rangitāne o Wairarapa. We still have a way to go to establish the connections we would like at the governance, strategic and operational levels.

Building trust with our customers and communities

The trust of our customers is created through having an open and transparent relationship with them. If we aren't delivering on their expectations, we want to know about it. This means being comfortable with owning our mistakes, acknowledging where we could do better, investigating how we can improve, and putting things right, but also celebrating our achievements. In short, being more transparent.

Restoring expected service levels for fluoride

A key focus for the company is restoring fluoridation of drinking water in the Wellington Metro area. We let our customers and councils down in this area, including how we communicated about it. We now have a plan to restore fluoridation and the trust of our customers and councils by making information about fluoride levels more accessible to the public. We also have a plan of activities to address recommendations arising from the independent inquiry into the fluoride dosing failures.

We will complete a strategic case which will outline the investment needed to fluoridate across the region once the Ministry of Health expectations are clear. This will ensure fluoridation is effective and enduring into the longer term, and ensure we are transparent with our customers and councils about what we are doing.

Delivering on our customer promise

Our published customer promise is that we will do all we can to minimise the impact on customers during disruptions to service. We will do this by clearly communicating what they can expect from us and when, in planned and emergency events, as customer satisfaction is gained or lost through that first point of contact. We will continually improve the inputs and data that we use to make decisions for incident response, which will also create certainty for timely information that we can provide to our customers. To understand how well we are doing with responding to customer contact, we have introduced a Quality Assurance framework independently measured by Customer Service Benchmarking Australia called SenseCX. Over the coming year, we will build a customer-centric environment based on best practice. We will provide staff with the tools, training, approach and framework they need to excel.

Enabling the efficient connection of new housing developments

New housing developments are proceeding far faster than historic rates, and we are working closely with our owners' building and resource consent teams to enable new customers to connect to services. We are working with developers' engineers to apply our standards and specifications to ensure the new developments do not compromise the services experienced by other customers. We will continue to work hard to ensure that applications for subdivision consents are processed within the required regulatory timeframes.

Creating transparency and integrity with our regulators

Our regulators provide our customers, councils and mana whenua with the assurance that we are doing what we are meant to be doing. Meeting regulatory requirements helps us earn the trust of our stakeholders. Our regulators are Taumata Arowai (safe drinking water), Greater Wellington Regional Council (environmental performance), the Ministry of Health (fluoride), and WorkSafe (health & safety). We want to work alongside them, be transparent, and ensure we continuously improve our systems so that our customers and communities have trust in the way we operate.

How we will measure success

Our core services are: delivering safe water, with the correct amount of fluoride in it; distributing this to households; removing waste from households; treating it; and discharging into the environment in accordance with environmental performance standards. We also approve resource consents for land development proposals and oversee the connection of new homes to the three waters networks.

Department of Internal Affairs Performance Measures

The Department of Internal Affairs has mandated non-financial performance measures all councils must report against. These are included in Appendix 2 together with the targets each council has selected for each of the measures.

Performance against these measures and targets reflects the level of investment (controlled by councils as they own the assets) and the effort put in by the company. In the Wellington Water annual report, a clear distinction will be made between those measures largely controlled by councils versus those controlled by Wellington Water.

Where councils have provided funding at a level which does not enable the company to meet the stated target we have indicated this.

#	Purpose	Measure	Target 2022/23	Target 2023/24	Target 2024/25
1A	We will deliver safe drinking water to metro Wellington	Compliance with Drinking Water Standards (DWS) Parts 4 and 5	Compliant	Compliant	N/A*
1B	We will aim to deliver safe drinking water to South Wairarapa	The percentage of the time that we can demonstrate compliance with DWS Parts 4 and 5 (for each scheme)	See table below	See table below	N/A*
2A	Our metropolitan Wastewater Treatment Plants will operate as expected	We will receive no abatement notices, infringement notices, enforcement orders or convictions for breaches of consent in the relevant financial year	Achieved	Achieved	N/A*
2B	SWDC Wastewater Treatment Plants will operate as expected	SWDC is kept informed of the risk of enforcement action (abatement notices, infringement notices, enforcement orders or convictions) for breaches of consent in the relevant financial year	Achieved	Achieved	N/A*
3	The yearly average level of fluoride leaving each Water Treatment Plant is within the Ministry of Health guidelines	The yearly average level of fluoride leaving each Water Treatment Plant is within the Ministry of Health guidelines (0.7-1.0 parts per million)	Achieved at Wainuiomata and Waterloo plants	Achieved at all plants	N/A*
4	We will action the recommendations of the independent inquiry into the dosing of fluoride	100% of actions on Wellington Water complete by date recommended in inquiry report	All actions on/before 30 Jun 2023 complete	All actions complete	N/A*
5	We deliver a level of service that our councils and customers expect	Customers rate their experience of our performance as 'Satisfied' or better	70%	70%	N/A*
6	We will process resource consents in a timely manner, to enable growth in our region	The percentage of the time resource consents are processed within timeframes (5 working days)	Set baseline	Greater than baseline	N/A*

* Wellington Water is not setting targets for the 2024-25 financial year at this stage, as water services are expected to be delivered by a new entity from 1 July 2024.

SWDC Drinking Water Standards Compliance Targets	
DWS Part 4 (bacterial)	DWS Part 5 (protozoal)
Featherston – 99.9%*	Featherston – 99.9%*
Greytown – 99.9%*	Greytown – No target set**
Martinborough – 99.9%*	Martinborough – 99.9%*
Pirinoa – No target set**	Pirinoa – No target set**

* Data logging issues persist requiring extra work to backfill missing data points

**Not set up to comply with relevant DWS

A focus on looking after existing infrastructure

Our shareholding councils jointly own at least \$7.7 billion of three waters infrastructure. It is extensive and complex to manage, with most of the assets buried underground. And it is ageing. Around 30% of the region’s pipeline assets have exceeded their nominal design lifetime, with many others approaching nominal end-of-life. Other assets are failing before their designed lifetimes. Over the past few years, issues with some of the most critical assets, and a noticeable increase in the number of leaks, bursts and faults, have highlighted these risks and challenges.

Investment in renewals has increased, but it will take many years to turn the tide

Councils responded to the ageing assets issue with their largest investment to date in their 2021-31 long term plans. Despite this, there is a sizeable backlog of work to renew the existing infrastructure. The increased investment only begins to address the existing backlog, and the demand for renewals will continue to increase over this investment period.

Delivering on planned renewals will be a key focus for the next two years

The renewal of assets in poor condition is fundamental to the performance and the costs of the service they provide, so carrying out the funded programme of asset renewals will be a focus for us. We will ensure the at-risk assets identified through the Very High Criticality Assets Condition Assessment Programme are appropriately prioritised and scheduled for renewal.

Councils’ annual plan processes have confirmed regional capital funding over the current three-year period as follows:

Capital Investment			
2021/22 actual	2022/23 budget	2023/24 forecast	2024/25 forecast
\$179.7M [^]	\$253.5M	\$251.5M [*]	\$208.7M [†]

[^]This includes \$0.7m from Three Waters Stimulus Funding

^{*} Some councils are yet to confirm their part of this budget

[†] Taken from LTP on council websites

These figures include asset improvement activities as well as renewals. Key projects to be delivered through the year are:

- complete the Omāroro Reservoir;
- start the Te Mārua Treatment Plant capacity improvement;
- continue the Silverstream and Kaitoke resilience works; and
- begin construction on the Porirua tank.

Large projects make up nearly 45% of the Capex expenditure in the coming year. This is up from a very small percentage in previous years.

Budget risks for South Wairarapa District Council

The capital expenditure budget provided by South Wairarapa District Council presents significant service delivery risks. The investment required in high priority activities exceeds the available budget and some projects must be deferred. The deferral of investment in improving wastewater treatment plant performance will result in these plants continuing to be non-compliant against resource consents and increase the likelihood of environmental enforcement action by the regulator.

Operating expenditure budgets are under pressure, and levels of service may be impacted

The increasing number of faults being experienced and the increasing frequency of major weather events require increased reactive activity. This high level of reactive activity puts pressure on budgets and has consequences for levels of service experienced by customers. It also affects the extent of planned maintenance that can be carried out, when resources are diverted to unplanned work.

Reducing the extent of planned maintenance compounds our operating challenge by increasing the likelihood of faults and failures. We will work to find the right balance between planned and reactive activity within the budgets provided, and ensure we prioritise the activities that will have the greatest consequence for our customers.

Operational Investment			
2021/22 actual	2022/23 budget	2023/24 forecast	2024/25 forecast
\$117.9M [^]	\$106.3M	\$110.9M	\$102.5M

[^]This includes \$32.3m from Three Waters Stimulus Funding

Note: These budgets exclude the costs of major incidents, which councils fund from the centre. Major incidents include activities such as storms, flooding, and large critical asset failure. Each of these are costed and funding sought separately.

Budgets are also under pressure from inflation and labour shortages. The costs of maintenance and operating materials have risen sharply, as have other significant operating costs such as landfill disposal of wastewater biosolids. Labour shortages often require us to use more expensive, contracted suppliers to complete tasks that would normally be completed internally. Similar pressures are also being observed in our capital works programme and we continue to work hard to manage this challenge.

Overall, the budgets provided will not meet the costs of our recommended level of activity. This means that some activities, such as a full programme of condition assessment and asset data quality improvements, will not be undertaken. We will work closely with councils on prioritising funding allocations as the year progresses and the extent of reactive activity required becomes clear.

The key problem with dealing with an ageing network is that reactive maintenance takes all the company's attention, and less focus is placed on planned maintenance which, together with renewals, aims to curb the increasing reactive works. This year the company will place a fixed budget on reactive costs to ensure planned maintenance is carried out, but this will create other risks such as decreases in customer satisfaction. As we play out this approach, we will need to fine tune what we are doing. The objective is to increase the ratio of planned to reactive maintenance.

We are improving our understanding of the assets, to support better decision-making

Funding and prioritisation decisions rely on good quality data. The more we know about the condition of the assets, the more effectively we can plan for and fund their renewal. To the extent we are funded, over the next two years we will complete condition assessments for high criticality assets, improve the quality and completeness of asset information, and further improve asset management practice for key assets. As well as supporting our work, this will mean we can transfer better asset information to the new entity, and we'll work with the transition team to make sure this happens smoothly.

Our risk profile

Overall, our risk profile is summarised by an ageing network with a backlog of renewals meaning higher than normal Opex costs. This, together with a high inflationary environment, a critical labour shortage and our weather changing, reveals challenging times ahead.

- The level of renewals will not overcome the backlog, so the networks will continue to get older, on average. This will result in more outages and faults and increase the number and extent of service interruptions experienced by customers.
- As operating costs exceed budgets, planned maintenance will need to be reduced in favour of reactive maintenance - further compounding the rates of unexpected infrastructure failure due to fixed budgets.
- We forecast the need to undertake roughly \$10 million of condition assessments annually. The condition assessment budget provided for 2022/23 is only around \$2.5 million. This reduces the ability of Wellington Water and its successor to understand the performance risks and make timely, efficient and targeted investment in renewals and maintenance.
- While improvements have been and are being made, incomplete and inaccurate asset data and information creates inefficiencies in our operations, maintenance and renewal activities.
- Drinking water consumption is steadily increasing over and above the new connections to the network due to increasing leaks. Not enough is being done to find and fix leaks, therefore we consume more water, and all our assets are working harder all the time. Increasing consumption also increases the risk of having to move to our drought plan over dry summer months.



How we will measure success

#	Purpose	Measure	Target 2022/23	Target 2023/24	Target 2024/25
7	We will deliver the three-year planned renewals programme set by our councils	Percentage of three-year programme (2021-24) complete†	55%	90%	N/A*
8	We will deliver the capital programme within the expected range	Total capital delivery is between \$174m and \$276m	\$174m-\$276m	To be set in 2023/24 SOI	N/A*
9	We will improve service reliability through increased use of planned maintenance activities	Ratio of planned to reactive maintenance increases	Baseline established	Ratio increases	N/A*

† A sustained uplift is required to deliver the renewals programme. Based on risk analysis, we are taking a cumulative approach for the region over the three-year period to allow a steady build in capacity and capability

* Wellington Water is not setting targets for the 2024-25 financial year at this stage, as water services are due to be delivered by a new entity



Supporting growth and land development

The region is set to grow quickly

The growth forecasts used in the Wellington Regional Growth Framework suggest that an extra 150,000 people – more than the existing population of the Hutt Valley – could be living in the region within the next 30 years.

Each of our councils is expecting significant growth, and at a faster rate than has been seen historically. The extent and speed of growth will put further pressure on the ageing and capacity-constrained three waters infrastructure and services, and on our operating environment.

There is limited remaining capacity on the existing networks

Our Regional Three Waters Capacity Assessment, completed in 2021, found that most areas do not have the infrastructure required to accommodate the expected new housing. The current networks have had only incremental capacity changes over time and will not be able to meet growth needs without significant investment. In many cases the networks do not meet existing level of service requirements, and investment is also required to meet today's environmental performance expectations.

Land Development

New housing intensification rules, and a sustained high volume of consents are creating demands and pressures on the networks. We will provide three waters consent engineering advice to our councils. This is to ensure that appropriate mitigation and engineering standards are applied when three waters assets are altered or delivered by others.

The new Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021 and the National Policy Statement - Urban Development further enabling housing intensification, will result in planning and delivery of new three waters infrastructure at a pace that will continue to lag behind the pace of new connections to the services.

Growth planning identifies the investment required for specified growth areas

Growth planning allows us to identify the best way to meet the cities' and communities' future needs. Activities in this area are led by councils who identify the areas of expected growth and direct funding for studies, and growth investment plans. Where funded, we will continue with growth studies to determine how to meet long-term capacity demands.

Councils funded some specific investments in identified growth areas in their 2021-31 LTPs and the delivery of those projects is a focus area for our capital works programme.

Early growth project development aims to balance our regulatory, environmental, and customer expectations and determine cost allocation for funding of growth projects.

The improvement proposals identified will ultimately be delivered by the new entity and delaying these studies would only increase the lag time on necessary infrastructure investment.

Increased demand on our councils' networks is strongly influenced by policy settings, so we participate in statutory planning processes, such as district and regional plan-making, to promote three waters strategic priorities.

We support major urban regeneration and housing delivery programmes

major urban regeneration and revitalisation projects where the three waters infrastructure will be delivered by other organisations as part of overall urban development. Local examples include the Eastern Porirua Regeneration Project (Kainga Ora) and the Riverlink Project (Waka Kotahi, Greater Wellington Regional Council, mana whenua). These developments will alter, connect to and expand existing networks and also impact our ability to operate within our consented environmental limits. We will continue to work with other infrastructure providers to try and optimise investment outcomes and see that relevant quality and performance standards are met.

Government Infrastructure Funding

Four projects from within the region are currently progressing through the Government's contestable Infrastructure Acceleration Fund. This fund supports investment in infrastructure needed to unlock housing growth, enabling developments to progress faster and with financial certainty. The four applications are the Riverlink Wastewater Bypass & Stormwater Upgrades (Hutt City), Johnsonville Wastewater Upgrades (Wellington City), Trentham Wastewater Upgrades (Upper Hutt City), and Kenepuru Landing (Porirua City). As with the housing delivery programmes discussed above, the three waters infrastructure for these developments is likely to be provided by third parties.

Where requested by our councils, Wellington Water will work with external groups including councils, developers and government agencies to coordinate programming, technical three waters input and ensure that any three waters assets built by third parties are able to be accepted onto the network in future. If funded and directed by our councils, Wellington Water may be required to deliver projects in our capital programme.

Where requested by our councils, Wellington Water will work with external groups including councils, developers and government agencies to coordinate programming, technical three waters input and ensure that any three waters assets built by third parties are able to be accepted onto the network in future. If directed by our councils, Wellington Water may be required to deliver projects in our capital programme.

Our risk profile

The existing three waters infrastructure deficit will increase further as new housing intensification rules come into effect with consequences for levels of service and environmental outcomes. This intensification can also now occur in areas where growth, and therefore infrastructure investment, has not been planned. In

the short term, localised solutions will increase which will increase the complexity of the networks and add operational requirements.

Growth plans for each council vary in their maturity as a result of the funding provided. Where these are less mature, the information able to be included in investment planning will be less reliable.

The funding provided does not enable us to fully resource our participation in the major housing delivery programmes, increasing the risk that the solutions provided by third parties will not meet desired performance and operating requirements.

The combination of a shortage in skilled staff, the high demand for new connections, and the changing and increasing complexity of connections and regulatory processes can delay processing times and increases the risk of unsatisfactory outcomes for customers and the networks.

We have limited funding and capacity to participate in statutory planning processes, increasing the risk that policies are put in place that exacerbate the demand on our water services or prevent us from being able to achieve the required environmental and service performance outcomes.

How we will measure success

#	Purpose	Measure	Target 2022/23	Target 2023/24	Target 2024/25
10	We will complete growth studies and plans as agreed with our councils.	Funded growth studies complete, and growth investment advice provided	Achieved for WCC (Central City & Northern Suburbs), PCC (Western Porirua) and SWDC (Spatial Plan)	TBD	N/A*

* Wellington Water is not setting targets for the 2024-25 financial year at this stage, as water services are due to be delivered by a new entity

There is limited investment in meeting future needs

Investment in looking after existing infrastructure and supporting growth are about ensuring we meet existing requirements, but fundamental changes are needed to move us towards Te Ika Rō Wai and meet the environmental impact and sustainability expectations of customers, communities and mana whenua. The three strategic investment priorities of sustainable water supply and demand, improving environmental water quality, and resilience to climate change reflect these expectations. Limited funding has been directed to these areas, creating risks to future service delivery and meaning that a significant uplift in investment will be required in the coming years.

Sustainable water supply and demand

We have been highlighting the risks of the region's high level of demand since 2018. Customers continue to experience regular and extended restrictions in summer. Per capita consumption has continued to increase, mainly as a result of leaks, and this, together with population growth, means we will continue to be unable to meet full summer demand in the coming years.

We expect the risk of shortfall to increase until additional treatment capacity at Te Mārua is available (around 2025). We forecast that increased risk of shortfalls can be expected within a few years of increased capacity at the plant unless there is further investment.

Significant investment is required in the coming years

Our investment advice for reducing this risk was based around achieving demand reduction through universal water metering. Metering supports consumers interested in managing their water use, and leak detection, and the likely reduction in demand from these outcomes would help defer investment in a significant new water source. The capital investment for meters was not funded in all councils' long-term plans, meaning that investment in a new water source will need to begin in the next five to ten years if we are to achieve the desired level of supply resilience. The most likely option for a new source is currently the addition of further storage lakes at Kaitoke.

Leakage will continue to increase

Leakage management is the most direct way for demand to be reduced, but is complex, costly, and time-consuming

without universal metering in place to understand where and how much leakage is occurring. We are seeing record numbers of service requests for leaks, reflecting the ageing networks (public and private). Government stimulus funding supported an increase in proactive leak detection and repair, but this funding ended on 30 June 2022. We expect to see increased leakage in the network over the next two years, with less funding available to undertake detection and repair.

We will progress Te Mārua expansion and investigate options for future investment

With the funding that we have been provided, our focus for the remaining two years is to progress the expansion of the Te Mārua Water Treatment Plant and to continue investigating the feasibility and costs of both universal water metering and expanding the water storage lakes at Kaitoke. The outcomes of these investigations will enable Entity C to more quickly move towards investment to ensure the required drought resilience can be sustained.

Behaviour change and awareness campaigns will continue

With the risk of increased restrictions likely to remain every summer, we will continue with campaigns to raise awareness of the need for people to treat water respectfully, and ask them to observe restrictions which escalate to meet operational realities. Our challenges here are the mixed messaging of visible leaks that can take weeks to be repaired; and the general nature of human behaviour – that it takes a long time to change.

Our risk profile

The risk is that the Wellington metro region will experience severe and prolonged water shortages will continue to increase until the Te Mārua Water Treatment Plant is upgraded. This upgrade will only restore drought resilience to the minimum level of service and further investment will be needed to hold performance within the target levels.

The number of leaks detected, and the time taken for leaks to be addressed, are expected to increase as funding for leakage management has been reduced. This is likely to cause increased frustration from customers who report leaks, and may undermine efforts to achieve voluntary demand reductions if these are required to manage the available summer supply.

Improving environmental water quality

All of the water that our customers use or receive is ultimately returned to the environment. This is done through two networks: wastewater and stormwater. The wastewater network is intended to carry unsafe water to treatment plants where it is made safe before it is discharged; the stormwater network is designed to discharge into streams, rivers and the sea from multiple points. However the two networks have connections between them, both designed and inadvertent. These make it impossible to ensure that untreated wastewater does not enter the environment. Most stormwater is untreated before discharge, enabling contaminants from roads and properties to reach our fresh water and harbours. Capturing, piping and channelling stormwater can also have adverse impacts on the function and health of the natural waterbodies that are part of what is called the stormwater system.

Existing performance is poor with few, if any, streams meeting existing water quality limits. Pending changes to regional environmental plans will reduce these limits further and significant improvements are required.

Wastewater contamination reflects the age and condition of public and private pipes. Older pipes are prone to damage and leaks, while overflows often occur as a result of heavy rainfall or through blockages caused by contaminants such as wet wipes.

Any discharge of untreated wastewater to the environment is unacceptable to our mana whenua partners, who see them as totally opposed to the principles of Te Mana o te Wai.

Funding levels limit the improvements we can make

Very limited funding for this strategic priority was included in councils' long term plans, and our focus for the remaining two years will be on building our understanding of how the interventions we are able to undertake influence water quality outcomes. We can then apply this knowledge to recommend future investment approaches that will more quickly result in water quality improvements.

The funding that has been provided means we can generally only address issues with the discharge of untreated wastewater reactively, with some limited proactive investigations for Hutt City, Wellington City and Porirua City councils funded in 2022-23.

Our risk profile

Anticipated changes to the region's natural resources plan required by the National Policy Statement on Freshwater Management and informed by Greater Wellington Regional Council's Whaitua process require significant improvements in water quality to be achieved within the next ten years. At the current level of investment, councils are carrying an increasing risk of not meeting the targets for human and environmental health that will be set in the natural resources plan and, within Upper Hutt, not meeting the current global stormwater consent.

Net carbon zero 2050

The region's response to climate change will need to include mitigation (reducing our emissions) and adaptation (managing the impacts of climate change).

We generate emissions from our operational activities and our capital works programme. We understand the source and scale of our operational emissions and have some sense of what is required to reduce them. The emissions for the future capital programme were baselined in 2021/22, enabling us to consider opportunities to reduce them.

There has been no funding provided for specific operational emissions reductions initiatives. We will continue to seek improvements in areas such as energy efficiency as we go about our standard operations and renewal activities.

We will continue to monitor the carbon emissions of our capital programme and consider options to reduce our emissions. The data we have collected on both our operational and capital emissions will be provided to the new water services entity in due course, providing them with a starting point from which to pursue mitigation opportunities.

Our risk profile

Operational emissions are likely to increase with population and demand growth, increasing impacts on the climate and operating costs (as rising carbon prices impact on electricity and other input costs).

There is a limited understanding of the impacts of climate change on the assets and services. This increases the risk that investment planning is not adequately incorporating these impacts.

² The Sludge Minimisation Plant at Moa Point will reduce Wellington City emissions but is being funded and delivered by Wellington City Council with technical input from Wellington Water.

Delivering for today, while preparing our people for the future

From 1 July 2024, the services currently provided by Wellington Water will be delivered by a new water services entity, Entity C, that will cover the area from the top of the South Island, Wellington through to the Manawatu and across to and up the east coast to and including Gisborne. That new entity will hold the assets of the 22 councils in the region and collect its revenues from its customers.

Up until that date, it will be business-as-usual for Wellington Water. We will continue to provide the same services to our councils, and our councils expect us to transfer all our knowledge to the new entity and ensure there is a seamless transition so that customers experience no perceptible change in service. In the process we must also continue to progress the uplift in our capital delivery programme, remain alert to existing and emerging risks, and ensure that our whānau remain engaged in their work, and that their health and wellbeing are supported.

Taking all of this into consideration, our focus for the next two years is to:

- continue to provide our core services of safe drinking water, wastewater treatment, and reliable networks so there is no impact for our customers from transition
- successfully deliver our planned capital delivery programme, and have a full pipeline of future projects, so the condition and performance of our councils' assets continue to improve
- plan future investment needs for the region so the new entity can further improve water services and give effect to the principles of Te Mana o te Wai
- prepare our people for this transition, enabling them to thrive in the new entity and contribute to its success; and participate in the transition process to ensure our expertise and knowledge is applied where it is most valuable, and the new entity is best positioned to deliver these services into the future.

Core services, regulation and risk

Our 'Focus on looking after existing infrastructure' section sets out our intentions in delivering on core services, including through planned renewals, an increased focus on planned maintenance and improving our understanding of the assets.

We will also continue to build our risk and regulation practice and capability.

Building our regulatory systems

Over the last 12 months we have been building up our regulatory systems and capability to ensure we can meet the new requirements that Taumata Arowai is putting in place for drinking water. This includes the establishment of a dedicated regulatory compliance function within the company, which we expect to progressively extend to encompass other regulatory functions such as health and safety, and fluoride.

Building our risk management and communications practices

Transitions create the risk of gaps in responsibilities and accountability. We will continue to work over the coming two years on how we identify, manage, and communicate risks to ensure they are understood where they need to be. This will need to be done in partnership with our councils, the new entity, and other relevant stakeholders to ensure that risks are managed effectively and efficiently.

Delivering the capital programme through to 30 June 2024

The councils' work programmes for the next two years amount to around \$505 million on three waters capital projects.

We are fortunate to have a team of companies dedicated to three waters design and construction and our network service alliance to support this delivery programme. The members of these panels have an enduring relationship with Wellington Water that means we can count on their continued focus on three waters and support their investment in the resources necessary to deliver our councils' investment programmes. We are pleased to have recently welcomed a new, national-scale delivery contractor into our panel, HEB Construction, to help deliver this increased investment.

There are several major projects and catchment renewals programmes going through procurement and contract award approvals over the coming months and we expect to see a high degree of stability across our 2022/23 and 2023/24 programmes as a result.

The stimulus funded "Fast-Track Catchment Renewals Programme" is now complete. The programme has succeeded in increasing the use of trenchless technology and delivering improvement in our cost per metre. We have several programmes that will move into construction in the next two years that will adopt this fast-track approach.

With rising costs of materials and labour, interruption in the supply chain, and general capacity and capability limitations in the sector, we are building less for more, and with longer lead-in period. We continue to work with our wider whānau to improve efficiency and effectiveness and to grow the regional capability and capacity that will continue to provide value for the new entity and its customers into the future.

Planning for Entity C

On 1 July 2024 Entity C will begin delivering services across the top of the South Island, the lower North Island, and the East Cape. It is our councils' and our objective to ensure there is no dip in services to customers.

We are planning to deliver to Entity C a 10-year investment plan which will lay out the big projects we think are critical to reducing risk in the medium term. This will include renewals and upgrades. We will also provide to Entity C a 2024/27 Investment Plan which will outline the Opex and Capex costs necessary to meet the objective of continuity of service for our customers.

The 24/27 Investment Plan will be unconstrained in terms of Opex, meaning recommendations will be higher to improve asset management, lift condition assessment work, reduce risk and create a basis for growing the capability of staff to meet the future demands. Based on early planning this is estimated to be approximately 15% greater than funded now.

The 24/27 Investment Plan will also see a continuing lift in the quantum of Capex recommended, following on from the progressive lift achieved by the company over the 2021/24 period. We still see room for more investigation and design work over the next two years to ensure there is a level of work which can proceed during 2024/27.

We have yet to discuss these ideas with the new entity, but it is important to signal our intent. Once we do, we hope there is alignment and all partners can plan for the future success of water across our communities.



Ensuring our people experience a successful transition

The transition to the new entity is a major change, and we will ensure our people are supported through this change. This ensures the services are maintained, and that our people continue to contribute to good water outcomes as they move across to the new entity.

We think that managing this transition will mean:

- collaborating with our councils to ensure that roles and responsibilities are clear, and to ensure our collective resources are applied most effectively
- partnering with the establishment team for Entity C to ensure we can deliver services over the next two years and continuity of service beyond 1 July 2024, and help to identify and understand how our people, knowledge and systems can support their activities
- ensuring our people have visibility of the changes coming toward them, that they are fully equipped to make the most of the opportunities and that the transition itself is seamless and easy.

Collaborating with our councils

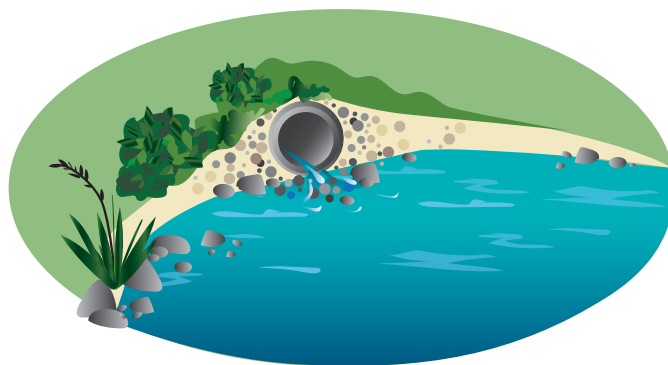
We will need to provide some input and resources into the establishment of the new entity ahead of the transition date. The transition also has significant impacts for our councils, and for many of their people, so we need to take a collaborative approach to ensure that everyone is looked after and that our collective resources are deployed in the most effective manner. Wellington Water and the councils already work together for the best interests of customers and the water. Future interactions and collaboration will now have the transition as a key focus. A staff working group and a steering group that includes all of the chief executives have already been established, and other groups may be established as the transition progresses.

Partnership with Entity C

Our council owners are accountable for the services up until 30 June 2024. The next day Entity C will be accountable for the work. Ahead of that time the new establishment entity will need to be putting people, systems and processes in place to ensure the transition is seamless for customers and our people. Some of these people might most sensibly come from within Wellington Water, but this could impact on existing services if not managed appropriately. There will need to be clear accountabilities agreed between councils, Wellington Water and Entity C and our intent is to collaborate, and build relationships and trust so the work allocation can be quickly and fairly allocated. We have set up an internal transition team to coordinate engagement with the National Transition Unit and the Local Transition Team.

Our people experience a good transition

The new water services entities will need more people than there are collectively working across councils in the water sector. It is therefore very important that as many of our workers as possible transfer into the new entity. To do this the transition needs to be seen as an opportunity, and people are able to see and understand the opportunities for them. We are developing plans to retain our core resources and will continue to invest in our people so they are “change ready” for the new entity. Wellington Water is committed to paying the living wage. We also expect to work with the transition entity to ensure that good change and transition processes in place to make the transition as low stress for our people as possible. The overall aim is to see as many people as possible from Wellington Water settled into the new entity.



How we will measure success

#	Purpose	Measure	Target 2022/23	Target 2023/24	Target 2024/25
11	We will monitor and address critical health and safety risks for our people	Health and Safety critical risks will be reviewed, and improvements are implemented	Two or more	Two or more	N/A*
12A	We will support our staff through water reform	Staff feel supported by the organisation through water reform (staff survey)	Greater than baseline	Greater than 2022/23	N/A*
12B	Our staff will understand Water Reform	Staff feel as if they understand water reform (staff survey)	Greater than baseline	Greater than 2022/23	N/A*

* Wellington Water is not setting targets for the 2024-25 financial year at this stage, as water services are due to be delivered by a new entity



Appendices

Letter of expectations

c/-Hutt City Council
Private Bag 31 912
Lower Hutt 5040

14 December 2021

Lynda Carroll
Chair
Wellington Water Ltd Board
Private Bag 39804
Wellington Mail Centre

Dear Lynda

Expectations of Wellington Water Ltd for the period 2022-25

This letter sets out the priorities and expectations of the six owner councils and iwi mana whenua to inform the development of Wellington Water's (the company) Statement of Intent for 2022-2025.

This year has presented some practical difficulties in establishing the expectations of the owner councils and our iwi mana whenua. The challenges of Covid loom large, councils have had a busy time finalising their Long Term Plans and the Government's water reform programme is gathering pace with a recent decision to make inclusion in one of the four entities mandatory. Iwi have also had a busy year. Minimal consultation has therefore occurred to confirm Wellington Water priorities for the year ahead. However it is clear that these same issues have their place in the coming year for the effective operation of Wellington Water.

Our expectations over the next year are:

- **Performance** – delivering business-as-usual efficiently and to agreed performance standards and delivering an ambitious capital programme including any fiscal stimulus funding provided.

Following the company's advice to owner councils in preparing their 2021-31 long term plans, the company faces its largest programme of capital works ever. To deliver on this, it must scale up across its supply chain, including internally. At the same time, the infrastructure and construction sectors are experiencing supply constraints and historically high levels of activity, in a time of increased uncertainty due to Covid-19. These factors combine to create considerable risk around the deliverability and management of costs of the programme. We expect the company to be clear and realistic in setting programmes that will meet council expectations for the coming three years, while at the same time ensuring its reporting processes can effectively signal, in a timely fashion, any significant changes that may arise.

Managing programmes, budgets and deliverability over the over the next 3 years is critical. We are pleased to see the resolution of a number of outstanding performance and reporting issues, we urge the company to continue to pursue improvements in its performance management systems.

We expect to see further clarity, development and performance reporting against the value for money work previously undertaken by the company and the benefits shared to the shareholders.

- **Demand Management** – The shareholders remain committed to reducing the water usage across the network at both a whole of supply level and an individual household level. Continued emphasis on the initiatives and support for this work should be demonstrated in the Statement of Intent.

- **Climate Change** – We support the continued efforts of Wellington Water to meet the shareholders individual and collective demands on carbon reduction. We would like to see continued commitment and reporting on carbon reduction in the Statement of Intent.
- **Planning** – With the new water entities targeted to open for business in July 2024, there is significant pressure to develop respective council's inputs to a new investment plan (a proxy for the next Long Term Plan) and asset management plans with a 10-30 year horizon to ensure a smooth transition for priorities and work programmes in the next 3-10 years.

We expect a continued focus on asset management processes to improve data on asset condition and achieve greater certainty about future investment requirements.

We expect you to continue to use the five strategic priorities as a framework for three waters planning and advice, while at the same time having a view to the concerns and requirements of individual council owners, such as resilience to natural shocks and climate change, and the vision set out in the 30 year plan.

The five priorities are:

- Looking after existing infrastructure
- Supporting growth
- Ensuring a sustainable supply of water
- Improving environmental water quality
- Reducing carbon emissions and being resilient to climate change

We expect this process to fully engage councils and iwi mana whenua. Planning should be undertaken guided by the principles of the journey to Te Ika rō Wai and restoring the balance of te ao wai, te ao taiao, and te ao tangata; and te mana o te wai.

Budget increases (both operating and capital) should be signalled early so that council's statutory planning and budgetary processes can respond in a timely way.

- **Responding to change** – The Government's 3 Water reform programme means that the next few years will be a time of significant change.
 - i. The company has significant work to do to meet the expectations of the new regulator, Taumata Arowai. We look forward to the company improving its transparency of assurance reporting, and to ensuring it meets or exceeds the regulator's expectations of reporting.
 - ii. In addition the 3 Waters reform will soon shift gear from policy to implementation. Our expectations are that you:
 - support owner councils through the policy/design phase of reform to input to the Government's program of work
 - focus on workforce retention and delivery of the Long Term Plan agreed work programme
 - ready Wellington Water for the impending change through a robust change process
- **Relationship with mana whenua** – mana whenua have relationships with both councils and with Wellington Water Limited:
 - i. Mana whenua have working relationships and Memoranda of Understanding with councils to enable iwi to participate in prioritisation and investment decisions about 3 waters infrastructure (articulated in Long Term Plans and Annual Plans)
 - ii. At a governance level on the Wellington Water Committee mana whenua representatives sit alongside elected members, monitoring performance, appointing board members and overseeing the effectiveness of the delivery model and general governance oversight
 - iii. There is a requirement for skills around Te Ao Māori on the Board (not specifically a mana whenua requirement but one of the current board is mana whenua)
 - iv. the company are building capability in-house on Te Ao Māori

We expect the company to continue to evolve this model of working with iwi to improve the overall effectiveness of the company and its delivery on Te Mana o te Wai.

- **Customer** – We continue to be interested in the company improving its customer focus through the way it problem solves with and for communities, communicates about its work and resolves customer issues.
- **Accountability** – Wellington Water has a number of accountability obligations. These include to:
 - i. Owner Councils – through both formal and informal means including a regular programme of briefings and regular performance reports to councils
 - ii. Iwi – through Wellington Water Committee representatives and their iwi
 - iii. Customers – through responsive communication and delivery of work as agreed
 - iv. Taumata Arowai – as it develops a rigorous monitoring programmeWe expect these accountability requirements to be fulfilled transparently and systematically.
- **Innovation** – We expect the company to keep abreast of innovations and value-add initiatives in the water sector to reduce cost, improve speed of delivery, ensure climate change targets are met and environmental improvements are delivered. Innovation should include a continued focus on internal efficiencies.
- **Workforce and supply chain pressures** – Our people are our greatest asset. With impacts from Covid-19, uncertainty around the future and competing market demands, managing a stable, engaged and productive workforce is a challenge. This is true for both Wellington Water staff and those people who work for your suppliers and contractors. We expect you to develop strategies that will ensure that you are an employer of choice through changing times.
- **Health and Safety** – We expect that you will place above all else the safety and welfare of your people and those affected by your activities.

I look forward to receiving a draft of Wellington Water's Statement of Intent by Tuesday 1 March 2022.

Yours sincerely



Campbell Barry
Chair
Wellington Water Committee



Department of Internal Affairs (DIA) Rules

The DIA has the power to make rules specifying non-financial performance measures (the Rules) for local authorities. These Rules are consistent across the country, and therefore across all of our councils. Each council is responsible for setting targets for each Rule, and then Wellington Water report against the targets throughout the year.

As part of the long-term plan advice provided to councils, Wellington Water recommended amended targets based on investment levels and current trends:

- Attendance to urgent callouts (loss of service): ≤ 90 minutes
- Resolution of urgent callouts: ≤ 8 hours
- Attendance to non-urgent callouts (loss of service): ≤ 20 working days
- Resolution of non-urgent callouts: ≤ 20 working days

- Number of complaints received for water supply and stormwater: ≤ 20 complaints per 1000 connections
- Number of complaints received for wastewater: ≤ 30 complaints per 1000 connections
- The number of flooding events: ≤ 2
- For each flooding event the number of habitable floors affected: varied but > 0.10 across councils
- Median response time to attend a flooding event: ≤ 8 hours

The level of uptake across councils was limited, with only Hutt City Council, Greater Wellington Regional Council and Porirua City Council broadly accepting the targets.

The below table sets out the Rules and the targets for the year ahead. We have shown with a ^ where we believe we will not achieve these targets due to funding constraints, asset conditions or practicalities.

DIA Part/ Sub Part	Measures	Targets					
		GWRC	PCC	UHCC	SWDC	WCC	HCC
Part 2: Sub-part 1 – Water supply	(1) Performance measure 1 (safety of drinking water) The extent to which the local authority's drinking water supply complies with: (a) part 4 of the drinking-water standards (bacteria compliance criteria),	Compliant	Compliant*	Compliant	Compliant*	Compliant	Compliant*
Part 2: Sub-part 1 – Water supply	(1) Performance measure 1 (safety of drinking water) The extent to which the local authority's drinking water supply complies with: (b) part 5 of the drinking-water standards (protozoal compliance criteria).	Compliant	Compliant	Compliant	Compliant*	Compliant	Compliant*
Part 2: Sub-part 1 – Water supply	(2) Performance measure 2 (maintenance of the reticulation network) The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this). ¹ Calculated as a regional mean value	+/- 0.25%^	< 20% ¹	< 20% ¹	< 30%^	< 17% ¹	< 20% ¹
Part 2: Sub-part 1 – Water supply	(3) Performance measure 3 (fault response times) Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured (a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site,	≤ 90 min	≤ 90 min	≤ 60 min [^]	< 75% attendance in < 1 hour [^]	≤ 60 min [^]	≤ 90 min

DIA Part/ Sub Part	Measures	Targets					
		GWRC	PCC	UHCC	SWDC	WCC	HCC
Part 2: Sub-part 1 – Water supply	(3) Performance measure 3 (fault response times) Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured (b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	≤ 8 hours	≤ 8 hours	≤ 4 hours [^]	< 90% resolution in 8 hours [^]	4 hours [^]	8 hours
Part 2: Sub-part 1 – Water supply	(3) Performance measure 3 (fault response times) Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured (c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	≤ 72 hours	≤ 20 working days	≤ 36 hours [^]	≥ 75% attendance in < 2 working days [^]	≤ 36 hours [^]	≤ 72 hours
Part 2: Sub-part 1 – Water supply	(3) Performance measure 3 (fault response times) Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured (d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	≤ 20 days	≤ 20 working days	≤ 15 days [^]	≥ 75% resolved in < 5 working days [^]	5 days [^]	20 working days
Part 2: Sub-part 1 – Water supply	(4) Performance measure 4 (customer satisfaction) The total number of complaints received by the local authority about any of the following: (a) drinking water clarity (a) drinking water taste (b) drinking water odour (c) drinking water pressure or flow (d) continuity of supply, and (e) the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system	< 20 complaints per 1000 connections	< 20 complaints per 1000 connections	< 20 complaints per 1000 connections (Except (e))	< 75 per 1000 connections (Except (e))	< 20 complaints per 1000 connections	< 20 complaints per 1000 connections
Part 2: Sub-part 1 – Water supply	(5) Performance measure 5 (demand management) The average consumption of drinking water per day per resident within the territorial authority district	375L	320L	415L	400L	365L	385L

DIA Part/ Sub Part	Measures	Targets					
		GWRC	PCC	UHCC	SWDC	WCC	HCC
Sub-part 2 – Sewerage and the treatment and disposal of sewage	(1) Performance measure 1 (system and adequacy) The number of dry weather sewerage overflows from the territorial authority's sewerage system expressed per 1000 sewerage connections to that sewerage system.	N/A	< 20 per 1000 connections	< 20 per 1000 connections	< 10 per 1000 connections [^]	Zero [^]	< 20 per 1000 connections
Sub-part 2 – Sewerage and the treatment and disposal of sewage	(2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (a) abatement notices received by the territorial authority in relation to those resource consents	N/A	Nil	Nil	< 2	Nil	Nil
Sub-part 2 – Sewerage and the treatment and disposal of sewage	(2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (b) infringement notices received by the territorial authority in relation to those resource consents	N/A	Nil	Nil	Nil	Nil	Nil
Sub-part 2 – Sewerage and the treatment and disposal of sewage	(2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (c) enforcement orders received by the territorial authority in relation to those resource consents	N/A	Nil	Nil	Nil	Nil	Nil
Sub-part 2 – Sewerage and the treatment and disposal of sewage	(2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (d) convictions received by the territorial authority in relation to those resource consents	N/A	Nil	Nil	Nil	Nil	Nil
Sub-part 2 – Sewerage and the treatment and disposal of sewage	(3) Performance measure 3 (fault response times) Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured: (a) attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site	N/A	≤ 60 min	≤ 60 min	≥ 70% resolved in < 1 hour	≤ 1 hour	≤ 90 min

DIA Part/ Sub Part	Measures	Targets					
		GWRC	PCC	UHCC	SWDC	WCC	HCC
Sub-part 2 – Sewerage and the treatment and disposal of sewage	(3) Performance measure 3 (fault response times) Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured: (b) resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.	N/A	≤ 6 hours	≤ 6 hours	≥ 75% resolved in < 4 hours	≤ 6 hours	8 hours
Sub-part 2 – Sewerage and the treatment and disposal of sewage	(4) Performance measure 4 (customer satisfaction) The total number of complaints received by the territorial authority about any of the following: (a) sewage odour (b) sewerage system faults (c) sewerage system blockages, and (d) the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system	N/A	< 30 total	< 30 complaints per 1000 connections	< 60 per 1000 connections	< 30 complaints per 1000 connections	< 30 complaints per 1000 connections
Sub-part 3 – Stormwater drainage	(1) Performance measure 1 (system adequacy) (a) The number of flooding events that occur in a territorial authority district *SWDC does not have a stormwater system as defined in the DIA Rules	N/A	2	Zero^	0*	2	2
Sub-part 3 – Stormwater drainage	(1) Performance measure 1 (system adequacy) (b) For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system.) The regional consistency for habitable floors affected in a flooding event is 10 per event, however as the DIA measure is per 1000 properties connected, we have calculated this based on connections in 2020/21. *SWDC does not have a stormwater system as defined in the DIA Rules	N/A	0.57	Zero^	0*	0.13	0.24
Sub-part 3 – Stormwater drainage	(2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: (a) abatement notices received by the territorial authority in relation to those resource consents	N/A	Nil	Nil	Nil	Nil	Nil*

DIA Part/ Sub Part	Measures	Targets					
		GWRC	PCC	UHCC	SWDC	WCC	HCC
Sub-part 3 – Stormwater drainage	(2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: (b) infringement notices received by the territorial authority in relation to those resource consents	N/A	Nil	Nil	Nil	Nil	Nil*
Sub-part 3 – Stormwater drainage	(2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: (c) enforcement orders received by the territorial authority in relation to those resource consents	N/A	Nil	Nil	Nil	Nil	Nil*
Sub-part 3 – Stormwater drainage	(2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: (d) convictions received by the territorial authority in relation to those resource consents	N/A	Nil	Nil	Nil	Nil	Nil*
Sub-part 3 – Stormwater drainage	(3) Performance measure 3 (response times) The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site. *SWDC does not have a stormwater system as defined in the DIA Rules	N/A	≤ 8 Hours	≤ 60 minutes [^]	95% within 5 hours [^]	≤ 60 minutes [^]	8 hours
Sub-part 3 – Stormwater drainage	(4) Performance measure 4 (customer satisfaction) The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.	N/A	< 20 per 1000 connections	< 20 per 1000 connections	Zero**	< 20 per 1000 connections	< 20 per 1000 connections

* These targets are worded significantly differently in the councils' LTP, but are measuring substantially the same issue

** SWDC does not have a stormwater system as defined by the DIA

[^] Wellington Water believe we will not achieve these targets due to funding constraints, asset conditions or practicalities.

Governance and shareholder information

Wellington Water Committee

The Wellington Water Committee (the Water Committee) is a joint committee of our councils under the Local Government Act 2002 and provides governance oversight of Wellington Water.

It does this by considering the company's Half-Year and Annual Reports, monitoring performance, recommending directors for appointment, and providing recommendations to shareholders on proposals.

Each shareholder holds an equal percentage of the voting shares ('A' shares) of Wellington Water.

The Water Committee writes an annual Letter of Expectations to Wellington Water's Board of Directors, which outlines key priorities and areas of focus. It is used to guide the development of our Statement of Intent. The Committee comprises:



Mayor Campbell Barry
Water Committee Chair
HUTT CITY COUNCIL



Mayor Wayne Guppy
Water Committee Deputy Chair
UPPER HUTT CITY COUNCIL



Mayor Anita Baker
PORIRUA CITY COUNCIL



Mayor Andy Foster
WELLINGTON CITY COUNCIL



Councillor Josh van Lier
GREATER WELLINGTON
REGIONAL COUNCIL



Mayor Alex Beijen
SOUTH WAIRARAPA DISTRICT COUNCIL

The Water Committee has representation from Taranaki Whānui ki te Upoko o te Ika and Te Rūnanga o Toa Rangatira. Lee Rauhina-August is the representative from Taranaki Whānui; the Ngāti Toa Rangatira position is currently vacant. Andrea Rutene acts as an observer for the Water Committee on behalf of Ngāti Kahungunu.

Information to be provided to shareholders

In each year, Wellington Water shall comply with the reporting requirements of 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, 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); and
- Within three months after the end of each financial year, 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). Note that the LGA has been amended to temporarily extend the timeframe for this financial year to 30 November 2022 (s67(5)(b)).

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

The total shareholders' equity is estimated to be valued at \$1 million as at 31 December 2021. 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.

Ratio of consolidated shareholders' funds to total assets

The ownership of infrastructural assets is retained by the shareholders (or other clients). The business returns all benefits to shareholders; the ratio of shareholders' funds to assets is provided in Appendix 4.

Board of Directors of Wellington Water






All directors must be independent and are selected by the Water Committee in accordance with the Board's skill matrix. Each director can serve a maximum of two terms, or six years, unless agreed by the Water Committee.

The Board is responsible for the direction and control of Wellington Water Limited. The Chair of the Board reports to the Water Committee. The Board approves strategy, ensures legal compliance, and monitors Wellington Water's performance, risks, and viability.

The Board's approach to the governance of the company is to establish with management (and in consultation with shareholders) clear strategic outcomes that drive performance. The Board is mindful of the significant investment by its shareholder councils in its operations, and of the need to preserve, grow, and demonstrate shareholder value and regional prosperity through the provision of its three waters services.

The Board will ensure that the company focuses on the priorities set out in the shareholders' Letter of Expectations. More broadly, it will ensure the company is mindful of the councils' strategic priorities set out in their long-term plans and focuses on those that are relevant to the company's objective to provide leadership to the region. The Board is also mindful of its relationship with the Water Committee and how both the Board and the Water Committee influence the company in different ways.

Our Board supports and empowers our management team to deliver and report on 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.

Board of Directors		Appointed to
	Lynda Carrol	1 July 2024
	Kim Skelton	1 September 2023
	Mike Underhill	1 September 2023
	Leanne Southey	1 July 2024
	Nick Leggett	1 July 2024
	Alexandra Hare	1 July 2024

Wellington Water Limited

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' and Partnership Agreement relating to Wellington Water outlines the way the shareholders manage their shareholdings in Wellington Water and their respective relationships with each other.

The principal objectives of Wellington Water as set out in our Constitution are to:

- Manage drinking-water, wastewater and stormwater services in the greater Wellington region for local authority shareholders;
- Achieve the objectives of its shareholders;
- Be a good employer;
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which the company operates and by endeavouring to accommodate or encourage these when able to do so; and
- Conduct its affairs in accordance with sound business practice.

We employ around 250 staff and provide drinking-water, stormwater and wastewater services to customers on behalf of our shareholders.

To do this, we manage annual expenditure of approximately \$200 million (based on the 2021/22 budget) to maintain and develop water assets with a replacement value of approximately \$7.7 billion. We also provide investment advice on the future development of the three waters assets and services.

Each shareholding client council owns its own three waters assets (pipes, pump stations, reservoirs and treatment plants), and decides on the level of service it will purchase from us, the policies it will adopt, and the investments it will make (after considering our advice) in consultation with its community.

We operate under the Companies Act 1993 and the Local Government Act 2002 and comply with the Health Act 1956, the Drinking-water Standards for New Zealand (revised 2018), and other legislation such as the Resource Management Act 1991, the Wellington Regional Water Board Act 1972 and the Health and Safety at Work Act 2015.










- Six client councils jointly own Wellington Water Limited.
- Each council owns its three waters assets.
- The Wellington Water Committee represents the councils.

↕ Service level agreements, pricing and policies ↕

Wellington Water Limited

- **Network Strategy and Planning:** asset planning, information management, education.
- **Network Development and Delivery:** project design, work programme management.
- **Customer Operations:** network operations, service delivery, customer service.
- **Network Management:** treatment facilities, quality control, innovation.
- **Business Services:** financial, procurement, business support, communications, planning & performance.
- **Chief Executive Office:** company strategy, leadership.

Senior Leadership Team

 <p>Colin Crampton Chief Executive</p>	 <p>Julie Alexander Group Manager Network Strategy and Planning</p>
 <p>Tonia Haskell Group Manager Network Development and Delivery</p>	 <p>Jeremy McKibbin Group Manager Network Management</p>
 <p>Mark Ford Group Manager Business Services</p>	 <p>Kevin Locke Group Manager Customer Operations</p>
 <p>Charles Barker Director of Regulatory Services</p>	

Prospective financial statements

Wellington Water receives annual management fees from its six client councils. These cover operating expenses such as employee costs, vehicle costs, directors' fees and depreciation.

Funding is also received for the council work programme. This work programme (capex and opex) is managed by Wellington Water employees. The planned spend in the next three years is \$714 million on three waters capital projects and \$255 million on three waters infrastructure maintenance and operation.

Wellington Water adopts a 'no surprises' approach. Regular forecasting and ongoing communication with

our client and shareholder representatives enable us to achieve this.

The summary financials below support the delivery of our three customer outcomes: safe and healthy water; respectful of the environment; and resilient networks that support our economy.

The financials in this SOI are draft and include a number of assumptions which are subject to change. Final council approved budgets were not available at the time of publishing.

Prospective Statement of Comprehensive Revenue and Expenses

	Projection 2023 \$000	Projection 2024 \$000	Projection 2025 \$000
Council work programme	339,431	340,608	288,281
Management & advisory services	20,359	21,859	22,952
Other revenue	250	250	250
Total revenue	360,040	362,717	311,483
Council capex expenditure	(253,452)	(251,531)	(208,736)
Council opex expenditure	(85,979)	(89,077)	(79,545)
Salaries and wages	(36,233)	(38,401)	(40,699)
Direct costs charged to capex programme	15,599	16,535	17,527
Direct costs charged to opex programme	12,404	12,545	13,297
Superannuation	(1,082)	(1,120)	(1,188)
Directors fees	(215)	(215)	(215)
Audit - financial statements	(261)	(276)	(293)
Operating leases	(1,386)	(1,469)	(1,558)
Other personnel costs	(1,293)	(1,255)	(1,188)
Other expenditure	(8,962)	(7,111)	(7,558)
Depreciation and amortisation	(1,512)	(1,475)	(1,328)
	(362,373)	(362,853)	(311,483)
Surplus/(deficit) before tax	(2,333)	(135)	-
Tax (expense)/credit	-	-	-
Total comprehensive revenue and expenses	(2,333)	(135)	-

The financials in this SOI are draft and include a number of assumptions which are subject to change. Final council approved budgets were not available at the time of publishing.

Prospective Statement of Changes in Equity

	Retained Earnings \$000	Issued Capital \$000	Total \$000
Balance at 1 July 2022	4,368	1,000	5,368
Comprehensive revenue and expenses			
Net surplus/(deficit) for the year	(2,333)	-	(2,333)
Projected balance at 30 June 2023	2,035	1,000	3,035
Balance at 1 July 2023	2,035	1,000	3,035
Comprehensive revenue and expenses			
Net surplus/(deficit) for the year	(135)	-	(135)
Projected balance at 30 June 2024	1,900	1,000	2,900
Balance at 1 July 2024	1,900	1,000	2,900
Comprehensive revenue and expenses			
Net surplus/(deficit) for the year	-	-	-
Projected balance at 30 June 2025	1,900	1,000	2,900

The financials in this SOI are draft and include a number of assumptions which are subject to change. Final council approved budgets were not available at the time of publishing.

Prospective Statement of Financial Position

	Projection 2023 \$000	Projection 2024 \$000	Projection 2025 \$000
Cash and cash equivalents	3,110	8,188	7,739
Receivables and prepayments	21,121	20,961	17,395
Total current assets	24,231	29,149	25,133
Intangible assets	179	291	368
Property, plant and equipment, vehicles	4,751	4,164	3,360
Deferred tax	409	409	409
Total non-current assets	5,340	4,864	4,137
Total assets	29,571	34,013	29,270
Payables and provisions	22,512	28,286	28,384
Employee entitlements	1,891	1,891	1,891
Tax payable/(receivable)	121	121	121
Total current liabilities	24,523	30,297	30,395
Employee entitlements	18	18	18
Capital grant in advance	-	-	-
Total non-current liabilities	18	18	18
Total liabilities	24,541	30,315	30,413
Net assets	5,030	3,698	(1,143)
Issued capital	1,000	1,000	1,000
Retained earnings	2,035	1,900	1,900
Total equity	3,035	2,900	2,900
Shareholder equity ratio	10%	9%	10%
	(1,995)	(798)	4,043

Prospective Statement of Cash Flows

	Projection 2023 \$000	Projection 2024 \$000	Projection 2025 \$000
Receipts from customers	371,706	362,627	314,800
Interest received	250	250	250
Employees and suppliers	(390,876)	(355,603)	(310,058)
Net cash flow from operating activities	(18,920)	7,274	4,992
Purchase of intangibles	(108)	(200)	(200)
Purchase of property, plant and equipment, vehicles	(1,097)	(800)	(400)
Net cash flow from investing activities	(1,205)	(1,000)	(600)
Net cash flow from financing activities	-	-	-
Net cash flow	(20,125)	6,274	4,392
Add: cash at the beginning of the year	21,241	3,110	8,188
Cash at the end of the year	3,110	8,188	7,739
Comprising:			
Cash at bank and on hand	3,110	8,188	7,739

The financials in this SOI are draft and include a number of assumptions which are subject to change. Final council approved budgets were not available at the time of publishing.

Other financial information

Current value of assets	The current value of assets at 31 December 2021 was \$2.8M based on the net asset value of Wellington Water as disclosed in the unaudited interim financial statements.
Accounting policies	Accounting policies are as per 2021 Annual Report.
Financial reporting	Wellington Water's financial reporting is prepared in accordance with generally accepted accounting policies.

Major accounting policies

Revenue

Revenue is derived from the six council shareholders, and from occasionally charging third parties for work performed. Revenue is billed and recognised monthly and consists of management and advisory services, council operational expenditure (opex) programme and council capital expenditure (capex) programme and temporarily the Stimulus Funding Programme.

Management and advisory services

The management and advisory services revenue is recognised using the percentage of completion method and is agreed with councils and performed on a financial year basis. Management and advisory services revenue has been fully recognised because services have been fully provided at balance date.

Operational expenditure programme and unexpected event reserve

The operational expenditure programme fee is recognised using the percentage of completion method.

Wellington Water develops an Annual Work Programme from the long-term plans of councils which is delivered on a financial year basis. Wellington Water enters into contracts with contractors to perform the work and manages the programme. Wellington Water is acting as a principal in relation to these transactions. Wellington Water employees also perform some of the work.

Operational expenditure programme revenue has been fully recognised because services have been fully provided at balance date.

Any part of the operational expenditure charge that remains unspent is transferred to the unexpected event reserve (up to an agreed cap). This reserve is used to fund unexpected events that may occur in relation to the three waters network and is ring fenced for each council. Funds that are transferred to the unexpected event reserve are accounted for as deferred revenue at balance date, as the reserve reflects revenue received in advance of providing services.

Capital expenditure programme

The capital expenditure programme fee is recognised using the percentage of completion method and based on the costs incurred as a percentage of total costs under the contracts. The capital expenditure programme fee also comprises a portion of Wellington Water labour costs that are directly attributable to the capex programme.

Wellington Water develops an Annual Work Programme that is jointly agreed with councils. Wellington Water is responsible for the procurement process including selection of contractors and contract pricing, enters into contracts with contractors to perform the work, and manages the programme. Wellington Water is acting as a principal in relation to these transactions. Wellington Water has recognised capital expenditure programme revenue and expenses equivalent to the invoices paid or payable to third parties for the financial year.

Property, plant and equipment, vehicles and intangibles

Property, plant and equipment (PPE) consists of fit-out and 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. Assets under construction are recorded as capital work in progress and include operational and intangible assets under construction. 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:

Fit-out and equipment	6% – 67%
Vehicles	13.5% - 20%
Intangibles	40%

Māori to English glossary

Māori

Iwi

Kaitiaki

Mana

Mana whenua

Mauri

Taiao

Tangata

Tangata tiaki

Taonga

Te ao Māori

Te Ika Rō Wai

Te mana o te wai

Te reo

Tikanga

Wai

Whānau

English

Tribe

Guardian

Prestige, authority, control, power, influence, status, spiritual power

Tribes/Subtribes who have territorial rights and draw power from the land

Life force

Earth, natural world

Person

People who have a responsibility to guard and protect

Treasure, possessions

The Māori world (Māori world view)

The pure state of water essential to life

The fundamental importance of water

The Māori language

Protocols, customs – the customary system of values and practices that have developed over time and are deeply embedded in the social context

Water

Family

Your public water company

