



Annual Report

2021 - 2022

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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!

About this document

Wellington Water is owned and funded 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 on behalf of our councils.

This annual report highlights our progress against the goals that are set in *Our water, our future* (Statement of Intent for 2020-23) for the period 1 July 2021 to 30 June 2022.



Foreword

In a year of increasing political commentary around water sector reforms, increasing public scrutiny of the management of three water assets across the nation, and the changing regulatory landscape, we have been focused on delivering on our core functions to ensure that we continue to provide essential water services to customers and communities on behalf of our council owners. This hasn't come without challenges.

This year we have had to take a close look at some areas of our operations. We were not meeting the expectations of our councils, mana whenua, customers and communities when it came to fluoridating the drinking water in metropolitan Wellington or getting the best outcomes for the environment from our wastewater treatment operations.

These issues led to independent inquiries into these specific areas of our operations, which highlighted some key areas of change and improvement for our organisation. There's no doubt that this has been an unsettling time for many of our people, but in both instances they have continued to show commitment and professionalism, and for that we thank them.

While we would've preferred to avoid these issues, what's important is how we've responded as an organisation. We have worked hard throughout the year to rectify these mistakes and implemented key improvements to ensure we can continue to deliver the level of performance that our customers and stakeholders expect and deserve.

Despite these challenges, every day we have continued to provide the region with safe drinking water, collected and treated wastewater from homes, and responded to a number of stormwater and flooding issues throughout the year. We have also progressed some key work programmes across the board and increased the transparency and accessibility of information for the public about our performance and operations.

We remain focussed on enhancing our compliance and assurance frameworks to meet the sector's new regulatory requirements and ensuring our people are ready for what may come from the Government's Three Water Reforms. Regardless of the Reform, we know that the work that our people do is vitally important. The coming year will continue to see our people doing what they do best – delivering services and building infrastructure in a way that provides the best outcomes for our communities and our environment.



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. Councils set the level of funding and investment in these assets and the levels of water services. They then task us to 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 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

In delivering our core services we must also ensure that we fulfil our duty of care to our iwi partners, communities, and the environment.

Our mana whenua partners, Taranaki Whānui ki te Upoko o te Ika, Ngāti Toa Rangatira, Ngāti Kahungunu ki Wairarapa - Tamaki nui-ā-Rua and Rangitāne o Wairarapa, have challenged us to understand our role as a water services provider in terms of restoring the balance between water, the environment and people 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.

So, our journey is to restore this balance and reach Te Ika Rō Wai, while also meeting the needs of our communities. This aligns well with Te Mana o te Wai, the fundamental concept that the Water Services Act 2021 is based on, which is focused on restoring and preserving the balance between water, the environment and people, now and in the future.

Our role is to not only effectively manage the region's water infrastructure so we can continue to provide communities with essential water services but also provide our councils with support and advice on long-term and large-scale investments to future proof the region's water assets and network.

To achieve this, we have five strategic priorities:

- Looking after existing infrastructure
- Supporting growth
- Sustainable water supply and demand
- Improving environmental water quality; and
- Aiming for net carbon-zero by 2050.

In addition to these strategic priorities, we are also enhancing our compliance and assurance frameworks to meet the sector's new regulatory requirements as they come into effect. This means a strong focus on improving and demonstrating that we have the right processes and systems in place to meet the new regulations.

How we operate

We are funded entirely by our six council owners to provide water services to the region on their behalf.

We do not own the assets that we manage – our councils own the water assets in their council areas. Instead, we provide our council owners with investment advice on their water assets, and this is fed into individual councils' long-term planning (LTP) process.

Through that process and in consultation with their communities, councils then make their decisions on what to fund and this sets the level of service we provide customers and communities.

Once funding and investment decisions are made, our councils then task us to operate, maintain, improve, and renew (replace) their infrastructure within the budgets given to us.

Trusted by councils, mana whenua, customers, communities, and regulators

The safe and reliable delivery of water services is essential to the functioning of our communities and our region.

Our council owners, mana whenua partners, customers and communities have put their trust in us to deliver water services for them.

We know that we earn trust by doing our work well. This means demonstrating that we are performing well in our core areas of service delivery such as managing the treatment plants and the networks to provide water services, and taking care of the assets within the funding levels we are provided. It also means demonstrating that we have the right processes and systems in place to meet new regulations.

Having the trust of our stakeholders and partners is paramount to how we operate. We don't take this responsibility lightly and we constantly work to build and maintain this.

Our asset management approach

For the current LTP cycle, we are managing around \$7b of assets that deliver essential water services for our councils and communities.

The region's water assets are uniquely challenging to manage. They are mainly located underground, many are now near or past the end of their operational lives, and the ground is subject to earthquakes and other natural hazards.

Over the eight years that Wellington Water has been in operation, we have continued to amalgamate the various systems, processes and asset practices that we inherited when councils transferred the water services to us.

As part of this, we have developed a deeper understanding of the state and condition of the assets we are managing. However, the extent of that understanding is also reliant on the level of funding we are given for these activities.

In 2021 and 2022, we had our progress on this work independently assessed by Deloitte and Covaris who have concluded that we have done well to bring together the various approaches of our six council owners into a consistent strategic approach, and that the fundamentals are in place. The reviewers note though, that achieving good practice will require several more years of funding, resources, and effort.

Year at a glance

Performance of assets owned by councils

Historic underinvestment in the region's existing three water assets and networks (drinking water, wastewater and stormwater) has meant water assets are aging faster than we can replace them, and many are now near or past the end of their operational lives. This is continuing to create a steady increase in the number of service interruptions, whether through leaks, bursts or other unplanned events.

Customer Service requests continue to increase year on year, and increasingly, more of the operational funding provided to Wellington Water is being spent on reacting to day-to-day issues and unplanned outages instead of important planned maintenance.

This means proactive work such as asset condition assessments, feasibility studies, data improvement and general preventative maintenance across the network is delayed or cannot be completed – which further increases the risk of unplanned outages.

All of which, unsurprisingly, continues to have an impact on customers and communities, and without significant investment, this trend will continue.

Performance as an organisation

This year we have delivered 62.3 billion litres of safe drinking water to the people of the Wellington region. We also continued to meet the region's demand for water, despite seeing record high levels of water demand and use.

However, we didn't meet our councils', customers', and communities' expectations when it came to fluoridating the drinking water. Since the writing of this report, we have built new fluoride facilities at both the Te Mārua and Gear Island Water Treatment Plants, and these have been operating and

fluoridating the drinking water within the Ministry of Health (MoH) target range.

We continued to remove and treat wastewater from homes and businesses. This year we have removed and treated around 65.1 billion litres of wastewater before returning it to the environment. We have worked hard to bring the Wellington metropolitan wastewater treatment plants back into compliance. An exception is the Seaview Plant, after periods of non-compliance due to performance issues with our wastewater treatment operator, and plant capacity issues during high rainfall events that resulted in increased discharges from the plants. The South Wairarapa District Council's wastewater treatment plants continued to be non-compliant throughout the year and significant investment is needed to bring these plants into compliance.

The impacts of staff absences from COVID-19 and funding constraints saw the backlog of non-urgent customer jobs increase this year. This meant we had to prioritise urgent jobs over non-urgent work to make the best use of the resources we had available. Fortunately, this did not have a negative impact on our customer satisfaction rating, which saw 73 per cent of customers rating their experience with us as satisfied or higher – a small increase of 3 per cent from last year.



Trusted by councils, mana whenua, customers and communities

We have a super important job to do – balancing the health and wellbeing of water and the environment, while meeting the needs of our communities. In all this work, we strive to be trusted by our councils, mana whenua, customers and communities. Our stakeholders trust us to provide safe and healthy drinking water, respect and do right by the environment, and build and maintain a resilient and reliable network.

This year, we have continued to provide our customers and communities with safe drinking water and have met all the necessary regulatory requirements for this.

Despite seeing an increase in the backlog of customer jobs as a result of COVID-19 related staff absences and funding constraints, we have retained a high customer satisfaction score. This means the customers that we interacted with had a positive experience with us and were happy with our service.

We were unable to meet the measure of ‘no enforcement actions’ taken by the regulator (Greater Wellington Regional Council) for the wastewater network this year. This is due to numerous storm events, which resulted in the network and the wastewater treatment plants in metropolitan Wellington becoming inundated with stormwater and reaching their operational capacity. When this happens, we often see an increase in discharges from the network and the treatment plants. The wastewater treatment plants in South Wairarapa continue to all be non-compliant and significant

investment is needed to bring these plants up to compliance.

This year we have had to take a close look at some areas of our operations as we were not meeting the expectations of our councils, mana whenua, customers and communities.

In November 2021, due to a series of warnings, infringement, and abatement notices across wastewater operations since May 2020, and challenges with the operating model with our wastewater treatment operator Veolia, we commissioned an independent review to look at how we could do things better. We have since implemented the five recommendations from the review and we continue to work with Veolia to ensure we are delivering the best outcomes for our customers and the environment.

We also didn't meet our councils', customers', and communities' expectations when it came to fluoridating the drinking water. In 2021, we stopped the fluoride facilities at the Te Mārua Water Treatment Plant in May and at the Gear Island Water Treatment Plant in November due to operational and health and safety issues, which meant we could not guarantee that we could add fluoride safely. At the time, we didn't tell anyone we did this.

In March 2022, when we did announce that the fluoride facilities had been stopped, we provided people with an incorrect information, which we corrected the next day. We have apologised for our mistakes and the concern caused.

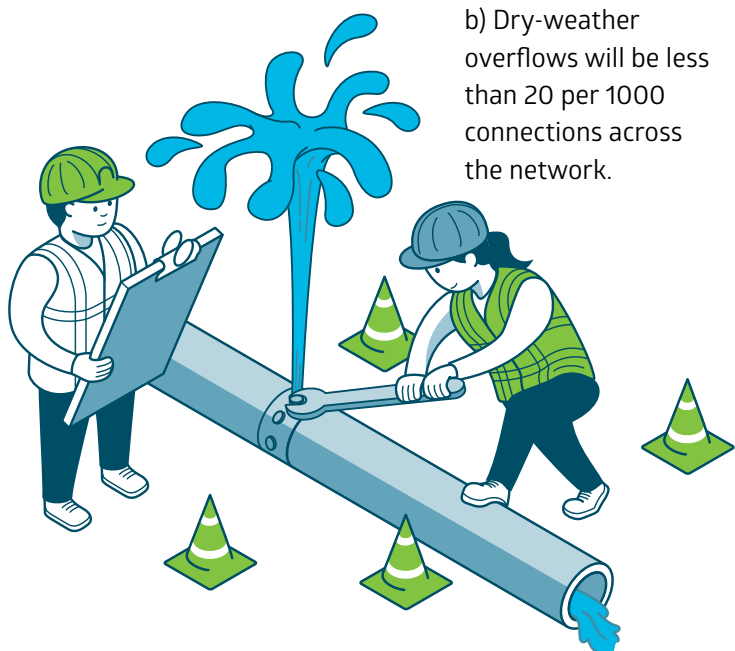
These mistakes led to an independent inquiry commissioned by our Board which have accepted all five recommendations from the inquiry. Since the writing of this report, we have implemented all the recommendations, built new fluoride facilities

at Te Mārua and Gear Island, and we are now fluoridating the drinking water at these two plants within the MoH target range.

There's no doubt that these events have impacted our stakeholders' and the public's trust in us. We have been focused on setting things right and will continue to work hard to rebuild trust and confidence.

Trusted by councils, mana whenua, customers and community

#	Measure	Target	Full Year Result	Commentary
1	The percentage of customers rating their experience of our performance as 'Satisfied' or higher steadily improves.	Our customers remain as satisfied, or are more satisfied, with their experiences with Wellington Water.	73%	Achieved.
2	We will meet the regulatory requirements for safe drinking water.	All schemes compliant with Drinking Water Standards (DWS) Parts 4 and 5, except in SWDC*.	Achieved.	All metro schemes are compliant.
3	The wastewater network will operate as expected.	<p>We will receive:</p> <p>a) No abatement, infringement or enforcement notices or convictions for wastewater resource consents.</p> <p>b) Dry-weather overflows will be less than 20 per 1000 connections across the network.</p>	<p>4 abatement notices and 3 infringement notices</p> <p>4.9 overflows per 1000 connections.</p>	<p>During the last six months of the year all wastewater treatment plants in the metropolitan area of Wellington have trended back into compliance, with the exception of one measure for the Seaview Wastewater Treatment Plant .</p> <p>The South Wairarapa plants are all currently non-compliant.</p> <p>Dry-weather overflows across the region have been well inside the recommended regional target of 20 overflows per 1000 connections.</p>



Looking after existing infrastructure

The region's water assets are aging faster than we can replace them. This, paired with historical underinvestment, means that many are now near or past the end of their operational lives. While some of our councils have increased their investment in water infrastructure in recent years, significantly more investment is needed to address the growing backlog of work required to ensure that we are meeting the current and future needs of our communities and achieving the best environmental outcomes.

Essentially, the region is playing a game of catch-up when it comes to investment, which is not being achieved with the current rate of funding.

Within the operational funding we are provided by our councils, we have an ongoing programme of maintenance and repair work both in the network and at the treatment plants. However, the region's network is leaking at a greater rate and work to repair them is increasing in complexity. This has meant more time has to be spent on reacting to day-to-day issues and unplanned outages instead of important planned maintenance.

We are also provided certain levels of capital investment from our council owners, and we use this to replace (what we refer to as renew) old infrastructure and build new infrastructure to help meet the future needs of our growing region.

Managing the three waters networks

There are three water networks in the Wellington region – drinking water, wastewater, and stormwater. These networks have large pipes

that deliver drinking water to homes, remove wastewater from homes to the treatment plants, and drain stormwater from our streets and gutters into local streams, rivers and out to sea.

Wellington Water manages all three of these networks on behalf of our councils. This means we operate, maintain, and fix them when there are bursts or outages.

For most of the year, we faced challenges with industry wide shortages of skilled workers in key frontline roles. This, paired with the impacts of COVID-19 and funding constraints, meant we experienced a higher level of backlog jobs than last year. However towards the end of the financial year this was starting to trend downwards.

We managed 151 major incidents and outages this year. We responded well to several large-scale incidents this year, where we worked hard to reduce the impact on our customers as much as possible. These incidents have also allowed us to mature and enhance our incident management framework.

Providing safe drinking water

We operate eight drinking water treatment plants on behalf of our councils – four in metropolitan Wellington and four in South Wairarapa. We operate these plants to deliver safe drinking water to our customers and communities.

A key focus for our water treatment operations this year has been on preparing for new standards and regulations. The Water Services Act 2021 was introduced in October 2021 and Taumata Arowai formally took on the role as the water services regulator for Aotearoa the following month.

Under the Act, there is a range of activities and reporting all water services providers must undertake to be compliant. We have been working to implement a new reporting framework to



ensure we can meet the requirements of the new regulations by the reporting deadline of 14 November 2022.

Metropolitan Wellington water treatment operations

Restoring fluoride to the Ministry of Health target range across the metropolitan water treatment plants was a priority for us this year. It took us five months, from the first announcement in March 2022 about the fluoride facilities at Te Mārua and Gear Island Water Treatment Plants being turned off to building new fluoride facilities. We are now fluoridating the drinking water at these two plants within the MoH target range.

Throughout this work we have also been completing improvements and upgrades on the fluoride facilities at the other two metropolitan water treatment plants (Waterloo and Wainuiomata) to ensure these are operating as they should and fluoridating at the right levels.

South Wairarapa water treatment operations

The South Wairarapa water treatment plants are in need of significant investment for upgrades in order to bring them up to compliance. Some work is already underway, for example the South Wairarapa District Council has invested in the

Memorial Park Water Treatment Plant Upgrades Project. Construction for this work will start in 2023 and includes the installation of permanent UV equipment, upgrading the chemical systems, and replacing the pump for the existing borehole.

This year we have built and commissioned a new treated water reservoir at the Waiohine Water Treatment Plant in South Wairarapa. This work was delivered in partnership with the South Wairarapa District Council and increases the water storage for Featherston and Greytown by around five times.

Treating wastewater

We operate eight wastewater treatment plants on behalf of our councils – four in metropolitan Wellington and four in South Wairarapa.

This year we have made efforts to increase the transparency and accessibility of information on the performance of the region's wastewater treatment plants and their compliance status.

To do this we've created monthly dashboards for each wastewater treatment plant, which uses a traffic light system to show if a plant is compliant or not. Included on these dashboards are any emerging risks or significant upcoming work needed at the plants and their impact.

We provide these dashboards to our council owners

on a monthly basis and have also started publishing this information on our website for each of the wastewater treatment plants we manage on behalf of our councils.

Metropolitan Wellington wastewater treatment operations

We contract wastewater treatment experts Veolia to manage the wastewater treatment operations in metropolitan Wellington. As mentioned, this year, we initiated an independent review of our model with Veolia following a series of warnings, infringement, and abatement notices across wastewater operations since May 2020, and challenges with the operating model with Veolia. We have since implemented the five recommendations from the review and we continue to work with Veolia to ensure we improve our performance.

We have worked hard to bring the Wellington metropolitan wastewater treatment plants back into compliance, with the exception of the Seaview. After periods of non-compliance due to performance issues with our wastewater treatment operator, and plant capacity issues during high rainfall events resulted in increased discharges from the plants. We are continuing to work on bringing the Seaview Plant back up to compliance

Moa Point clarifier repair

With Veolia, we also progressed work on repairing one of the three clarifiers at the Moa Point Wastewater Treatment Plant. This year we assessed the work and potential repair options and placed an order for replacement parts in April. However, this work has been delayed due to international shipping and supply chain issues.

In the wastewater treatment process, a clarifier is responsible for separating bacteria from the wastewater liquid. Having one clarifier out of operation meant the plant's full capacity to treat wastewater was reduced. In June 2022, we advised the public that there may be more frequent discharges of partially treated, diluted wastewater into Cook Strait from the Moa Point Wastewater Treatment Plant during the winter months due to the delay in repairs. We have also been working with the regulator throughout the project. This work is ongoing, but we expect to have the repairs completed by March 2023.

Upgrade of Porirua Wastewater Treatment Plant's UV equipment

At the Porirua Wastewater Treatment Plant, we completed an upgrade of the ultra-violet (UV) light disinfection equipment. UV is the final stage in treating wastewater, which kills any remaining bacteria and viruses from the wastewater before it is discharged to the sea. The upgrade has increased the volume of wastewater that the treatment plant can disinfect, which is the first step in a wider programme of work we are undertaking to increase the plant's overall capacity by 2023. Once completed, this work will stop overflows of partially treated wastewater from the plant to sea during heavy rainfall.

South Wairarapa wastewater treatment operations

The South Wairarapa wastewater treatment plants are in need of significant investment for upgrades to bring the plants up to compliance. We have been working with the South Wairarapa District Council as the asset owner to look at options for upgrades to increase efficiency and reduce the impacts on the environment. We have also been working closely with the regulator and keeping them up to date on our progress.

Featherston wastewater treatment plant consent

The South Wairarapa District Council has commissioned us to develop a proposal for a new consent for the Featherston Wastewater Treatment Plant. The proposal seeks to deliver on key outcomes – protecting fresh waterways, improving environmental performance and catering for population growth, while also being affordable for ratepayers.

During the year, we identified and analysed viable options, and in March 2022, an affordable proposal was identified and presented to the council. This proposal includes upgrading and improving the performance of the plant and allowing time to trial and implement innovative treatment systems.

Condition assessments

We inherited varying levels and quality of data on the condition of the three waters assets from our councils. While we receive some funding from our council owners to undertake regular

condition assessments, it wasn't sufficient to get a comprehensive understanding of asset condition on a wide scale.

In mid-2020, the central Government announced a stimulus funding package to local authorities to, in part, facilitate the maintenance and improvement of three waters infrastructure. \$47.3M of that funding was allocated to the Very High Criticality Condition Assessment Programme.

The programme focused on assessing the condition of the most important or critical water assets in the region (pipes, pump stations, reservoirs and water treatment plants), which would have a significant impact on our local communities and the environment should they stop working.

This year, across the greater Wellington region, we completed assessments and/or inspections on:

- 600 critical components at the water treatment plants – about six per cent of water treatment plant assets in the region
- 120 critical components at the wastewater treatment plants – about four per cent of wastewater treatment plant assets in the region
- 139 reservoirs – 100 per cent of all reservoirs in the region
- 84 pump stations – about 25 per cent of all the pump stations in the region
- 470km of pipes – about eight per cent of all the pipelines in the region

Ongoing condition assessments are vital to build information on the condition of the three water assets over time and ensure the best decisions are made on when to maintain or replace these assets.

Renewing and replacing aging infrastructure

Renewing or replacing assets at the right time, and in the right way, will lead to fewer bursts and network outages in the future. There is a backlog of assets requiring renewal, and by working to clear this backlog we will see better asset performance and better outcomes for our communities.

This year we achieved our target of completing 25 per cent of our three-year renewals programme. We laid close to 15km of pipes and delivered 28 capital development projects.

Last year we successfully trialled a different approach to delivering renewals. We moved to a catchment-based (an entire local area or suburb) approach to deliver more renewals more efficiently. We have implemented this new approach in some of our council areas (Hutt City and Wellington City) and we're looking at how we can expand this to renewal work in other council areas.

In the council areas that we have implemented this new approach, we have been able to take a more proactive approach in the way we plan our work (as opposed to responding to reactive jobs as they pop up) and it has allowed us to design solutions for a whole local area. This means we can secure resources (contractors, suppliers, and materials) ahead of time as well as reduce the frequency in which we have to undertake repairs in a particular area.

Responding to the impact of COVID on capital development

A few years ago, we implemented a strategic procurement model based on long-term partnerships with consultants and contractors. Out of this we have established consultancy and contractor panels for the delivery of our capital projects, allowing us to engage local firms as well as international experts.

Our model has been maturing over the past six years and the value of this approach was seen throughout COVID. During this time, in spite of costs and delays to being able to procure materials and resources. We worked with our panels to provide them with a longer view of our work programme to allow them to plan further out, procure resources and materials early and, in some cases, store materials until needed. This allowed us to mitigate some of the disruptions caused by the pandemic.



CASE STUDY

Working through the night to provide water to residents

Around 11,000 residents in Brooklyn, Kingston, Vogeltown and Mornington woke up to no water one Saturday morning in February. This was due to a broken pipeline at the Brooklyn Reservoir which feeds water into the Reservoir.

The issue was discovered the day before and crews worked overnight to try and repair the pipe, but progress was delayed due to significant concrete work needed to access the pipeline for repair.

“At about 3am in the morning we realised that we weren’t able to get the water back on for residents, so we immediately started working on getting water tankers to the area and notifying the community,” says Erin Ganley, the Incident Controller for the response.

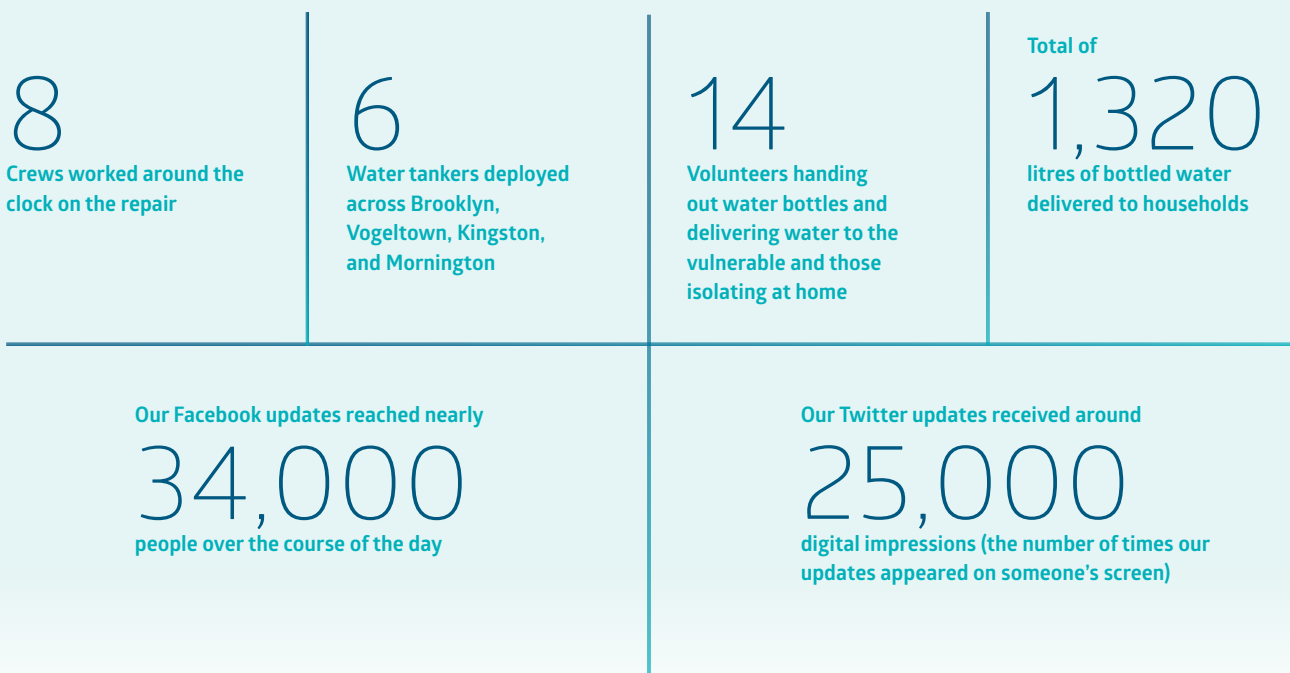
While the repair was underway, crews and the Incident Management Team worked throughout the next 24 hours to ensure that water tankers were available, vulnerable and isolating customers were

taken care of with water deliveries, and regular communications and updates were provided.

“It was a real team effort,” says Erin. “Early on in the incident, we realised that we needed to provide water deliveries to those who didn’t have the means to travel to the water tankers or those who were isolating with COVID, so we put a call out to other staff in Wellington Water, Wellington City Council, Victoria University and the local community for volunteers. Thanks to the mahi of our volunteers we were able deliver water, check on residents, and run an info / welfare hub at the Brooklyn Community Centre.”

“For me what drove our successful response to the incident was that we put the customer and people first. Even though the incident caused significant disruption to residents, everyone was grateful for our efforts to not only get the water back on, but also to ensure that everyone was taken care of while the water was out.”

Our Brooklyn Reservoir response:



Looking after existing infrastructure

#	Measure	Target	Full Year Result	Commentary
4	We will complete scheduled improvements to our asset management system.	All scheduled improvements complete.	13/16 objectives* complete.	We completed 13 out of 16 identified improvements. The three that were not completed were due to staff turnover and difficulty attracting high quality asset management staff.
5	We will complete scheduled health assessments for our assets.	100% of scheduled very high criticality assets health assessments complete.	Achieved.	<p>The majority of physical inspections of very-high criticality assets have been completed. The results of these are being used to update the health assessments which we expect to provide to councils by September.</p> <p>In total, we inspected 140 reservoirs (100%), 84 pumpstations (100%), 540 WTP assets (92%) and 165km of pipes (69%). The balance received desktop assessments of their condition.</p>
6	We will deliver the three-year planned renewals programme.	Greater than or equal to 25% of three-year programme complete.	34% of three-year programme complete (\$90.7m).	Achieved.

Supporting growth

Our region is growing rapidly. Population growth increases the demand for water services and can result in negative impacts on the environment, such as wastewater overflows, if investment in increasing the capacity of the three waters networks and services does not keep pace with this demand.

Growth planning

We prepare growth studies as a tool to help councils plan for population growth in their city/districts. We work with our councils and provide them with growth studies and advice that outline the three waters infrastructure investment needed to meet future demand on water services.

This year we completed the growth studies for Hutt City Council, Wellington City Council, Upper Hutt City

Council, and Porirua City Council and we're making good progress on planning for following year's growth studies.

Land development

One of the core services we undertake on behalf of our councils is managing the process for new connections to the three waters network. We have a dedicated Growth and Land Development Team that is responsible for several activities across our council areas.

These activities include involvement in building consents, connections, public drainage permits, engineering approvals, encroachment, resource consents, section 223/224, pre-application, on-site inspections, and other general enquiries.

This year the team processed 6,283 applications for the three waters network in our region.

Supporting growth				
#	Measure	Target	Full Year Result	Commentary
7	Growth plans will be developed for each council, and updated.	6 growth plans complete.	Achieved.	Plans are complete and awaiting final approval from councils.
8	We will input into our council's statutory planning processes related to growth. We will engage in every relevant council District Plan change, Bylaw review and Annual Plan process.	Input provided for all relevant processes.	Achieved.	Achieved.

Sustainable water supply and demand

Water use in the region is at an all-time high. Water use is increasing every year, rising trend since 2015. This is due to a combination of population growth and leakage.

Every summer we risk water shortages and our councils have had to put water restrictions in place to ask consumers to use less water.

We have closely monitored this situation for several years, and advising our councils (as the asset owners) of the increasing risk of water shortages and what intervention measures are needed. Some investment has been made into exploring long-term intervention options, such as increased water treatment capacity, the feasibility of smart meters, and future storage and supply options. More investment will be needed to implement these options as well as funding short-term interventions, such as finding and fixing leaks.

Water loss and leaks

This year we have seen a sharp increase in leaks in both the public network and customers' private properties, putting increasing pressure on our councils' ability to keep up with water usage, particularly during the summer months.

If left unaddressed, it is likely that councils will need to increase the level of water restrictions in the summer, and we may face tighter restrictions for longer periods of time. If we can't reduce water usage sufficiently, there may be instances where we and our councils are required to stand up emergency responses, asking customers to significantly reduce their usage at short notice.

We advised our councils of this risk earlier this year and, since the writing of this report, the Wellington

Water Committee has endorsed us to reprioritise our operational activities and funding to increase our work in finding and fixing the most significant leaks on the public network.

However, we won't be able to fix every leak through this work, so our focus is to prioritise leaks that account for the most significant water loss or in areas where the water supply may already be running low.

A key stream of this programme is working with our councils to increase our communications, education, and engagement activities to encourage people to look for and fix leaks on their private property.

This work is now underway, and we will be providing our councils with regular updates on progress.

Increasing capacity to supply water

One of the long-term approaches we are taking to address the risk of water shortages in the region is to look at ways we can increase and optimise treatment capacity to supply water. A key project we have underway is the Te Mārua Water Treatment Plant Capacity Optimisation Project.

Due for completion in early 2025, this project will increase the Te Mārua Water Treatment Plant capacity and the ability to utilise more of the water stored in the Macaskill Lakes. This year, we have finalised the procurement and delivery plans, confirmed the primary contractor for the work, and completed the early procurement of equipment needed for the project.

Although this project does not increase the amount of water available to be treated, it does provide increased system flexibility for managing the high levels of water use in the summer months.

Around 45 per cent of the region's drinking water is supplied from the Te Mārua Water Treatment Plant.



Macaskill Lakes, which provides water storage at the Te Mārua Water Treatment Plant.

Once completed, this project will increase the plant's treatment capacity by 60 per cent.

An increase in plant capacity will help alleviate the pressure on the water network. However, other

interventions, such as smart meters (which will help us to find and fix leaks faster) and finding future storage and supply sources will still be needed to meet future demand on water services.

Sustainable water supply and demand

#	Measure	Target	Full Year Result	Commentary
9A	We will slow the rate of increase in gross water consumption per capita.	Year-on-year change decreases (Wellington Metro).	8.15 L/p/d increase (up from 4.76 L/p/d increase).	Per capita consumption continues to rise and has risen faster in 2021/22 than in the year prior.
9B		Year-on-year change decreases (SWDC).	Unable to measure.	Due to a change in methodology and a malfunctioning flow meter at the Featherston Water Treatment Plant in early 2021, we are unable to report a result.
10	Te Mārua water treatment plant upgrade will be completed, providing a step-change for drought resilience in the region.	Design and procurement plan agreed.	Design and procurement plan agreed.	Achieved.



Gretchen Saulbrey (left) and her daughter Annalise Smith with their new smart water meter, installed as part of the Greytown Smart Meter Trial.

CASE STUDY

Getting smart about tracking water use

250 residents in Greytown will soon be getting valuable information about their household water use thanks to a smart water meter trial that Wellington Water is running on behalf of South Wairarapa District Council.

“The idea is to look at how smart meters can help us and our council to better manage water usage and how effective of a tool they will be in helping us to quickly detect leaks,” says Wellington Water Project Manager, Sourab Simha.

“Around 40 per cent of South Wairarapa’s water is lost due to leaks in water pipes. Smart meters can

provide us with real-time information on household water use and show us if there has been a spike in usage, which would indicate water loss through leaks.

“If we can quickly and easily identify where the leaks are, then we can quickly get onto fixing them, which will help us to save water for the region.”

All meters were installed by June 2022 and the trial will run until the end of 2022, at which point all key findings will be presented to South Wairarapa District Council.

Trial participants also have access to a customer portal where they can view their household water use data in real-time, be provided insights into how their usage compares with similar sized households, and tips to save water.

Improving environmental water quality

Our communities want to enjoy the region's beaches and coastlines. We run the three waters network in accordance with regulations and environmental consent requirements, and we work to reduce the environmental impact of our operations as much as possible. We undertake regular surveillance of public drains, pipes, and sewages to locate and fix any problems, and regular sampling and testing of local waterways to monitor our environmental impact. When there is an incident that impacts on public health, we advise the community of the risks and what they need to do to keep safe.

Targeting faults on private and public drains to improve water quality

This year our specialist drainage inspection team has been targeting faults on private and public drains in three priority areas to improve the water quality of nearby rivers and streams.

The priority areas are:

- Titahi Bay, Porirua
- Black Creek, Wainuiomata
- Ōwhiro Bay, Wellington

Using methods such as smoke or dye testing and CCTV cameras, our crews can identify issues such as cross connections. Cross connections are where private pipes from homes to the network are not set up properly, causing wastewater pipes to be connected to the stormwater network or vice versa. Cross connections can cause untreated wastewater



Titahi Bay, one of the priority areas we are working on to improve water quality.

to enter the stormwater network, which ultimately flows directly into local waterways.

Over the course of the year, crews inspected and identified 195 cross connections on private properties across the three priority areas. When our crews identify an issue, property owners are asked to get in touch with a plumber or drainlayer to investigate and fix the issue within 90 days.

As a result of this work, our regular sampling and testing shows that there has been a clear improvement in water quality, with a reduction in contaminants in Black Creek and Ōwhiro Bay. Contamination levels are now well below the maximum limit under the global stormwater consent (the resource consent through which stormwater quality is managed) in Ōwhiro Bay.

There is still work to be done in Titahi Bay. The need for some private repairs has been identified and is yet to be carried out, and more investigations are scheduled.

Increasing transparency around our operations

We are increasingly providing the public and communities with more transparent and accessible information about the environmental performance of our operations.

This year we have improved our notifications system for the four metropolitan wastewater treatment plants to let key stakeholders know when there has been a wastewater discharge in their area. These notifications are emailed and now include key information on which plant has had a discharge, what is being discharged, where the discharge took place, the reason for the discharge, and what can the public expect to see or experience as a result of the discharge (e.g. slight odour, murky water, etc).

We have also started to publish this information on the homepage of our website, in addition to putting up 'no swimming' signs in the relevant local area where the discharge has occurred.

Additionally, this year we engaged with key community interest groups to create, in partnership, pages on our website that are information hubs specifically relevant to water catchment areas local to the four metropolitan wastewater treatment plants that we operate. These are the same catchment areas that we regularly sample from and test to monitor the environmental impact of our operations.

So far, we have created catchment pages for:

- Waiwhetū
- Titahi Bay

- Ōwhiro Bay
- Karori

Each page includes information on our testing locations, our routine sampling and testing programme, and the test results that indicate whether or not the water is safe for swimming and other recreational activities.

Encouraging the public to protect the network and environment

Every year we run a public education campaign around wastewater and what people should do to protect the wastewater network to avoid blockages and overflows. This year we focused on educating people about the impact that fat and oils have on the network when rinsed down the drain and providing people with alternative methods to dispose of fat and oils from cooking.

The campaign ran across a wide range of digital and out-of-home (posters and buses) channels in the Wellington region. Overall, the campaign received 13,651,164 digital ad impressions and attracted the attention of media outlets Stuff and The SpinOff. Both outlets ran articles on the wastewater network and shared our campaign messages.

Te Kukuwai o Toa was constructed in partnership with Porirua City Council, Ngāti Toa Rangatira, Ministry for the Environment, and Wellington Water, and was officially opened in June 2022.



CASE STUDY

New wetland restores natural environment to central Porirua

Te Kukuwai o Toa is a new wetland in Porirua developed in partnership between Wellington Water, Porirua City Council and Ngāti Toa Rangatira with funding from the Ministry for the Environment Freshwater Improvement Fund.

The project construction began in 2020 to help reduce flooding in the local area, which has seen significant flooding since 2015 in heavy rainfall events. The project was developed as an environmentally friendly way to naturally alleviate flooding for businesses, at Porirua School and in the Takapūwāhia community as well as improve the health of the harbour.

“The Porirua Council and iwi partners played an integral role in the design of the wetlands,” says Wellington Water Project Director Lyndie McMillian. “They were with us all throughout the project - from the selection of the plants through to designing

the recreational features to enhance the public’s experience of the natural environment created.”

“This collaboration continued through the construction of the project and the success of the partnership with Ngāti Toa Rangatira and the council was reflected in the name for the wetlands, which was gifted by Ngāti Toa Rangatira and formally unveiled at a dawn opening ceremony and blessing this year.”

Te Kukuwai o Toa was officially opened in June 2022. It covers one hectare of land and supports resilient treatment of stormwater runoff from 40 hectares of commercial and residential areas upstream.

The wetland works by regulating stormwater flow and filtering out contaminants and sediment before it runs into Te Awarua-o-Porirua Harbour.

Elsdon Park was selected as the location for the wetlands due to the historical significance of the site. It was the last site of the last wetland in the local area, which had previously provided local iwi with kai moana and other resources.

Te Kukuwai o Toa has over...

20,000
carefully selected native aquatic plants

...covering at least

80%
of the wetland surface, to support a vibrant and biodiverse community

...and another

15,000
plants around the edge.

Improving environmental water quality

#	Measure	Target	Full Year Result	Commentary
11	Targeted investigations and potential interventions at select catchments will demonstrate improved water quality.	Improvements at Titahi Bay, Black Creek and Ōwhiro Bay.	Clear improvement.	Investigations and repairs demonstrate an improvement across all three catchments, when comparing 12-month median rolling averages of dry-samples.



Net carbon zero 2050

The Climate Change Response (Zero Carbon) Amendment Act sets New Zealand’s net zero carbon emissions by 2050. The majority of our owner councils have also declared climate change emergencies and are setting or considering emission reduction targets and climate change response strategies. We are in the early stages of this journey and any significant work to reduce emissions will require investment from our councils. This year, we’ve focused on developing a baseline for looking at ways we can improve our work to reduce emissions.

Capital works

This year we have created a baseline for carbon emissions from our capital works programme to identify potential improvements to reduce environmental impact. While we are at the early stages of this work, some improvements could include adopting low carbon technology across the board, such as trenchless pipe-laying that uses fewer materials and less heavy machinery, and using choosing to use low-carbon construction materials.

We were unable to set targets for reduction in the reporting year but we are making progress on this work and once completed, we will use this to drive improvements needed across the capital works programme.

Operations

The emissions from water services operations are around twice those of the capital works programme and are continuing to increase as the demand for the services grows. We continue to look for opportunities to optimise the performance of our operations to increase energy efficiency and reduce carbon emissions. However, we are not currently funded to undertake any emission reduction initiatives.

This year we are updating our stocktake of the operational emissions we produce and using this to develop a potential investment roadmap for emissions reduction for our councils.

Net carbon zero 2050				
#	Measure	Target	Full Year Result	Commentary
12	We will baseline our capital emissions, and set targets for reductions in a future Statement of Intent.	Baseline and targets set.	Baseline established and no targets set.	We have not set any targets for carbon reduction across our capital programme within the reporting year, but we are close to having this completed.

How we delivered our work

The company is focused on being a high-performance organisation through lifting capability of the entire water family, working collaboratively with others and adding value wherever we can to demonstrate excellent value for our customers.

Regulation

The year has seen significant changes in the water industry's regulation landscape. Most prominent was the Water Services Act 2021 coming into effect and Taumata Arowai becoming the drinking water regulator from October 2021. Wellington Water adapted to these changes and focused on preparing Drinking Water Safety Plans for the three waters networks and Source Water Risk Management Plans for the catchments we manage for our councils, ready for submission to Taumata Arowai in November 2022.

In support of this work, we set up a dedicated regulatory and compliance directorate to ensure that we focus on continual improvement of compliance within the company. Key to this is earning and maintaining the trust of our regulators.

In March 2022, when we announced that we had turned off the fluoridation facilities at the Te Mārua and Gear Island plants and had not been able to provide public health benefits of fluoridated water for some time, we had to begin rebuilding trust with the MoH, the regulator for fluoridation. Throughout this time, we were transparent with MoH, providing input into future fluoride performance measures, and demonstrating that we are now relentlessly focused on the public health benefits of fluoride.

Water reform

In October 2021, the government confirmed its intention to proceed with mandatory reform of the water sector that will see four independent water service entities established to provide three waters services for the whole country. Legislation to establish the entities entered the parliamentary process in early June 2022, proposing that these entities begin operating on 1 July 2024.

The services currently provided by Wellington Water will be delivered by a new water services entity that will cover from the top of the South Island, Wellington through to the Manawatū and up the east coast to and including Gisborne. That new entity will hold the three waters assets of the 22 councils in the region and collect revenues from its customers.

During the past year, we have made a strong effort to keep our staff abreast of any information relating to water reforms. We have supported our council owners in their engagement with the National Transition Unit (NTU), which has been set up to oversee the establishment of the four new water entities. We expect to see our engagement with the NTU increase over the coming months, as we respond to requests for information and investment advice, and provide feedback on staff transitional matters.

Government stimulus funding

In late 2020, the government allocated \$47.3 million to our councils to spend through to 31 March 2022 for agreeing to participate in the water reform. This timeframe was later extended through to 30 June 2022.

This funding was allocated to cover a wide range of activities over and above our regular work programme. We used this funding to deliver around

45 projects across the following key workstreams:

- Capital renewals – important wastewater and drinking water work that could be fast tracked, and delivered through our new catchment-based approach
- Condition assessments for very high criticality assets to significantly improve our understanding of the state of assets and inform better asset management
- Increasing our maintenance work, both planned and reactive
- Key business improvements such as establishing a programme for asset management systems. Performance management framework and an updated regulatory model

- Increasing our work to find and fix significant leaks such as setting up a proactive leak detection and repair team
- Progressing a range of water safety priorities across the region's water treatment plants
- Completing a carbon assessment for Te Mārua Water Treatment Plant upgrade.
- Preparing our organisation for water reforms.

Growing our people and capability

In the last year, our organisation has grown by 12%. We have continued to offer in-house development training to our staff and improve the way we work with our wider whānau and stakeholders.

Focus areas				
#	Measure	Target	Full Year Result	Commentary
13	We will deliver our capital programme inside our expected range.	Total capital delivery between \$145M - \$189M.	\$179m	Achieved.
14	We will meet all of the disclosure requirements of Taumata Arowai.	All disclosure requirements met within timeframes.	N/A	Taumata Arowai did not require any disclosure statements during the 21/22 Financial Year.
15	Health and safety critical risks are reviewed and improvements are implemented.	Two or more annually.	Achieved.	Critical risk projects were carried out on Confined Spaces and Asbestos.
16	Our people a) understand the upcoming changes in the water sector and b) feel well supported by the organisation.	a) baseline established b) baseline established.	a) 57% b) 56%	Baseline established.

Governance structure

Wellington Water is a council-controlled organisation, and we are jointly owned and funded by:

- Wellington City Council
- Hutt City Council
- Porirua City Council
- South Wairarapa District Council
- Upper Hutt City Council
- Greater Wellington Regional Council

Each council has equal voting rights and nominates a single elected representative to sit on the Water Committee, which oversees the organisation's Board and provides us with regional leadership and direction.

As a council-controlled organisation, we operate under the Companies Act 1993 and the Local Government Act 2002. Under these Acts, there are several foundational agreements between us and our council owners. These include:

- Company Constitution – contains rules that govern the company
- Shareholders Agreement – sets out how council shareholders will manage shareholdings and respective relationships
- Term of Reference – sets out how the Water Committee operates
- Service Level Agreement – sets out performance measurements and KPIs for Wellington Water

Wellington Water Committee

The Wellington Water Committee has a single elected representative from each of Wellington Water's shareholding councils and two representatives from mana whenua. For the reporting year, the Wellington Water Committee comprised of:

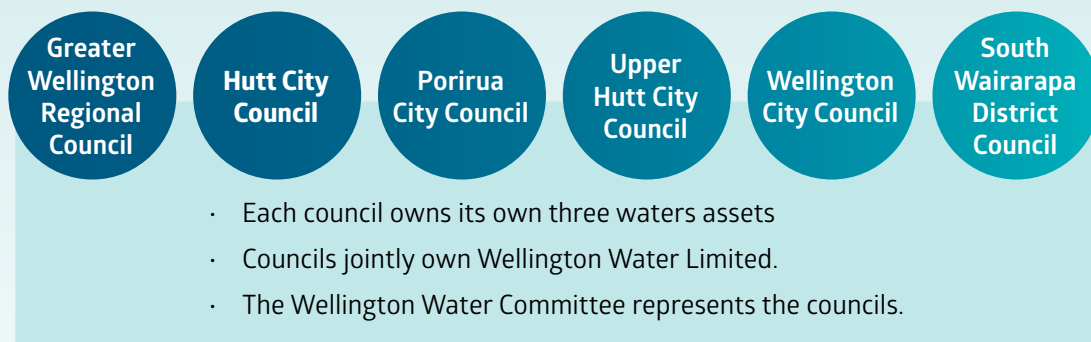
- Hutt City Council – Mayor Campbell Barry
- Upper Hutt City Council – Mayor Wayne Guppy
- Porirua City Council – Mayor Anita Baker
- Wellington City Council – Councillor Sean Rush
- Greater Wellington Regional Council – Councillor Josh van Lier
- South Wairarapa District Council – Mayor Alex Beijen
- Te Rūnanga o Toa Rangatira – Miria Pomare
- Taranaki Whānui ki te Upoko o te Ika a Maui – Lee Rauhina-August

The Committee provides oversight and regional direction for Wellington Water. It does this by monitoring our performance, and appointing directors to our Board. We report quarterly and annually to the Committee on our performance.

The Committee writes an annual Letter of Expectations to the Board, which outlines our key priorities and areas of focus. This is used to guide the development of our Statement of Intent.

We then report on our performance and outcomes quarterly throughout the year, as well as annually in our annual report.

Service performance outcomes are derived from councils' Long-term Plans, which in turn are influenced by the asset management planning work we do.



↕ **SERVICE LEVEL AGREEMENTS, PRICING, AND POLICIES** ↕

- **Strategy and planning:** Asset planning, policy advice, information management, and education.
- **Development and delivery:** Network monitoring, project design, and work programme management.
- **Operations and customer service:** Water treatment, network improvement, fault management, and customer service.

Our Board of Directors

We're governed by a Board of Directors. The Chair of the Board reports to the Wellington Water Committee.

The Board of Directors consists of six members. Each director can serve a maximum of two terms, or six years, unless agreed otherwise by the Wellington Water Committee. The Directors in office are as follows:

The Board leads the development of our strategy, ensures sound organisational culture, compliance, and monitors our performance, risks and viability. The Board's approach to governance is to establish, with management (and in consultation with shareholders), clear strategic outcomes that drive our performance. The Board works closely with the Wellington Water Committee and mana whenua.

Director	Appointed	Term Expires
Geoff Dangerfield	1/10/2017	23/09/2021 (Resigned)
Philip Barry	1/7/2017	30/6/2022
Mike Underhill	2/9/2020	1/9/2023
Kim Skelton	2/9/2020	1/9/2023
Leanne Southey	1/7/2021	30/6/2024
Lynda Carroll	1/7/2021	30/6/2024
Nicholas Leggett	18/03/2022	17/03/2024



Governance and committee meetings

Board meetings and attendance 2021/22

The Board holds meetings throughout the year where directors receive written reports from the Chief Executive and Senior Leadership Team on matters requiring Board approval.

The Board has two subcommittees: Audit and Risk Committee and Major Projects Committee. These subcommittees also meet throughout the year.

The table below shows attendance at Board subcommittee meetings and during the year ended 30 June 2021.

Name	Board Meeting Attendance (14 Meetings)	Audit and Risk Committee Attendance (8 Meetings)	Major Project Committee Attendance (3 Meetings)
Geoff Dangerfield	4	3	N/A
Lynda Carroll	14	8	3
Philip Barry	10	7	N/A
Kim Skelton	14	8	N/A
Mike Underhill	14	8	3
Leanne Southey	14	8	N/A
Nicholas Leggett	3	1	N/A
Graham Darrow**	N/A	N/A	3

*Note that some Directors were not able to attend all meetings as some were appointed to the Board or left the Board throughout the financial year.

** Graham Darrow is an independent member appointed to the Major Projects Committee.



Audit and risk committee

From 1 July to 30 June 2022, the Audit and Risk Committee comprised of all members of the Board and was chaired by Phillip Barry. The purpose of the Committee is to:

- Approve, review and assess the quality and integrity of the financial reporting of Wellington Water
- Consider whether Wellington Water has established appropriate policies and put in place management processes to ensure that risks are properly identified and managed.
- Oversee and assess the internal audit process for evaluating the effectiveness of risk management, control, and governance processes.

Major projects committee

The Major Projects Committee was formed on 14 June 2021, comprising some members of the Board and an external member Graham Darlow. The responsibilities of the Committee are to:

- Govern, direct and monitor the delivery of the referred projects throughout their lifecycle and ensure they meet the set financial, time and quality outcome targets.
- Review the risks and risk controls associated with the projects, advise the Board about any areas requiring management action, and progress remedial action.
- Review and challenge the development and delivery programme.
- Oversee and challenge health and safety performance.
- Examine any other matters referred to it by the Board and make recommendations to the Board.

Directors' remuneration 2021/22

The table below shows remuneration paid to directors during the year ended 30 June 2022.

Name	Fees Paid (\$ 000's)
Lynda Carroll	38
Leanne Southey	23
Kim Skelton	23
Mike Underhill	23
Philip Barry	25
Geoff Dangerfield	11
Nicholas Leggett	6

Interest Register as at 30 June 2022

Name	Nature of Interest	Date Disclosed
Geoff Dangerfield	Director, Payments New Zealand Limited	October 2017
	Director and Shareholder, Geoff Dangerfield Consulting Limited	October 2017
	Chair, Port Nelson Limited	October 2018
	Chair of Tawhiri Limited	July 2019
	Deputy Chair, NZ Symphony Orchestra Board	June 2020
	Certificate of Directors of Wellington Water Limited – Establishment of Indemnity Agreement	July 2021
Lynda Carroll	Chief Executive and major shareholder, Align Group Limited	July 2021
	Deputy Chair, New Zealand String Quartet	July 2021
	Member, Social Workers' Registration Board, Professional Conducts Committee	July 2021
	Certificate of Directors of Wellington Water Limited – Establishment of Indemnity Agreement	July 2021
	Contract Facilitator, Institute of Directors	December 2021 (updated March 2022)
	Align Group's Client, Dam Safety Intelligence	August 2022
Kim Skelton	Director, Solas Consulting	September 2020
	Chairperson Mana Whenua Steering Group, Te Ara Tupua: Ngā Ūranga ki Pito-One Cycle & Walking Link (NZTA Project)	September 2020
	Registered Iwi Member, Port Nicholson Block Settlement Trust/Taranaki Whanui ki te Upoko o te Ika	September 2020
	Registered Iwi Member, Te Atiawa ki te Upoko o te Ika a Māui Pōtiki Trust	September 2020
	Director, Te Atiawa Iwi Management Holdings Limited	September 2020
	Trustee, Poutama Trust	September 2020
	Alternate Director, Te Ohu Kaimoana Maori Trustee Limited	September 2020
	Member, Te Ohu Kaimoana Audit & Risk Committee	May 2021
	Director, Te Ohu Kaimoana Portfolio Management Services Ltd	May 2021
	Mana Whenua Steering Group Member, RiverLink Project Board	July 2021
	Certificate of Directors of Wellington Water Limited – Establishment of Indemnity Agreement	July 2021
Mike Underhill	Director, Electra	September 2020
	Director, Network Waitaki	September 2020
	Chair, Network Waitaki Risk Committee	September 2020

Name	Nature of Interest	Date Disclosed
Mike Underhill	Director, Herbert Gardens	September 2020
	Director, The Lines Company	May 2021
	Member, Security and Reliability Council (Electricity Authority)	May 2021
	Certificate of Directors of Wellington Water Limited – Establishment of Indemnity Agreement	July 2021
	Chair, Regulatory and Asset Management Committee, Lion's Company, Te Kuiti	March 2022
Leanne Southey	Chair and Trustee, Masterton Trust Lands Trust	July 2021
	Director and Shareholder, Southey Sayer Limited	July 2021
	Member, Wellington Free Ambulance Board	July 2021
	Trustee, Masterton Tradeaid	July 2021
	Shareholder, Mangan Graphics Limited	July 2021
	Certificate of Directors of Wellington Water Limited – Establishment of Indemnity Agreement	July 2021
Nicholas Leggett	Chair/Trustee, Hutt Mana Charitable Trust	March 2022
	Director, WRC Holdings Ltd, Greater Wellington Rail Ltd	March 2022
	Council Member, Hanga Ara Rau Workforce Development Council	March 2022
	CEO, Ia Ara Aotearoa Transporting New Zealand	March 2022
	Father is a City Councillor on Porirua City Council, which is a shareholder of Wellington Water Ltd	March 2022
	Trustee of the Inspiring Future Foundations	July 2022
Philip Barry	Owner and Director, TBD Advisory	July 2018
	Member, IMF Fiscal Experts	February 2019
	Certificate of Directors of Wellington Water Limited – Establishment of Indemnity Agreement	July 2021
	New Power Energy Ltd	December 2021
	New Power Energy Services Ltd	December 2021
	Infratec NZ Ltd	December 2021
	Our Power Ltd	December 2021

Indemnity and insurance

In accordance with section 162 of the Companies Act 1993 and the company's constitution, Wellington Water Limited has indemnified all current and former directors and executive officers of the company in respect of all liabilities to persons (other than the company or a related body corporate) to

the extent permitted by law that arise out of the performance of their normal duties as directors or executive officers unless the liability relates to conduct involving a lack of good faith.

In authorising the insurances to be affected, Directors signed a certificate stating that in their opinion the cost of the insurance is fair to the company.

Use of company information

No notices have been received by the Board of Wellington Water under section 145 of the Companies Act with regard to the use of company information received by directors in their capacity as directors of the company.

Board evaluation

The directors carry out a review and evaluation of the Board processes, efficiency and effectiveness every two years. The results of this survey are presented to the Board and the Wellington Water Committee.

Auditor

The auditor is appointed under Part 5, section 70 of the Local Government Act. Audit New Zealand has been appointed by the Auditor-General to provide these services on his behalf.

Employee remuneration

2021/22	Salary Bracket
\$450,000.00 - \$460,000.00	1
\$280,000.00 - \$290,000.00	1
\$260,000.00 - \$270,000.00	1
\$250,000.00 - \$260,000.00	1
\$200,000.00 - \$210,000.00	2
\$180,000.00 - \$190,000.00	2
\$170,000.00 - \$180,000.00	5
\$160,000.00 - \$170,000.00	2
\$150,000.00 - \$160,000.00	7
\$140,000.00 - \$150,000.00	8
\$130,000.00 - \$140,000.00	19
\$120,000.00 - \$130,000.00	16
\$110,000.00 - \$120,000.00	13
\$100,000.00 - \$110,000.00	16
Total staff	94

Wellington Water Committee

The Water Committee meets quarterly to discuss water issues and general progress. The committee provides oversight and regional direction.

Matters that shareholders wish to restrict

The shareholders have agreed that the approval of the Statement of Intent is subject to the following restrictions:

- Making a loan or borrowing money, except for any borrowings in the ordinary course of business of no more than \$1m in total
- Granting security over the assets of the company, or granting an indemnity or guarantee other than in the ordinary course of business
- Making a material change to the nature of the company's business or engaging in business activities outside the ordinary course of business
- Entering a new customer service-level agreement, except in the form already agreed by shareholders
- Entering into a partnership or joint venture, except in the ordinary course of business
- Acquiring a new business or shares in another company
- Starting or settling any legal or arbitration proceedings, except in the ordinary course of business
- Transferring or disposing of real or intellectual property with a value of over \$0.2m.

Information to be provided to shareholders

In each year, Wellington Water shall comply with the reporting requirements of the Local Government Act 2002 (LGA) and the Companies Act 1993 and regulations.

In particular, Wellington Water will provide:

- A Statement of Intent detailing all matters required under the LGA, including forecast financial information for the next three years
- A report on the operations of Wellington Water within two months after the end of the first half of each financial year to enable an informed assessment of its performance, including financial statements (in accordance with section 66 of the LGA)
- An Annual Report within three months after the end of each financial year, that 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 LGA). Note that the LGA has been amended to temporarily extend the timeframe for this financial year to 30 November 2022 (s67(5)(b)).

Owing to the extensive reporting undertaken in accordance with the service-level agreements with councils, the reliance on six-monthly reports fully meets LGA requirements and is considered appropriate.

Ratio of shareholders' funds to total assets

Ownership of infrastructure assets is retained by the shareholders. As Wellington Water is a company that returns all benefits to shareholders, the ratio of shareholders' funds to assets is as follows:

	Actual 2022	Budget 2022	Actual 2021
Ratio of shareholders' funds to total assets.	7%	5%	4%



Company policies and procedures

Delegation to the Chief Executive and Senior Leadership Team

The Chief Executive and Senior Leadership Team are responsible for:

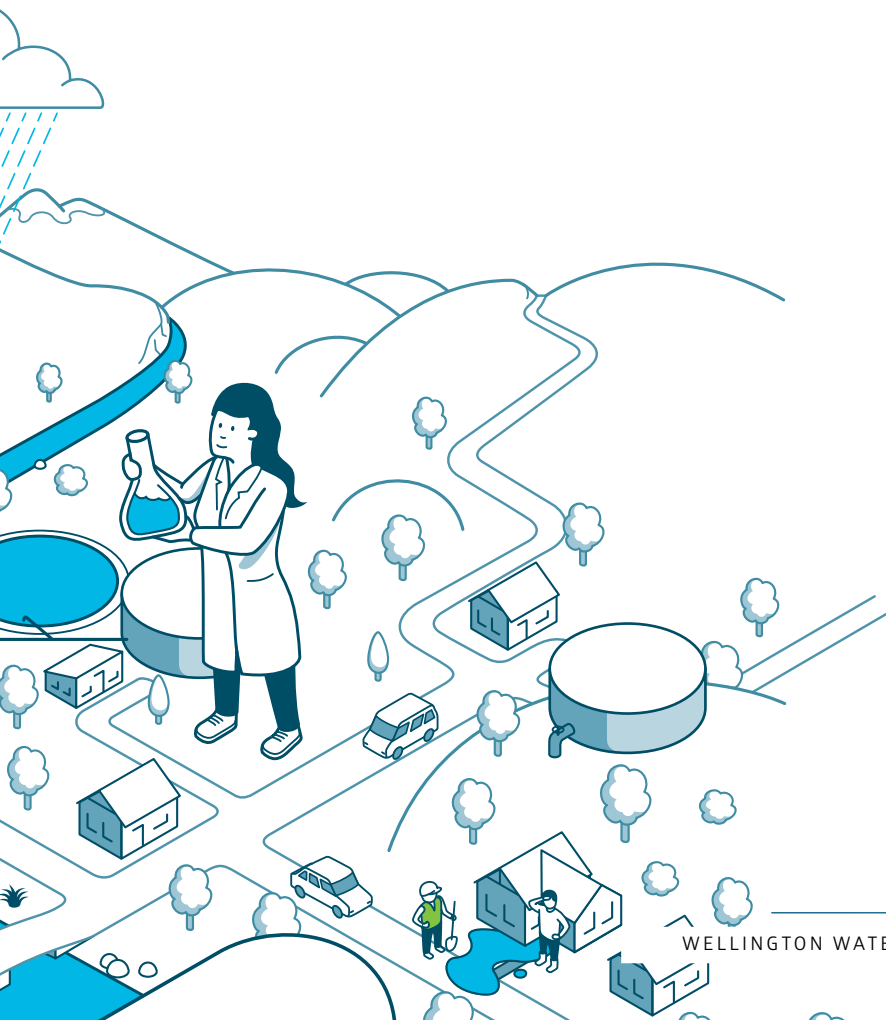
- Developing and making recommendations to the Board on company strategies and specific strategy initiatives
- Managing and implementation of the strategy
- Implementating Board-approved policies and reporting procedures
- Managing the company day-to-day..

These responsibilities are subject to the Board's delegation of authority to the Chief Executive and Senior Leadership Team and other rights and responsibilities which are reserved to the Board.

Code of Conduct

Wellington Water's purpose is 'Creating excellence in regional water services so communities prosper'. Underpinning this is the Code of Conduct, which acknowledges the company's commitment to maintaining the highest standards of honesty, integrity and ethical conduct in its day-to-day behaviour and decision-making.

The Code of Conduct guides all members of the company in the practices necessary to maintain confidence in the company's integrity and takes into account legal obligations and compliance regulations. It also guides the responsibility and accountability of individuals for reporting and investigating any unethical practices. The Code of Conduct is supported by the Conflicts of Interest Policy, Gifts and Entertainment Policy, Protected Disclosure Procedures, Harassment at Work Procedures, Health and Safety Policy and Fraud Policy.



Financial statements

Statement of responsibility

These financial statements and the performance information are for the year ended 30 June 2022. They comply with generally accepted accounting practice in New Zealand (“NZ GAAP”) and Tier 1 PBE accounting standards. All statutory requirements as outlined in the Local Government Act 2002 and the Companies Act 1993 have been met.

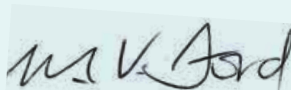
These financial statements have been prepared on a going concern basis and are presented in New Zealand dollars and rounded to the nearest thousand (\$000), unless otherwise stated. The measurement basis applied is historical cost.

For and on behalf of management:



Colin Crampton

CHIEF EXECUTIVE
30 November 2022



Mark Ford

CHIEF FINANCIAL OFFICER
30 November 2022

For and on behalf of the Board of Directors:



Lynda Carroll

CHAIR OF THE BOARD
30 November 2022



Leanne Southey

DIRECTOR
30 November 2022

Statement of Comprehensive Revenue and Expenses

For the year ended 30 June 2022

	Note	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000
Revenue from exchange transactions	3	298,455	313,112	225,781
Revenue from non-exchange transactions	3	3,945	-	432
Interest revenue		214	50	60
Gain/(loss) on disposal of assets		(15)	-	15
Total revenue		302,599	313,162	226,288
Salaries and wages		(25,699)	(28,829)	(21,835)
Superannuation		(796)	(851)	(678)
Directors fees		(146)	(160)	(120)
Audit fees - financial statements		(369)	(250)	(105)
Audit fees - other		(18)	-	(24)
Council opex programme		(66,822)	(63,909)	(62,268)
Council capex programme		(179,618)	(197,528)	(131,391)
Stimulus funding programme		(32,905)	(32,905)	(14,395)
Operating leases		(1,113)	(1,165)	(1,095)
Other personnel expenses		(5,213)	(1,405)	(2,550)
Other operating expenses		(8,720)	(7,379)	(8,307)
Direct costs charged to opex programme		10,791	9,384	8,877
Direct costs charged to capex programme		12,655	12,655	9,362
Total operating expenses		(297,973)	(312,342)	(224,529)
Depreciation and amortisation expense		(1,252)	(1,092)	(1,217)
Total expenses		(299,225)	(313,434)	(225,746)
Net surplus/(deficit) before taxation		3,374	(272)	542
Tax (expense)/credit		(838)	-	(127)
Total comprehensive revenue and expenses		2,536	(272)	415
Attributable to:	9			
Greater Wellington Regional Council		380	-	62
Hutt City Council		507	-	83
Porirua City Council		304	-	50
South Wairarapa District Council		127	-	21
Upper Hutt City Council		203	-	33
Wellington City Council		1,014	-	166
Total comprehensive revenue and expenses		2,536	-	415

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2022

	Retained Earnings \$000	Issued Capital \$000	Total \$000
Balance at 1 July 2020	574	1,000	1,574
Comprehensive revenue and expenses			
Net surplus/(deficit) for the year	415	-	415
Balance at 30 June 2021	989	1,000	1,989
Balance at 1 July 2021	989	1,000	1,989
Comprehensive revenue and expenses			
Net surplus/(deficit) for the year	2,536	-	2,536
Balance at 30 June 2022	3,525	1,000	4,525

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Statement of Financial Position


At 30 June 2022

	Note	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000
Cash and cash equivalents		21,241	6,457	29,959
Receivables and prepayments	6	34,309	18,941	22,754
Total current assets		55,550	25,398	52,713
Intangible assets	4	229	392	289
Property, plant and equipment, vehicles	4	5,009	1,547	1,950
Deferred tax asset/(liability)	5	(358)	304	409
Total non-current assets		4,880	2,243	2,648
Total assets		60,430	27,641	55,361
Payables and provisions	7	53,885	24,812	51,567
Employee entitlements		1,891	1,436	1,565
Tax payable/(receivable)		19	72	121
Total current liabilities		55,795	26,320	53,253
Employee entitlements		17	26	26
Capital grant in advance		93	-	93
Total non-current liabilities		110	26	119
Total liabilities		55,905	26,346	53,372
Net assets		4,525	1,295	1,989
Issued capital	9	1,000	1,000	1,000
Retained earnings		3,525	295	989
Total equity		4,525	1,295	1,989

Authorised on behalf of the Wellington Water Limited Board of Directors on 30 November 2022.



Lynda Carroll
Chairman



Leanne Southey
Director

Statement of Cash Flows

For the year ended 30 June 2022

	Note	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000
Receipts from customers		281,788	310,908	227,009
Interest received		214	50	60
Employees and suppliers		(286,280)	(309,366)	(214,523)
Tax paid		(173)	-	(184)
Net cash flow from operating activities	8	(4,452)	1,592	12,362
Purchase of property, plant and equipment, vehicles		(4,176)	(400)	(1,165)
Purchase of intangibles		(121)	(600)	(280)
Proceeds from disposal of assets		31	-	74
Net cash flow from investing activities		(4,266)	(1,000)	(1,371)
Share capital issued		-	-	-
Net cash flow from financing activities		-	-	-
Net cash flow		(8,718)	592	10,991
Add: cash at the beginning of the year		29,959	5,865	18,969
Cash at the end of the year		21,241	6,457	29,959
Comprised of:				
Cash at bank and on hand		21,241	6,457	29,959

The accompanying notes form part of and are to be read in conjunction with these financial statements

Notes to the financial statements

For the year ended 30 June 2022

1. About these financial statements

Reporting entity

Wellington Water is a council-controlled organisation (CCO) owned by Greater Wellington Regional Council, Hutt City Council, Porirua City Council, South Wairarapa District Council, Upper Hutt City Council and Wellington City Council. Wellington Water provides asset management services specialising in drinking water, storm water and wastewater services.

Basis of preparation

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

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

Statement of compliance

These financial statements are for the year ended 30 June 2022. They comply with generally accepted accounting practice in New Zealand (“NZ GAAP”) and Tier 1 PBE accounting standards. All statutory requirements as outlined in the Local Government Act 2002 and the Companies Act 1993 have been met.

These financial statements have been prepared on a going concern basis and are presented in New Zealand dollars and rounded to the nearest thousand (\$000), unless otherwise stated. The measurement basis applied is historical cost.

The financial statements were authorised for issue by the Board of Directors on 30 November 2022.

Budget

The budget figures were approved by the Board on 6 July 2021. At this time not all councils had confirmed the final budget numbers. The budget figures included in the financial statements are as approved by councils.

The budget figures were prepared in accordance with NZ GAAP, using accounting policies consistent with those adopted by Wellington Water in preparing these financial statements.

Areas of significant estimation and judgement

Wellington Water is required to make estimates and judgements when applying accounting policies. The significant areas are useful lives of property, plant and equipment, vehicles and intangibles (note 4) and provisions (note 7).

Accounting standards and interpretations

PBE IFRS 41 Financial Instruments is effective for financial years beginning on or after 1 January 2022, with early adoption permitted. Wellington Water plans to apply the new standard in preparing the 30 June 2023 financial statements and has determined that PBE IFRS 41 does not materially impact the financial statements.

PBE FRS 48 Service Performance Reporting standard is effective for financial years beginning on or after 1 January 2022, with early adoption permitted. We intend to fully adopt the standard for the preparation of the 30 June 2023 annual report.

2. Variances to budget

Commentary is provided for variances to budget greater than 20% or \$1 million.

Statement of comprehensive revenue and expenses

	2022 Actual \$000	2022 Budget \$000	Variance \$000	Variance %
Revenue	302,599	313,162	(10,563)	(3%)
Operating expenses	(297,973)	(312,342)	14,369	(5%)
Depreciation and amortisation	(1,252)	(1,092)	(160)	15%

Revenue and operating expenses were lower than budget primarily due to a significant reduction in the council capex programme compared to budget. The programme was impacted by covid shutdowns and the current labour shortage in New Zealand.

Statement of financial position

	2022 Actual \$000	2022 Budget \$000	Variance \$000	Variance %
Current assets	55,550	25,398	30,152	119%
Non-current assets	4,880	2,243	2,636	118%
Current liabilities	55,795	26,320	29,474	112%
Non-current liabilities	110	26	84	323%
Equity	4,525	1,295	3,230	249%

Current assets were higher than budget mainly due to a larger bank balance. The main driver behind this was the cash received from the Government's Stimulus Funding Programme which was not reflected in the budget.

Current liabilities were higher than budgeted due to higher trade payables. This was driven by an increase in spend with the commencement of the Stimulus Funding Programme and also a ramp up in the capex work programme spend at the end of the year due to recovery on the earlier delays on projects.

Equity at the end of the year is higher than budgeted due to a surplus of \$2,536k at the end of the year. This surplus is mainly due to grant revenue that was received from the Stimulus Funding Programme to purchase vehicles and equipment.

Statement of cash flows

	2022 Actual \$000	2022 Budget \$000	Variance \$000	Variance %
Net cash flow from operating activities	(4,452)	1,592	(6,044)	(380%)
Net cash flow from investing activities	(4,266)	(1,000)	(3,266)	327%

Net cash flow from operating activities was significantly lower than budget. This is primarily due to a larger closing payables balance and Stimulus Funding Programme as noted previously.

3. 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 primarily consists of revenue derived from management and advisory services, council operational expenditure (opex) programme, council capital expenditure (capex) programme and stimulus funding programme.

	2022	2021
	Actual	Actual
	\$000	\$000
Management and advisory services	18,770	17,230
Council opex programme	66,822	62,268
Council capex programme	179,618	131,391
Stimulus funding programme	32,905	14,395
Grant revenue	3,945	432
Other revenue	341	497
Total revenue from exchange transactions	302,400	226,214

Management and advisory services

Revenue from management and advisory services is recognised using the percentage of completion method.

The annual fee is agreed with councils and performed on a financial year basis and has been fully recognised because services have been fully provided at balance date.

Council opex programme

The opex programme revenue 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.

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

Council capex programme

The capex programme revenue is recognised using the percentage of completion method and based on the costs incurred as a percentage of total costs under the contracts.

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 and manages the programme. Wellington Water is acting as a principal in relation to these transactions. Wellington Water has recognised capex programme revenue and expenses equivalent to the invoices paid or payable to third parties for the financial year. Wellington Water employees also perform some of the work.

Stimulus funding programme

The stimulus funding programme revenue is recognised using the percentage of completion method. The stimulus funding aims to:

- Assist economic recovery through job creation
- Increase and accelerate investment in water infrastructure renewals and maintenance

- Support reform of water service delivery to realise economic, health, environmental and other gains

Wellington Water has developed a work programme which covers this financial year and also the prior financial year (from October 2020 to June 2022). 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.

Revenue from non- exchange transactions

Grant revenue

During the year, Wellington Water vehicles and equipment were purchased as part of the Stimulus funding programme. This funding of \$3,945k has been recognised as capital grant revenue (2021: \$358k).

In June 2018, Wellington Water received a capital grant from Porirua City Council for the future replacement of some operational vehicles. No grant revenue was recognised during the financial year as no replacement vehicles were purchased (2021: \$74k).

4. 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% - 21%
Intangibles	40%

	Fit-out and Equipment \$000	Vehicles \$000	Intangibles \$000	Total \$000
Cost				
Balance 1 July 2020	3,720	1,510	2,023	7,252
Additions	670	492	280	1,442
Disposals	(6)	(99)	(134)	(239)
Balance at 30 June 2021	4,386	1,902	2,168	8,454
Balance 1 July 2021	4,386	1,902	2,168	8,454
Additions	2,743	1,432	121	4,296
Disposals	(61)	(9)	-	(70)
Balance at 30 June 2022	7,068	3,325	2,290	12,680
Depreciation and amortisation				
Balance 1 July 2020	(2,591)	(909)	(1,681)	(5,179)
Charge for the year	(782)	(158)	(277)	(1,216)
Disposals	3	100	78	181
Balance at 30 June 2021	(3,369)	(968)	(1,880)	(6,215)
Balance 1 July 2021	(3,369)	(968)	(1,880)	(6,215)
Charge for the year	(802)	(269)	(181)	(1,252)
Disposals	15	9	-	25
Balance at 30 June 2022	(4,156)	(1,228)	(2,061)	(7,442)
Carrying amount				
Balance at 30 June 2021	1,016	934	289	2,239
Balance at 30 June 2022	2,912	2,097	229	5,238

5. Taxation

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

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

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

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

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

	2022 Actual \$000	2021 Actual \$000
Components of tax expense		
Current tax expense	71	224
Adjustments to current tax in prior years		
Deferred tax expense	767	(97)
Adjustments to deferred tax in prior years		
Tax expense	838	127

Reconciliation of effective tax rate

Net surplus/(deficit) before tax	3,374	542
Tax at 28%	945	152
Plus (less) tax effect of:		
Non-deductible expenditure	7	(110)
Non-taxable income	(1,105)	-
Prior year adjustment	(3)	-
Deferred tax adjustment	994	85
Total income tax expense/(credit)	838	127

Imputation credits

Imputation credits available for use in subsequent reporting periods	874	552
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	PPE \$000	Employee entitlements \$000	Tax Losses \$000	Total \$000
Movement in deferred tax asset (liability)				
Balance at 30 June 2020	(83)	386	-	303
Charged to surplus or deficit	(22)	128	-	106
Balance at 30 June 2021	(105)	514	-	409
Charged to surplus or deficit	(833)	65	-	(767)
Balance at 30 June 2022	(938)	580	-	(358)

6. Receivables

	Note	2022 Actual \$000	2021 Actual \$000
Receivables with related parties	10	31,719	18,830
Provision for doubtful debts		(143)	-
Other receivables		1,805	709
Prepayments		928	1,682
GST Receivable		-	1,533
Total receivables		34,309	22,754

All receivables greater than 30 days in age are considered past due. The provision for doubtful debts is based on 50% of three past due receivables. All other receivables are not considered past due.

7. Payables and provisions

	Note	2022 Actual \$000	2021 Actual \$000
Trade payables		41,675	33,023
GST payable		740	-
Revenue in advance		1,289	7,854
Payables with related parties	10	9,356	9,957
Employee related payables and provisions		768	675
Other provisions		58	58
Total payables and provisions		53,885	51,567

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

8. Reconciliation of net deficit to operating cash flows

	2022 Actual \$000	2021 Actual \$000
Net surplus/(deficit) after taxation	2,536	415
Non-cash and non-operating items:		
Depreciation and amortisation	1,252	1,217
Gain on sale of vehicles	15	(15)
Grant revenue	-	(74)
Movements in working capital		
Increase in payables	5,199	17,886
Increase in receivables	(13,280)	(6,883)
Tax payable	(173)	(184)
Net cash flow from operating activities	(4,452)	12,362

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

9. Share capital

The total number of authorised, issued and fully paid ordinary shares at 30 June 2022 was 500 (2021:500). These are represented by Class B shares and entitle the holder to a share in the distribution of the surplus assets of the company. Class A shares entitle the holder to vote at a meeting of the shareholders on any resolution.

Shareholder	Voting Rights Class A	Ordinary Shares Class B	Class B \$000
Greater Wellington Regional Council	150	75	150
Hutt City Council	150	100	200
Porirua City Council	150	60	120
South Wairarapa District Council	150	25	50
Upper Hutt City Council	150	40	80
Wellington City Council	150	200	400
Total shares	900	500	1,000

10. Related parties

During the year Wellington Water had the following material transactions with related parties recognised in revenue:

	2022 Actual \$000	2021 Actual \$000
Revenue from exchange transactions:		
Management & advisory services		
Greater Wellington Regional Council	7,600	6,963
Hutt City Council	3,095	2,836
Porirua City Council	1,199	1,099
South Wairarapa District Council	272	281
Upper Hutt City Council	1,172	1,074
Wellington City Council	5,432	4,977
Total management and advisory services	18,770	17,230
Council opex programme		
Greater Wellington Regional Council	8,481	7,833
Hutt City Council	13,270	13,510
Porirua City Council	7,016	6,303
South Wairarapa District Council	2,591	2,379
Upper Hutt City Council	4,967	5,558
Wellington City Council	30,496	26,685
Total council opex programme	66,822	62,268
Council capex programme		
Greater Wellington Regional Council	27,300	16,490
Hutt City Council	29,300	24,572
Porirua City Council	39,880	19,796
South Wairarapa District Council	6,751	6,749

Upper Hutt City Council	13,815	8,599
Wellington City Council	62,572	55,185
Total council capex programme	179,618	131,391

	2022	2021
	Actual	Actual
	\$000	\$000
Stimulus funding programme		
Greater Wellington Regional Council	2,164	1,136
Hutt City Council	7,572	3,028
Porirua City Council	3,925	1,775
South Wairarapa District Council	2,215	585
Upper Hutt City Council	3,938	762
Wellington City Council	13,091	7,109
Total stimulus funding programme	32,905	14,395

	2022	2021
	Actual	Actual
	\$000	\$000
Revenue from non-exchange transactions:		
Grant revenue		
Porirua City Council	-	74
Stimulus funding programme	3,945	358
Total grant revenue	3,945	432

During the year Wellington Water had the following material transactions with related parties recognised in expenses:

Wellington Water entered into an alliance partnership with Fulton Hogan (commencing 1 July 2019) to maintain and operate the three waters networks across the Wellington region. As Fulton Hogan employees occupy management positions that could exert significant influence over the Alliance, Fulton Hogan are treated as a related party. The total cost of services received from Fulton Hogan during the year was \$50.6m (2021: \$46.6m). Wellington Water also received services (such as payroll, IT shared services) from Wellington City Council on an arm's length basis.

At the end of the year, Wellington Water had the following balances outstanding with related parties:

	2022	2021
	Actual	Actual
	\$000	\$000
Amounts owing to Wellington Water by related parties at 30 June		
Greater Wellington Regional Council	10,977	1,430
Hutt City Council	9,824	1,210
Porirua City Council	6,221	-
South Wairarapa District Council	210	620
Upper Hutt City Council	1,101	1,177
Wellington City Council	3,385	14,393
Fulton Hogan	-	-
Total related party receivables	31,719	18,830

	2022	2021
	Actual	Actual
Amounts owing to Wellington Water by related parties at 30 June	\$000	\$000
Greater Wellington Regional Council	-	557
Hutt City Council	-	363
Porirua City Council	-	206
South Wairarapa District Council	-	-
Upper Hutt City Council	-	2
Wellington City Council	-	23
Fulton Hogan	9,356	8,806
Total related party payables	9,356	9,957

11. Key management personnel

The key management personnel are the Directors, Chief Executive and Senior Leadership Team. The full time equivalent (FTE) number of individuals receiving remuneration as key management (excluding directors) during the year was 7 (2021: 6).

	2022	2021
	Actual	Actual
	\$000	\$000
Salaries and wages	1,564	1,514
Directors' fees	146	120
Superannuation	41	45
Total key management personnel remuneration	1,751	1,680

The FTE number of Directors at 30 June 2022 was 6 (2021: 4). Due to the difficulty in calculating the FTE for directors, the FTE figure is taken as the number of directors.

	2022	2021
	Actual	Actual
	\$000	\$000
Lynda Carroll	38	-
Kim Skelton	23	19
Mike Underhill	23	19
Leanne Southey	23	-
Philip Barry	25	25
Geoff Dangerfield	11	41
Nick Leggett	6	-
David Wright	-	4
Cynthia Brophy	-	13
Total Directors' remuneration	146	120

12. Financial instruments and risk management

Financial instruments include cash and cash equivalents, receivables from exchange transactions and payables from exchange transactions. The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

	2022 Actual \$000	2021 Actual \$000
Financial Assets		
Loans and receivables		
Cash and cash equivalents	21,241	29,959
Receivables and prepayments	34,309	22,754
Total loans and receivables	55,550	52,713
Financial Liabilities		
Financial liabilities at amortised cost		
Trade payables and payables with related parties	51,031	42,980
Total financial liabilities at amortised cost	51,031	42,980

Fair values

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

Market risk

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

Wellington Water does not have any long-term borrowings or material foreign currency exposure.

Credit risk

Credit risk is the risk that counterparties will default on their contractual obligations, resulting in financial loss to the company. Concentrations of credit risk with respect to receivables are high due to the reliance on Greater Wellington Regional Council, Hutt City Council, Porirua City Council, South Wairarapa District Council, Upper Hutt City Council and Wellington City Council for the company's revenue. However, the councils are considered by the Directors to be high credit quality entities. Receivables balances are monitored on an ongoing basis to manage Wellington Water's exposure to bad debts.

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

Liquidity risk

Liquidity risk is the risk that the company is unable to meet its financial obligations. This is managed by maintaining short payment terms with the five council. There are no trade payables with a due date of more than 1 year.

13. Commitments and contingencies

Wellington Water has no contingent assets (2022: nil) and has no material contingent liabilities (2022: nil).

Operating leases relate to the rental of the Petone office, vehicles and copiers on normal commercial terms and conditions. The minimum payments to be paid under non-cancellable operating leases are as follows:

	2022	2021
	Actual	Actual
	\$000	\$000
Less than 1 year	948	1,019
Between 1 and 5 years	1,061	1,808
Total operating lease commitments	2,009	2,827

A significant portion of the operating lease commitments relates to the lease of the Petone office which expires in August 2024 with an option to renew.

Wellington Water has no material capital commitments (2022: nil). Capital commitments relating to the council work programme are disclosed in the individual council financial statements.

14. Three Waters Reform

In July 2020, the Government launched the Three Waters Reform Programme – the three-year programme to reform local government three waters service delivery arrangements. Currently 67 different councils own and operate the majority of the drinking water, wastewater and stormwater services across New Zealand. The reform programme is being progressed through a partnership-based approach with the local government sector, alongside iwi/Māori as the Crown's Treaty Partner.

Three Waters Reform will transfer the three-water delivery from the 67 councils to four water services entities on 1 July 2024, currently known as Entity A, B, C and D. Wellington Water's staff and functions will be transferred to Entity C.

The reform is enabled through two Bills. Bill 1, which covers key principles behind the reform and ownership/governance model, has passed through second reading and is expected to become law. Bill 2, the more detailed bill covering operations and scope, is expected in the parliament in December 2022. In addition to the two Bills from the Department of Internal Affairs, The Ministry of Business, Innovation and Employment is developing the policy and legislation for Economic Regulation and Consumer Protection for water services. Cabinet decisions on the economic regulation regime are anticipated in the coming months. Until Bill 2 and the new legislation for economic regulation are published, there remains uncertainty in respect of the extent of potential impacts on Wellington Water.

15. Subsequent events

Wellington Water has entered into two new agreements – Right to Occupy and Sublease, for additional office space at the current building on 25 Victoria Street, Petone since the balance date, commencing on 1st July 2022 and 28th November 2022 respectively. The commitments end on 30th June 2024. Total combined value per annum being \$492,800 plus GST.

The related Fitout Capex and Opex budget is capped at \$200,000 and \$50,000.

Department of Internal Affairs (DIA) tables

The following tables provide results of Department of Internal Affairs mandatory measures for all councils. More detailed information is available from each council's website, reported in their annual reports.

Greater Wellington Regional Council

Bulk water Supply				
Performance Measure	Target	2020/21 Result	2021/22 Result	
1A The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	100%	100%	100%	
1B The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	100%	100%	100%	
2 The percentage of real water loss from the local authority's networked reticulation system	+/- 0.25%	0.12%	0.05%	
3A Median response time to attend urgent call-outs	<90 mins	39 mins	N/A No events	
3B Median response time to resolve urgent call-outs	<8 hours	4 hours	N/A No events	
3C Median response time to attend non-urgent call-outs	<72 hours	N/A No events	N/A No events	
3D Median response time to resolve non-urgent call-outs	<20 days	N/A No events	N/A No events	
4 The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of supply or the response to any of these issues, expressed per 1000 connections	<0.2	0	0.1	
5 Average consumption of drinking water per day per resident	<375L	372L	379L	

Hutt City Council

Water Supply				
Performance Measure	Target	2020/21 Result	2021/22 Result	
1A The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	100%	100%	100%	
1B The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	100%	100%	100%	
2 The percentage of real water loss from the local authority's networked reticulation system	<= 20%	15%*	20%**	
3A Median response time to attend urgent call-outs	<=90 mins	85 mins	66 mins	
3B Median response time to resolve urgent call-outs	<= 8 hours	3 hours	3 hours	
3C Median response time to attend non-urgent call-outs	<= 72 hours	68 hours	92 hours	
3D Median response time to resolve non-urgent call-outs	<= 20 working days	6 working days	3 working days	
4 The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of supply or the response to any of these issues; expressed per 1000 connections	<=20	17.6	24.3	
5 Average consumption of drinking water per day per resident	<385L	379L	381	

*These are estimated figures for water loss on the public network only. We were unable to provide more accurate figures due to the absence of residential water meters.

**There is a 95% confidence interval for this measure of 14-25%. We used a new methodology for 2021/22 using a minimum night flows method which includes information from newly installed Small Area Monitors

Wastewater				
Performance Measure	Target	2020/21 Result	2021/22 Result	
1 The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 connections	<20	6.25	3.6	
2A Number of abatement notices received in relation to the resource consents for discharge from sewerage systems	0	2	1	
2B Number of infringement notices received in relation to the resource consents for discharge from sewerage systems	0	0	2	

Wastewater				
2C	Number of enforcement orders received in relation to the resource consents for discharge from sewerage systems	0	0	0
2D	Number of successful prosecutions in relation to the resource consents for discharge from sewerage systems	0	0	0
3A	Median response time to attend a sewage overflow resulting from a blockage or other fault in the sewerage system	<= 90 mins	73 mins	196 mins
3B	Median response time to resolve a sewage overflow resulting from a blockage or other fault in the sewerage system	<= 8 hours	6.4 hrs	20.3 hrs
4	The total number of complaints received about sewerage odour, sewerage system faults, sewerage system blockages and the response to any of these issues; expressed per 1000 connections	<=30	19.1	20.6

Stormwater				
Performance Measure	Target	2020/21 Result	2021/22 Result	
1A	The number of flooding events that occurred throughout the year	<=2	0	2
1B	For each flooding event, the number of habitable floors affected; expressed per 1000 connections	<0.24	N/A – No flooding events	0.3
2A	Number of abatement notices received in relation to the resource consents for discharge from stormwater systems	0	1	0
2B	Number of infringement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2C	Number of enforcement orders received in relation to the resource consents for discharge from stormwater systems	0	0	0
2D	Number of successful prosecutions in relation to the resource consents for discharge from stormwater systems	0	0	0
3	Median response time to attend a flooding event	<=8 hours	N/A – No flooding events	71 hours
4	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 connections	<=20	6.71	14.3

Porirua City Council

Water Supply				
Performance Measure	Target	2020/21 Result	2021/22 Result	
1A	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	100%	100%	100%
1B	The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	100%	100%	100%
2	The percentage of real water loss from the local authority's networked reticulation system	<20%	16%*	27%**
3A	Median response time to attend urgent call-outs	<90 mins	122 mins	53 mins
3B	Median response time to resolve urgent call-outs	<8 hours	3 hours	1.7 hours
3C	Median response time to attend non-urgent call-outs	<20 days	6 days	6 days
3D	Median response time to resolve non-urgent call-outs	<20 days	8 days	7 days
4	The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of supply or the response to any of these issues; expressed per 1000 connections	<20	13.3	13.1
5	Average consumption of drinking water per day per resident	<320L	316L	321L

*These are estimated figures for water loss on the public network only. We were unable to provide more accurate figures due to the absence of residential water meters

**There is a 95% confidence interval for this measure of 20-33%. We used a new methodology for 2021/22 using a minimum night flows method which includes information from newly installed Small Area Monitors.

Wastewater				
Performance Measure	Target	2020/21 Result	2021/22 Result	
1	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 connections	<20	14.71	5.9
2A	Number of abatement notices received in relation to the resource consents for discharge from sewerage systems	0	0	1
2B	Number of infringement notices received in relation to the resource consents for discharge from sewerage systems	0	0	0
2C	Number of enforcement orders received in relation to the resource consents for discharge from sewerage systems	0	0	0

Wastewater				
2D	Number of successful prosecutions in relation to the resource consents for discharge from sewerage systems	0	0	0
3A	Median response time to attend a sewage overflow resulting from a blockage or other fault in the sewerage system	<90 mins	722 mins	167 mins
3B	Median response time to resolve a sewage overflow resulting from a blockage or other fault in the sewerage system	<8 hours	24 hrs	9 hrs
4	The total number of complaints received about sewerage odour, sewerage system faults, sewerage system blockages and the response to any of these issues; expressed per 1000 connections	<30	33.4	30.9

Stormwater				
Performance Measure	Target	2020/21 Result	2021/22 Result	
1A	The number of flooding events that occurred throughout the year	<=2	1	4
1B	For each flooding event, the number of habitable floors affected; expressed per 1000 connections	<0.57	2.12	0.4
2A	Number of abatement notices received in relation to the resource consents for discharge from stormwater systems	0	1	0
2B	Number of infringement notices received in relation to the resource consents for discharge from stormwater systems	0	1	0
2C	Number of enforcement orders received in relation to the resource consents for discharge from stormwater systems	0	0	0
2D	Number of successful prosecutions in relation to the resource consents for discharge from stormwater systems	0	0	0
3	Median response time to attend a flooding event	<8 hrs	90 hrs	6 hrs
4	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 connections	<20	14.53	18.7

Upper Hutt City Council

Water Supply				
Performance Measure	Target 2021/22	2020/21 Result	2021/22 Result	
1A	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	100%	100%	100%
1B	The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	100%	100%	100%
2	The percentage of real water loss from the local authority's networked reticulation system	<20%	24%*	21%**
3A	Median response time to attend urgent call-outs	<60 mins	131 mins	57mins
3B	Median response time to resolve urgent call-outs	<4 hours	14 hours	3 hours
3C	Median response time to attend non-urgent call-outs	<36 hours	106 hours	174 hours
3D	Median response time to resolve non-urgent call-outs	<15 days	7 days	11 days
4	The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of supply or the response to any of these issues; expressed per 1000 connections	<= 20	3.5	7.3
5	Average consumption of drinking water per day per resident	<415L	394L	400

*These are estimated figures for water loss on the public network only. We were unable to provide more accurate figures due to the absence of residential water meters.

**There is a 95% confidence interval for this measure of 14-28%. We used a new methodology for 2021/22 using a minimum night flows method which includes information from newly installed Small Area Monitors.

Wastewater				
Performance Measure	Target 2021/22	2020/21 Result	2021/22 Result	
1	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 connections	<20	2.67	1.8
2A	Number of abatement notices received in relation to the resource consents for discharge from sewerage systems	0	0	0
2B	Number of infringement notices received in relation to the resource consents for discharge from sewerage systems	0	0	0

Wastewater				
2C	Number of enforcement orders received in relation to the resource consents for discharge from sewerage systems	0	0	0
2D	Number of successful prosecutions in relation to the resource consents for discharge from sewerage systems	0	0	0
3A	Median response time to attend a sewage overflow resulting from a blockage or other fault in the sewerage system	<=60 mins	143 mins	214 mins
3B	Median response time to resolve a sewage overflow resulting from a blockage or other fault in the sewerage system	<=6 hours	18 hrs	21 hrs
4	The total number of complaints received about sewerage odour, sewerage system faults, sewerage system blockages and the response to any of these issues; expressed per 1000 connections	<=30	9.6	9.0

Stormwater				
Performance Measure	Target 2021/22	2020/21 Result	2021/22 Result	
1A	The number of flooding events that occurred throughout the year	<=2	0	1
1B	For each flooding event, the number of habitable floors affected; expressed per 1000 connections	<=0.64	N/A No flooding events	0.1
2A	Number of abatement notices received in relation to the resource consents for discharge from stormwater systems	0	1	0
2B	Number of infringement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2C	Number of enforcement orders received in relation to the resource consents for discharge from stormwater systems	0	0	0
2D	Number of successful prosecutions in relation to the resource consents for discharge from stormwater systems	0	0	0
3	Median response time to attend a flooding event	<60 mins	N/A No flooding events	0 mins*
4	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 connections	<=20	2.25	3.9

*Response times are not logged in our systems until the issue has been resolved

Wellington City Council

Water Supply				
Performance Measure	Target	2020/21 Result	2021/22 Result	
1A	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	100%	100%	100%
1B	The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	100%	100%	100%
2	The percentage of real water loss from the local authority's networked reticulation system	<17%	16%	26%*
3A	Median response time to attend urgent call-outs	<60 mins	128 mins	66 mins
3B	Median response time to resolve urgent call-outs	<4 hours	12 hours	2 hours
3C	Median response time to attend non-urgent call-outs	<36 hours	93 hours	67 hrs
3D	Median response time to resolve non-urgent call-outs	< 5 days	6 days	3 days
4	The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of supply or the response to any of these issues; expressed per 1000 connections	<20	14.2	16.8
5	Average consumption of drinking water per day per resident	<365L	380L	390L

*These are estimated figures for water loss on the public network only. We were unable to provide more accurate figures due to the absence of residential water meters.

**There is a 95% confidence interval for this measure of 11-39%. We used a new methodology for 2021/22 using a minimum night flows method which includes information from newly installed Small Area Monitors.

Wastewater				
Performance Measure	Target	2020/21 Result	2021/22 Result	
1	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 connections	0	11.70	6.2
2A	Number of abatement notices received in relation to the resource consents for discharge from sewerage systems	0	0	2

Wastewater				
2B	Number of infringement notices received in relation to the resource consents for discharge from sewerage systems	0	1	1
2C	Number of enforcement orders received in relation to the resource consents for discharge from sewerage systems	0	0	0
2D	Number of successful prosecutions in relation to the resource consents for discharge from sewerage systems	0	0	0
3A	Median response time to attend a sewage overflow resulting from a blockage or other fault in the sewerage system	<=60 mins	117 mins	162 mins
3B	Median response time to resolve a sewage overflow resulting from a blockage or other fault in the sewerage system	<= 6 hours	21 hrs	21 hrs
4	The total number of complaints received about sewerage odour, sewerage system faults, sewerage system blockages and the response to any of these issues; expressed per 1000 connections	<30	21.2	24.3

Stormwater				
Performance Measure		Target	2020/21 Result	2021/22 Result
1A	The number of flooding events that occurred throughout the year	<=2	2	4
1B	For each flooding event, the number of habitable floors affected; expressed per 1000 connections	<=0.13	0.03	1
2A	Number of abatement notices received in relation to the resource consents for discharge from stormwater systems	0	1	0
2B	Number of infringement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2C	Number of enforcement orders received in relation to the resource consents for discharge from stormwater systems	0	0	0
2D	Number of successful prosecutions in relation to the resource consents for discharge from stormwater systems	0	0	0
3	Median response time to attend a flooding event	<=60 mins	27 hrs	62 hrs
4	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 connections	<20	11.07	8.9

South Wairarapa District Council

Water Supply				
Performance Measure	Target	2020/21 Result	2021/22 Result	
1A	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)*			
	Featherston Scheme	100%	92%	99.93%
	Greytown Scheme	100%	58%	100%
	Martinborough Scheme	100%	50%	99.98%
	Pirinoa Scheme	100%	75%	100%
1B	The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)*			
	Featherston Scheme	100%	92%	100%
	Greytown Scheme	100%	0%	0%
	Martinborough Scheme	100%	50%	99.99%
	Pirinoa Scheme	100%	0%	0*
2	**The percentage of real water loss from the local authority's networked reticulation system	<30%	42%	43%
3A	Median response time to attend urgent call-outs	<60 mins	295 mins	44 mins
3B	Median response time to resolve urgent call-outs	<8 hours	15 hours	1.6 hrs
3C	Median response time to attend non-urgent call-outs	<2 working days	5 working days	48 working hours
3D	Median response time to resolve non-urgent call-outs	<5 working days	7 working days	3 working days
4	The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of supply or the response to any of these issues; expressed per 1000 connections	<70	38.4	26.2
5	Average consumption of drinking water per day per resident	<400L	560L	601L

*Note – methodology has changed. In 2020/21 we reported the number of months where the plant was fully compliant / 12 months. This year we are using the number of minutes / total minutes in a year.

**Note – methodology has been improved in line with the updated methodology for the Wellington Metro area.

Wastewater				
Performance Measure	Target	2020/21 Result	2021/22 Result	
1	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 connections	<10	7.39	4.8
2A	Number of abatement notices received in relation to the resource consents for discharge from sewerage systems	0	0	0
2B	Number of infringement notices received in relation to the resource consents for discharge from sewerage systems	0	0	0
2C	Number of enforcement orders received in relation to the resource consents for discharge from sewerage systems	0	0	0
2D	Number of successful prosecutions in relation to the resource consents for discharge from sewerage systems	0	0	0
3A	Median response time to attend a sewage overflow resulting from a blockage or other fault in the sewerage system	<60 mins	170 mins	123 mins
3B	Median response time to resolve a sewage overflow resulting from a blockage or other fault in the sewerage system	<4 hours	30 hrs	24 hrs
4	The total number of complaints received about sewerage odour, sewerage system faults, sewerage system blockages and the response to any of these issues; expressed per 1000 connections	<60	33.9	34.7

Stormwater				
Performance Measure	Target	2020/21 Result	2021/22 Result	
1A	The number of flooding events that occurred throughout the year	0	0	0
1B	For each flooding event, the number of habitable floors affected; expressed per 1000 connections	0	N/A No flooding events	N/A No flooding events
2A	Number of abatement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2B	Number of infringement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2C	Number of enforcement orders received in relation to the resource consents for discharge from stormwater systems	0	0	0
3D	Number of successful prosecutions in relation to the resource consents for discharge from stormwater systems	0	0	0

Stormwater

3B	Median response time to attend a flooding event	<180 mins	N/A*	N/A*
4	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 connections	0	N/A*	N/A*

*SWDC does not have any stormwater connections as defined in the DIA rules

Independent Auditor's Report

To the readers of Wellington Water Limited's financial statements and performance information for the year ended 30 June 2022

The Auditor-General is the auditor of Wellington Water Limited (the company). The Auditor-General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

We have audited:

- the financial statements of the company on pages 42 to 57, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 12,18, 19, 21,25,27,29 and 58 to 69.

Opinion

Unmodified opinion on the financial statements

In our opinion:

- the financial statements of the company on pages 42 to 57:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2022; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

Qualified opinion on the performance information

In our opinion, except of the matters described in the *Basis for our opinion* section of our report; the performance information of the company on pages 12,18, 19, 21,25,27,29 and 58 to 69 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measure by which performance was judged in relation to the company's objectives for the year ended 30 June 2022.

Our audit was completed on 30 November 2022. This is the date at which our unmodified opinion on the financial statements and qualified opinion on the performance information are expressed.

The basis for our opinion is explained below and we draw attention to the uncertainties of the impact of the Government's three waters reform programme on the company. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

The company manages the water assets and services of its six shareholding councils on their behalf. The company therefore reports on the Department of Internal Affairs' mandatory performance measures as set out in the Non-Financial Performance Measure Rules 2013. The results of the mandatory performance measures are provided on pages 58 to 69. The company also reports on their statement of intent measures on pages 12,18, 19, 21,25,27, & 29.

We identified some issues with the reporting against these performance measures as described below.

Total number of complaints received – Water supply, Wastewater and Stormwater

Records of complaints are maintained by shareholding councils and issues with Council systems and processes meant we were unable to obtain sufficient appropriate audit evidence about the completeness and accuracy of complaints reporting. Our opinion on these performance measures was also qualified for the 2021 performance year.

Percentage of water losses in the prior year

In the prior year, the company was unable to report a reliable water loss percentage for each shareholding council. This is because the water loss percentage was estimated using information obtained from water meters across the reticulation network. The limited number of water meters across the reticulation network significantly impacted the reliability of the results in the prior year.

The issue has been resolved for the 30 June 2022 financial year following a change in methodology. As the issue cannot be resolved for 30 June 2021 the reported performance for each shareholding council for the 30 June 2022 year may not be directly comparable to the 30 June 2021 performance information.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – The Government's three waters reform programme

Without further modifying our opinion, we draw attention to note 14 on 57, which outlines that, in June 2022, the Government introduced legislation to establish four publicly owned water services entities. The likely outcome and impact on the company is not yet certain as the bill is currently before Parliament. Additional legislation is expected later in 2022 that will provide detail on the transfer of assets and liabilities to the water service entities.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 69, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.



Clint Ramoo

Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand



wellingtonwater.co.nz

