

Annual Report 2019–2020



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TAKI

HE WAI, HE WAI

TIS WATER, TIS WATER

HE WAI HERENGA TĀNGATA

WATER THAT JOINS US

HE WAI HERENGA WHENUA

WATER THAT NECESSITATES THE LAND

HE WAIRUA

SOUL OF LIFE

HE WAIORA

LIFE FOREVER

TIHEI MAURI ORA!

TIS THE BREATH OF LIFE!

About this document

This annual report highlights our progress against the goals we set ourselves in *Our water, our future* (2019-22 Statement of Intent) for the period 1 July 2019 to 30 June 2020.

Cover image: Illustration by Sungmi Kim of Water Serviceperson Mafutaga Laufiso from our Porirua depot. The illustration and an article about our service crews ran in *Stuff's* series on essential workers during the COVID-19 Level 4 response.

A year of challenge and clarity

There's no doubt that 2019/20 will be remembered as a significant year for Wellington Water. From the embedding of our network maintenance alliance, consolidation of our wastewater treatment plant operation contracts, and the addition of South Wairarapa District Council to our shareholders, all the way through to the confirmation of funding for the Omāroro Reservoir – our largest capital project to date – it has been a year marked by significant achievements with far-reaching effects. It's also been a year that repeatedly tested our emergency response capability, with the Dixon Street adit collapse, Mt Albert sludge pipelines burst, a Hutt Valley-wide power outage following a substation explosion, and Featherston's major water main washing away in a landslide.

Successfully meeting those challenges, while achieving some major milestones will of course be overshadowed by the unprecedented global crisis of COVID-19. This crisis reinforced Wellington Water's role as an essential service provider, and galvanised our organisational commitment to keeping our people safe and our three waters running during the nationwide response to the viral threat.

Under lockdown conditions we put all our focus into the needs of the front line, our crews in the field. These workers were quite rightly applauded as heroes by many of the public this year, as they continued safely delivering essential services under exceptionally uncertain circumstances. In fact, not only were three waters operations successfully maintained throughout the lockdown, our crews took advantage of additional resources and empty roads to substantially reduce our owner-councils' repair backlog.

Throughout Wellington Water, COVID-19 forced us to rapidly reassess and prioritise our work. We hit pause on all but the most essential projects in order to keep people safe and duplicate frontline resources where they were most needed. Pivoting to support our frontline-focused response during this uncertain time meant adjustments to work programmes across the organisation. We revised our performance expectations at that time, but by the end of the financial year, while not achieving a number of the pre-COVID targets in this report, we had by and large outperformed the reset targets which reflected our new reality.

While, like the rest of New Zealand, we can be proud of the way we faced that particular challenge, it is clear that our immediate future presents a number of others. The ever-increasing risk of our aging and vulnerable networks is clear, as is the necessity of accelerated and consistent investment to address this. The importance of delivering value in a post-COVID economy is clear. The immediate need to enhance our understanding of the networks' condition and performance to more effectively prioritise maintenance and renewals is clear. The urgency of preparing for climate change and population growth, the value of sustainable water consumption management, and our communities' increasing environmental quality expectations are all clearer than ever.

As any drinking-water technician will attest, clarity is a good thing. Clarity in this instance enables shared understanding, focus and prioritisation. This is essential, because meeting the challenges and opportunities of the future calls for ever-more productive collaboration between our shareholders, our communities and ourselves. The good news is that this is already happening. As we move into the new financial year, Wellington Water is developing new platforms for engagement and information-sharing with the public, building deeper relationships with mana whenua and continuing to strengthen ties to our shareholder councils as they renew their long-term commitment to investment in core water infrastructure. Working together towards our shared objectives is the principle underpinning all these strategic relationships.

Yes, this has been an exceptionally testing year. But we are emerging stronger for it as an organisation. Over the next few years, as we meet our challenges and navigate significant change, the resilience, character and clarity developed under the pressures of 2019/20 will stand all of us in good stead.



Geoff Dangerfield
BOARD CHAIR



Colin Crampton
CHIEF EXECUTIVE



What we have achieved

Major activity and achievements timeline 2019/20

JULY

New service depots established in Porirua and Rongotai.

Contractor Panel starts.

SEPTEMBER

Ngāti Toa and Taranaki Whānui take seats on the Wellington Water Committee.

DECEMBER

Dixon St adit collapses. In an emergency operation, temporary piping is laid above ground on Willis St to connect with the Moa Pt interceptor.

Formation of roving crews to focus on the private network approved.

AUGUST

Alliance with Fulton Hogan celebrated with a pōhiri.

OCTOBER

South Wairarapa District Council becomes a joint owner of Wellington Water.

The first half of the year was about building relationships, such as forming our new Customer Operation Group – a joint venture with Fulton Hogan – and welcoming South Wairarapa District Council as our sixth council partner. The second half of the year was dominated by two big repairs and COVID-19, during which we focused on supplying essential services to communities during lockdown.

We provide drinking-water, wastewater and stormwater services on behalf of our client councils – Hutt City, Porirua City, South Wairarapa District Council, Upper Hutt City, Wellington City and the Greater Wellington Regional Council. We are a council-owned, shared service organisation. A representative from each council sits on the regional Wellington Water Committee, which provides overall leadership and direction for the company. Wellington Water is governed by a board of independent directors.

Our purpose is to create excellence in regional water services so that communities prosper. Our customers, the residents of the Wellington region, use the services we provide in their homes, businesses and communities every day. Reliable and affordable access to these services supports the social fabric of our communities.

We deliver our services focusing on three customer outcomes: safe and healthy water; respectful of the environment; and resilient networks that support our economy.

The services that our three waters networks provide are vital to a modern and successful economy, but they're also important to the interactions our customers have with the natural environment. We want our customers to be able to enjoy our beaches, rivers and streams with the confidence that these waterways are free from pollution.

AMOUNT OF WASTEWATER WE TREATED IN THE METROPOLITAN AREA:

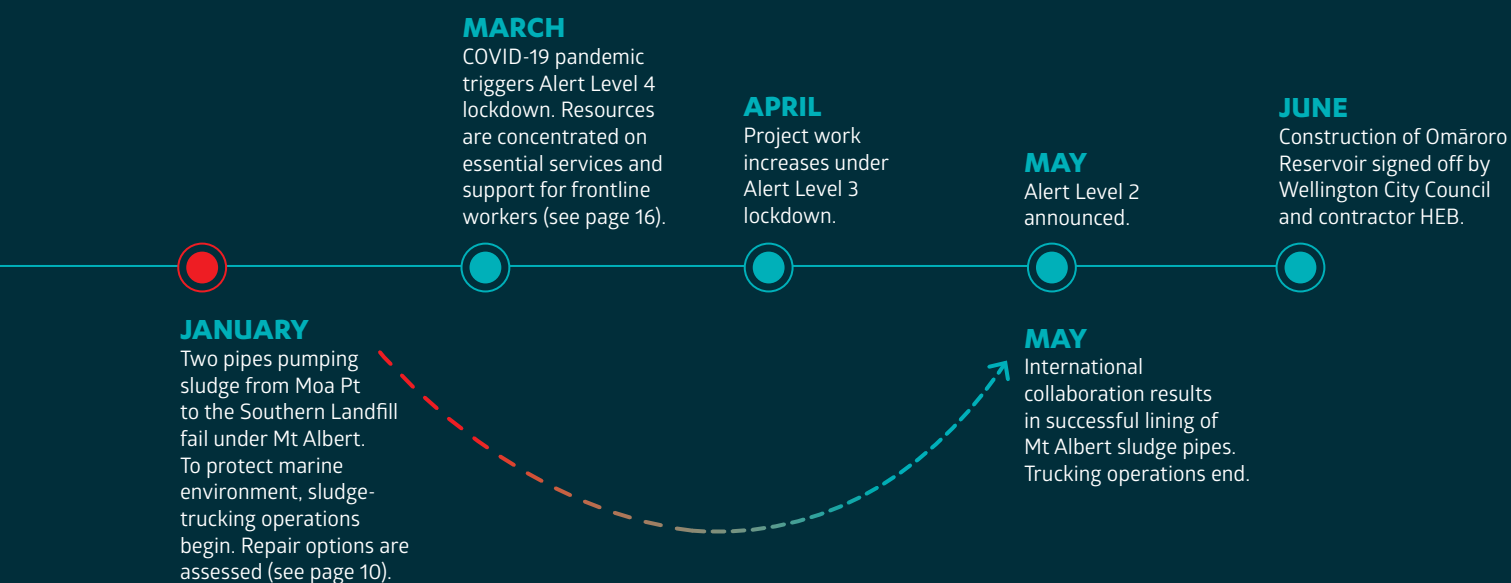
55.7
million cubic metres

TOTAL AMOUNT OF WATER SUPPLIED TO THE METROPOLITAN AREA:

57.8 million litres equivalent to **370** litres per person per day

TOTAL LENGTH OF THE PIPES IN OUR NETWORK, INCLUDING SOUTH WAIRARAPA:

14,338
kilometres



ADAPTING TO COVID-19

When New Zealand moved into Level 4 lockdown, we prioritised our critical frontline operations to ensure the continuity of essential water services to our communities. Our Board and the Wellington Water Committee both agreed that to do this we should pause or scale back non-critical work wherever possible.

Alongside maintaining essential frontline operations, our priorities during Level 4 lockdown were:

- safeguarding the welfare of staff and suppliers
- duplicating the frontline crews (ensuring back-up in case a team needed to isolate)
- only proceeding with critical capital projects that were essential for providing safe water or preventing environmental damage
- revising the Long-term Plan programme of work
- continuing to improve our performance management system so we could report dependable and repeatable performance results.

Some of the non-critical work we paused or scaled back has had a flow-on effect on a number of our performance measures. These are reported separately.

PERFORMANCE REPORTING

At the conclusion of the 18/19 financial year Audit NZ advised us that they would focus more directly on our non-financial performance measures during the 19/20 financial year and that we should concentrate on improving our performance management system to ensure these measures are robustly reported. Wellington Water set up a performance management improvement team to address Audit NZ concerns. We have made good progress however we expect a further year will be required to bring our performance management system to a more mature state where data and results can be independently tested and verified.

Audit NZ have completed its 19/20 review and advised Wellington Water it had concerns with 5 of our performance measures. These concerns relate to data quality, collection techniques and our ability to verify results. Wellington Water has accepted this result and is now concentrating on further improvements to our performance management system.

In the non-financial performance tables we have asterisked the 5 performance measures (the fault response time measure occurs multiple times for different asset types and is repeated for each council) and outlined the issue and the corrective action we propose to take.

Three key outcomes

Our promise to our customers is that we'll get water to and from their communities in a way they can rely on and trust.

We do this by focusing on our three customer outcomes:

- **Safe and healthy water:** we ensure a safe drinking-water supply and work to protect our communities from exposure to the harmful effects of wastewater overflows.
- **Respectful of the environment:** we seek to avoid harm to the natural and built environment and, over time, enhance it for the benefit of future generations.
- **Resilient networks that support our economy:** we maintain reliable water networks that can withstand shocks and stresses, and future-proof those networks to support a strong regional economy now and into the future.

The following section of this annual report highlights key achievements from the past year that show how we are making progress toward these outcomes.



SAFE AND HEALTHY WATER

- We've continued to demonstrate 100 per cent compliance with the Drinking-water Standards for New Zealand in the Wellington metropolitan region.
- South Wairarapa District Council became the sixth council co-owner of Wellington Water on 1 October 2019 and we began to operate its three waters services. Great improvements have been made to drinking-water quality in South Wairarapa as we work towards making the supply compliant through a multi-barrier approach. This includes building a manganese reduction plant to remove excess manganese and iron from Martinborough's water to enable permanent chlorination of the town water supply, and upgrading the UV units at the water treatment plant in Memorial Park in Greytown. Our aim is to have all supplies fully compliant by the end of 2020.

RESPECTFUL OF THE ENVIRONMENT

- The major environmental incident of the year was the wastewater discharge into Wellington Harbour following the adit collapse in Dixon Street in December, which resulted in the closure of several swimming beaches. Our Emergency Management Team was activated and our mana whenua partners placed a rāhui on the inner harbour as we worked to resolve the issue. A temporary overland wastewater pipe was assembled in Willis Street while a more permanent solution was finalised. Our onsite presence and regular community meetings helped alleviate concerns, and the repair project came in on time and within budget when Willis Street was fully reopened at the end of March.
- We found and fixed several cross-connections in Owhiro Bay and the CBD, and raised community awareness of the consequences on water quality when business and household wastewater laterals are cross-connected to the stormwater network.
- Two representatives from mana whenua took seats on the Wellington Water Committee in September and we value and acknowledge the importance of their role as kaitiaki of water bodies in the region, and our shared responsibility in protecting water for the social, cultural, economic and environmental wellbeing of our communities.

- We began reporting on new global stormwater consent conditions, and communities are rightly taking a role in the protection of their waterways. Some communities have experienced acute issues with waterway contamination this year and we have begun engaging more closely and systematically with our customers to find effective solutions through a collaborative approach.
- We successfully secured funding for our new 'roving crews', who will work in catchments across several of our client council areas, to proactively identify public and private network issues which, when repaired, will improve the quality of our urban waterways.
- We began work on a new wetland in Elsdon, Porirua that will reduce the amount of pollution entering the harbour from the stormwater system.
- After the sludge pipe failures under Mt Albert in January, we prevented the discharge of sludge from the treatment plant at Moa Point into Cook Strait by running a 24/7 trucking operation to the de-watering plant at the Southern Landfill until the sludge pipes were repaired and operational in May. This operation to protect the marine environment and residents of the South Coast transported 128 million litres of sludge, in more than 13,500 truckloads, covering more than 332,000km between the treatment plant and landfill, without a single major incident.
- We consolidated our four wastewater treatment plant contracts to Veolia over the course of the year, which has led to better value, increased opportunities for improved service, greater regional consistency, and a more resilient workforce.
- While installing pipelines in the area which will connect to the new reservoir, we simultaneously delivered renewal work for local residents to ensure no more major water network work will be required in their community for many years.
- In December we installed emergency water pumps at Te Marua water treatment plant as back-up in event of an emergency (such as a landslide or earthquake) that prevents us from extracting water from our usual site at Kaitoke Weir. The pumps will also be deployed to allow maintenance work and seismic upgrading of the existing Kaitoke supply system.
- A critical asset inspection of pipes near Moa Point revealed extensive damage caused by corrosive gas. We fast-tracked a trenchless operation, meaning we didn't have to dig up the road, and work began in April on lining the pipes with durable long-term material. Work continued through lockdown and was completed in June, with minimal above-ground disturbance.
- Research continued on our Cross-Harbour Pipeline project, to provide an alternative water supply route to Wellington in the event of a major earthquake disrupting delivery via our existing network. In January we completed a series of land- and sea-based bores in Lowry Bay and Evans Bay as part of determining the potential route of the Cross-Harbour Pipeline. Geotechnical investigations have provided data about the seabed and land at the potential take-off and landing points on both sides of the harbour.
- We completed stage one ground improvements as part of our seismic strengthening at Seaview Wastewater Treatment Plant using new resin injection technology. Stage two of the project, strengthening the building, will be completed in November 2020.

RESILIENT NETWORKS THAT SUPPORT OUR ECONOMY

- The Omāroro Reservoir project is designed to improve the resilience of the region's water supply, increase water storage in case of a disaster and support projected population growth. The project reached a significant milestone in June with funding signed off by Wellington City Council and a contract signed with HEB Construction. When completed, the 35-million-litre Omāroro Reservoir will be the largest in the network. Construction begins in August.
- Over the last two years, we have established a new above-ground emergency water network that can supply more than 400,000 people across Wellington following a disaster. A cornerstone of our approach to building resilience is developing the self-sufficiency of people and businesses for at least seven days following a major earthquake. We've worked with Wellington Region Emergency Management Office (WREMO) and Regional Public Health to promote awareness of the need to have a plan for the safe disposal of wastewater following an earthquake.

Collaboration creates solutions under a mountain

THE REPAIR OF TWO HIGH-PRESSURE SLUDGE PIPES DEEP UNDER MT ALBERT DURING THE COVID-19 GLOBAL PANDEMIC HIGHLIGHTED THE VALUE OF INNOVATION AND OUR RELATIONSHIPS.



On 17 January 2020, both high-pressure sludge pipes running between the wastewater treatment plant at Moa Point and the de-watering plant at the Southern Landfill failed. While the failures were known to have occurred in 1.8km-long sections of tunnel deep under Mt Albert, their exact location, nature and cause were unknown. As Wellington Water's emergency investigation began, sludge at the treatment plant built up, threatening to exceed the plant's storage capacity and discharge into Cook Strait.

To protect the marine environment and the health and safety of local communities, sludge trucks began to transport up to 1200m³ (1.2M litres) of toxic sludge solids (sludge) every 24 hours from Moa Point Wastewater Treatment Plant to Carey's Gully Sludge Treatment Facility, a distance of approximately 13km. The operation ran 24/7 and required a high degree of collaboration and commitment to execute. Inclusion of all stakeholders was critical to the operation's success, and included experts from NZ Transport Agency, Wellington City Council Roads and the Southern Landfill in operation planning.



The new CCTV camera developed for the sludge pipes under Mt Albert.

The length of the pipes under Mt Albert to be investigated posed a challenge to conventional pipeline CCTV technology. The quickest and easiest solution was to tap into local expertise and design and build a new, lighter, camera and cable type. On 16 February, in what is believed to be the longest live-feed with fibre technology in New Zealand, the pipes were mapped and surveyed in the 1.8km tunnel and fail points were identified at 230m and 165m from the excavation point in Island Bay.

The quality of data gathered in this innovative operation firmed up our repair options. Because of the pipes' location deep beneath Mt Albert it wasn't practical to excavate them. The safest and most durable option for the repair was to line them with a polyester sleeve. We worked with a specialist engineering firm in Germany to design and manufacture the sleeves specifically for the Mt Albert pipes. Given the importance of the installation, and the fact this would be the largest-scale implementation of this technology in Australasia to date, bringing in international expertise was a key component of our arrangements with the manufacturer.

Unfortunately, the unprecedented impact of COVID-19 restrictions around the globe delayed the project. Restrictions on business imposed by the German Government pushed back manufacture and delivery of the liners by the supplier, each of which is approximately 2km long when fully extended and weighs about three tonnes.

We worked closely with Wellington City Council and the New Zealand Government (the process required the signatures of six ministers) to secure special permission for the international experts to be brought into the country in the extraordinary circumstances.

With support from the Ministry of Foreign Affairs and Trade, the team of five experts – which included cover, in case any of the group were to become sick or injured – flew in on the return leg of one of a series of flights chartered by the German Government to repatriate German citizens from New Zealand.

After completing their 14-day quarantine in Auckland, the team was flown to Wellington and, with the support of Wellington Water and our team of contractors, successfully oversaw the installation of the first liner.

Following a comprehensive testing programme and reconnection to the wastewater network, the pipe was operational again by late May, enabling the interim trucking operations to be stopped.

Despite the additional challenge of the global pandemic, both pipes under Mt Albert were successfully lined by the end of May 2020. We were able to complete this innovative repair and rescue operation because of our extensive network of relationships in the industry, such as our multi-disciplinary team of consultants and contractors, and through collaboration with various stakeholders in the community and local and central government.



The pandemic delayed the manufacture and installation of the liners made in Germany to repair the Mt Albert tunnel sludge pipes.

Consultant

- Stantec

Main Contractor

- Brian Perry Civil

Sub-Contractors (Key)

- GP Friel
- HydroTech
- ATMS
- Hadlee and Brunton
- Wellington Water Pipelines

Suppliers (Key)

- Amex Sanivar

Building trust

As a service organisation, strong relationships are critical to delivering on our responsibilities. We maintain a wide range of partnerships across the region, and recognise that a smart, collaborative approach to achieving our shared objectives leads to better value, greater efficiency and increased effectiveness.

PARTNERING WITH MANA WHENUA

Our local iwi are Taranaki Whānui (the legal entity representing its interests is 'Taranaki Whānui ki te Upoko o te Ika a Maui') and Ngāti Toa Rangatira (the legal entity representing its interests is 'Te Rūnanga O Toa Rangatira'). We welcomed a representative from each iwi onto the Wellington Water Committee to provide a local te ao Māori perspective and enable the role of iwi as partners, as envisaged under the Treaty of Waitangi, to be brought alive at the governance level.

We'll continue to use the Memorandum of Partnership (MoP) we have with local iwi to guide our relationships with our mana whenua partners. The MoP recognises the unique relationship of Māori with the environment and takes a partnership approach in terms of how we collectively interact with wai (water), which to iwi is a taonga (treasure).

We've worked closely with mana whenua on relatively short-term solutions, such as the emergency management of incidents. More recently we've begun to engage on longer-term solutions with a wider perspective, such as future network programmes. Our mana whenua partners have contributed to the advice we provide to our client councils on the development of their next Long-term Plans.

The perspective of te ao Māori to inform the planning and operations of our work is very important in providing a more holistic view of the long-term effects of our work on communities and the environment. To strengthen our relationship with mana whenua, we've worked on designing a more collaborative approach, to make sure their feedback and aspirations are incorporated into our service planning.

PUTTING OUR CUSTOMERS AT THE HEART OF EVERYTHING WE DO

Last year we set up a Customer Hub, which works alongside council contact centres to resolve incoming customer queries and issues. The Hub team ensures all incidents are managed with customer outcomes front-of-mind, communicates with affected customers, directs and dispatches crews, and closes out all enquiries, updating council records at the close.

An internal project on customer satisfaction during the lockdown highlighted the importance of keeping customers well informed about where they are in a service process and what's coming next. As a result, we accelerated our digital communications around planned and unplanned outages and extended notifications beyond our news site to social media as well. We've also sought to delay reactive works to avoid water outages during peak demand times (such as family dinner and bath time), whenever possible.

During the 2019/20 year we've measured overall customer experience satisfaction with operational expenditure (opex) projects through call-backs, and scored an average of 84 per cent satisfaction.

We received strong positive feedback about our frontline workers who continued to carry out urgent repairs and maintenance during the COVID-19 responses. We're also pleased to have received positive feedback from the majority of customers affected by emergency incidents, which reflects both the effectiveness of our response crews and the emphasis we put on community engagement following such events and during extended major repair operations (such as in Dixon Street).

PROVIDING VALUE FOR MONEY

Our most significant value-adding role is providing advice to our owners on their Long-term Plans (LTPs). We began this process in early January 2020 with an 'early signals' presentation. This presentation took an unconstrained view of meeting future challenges. It was delivered to each council and peer-reviewed by the Water Industry Commission for Scotland. Using capex as a proxy for scale, this work showed the region would need to approximately double current spending to meet all future service levels desired. Our work on councils' LTPs continues into 2020/21.

Over 2019/20 we have struggled to meet the target response times for urgent and non-urgent repairs. This was initially considered a performance issue for the company to manage but over the year we showed that this was caused by an aging network breaking more often and more seriously. Councils responded by providing more opex expenditure and we have now achieved a more stable situation. We have advised our councils that it is not economic to meet the current targets due to the age of the network, and that adjusting targets is the most sensible thing to do.

Strategic priorities

LOOKING AFTER EXISTING THREE WATERS ASSETS

As well as delivering results that support our three key outcomes on a daily basis, it's essential that we work with our councils and our customers on a long-term approach to maintaining the quality of our water services.

Managing critical assets

Asset condition data helps us to intervene with planned maintenance or replacement before assets fail. In the context of aging networks, and with the experience of recent major breakages emphasising its importance, we are, with the support of councils as asset owners, placing increased emphasis on capturing high-quality condition data for our critical network assets. We have prepared asset class intervention strategies for critical water-supply, wastewater and stormwater pipelines. These documents state how and when we will undertake condition assessment for these asset classes in the future. Data collection for our most critical assets begins in 2020/21.

Long-term Plan advice

Councils' LTPs are critical because they provide the resourcing, capability and costs needed to reach service outcomes.

Our councils' LTPs take a 10-year viewpoint, but are revised on a three-year cycle. 2019/20 was year two of the current cycle, and we have been gearing up to provide advice to them for the three-year cycle that plans for 2021-31 and 30-year infrastructure plans.

We are the trusted operator and advisor for our client councils' three waters network and assets. It is very important that we provide them with clarity on the state of their assets and the level of risk associated with managing those assets.

Over the last year we've been working on providing clear advice to our council partners about the level of investment they need to put into three waters, so they can go out and consult with their communities during the development of their next LTPs.

By the end of this process, councils will be in a good position to provide clear direction about the level of investment they require, confirmation of their priorities and, importantly, a good understanding of the level of risk associated with their level of investment.

SUPPORTING GROWTH WITHOUT ADVERSE ENVIRONMENTAL IMPACTS

One of our significant challenges in the region is the growth rate of all cities, which is placing increased pressure on the three waters networks.

We completed a significant programme of growth planning for Porirua (seven catchment areas), Wellington City (22 suburbs identified in its Spatial Plan) and Upper Hutt (13 areas). The Wainuiomata Future Growth Study for Hutt City will be completed in the first quarter of the 2020/21 year. We have also been working with the Greater Wellington Regional Council on the Regional Growth Framework.

The growth planning programme supports our councils' responses to changes to national policy on urban development and anticipates significant population growth over the next 30 years. The new National Policy Statement on Urban Development is requiring the councils to undertake reviews of and make changes to their district plans to enable this growth to occur.

We have found that a significant level of upgrades and investment will be needed to meet growth over this period. More detailed studies are still required and these will be undertaken as we complete our hydraulic modelling programme across the region. These studies will develop a programme of future growth projects that include integrated solutions that are supported by business case and feasibility assessments.

At a more operational level, we have been advising our councils on three waters matters in places experiencing a significant level of growth and land development, including designated high-growth areas such as Eastern Porirua and Plimmerton Farm.

Working with developers

The development sector had a phenomenally busy year, with an increase in customer enquiries of 37 per cent on the previous year. Our land development team advised our councils and customers on building and resource consents, public drainage permits, engineering approvals, subdivision sign-off, and encroachments, while our inspectors assessed physical works on site.

In addition to our regulatory processing, we received more enquiries than ever before, with an increase of 84 per cent from the previous year. Our customers enquired about building over or near our services, pre-application advice, service connection advice, and minimum floor levels and flooding.

We've built an effective working relationship with Whaitua Committees. Members have been open to our advice and suggestions for improving water quality in the region's various catchments, providing us with a meaningful opportunity for influence. We've also been working to incorporate Whaitua expectations around water quality across the region into our councils' LTPs.

REDUCING WATER CONSUMPTION

In the context of a growing population, if we don't reduce consumer demand and effectively address network leakage, pressure on drinking-water supplies over summer will increase, accelerating the need to build more storage and treatment facilities. This will come at a significant cost to ratepayers and to the environment in terms of carbon emitted during construction and operation, and river depletion.

We continue to work with our owner-councils on a 'conservation ahead of construction' approach, to ensure that we maximise the efficiency of our existing water supplies before investing in new infrastructure. This incorporates a variety of actions including obtaining better data on network performance, usage and efficiency, as well as building customer awareness and driving behavioural change.

Safeguarding water

We've continued to work with councils to mitigate stormwater run-off, including supplying water-sensitive design guidance. After working with green infrastructure specialists and holding a series of interdisciplinary workshops, our new technical guideline for water-sensitive design was released in December. The new guideline is a tool to ensure standardised and successful design outcomes, which means that green infrastructure devices designed using this guideline are optimised for maintenance and safety, and perform their function over the entire asset lifecycle.

Preparations for the consenting of our stormwater discharges and wastewater network discharges are underway and consenting will be progressed in the next financial year. These will form part of our overall strategy for improving environmental water quality in response to emerging national and regional policy and expectations of our communities.

We have identified several gaps in our environmental management systems, in particular in relation to working in the beds of streams. In response, we have developed a project plan for prioritising our actions to improve our performance over time.

Our performance with respect to meeting environmental consent requirements also indicates both that we have work to do and that there are conversations to be had with our council-owners, the regulator (Greater Wellington Regional Council) and our communities. Some of the poor environmental performance is purely weather dependent and the result of historically acceptable network design conventions that do not meet contemporary performance requirements. This means achieving compliance will remain highly challenging until the necessary investment is completed. National and local community expectations are increasing, and the regulator will have an ever-increasing interest in non-compliance, so a pathway for achieving compliance will need to be identified, agreed and funded. Establishing and implementing our strategic approach to improving water quality is a priority activity for us in 2020/21.

REDUCING THE IMPACT OF CLIMATE CHANGE

Given the impacts of climate change on sea levels and our coastal infrastructure, weather patterns and our water supply, and the intensity of stormwater run-off in extreme weather events, we are committed to doing our part to reduce the effects of climate change on communities by reducing our carbon emissions. Our work on proposing emission reduction targets was delayed by the response to COVID-19, as was our work around flood management. However, these projects are now back up and running and will be completed in 2020/21.

The Wellington Water Committee endorsed our proposed response to climate change, including reducing our emissions and adapting to the impacts of climate change. Adaptation will require us to work with council partners on their land use and planning decisions, and to understand the risks associated with critical, stand-alone assets such as treatment plants.

We've developed models to identify urban stormwater flooding issues, overland flow paths and stream corridors. These maps are based on best-practice flood-modelling standards, take into account sea-level rise and predicted increased rainfall events due to climate change, and have been peer-reviewed by an external independent party. These maps are designed to help manage future flooding impacts by providing a better understanding of flood risks, thereby improving infrastructure and emergency response planning. This information will be incorporated into councils' district plan reviews to ensure that any future developments are undertaken in an informed manner and do not increase the flood risk to surrounding properties.

PREPARING FOR REGULATORY REFORM

During 2019/20 the Government accelerated its three waters reform programme, releasing details of its plans to set up a water services regulator to oversee the entire drinking-water regulatory system, with details on compliance, monitoring and enforcement. Wellington Water commenced an assessment of what greater regulation means for our councils' investment plans and the implications for the company.

We have been supporting our client councils to understand the significant change the water sector is experiencing. To help councillors keep abreast of issues, we ran an induction programme for new councillors, and helped keep them up to speed on changing water regulations. We also assisted Wellington Water Committee with its submission to the Select Committee on the Taumata Arowai Bill.

COVID-19

WE MAINTAINED ESSENTIAL SERVICES AND BUILT RESILIENCE DURING LOCKDOWN.



We created strict safety guidelines for our crews and provided them with the personal protective equipment they needed to stay safe while doing essential work during lockdown.

As providers of an essential service during lockdown, our top priority was providing clean drinking water and safe wastewater treatment to our community. We concentrated our resources on these essential services and on keeping our frontline teams safe and healthy when maintaining them.

Practising 'social distancing' was a key element of managing risks for our front line. For example, our two-person service crews didn't meet at depots but went straight to work in the field from their homes, and connected virtually instead. On jobs where 2-metre distancing wasn't possible, risk was mitigated by the use of personal protective equipment (PPE) such as masks and gloves.

We also introduced new hygiene and sanitation routines, cleaning schedules for gear and vehicles, and contact tracing on sites and at depots.

For additional resilience we redeployed staff to bolster our frontline numbers. This included creating duplicate teams that could step in for those people operating essential services if need be, and providing training for current and former staff, along with members of our supply chain.

We prioritised our work programme to focus on the most critical projects. As network faults occurred, our customer response teams focused on those which directly affected customers' drinking-water supply or wastewater services. All other work was scheduled when possible.

In this context, our water-quality monitoring and response activity was temporarily scaled back. In the case of an event causing a significant risk to public health or the environment (e.g. a blocked wastewater main overflowing into the stormwater) our crews responded with urgency. However, our work to investigate sources of background contamination (e.g. private cross-connections) within the network was paused while under COVID-19 lockdown conditions. This was both to ensure we had additional crew resources to respond to any urgent issues, and



because it was inappropriate for our crews to be entering private property and approaching residents to investigate cross-connections at this time.

As a result of our focus on providing essential services, we were able to make significant progress on reducing our backlog of non-urgent work. However, our capital works programme was affected. During the Alert Level 4 lockdown, we lost five to seven weeks on most major projects, excepting the seven critical projects on which we were able to continue working.

As we moved through the national COVID-19 alert levels we were able to bring more of our planned work back up to speed, according to urgency, as crew members kept in reserve were able to return to frontline work. However, strict safety measures were kept in place, including our workers keeping to their 'bubbles' on site and carefully controlling movements in and out of work sites.



Our frontline workers adopted new sanitation and cleaning regimes before the lockdown began.

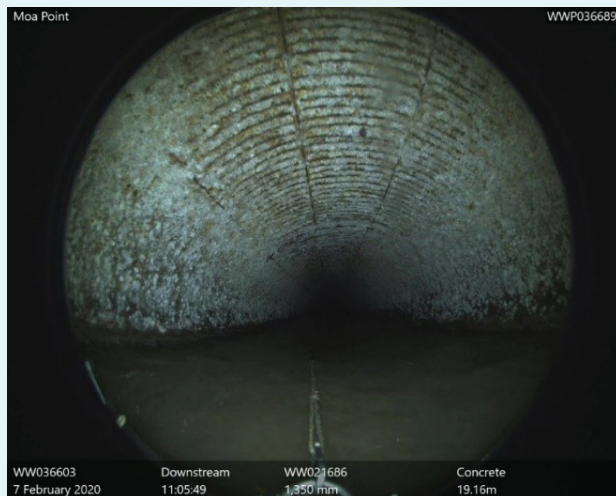
As lockdown approached, our suppliers were able to guarantee the continued delivery of chemicals critical to the operation of our water and wastewater treatment plants. However, the global response to COVID-19 had a big impact on some of our planned work, such as the repair of the Mt Albert sludge pipes tunnel because of production delays in Germany, transport delays due to reduced air traffic, and a 14-day quarantine for the German engineers who came to New Zealand to oversee the liners' successful installation in May.



One of our frontline team became a face for a campaign run by the Ministry for the Environment.

Moa Point critical asset investigation leads to innovative solution

THE VALUE OF CRITICAL ASSET INSPECTION WAS BROUGHT HOME WHEN A CCTV INSPECTION OF THE INTERCEPTOR NEAR MOA POINT REVEALED DAMAGE CAUSED BY CORROSIVE GAS.



CCTV inspection revealed serious corrosion from hydrogen sulphide gas, eroding concrete inside the pipe and exposing reinforcement bars.

The inspection was part of Wellington Water’s standard ongoing review of critical assets that we make to understand the condition of our assets and prevent failures that impact people and the environment. Had the damage gone unnoticed until the pipe failed, there could have been a significant impact on the environment, or, as we saw with Dixon Street, a very expensive diversion operation to keep wastewater out of the sea.

The best option to increase resilience and keep disturbance to a minimum was to line the corroded pipes, with durable material resistant to corrosive gas, in a trenchless operation. The project was fast-tracked, with our main contractor being Interflow.

To allow the pipe-lining machine to operate, a significant over-pumping operation was required. This was undertaken on behalf of Interflow by local contractor EN Ramsbottom, whose first priority was to put a contingency plan in place in the event of the interceptor failing.

Michelle Hoffmann, project leader for EN Ramsbottom, one of Wellington Water’s Consultant Panel, said that getting the diversion pipes in place before lockdown was a challenge. “We had to act very quickly to get everything on site before the lockdown took effect. Once our contingency plan was in order, we trialed and fine-tuned the pumping before Interflow put in the new lining.”

She said that while the working environment during lockdown had its challenges, there was an upside. “With the airport being so quiet, our work with large machinery wasn’t restricted between 1 am and 6 am. And we didn’t have to contend with vehicles parking in the long-term car park, where we set up our pumps. Silver linings, you could say.”

Interflow’s Project Manager, Saadia Ali, said the material used to line the interceptor was tried and tested PVC. Concrete grouting was then injected between the original pipe and the new liner. “PVC has a proven service life of 70-plus years in aggressive sewerage conditions, so this is a durable, long-term solution.”

Due to the trenchless re-lining process, digging up the road was not required, leaving the extensive networks of service lines below ground in the area undisturbed and minimising traffic disruption.



An above-ground demonstration of the pipe-lining machine showed how the plastic compound spirals forward and is glued into place as it advances through the host pipe.



A durable, long-term solution: Project Manager Saadia Ali with a section of the PVC used to line the interceptor.



Michelle Hoffmann on site with Wellington Water's Chief Advisor Wastewater, Steve Hutchison.



Pumps and temporary piping were used to bypass the corroded section of pipe while it was lined.

Improving our performance

As a company, we are constantly seeking opportunities to work more efficiently and effectively and deliver better value. By maximising the capability of our workforce, and prioritising the needs of our customers, we position ourselves for greater success in every aspect of our operations.

The following section highlights some of the initiatives we've undertaken to enhance our performance as an organisation this year.

GROWING OUR CAPABILITY

We work alongside the sector to attract and develop the best people to lift our capability.

We continued our graduate programme and employed 10 engineering interns over summer to support their degree qualifications. We continue to host in-house courses to develop competencies such as resilience, time management and customer service. We also provide e-learning options for staff, including webinars – which were popular over lockdown.

The practice of Adaptive Leadership, providing tools and practices to work within an ever-changing environment, remains a focus for our people development. All staff participate in a one-day Adaptive Leadership course. Our people leaders, and other staff interested in developing their leadership capability, can progress their skills in Adaptive Leadership through regular participation in peer learning groups.

HEALTH AND SAFETY MEANS PEOPLE FIRST, EVERY TIME

We work collaboratively to provide a safe and healthy environment and a culture that people believe in and uphold.

We've continued to increase health and safety engagement, participation and accountability at all levels across the company and with our contractors; and have worked with our client councils to make sure critical risks are controlled and managed. We've reviewed all our critical risks and selected two that we focused on during the year: Fatigue; and Mobile Plant and Equipment.

Our approach to health and safety ensures equal emphasis on both safety and wellbeing. Our WellBe programme offered a comprehensive range of initiatives during the year to promote personal resilience and physical and mental health.

COVID-19 required a significant change to our health and safety procedures. Before lockdown we introduced new hygiene and cleaning protocols. Social distancing was a key part of our programme, along with new personal protective equipment (PPE) standards.

During this unprecedented challenge, we encouraged our people to look after themselves and their families first. To help reduce stress as much as we could through this time of great uncertainty, we guaranteed our employees' pay and made sure we responded to all concerns they raised. Supporting the resilience of our team reinforced our ability to withstand the challenges of COVID-19 and maintain our essential service to the community.

RECRUITING A DIVERSE WORKFORCE

We recruit a capable and diverse workforce, maintaining pay equity and providing opportunities for personal and professional growth. We've continued to focus on gender equality by making sure that women are better represented in the business, in alignment with our commitment to United Nations Sustainable Development Goal 5: Gender equality. Initiatives that underpin our diversity measure include pay equity, encouraging flexible working arrangements, and making sure all interview panels are mixed gender. We've also worked on embedding a te ao Māori world view and cultural framework.

Statement of Intent measures

From the outset of Alert Level 4 we refocused our resources on critical frontline services to keep our communities safe and ensure the reliable supply of essential water services. Refocusing our resources meant we had to suspend planned and non-critical work in some areas and scale back work to a bare minimum in others.

To reflect the refocusing of resources, our performance measures are split into two sections. The first section reports on areas where work continued largely as planned during Level 4 lockdown. The second section reports on areas where our performance was significantly impacted by the new way of working and contains measures that were not achieved.

SECTION ONE: MEASURES NOT SIGNIFICANTLY AFFECTED BY THE NEW WAY OF WORKING IN RESPONSE TO THE COVID-19 ENVIRONMENT

SOI Measure	2019/20 Measure	Trend	Commentary
1.1 Our customers will feel confident that the drinking water we provide is safe because we'll maintain compliance with the Drinking-water Standards for New Zealand	Compliant – Wellington metropolitan sites	Maintain	Achieved All four Wellington metropolitan supplies were fully compliant with the Standards.
1.1 Our customers will feel confident that the drinking water we provide is safe because we'll maintain compliance with the Drinking-water Standards for New Zealand	South Wairarapa District	Improve	Not achieved We took over managing South Wairarapa District Council's drinking-water supplies in October 2019, which at the time were non-compliant with the Standards. We are working to bring these supplies to the required performance level over the 2020/21 financial year (dependent on resources).
2.1 *Our customers will not be exposed to any public health risks because we'll reduce the number of wastewater overflows	<100 dry weather overflows	Reduce	Not achieved We recorded 802 dry weather overflow reports for the year, i.e. about 15 a week. The majority of these resulted from blockages caused by tree roots, fats, and wet wipes, aggravated by pipe failures such as crack and dislocation. This target will need to be adjusted to reflect the reality of an aging network.
2.2 Our customers will not be exposed to any public health risks because we'll reduce the number of wastewater overflows	<300 wet weather overflows	Reduce	Not achieved We monitor wet weather overflows from our pump stations, wastewater treatment plants and the network, which this year recorded 400 overflows. This measure is weather dependent and seasonal. More rain means more frequent overflows.
3.1 Our customers will feel confident that our drinking-water service is reliable because we'll maintain the number of hours drinking-water supply is available	Estimated average <2 hours unavailable per customer per year	Maintain	Achieved The average time water was unavailable per customer per year was 1.45 minutes.
4.1 Our customers will feel confident that our wastewater service is reliable because we'll improve the availability of the wastewater service	Until we can accurately measure the duration of wastewater outages and number of houses affected, we'll target: 20 wastewater complaints per 1,000 connections	Improve	Achieved The average is 18.45 complaints per 1,000 connections across the region. Most complaints for loss of service are due to network blockages (mainly tree roots, wipes and rags, and fats).

* See page 71 of Annual report for notes on this measure under: (1) Performance Measure 1 (system and adequacy) Dry weather overflows

SOI Measure	2019/20 Measure	Trend	Commentary
4.2 Our customers will feel confident that our wastewater service is reliable because we'll improve the availability of the wastewater service	Until we can accurately measure the duration of wastewater outages and number of houses affected, we'll target: 90 per cent of wastewater complaints (about loss of service) resolved within one day	Improve	Not achieved 68 per cent of wastewater complaints were resolved within a day. We have worked to integrate our alliance staff and new systems so that we are well positioned to improve performance in this area.
5.2 Our customers will reduce the amount of water they are using at home because they have the information they need to be able to make informed decisions and change their behaviours	Percentage of people surveyed who had seen and understood nominated education messages within same financial year: >27 per cent	Improve access to information	Achieved 42 per cent of people surveyed say they saw at least one ad from Wellington Water over the year. The greatest recall was for garden watering restriction ads: 29 per cent. Of these, more than 70 per cent said the points in the ad were relevant to them.
6.1 Our customers will be able to enjoy our region's beaches because we'll improve the number of days that monitored beaches (between 1 November and 31 March) are available for swimming	Total number of days monitored beaches are closed is at most five	Improve	Not achieved There were four monitored beach sites where we advised against swimming or recreational activity for more than a total of five days during the period 1 November to 31 March out of a total of 33 monitored sites. As a percentage across the region the closures equate to 4 per cent of the total number of days that all beach sites were open.
7.1 Our customers will feel confident that our region's waterways are not adversely affected by our services because we'll monitor and apply effective methods to manage and improve water quality	Identify potential intervention strategies	Improve	Achieved We have identified potential intervention strategies that will improve waterway quality, including increased community engagement and participation in water-quality monitoring and private network repairs. We continue to develop these strategies.
7.2 Our customers will feel confident that our region's waterways are not adversely affected by our services because we'll monitor and apply effective methods to manage and improve water quality	Select a receiving environment water-quality improvement project (i.e. an urban stream) and assess it against intervention quality	Improve	Achieved Two improvement projects are in progress. The Elsdon Wetlands project explores the potential for wetlands to improve stormwater discharge quality. Planned completion is in May 2022. The Karori project is focused on the impact of private wastewater laterals on freshwater quality. The impact of the relevant interventions will be assessed once they have been implemented.
7.3 Our customers will feel confident that our region's waterways are not adversely affected by our services because we'll monitor and apply effective methods to manage and improve water quality	Monitor urban stream water quality to set baseline	Improve	Achieved A stormwater monitoring plan has been approved by the Greater Wellington Regional Council. The plan is being implemented and the monitoring systems required by the plan are in place. The monitoring being undertaken under the plan provides a baseline for determining whether our activities are improving water quality over time.

SOI Measure	2019/20 Measure	Trend	Commentary
8.1 Our customers' homes and businesses will be protected from flooding because we'll reduce the number of habitable floors that are predicted to be flooded by a 1:100-year flood event	1 per cent reduction year on year (in the area modelled at the start of the year)	Reduce	Not achieved A number of projects have led to a partial reduction in flood risk at individual household level, but not at the 1:100-year level. The large project that would have assisted this measure (Measure 28.2) has been put on hold while being reviewed by WCC.
9.2 Our customers will be resilient in the event of a natural disaster because we'll improve the number of households that have drinking water stored and have a plan for the safe disposal of their wastewater	Set a baseline for the percentage of households that have appropriate wastewater solutions	Improve	Achieved 42 per cent of people surveyed reported having a plan in place for the safe disposal of their wastewater. This number is comparable with surveys last year, so has been set as a baseline.
10.1 *Our customers will have positive interactions with us because we'll measure and improve their customer experience satisfaction	>80 per cent of surveyed customers rate us good, very good, or excellent	Improve	Not achieved We recorded 78 per cent of customers surveyed rating us good, very good or excellent for the year. By quarter, the numbers were Q1: 66.3 per cent; Q2: 83.2 per cent; Q3: 76.7 per cent; Q4: 86 per cent.
11.1 Our customers will feel valued because we'll improve their customer experience satisfaction by acknowledging problems with level of service and working to resolve them within acceptable timeframes	50 per cent of complaints resolved within 10 days	Improve	Achieved 54 per cent of complaints were resolved within 10 days. The Hub has now secured a dedicated service improvement officer to ensure we continue to improve processes and add value to customers. As the Hub matured in the second half of the year, response times have improved.
11.2 Our customers will feel valued because we'll improve their customer experience satisfaction by acknowledging problems with level of service and working to resolve them within acceptable timeframes	80 per cent of complaints resolved within 30 days	Improve	Achieved 82 per cent of complaints were resolved within 30 days.
12.1 Our customers will be kept safe because our work sites will be safe and result in no members of the public being harmed	Zero incidents reported to our supply chain, or client councils	Maintain	Not achieved One member of the public was injured as a result of our work in Willis Street, Wellington, in January. Temporary pedestrian access stairs had been put in place over an interim overland wastewater pipe. A pedestrian slipped when using the stairs and cut his knee. The gentleman made a full and quick recovery, and non-slip surfaces were applied to the stair treads.
13.1 Our customers will get a better understanding of where their water rates money is being spent because we'll improve the transparency of the cost per connection of our services	Analyse results and explore implications	Improve	Achieved We have developed a cost per connection model, and it will be used as part of the long-term planning process, to improve transparency of costs.
14.1 Our customers will feel confident we're creating value for money because we'll maintain our assets at a sustainable level now and in the future	Normalise results across councils and look for a regional proxy	Maintain	Achieved Asset valuation principles and guidelines have been developed in consultation with councils to enable a common regional approach.

* Issue: The customer satisfaction survey conducted by Wellington Water has insufficient survey design, sample size and controls to produce reliable results. Proposed remedial action: We will engage an independent survey firm to undertake the customer satisfaction survey from January 2021.

SOI Measure	2019/20 Measure	Commentary
16.3 We'll better understand future service needs by completing Future Services Studies	Resilience study completed through gap analysis to identify actions necessary to achieve resilience service levels across the three waters for all customers, and associated action plan	Not achieved Not completed. Agreed with WREMO and Regional Public Health that the wastewater resilience plan will be developed and agreed through WREMO's Chief Executives Group process. Timeline yet to be agreed.
16.4 We'll better understand future service needs by completing Future Services Studies	Recommended approaches for sustainable drinking-water supply, wastewater sludge management and receiving environment water quality submitted to smart investment process for prioritisation, alongside other initiatives (together with relevant actions from carbon emissions reduction and service resilience action plans)	Achieved Investment recommendations are included in the 30-year investment plan for prioritisation; and for inclusion in councils' 2021-31 LTPs.
17.1 We'll make sure future growth is supported by having well-thought-out network delivery plans	Network delivery plans developed for identified growth cells (at least five)	Achieved We have completed studies as agreed with councils. These included detailed growth catchment studies for Porirua, and growth catchment studies for Wellington and Upper Hutt. These studies help identify critical infrastructure needs to support forecast population growth.
18.1 We'll understand how our current networks perform and plan for growth by completing our three waters networks modelling programme	66 per cent complete	Achieved Completed year two of three-year modelling.
19.1 We'll build our relationships with developers by improving their satisfaction with the advice and services we offer	65 per cent satisfaction	Not achieved Satisfaction with Wellington Water across all stakeholders was 57 per cent; developers make up a third of this sample group.
20.1 We'll meet all environmental consent requirements in the delivery of our services	Fully compliant	Not achieved We have not met all environmental consent requirements. Discharges from the Martinborough Wastewater Treatment Plant twice breached consent conditions, and volume discharges from the Porirua Wastewater Treatment Plant regularly exceeded consented limits due mainly to rainwater inflow. This consent is due for renewal in the next two years. In addition we experienced multiple overflows from the wastewater network, which are unconsented, and infringed resource consent requirements with respect to work in and near streams.
21.1 We'll safeguard our drinking water by completing our regional Water Safety Plan (WSP)	Service delivery improvements arising from the WSP prioritised and implemented	Achieved Regional Public Health input is essential for our Water Safety Plan; however, resourcing constraints have delayed their approval of the plan. There are no indications that this approval will not be granted in due course. Relevant service delivery improvements have been identified for potential inclusion in councils' 2021-31 LTPs, subject to prioritisation and available funding. Note South Wairarapa has separate water safety plans that we plan to commence updating in FY20/21

SOI Measure	2019/20 Measure	Commentary
22.1 We'll supply wholesome drinking water at an acceptable standard (taste, clarity and odour) by maintaining satisfaction	<550 complaints	Achieved We received 491 complaints about drinking-water taste, clarity and odour.
23.1 We'll minimise the impact of sludge odour and landfill disposal by maintaining minimal water content	Landfill bins have a dry-solids content of >15 per cent	Achieved All bins had more than 15 per cent dry-solids content.
24.1 We'll own customer calls end-to-end (by partnering with our client council call centres) and manage customers' expectations by embedding our customer behaviours throughout our business	All customer enquiries are tracked and responded to within 60 minutes	Not Achieved We tracked and responded to over 98 per cent of customer queries within 60 minutes.
24.2 We'll own customer calls end-to-end (by partnering with our client council call centres) and manage customers' expectations by embedding our customer behaviours throughout our business	95 per cent of customer enquiries raised are resolved within the level of service (Priority 1-3) timeframes	Not achieved We have not been able to accurately track customer enquiry resolution times with respect to priority timeframes. This capability has improved in the last quarter, and we expect to be able to report it accurately in the 2020/21 financial year.
27.1 We'll work with our Consultant Panel to improve efficiency by reducing costs (from the current 15 per cent of average fees per total construction costs) and lifting our internal capabilities	Reduce (simple projects) to 14 per cent	Achieved We reduced average fees to 13.6 per cent by improving the efficiency of the design process.
29.1 We'll complete major wastewater projects: Seaview; Porirua; and Karori	Porirua network improvements (complete concept design)	Achieved Porirua network improvement plan completed.
29.2 We'll complete major wastewater projects: Seaview; Porirua; and Karori	Karori network improvements (complete concept design)	Achieved The proposed wastewater improvements in the Karori catchment have been defined.
30.1 We'll complete major drinking-water projects: Omāroro; Moe-i-te-Rā; Aotea; and Silverstream	Omāroro (complete detailed design and consenting, continue construction)	Achieved Design and consenting completed, tender awarded; Wallace Street pipelines completed.
30.2 We'll complete major drinking-water projects: Omāroro; Moe-i-te-Rā; Aotea; and Silverstream	Moe-i-te-Rā (commence consenting)	Not achieved At request of WCC, the project is on hold.
30.3 We'll complete major drinking-water projects: Omāroro; Moe-i-te-Rā; Aotea; and Silverstream	Aotea (complete consenting)	Achieved Consenting completed.
30.4 We'll complete major drinking-water projects: Omāroro; Moe-i-te-Rā; Aotea; and Silverstream	Silverstream (complete detailed design and consenting)	Not achieved The detailed design for the Silverstream pipe bridge is complete. Consenting has yet to be started as we are reviewing the project with council and its updated cost.
30.5 We'll complete major drinking-water projects: Omāroro; Moe-i-te-Rā; Aotea; and Silverstream	Cross-Harbour Pipeline (complete concept design)	Achieved Concept design for the Cross-Harbour Pipeline completed.

SOI Measure	2019/20 Measure	Commentary
<p>31.1 We'll respond to customer issues following a significant event (flooding, earthquake, landslip, major service failure) by keeping an accurate record of all issues that occur and working through them with our customers within agreed timeframes</p>	>90 per cent customer experience satisfaction (measured through call-backs)	<p>Achieved</p> <p>Throughout the year we experienced several significant service disruptions, chiefly burst water mains. We received greater than 90 per cent positive feedback from customers affected by these significant events.</p>
<p>32.1 We'll grow the water sector's capabilities by increasing technical capability in our region</p>	Meet set targets	<p>Achieved</p> <p>We have benchmarked current capability by qualification, experience and role.</p> <p>Employer Accreditation achieved with Immigration NZ.</p>
<p>34.1 We will understand employee wellness by developing and running a quarterly wellness survey that measures awareness, participation, and satisfaction with our wellness initiatives</p>	Percentage of our people aware [of our] wellness initiatives increases year on year	<p>Achieved</p> <p>Our quarterly wellness surveys began this year and showed that 82 per cent of staff are aware of the wellness initiatives run by the Wellbe committee. As we do not have a figure from the previous year to compare with, the average result from this year will be used as next year's benchmark.</p>
<p>34.2 We will understand employee wellness by developing and running a quarterly wellness survey that measures awareness, participation, and satisfaction with our wellness initiatives</p>	Percentage of our people [that] participate [in] our wellness initiatives increases year on year	<p>Achieved</p> <p>Our quarterly wellness survey began this year and showed that 65 per cent of staff participated in the wellness programme activity this year. As we do not have a figure from the previous year to compare with, the average result from this year will be used as next year's benchmark.</p>
<p>34.3 We will understand employee wellness by developing and running a quarterly wellness survey that measures awareness, participation, and satisfaction with our wellness initiatives</p>	Percentage of our people [who are] satisfied with our wellness initiatives increases year on year	<p>Achieved</p> <p>Our quarterly wellness survey began this year and showed that 90 per cent of staff are satisfied with the current wellbeing programme. Over time, we will be able to understand if this is satisfaction with the initiatives or with how we manage wellbeing.</p> <p>As we do not have a figure from the previous year to compare with, the average result from this year will be used as next year's benchmark.</p>
<p>35.1 We will improve the health and safety of our people by reviewing two health and safety critical risks per year and applying controls to manage risks to an acceptable level</p>	Two critical risks reviewed within a year	<p>Achieved</p> <p>The Service Strikes project has wrapped up, and the recommendations are being implemented.</p> <p>The Fatigue critical risk project is due to have its final workshop with the working group in July, and will finalise the recommended actions to the Health and Safety Leadership Forum, also in July.</p>
<p>36.1 We'll focus on gender equality by removing barriers to workforce participation to enable more gender equity in all functions in the organisation</p>	>35 per cent gender balance in functional roles	<p>Not achieved</p> <p>The gender balance was 28 per cent female as at 30 June 2020.</p>
<p>37.1 We'll maintain our rating as trusted advisor by working with our five client councils to build strong relationships</p>	Maintain trusted advisor rating	<p>Achieved</p> <p>The Chief Executive met with each council's ELT and feedback indicated positive levels of trust.</p>

SOI Measure	2019/20 Measure	Commentary
38.1 We'll improve our relationship with our mana whenua partners by improving their satisfaction with their ability to influence our decisions on future services	65 per cent satisfaction	Achieved The Chief Executive met quarterly with mana whenua leadership and reported positive feedback on the health of the relationship and the ability to influence services. Mana whenua representatives were appointed to the Wellington Water Committee during the year.
39.1 We'll improve our relationship with our Customer Panel by improving its satisfaction with its ability to influence our future services	65 per cent satisfaction	Not achieved The Customer Panel was included in our annual stakeholder survey. Of a relatively small sample number, 60 per cent said they were satisfied with the panel's ability to influence our future services.
40.1 We'll build our relationship with our suppliers by improving their satisfaction with how easy we are to work with	65 per cent satisfaction	Not achieved 48 per cent satisfied. This result indicates that suppliers were less satisfied than last year that we were easy to work with.
41.1 We'll make sure that our services support and align with our client councils' LTPs by delivering on agreed outcomes	>90 per cent alignment and achievement of agreed outcomes	Achieved The performance of a representative sample of projects was assessed using the agreed methodology. Ten of the 44 projects completed during the year were assessed. All 10 aligned with and achieved the agreed outcomes.
42.1 We'll deliver on what we set out to do by completing capital projects that meet the requirements of the project design briefs	10 per cent sample demonstrates >95 per cent achievement	Achieved Audits completed in Q4; 100 per cent of project outcomes met project design brief requirements.
43.1 We'll deliver our service delivery strategy by implementing the Alliance, implementing the Contractor Panel, and introducing a consolidated wastewater treatment plant (WTP) contract	Implementation of Alliance delivering agreed outcomes from 31 July 2019	Achieved New teams, systems and processes in place.
43.2 We'll deliver our service delivery strategy by implementing the Alliance, implementing the Contractor Panel, and introducing a consolidated wastewater treatment plant (WTP) contract	Implementation of Contractor Panel delivering agreed outcomes from 31 July 2019	Achieved Contractor Panel in place and operating well.
43.3 We'll deliver our service delivery strategy by implementing the Alliance, implementing the Contractor Panel, and introducing a consolidated wastewater treatment plant (WTP) contract	Start phased implementation of new WTP contract	Achieved All four plants are inside the wastewater treatment contracts. The final phase of implementing the consolidated wastewater treatment plant contract was completed with the transition of Seaview to Veolia.
44.1 We'll create value for money by delivering two smart service ideas each year	Two smart service ideas delivered	Achieved Mooven (a traffic management flow analyser) and an underwater inspection drone have both been introduced. Mooven shows congestion around our roadworks to help us understand the impact and better mitigate the effects our projects are having on the community. The underwater drone enables us to more efficiently carry out condition assessments of our assets.

SOI Measure	2019/20 Measure	Commentary
45.1 We'll better support the delivery of our services by identifying where we can streamline and simplify our systems (subject to funding)	Simplification programme plan in place	Not achieved Digital products and services team now established and focused on simplification initiatives.
45.2 We'll better support the delivery of our services by identifying where we can streamline and simplify our systems (subject to funding)	Delivery in line with plan	Not achieved Simplification initiatives were achieved via work management system Maximo.

SECTION TWO: MEASURES THAT WERE NOT ACHIEVED DUE TO REFOCUSING OUR RESOURCES IN RESPONSE TO THE IMPACTS OF THE COVID-19 ENVIRONMENT

Redirecting our resources from non-urgent work to ensuring adequate frontline services, including back-up crews, meant most capital work was delayed. Some future services work, such as flood-mapping and work around climate change, was also paused.

Our redirection of focus also meant work was stopped on population surveys, meaning measures reliant on survey results were not able to be achieved.

Education campaigns around water conservation and household resilience were paused while we concentrated on informing and assuring the public that essential water services would continue.

SOI Measure	2019/20 Measure	Trend	Commentary
5.1 Our customers will reduce the amount of water they are using at home because they have the information they need to be able to make informed decisions and change their behaviours	Gross production of water supplied to customers <355 litres per resident per day	Reduce water usage	Not achieved Gross production of water supplied to customers was 370 litres per resident per day. 61 per cent of customers surveyed said they had the information they needed to reduce water usage. This was the highest figure for the past four years.
9.1 Our customers will be resilient in the event of a natural disaster because we'll improve the number of households that have drinking water stored and have a plan for the safe disposal of their wastewater	5 per cent of households with 140+ litres of potable water stored per person	Improve	Not achieved The median amount of water people we surveyed had stored was 10 litres person. Less than 3 per cent had 140 litres or more stored.

SOI Measure	2019/20 Measure	Commentary
15.1 Our customers will feel confident we're working to understand and reduce our carbon emissions because we'll have a verifiable target for reduced operational emissions and a plan for achieving that target	Baseline carbon emissions inventory complete and certified emissions management and reduction plan in place	Not achieved Our ability to deliver on this measure was affected by the response to COVID-19. Baseline carbon emissions have not been set. We expect to complete this work in the 2020/21 financial year.
16.1 We'll better understand future service needs by completing Future Services Studies	Minimising carbon emissions study completed through setting initial reduction target and action plan	Not achieved The study and associated work have not been completed. We expect to complete the study and propose reduction targets and the associated action plans in the 2020/21 financial year.
16.2 We'll better understand future service needs by completing Future Services Studies	Complete flooding and flood management study	Not achieved The strategic case for flooding and flood management Future Services Study was not completed in the year. We expect to complete this in the 2020/21 financial year.
25.1 We'll be reliable in the delivery of our renewals and capital works programmes by completing planned work within timeframes	95-105 per cent of planned work completed	Not achieved 74 per cent of planned work was delivered.
26.1 We'll work with our Contractor Panel to be cost-effective by decreasing the cost per kilometre of laying pipes in real terms (adjusted for inflation)	5 per cent reduction year on year	Not achieved Benchmarking of per-kilometre costs has been delayed until the Contractor Panel is operating at a mature level. We expect to achieve this in the 2020/21 financial year.
28.1 We'll complete major stormwater projects: Pinehaven Stream; Porirua; and Kilbirnie	Pinehaven Stream (complete detailed design, consenting, commence construction)	Not achieved Detailed design has been completed, but consent has been delayed by requests for further information from third parties.
28.2 We'll complete major stormwater projects: Pinehaven Stream; Porirua; and Kilbirnie	Porirua Stage 1 (complete detailed design, commence construction)	Not achieved Construction on Porirua Central Stormwater improvements has begun. Kilbirnie work is on hold at request of WCC to review the priority.
29.3 We'll complete major wastewater projects: Seaview; Porirua; and Karori	Seaview seismic strengthening (complete construction)	Not achieved Phase 1 ground improvements completed. Phase 2 has commenced with completion in 2021.
33.1 We'll build a customer culture by developing consistent customer behaviours and embedding these behaviours in our company and the Alliance	86 per cent of all staff know how their work affects customers	Not achieved Our staff engagement survey shows 79 per cent of respondents agree or strongly agree with the statement "I understand how I contribute to the satisfaction of our end customers".

About us

WELLINGTON WATER

We're a council-controlled organisation jointly owned by the Hutt, Porirua, Upper Hutt, South Wairarapa District, Wellington City, and Greater Wellington Regional Councils.

We employ 205 staff (as at 30 June 2020) and provide drinking-water, stormwater and wastewater services to our customers on behalf of our shareholders.

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

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 four members. Each director can serve a maximum of two terms, or six years, unless agreed otherwise by the Wellington Water Committee.

- **David Wright (chair)** (appointed to 31 July 2020)
- **Geoff Dangerfield** (appointed to 30 September 2023)
- **Cynthia Brophy** (appointed to 31 January 2021)
- **Philip Barry** (appointed to 30 June 2021).

The Board approves our strategy, ensures legal 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 is also mindful of its relationship with the Wellington Water Committee and how both the Board and the committee influence us in different ways.



DAVID WRIGHT



GEOFF DANGERFIELD



CYNTHIA BROPHY



PHILIP BARRY

WELLINGTON WATER COMMITTEE

The Wellington Water Committee has six client council shareholders and two representatives from mana whenua. The six client council shareholders are:

- **Greater Wellington Regional Council**
(represented by Councillor Jenny Brash)
- **Hutt City Council**
(represented by Councillor David Bassett)
- **Porirua City Council**
(represented by Mayor Anita Baker)
- **South Wairarapa District Council**
(represented by Mayor Alex Beijen)
- **Upper Hutt City Council**
(represented by Mayor Wayne Guppy)
- **Wellington City Council**
(represented by Councillor Sean Rush).

The two mana whenua representatives are:

- **Te Rūnanga O Toa Rangatira**
(represented by Mr Taku Parai)
- **Taranaki Whānui ki te Upoko o te Ika**
(represented by Ms Kim Skelton).

The committee provides governance oversight of Wellington Water. It does this by considering our half-year and annual reports, monitoring our performance, appointing directors to our Board of Directors, and providing recommendations to shareholders on our proposals.

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.



JENNY BRASH



TAKU PARAI



DAVID BASSETT



KIM SKELTON



ANITA BAKER



ALEX BEIJEN



WAYNE GUPPY



SEAN RUSH



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

↕ 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.

Governance report

Wellington Water is a council-controlled organisation as defined by section 6 of the Local Government Act 2002. Wellington Water is also covered by the Companies Act 1993 and governed by law and best practice. The Shareholders' Agreement relating to Wellington Water outlines how shareholdings and respective relationships are managed.

BOARD OF DIRECTORS

Wellington Water is governed by a board of independent directors. The Chair of the Board reports to the Wellington Water Committee, which is made up of representatives of all five shareholders.

Directors in office for the year ended 30 June 2020 are as follows:

Director	Appointed	Term Expires
Philip Barry	1/07/2018	30/06/2021
Cynthia Brophy	1/02/2015	31/01/2021
Geoff Dangerfield	1/10/2017	30/09/2023
David Wright	1/02/2015	31/07/2020

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee comprises all members of the Board and is chaired by Geoff Dangerfield. The purpose of the Board Audit and Risk Committee is to:

- approve, review and assess the quality and integrity of the financial reporting of Wellington Water Ltd
- consider whether the company 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.

BOARD MEETINGS AND ATTENDANCE 2019/20

The Board schedules Board and Audit and Risk Committee meetings in advance for the year, where directors receive written reports from the Chief Executive and Senior Leadership Team providing monitoring and reports on matters requiring Board approval.

The table below shows attendance at Board and Audit and Risk Committee meetings during the year ended 30 June 2020.

Name	Board Meeting Attendance (8 meetings)	Audit and Risk Committee Attendance (4 meetings)
Philip Barry	7	3
Cynthia Brophy	8	4
Geoff Dangerfield	8	4
David Wright	8	4

DIRECTORS' REMUNERATION 2019/20

The table below shows remuneration paid to directors during the year ended 30 June 2020.

Name	Fees Paid \$
Philip Barry	22,500
Cynthia Brophy	22,500
Geoff Dangerfield	25,000
David Wright	43,000

INTEREST REGISTER AS AT 30 JUNE 2020

Director	Nature of Interest	Date Disclosed
Philip Barry	Owner and Director, TDB Advisory	July 2018
	Member, IMF Fiscal Experts Panel	February 2019
Cynthia Brophy	Chair, Transpower Community Case Fund Panel	February 2015
Geoff Dangerfield	Director, Payments New Zealand Limited	October 2017
	Member, Risk and Assurance Committee, Office of the Auditor-General	February 2019
	Chair, Oranga Tamariki Risk and Assurance Committee	October 2017
	Member, Risk and Assurance Committee, Office of the Auditor-General	November 2019
	Director and Shareholder, Geoff Dangerfield Consulting Limited	October 2017
	Chair, Tāwhiri Limited	July 2019
	Deputy Chair, New Zealand Symphony Orchestra Board	June 2020
	Director, Port Nelson Limited	October 2018
David Wright	Chair, Search and Rescue Services Limited	May 2019
	Director, David Wright Limited	July 2015
	Chair Solomon Islands Airport Corporation	August 2016
	Chair, Waimea Water Limited	November 2017
	CEO, Red Meat Profit Partnership	November 2017
	Member, Audit and Risk Committee, Internet New Zealand	March 2018
	Chair, Central Air Ambulance Rescue Limited	May 2019
	Trustee, Solomon Islands Tourism Infrastructure Development Fund	June 2018
	Member, Waikato District Council Waters Governance Board	September 2018

INDEMNITY AND INSURANCE

In accordance with section 162 of the Companies Act 1993 and the company's constitution, Wellington Water Limited has indemnified and arranged insurance for 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 effected, each director has 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

Number of employees earning over \$100k per annum.

Salary Bracket	2019/20
\$400,000 – \$410,000	1
\$240,000 – \$250,000	2
\$220,000 – \$230,000	1
\$200,000 – \$210,000	1
\$190,000 – \$200,000	2
\$170,000 – \$180,000	2
\$160,000 – \$170,000	5
\$150,000 – \$160,000	6
\$140,000 – \$150,000	5
\$130,000 – \$140,000	7
\$120,000 – \$130,000	9
\$110,000 – \$120,000	17
\$100,000 – \$110,000	18
Total Staff	76

WELLINGTON WATER COMMITTEE

Wellington Water's six council shareholders are Greater Wellington Regional Council, Hutt City Council, Porirua City Council, Upper Hutt City Council, South Wairarapa District Council and Wellington City Council. The two mana whenua representatives are Te Rūnanga O Toa Rangatira and Taranaki Whānui ki te Upoko o te Ika. Representatives meet quarterly in the form of the Wellington Water Committee to discuss water issues and general progress. The committee provides shareholder governance and regional oversight. It provides guidance on Wellington Water's regional approach to issues and policy.

The Wellington Water Committee (on behalf of the shareholders) prepares the Letter of Expectations for the company. These expectations are reflected in the Statement of Intent and are reported on, along with service performance outcomes, in our annual report. The company reports on corporate goals and performance to the Board and Wellington Water Committee, quarterly as well as annually. Service performance outcomes are derived from council LTPs, which in turn are influenced by the asset management planning work we do.

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 and the Companies Act and regulations.

In particular, Wellington Water will provide:

- a Statement of Intent detailing all matters required under the Local Government Act, including financial information for the next three years
- within two months after the end of the first half of each financial year, a report on the operations of Wellington Water to enable an informed assessment of its performance, including financial statements (in accordance with section 66 of the Local Government Act)
- within three months after the end of each financial year, an annual report 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 Local Government Act).

Owing to the extensive reporting undertaken in accordance with the service-level agreements with client councils, the reliance on six-monthly reports fully meets Local Government Act 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 business that returns all benefits to shareholders, the ratio of shareholders' funds to assets is as follows:

	Actual 2020	Budget 2020	Actual 2019
Ratio of shareholders' funds to total assets	5 per cent	9 per cent	8 per cent

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
- the management and implementation of the strategy
- the implementation of Board-approved policies and reporting procedures
- the day-to-day management of the company.

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.



Independent Auditor's Report

To the readers of Wellington Water Limited's financial statements and performance information for the year ended 30 June 2020

The Auditor-General is the auditor of Wellington Water Limited (the Company). The Auditor-General has appointed me, Karen Young, 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 44 to 58, that comprise the statement of financial position as at 30 June 2020, 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 7 to 9, 16, 17, 21 to 29 and 60 to 71.

Opinion

Unmodified opinion on the financial statements

In our opinion:

- the financial statements of the Company on pages 44 to 58:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2020; 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 Standards.

Qualified opinion on the performance information

In our opinion, except for the matters described in the *Basis for our opinion* section of our report: the performance information of the Company on pages 7 to 9, 16, 17, 21 to 29 and 60 to 71 presents fairly, in all material respects, the Company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company's objectives for the year ended 30 June 2020.

Our audit was completed on 22 December 2020. 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 impact of Covid-19 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' (DIA) mandatory performance measures as set out in the Non-Financial Performance Measure Rules 2013 (the Rules). The DIA has issued guidance on how to apply the Rules.

The results of the mandatory performance measures are provided on pages 60 to 71. The Company also reports on their statement of intent measures on pages 8, 9 and 21 to 29.

We identified a number of significant issues with the performance measures as described below.

As a result of these issues, our work was limited and there were no practicable audit procedures we could apply to obtain assurance over the reported results for the performance measures described below.

DIA measures

Fault response times – Water supply, Wastewater and Stormwater

The Company was unable to accurately report on fault response times for each of the three water services. The information produced by the system used to report on fault response times was not reliable because attendance and resolution times for service requests were not always recorded at the point in time they occurred.

Maintenance of the reticulation network – Water supply

The Company was unable to report a reliable water loss percentage for each shareholding council due to the limited number of water meters across the reticulation network.

Instead, the water loss percentage was reported at a regional level for the majority of the shareholding councils. However, the reliability of this regional water loss percentage was also affected by the limited number of water meters.

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

The Company was unable to accurately report the number of complaints for each of the three water services. Complete records of all complaints were not available, and the after-hour complaints system used also did not classify complaints between wastewater, water supply and stormwater.

Number of dry weather sewerage overflows – Wastewater

The Company was unable to accurately report the number of dry weather sewerage overflows, which it also reports on in terms of its statement of intent measures. The system used for recording events included blockages in the wastewater network that did not necessarily result in an overflow.

Statement of intent measures

Customer interactions

The Company was unable to report reliable customer satisfaction results because the methodology and underlying processes supporting the results were not sufficiently robust.

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 – Impact of Covid-19

Without further modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the Company as set out in Note 14 to the financial statements and pages 7, 16, 17, 28 and 29 of the performance information.

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 on the financial statements. 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 2 to 6, 10 to 15, 18 to 20 and 30 to 36, 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 do 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.

In addition to our audit, we have performed a limited assurance engagement in respect of grant funding provided by the Ministry for the Environment. The engagement is compatible with those independence requirements.

For the year ended 30 June 2020 and subsequently, a Director and later the Chair of the Company's Board of Directors is a member of the Auditor-General's Audit and Risk Committee. The Auditor-General's Audit and Risk Committee is regulated by a Charter that specifies that it provides

independent advice to the Auditor-General and does not assume any statutory functions of the Auditor-General. There are appropriate safeguards to reduce any threat to auditor independence, as the member of the Auditor-General's Audit and Risk Committee has no involvement in, or influence over, the audit of the Company.

Other than in our capacity as auditor, the limited assurance engagement, and the relationship with the Auditor-General's Audit and Risk Committee, we have no relationship with, or interests, in the Company.

Karen Young

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

Financial statements 30 June 2020

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR ENDED 30 JUNE 2020

	Note	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000
Revenue from exchange transactions	3	187,543	200,914	135,659
Capital grant revenue		75	70	149
Interest revenue		128	300	291
Gain on sale of vehicles		50	-	10
Revenue		187,796	201,284	136,109
Salaries and wages		(12,283)	(13,271)	(11,386)
Superannuation		(621)	(592)	(594)
Directors' fees		(113)	(135)	(146)
Audit fees – financial statements		(105)	(105)	(103)
Fees to auditors for other assurance services		(14)	-	-
Council opex programme		(66,799)	(60,267)	(46,745)
Council capex programme		(96,120)	(117,428)	(65,031)
Other capex programme		-	-	(1,373)
Operating leases		(938)	(971)	(924)
Other personnel expenses		(1,980)	(1,063)	(1,274)
Other operating expenses		(7,954)	(6,439)	(7,435)
Total operating expenses		(186,928)	(200,271)	(135,012)
Depreciation and amortisation expense		(1,117)	(1,013)	(1,039)
Interest expense		-	-	(19)
Total expenses		(188,044)	(201,284)	(136,070)
Net surplus/(deficit) before taxation		(249)	-	39
Tax (expense)/credit		55	-	(9)
Total comprehensive revenue and expenses		(194)	-	30
Attributable to:	9			
Greater Wellington Regional Council		(29)	-	5
Hutt City Council		(40)	-	5
Porirua City Council		(23)	-	4
South Wairarapa District Council		(10)	-	-
Upper Hutt City Council		(15)	-	3
Wellington City Council		(77)	-	13
Total comprehensive revenue and expenses		(194)	-	30

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 2020

	Retained Earnings \$000	Issued Capital \$000	Total \$000
Balance at 1 July 2018	738	950	1,688
Comprehensive revenue and expenses			
Net surplus/(deficit) for the year	30	-	30
Balance at 30 June 2019	768	950	1,718
Balance at 1 July 2019	768	950	1,718
Share capital issued		50	50
Comprehensive revenue and expenses			
Net surplus/(deficit) for the year	(194)	-	(194)
Balance at 30 June 2020	574	1,000	1,574

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

STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2020

	Note	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000
Cash and cash equivalents		18,969	13,500	13,537
Receivables and prepayments	6	12,843	4,900	4,881
Total current assets		31,812	18,400	18,418
Intangible assets	4	342	107	400
Property, plant and equipment, vehicles	4	1,730	1,249	1,970
Deferred tax	5	304	215	215
Total non-current assets		2,376	1,571	2,585
Total assets		34,188	19,971	21,003
Payables and provisions	7	30,914	16,946	17,958
Employee entitlements		1,436	1,063	1,063
Tax payable/(receivable)		72	(5)	(5)
Total current liabilities		32,422	18,004	19,016
Employee entitlements		26	28	28
Capital grant in advance		166	171	241
Total non-current liabilities		192	199	269
Total liabilities		32,614	18,203	19,285
Net assets		1,574	1,768	1,718
Issued capital	9	1,000	1,000	950
Retained earnings		574	768	768
Total equity		1,574	1,768	1,718

Authorised on behalf of the Wellington Water Limited Board of Directors on 22 December 2020.



Geoff Dangerfield
Chairman



Philip Barry
Director

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000
Receipts from customers		176,869	200,965	147,113
Interest received		128	300	291
Employees and suppliers		(170,869)	(200,302)	(135,896)
Tax paid		43	-	68
Interest paid		-	-	(19)
Net cash flow from operating activities	8	6,171	963	11,557
Purchase of property, plant and equipment, vehicles		(623)	(600)	(914)
Purchase of intangibles		(197)	(400)	(169)
Proceeds from sale of vehicles		31	-	10
Net cash flow from investing activities		(789)	(1,000)	(1,073)
Repayment of borrowings		-	-	(510)
Share capital issued		50	-	-
Net cash flow from financing activities		50	-	(510)
Net cash flow		5,432	(37)	9,974
Add: cash at the beginning of the year		13,537	13,537	3,563
Cash at the end of the year		18,969	13,500	13,537
Comprising:				
Cash at bank and on hand		18,969	13,500	13,537

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 2020

1. ABOUT THESE FINANCIAL STATEMENTS

Reporting entity

Wellington Water is a council-controlled organisation (CCO) owned by the Greater Wellington Regional Council, Hutt City Council, Porirua City Council, South Wairarapa District Council, Upper Hutt City Council and Wellington City Council. Wellington Water provides asset management services specialising in drinking water, stormwater 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 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 2020. They comply with generally accepted accounting practice in New Zealand ("NZ GAAP") and Tier 1 PBE accounting standards. The Board and Management of Wellington Water acknowledge that the company has not met the requirement of S67(1) of the Local Government Act 2002 to make its annual report publicly available by 30 November 2020. Apart from this, all other 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.

These financial statements were authorised for issue by the Board of Directors on 22 December 2020.

Budget

The indicative budget figures were approved by the Board on 9th May 2019. The councils confirmed their budgets after this date. The budgets shown in the financial statements are council approved budgets.

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 is effective for financial years beginning on or after 1 January 2021, with early adoption permitted. Wellington Water plans to apply the new standard in preparing the 30 June 2022 financial statements has not yet determined the impact on the financial statements.

2. VARIANCES TO BUDGET

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

Statement of comprehensive revenue and expenses

	2020 Actual \$000	2020 Budget \$000	Variance \$000	Variance %
Revenue	187,796	201,284	(13,488)	(7%)
Operating expenses	(186,928)	(200,271)	13,343	(7%)
Depreciation and amortisation	(1,117)	(1,013)	(104)	10%

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 significantly impacted by delays on projects due to the national COVID-19 lockdown.

Statement of financial position

	2020 Actual \$000	2020 Budget \$000	Variance \$000	Variance %
Current assets	31,812	18,400	13,412	73%
Non-current assets	2,376	1,571	805	51%
Current liabilities	32,422	18,004	14,418	80%
Non-current liabilities	192	199	(7)	(4%)
Equity	1,574	1,768	(194)	(11%)

Current assets were higher than budget due to higher receivables. Overspend on the opex programme during the year (due to an increase in reported leakage on the drinking-water network) was invoiced at the end of the year resulting in a higher closing trade receivables balance than budgeted, as the council opex programme is usually invoiced in advance.

Non-current assets were higher than budget due to a higher closing balance of property, plant and equipment. Budgets are prepared based on assumptions around depreciation rates that may differ from actuals.

Current liabilities were higher than budgeted due to higher trade payables. This was driven by a ramp up in the council opex and capex programme spend at the end of the year as the country came out of COVID-19 lockdown.

Statement of cash flows

	2020 Actual \$000	2020 Budget \$000	Variance \$000	Variance %
Net cash flow from operating activities	6,171	963	5,208	541%
Net cash flow from investing activities	(789)	(1,000)	211	(21%)
Net cash flow from financing activities	50	-	50	-

Net cash flow from operating activities was significantly higher than budget. This is primarily due to a larger closing payables balance – as a result of increased spending activity at the end of the year as the country came out of COVID-19 lockdown.

3. REVENUE FROM EXCHANGE TRANSACTIONS

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

	2020 Actual \$000	2019 Actual \$000
Management fee	23,590	22,211
Council opex programme	66,799	54,427
Council capex programme	96,120	57,349
Capital grant	75	-
Other revenue	1,034	1,672
Total revenue from exchange transactions	187,618	135,659

Management fee

The management fee is recognised using the percentage of completion method.

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

From 1 July 2019, the capex programme includes a portion of Wellington Water labour costs that are directly attributable to the capex programme. Previously this amount was invoiced as part of the management fee and the labour allocation done by individual councils. This change in classification results in an increase in capex programme revenue with a corresponding decrease in management fee revenue.

We have restated prior year revenue and salaries for this change in classification to ensure comparability.

Opex programme and unexpected event reserve

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

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

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

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

Capex programme

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

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 enters into contracts with contractors to perform the work and manages the programme. Wellington Water is acting as a principal in relation to these transactions. Wellington Water has recognised capex programme revenue and expenses equivalent to the invoices paid or payable to third parties for the financial year.

From 1 July 2019, the capex programme includes a portion of Wellington Water labour costs that are directly attributable to the capex programme. Previously this amount was invoiced as part of the management fee and the labour allocation done by individual councils. This change in classification results in an increase in capex programme revenue with a corresponding decrease in management fee revenue.

We have restated prior year revenue and salaries for this change in classification to ensure comparability.

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% – 20%
Intangibles	40%

	Fit-out and Equipment \$000	Vehicles \$000	Intangibles \$000	Total \$000
Cost				
Balance 1 July 2018	2,548	1,170	1,657	5,375
Additions	695	220	169	1,084
Balance at 30 June 2019	3,243	1,390	1,826	6,459
Balance 1 July 2019	3,243	1,390	1,826	6,459
Additions	477	146	197	819
Disposals	-	(26)	-	(26)
Balance at 30 June 2020	3,720	1,510	2,023	7,252
Depreciation and amortisation				
Balance 1 July 2018	(1,369)	(560)	(1,121)	(3,050)
Charge for the year	(537)	(197)	(305)	(1,039)
Balance at 30 June 2019	(1,906)	(757)	(1,426)	(4,089)
Balance 1 July 2019	(1,906)	(757)	(1,426)	(4,089)
Charge for the year	(685)	(178)	(254)	(1,117)
Disposals	-	26	-	26
Balance at 30 June 2020	(2,591)	(909)	(1,681)	(5,179)
Carrying amount				
Balance at 30 June 2019	1,337	633	400	2,370
Balance at 30 June 2020	1,129	601	342	2,072

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 manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

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

	2020 Actual \$000	2019 Actual \$000
Components of tax expense		
Current tax expense	108	(105)
Adjustments to current tax in prior years	(74)	-
Deferred tax expense	(190)	95
Adjustments to deferred tax in prior years	102	1
Tax credit	(54)	(9)
Reconciliation of effective tax rate		
Net surplus/(deficit) before tax	(249)	39
Tax at 28%	(69)	(11)
Plus (less) tax effect of:		
Non-deductible expenditure	1	(2)
Prior year adjustment	28	1
Deferred tax adjustment	(14)	3
Tax credit	(54)	(9)
Imputation credits		
Imputation credits available for use in subsequent reporting periods	455	498

Movement in deferred tax asset/(liability)	PPE \$000	Employee Entitlements \$000	Tax Losses \$000	Total \$000
Balance at 30 June 2018	(124)	222	22	120
Charged to surplus or deficit	11	106	(22)	95
Balance at 30 June 2019	(113)	328	-	215
Charged to surplus or deficit	31	58	-	89
Balance at 30 June 2020	(82)	386	-	304

6. RECEIVABLES

		2020 Actual \$000	2019 Actual \$000
Receivables with related parties	Note 10	11,972	2,998
Other receivables		581	206
Prepayments		290	117
GST receivable		-	1,560
Total receivables		12,843	4,881

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

7. PAYABLES AND PROVISIONS

		2020 Actual \$000	2019 Actual \$000
Trade payables		26,692	15,225
GST payable		1,367	-
Revenue in advance		208	1,409
Payables with related parties	Note 10	1,568	407
Employee related payables and provisions		1,021	859
Other provisions		58	58
Total payables and provisions		30,914	17,958

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

8. RECONCILIATION OF NET DEFICIT TO OPERATING CASH FLOWS

	2020 Actual \$000	2019 Actual \$000
Net surplus/(deficit) after taxation	(194)	30
Non-cash and non-operating items		
Depreciation and amortisation	1,117	1,039
Gain on sale of vehicles	(30)	(10)
Capital grant	(75)	(149)
Movements in working capital		
Increase/(decrease) in payables	14,920	(1,390)
(Increase)/decrease in receivables	(9,610)	11,969
Tax payable	43	68
Net cash flow from operating activities	6,171	11,557

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 shares at balance date was 500 (2019: 475) ordinary shares of \$2,000 each.

On 26 September 2019, a deed of accession was signed to enable South Wairarapa District Council (SWDC) to become a shareholder of Wellington Water Limited. Wellington Water issued 150 Class A Shares and 25 Class B Shares to SWDC for a total consideration of \$50,000.

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

Class A Shares entitle the holder to vote at a meeting of the shareholders on any resolution.

Class B Shares entitle the holder to a share in the distribution of the surplus assets of the company.

10. RELATED PARTIES

During the year Wellington Water entered into the following material related party transactions with the six council shareholders:

	2020 Actual \$000	2019 Actual \$000
Revenue from exchange transactions		
Management fee		
Greater Wellington Regional Council	9,299	8,896
Hutt City Council	3,555	3,347
Porirua City Council	2,387	2,457
South Wairarapa District Council	372	-
Upper Hutt City Council	1,510	1,422
Wellington City Council	6,467	6,089
Total management fee	23,590	22,211
Council opex programme		
Greater Wellington Regional Council	5,474	4,847
Hutt City Council	13,896	11,830
Porirua City Council	4,441	3,381
South Wairarapa District Council	1,519	-
Upper Hutt City Council	5,025	4,859
Wellington City Council	36,444	21,828
Total council opex programme	66,799	46,745
Council capex programme		
Greater Wellington Regional Council	13,089	8,004
Hutt City Council	11,836	13,425
Porirua City Council	9,413	8,509
South Wairarapa District Council	3,226	-
Upper Hutt City Council	8,159	5,050
Wellington City Council	50,397	30,042
Total council capex programme	96,120	65,030

During the year Wellington Water also received services (such as payroll, IT shared services) from Wellington City Council on an arm's length basis.

In June 2018, Porirua City Council agreed to provide a capital grant to Wellington Water. This grant was for the future replacement of some operational vehicles that Wellington Water had purchased from Porirua City Council in June 2017. This grant was recognised as deferred revenue at 30 June 2018 and \$75k of this grant revenue has been recognised during the financial year when replacement vehicles were purchased.

	2020 Actual \$000	2019 Actual \$000
Capital grants received by Wellington Water		
Porirua City Council	75	149
Total capital grant revenue	75	149

	2020 Actual \$000	2019 Actual \$000
Amounts owing to Wellington Water at 30 June		
Hutt City Council	2,955	103
Porirua City Council	2,509	982
South Wairarapa District Council	492	-
Upper Hutt City Council	-	159
Wellington City Council	6,016	1,754
Total related party receivables	11,972	2,998

	2020 Actual \$000	2019 Actual \$000
Amounts owed to councils by Wellington Water at 30 June		
Greater Wellington Regional Council	330	195
Upper Hutt City Council	904	-
Wellington City Council	334	212
Total related party payables	1,568	407

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 (2019: 7). At 30 June this number was 6.

	2020 Actual \$000	2019 Actual \$000
Salaries and wages	1,413	1,697
Directors' fees	113	146
Superannuation	42	51
Total key management personnel remuneration	1,568	1,894

The FTE number of directors at 30 June 2020 was 4 (2019: 5). Due to the difficulty in calculating the FTE for directors, the FTE figure is taken as the number of directors.

	2020 Actual \$000	2019 Actual \$000
David Wright	43	43
David Benham (end date 30 June 2019)	-	25
Nicki Crauford (end date 31 December 2018)	-	11
Cynthia Brophy	22	22
Geoff Dangerfield	25	22
Philip Barry	22	22
Total directors' remuneration	113	146

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

	2020 Actual \$000	2019 Actual \$000
Financial assets		
Loans and receivables		
Cash and cash equivalents	18,969	13,537
Receivables and prepayments	12,843	4,881
Total loans and receivables	31,812	18,418
Financial liabilities		
Financial liabilities at amortised cost		
Trade payables and payables with related parties	28,261	15,632
Total financial liabilities at amortised cost	28,261	15,632

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 the 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 six 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 (2019: nil) and has no material contingent liabilities (2019: 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:

	2020 Actual \$000	2019 Actual \$000
Less than 1 year	991	933
Between 1 and 5 years	472	1,100
Total operating lease commitments	1,463	2,033

A significant portion of the operating lease commitments relates to the lease of the Petone office. The leases expire in August 2021 with options to renew.

Wellington Water has no material capital commitments (2019: nil). Capital commitments relating to the council work programme are disclosed in the individual council financial statements.

14. COVID-19

The financial statements have not been materially impacted by the national lockdown experienced during the year. As an essential service provider, we continued to operate, refocusing our resources on critical frontline services to keep our communities safe and to ensure the reliable supply of essential water services. This meant we had to suspend planned and non-critical work in some areas and scale back work to a bare minimum in others. This deferral of non-urgent work during COVID-19 lockdown will be reflected in some of our performance measures not being achieved. Please see pages 7, 21 and 28 for further information.

15. SUBSEQUENT EVENTS

No significant events have occurred since balance date requiring disclosure in these financial statements.



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 and will be reported in their annual reports.

GREATER WELLINGTON REGIONAL COUNCIL – 2019/20

Water Service Type*	Performance Measure	Sub-Performance Measure	2019/20 Target	2019/20 EOY Result
BW	(1) Performance measure 1 (safety of drinking-water) The extent to which the local authority's drinking water supply complies with:	(a) part 4 of the Drinking-water Standards (bacteria compliance criteria)	100%	100%
BW		(b) part 5 of the Drinking-water Standards (protozoal compliance criteria)	100%	100%
BW	** (2) Performance measure 2 (maintenance of the reticulation network) The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this).		<2%	0.07
BW	** (3) Performance measure 3 (fault response times) Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked (water) reticulation system, the following median response times measured:	(a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	<60 mins	0 mins
BW		(b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	<4 hrs	0 hrs
BW		(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	<36 hrs	0 hrs
BW		(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	<15 days	0 days
BW	** (4) Performance measure 4 (customer satisfaction) The total number of complaints received by the local authority about any of the following: expressed per 1,000 connections to the local authority's networked (water) reticulation system	(a) drinking-water clarity	<5	0
BW		(b) drinking-water taste	<5	0
BW		(c) drinking-water odour	<5	0
BW		(d) drinking-water pressure or flow	<5	0
BW		(e) continuity of supply		
BW		(f) the local authority's response to any of these issues		
BW		The total number of complaints received by the local authority about any of (a) – (f) above		<0.2
BW	(5) Performance measure 5 (demand management) The average consumption of drinking water per day per resident within the territorial authority district.		<374 L/p/d	369.8

*BW=Bulk Water WS=Water Supply WW=Wastewater SW=Stormwater

PORIRUA CITY COUNCIL – 2019/20

Water Service Type*	Performance Measure	Sub-Performance Measure	2019/20 Target	2019/20 EOY Result
BW	(1) Performance measure 1 (safety of drinking water) The extent to which the local authority's drinking-water supply complies with:	(a) part 4 of the Drinking-water Standards (bacteria compliance criteria)	100%	100%
BW		(b) part 5 of the Drinking-water Standards (protozoal compliance criteria)	100%	100%
WS	** (2) Performance measure 2 (maintenance of the reticulation network) The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this).		<17%	19%
WS	** (3) Performance measure 3 (fault response times) Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked (water) reticulation system, the following median response times measured:	(a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	<60 mins	40.68 mins
WS		(b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	<4 hrs	4.68 hrs
WS		(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	<36 hrs	93.77 hrs
WS		(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	<5 days	9.74 days
WS	** (4) Performance measure 4 (customer satisfaction) The total number of complaints received by the local authority about any of the following: expressed per 1,000 connections to the local authority's networked (water) reticulation system	(a) drinking-water clarity		
WS		(b) drinking-water taste		
WS		(c) drinking-water odour		
WS		(d) drinking-water pressure or flow		
WS		(e) continuity of supply		
WS		(f) the local authority's response to any of these issues		
WS		The total number of complaints received by the local authority about any of (a) – (f) above	<20	13.09
BW	(5) Performance measure 5 (demand management) The average consumption of drinking water per day per resident within the territorial authority district.		<335 L/p/d	322.7
WW	** (1) Performance measure 1 (system and adequacy) The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1,000 sewerage connections to that sewerage system.		0	13.09

*BW=Bulk Water WS=Water Supply WW=Wastewater SW=Stormwater

PORIRUA CITY COUNCIL – 2019/20 (CONTINUED)

Water Service Type*	Performance Measure	Sub-Performance Measure	2019/20 Target	2019/20 EOY Result
WW	(2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:	(a) abatement notices received by the territorial authority in relation to those resource consents	0	0
WW		(b) infringement notices received by the territorial authority in relation to those resource consents	0	0
WW		(c) enforcement orders received by the territorial authority in relation to those resource consents	0	0
WW		(d) convictions received by the territorial authority in relation to those resource consents	0	1
WW	** (3) Performance measure 3 (fault response times) Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured:	(a) attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site	<60 mins	91.58 mins
WW		(b) resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.	<6 hrs	15.6 hrs
WW	** (4) Performance measure 4 (customer satisfaction) The total number of complaints received by the territorial authority about any of the following: expressed per 1,000 connections to the territorial authority's sewerage system	(a) sewerage odour		
WW		(b) sewerage system faults		
WW		(c) sewerage system blockages		
WW		(d) the territorial authority's response to issues with its sewerage system		
WW		The total number of complaints received by the territorial authority about any of (a) – (d) above	<30	35.24
SW	(1) Performance measure 1 (system adequacy)	(a) The number of flooding events that occur in a territorial authority district	<=1	1
SW		(b) For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the territorial authority's stormwater system)	<0.5	0.32
SW	(2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of:	(a) abatement notices received by the territorial authority in relation to those resource consents	0	0
SW		(b) infringement notices received by the territorial authority in relation to those resource consents	0	0
SW		(c) enforcement orders received by the territorial authority in relation to those resource consents	0	0
SW		(d) convictions received by the territorial authority in relation to those resource consents	0	0
SW	** (3) Performance measure 3 (response times) The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.		<60 mins	2275.99 mins
SW	** (4) Performance measure 4 (customer satisfaction) The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1,000 properties connected to the territorial authority's stormwater system.		<20	17.19

*BW=Bulk Water WS=Water Supply WW=Wastewater SW=Stormwater

UPPER HUTT CITY COUNCIL – 2019/20

Water Service Type*	Performance Measure	Sub-Performance Measure	2019/20 Target	2019/20 EOY Result
BW	(1) Performance measure 1 (safety of drinking water) The extent to which the local authority's drinking-water supply complies with:	(a) part 4 of the Drinking-water Standards (bacteria compliance criteria)	100%	100%
BW		(b) part 5 of the Drinking-water Standards (protozoal compliance criteria)	100%	100%
WS	** (2) Performance measure 2 (maintenance of the reticulation network) The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this).		<17%	19%
WS	** (3) Performance measure 3 (fault response times) Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked (water) reticulation system, the following median response times measured:	(a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	<60 mins	102.1 mins
WS		(b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	<4 hrs	6.48 hrs
WS		(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	<36 hrs	99.7 hrs
WS		(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	<15 days	9.98 days
WS	** (4) Performance measure 4 (customer satisfaction) The total number of complaints received by the local authority about any of the following: expressed per 1,000 connections to the local authority's networked (water) reticulation system	(a) drinking-water clarity		
WS		(b) drinking-water taste		
WS		(c) drinking-water odour		
WS		(d) drinking-water pressure or flow		
WS		(e) continuity of supply		
WS		(f) the local authority's response to any of these issues		
WS		The total number of complaints received by the local authority about any of (a) – (f) above		<=30
BW	(5) Performance measure 5 (demand management) The average consumption of drinking water per day per resident within the territorial authority district.		<335 L/p/d	413
WW	** (1) Performance measure 1 (system and adequacy) The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1,000 sewerage connections to that sewerage system.		0	1.82

*BW=Bulk Water WS=Water Supply WW=Wastewater SW=Stormwater

UPPER HUTT CITY COUNCIL – 2019/20 (CONTINUED)

Water Service Type*	Performance Measure	Sub-Performance Measure	2019/20 Target	2019/20 EOY Result
WW	(2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:	(a) abatement notices received by the territorial authority in relation to those resource consents	0	0
WW		(b) infringement notices received by the territorial authority in relation to those resource consents	0	0
WW		(c) enforcement orders received by the territorial authority in relation to those resource consents	0	0
WW		(d) convictions received by the territorial authority in relation to those resource consents	0	0
WW	** (3) Performance measure 3 (fault response times) Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured:	(a) attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site	<=60 mins	132.77 mins
WW		(b) resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault	<=6 hrs	4.68 hrs
WW	** (4) Performance measure 4 (customer satisfaction) The total number of complaints received by the territorial authority about any of the following: expressed per 1,000 connections to the territorial authority's sewerage system	(a) sewage odour		
WW		(b) sewerage system faults		
WW		(c) sewerage system blockages		
WW		(d) the territorial authority's response to issues with its sewerage system		
WW		The total number of complaints received by the territorial authority about any of (a) – (d) above	<=30	6.86
SW	(1) Performance measure 1 (system adequacy)	(a) The number of flooding events that occur in a territorial authority district	0	1
SW		(b) For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the territorial authority's stormwater system)	0	0.07
SW	(2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of:	(a) abatement notices received by the territorial authority in relation to those resource consents	0	0
SW		(b) infringement notices received by the territorial authority in relation to those resource consents	0	0
SW		(c) enforcement orders received by the territorial authority in relation to those resource consents	0	0
SW		(d) convictions received by the territorial authority in relation to those resource consents	0	0
SW	** (3) Performance measure 3 (response times) The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.		<=60 mins	1559 mins
SW	** (4) Performance measure 4 (customer satisfaction) The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1,000 properties connected to the territorial authority's stormwater system.		<=25	2.36

*BW=Bulk Water WS=Water Supply WW=Wastewater SW=Stormwater

SOUTH WAIRARAPA DISTRICT COUNCIL – 2019/20

Water Service Type*	Performance Measure	Sub-Performance Measure	2019/20 Target	2019/20 EOY Result
BW	(1) Performance measure 1 (safety of drinking water) The extent to which the local authority's drinking-water supply complies with:	(a) part 4 of the Drinking-water Standards (bacteria compliance criteria)	#MBA: Yes GTN: Yes FTN: Yes PIR: Yes	MBA: No GTN: No FTN: No PIR: No
BW		(b) part 5 of the Drinking-water Standards (protozoal compliance criteria)	MBA: Yes GTN: Yes FTN: Yes PIR: Yes	MBA: No GTN: No FTN: No PIR: No
WS	** (2) Performance measure 2 (maintenance of the reticulation network) The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this).		<30%	49%
WS	** (3) Performance measure 3 (fault response times) Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked (water) reticulation system, the following median response times measured:	(a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	<60 mins	144.07 mins
WS		(b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	<8 hrs	24 hrs
WS		(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	<48 hrs	22.46 hrs
WS		(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	<5 days	3.24 days
WS	** (4) Performance measure 4 (customer satisfaction) The total number of complaints received by the local authority about any of the following: expressed per 1,000 connections to the local authority's networked (water) reticulation system	(a) drinking-water clarity		
WS		(b) drinking-water taste		
WS		(c) drinking-water odour		
WS		(d) drinking-water pressure or flow		
WS		(e) continuity of supply		
WS		(f) the local authority's response to any of these issues		
WS		The total number of complaints received by the local authority about any of (a) – (f) above	<70	12.06
BW	(5) Performance measure 5 (demand management) The average consumption of drinking water per day per resident within the territorial authority district.		<400 L/p/d	557.86
WW	** (1) Performance measure 1 (system and adequacy) The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1,000 sewerage connections to that sewerage system.		<10	2.61

#MBA= Martinborough, GTN=Greytown, FTN=Featherston, PIR = Pirinoa

*BW=Bulk Water WS=Water Supply WW=Wastewater SW=Stormwater

SOUTH WAIRARAPA DISTRICT COUNCIL – 2019/20 (CONTINUED)

Water Service Type*	Performance Measure	Sub-Performance Measure	2019/20 Target	2019/20 EOY Result
WW	2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:	(a) abatement notices received by the territorial authority in relation to those resource consents	<2	0
WW		(b) infringement notices received by the territorial authority in relation to those resource consents	0	0
WW		(c) enforcement orders received by the territorial authority in relation to those resource consents	0	0
WW		(d) convictions received by the territorial authority in relation to those resource consents	0	0
WW	** (3) Performance measure 3 (fault response times) Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured:	(a) attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site	<60 mins	883.01 mins
WW		(b) resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault	<4 hrs	108.72 hrs
WW	** (4) Performance measure 4 (customer satisfaction) The total number of complaints received by the territorial authority about any of the following: expressed per 1,000 connections to the territorial authority's sewerage system.	(a) sewerage odour	<15	0.48
WW		(b) sewerage system faults	<15	0.24
WW		(c) sewerage system blockages	<15	9.03
WW		(d) the territorial authority's response to issues with its sewerage system	<15	0
WW		The total number of complaints received by the territorial authority about any of (a) – (d) above		
SW	(1) Performance measure 1 (system adequacy)	(a) The number of flooding events that occur in a territorial authority district	0	0
SW		(b) For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the territorial authority's stormwater system)	0	Not Due
SW	(2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of:	(a) abatement notices received by the territorial authority in relation to those resource consents	0	0
SW		(b) infringement notices received by the territorial authority in relation to those resource consents	0	0
SW		(c) enforcement orders received by the territorial authority in relation to those resource consents	0	0
SW		(d) convictions received by the territorial authority in relation to those resource consents	0	0
SW	** (3) Performance measure 3 (response times) The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.		3	0
SW	** (4) Performance measure 4 (customer satisfaction) The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1,000 properties connected to the territorial authority's stormwater system.		0	Not Due

*BW=Bulk Water WS=Water Supply WW=Wastewater SW=Stormwater

WELLINGTON CITY COUNCIL – 2019/20

Water Service Type*	Performance Measure	Sub-Performance Measure	2019/20 Target	2019/20 EOY Result
BW	(1) Performance measure 1 (safety of drinking water) The extent to which the local authority's drinking-water supply complies with:	(a) part 4 of the Drinking-water Standards (bacteria compliance criteria),	100%	100%
BW		(b) part 5 of the Drinking-water Standards (protozoal compliance criteria)	100%	100%
WS	** (2) Performance measure 2 (maintenance of the reticulation network) The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this).		<17%	19%
WS	** (3) Performance measure 3 (fault response times) Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked (water) reticulation system, the following median response times measured:	(a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	<60 mins	117.58 mins
WS		(b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	<4 hrs	16.08 hrs
WS		(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	<36 hrs	139.79 hrs
WS		(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	<5 days	14.42 days
WS	** (4) Performance measure 4 (customer satisfaction) The total number of complaints received by the local authority about any of the following: expressed per 1,000 connections to the local authority's networked (water) reticulation system	(a) drinking-water clarity		
WS		(b) drinking-water taste		
WS		(c) drinking-water odour		
WS		(d) drinking-water pressure or flow		
WS		(e) continuity of supply		
WS		(f) the local authority's response to any of these issues		
WS		The total number of complaints received by the local authority about any of (a) – (f) above	<20	12.79
BW	(5) Performance measure 5 (demand management) The average consumption of drinking water per day per resident within the territorial authority district.		<365 L/p/d	364.8
WW	** (1) Performance measure 1 (system and adequacy) The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1,000 sewerage connections to that sewerage system.		0	4.95

*BW=Bulk Water WS=Water Supply WW=Wastewater SW=Stormwater

WELLINGTON CITY COUNCIL – 2019/20 (CONTINUED)

Water Service Type*	Performance Measure	Sub-Performance Measure	2019/20 Target	2019/20 EOY Result
WW	(2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:	(a) abatement notices received by the territorial authority in relation to those resource consents	0	0
WW		(b) infringement notices received by the territorial authority in relation to those resource consents	0	0
WW		(c) enforcement orders received by the territorial authority in relation to those resource consents	0	0
WW		(d) convictions received by the territorial authority in relation to those resource consents	0	0
WW	** (3) Performance measure 3 (fault response times) Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured:	(a) attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site	<=60 mins	94.03 mins
WW		(b) resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault	<=6 hrs	8.88 hrs
WW	** (4) Performance measure 4 (customer satisfaction) The total number of complaints received by the territorial authority about any of the following: expressed per 1,000 connections to the territorial authority's sewerage system	(a) sewage odour		
WW		(b) sewerage system faults		
WW		(c) sewerage system blockages		
WW		(d) the territorial authority's response to issues with its sewerage system		
WW		The total number of complaints received by the territorial authority about any of (a) – (d) above	<30	17.19
SW	(1) Performance measure 1 (system adequacy)	(a) The number of flooding events that occur in a territorial authority district	baseline	0
SW		(b) For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the territorial authority's stormwater system)	baseline	0
SW	(2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of:	(a) abatement notices received by the territorial authority in relation to those resource consents	0	0
SW		(b) infringement notices received by the territorial authority in relation to those resource consents	0	0
SW		(c) enforcement orders received by the territorial authority in relation to those resource consents	0	0
SW		(d) convictions received by the territorial authority in relation to those resource consents	0	0
SW	** (3) Performance measure 3 (response times) The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.		<=60 mins	0 mins
SW	** (4) Performance measure 4 (customer satisfaction) The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1,000 properties connected to the territorial authority's stormwater system.		<20	11.42

*BW=Bulk Water WS=Water Supply WW=Wastewater SW=Stormwater

HUTT CITY COUNCIL – 2019/20

Water Service Type*	Performance Measure	Sub-Performance Measure	2019/20 Target	2019/20 EOY Result
BW	(1) Performance measure 1 (safety of drinking water) The extent to which the local authority's drinking-water supply complies with:	(a) part 4 of the Drinking-water Standards (bacteria compliance criteria)	100%	100%
BW		(b) part 5 of the Drinking-water Standards (protozoal compliance criteria)	100%	100%
WS	** (2) Performance measure 2 (maintenance of the reticulation network) The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this).		<18%	19%
WS	** (3) Performance measure 3 (fault response times) Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked (water) reticulation system, the following median response times measured:	(a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	<=60 mins	98.93 mins
WS		(b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	<=4 hrs	7.48 hrs
WS		(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	<=36 hrs	112.99 hrs
WS		(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	<=15 days	13.17 days
WS	** (4) Performance measure 4 (customer satisfaction) The total number of complaints received by the local authority about any of the following: expressed per 1,000 connections to the local authority's networked (water) reticulation system	(a) drinking-water clarity		
WS		(b) drinking-water taste		
WS		(c) drinking-water odour		
WS		(d) drinking-water pressure or flow		
WS		(e) continuity of supply		
WS		(f) the local authority's response to any of these issues		
WS		The total number of complaints received by the local authority about any of (a) – (f) above		≤20
BW	(5) Performance measure 5 (demand management) The average consumption of drinking water per day per resident within the territorial authority district.		<345 L/p/d	388.7
WW	** (1) Performance measure 1 (system and adequacy) The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1,000 sewerage connections to that sewerage system.		0	4.24

HUTT CITY COUNCIL – 2019/20 (CONTINUED)

Water Service Type*	Performance Measure	Sub-Performance Measure	2019/20 Target	2019/20 EOY Result
WW	(2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:	(a) abatement notices received by the territorial authority in relation to those resource consents	0	0
WW		(b) infringement notices received by the territorial authority in relation to those resource consents	0	0
WW		(c) enforcement orders received by the territorial authority in relation to those resource consents	0	0
WW		(d) convictions received by the territorial authority in relation to those resource consents	0	0
WW	** (3) Performance measure 3 (fault response times) Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured:	(a) attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site	<=60 mins	86.26 mins
WW		(b) resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault	<=6 hrs	3.84 hrs
WW	** (4) Performance measure 4 (customer satisfaction) The total number of complaints received by the territorial authority about any of the following: expressed per 1,000 connections to the territorial authority's sewerage system	(a) sewage odour		
WW		(b) sewerage system faults		
WW		(c) sewerage system blockages		
WW		(d) the territorial authority's response to issues with its sewerage system		
WW		The total number of complaints received by the territorial authority about any of (a) – (d) above	<=30	19.37
SW	(1) Performance measure 1 (system adequacy)	(a) The number of flooding events that occur in a territorial authority district	0	1
SW		(b) For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the territorial authority's stormwater system)	0	0.16
SW	(2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of:	(a) abatement notices received by the territorial authority in relation to those resource consents	0	1
SW		(b) infringement notices received by the territorial authority in relation to those resource consents	0	0
SW		(c) enforcement orders received by the territorial authority in relation to those resource consents	0	0
SW		(d) convictions received by the territorial authority in relation to those resource consents	0	0
SW	** (3) Performance measure 3 (response times) The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.		<=60 mins	264.1 mins
SW	** (4) Performance measure 4 (customer satisfaction) The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1,000 properties connected to the territorial authority's stormwater system.		<=30	9.83

*BW=Bulk Water WS=Water Supply WW=Wastewater SW=Stormwater

The following notes relates to DIA Tables pages 60-70 where double asterisk (**) is noted.

(1) Performance Measure 1 (system and adequacy) Dry weather overflows

- **Issue:**
 - The original methodology Wellington Water applied to generate results did not follow DIA guidelines. We have now implemented a methodology taking on-board the DIA guidelines. We are confident the numbers reported using the new methodology fairly represent the number of overflow events. The criteria applied to determine the number of events included a multi-word search which did not rely on identifying the word “blockages” in isolation. Removing events that included the word blockages from the current results would result in under-reporting of these events. The target is zero for this measure and regardless of the finer details of the methodology, the number of events would result in hundreds of events.
- **Proposed remedial action:**
 - Wellington Water will review and improve the methodology to improve the accuracy and reliability of results, this will include:
 - > Staff training to ensure wide understanding of the definition of a dry-weather overflow as “wastewater spilling to the surface”
 - > Updating field crew job requirements to include a mandatory step of confirming the overflow event by taking a photograph of the job site

(2) Performance measure 2 (maintenance of the reticulation network) Water Loss

- **Issue:**
 - Wellington Waters ability to report is impacted by low meter coverage. In the absence of meters across the Wellington region Wellington Water will continue to apply the current Benchloss methodology to calculate water loss. With the exception of Greater Wellington Regional Council and South Wairarapa District Council the regional result (19%) rather than council specific results are reporting for each council with a confidence interval of between 7% and 32%.
- **Proposed remedial action:**
 - This end of year result is reported as a mean regional water loss percentage with a 95% confidence interval of between 7% and 32%. It is produced using an updated statistical methodology that aligns with the “Benchloss approach” described in the Water New Zealand Water Loss Guidelines and meets the requirements of the Non-Financial Performance Measure Rules 2013 specified by the DIA. Reporting this result is more accurate as a regional percentage until more data is available to support this measure at a Council level.

(3) Performance measure 3 (Fault response times)

a) Attendance times

- **Issue:**
 - Wellington Water records for attendance were insufficient to enable results, particularly in Quarter 1, to be verified. By applying E-Road geo-spatial data we can confirm 75% of attendance by matching the presence of one of our vehicles to address in the service request records.
- **Proposed remedial action:**
 - Better recording and reporting of performance will be achieved through a number of activities as part of a wider programme of improvements and development of a more robust performance framework. Specific activities will include: Staff training for field crews and their supervisor; Continuing to match vehicle attendance using the E-Road data.

b) Resolution times

- **Issue:**
 - Wellington Water could not independently verify fault resolution response times. Our proposed method of corroborating the data by matching timesheets to job sheets did not support sufficient data being available or able to be matched.
- **Proposed remedial action:**
 - Internal system and/or manual controls will be built into the service request workflow to enable results to be certified. In practise this means implementing checking procedures to certify all urgent service requests on a daily basis and non-urgent service requests will be checked on a sample basis as part of a wider internal audit programme.
 - Next steps:
 - > Design and implement procedures for manual checking of results for all urgent service requests on a daily basis
 - > Design and implement an internal audit programme including routine quality assurance checks for all non-urgent service requests
 - > Conduct staff training for supervisors

(4) Performance measure 4 (Customer complaints)

- **Issue:**
 - Customer complaints reported through councils and the Palmerston North City Council (PNCC) after hours contact centre were under reported.
- **Proposed remedial action:**
 - We will work with the councils and PNCC to review and improve the complaint reporting procedures.

Your public water company

