



Annual Report for the year ended 30 June 2023

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Taki

**He wai, he wai
He wai herenga tāngata
He wai herenga whenua
He wairua
He waiora
Tihei mauri ora!**

**'Tis water, 'tis water
Water that joins us
Water that necessitates the land
Soul of life
Life forever
'Tis the breath of life!**

Foreword

This year has been another year of heightened public and political interest in the water sector and our work in the region. We strive to restore the balance of people, water and the environment and Te Mana o te Wai. To achieve that we have focused on delivering our core services and keeping our people engaged and confident in the face of sector change.

Our commitment to our councils, iwi partners and the community is to provide safe and reliable water services. We have delivered on that commitment. This year we have supplied 64 billion litres of safe drinking water to the people of the Wellington region, treated 65 billion litres of wastewater before returning it to the environment and effectively managed the stormwater network.

At the beginning of the financial year, we set out to achieve \$253 million of capital investment in three waters for our councils. We exceeded that target and completed a record value of \$263 million worth of projects – the largest capital programme Wellington Water has ever delivered for the region. We have met our three-year target of 90% delivery of the combined council delivery programme a year ahead of schedule. This increase is part of a long-term strategy we have been working on with our team and supplier whānau to sustainably grow the delivery of upgrades, renewals and new water assets in the region. We thank our councils for their continued investment in this work, which speaks to their commitment to improve water outcomes for their communities.

However, our region faces significant challenges with aging infrastructure. Many of the water assets are near or at the end of their operational lives, and the cost and effort to maintain and replace them is growing. This is a symptom of historical underinvestment and the increasing backlog of work will require years of substantial investment to address.

These challenges mean we are seeing an increasing volume of water loss through leaks and continued environmental impacts from wastewater overflows and discharges. At the same time work needs to continue on supporting growth in the region and ensuring we have a resilient network that can withstand the impacts of climate change.

During the 2022/23 financial year we saw an increase in water leaks in the network. Our councils responded by increasing their funding into finding and fixing more leaks across the region. Thanks to this additional funding, we significantly increased our leak detection work and we were able to survey 2,800kms of pipe in the network. We prioritised fixing the largest leaks by volume and fixed 8,169 leaks this year.

An immediate risk, which we face every year, is the risk of having sufficient drinking water for the region during the summer months. The rise in leakage along with population growth and a general rise in water usage, means this coming summer we are facing a higher likelihood of a significant water shortage. Our Water Committee and Board are acutely aware of this critical risk, and we are working closely with councils on the best way to respond to the situation in the immediate term and steps that can be taken now to reduce this risk in future years. We have made this risk the priority focus for the organisation and have pivoted resources and attention to understand the issue and putting effort into the most effective work.

Our work and delivering on the expectations of our councils and communities is simply not possible without our people and our wider whānau of suppliers and contractors. With central Government reforms on the horizon, we remain focused on ensuring that our people are engaged, informed and supported, and they have a positive experience through this period of change. We'd also like to take

this opportunity to thank our former Chief Executive Colin Crampton and former Board Chair Lynda Carroll, who both left the company this year, for their contribution to Wellington Water.

We are proud of what we've achieved for the region this year against significant headwinds. We continue to strive to restore Te Mana o te Wai for the region and its people. We look forward to working with our council owners, iwi, central government, and communities to provide better water outcomes for the future.



Nick Leggett
CHAIR OF THE BOARD (Interim)



Tonia Haskell
CHIEF EXECUTIVE

Who we are and what we do

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

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

Our councils own the water infrastructure in the region. Councils set the level of funding and investment in these assets and the levels of water services. They then task us to manage the infrastructure and deliver water services to communities.

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

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

- Tangata tiaki: together we protect our most precious taonga,
- Whānau: united we support, connect with and respect each other,
- Mana: we recognise, respect and value the mana of others and seek to build mana-enhancing relationships.

Our shared vision for water

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

Along with managing the region’s water infrastructure we provide our councils with support and advice on long-term and large-scale investments to future-proof the region’s water assets and network.

To guide this advice, we have five strategic priorities:

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

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

We provide our council owners with a ‘no surprises’ approach to investment advice on their water assets, and this is fed into individual councils’ long-term planning (LTP) processes.

Through that process and in consultation with their communities, councils then make their decisions on what to fund and this sets the level of service we provide to customers and communities. Once funding and investment decisions are made, our councils then task us to operate, maintain, improve, and renew or replace their infrastructure within the budgets given to us.

Wellington Water values our relationships with our iwi and mana whenua partners Taranaki Whānui ki te Upoko o te Ika, Ngāti Toa Rangatira, Ngāti Kahungunu ki Wairarapa Tāmaki Nui-a-Rua, and Rangitāne o Wairarapa. As we continue to strengthen these relationships, we are increasing our understanding and alignment with the values of Te Mana o te Wai.

One of our aims over the past year has been to work with councils and mana whenua to understand regional priorities on three-, ten- and thirty-year-plus horizons. This is so that the investment advice for councils' LTPs and the new water service entity's initial asset management plan aligns with the goals of our councils, the mana whenua priorities for our region and encompasses Te Mana o te Wai principles.

Trusted by councils, iwi, customers and communities

We must balance the health and wellbeing of water and the environment with meeting the needs of our communities. In this work, we strive to be trusted by our councils, mana whenua, customers and communities.

Our stakeholders expect us to provide safe and healthy drinking water, respect and protect by the environment, and build and maintain a resilient and reliable network.

Delivering safe drinking water

Our most important job is to deliver safe and sufficient drinking water to all our customers and communities, on behalf of our councils.

We delivered 64 billion litres of safe drinking water to the people in the Wellington region during the 2022/23 financial year.

This year saw significant changes to the rules that govern how we measure and report on the safety of drinking water, as Taumata Arowai (the national regulator for water services) replaced the previous standards with new more rigorous standards. These standards came into effect on 15 November 2022.

The water we have delivered has been safe, however, this year we have had instances of non-compliance with the old regulations (1 July 2022 – 14 November 2022) and an ongoing technical non-compliance with the new regulations (15 November 2022 – 1 July 2023). The reasons are set out below.

Non-compliance with old standards – Metropolitan Wellington

There was a period when we could not demonstrate that certain sensors were recalibrated or replaced within a 12-month period, meaning we were non-compliant with the regulations. When the sensors were recalibrated, it confirmed they were reading accurately, and the water was always safe to drink.

Non-compliance with new standards – Metropolitan Wellington

New rules introduced by Taumata Arowai required an increase to a value known as a 'Ct' that is determined from the amount of chlorine added to drinking water and the time that it must spend in contact with the water before reaching consumers. The change means the water supplied from the Waterloo Treatment Plant is not compliant for up to 800 Lower Hutt households.

This rule means either significantly increasing the concentration of chlorine added at the treatment plant or increasing the time that the chlorine is in contact with the water before it reaches the first customers in Lower Hutt. Increasing the chlorine concentration to this level, which is around two and a half times the current dose, could result in a significant change to the taste of the water or cause skin irritation. Alternatively, significant network upgrades and investment are needed to increase the contact time between chlorine and water.

We have applied for an exemption from Taumata Arowai. At the time of writing this report, we have not yet received a response and therefore are reporting it as a non-compliance.

We are continuing with our regular monitoring of the drinking water from the bores supplied from the Waiwhetu aquifer, as well as at the Waterloo Water Treatment Plant and locations within the drinking water network. The results show the water is safe to drink.

There was a technical non-compliance with the new protozoal rules on 12 January 2023 at the Wainuiomata Water Treatment Plant that supplies water to both Wainuiomata in Lower Hutt and parts Wellington City. The new rules focus on ensuring that water passing through the treatment plant does not exceed a certain level of turbidity (cloudy water that is used as an indicator for the presence of bugs that could cause public health risk) for more than 72 minutes per day. On this occasion, as we were still in the process of adjusting our operations to meet the new rules, we exceeded the allowable level of turbidity for a total of 18 minutes that day. However further investigations and monitoring showed that at no point was this water unsafe to drink.

Non-compliance with new standards – South Wairarapa

As a part of the new rules, we are now required to do a risk assessment for bacteria and protozoa in water sources. These rules specify that any surface water has a mathematical quantified risk, on a logarithmic scale. This risk is deemed under the new rules to be Log 4, which is a 99.99% risk. To mitigate this risk, a treatment plant must have Log 4 treatment capability, able to deactivate or remove 99.99% of the contaminants.

Treatment plants in South Wairarapa are only equipped with treatment capability to handle Log 3 treatment (99.9%), as this is what was required under the old drinking water standards. Additional investment will be required to be compliant with the new drinking water quality rules.

Additionally, there are persistent issues in South Wairarapa preventing us from demonstrating full compliance with the old rules. The continuity of power to the treatment plants is not secure, with occasional brownouts resulting in data logging errors, where we may miss a small number of minutes of data each month.

Fluoridating our water supply

We didn't meet our councils', customers', and communities' expectations when it came to fluoridating the drinking water.

In 2021, we stopped the fluoride facilities at the Te Mārua Water Treatment Plant in May and at the Gear Island Water Treatment Plant in November due to operational and health and safety issues, which meant we could not guarantee that we could add fluoride safely.

An independent inquiry was commissioned by our Board and a series of actions were put in place. The actions were all completed during the first half of this year, and all plants are now fluoridating within the Ministry of Health guidelines.

At times throughout the year, we have had to stop the fluoride facilities at the treatment plants due to maintenance or outages at the plants and facilities. When this occurred, we have maintained our commitment to transparency and accountability to the public and our councils, and provided notifications on our channels to let people know.

Managing of the region's wastewater

After periods of non-compliance due to performance issues with wastewater treatment plant assets, and plant capacity issues during high rainfall events resulting in increased discharges from the

plants, all Wellington metropolitan wastewater treatment plants were trending towards compliance during the year and, as of September 2023, are now compliant.

Moa Point clarifier repair

We contract wastewater treatment experts Veolia to manage the wastewater treatment operations in metropolitan Wellington.

With Veolia, we progressed work on repairing one of the three clarifiers at the Moa Point Wastewater Treatment Plant. In the wastewater treatment process, a clarifier is responsible for separating bacteria from the wastewater liquid. Having one clarifier out of operation meant the plant's capacity to treat wastewater was reduced.

In June 2022, we advised the public that there may be more frequent discharges of partially treated, diluted wastewater into the Cook Strait from the Moa Point Wastewater Treatment Plant during the winter months due to the delay in repairs caused by international shipping and supply chain issues. A total of 18 discharges last year were attributed to the clarifier repair delay, with an additional discharge of partially treated wastewater due to a mechanical failure in the UV system. Two infringement notices were received by Wellington City Council and Wellington Water relating to these discharges.

The work to repair the damaged clarifier was completed in April 2023 and now all three clarifiers are in operation. Work is underway to plan maintenance on the remaining two clarifiers, which will be carried out over the next two years. We have purchased the parts for the maintenance work, and we expect that the future work will only require brief and manageable outages during the repair process.

Upgrade of Porirua Wastewater Treatment Plant's UV equipment

Last year, we completed an upgrade of the plant's ultra-violet (UV) light disinfection equipment. UV is the final stage in treating wastewater, which kills any remaining bacteria and viruses in the wastewater before it is discharged to the environment.

Wellington Water did, however, receive an infringement notice from the Greater Wellington Regional Council for completing these UV works later than anticipated, resulting in effluent being untreated by the UV for longer than intended. This infringement notice was received this year although the repairs were completed in the prior year.

There have been some issues with the plant after commissioning the new UV equipment which caused several discharges of partially treated wastewater earlier in the year. We had external consultants investigate the issue thoroughly, however they were not able to find the root cause for the discharges. We have since made some mechanical, process and control system changes, and this appears to have resolved the issues. We will continue to monitor the situation closely.

Seaview Wastewater Treatment Plant

Compliance at the Seaview Wastewater Treatment Plant has been a challenge over the course of the year. Along with Hutt City Council and Upper Hutt City Council, who jointly own the wastewater plant, we received an abatement notice and three infringement notices for non-compliant wastewater quality. Later in the year, improvements were made, and the plant is now meeting its consent conditions for wastewater quality.

During the year, we also received several odour complaints relating to the Seaview Plant. Each complaint was investigated and resulted in an external assessment of the odour control system and the plant.

The outcomes of these investigations have highlighted some important maintenance on the odour management systems and replacement of the plant's biofilter media. Long term options to upgrade the odour management system at the plant is underway for consideration by the two councils. This will require further investment from Hutt City Council and Upper Hutt City Council to ensure compliance into the future. The odour complaints resulted in an additional two infringement notices for operations at the plant.

Western Wastewater Treatment Plant

The Western Wastewater Treatment Plant is one of the highly critical assets managed by Wellington Water on behalf of Councils.

In February 2022, following several heavy rainfall events that caused multiple land slips, 20 metres of the plant's outfall pipeline was damaged. This caused a significant volume of treated wastewater to be discharged into Karori Stream.

Wellington Water is committed to reducing the impact of wastewater operations on the environment and we are working with urgency to repair the pipe. This has proved to be a challenging project; the outfall pipe, which is nearly 90 years old, passes steep banks, streams and through hills before ending in Te Moana-o-Raukawa, Cook Strait, where treated wastewater is dispersed.

As well as the pipe repair, the wastewater tunnel is being upgraded to reduce the risk of further discharges into Karori Stream in heavy rain. This is an ongoing project requiring significant capital and operational budget.

The plant's fully treated wastewater has been compliant since January 2022. We also regularly conduct stream water quality monitoring to evaluate the effects of the discharge.

South Wairarapa wastewater treatment operations

The South Wairarapa wastewater treatment plants need significant investment for upgrades to bring the plants up to compliance. We have been working with the South Wairarapa District Council, who own the four wastewater treatment plants in South Wairarapa, to look at options for upgrades. These options focus on increasing plant efficiency and reducing the impacts on the environment. We have also been working closely with the environmental regulator and keeping them up to date on our progress.

This year we advised the South Wairarapa District Council that their wastewater treatment plants were all at or beyond their operational capacity. This has resulted in the Council making the decision to stop new connections being made to the network serviced by the Martinborough Wastewater Treatment Plant.

An abatement notice was received by the South Wairarapa District Council and Wellington Water relating to discharges at the Martinborough Wastewater Treatment Plant. Further enforcement action is likely in the South Wairarapa without increased investment into maintenance, upgrades and modernisation of the plant.

[CASE STUDY – Barber Grove]

To deliver on Hutt and Upper Hutt city councils' commitment to improve and future proof the Hutt Valley's wastewater network, Wellington Water and McConnell Dowell Constructors Ltd partnered to build a new wastewater pipe that will provide backup capacity for transporting wastewater to the Seaview Wastewater Treatment Plant.

The new pipe is a duplication of a current wastewater pipe that transfers about 90 percent of the Hutt Valley’s wastewater, servicing over 150,000 people. The current pipe is over 50 years old and highly vulnerable to earthquakes.

This critical project was focused on strengthening the Hutt Valley’s wastewater network in preparation for future growth and reducing the risk of wastewater entering the environment in the event of a major earthquake.

The installation of a new 1.2 kilometre long by 1-metre-wide pressurised wastewater pipe from the Barber Grove Pumpstation to the Seaview Wastewater Treatment Plant used innovative trenchless technology.

In an area susceptible to earthquakes, going trenchless has enabled the new duplication pipe to be positioned deeper into more solid layers of earth. In the event of a large earthquake, the new pipe is less likely to be compromised by ground liquefaction.

A project of this size is by its nature disruptive to the public, but we adopted a micro tunnelling approach, which offers greater precision on where to dig underground. This approach minimised disruption and meant approximately 55 percent (600 metres) of the new duplication pipe was drilled up to 9 metres below ground level to the Seaview roundabout. This was the first time Wellington Water has used this technology.

In July 2023, the project was completed thanks to the mahi and dedication of about 250 contractors and cutting-edge innovation.

Meeting the expectations of our customers

We’ve seen a drop in our customer satisfaction this year from 73% satisfied to 65% satisfied, with an average of 61% over the last six months of the year. This figure is from residents of the Wellington region that have had recent interactions with Wellington Water crews.

This wasn’t unexpected. We knew that it was likely customer perception of our services and response times would be impacted when we made a change to our prioritisation system to fix the biggest leaks and those that pose a risk to public health first over smaller more visible leaks that are often reported in by the public. This strategy means that some of our most visible leaks may end up running for a longer time, and we know that the timeliness of addressing these is one of the main drivers of dissatisfaction.

The more significant leaks that make it to the top of our priority list are often underground, increasingly complex, and time consuming to fix. So, while we’re doing a huge amount of work, some people don’t see it. Our crews are doing the best they can with available resources to repair reported leaks.

We expect our customers’ satisfaction rating to continue to drop as the number of open jobs increases.

Trusted by councils, mana whenua, customers and community					
#	Measure	Target	2021/22	2022/23	Commentary
1A	Compliance with Drinking Water Standards (DWS) Parts 4 and 5	Compliant	Compliant	Non-compliant	See details in the "delivery of safe drinking water" section above.

	(Metropolitan Wellington)				
1B	The percentage of time that we can demonstrate compliance with DWS Parts 4 and 5 in SWDC (for each scheme)	Compliant for all schemes	<i>No target set for SWDC in 2021/22</i>	Non-compliant	See details in the "delivery of safe drinking water" section above.
2A	We will receive no abatement notices, infringement notices, enforcement orders or convictions for breaches of consent in the relevant financial year (in the Wellington metropolitan area)	Achieved	4 abatement notices and 3 infringement notices*	2 abatement notices and 9 infringement notices	See the "Managing the effects of wastewater operations" section above.
2B	SWDC is kept informed of the risk of enforcement action (abatement notices, infringement notices, enforcement orders or convictions) for breaches of consent in the relevant financial year	Achieved	<i>New measure for 2022/23</i>	Achieved	Enforcement risks were highlighted to SWDC through monthly reporting dashboards that we provide our councils. South Wairarapa District Council received two abatement notices for operations at the Martinborough Wastewater Treatment Plant.
3	The yearly average level of fluoride leaving each Water Treatment Plant is within the Ministry of Health guidelines (0.7-1.0 parts per million)	Achieved at Wainuiomata and Waterloo plants	<i>New measure for 2022/23</i>	Wainuiomata: 0.75 Waterloo: 0.79 (Achieved)	The full year result provides confirmation that Wellington Water has an ongoing focus on fluoridation. We achieved the target that we set for the plants that were fluoridating for the full financial year, as well as at Gear Island. All plants are well placed to meet the target for next year.
			<i>New measure for 2022/23</i>	Gear Island: 0.71 Te Mārua: 0.67 (No targets set)	
4	100% of actions on Wellington Water complete by date recommended in inquiry report	All actions complete on or before due date	<i>New measure for 2022/23</i>	All actions complete	Achieved.
5	Customers rate their experience of our performance as 'Satisfied' or better	70%	73%	65%	Customer satisfaction has declined this year.

6	The percentage of the time resource consents are processed within timeframes (5 working days)	Set baseline	<i>New measure for 2022/23</i>	Baseline established (13%)	<p>The baseline was established and improvement in processing times was achieved during the year.</p> <p>We have amended the target for the 2023/24 FY to reflect the baseline and to be within 10 working days. We completed 33% of jobs in this timeframe during the second half of the year.</p>
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*Measure has been limited to the Wellington Metropolitan area for 2022/23. Prior year result is including South Wairarapa who had zero notices.

Looking after existing infrastructure

Managing the three waters network

Our shareholding councils jointly own at least \$7.7 billion of three waters infrastructure. It is extensive and complex to manage, with most of these assets buried underground. And it is ageing. Around 30% of the region's pipeline assets have exceeded their expected lifetime, with many others approaching their end-of-life. Other assets are failing sooner than expected and old infrastructure costs more to operate and maintain.

Budgets are also under pressure from inflation and labour costs. The costs of maintenance and operating materials have risen sharply, as have other significant operating costs such as landfill disposal of wastewater biosolids and cleanfill costs. We have been impacted by the nation shortage of labour, which means we sometimes need to use contracted suppliers that are more expensive.

With ageing network infrastructure comes an increasing number of burst water pipes and wastewater discharges. The increasing frequency and severity of extreme weather events also puts strain on our stormwater network, which needs increased maintenance to prevent flooding.

Our backlog of work is increasing

Historical underinvestment in the region's existing three water assets and networks has meant water assets are ageing faster than we can replace them, and many are now near or past the end of their operational lives.

This is continuing to create a steady increase in the number of service interruptions, whether through leaks, bursts or other unplanned events, and we have seen a record level of known issues making up a backlog of works this year, peaking at over 3,750 open jobs across all three waters (including proactively detected faults), up from a peak of 3,000 last financial year.

The rising number of open jobs has contributed to rising water losses in the region, placing our ability to supply sufficient water to our customers at risk. We have taken a number of steps to address this with our councils.

Due to the rising backlog, our focus was on unplanned outages instead of planned maintenance, spending 36 cents on planned maintenance for every dollar on unplanned maintenance. This was lower than budgeted, as only 80% of the planned maintenance activities were able to be completed this year due to an increased focus on leakage management.

We have built resilience into the network

Water is essential and is vital for our communities to flourish. Ensuring we are able to supply water to our communities through emergencies is a top priority for our councils who have made significant investments in recent years.

This year we completed the Omāroro Reservoir in Wellington City. This 35 million litre reservoir gives Wellington City residents two days' worth of normal water supply. It also provides operational resilience to enable repairs, maintenance and upgrades to be completed without disruption to supply. In the case of a natural disaster, the reservoir is built to withstand a 1-in-500-year earthquake.

Point Howard Incident

On 14 March 2023 at 9:30am a slip occurred at 78 Howard Road, Eastbourne, Lower Hutt. The slip displaced a power pole and resulted in approximately 165 households being temporarily without power, gas and water for several days. Howard Road was partially closed and restricted to one lane. Residents were without water for approximately 48 hours and had to boil water for a further 72 hours.

Hutt City Council and Wellington Water carried out a review of the circumstances leading up to the incident with a report identifying lessons learnt to minimise future occurrences happening. Since the incident and review, we have worked on our internal systems to ensure information is shared between stakeholders in a transparent and timely manner. We have also updated our prioritisation criteria to better account for the geography of the location of a leak. Assessment is ongoing into areas and properties in the region susceptible to slips so we can minimise the likelihood of a similar occurrence.

[CASE STUDY – Kaitoke Flume Bridge]

Replacing the Kaitoke pipe bridge, which carries a significant amount of drinking water across Te Awakairangi, is a key project for Wellington Water.

The new, single-span arch bridge is 52 metres long and weighs 24 tonnes and is vital to increasing the region's resilience in an emergency. It will support a 1.5 metre diameter ductile iron pipe that is designed to flex in a significant earthquake, ensuring water continues to flow to the water treatment plant at Te Mārua.

This pipe supplies up to 140 million litres of water a day (the equivalent of two Olympic-size swimming pools every hour) from Te Awakairangi to the Te Mārua Water Treatment Plant and Stuart Macaskill Storage Lakes, before it begins its journey to taps in homes and businesses throughout Stokes Valley, Porirua City and around 40 percent of Wellington City. The old bridge will be carefully demolished by mid-2024, once the new pipe bridge is up and running. We expect the project will be complete by early 2025.



Constructing, renewing, and replacing infrastructure

This year we delivered a record value of \$263 million of capital projects, which focused on upgrades, improvements, and building new water infrastructure across the region. This increase in our capital delivery programme is 46% more than in the previous financial year and more than double the year before that. The continued increase in investment speaks to the commitment of our councils to fund longer-term projects for better water outcomes for the region.

Repairing failing infrastructure is not sustainable. It ends up costing much more to keep substandard infrastructure operating by patching it, than building new assets that work efficiently. Without more funding for renewals, we are struggling to deliver our stated priorities to achieve sustainable water supply and demand and improve environmental water quality.

In 2021 we set a target of delivering 90% of the councils' renewals programme for the next three financial years. After successfully trialling a fast-tracked renewals programme in the 2021/22 financial year we have implemented this approach more broadly over the past two years. We are pleased to report that we have achieved the three-year target ahead of schedule, completing 95% of the three-year programme after just two years due to a 79% uplift in renewals spending year-on-year.

This positive trend, if continued, will help us to stabilise the performance of the ageing networks, and with continued investment, see improvements in the long run.

A large part of our success has been due to our unique supply chain model that uses panels made up of teams of consultants and contractors. Our capital suppliers are treated as part of our whānau, which means that they strive for outcomes for the region alongside us.

Understanding the condition of our critical infrastructure

High or Very High Criticality Assets are those that are the most important or critical water assets in the region and would have a significant impact on our local communities and the environment should they stop working. We have been focusing on assessing the condition of these assets so we can give our councils, who own the assets, the most up to date advice on priorities for investment.

We began this work a few years ago, focusing on the Very High Criticality Assets. This year we have continued this work, now including some of the High Criticality Assets, and ensuring that the data that we have gathered is integrated into our asset management systems. This will feed through into investment advice for the councils' 2024-34 Long-Term Plans and Asset Management Plans for the new entity. We are ensuring that the condition assessment practice is embedded in Wellington Water so that we can continue to progressively inspect assets across the region.

Looking after existing infrastructure					
#	Measure	Target	2021/22	2022/23	Commentary
7	Percentage of three-year renewals programme (2021-24) complete (\$267m)	55% of three-year programme complete (cumulative)	34% of three-year programme complete (\$90.7m)	95% of three-year programme complete (\$252.9m cumulative)	We have met our target for 90% completion of the three-year renewals programme a year ahead of schedule due to an increase in our ability to design and deliver renewals at pace, although higher than expected inflation has played a part as well.

8	Total capital delivery is between \$174m and \$276m	\$174m-\$276m	\$179m	\$263m	A full year result of \$263m is up 47% from the previous financial year and 101% on the 2020/21 year, representing a significant increase in delivery over prior years.
9	Ratio of planned to reactive maintenance increases	To establish a baseline for this measure by end 2022/23	<i>New measure for 2022/23</i>	Baseline established (\$0.36:\$1)	The full year figure of \$0.36:\$1 was lower than the budgeted \$0.46:\$1 as the leak detection and repairs work scaled up to address the water supply risk.

Supporting growth and land development

Growth planning

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

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

This year we completed the growth studies for the Wellington CBD, Wellington Northern Suburbs, Western Porirua and Featherston. We also agreed growth investment plans with Hutt and Upper Hutt city councils that were based on the previous year's growth studies. The results of this year's studies will feed into our Long-Term Planning investment advice to councils.

Land development

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

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

This year the team processed over 5,500 applications for the three waters network in our region, including approximately 1,000 building consents, 1,100 water and drainage connections, and 500 resource consents.

Supporting growth					
#	Measure	Target	2021/22	2022/23	Commentary
10	Funded growth studies complete, and growth	Achieved for WCC (Central City & Northern Suburbs), PCC (Western	Achieved	Achieved	Growth Studies were completed and planning for 3 waters infrastructure investment options

	investment advice provided	Porirua) and SWDC (Spatial Plan)			required to support growth is underway with councils.
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Other priorities

Sustainable water supply and demand

The risk to Wellington's drinking water supply is complex: our ageing network of pipes is failing, resulting in approximately 44% of our water being lost through leaks on both the public network and on private properties; and the region is facing increasing, prolonged periods of dry weather, which will deplete water supplies.

Increasing our water supply treatment capacity and preparing for future challenges

A key project underway is the Te Mārua Water Treatment Plant Capacity Optimisation Project which will increase the plant's capacity and the ability to utilise water stored in the Pakuratahi/Macaskill Lakes.

While increasing treatment capacity will increase our ability to meet peak demand, it will only partly relieve the strain on the water source. Over the next 10 years demand is expected to increase from population growth of around 50,000 people. We also expect that less water will be available for supply during summer after GWRC Whaitua recommendations are implemented with effect from the mid 2030's.

Major interventions are needed to maintain the balance between supply and demand and prepare for these future challenges. This year we have spent time developing options for inclusion in the councils' 2024-34 Long-Term Plans. The three main areas include increased investment in water loss management, implementing universal smart metering to improve water use and network efficiency, and constructing additional storage lakes to ensure enough water is available over summer. It is expected it will take 10 years to fully implement these interventions.

A focus on leak detection and repairs

This year, with the approval of our councils and increased investment, we have placed a renewed emphasis on ensuring our resources are being used where they can make the most difference to water loss.

We stood up a dedicated water loss management team within the organisation, and contracted dedicated crews to sweep the cities for leaks and repair those they find with the biggest impact. This team surveyed nearly 2,800 kilometres of pipes over the past financial year, equivalent to 112% of the network (as some high-risk areas were surveyed twice) and detected more than 2,400 leaks. As a part of this work, these expert crews estimate the water that is lost from the leaks that they detect using specialist equipment. Of the 737 leaks that were fixed that were detected and had a leakage estimate, we estimate that we have saved 6.28 million litres of water per day, equivalent to more than 11,700 households¹.

We fixed a total of 8,169 leaks this year. However, despite our best efforts, leaks are continuing to rise as a result of old infrastructure.

Pressure management is a cost-effective thing that we can do to manage water leakage, as high water pressure can cause leaks and increase water loss if there is a leak. This year we identified areas in the network where we can reduce water pressure to prevent leaks and reduce the volume

¹This figure assumes legitimate consumption of 200 litres per person per day across the region, and an average household size of 2.67 persons.

of water lost when leaks occur without negatively impacting customers. A pilot project to manage network pressures in three areas will be a focus for the upcoming year.

Building public awareness

Leaks remain of high public interest and over the past year we have significantly increased our communications and transparency around the work we are doing to find and fix leaks, as well as how we prioritise this work (we do the high-volume ones first).

We ran a targeted communications campaign from December 2022 – April 2023 to help build public awareness of the challenges we face and what we are doing about it.

The increased communications around leaks resulted in more people visiting our website and wanting to find out about the leak that they had reported. To improve the customer experience and help reduce the load on our customer services team, we upgraded the Status Map on our website, which allows people to see the current status of the leaks that have been reported and reduces the number of duplicate leak reports that we receive.

The campaign attracted a high level of engagement from the public and the media, with *Stuff* running a series of ‘leak of the week’ articles profiling leaks across the region on a weekly basis over a course of around four months. This provided us with a weekly opportunity to talk about the work we are doing and explain how we prioritise leaks.

Improving environmental water quality

Our communities want to enjoy the region’s beaches, rivers and coastlines. We run the three waters network in accordance with regulations and environmental consent requirements, and we work to reduce the environmental impact of our operations as much as possible.

We undertake regular surveillance of public drains and pipes to locate and fix any problems, and regular sampling and testing of local waterways to monitor our environmental impact. When there is an incident that impacts on public health, we advise the community of the risks and what they need to do to keep safe.

[Case study – Porirua WW storage tank]

In March 2023, earthworks got underway as part of a major project that will reduce wastewater discharges into Te Awarua-o-Porirua.

The \$85 million Porirua City wastewater storage tank will temporarily store up to seven million litres of wastewater and release it at levels that the wastewater treatment plant can manage when it rains. The Porirua wastewater network is currently unable to cope with the large volume of water that enters it during heavy rainfall, which regularly results in partially treated or untreated wastewater overflows to the environment. Storing the wastewater to gradually release back into the network when there is capacity will reduce the frequency of these discharges and lessen impacts on the environment.

The removal of wastewater from Te Awarua-o-Porirua is a high priority for the Porirua City Council and Ngāti Toa Rangatira and aligns with the principles of Te Mana o te Wai which focuses on restoring and preserving the balance between water, the environment and people, now and in the future. Once complete, the project will have immediate benefits to Te Awarua-o-Porirua. The storage tank is part of a wider programme of improvements to the wastewater network that Wellington Water is carrying out on behalf of Porirua City Council.

The project includes the storage tank and associated pipework, a new pumping station, two weir structures, and a retaining wall. An access bridge has already been constructed. It is expected to be completed in 2026.



Managing the impacts of our works

Our crews fix leaks on the front line every day, and when they are fixing a leak, there is a risk that sediment enters stormwater drains as the water escapes from the work site. If this occurs, these contaminants may end up in rivers, streams or beaches. Our crews use a variety of methods to ensure that nothing enters the stormwater network and makes its way out into beaches and harbours.



On rare occasions, an issue can occur, and this year we received three infringement notices from GWRC, in their role as the environmental regulator, for letting some of this sediment laden water into the environment. We received these three infringement notices for two incidents where our crews were repairing burst water pipes and water was allowed to enter stormwater drains, into the Tyers Stream and Chaffers Marina in Wellington City.

Events such as these are learning opportunities and help us and our crews better manage the impacts on the environment moving forward.

Net-zero carbon 2050

The Climate Change Response (Zero Carbon) Amendment Act sets New Zealand's goal of net zero carbon emissions by 2050. The majority of our owner councils have declared climate change emergencies and are setting or considering emission reduction targets and climate change response strategies. We are in the early stages of this journey and any significant work to reduce emissions will require investment from our councils.

Capital carbon reduction

Last year we set a baseline for our carbon emissions from our capital works programme. This year we have built upon this baseline by establishing a Capital Carbon Integration Plan, with the primary objective to integrate a standardised carbon management system into our organisation and wider whānau. We are currently rolling out this plan, and will be able to monitor and report, and target improvements, in the coming years.

Alongside this we have been developing a Capital Carbon guidance document with inputs from our supply chain. This document provides guidance on how to manage the carbon within the existing capital delivery process. The aim of this document is to provide clarity on the processes and reporting requirements, standardise methodology, encourage carbon reduction initiatives and incorporate low-carbon practices.

Operational emissions

The emissions from water services operations are around twice those of the capital works programme and are continuing to increase as the demand for the services grows. We continue to look for opportunities to optimise the performance of our operations to increase energy efficiency and reduce carbon emissions.

We have been supporting Wellington City Council in its optioneering for the development of a Sludge Minimisation Plant. This is a critical piece of infrastructure for Wellington City which will reduce the volume of sludge produced by the city by up to 80% per year, cater for population growth and development, and allow Wellington City Council to dramatically reduce waste to landfill and the associated greenhouse gas emissions.

We revised our emissions inventory and have developed a roadmap to understand what it would take to reduce emissions in line with national and council targets and have identified two potential investment pathways. We aim to incorporate these into our investment advice for councils for the 2024-34 Long-Term Plans. In the absence of material investment in emissions reduction, and with growing demand for three waters services, we anticipate that operational emissions will continue to increase.

How we delivered our work

Our new water services regulator

Our regulators provide our customers, councils and mana whenua with the assurance that we are doing what we are meant to be doing. Meeting regulatory requirements helps us earn the trust of our stakeholders and retain our social licence to provide water services to our communities.

Over the past two years, significant changes in the water industry's regulation landscape have occurred. Most prominent were the Water Services Act 2021 coming into effect, the Health (Fluoridation of Drinking Water) Amendment Act 2021, and Taumata Arowai becoming the Water Services Regulator from October 2021.

Taumata Arowai formally took over as the drinking water regulator on 14 November 2022, with the reporting period for drinking water quality compliance beginning on 1 January 2023. A focus for the organisation was ensuring that we comply with these requirements as much as possible, and this compliance is discussed in the "Delivering safe drinking water" section above.

Performance reporting to Taumata Arowai on the performance of our networks is required for the period 1 July 2022 – 30 June 2023. Getting our organisation ready for this reporting has been a focus for the year, as we are required to report on 46 performance measures to the regulator, and an additional 38 measures from the 2023/24 financial year. We partnered with Taumata Arowai to shape these regulations, inputting into their development and understanding how the indicators are to be defined and measured.

Additionally, we are reported 128 wastewater and 76 stormwater performance measures to the regulator on a voluntary basis for the 2022/23 financial year.

Being ready for water reform

In early April 2023 the government announced that the previously announced four multi-regional water services entities would now become ten entities. The entity that we are proposed to be part of (Entity G) will include our current councils, plus Kāpiti Coast, Carterton, and Masterton District councils.

The deadline was moved at the same time from 1 July 2024 to an undetermined time on or before 1 July 2026. We have since received advice that the proposed date for Entity G to stand up is 1 October 2024.

The water reform discussion is unsettling for our people. The change in the number of entities from four to ten has little practical impact on our people, as the job pathways guaranteeing roles in the new entity remains for our staff.

Throughout this uncertainty, we have continued to support our staff and have seen an increase in our people's understanding and feeling of support from the organisation. This has been the result of sharing information quickly and clearly with our teams and having open dialogues through the uncertain periods. A key message for our teams this year was that, regardless of whether reform happens, when it happens, or what it looks like, 90% of the work we do delivering water services for the people in the region will remain the same.

Growing our people and capability

Developing our workforce is important to us, as it is a key way to make sure our people are happy and feel valued. This in turn lifts our performance and gives us, our councils and our communities reassurance that we are able to deliver the services that they expect.

This year we have done significant work to build and develop our workforce, for example by making use of the immigration NZ accredited employer work visa scheme and developing talent attraction and retention strategies.

Over the past year, our organisation grew by 49 staff, or 16%. Twenty of these roles were in our Customer Operations Group, supporting increased capability and capacity on the front lines of our councils' networks. Turnover has declined since the peaks experienced during the Covid-19 pandemic.

Our values of tangata tiaki, whānau and mana are central to the decision making in our organisation. This year we saw 13/14 of our engagement metrics increase year on year, and an overall 9% increase on employee engagement, underlining the good work that we have done to integrate our organisational values into our work.

Health and Safety

Health, Safety, and Wellbeing is a priority for Wellington Water as we continue to improve our health and safety culture, systems, processes, and practices in order to protect our people from harm. We believe in *People First, Every Time*.

This year we had some incidents which harmed our people, though the severity of these injuries was low. These tended to come from lower risk events, such as slips, trips and falls. Wellington Water's Total Recordable Injury Frequency Rate (TRIFR) now sits just above the industry benchmark.

We make every effort to learn from these incidents, and we ensure the lessons and alerts are shared quickly among our people, contractors and wider Wellington Water whānau. This is our way of decreasing the likelihood that the incident will repeat.

This year we have increased our proactive safety measures; most notably on-site safety observations have increased by over 200% during the previous 12 months. This means our leaders are out there on the frontline coaching and speaking about safety. The improvements will help us to lift our own safety culture, and the culture of our contracting whānau.

We carried out two significant critical risk projects during the year, looking at service strikes, and mental health, and how we can protect our people from the harms associated with these. In addition, Wellington Water won the Health and Safety Innovation Award at the Water NZ Conference for our Water Industry Specific Asbestos Awareness Training.

We have increased our health and safety oversight and governance with the creation of the Health and Safety Assurance Committee attended by the Chief Executive, an external advisor and a member of our contractor panel.

Delivering for today, while preparing our people for the future					
#	Measure	Target	2021/22	2022/23	Commentary
11	Health and Safety critical risks will be reviewed,	Two or more	Achieved	Achieved	We completed critical risk projects looking at mental health

	and improvements are implemented				in the water industry and underground service strikes.
12A	Staff feel supported by the organisation through water reform (staff survey)	Greater than baseline (56%)	56%	62%	Achieved. This is a positive result given the level of uncertainty created due to the Government changing its Three Waters policy midway through the year.
12B	Staff feel as if they understand water reform (staff survey)	Greater than baseline (57%)	57%	61%	

Governance report

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

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

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

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

- Company Constitution – Contains rules that govern the company,
- Shareholders Agreement – Sets out how council shareholders will manage shareholdings and respective relationships, and
- Management of Service Agreements – Contracts for provision of management services relating to water service.

Wellington Water Committee

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

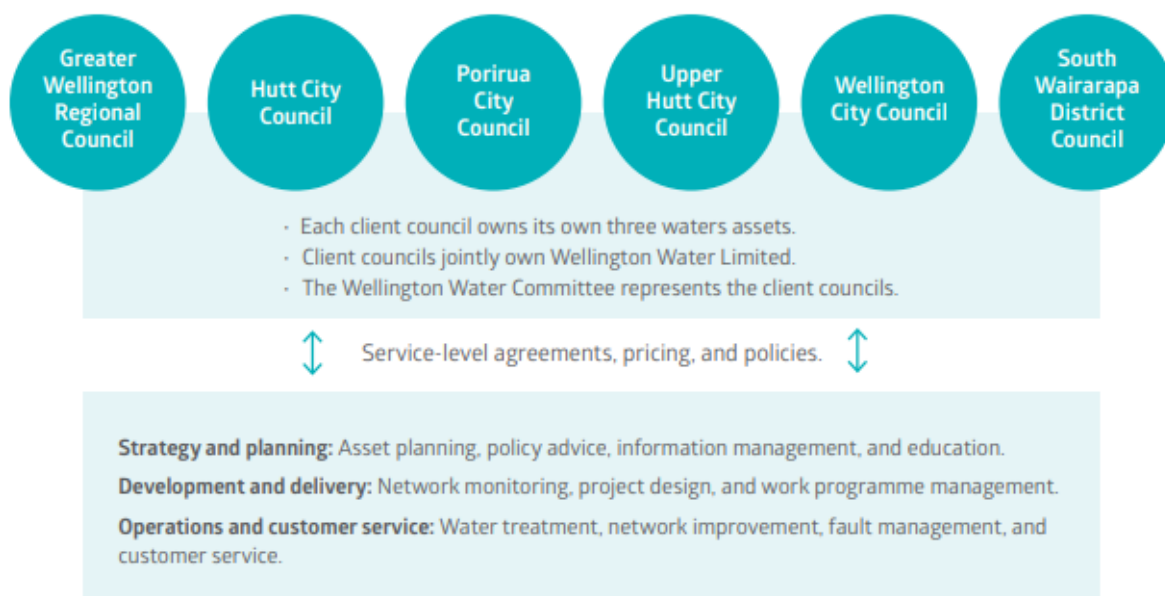
- Hutt City Council – Mayor Campbell Barry (Chair),
- Greater Wellington Regional Council – Councillor Ros Connelly (Deputy Chair),
- Porirua City Council – Mayor Anita Baker,
- South Wairarapa District Council – Mayor Martin Connelly,
- Upper Hutt City Council – Mayor Wayne Guppy, and
- Wellington City Council – Mayor Tory Whanau

The Water Committee has seats for three appointments of iwi partners.

- Te Rūnanga o Toa Rangatira – Helmut Modlik,
- Taranaki Whānui ki te Upoko o te Ika a Maui – Lee Rauhina-August, and
- Ngāti Kahungunu ki Wairarapa Tamaki Nui a Rua – Andrea Rutene.

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

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



Our Board of Directors

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

At the end of the financial year the Board of Directors consisted of 4 members. Each director can serve a maximum of two terms, or six years, unless agreed otherwise by the Wellington Water Committee. The Directors in office are as follows:

Director	Appointed	Term Expires
Nicholas Leggett (Interim Chair)	18/3/2022	17/03/2024
Kim Skelton	2/9/2020	1/9/2023
Leanne Southey	1/7/2021	30/6/2024
Alexandra Hare	1/7/2022	30/6/2024

The following directors vacated their office during the 2022/23 Financial Year.

Director	Appointed	Term Expired
Lynda Carroll	1/7/2021	16/5/2023 (Resigned)
Mike Underhill	2/9/2020	14/4/2023 (Resigned)

The Board leads the development of our strategy, ensures sound organisational culture and 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.

At the date of writing this report, the following additional changes have occurred:

Director	Appointed	Term Expires
Kim Skelton (Term expired)	2/9/2020	1/9/2023
Bill Bayfield (Appointed)	1/9/2023	1/9/2025
Mahina Puketapu (Appointed)	1/9/2023	1/9/2025
Patrick Dougherty (Appointed)	1/9/2023	1/9/2025

Board meetings and attendance 2022/23

The Board meets regularly throughout the year and has a committee to focus on audit and risk.

The table below shows attendance at Board and Audit and Risk Committee meetings during the year ended 30 June 2023.

Name	Board Meeting Attendance (12 meetings)	Audit and Risk Committee Attendance (6 meetings)
Lynda Carroll	9	5
Kim Skelton	9	2
Mike Underhill	10	1
Leanne Southey	11	5
Nicholas Leggett	11	1
Alexandra Hare	11	3

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

Audit and Risk Committee

The Audit and Risk Committee comprises all members of the Board and is chaired by Leanne Southey. The purpose of the 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 and external audit process for evaluating the effectiveness of risk management, control and governance processes.

Directors' remuneration 2022/23

The table below shows remuneration paid to directors during the year ended 30 June 2023.

Name	Fees Paid (\$ 000's)
Lynda Carroll	30
Leanne Southey	28
Kim Skelton	26
Mike Underhill	20
Nicholas Leggett	31
Alexandra Hare	27

Interest Register as at 30 June 2023

Name	Nature of Interest	Date Disclosed
Nicholas Leggett	Chair/Trustee, Hutt Mana Charitable Trust	March 2022
Nicholas Leggett	Director, WRC Holdings Ltd, Greater Wellington Rail Ltd	March 2022
Nicholas Leggett	Father is a City Councillor on Porirua City Council, which is a shareholder of Wellington Water Ltd	March 2022
Nicholas Leggett	Council Member, Hanga Ara Rau Workforce Development Council	March 2022
Nicholas Leggett	Trustee of the Inspiring Future Foundations	July 2022
Nicholas Leggett	CE, Infrastructure New Zealand	May 2022

Name	Nature of Interest	Date Disclosed
Kim Skelton	Director, Solas Consulting	September 2020
Kim Skelton	Registered Iwi Member, Port Nicholson Block Settlement Trust/Taranaki Whanui ki te Upoko o te Ika	September 2020
Kim Skelton	Registered Iwi Member, Te Atiawa ki te Upoko o te Ika a Māui Pōtiki Trust	September 2020
Kim Skelton	Director, Te Atiawa Iwi Management Holdings Limited	September 2020
Kim Skelton	Trustee, Poutama Trust	September 2020
Kim Skelton	Alternate Director, Te Ohu Kaimoana Maori Trustee Limited	September 2020
Kim Skelton	Member, Te Ohu Kaimoana Audit & Risk Committee	May 2021
Kim Skelton	Director, Te Ohu Kaimoana Portfolio Management Services Ltd	May 2021
Kim Skelton	Chairperson Mana Whenua Steering Group for Te Ara Tupua, Tupua Horo Nuku and RiverLink projects	July 2021 (updated November 2022)
Leanne Southey	Director and Shareholder, Southey Sayer Limited	July 2021
Leanne Southey	Member, Wellington Free Ambulance Board	July 2021
Leanne Southey	Trustee, Masterton Tradeaid	July 2021
Leanne Southey	Shareholder, Mangan Graphics Limited	July 2021
Leanne Southey	Trustee, Masterton Community Trust	November 2022
Leanne Southey	Trustee, Trust House Foundation	February 2023
Leanne Southey	Director, Trust House Masterton	February 2023
Leanne Southey	Chair, Kauri Healthcare Ltd	February 2023
Alexandra Hare	Trustee, Engineering NZ Foundation Board	July 2022
Alexandra Hare	Trustee, Eureka! Trust	July 2022
Alexandra Hare	Director, Generational Limited	July 2022

Indemnity and insurance

In accordance with section 162 of the Companies Act 1993 and the company's constitution, Wellington Water Limited has indemnified all current and former directors and executive officers of the company in respect of all liabilities to persons (other than the company or a related body corporate) to the extent permitted by law that arise out of the performance of their normal duties as directors or executive officers unless the liability relates to conduct involving a lack of good faith.

In authorising the insurances to be affected, 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 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

2022/23	Salary Bracket
\$350,000.00 - \$360,000.00	1
\$330,000.00 - \$340,000.00	1
\$270,000.00 - \$280,000.00	1
\$260,000.00 - \$270,000.00	1
\$230,000.00 - \$240,000.00	3
\$210,000.00 - \$220,000.00	1
\$200,000.00 - \$210,000.00	1
\$190,000.00 - \$200,000.00	5
\$180,000.00 - \$190,000.00	3
\$170,000.00 - \$180,000.00	5
\$160,000.00 - \$170,000.00	9
\$150,000.00 - \$160,000.00	8
\$140,000.00 - \$150,000.00	13
\$130,000.00 - \$140,000.00	15
\$120,000.00 - \$130,000.00	15
\$110,000.00 - \$120,000.00	17
\$100,000.00 - \$110,000.00	27
Total Staff	126

Matters that shareholders wish to restrict

The shareholders have agreed that the approval of the Statement of Intent is subject to the following restrictions on our Board who may not:

- make a loan or borrow money, except for any borrowings in the ordinary course of business of no more than \$1m in total,
- grant security over the assets of the company, or grant an indemnity or guarantee other than in the ordinary course of business,
- make a material change to the nature of the company's business or engage in business activities outside the ordinary course of business,
- enter a new customer service-level agreement, except in the form already agreed by shareholders,
- enter into a partnership or joint venture, except in the ordinary course of business,
- acquire a new business or shares in another company,
- starting or settling any legal or arbitration proceedings, except in the ordinary course of business, and

- 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 (LGA), including forecast 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 LGA), and
- 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 LGA).

Owing to the 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 2023	Budget 2023	Actual 2022
Ratio of shareholders' funds to total assets	4%	10%	7%

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, and
- 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 to 'create excellence in three water services so our communities can prosper'. Underpinning this is the Code of Conduct, which acknowledges the company's

commitment to maintaining the highest standards of honesty, integrity and ethical conduct in its day-to-day behaviour and decision-making.

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

Financial statements

These financial statements and the performance information are for the year ended 30 June 2023. They comply with generally accepted accounting practice in New Zealand (“NZ GAAP”) and Tier 1 PBE accounting standards. All statutory requirements as outlined in the Local Government Act 2002 and the Companies Act 1993 have been met.

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

For and on behalf of management:

Tonia Haskell

CHIEF EXECUTIVE



28 September 2023

Mark Ford

CHIEF FINANCIAL OFFICER



28 September 2023

For and on behalf of the Board of Directors:

Nick Leggett

INTERIM CHAIR OF THE BOARD



28 September 2023

Leanne Southey

CHAIR OF AUDIT AND RISK COMMITTEE



28 September 2023

Statement of Comprehensive Revenue and Expenses

For the year ended 30 June 2023

	Note	Actual 2023 \$000	**Budget 2023 \$000	Actual 2022 \$000
Revenue from exchange transactions	3	380,363	359,790	298,455
Revenue from non-exchange transactions	3	1,470	-	3,945
Interest revenue		1,031	250	214
Gain/(loss) on disposal of assets		16	-	(15)
Total revenue		382,880	360,040	302,599
Salaries and wages		(32,267)	(36,233)	(25,699)
Superannuation		(966)	(1,082)	(796)
Directors fees		(162)	(215)	(146)
Audit fees - financial statements		(262)	(261)	(369)
Audit fees - other		(10)	-	(18)
Council opex programme		(96,640)	(85,979)	(66,822)
Council capex programme		(262,747)	(253,452)	(179,618)
Stimulus funding programme		-	-	(32,905)
Operating leases		(1,439)	(1,386)	(1,113)
Other personnel expenses		(5,401)	(1,293)	(5,213)
Other operating expenses		(12,660)	(8,962)	(8,720)
Direct costs charged to opex programme		12,093	12,404	10,791
Direct costs charged to capex programme		17,306	15,599	12,655
Total operating expenses		(383,155)	(360,861)	(297,973)
Depreciation and amortisation expense		(1,619)	(1,512)	(1,252)
Total expenses		(384,774)	(362,373)	(299,225)
Net surplus/(deficit) before taxation		(1,894)	(2,333)	3,374
Tax (expense)/credit		393	-	(838)
Total comprehensive revenue and expenses		(1,501)	(2,333)	2,536
Attributable to:	9			
Greater Wellington Regional Council	15%	(225)	-	380
Hutt City Council	20%	(300)	-	507
Porirua City Council	12%	(180)	-	304
South Wairarapa District Council	5%	(75)	-	127
Upper Hutt City Council	8%	(120)	-	203
Wellington City Council	40%	(601)	-	1,015
Total comprehensive revenue and expenses	100%	(1,501)	-	2,536

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

**On November 28, 2022, the 2023 budget estimates were released as part of the Statement of Intent (SOI) 2022-25. For uniformity in reporting, Wellington Water have utilised the published figures, any minor inaccuracies were left unadjusted.

Statement of Changes in Equity

For the year ended 30 June 2023

	Retained Earnings \$000	Issued Capital \$000	Total \$000
Balance at 1 July 2021	989	1,000	1,989
Share capital issued			
Comprehensive revenue and expenses			
Net surplus/(deficit) for the year	2,536	-	2,536
Balance at 30 June 2022	3,525	1,000	4,525
Balance at 1 July 2022	3,525	1,000	4,525
Comprehensive revenue and expenses			
Net surplus/(deficit) for the year	(1,501)	-	(1,501)
Balance at 30 June 2023	2,024	1,000	3,024

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

Statement of Financial Position

At 30 June 2023

	Note	Actual 2023 \$000	**Budget 2023 \$000	Actual 2022 \$000
Cash and cash equivalents		31,871	3,110	21,241
Receivables and prepayments	6	41,672	21,121	34,309
Tax (receivable)		407	-	-
Total current assets		73,950	24,231	55,550
Intangible assets	4	77	179	229
Property, plant and equipment, vehicles	4	4,963	4,751	5,009
Deferred tax asset/(liability)	5	35	409	(358)
Total non-current assets		5,075	5,340	4,880
Total assets		79,025	29,571	60,430
Payables and provisions	7	73,801	22,512	53,885
Employee entitlements		2,175	1,891	1,891
Tax payable		-	121	19
Total current liabilities		75,976	24,523	55,795
Employee entitlements		25	18	17
Capital grant in advance		-	-	93
Total non-current liabilities		25	18	110
Total liabilities		76,001	24,541	55,905
Net assets		3,024	5,030	4,525
Issued capital	9	1,000	1,000	1,000
Retained earnings		2,024	2,035	3,525
Total equity		3,024	3,035	4,525

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

**On 29 July 2022, the 2023 budget estimates were released as part of the Statement of Intent (SOI) 2022-25. For uniformity in reporting, Wellington Water have utilised the published figures, any minor inaccuracies were left unadjusted.

Authorised on behalf of the Wellington Water Limited Board of Directors on 28 September 2023.

Nick Leggett
INTERIM CHAIR OF THE BOARD



28 September 2023

Leanne Southey
CHAIR OF AUDIT AND RISK COMMITTEE



28 September 2023

Statement of Cash Flows

For the year ended 30 June 2023

	Note	Actual 2023 \$000	**Budget 2023 \$000	Actual 2022 \$000
Receipts from customers		389,371	371,706	281,788
Interest received		1,031	250	214
Employees and suppliers		(377,942)	(390,876)	(286,281)
Tax paid		(426)	-	(173)
Net cash flow from operating activities	8	12,034	(18,920)	(4,452)
Purchase of property, plant and equipment, vehicles		(1,388)	(108)	(4,176)
Purchase of intangibles		(32)	(1,097)	(121)
Proceeds from disposal of assets		16	-	31
Net cash flow from investing activities		(1,404)	(1,205)	(4,266)
Share capital issued		-	-	-
Net cash flow from financing activities		-	-	-
Net cash flow		10,630	(20,125)	(8,718)
Add: cash at the beginning of the year		21,241	21,241	29,959
Cash at the end of the year		31,871	3,110	21,241
Comprised of:				
Cash at bank and on hand		31,871	3,110	21,241

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

**On November 28, 2022, the 2023 budget estimates were released as part of the Statement of Intent (SOI) 2022-25. For uniformity in reporting, Wellington Water have utilised the published figures, any minor inaccuracies were left unadjusted.

Notes to the financial statements

For the year ended 30 June 2023

1. About these financial statements

Reporting entity

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

Basis of preparation

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

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

The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026. Wellington Water, along with Kapiti Coast District Council, Carterton District Council, and Masterton District Council will form as Entity G, as per the water services reform programme, with the preliminary go-live date of 1 October 2024. These financial statements have been prepared on a going concern basis as there is still uncertainty over the date at which Entity G will be established.

Statement of compliance

These financial statements are for the year ended 30 June 2023. They comply with generally accepted accounting practice in New Zealand ("NZ GAAP") and Tier 1 PBE accounting standards. All statutory requirements as outlined in the Local Government Act 2002 and the Companies Act 1993 have been met.

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

The financial statements were authorised for issue by the Board of Directors on 28 September 2023.

Budget

The budget figures included in the financial statements are as published in Statement of Intent (SOI) 2022-25. At this time not all councils had confirmed the final budget numbers.

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 became effective during the financial year. Wellington Water has determined that PBE IFRS 41 does not materially impact the financial statements.

2. Variances to budget

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

Statement of comprehensive revenue and expenses

	2023 Actual \$000	2023 Budget \$000	Variance \$000	Variance %
Revenue	382,880	360,040	22,840	6%
Operating expenses	(383,155)	(360,861)	(22,294)	6%
Depreciation and amortisation	(1,619)	(1,512)	(107)	7%

Revenue and operating costs exceeded budget principally as a result of increases in council capex and opex programmes relative to budget. For increases in capex and opex, councils allocated more funding. These are mostly attributable to rising drinking water costs as a result of high water use and water losses through certain parts of the network, which require the treatment of more water and performing maintenance to fix leaks.

Statement of financial position

	2023 Actual \$000	2023 Budget \$000	Variance \$000	Variance %
Current assets	73,950	24,231	49,719	205%
Non-current assets	5,075	5,340	(265)	(5%)
Current liabilities	75,976	24,523	51,453	210%
Non-current liabilities	25	18	7	38%
Equity	3,024	3,035	(11)	(0%)

Current assets were higher than budget mainly due to increased bank balances and receivables. The majority of the council receipts were projected to be paid against the payables towards the end of the year. Receivables were higher than budget due to unexpected overspends in the council opex programme, and advance invoicing to councils to support the Capex and Opex programmes. The budget is prepared at the BAU level and does not take this possibility into consideration.

Current liabilities were higher than budget due to higher trade payables and provisions. This was mainly due to an increase in council capex and opex programme spend towards the end of the year and some of the council revenue received in advance was treated as current liability.

Equity at the end of the year was aligned to budget.

Statement of cash flows

	2023 Actual \$000	2023 Budget \$000	Variance \$000	Variance %
Net cash flow from operating activities	12,034	(18,920)	30,954	(164%)
Net cash flow from investing activities	(1,404)	(1,205)	(199)	17%

Net cash flow from operating activities was significantly higher than budget, as the majority of the budgeted council receipts were expected to be paid against the payables towards the end of the year.

Actual cashflow, on the other hand, includes advance invoicing to the councils to fund Capex and Opex programmes. The budget is prepared at the BAU level and does not take this possibility into consideration, as noted previously.

3. Revenue

a. 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 primarily consists of revenue derived from management and advisory services, council operational expenditure (opex) programme and council capital expenditure (capex) programme. Stimulus funding concluded at year end 30 June 2022.

	2023 Actual \$000	2022 Actual \$000
Management and advisory services	20,359	18,770
Council opex programme	96,640	66,822
Council capex programme	262,747	179,618
Stimulus funding programme	-	32,905
Other revenue	617	340
Total revenue from exchange transactions	380,363	298,455

Management and advisory services

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

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

Council opex programme

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

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

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

Council capex programme

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

Wellington Water develops an annual work programme that is jointly agreed with councils. Wellington Water is responsible for the procurement process including selection of contractors and contract pricing and manages the programme. Wellington Water is acting as a principal in relation to these transactions. Wellington Water has recognised capex programme revenue and expenses equivalent to the invoices paid or payable to third parties for the financial year. Wellington Water employees also perform some of the work.

b. Revenue from non-exchange transactions

	2023 Actual \$000	2022 Actual \$000
National transition programme	1,470	-
Grant Revenue - Stimulus funding Programme	-	3,945
Total revenue from non-exchange transactions	1,470	3,945

National Transition programme

The National Transition funding programme revenue is recognised using the percentage of completion method across the six councils. All resources allocated to the programme are expensed and recharged to the council, with no resulting impact to the bottom line.

The funding aims to:

- Allocate and assist with the preparation work for transition to entity G.
- Support reform of water service delivery to realise economic, health, environmental and other gains.

Grant revenue

Stimulus funding programme recognised as capital grant revenue concluded at year end 30 June 2022.

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	8.5% - 21%
Intangibles	40%

	Fit-out and Equipment \$000	Vehicles \$000	Intangibles \$000	Total \$000
Cost				
Balance 1 July 2021	4,386	1,902	2,168	8,456
Additions	2,743	1,432	122	4,297
Disposals	(61)	(9)	-	(70)
Balance at 30 June 2022	7,068	3,325	2,290	12,683
Balance 1 July 2022	7,068	3,325	2,290	12,683
Additions	1,192	196	32	1,420
Disposals	-	(43)	-	(43)
Balance at 30 June 2023	8,260	3,478	2,322	14,060
Depreciation and amortisation				
Balance 1 July 2021	(3,369)	(968)	(1,880)	(6,217)
Charge for the year	(802)	(269)	(181)	(1,252)
Disposals	15	9	-	24
Balance at 30 June 2022	(4,156)	(1,228)	(2,061)	(7,445)
Balance 1 July 2022	(4,156)	(1,228)	(2,061)	(7,445)
Charge for the year	(1,058)	(377)	(184)	(1,619)
Disposals	-	44	-	44
Balance at 30 June 2023	(5,214)	(1,561)	(2,245)	(9,020)
Carrying amount				
Balance at 30 June 2022	2,912	2,097	229	5,238
Balance at 30 June 2023	3,046	1,917	77	5,040

5. Taxation

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

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

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

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

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

	2023 Actual \$000	2022 Actual \$000
Components of tax expense		
Current tax expense	-	71
Deferred tax expense	(393)	767
Tax expense	(393)	838
Reconciliation of effective tax rate		
Net surplus/(deficit) before tax	(1,894)	3,374
Tax at 28%	(530)	945
Plus (less) tax effect of:		
Non-deductible expenditure	140	7
Non-taxable income	(26)	(1,105)
Prior year adjustment	-	(3)
Deferred tax adjustment	23	994
Total income tax expense/(credit)	(393)	838
Imputation credits		
Imputation credits available for use in subsequent reporting periods	1,377	874

Movement in deferred tax asset/(liability)	PPE \$000	Employee entitlements \$000	Tax Losses \$000	Provision for doubtful debt \$000	Total \$000
Balance at 30 June 2021	(105)	514	-	-	409
Charged to surplus or deficit	(833)	26	-	40	(767)
Balance at 30 June 2022	(938)	540	-	40	(358)
Charged to surplus or deficit	185	154	85	(31)	393
Balance at 30 June 2023	(753)	694	85	9	35

6. Receivables

		2023 Actual \$000	2022 Actual \$000
Receivables with related parties	Note 10	37,346	31,719
Provision for doubtful debts		(32)	(143)
Other receivables		778	1,805
Prepayments		3,580	928
Total receivables		41,672	34,309

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

7. Payables and provisions

		2023 Actual \$000	2022 Actual \$000
Trade payables		47,071	41,675
GST payable		601	740
Revenue in advance		13,631	1,289
Payables with related parties	Note 10	11,278	9,356
Employee related payables and provisions		1,162	767
Other provisions		58	58
Total payables and provisions		73,801	53,885

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

8. Reconciliation of net deficit to operating cash flows

	2023 Actual \$000	2022 Actual \$000
Net surplus/(deficit) after taxation	(1,501)	2,536
Non-cash and non-operating items:		
Depreciation and amortisation	1,619	1,252
Gain on sale of vehicles	(16)	15
Capital grant proceeds	(93)	-
Movements in working capital		
Increase in payables	17,555	5,199
Increase in receivables	(5,104)	(13,281)
Tax payable	(426)	(173)
Net cash flow from operating activities	12,034	(4,452)

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

9. Share capital

The total number of authorised, issued and fully paid ordinary shares at 30 June 2023 was 500 (2022:500). These are represented by Class B shares and entitle the holder to a share in the distribution of the surplus assets of the company. Class A shares entitle the holder to vote at a meeting of the shareholders on any resolution.

Shareholder	Voting Rights	Ordinary shares	Class B	Class B
	Class A	Class B	\$000	%
Greater Wellington Regional Council	150	75	150	15%
Hutt City Council	150	100	200	20%
Porirua City Council	150	60	120	12%
South Wairarapa District Council	150	25	50	5%
Upper Hutt City Council	150	40	80	8%
Wellington City Council	150	200	400	40%
Total shares	900	500	1,000	100%

9. Related parties

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

	2023 Actual \$000	2022 Actual \$000
Revenue from exchange transactions:		
Management & advisory services		
Greater Wellington Regional Council	8,236	7,600
Hutt City Council	3,354	3,095
Porirua City Council	1,300	1,199
South Wairarapa District Council	312	272
Upper Hutt City Council	1,270	1,172
Wellington City Council	5,887	5,432
Total management and advisory services	20,359	18,770
Council opex programme		
Greater Wellington Regional Council	14,614	8,481
Hutt City Council	20,571	13,270
Porirua City Council	9,671	7,016
South Wairarapa District Council	4,006	2,591
Upper Hutt City Council	6,978	4,968
Wellington City Council	40,800	30,496
Total council opex programme	96,640	66,822
Council capex programme		
Greater Wellington Regional Council	63,904	27,300
Hutt City Council	68,304	29,300
Porirua City Council	39,667	39,880
South Wairarapa District Council	4,910	6,751
Upper Hutt City Council	13,781	13,815
Wellington City Council	72,181	62,572
Total council capex programme	262,747	179,618
Stimulus funding programme		
Greater Wellington Regional Council	-	2,164
Hutt City Council	-	7,572
Porirua City Council	-	3,925
South Wairarapa District Council	-	2,215
Upper Hutt City Council	-	3,938
Wellington City Council	-	13,091
Total stimulus funding programme	-	32,905

	2023 Actual \$000	2022 Actual \$000
Revenue from non-exchange transactions:		
National Transition Programme:		
Greater Wellington Regional Council	224	-
Hutt City Council	302	-
Porirua City Council	230	-
South Wairarapa District Council	45	-
Upper Hutt City Council	169	-
Wellington City Council	500	-
Grant Revenue - Stimulus funding Programme	-	3,945
Total other council revenue	1,470	3,945

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

Wellington Water entered into an alliance partnership with Fulton Hogan (commencing 1 July 2019) to maintain and operate the three waters networks across the Wellington region. As Fulton Hogan employees occupy management positions that could exert significant influence over the Alliance, Fulton Hogan are treated as a related party. The total cost of services received from Fulton Hogan during the year was \$62.7m (2022: \$50.6m). Wellington Water also received services (such as payroll, IT shared services) from Wellington City Council on an arm's length basis.

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

	2023 Actual \$000	2022 Actual \$000
Amounts owing to Wellington Water by related parties at 30 June		
Greater Wellington Regional Council	9,894	10,977
Hutt City Council	10,847	9,824
Porirua City Council	5,187	6,221
South Wairarapa District Council	1,331	210
Upper Hutt City Council	(86)	1,102
Wellington City Council	10,145	3,385
Fulton Hogan	28	-
Total related party receivables	37,346	31,719

Amounts owed to related parties by Wellington Water at 30 June

Greater Wellington Regional Council	841	-
Fulton Hogan	10,437	9,356
Total related party payables	11,278	9,356

10. 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 (2022: 7).

	2023 Actual \$000	2022 Actual \$000
Salaries and wages	1,843	1,564
Directors' fees	162	146
Superannuation	55	41
Total key management personnel remuneration	2,060	1,751

The FTE number of Directors at 30 June 2023 was 6 (2022: 7). Due to the difficulty in calculating the FTE for directors, the FTE figure is taken as the number of directors.

	2023 Actual \$000	2022 Actual \$000
Lynda Carroll	30	38
Kim Skelton	26	22
Mike Underhill	20	22
Leanne Southey	28	22
Nick Leggett	31	6
Alexandra Hare	27	-
Philip Barry	-	25
Geoff Dangerfield	-	11
Total Directors' remuneration	162	146

11. Financial instruments and risk management

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

	2023 Actual \$000	2022 Actual \$000
Financial Assets		
Loans and receivables		
Cash and cash equivalents	31,871	21,241
Receivables and prepayments	41,672	34,309
Total loans and receivables	73,543	55,550
Financial Liabilities		
Financial liabilities at amortised cost		
Trade payables and payables with related parties	58,349	51,031
Total financial liabilities at amortised cost	58,349	51,031

Fair values

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

Market risk

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

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

Credit risk

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

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

Liquidity risk

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

12. Commitments and contingencies

Wellington Water has operating lease commitments relating 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:

	2023 Actual \$000	2022 Actual \$000
Less than 1 year	1,464	948
Between 1 and 5 years	327	1,061
Total operating lease commitments	1,791	2,009

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

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

13. Three Waters Reform

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean, and affordable water services.

The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities to take on the delivery of drinking water, wastewater, and stormwater services and sets out their ownership, governance, and accountability arrangements. A water services entity is established (for

transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.

- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

Wellington Water (Council Controlled organisation (CCO), owned by Greater Wellington Regional Council, Hutt City Council, Porirua City Council, South Wairarapa District Council, Upper Hutt City Council and Wellington City Council), along with Kapiti Coast District Council, Carterton District Council and Masterton District Council, will form Entity G, as per the Water Services reform programme. The proposed establishment date for Entity G is 1 October 2024.

14. Subsequent events

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

Understanding our performance information

Statement of Compliance

Performance information in this document is for the year ended 30 June 2023. Information and disclosures comply with generally accepted accounting practice in New Zealand (“NZ GAAP”) and Tier 1 PBE accounting standards. All statutory requirements as outlined in the Local Government Act 2002 and the Companies Act 1993 have been met.

Identification of performance information

Wellington Water is required to clearly identify all performance information in this document. Information needed to understand our organisational performance is:

- All Statement of Intent measures on pages 15-27
- All narrative information on pages 4-27, excluding case studies
- Department of Internal Affairs and Taumata Arowai measures on pages 13, 55-67

Correction of misstatement of attendance and resolution times

We have corrected an error in applying the DIA guidance to the methodology used to measure the attendance and resolution times for water supply and wastewater. These changes relate to excluding records that were previously included, the most significant of which was the inclusion of duplicate records (where multiple people reported the same incident).

Due to the treatment of this data, duplicate records are closed before the job is complete, impacting the results. We have also removed additional jobs that were not strictly in line with the performance measure guidelines. The reported results include responses to call outs where there are no faults.

The times for the 2021/22 Financial Year have been restated and can be identified with a † in the DIA performance measure tables.

Disclosure of Judgements

Wellington Water is required to identify the judgements that have the most significant impact on how we select, measure, aggregate and present our performance information.

We endeavour to use and present the best data that we have available at all times. This data generally comes from our Asset Management System (Maximo) and when appropriate the methodology for the collection or treatment of data is updated. Any material changes are then noted in the Annual Report. All performance information reported in the Annual Report is consistent with data used for internal decision-making.

Performance information is chosen to be as relevant, easy to understand and accurate as possible, and compared to relevant information about our historical performance where possible. This information is also chosen to faithfully represent our performance, even when it is less than desired. The availability of good-quality data is generally not a concern, however, occasionally measures are chosen on their ability to be met easily without any additional investment in systems and processes; for example by measuring spend rather than the outcomes of that spend.

We set our own performance measures and use these to represent the priorities that our shareholders express in their Letter of Expectations each year, expressed in our Statement of Intent. These priorities are then compared to the budgets that are provided by our owners and checked for

overall deliverability. We do not set aspirational measures or measures that we do not believe we can deliver. We consult with our councils on draft measures through the Statement of Intent process.

When developing the Annual Report, we report against the priorities of our shareholders as expressed in the Statement of Intent, even where no formal measures have been set or budgets are limited, for example, by including information on our shareholders priority for Environmental Water Quality.

The changes to our performance framework for this year are detailed in the sections below.

These measures are supported by the mandatory measures that our councils are required to report under the Local Government Act 2002. These measures were set by the Department of Internal Affairs in 2013 and are enshrined in legislation. These results can be found on page 43.

Changes to performance measures

Measures that were added for 2022/23

Measure	Reason for change
The yearly average level of fluoride leaving each Water Treatment Plant is within the Ministry of Health guidelines	Both measures added in response to fluoridation issues in 2021 and 2022, recognising the importance of fluoridating the water supply and ensuring we had closed the inquiry.
We will action the recommendations of the independent inquiry into the dosing of fluoride	
We will process resource consents in a timely manner, to enable growth in our region	Added to measure a level of service provided to councils and developers.
We will improve service reliability through increased use of planned maintenance activities	Added to measure and highlight the importance of increasing the amount of planned maintenance activities as a way of extending asset life and reducing failures.

Measures that were removed for 2022/23

Measure	Reason for change
We will complete scheduled improvements to our asset management systems, with the aim of aligning with ISO 55001 by 2024	Measure dropped as investment into internal systems was deprioritised in anticipation of new systems being developed for new entities with transition.
We will complete scheduled health assessments for our assets	Very-High Criticality Asset condition programme was completed.
We will input into our council's statutory planning processes related to growth (We will engage in every relevant council District Plan change, Bylaw review and Annual Plan process)	Removed due to lack of alignment with high-level strategic objectives of WWL.
We will slow the rate of increase in gross water consumption per capita	Insufficient funding available to make meaningful impact (when Statement of Intent was developed).
Te Mārua water treatment plant upgrade will be completed, providing a step-change for drought resilience in the region	Project reporting was deemed too low level for a Statement of Intent reporting.

Targeted investigations and potential interventions at select catchments will demonstrate improved water quality	Insufficient funding available to progress improvements.
We will baseline our capital emissions, and set targets for reductions in future Statements of Intent	No targets were set due to insufficient funding.
We will meet all of the disclosure requirements of Taumata Arowai	Measure was developed before regulatory regime was finalised. With the new regulator stood up, they will provide a yearly compliance report.

Measures that were modified for 2022/23

Measure (2021/22)	Measure (2022/23)	Explanation of changes
We will meet the regulatory requirements for safe drinking water (All schemes compliant with Drinking Water Standards (DWS) Parts 4 and 5, except in SWDC*)	Compliance with Drinking Water Standards (DWS) Parts 4 and 5 (Metropolitan Wellington) Compliance with Drinking Water Standards (DWS) Parts 4 and 5 (South Wairarapa)	These were split out recognising the different challenges in South Wairarapa. Note there was no target set at all for South Wairarapa in 2021/22.
We will receive: a) no abatement notices, infringement notices, enforcement notices or convictions for wastewater resource consents, and; b) dry-weather overflows will be less than 20 per 1000 connections across the network	We will receive no abatement notices, infringement notices, enforcement orders or convictions for breaches of consent in the relevant financial year (in the Wellington metropolitan area) SWDC is kept informed of the risk of enforcement action (abatement notices, infringement notices, enforcement orders or convictions) for breaches of consent in the relevant financial year	This measure was changed in three ways: 1. The dry-weather overflows was removed, focusing this measure on treatment plants which have had issues over the past few years 2. Metro Wellington and SWDC were disaggregated recognising that the Metro plants are operated by Veolia and the SWDC plants by Wellington Water 3. The target for SWDC was not to demonstrate compliance, but to ensure that the council who owns and decides funding levels is aware of the risks of non-compliance. This is because non-compliance was likely with the funding levels provided. The measure reflects the expression of risk to the owners which is within WWL control.

DIA tables

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

This year saw significant changes to the rules that govern how we measure and report on the safety of drinking water, as Taumata Arowai (the national regulator for water services) replaced the previous standards with new more rigorous standards. These standards came into effect on 15 November 2022.

We have measured our performance for 1A and 1B against the old standards for the period 1 July 2022 - 14 November 2022 and the new standards from 15 November 2022 - 30 June 2023.

We have corrected an error in applying the DIA guidance to the methodology used to measure the attendance and resolution times for water supply and wastewater. These changes relate to excluding records that were previously included, the most significant of which was the inclusion of duplicate records (where multiple people reported the same incident).

Due to the treatment of this data, duplicate records are closed before the job is complete, impacting the results. We have also removed additional jobs that were not strictly in line with the performance measure guidelines. The reported results include responses to call outs where there are no faults.

The times for the 2021/22 Financial Year have been restated and can be identified with a † in the following tables.

Greater Wellington Regional Council

Bulk water Supply

	Performance Measure	Target	2021/22 Result	2022/23 Result
1A	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	100%	Compliant	Non-compliant
1B	The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	100%	Compliant	Non-compliant
2	The percentage of real water loss from the local authority's networked reticulation system	+/- 0.25%	0.05%	0.03%
3A	Median response time to attend urgent call-outs	<90 mins	N/A – No events	N/A – No events
3B	Median response time to resolve urgent call-outs	<8 hours	N/A – No events	N/A – No events
3C	Median response time to attend non-urgent call-outs	<72 hours	N/A – No events	N/A – No events
3D	Median response time to resolve non-urgent call-outs	<20 days	N/A – No events	N/A – No events
4	The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of supply or the	<0.2	0.1	0

	Performance Measure	Target	2021/22 Result	2022/23 Result
	response to any of these issues; expressed per 1000 connections			
5	Average consumption of drinking water per day per resident	<375L	379L	398L

Hutt City Council

Water Supply

	Performance Measure	Target	2021/22 Result (As reported)	2021/22 Result (Restated†)	2022/23 Result
1A	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	100%	Compliant		Non-compliant
1B	The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	100%	Compliant		Non-compliant
2	The percentage of real water loss from the local authority's networked reticulation system*	<= 20%	20%		37%**
3A	Median response time to attend urgent call-outs	<=90 mins	66 mins	114 mins†	98 mins
3B	Median response time to resolve urgent call-outs	<= 8 hours	3 hours	18.3 hours†	6.7 hours
3C	Median response time to attend non-urgent call-outs	<= 72 hours	92 hours	193 hours†	548 hours
3D	Median response time to resolve non-urgent call-outs	<= 20 working days	3 working days	11 working days†	23 working days
4	The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of supply or the response to any of these issues; expressed per 1000 connections	<=20	24.3		26.1
5	Average consumption of drinking water per day per resident	<385L	381		410

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

**There is a 95% confidence interval for this measure of 22– 52%. We amended the methodology for 2022/23 using an updated model using minimum night flows method which includes information from newly installed Small Area Monitors

†Result has been restated due to prior period reporting error. For more information see page 54.

Wastewater

Performance Measure		Target	2021/22 Result (As reported)	2021/22 Result (Restated [†])	2022/23 Result
1	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 connections	<20	3.6		5.3
2A	Number of abatement notices received in relation to the resource consents for discharge from sewerage systems	0	1		1
2B	Number of infringement notices received in relation to the resource consents for discharge from sewerage systems	0	2		5
2C	Number of enforcement orders received in relation to the resource consents for discharge from sewerage systems	0	0		0
2D	Number of successful prosecutions in relation to the resource consents for discharge from sewerage systems	0	0		0
3A	Median response time to attend a sewage overflow resulting from a blockage or other fault in the sewerage system	<= 90 mins	196 mins	1,154 mins [†]	593 mins
3B	Median response time to resolve a sewage overflow resulting from a blockage or other fault in the sewerage system	<= 8 hours	20.3 hours	25.8 hours [†]	35 hours
4	The total number of complaints received about sewerage odour, sewerage system faults, sewerage system blockages and the response to any of these issues; expressed per 1000 connections	<=30	20.6		22.1

[†]Result has been restated due to prior period reporting error. For more information see page 54.

Stormwater

Performance Measure		Target	2021/22 Result	2022/23 Result
1A	The number of flooding events that occurred throughout the year	<=2	2	0
1B	For each flooding event, the number of habitable floors affected; expressed per 1000 connections	<0.24	0.3	N/A – No flooding events

Performance Measure		Target	2021/22 Result	2022/23 Result
2A	Number of abatement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2B	Number of infringement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2C	Number of enforcement orders received in relation to the resource consents for discharge from stormwater systems	0	0	0
2D	Number of successful prosecutions in relation to the resource consents for discharge from stormwater systems	0	0	0
3	Median response time to attend a flooding event	<=8 hours	71 hours	N/A – No flooding events
4	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 connections	<=20	14.3	18.2

Porirua City Council

Water Supply

Performance Measure		Target	2021/22 Result (As reported)	2021/22 Result (Restated [†])	2022/23 Result
1A	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	100%	Compliant		Non-compliant
1B	The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	100%	Compliant		Non-compliant
2	The percentage of real water loss from the local authority's networked reticulation system*	<20%	27%		31%**
3A	Median response time to attend urgent call-outs	<90 mins	53 mins	89 mins [†]	145 mins
3B	Median response time to resolve urgent call-outs	<8 hours	1.7 hours	6.3 hours [†]	4.2 hours
3C	Median response time to attend non-urgent call-outs	<20 days	6 days	11 days [†]	21 days
3D	Median response time to resolve non-urgent call-outs	<20 days	7 days	20 days [†]	30 days
4	The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of	<20	13.1		17.9

Performance Measure	Target	2021/22 Result (As reported)	2021/22 Result (Restated [†])	2022/23 Result
supply or the response to any of these issues; expressed per 1000 connections				
5 Average consumption of drinking water per day per resident	<320L	321L		339

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

**There is a 95% confidence interval for this measure of 17-45%. We amended the methodology for 2022/23 using an updated model using minimum night flows method which includes information from newly installed Small Area Monitors

[†]Result has been restated due to prior period reporting error. For more information see page 54.

Wastewater

Performance Measure	Target	2021/22 Result (As reported)	2021/22 Result (Restated [†])	2022/23 Result
1 The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 connections	<20	5.9		9.3
2A Number of abatement notices received in relation to the resource consents for discharge from sewerage systems	0	1		0
2B Number of infringement notices received in relation to the resource consents for discharge from sewerage systems	0	0		0
2C Number of enforcement orders received in relation to the resource consents for discharge from sewerage systems	0	0		0
2D Number of successful prosecutions in relation to the resource consents for discharge from sewerage systems	0	0		0
3A Median response time to attend a sewage overflow resulting from a blockage or other fault in the sewerage system	<90 mins	167 mins	163 mins [†]	101 mins
3B Median response time to resolve a sewage overflow resulting from a blockage or other fault in the sewerage system	<8 hours	9 hours	5.4 hrs [†]	3.6 hrs
4 The total number of complaints received about sewerage odour, sewerage system faults, sewerage system blockages and the response to any of these issues; expressed per 1000 connections	<30	30.9		28.2

[†]Result has been restated due to prior period reporting error. For more information see page 54.

Stormwater

	Performance Measure	Target	2021/22 Result	2022/23 Result
1A	The number of flooding events that occurred throughout the year	<=2	4	0
1B	For each flooding event, the number of habitable floors affected; expressed per 1000 connections	<0.57	0.4	N/A - No flooding events
2A	Number of abatement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2B	Number of infringement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2C	Number of enforcement orders received in relation to the resource consents for discharge from stormwater systems	0	0	0
2D	Number of successful prosecutions in relation to the resource consents for discharge from stormwater systems	0	0	0
3	Median response time to attend a flooding event	<8 hrs	11 hrs	N/A – No flooding events
4	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 connections	<20	18.7	25.5

Upper Hutt City Council

Water Supply

	Performance Measure	Target	2021/22 Result (As reported)	2021/22 Result (Restated [†])	2022/23 Result
1A	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	100%	Compliant		Non-compliant
1B	The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	100%	Compliant		Non-compliant
2	The percentage of real water loss from the local authority's networked reticulation system*	<20%	21%		44%**
3A	Median response time to attend urgent call-outs	<60 mins	57 mins	92 mins [†]	77 mins
3B	Median response time to resolve urgent call-outs	<4 hours	3 hours	7.8 hours [†]	4.3 hours

3C	Median response time to attend non-urgent call-outs	<36 hours	174 hours	309 hours [†]	316 hours
3D	Median response time to resolve non-urgent call-outs	<15 days	11 days	21 days [†]	21 days
4	The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of supply or the response to any of these issues; expressed per 1000 connections	<= 20	7.3		9.2
5	Average consumption of drinking water per day per resident	<415L	400L		443L

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

**There is a 95% confidence interval for this measure of 31– 57%. We used a new methodology for 2022/23 using an updated model using minimum night flows method which includes information from newly installed Small Area Monitors

[†]Result has been restated due to prior period reporting error. For more information see page 54.

Wastewater

	Performance Measure	Target	2021/22 Result (As reported)	2021/22 Result (Restated [†])	2022/23 Result
1	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 connections	<20	1.8		2
2A	Number of abatement notices received in relation to the resource consents for discharge from sewerage systems*	0	0	1	1
2B	Number of infringement notices received in relation to the resource consents for discharge from sewerage systems*	0	0	2	4
2C	Number of enforcement orders received in relation to the resource consents for discharge from sewerage systems	0	0		0
2D	Number of successful prosecutions in relation to the resource consents for discharge from sewerage systems	0	0		0
3A	Median response time to attend a sewage overflow resulting from a blockage or other fault in the sewerage system	<=60 mins	214 mins	151 mins [†]	263 min
3B	Median response time to resolve a sewage overflow resulting from a blockage or other fault in the sewerage system	<=6 hours	21 hours	36 hrs [†]	5 hours
4	The total number of complaints received about sewerage odour, sewerage system faults, sewerage system blockages and the response to any of these issues; expressed per 1000 connections	<=30	9.0		8.2

*This year, enforcement actions have been disclosed for Upper Hutt City Council as a Joint Venture partner in the Seaview Wastewater Treatment Plant, although they are not technically the consent holder. The 2021/22 results have been

restated.

†Result has been restated due to prior period reporting error. For more information see page 54.

Stormwater

Performance Measure		Target	2021/22 Result	2022/23 Result
1A	The number of flooding events that occurred throughout the year	<=2	1	0
1B	For each flooding event, the number of habitable floors affected; expressed per 1000 connections	<=0.64	0.1	N/A - No flooding events
2A	Number of abatement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2B	Number of infringement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2C	Number of enforcement orders received in relation to the resource consents for discharge from stormwater systems	0	0	0
2D	Number of successful prosecutions in relation to the resource consents for discharge from stormwater systems	0	0	0
3	Median response time to attend a flooding event	<60 mins	0 mins*	N/A – No flooding events
4	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 connections	<=20	3.9	5.6

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

Wellington City Council

Water Supply

Performance Measure		Target	2021/22 Result (As reported)	2021/22 Result (Restated†)	2022/23 Result
1A	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	100%	Complaint		Non-compliant
1B	The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	100%	Compliant		Non-compliant
2	The percentage of real water loss from the local authority's networked reticulation system*	<17%	26%**		31%
3A	Median response time to attend urgent call-outs	<60 mins	66 mins	114 mins†	132 mins

3B	Median response time to resolve urgent call-outs	<4 hours	2 hours	17.4 hours†	13.4 hours
3C	Median response time to attend non-urgent call-outs	<36 hours	67 hours	334 hours†	654 hours
3D	Median response time to resolve non-urgent call-outs	< 5 days	3 days	22 days†	40 days
4	The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of supply or the response to any of these issues; expressed per 1000 connections	<20	16.8		18.7
5	Average consumption of drinking water per day per resident	<365L	390L		402L

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

**There is a 95% confidence interval for this measure of 14-48%. We amended the methodology for 2022/23 using an updated model using minimum night flows method which includes information from newly installed Small Area Monitors

†Result has been restated due to prior period reporting error. For more information see page 54.

Wastewater

Performance Measure		Target	2021/22 Result (As reported)	2021/22 Result (Restated†)	2022/23 Result
1	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 connections	0	6.2		5.5
2A	Number of abatement notices received in relation to the resource consents for discharge from sewerage systems	0	2		0
2B	Number of infringement notices received in relation to the resource consents for discharge from sewerage systems	0	1		2
2C	Number of enforcement orders received in relation to the resource consents for discharge from sewerage systems	0	0		0
2D	Number of successful prosecutions in relation to the resource consents for discharge from sewerage systems	0	0		0
3A	Median response time to attend a sewage overflow resulting from a blockage or other fault in the sewerage system	<=60 mins	162 mins	100 mins†	85 mins
3B	Median response time to resolve a sewage overflow resulting from a blockage or other fault in the sewerage system	<= 6 hours	21 hours	17.7 Hours†	7.9 hours
4	The total number of complaints received about sewerage odour, sewerage system faults, sewerage system blockages and	<30	24.3		22.9

	the response to any of these issues; expressed per 1000 connections			
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Stormwater

Performance Measure		Target	2021/22 Result	2022/23 Result
1A	The number of flooding events that occurred throughout the year	<=2	4	0
1B	For each flooding event, the number of habitable floors affected; expressed per 1000 connections	<=0.13	1	N/A - No flooding events
2A	Number of abatement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2B	Number of infringement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2C	Number of enforcement orders received in relation to the resource consents for discharge from stormwater systems	0	0	0
2D	Number of successful prosecutions in relation to the resource consents for discharge from stormwater systems	0	0	0
3	Median response time to attend a flooding event	<=60 mins	62 hrs	N/A – No flooding events
4	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 connections	<20	8.9	14.5

South Wairarapa District Council

Water Supply

Performance Measure		Target	2021/22 Result (As reported)	2021/22 Result (Restated [†])	2022/23 Result
1A	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)*				
	Featherston Scheme	100%	99.93%		Non-compliant
	Greytown Scheme	100%	100%		Non-compliant
	Martinborough Scheme	100%	99.98%		Non-compliant
	Pirinoa Scheme	100%	100%		Non-compliant

1B	The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)*				
	Featherston Scheme	100%	100%		Non-compliant
	Greytown Scheme	100%	0%		Non-compliant
	Martinborough Scheme	100%	99.99%		Non-compliant
	Pirinoa Scheme	100%	0*		Non-compliant
2	The percentage of real water loss from the local authority's networked reticulation system	<30%	43%		46%**
3A	Median response time to attend urgent call-outs	<60 mins	44 mins	105 mins [†]	91 mins
3B	Median response time to resolve urgent call-outs	<8 hours	1.6 hours	3.5 hours [†]	4.7 hours
3C	Median response time to attend non-urgent call-outs	<2 working days	2 working days	3 working days [†]	2 working days
3D	Median response time to resolve non-urgent call-outs	<5 working days	3 working days	3 working days [†]	3 working days
4	The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of supply or the response to any of these issues; expressed per 1000 connections	<70	26.2		22.1
5	Average consumption of drinking water per day per resident	<400L	601L		597L

*Note – methodology has changed. In 2021/22 we reported the number of minutes where the plant was fully compliant / total minutes. This year we are reporting compliant and non-compliant.

**There has been a change to the methodology for SWDC to the Water Balance method, after using the Minimum Night Flows methodology last year.

[†]Result has been restated due to prior period reporting error. For more information see page 54.

Wastewater

Performance Measure		Target	2021/22 Result (As reported)	2021/22 Result (Restated [†])	2022/23 Result
1	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 connections	<10	4.8		4.5
2A	Number of abatement notices received in relation to the resource consents for discharge from sewerage systems	0	0		1

2B	Number of infringement notices received in relation to the resource consents for discharge from sewerage systems	0	0		0
2C	Number of enforcement orders received in relation to the resource consents for discharge from sewerage systems	0	0		0
2D	Number of successful prosecutions in relation to the resource consents for discharge from sewerage systems	0	0		0
3A	Median response time to attend a sewage overflow resulting from a blockage or other fault in the sewerage system	<60 mins	123 mins	175 mins [†]	58 mins
3B	Median response time to resolve a sewage overflow resulting from a blockage or other fault in the sewerage system	<4 hours	24.1 hours	45.9 Hours [†]	13.6 hours
4	The total number of complaints received about sewerage odour, sewerage system faults, sewerage system blockages and the response to any of these issues; expressed per 1000 connections	<60	34.7		32.6

Stormwater

	Performance Measure	Target	2021/22 Result	2022/23 Result
1A	The number of flooding events that occurred throughout the year	0	0	0
1B	For each flooding event, the number of habitable floors affected; expressed per 1000 connections	0	N/A – No flooding events	N/A – No flooding events
2A	Number of abatement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2B	Number of infringement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2C	Number of enforcement orders received in relation to the resource consents for discharge from stormwater systems	0	0	0
3D	Number of successful prosecutions in relation to the resource consents for discharge from stormwater systems	0	0	0
3B	Median response time to attend a flooding event	<180 mins	N/A*	N/A*
4	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 connections	0	N/A*	N/A*

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

Independent Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Wellington Water Limited's financial statements and performance information for the year ended 30 June 2023

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

We have audited:

- the financial statements of the company on pages 35 to 51, that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 12 to 14, 17 to 19, 25 to 26 and 52 to 66.

Opinion

Unmodified opinion on the financial statements

In our opinion, the financial statements of the company:

- present fairly, in all material respects:
 - its financial position as at 30 June 2023; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

Qualified opinion on the performance information

In our opinion, except for the possible effects of the matter described in the *Basis for our opinion* section of our report, the performance information of the company presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measure by which performance was judged in relation to the company's objectives for the year ended 30 June 2023.

Our audit was completed on 2 October 2023. This is the date at which our opinion is expressed.

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

Basis for our opinion

The company manages the water assets and services of its six shareholding councils on their behalf. The company therefore reports on the Department of Internal Affairs' mandatory performance measures as set out in the Non-Financial Performance Measure Rules 2013. The results of the mandatory performance measures are provided on pages 52 to 66. The company also reports on their statement of intent measures on pages 12 to 14, 17 to 19 and 25 to 26.

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

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

Records of complaints are maintained by shareholding councils and issues with council systems and processes meant we were unable to obtain sufficient appropriate audit evidence about the completeness and accuracy of complaints reporting. Our opinion on these performance measures was also qualified for the 2022 performance year.

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 – uncertainty over the water services reform programme

Without further modifying our opinion, we draw attention to note 13 on page 50 which outline developments in the Government's water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three water services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact on the company remains uncertain until the relevant water services entity's establishment date is known, the allocation

schedule of assets, liabilities, and other matters to be transferred is approved, and the timing of the transfer is determined.

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

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

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

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

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

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

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

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

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

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 3 to 11, 15 to 16, 20 to 24 and 27 to 34 but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

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

In addition to the audit, we have performed a limited assurance engagement in respect of grant funding provided by the Ministry for the Environment which is compatible with those independence requirements. Other than the audit and this engagement, we have no relationship with or interests in the company.



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