



Our water, our future

2019-22 Statement of Intent

Contents

Helping communities prosper.....	3
Getting water to and from communities.....	5
Keeping the water running.....	10
How we work.....	18
Appendices	
Appendix 1: What influences us.....	27
Appendix 2: About us.....	28
Appendix 3: Governance and shareholder information... ..	30
Appendix 4: Customer outcomes and service goals	31
Appendix 5: Three-year forecasts	32

Taki

He wai, he wai

He wai herenga tāngata

He wai herenga whenua

He wairua

He waiora

Tis water, tis water

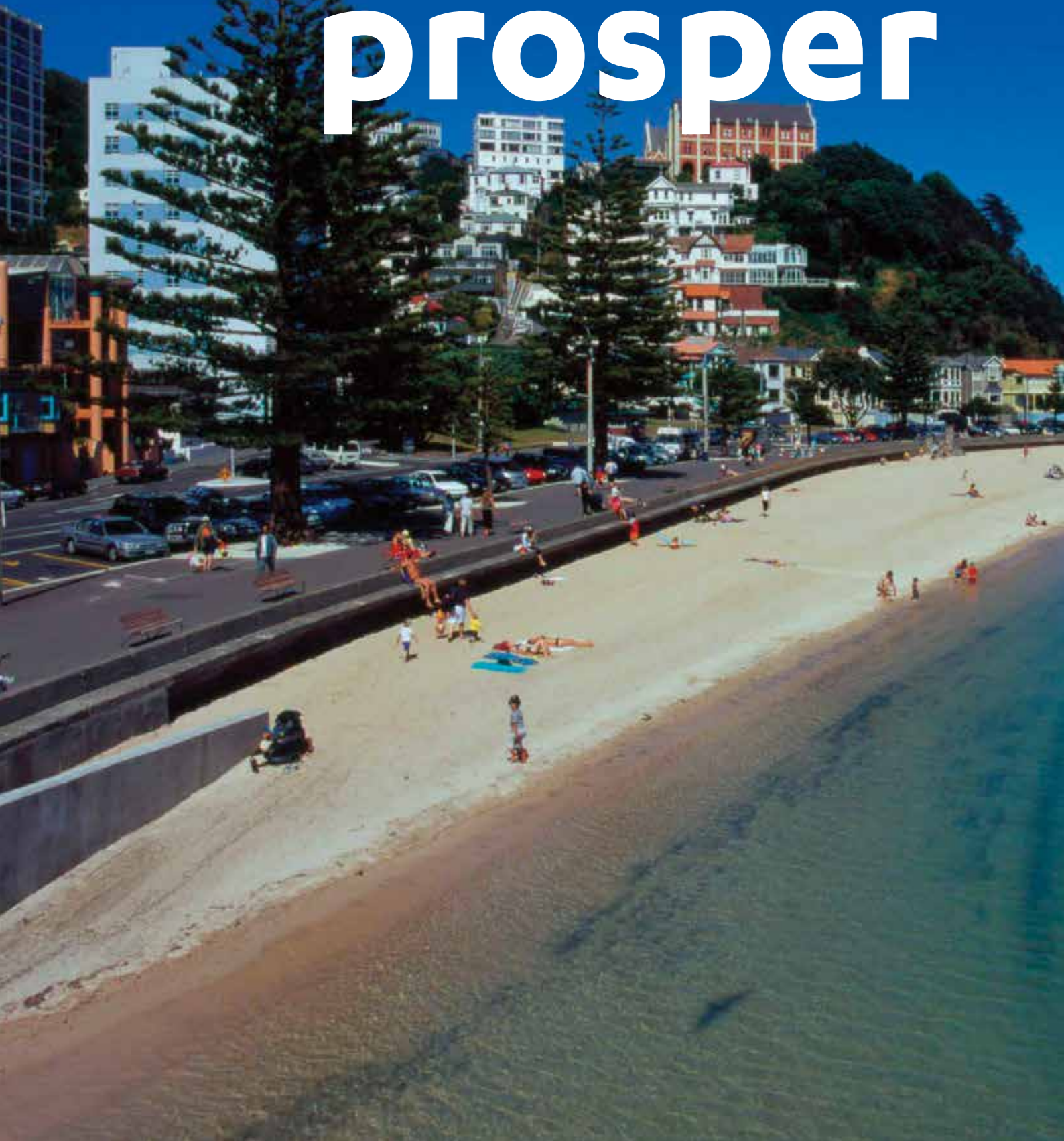
Water that joins us

Water that necessitates the land

Soul of life

Life forever

Helping communities prosper



Looking after our water now and for the future

The Wellington region is the perfect balance of urban culture and the great outdoors. We're also a growing region. About 415,000 people (10 per cent of New Zealand's population) live, work, and play here, and our cities are forecasting significant growth in population in the next 30 years.

As our communities grow, the need for infrastructure (such as roads, power, and water services) to keep up with change will be vital to our region's economic success.

We provide drinking water, wastewater, and stormwater services on behalf of our client councils – Hutt City, Porirua City, Upper Hutt City, Wellington City, and Greater Wellington Regional Councils. Our vision is to create excellence in regional water services so that communities prosper. Our customers, the residents of the Wellington region, use the services we provide in their homes, businesses, and communities every day. Reliable and affordable access to these services supports the social fabric of our communities.

We deliver our services by focusing on three customer outcomes, which are the driving force behind our day-to-day work and encompass everything we want to achieve for our customers: safe and healthy water; respectful of the environment; and resilient networks that support our economy.

We also acknowledge and value our mana whenua and their kaitiaki (guardianship) role with the water bodies within the rohe (region). The concept of te mana, o te mauri, o te wai (the spiritual values of the water) is recognition of fresh-water as a natural resource whose health is integral to the social, cultural, economic, and environmental well-being of communities. Understanding and incorporating this concept into the way we work as

an organisation, the delivery of our services and our three customer outcomes is fundamental to making sure that we take care of our water now and for the future.

We're mindful of ki uta ki tai (from the mountains to the sea), which is the recognition that water moves through the landscape and has numerous interactions on its journey. Much of this journey is impacted by the services we provide. Ki uta ki tai acknowledges the connections between the atmosphere, surface water, groundwater, land use, water-quality, water quantity, and the coast. It also acknowledges the connections between people and communities, people and the land, and people and water. This will be particularly important as we face the challenges of climate change.

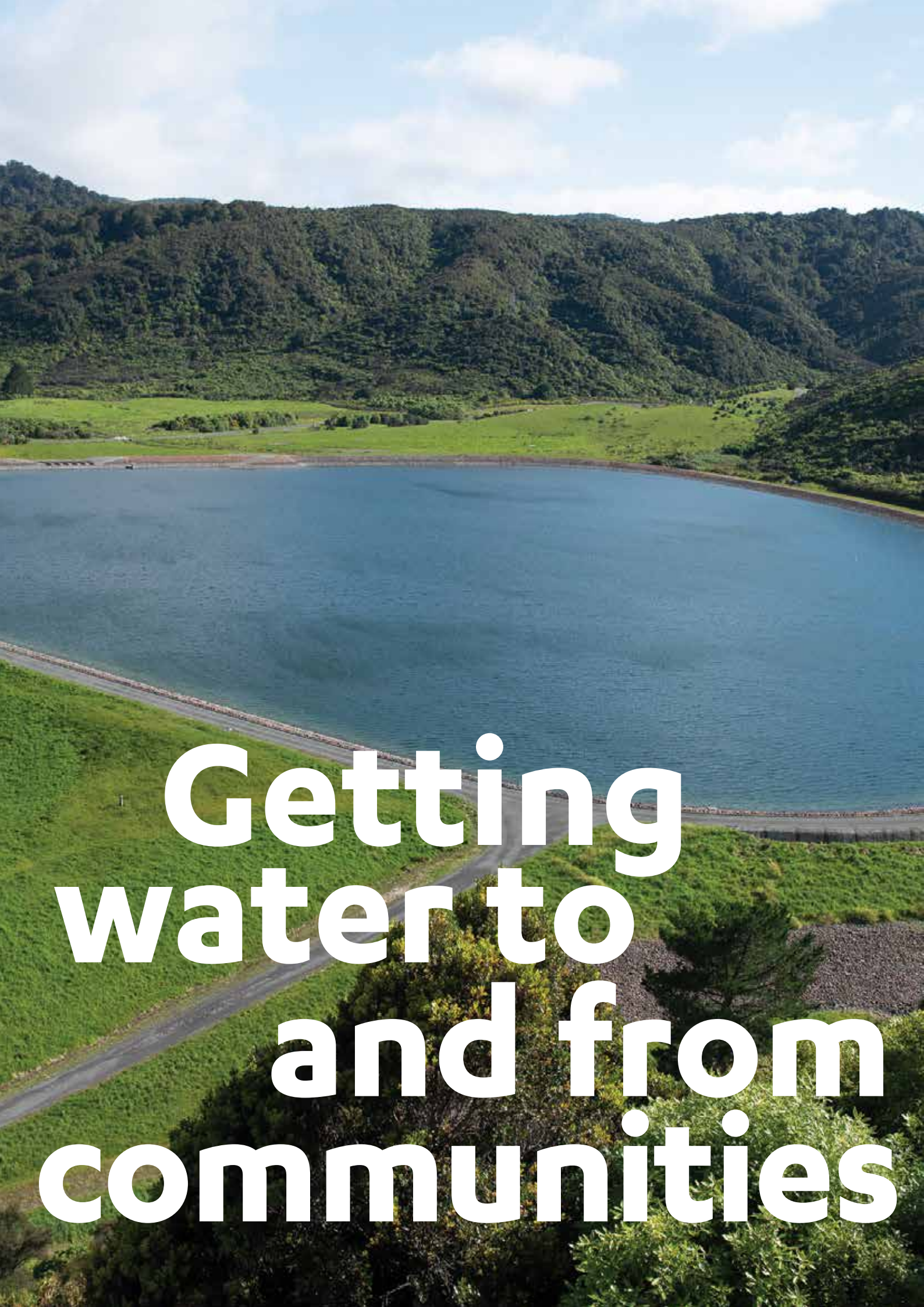
The services that our three water networks provide are vital to a modern and successful economy, but they're also important to the interactions our customers have with the natural environment. We want our customers to be able to enjoy our beaches, rivers, and streams with the confidence that these waterways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

What brings all this breadth of activity together is a commitment from our people to support the region as it grows and changes to meet the aspirations of our various communities. We want to be a high-performing team and will lift our capabilities in a number of areas to help our customers get the most out of the services we provide, so that they can live, work, and play in this beautiful region of ours with confidence.

In developing *Our water, our future* we've created a Statement of Intent with clear targets and measures for a rolling three-year period. We've aligned our Statement of Intent with our client councils' 2018 Long-term Plans and we'll review this annually in accordance with Local Government Act 2002 requirements.



**We provide
drinking water,
wastewater, and stormwater
services on behalf of our
client councils –
Hutt City, Porirua City,
Upper Hutt City, Wellington
City, and Greater Wellington
Regional Councils.**



**Getting
water to
and from
communities**

Our promise to our customers

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

We want our customers to be confident that the services we provide will help their communities to prosper, and we'll do this by focusing on our three customer outcomes:

- **Safe and healthy water:** We provide water services to ensure safe drinking-water and work to eliminate the harmful effects of wastewater and stormwater over time.
- **Respectful of the environment:** When we provide water services we seek to, avoid harm to the natural; and built environment, and over time, enhance it for the benefit of future generations.
- **Resilient networks that support our economy:** We provide reliable day-to-day water services that are able to withstand shocks and stresses, and future-proof the network to enable a strong regional economy and an enhanced natural environment.

SAFE AND HEALTHY WATER THAT CAN BE RELIED ON

A safe and reliable water supply is essential to public health and the social and economic progress of our region.

Our focus on safe and healthy water means we embrace a high standard of care, and align with the United Nations Sustainable Development Goal 6: Clean Water and Sanitation, which is about the availability and sustainable management of water and sanitation. We'll maintain 100 per cent compliance with the Drinking-water Standards for New Zealand, and we'll monitor treated water to make sure there have been no transgressions.

Water supplied to our customers' homes and businesses is ultimately removed by our wastewater network, treated at one of our four wastewater treatment plants, and then safely discharged into the environment. Along the way we want to prevent wastewater overflowing into private properties and public spaces during dry-weather (dry-weather overflow), which can pose a health risk to our communities.

We aim to achieve a high level of reliability and availability in our three water networks. If our services are disrupted we want them to be fixed as soon as possible, and we'll keep our customers informed, fix the problems, then let them know when the services are back up and running.

BEING RESPECTFUL OF THE ENVIRONMENT

For us to provide safe drinking-water, we must protect our water sources and catchments where the rain falls. We're lucky that our Kaitoke and Wainuiomata/Orongorongo catchments have been protected from deforestation and are nearly pristine. We consider the Waiwhetū Aquifer a regional taonga (treasure). Water from the Hutt River/Te Awa Kairangi flows into the aquifer at Taitā, and the aquifer travels down the Hutt Valley and out towards the harbour entrance.

Every day we take water from our catchments to supply our residents with drinking-water. Our residential customers use about 230 litres per day. The regional gross usage is about 360 litres per day, which includes commercial and unaccounted for water loss. This is a lot of water, and is well in excess of that in other communities in New Zealand and worldwide.

This water would have otherwise flowed down our rivers and streams into the sea, so we need to be mindful of how much water we take, as this can have environmental impacts. This is also why we built the Stuart Macaskill Lakes to store water during winter when it's plentiful.

It's important that our customers know the value and cost of water, and have the information they need to be able to reduce their water usage at home. We'll also proactively monitor and manage leakage from the network to reduce wastage.

The water-quality of our streams, rivers, harbours, and ocean is deteriorating. In urban areas, leaky pipes can allow wastewater to enter the stormwater system, or stormwater can enter the wastewater network from illegal cross-connections and low gully traps in such quantities that our network and treatment plants can't cope. We'll focus on tackling these problems and reduce the likelihood of cross-connections occurring, so the water-quality of our waterways can improve.

With the introduction of the National Policy Statement for Freshwater Management (NPS-FM), new national water-quality limits have been set by central Government, which need to be achieved by 2040. We'll continue to work with Whaitua Committees to set water-quality limits that consider community aspirations and are appropriate for our catchments. As a part of this work, we'll identify high-priority areas in the network to trial solutions that will improve water-quality in the environment.

RESILIENT NETWORKS THAT SUPPORT OUR ECONOMY

Climate change is impacting our region and we know it's having an effect on the performance of our stormwater and wastewater networks. We'll work closely with our client councils to consider how we plan for and address these impacts, especially sea level rise and flooding. We'll use the modelling and evidence we collect to inform and advise our client councils.

Climate change will result in increasing rainfall intensity, which will put pressure on our stormwater network. Our piped stormwater network is generally able to cope with a one-in-ten-year storm. However, one-in-fifty-year and one-in-one-hundred year storms (which are expected to become more frequent in the next thirty years) will have significant flooding impacts on our public spaces and homes. We'll work with other infrastructure providers to minimise the impacts of flooding on customer homes. We'll also improve our operational response by using our predictive rainfall technology to provide a better customer response.

We're working to improve the resilience of our services. We have made good progress on the region's emergency water supply with the development of our Community Infrastructure Resilience programme (CIR), which will deliver drinking-water throughout the region after a major event such as an earthquake.

We'll encourage our customers to be resilient at home by storing enough water for their household to last at least seven days following a large earthquake, and making sure that they have a plan for the disposal of their wastewater (wees and poos), like two-bucket systems or long-drops.

Our wastewater network is fragile and is likely to be affected significantly by a large earthquake. We have identified all critical wastewater infrastructure that is vulnerable to ground shaking, and we'll use this information to improve our infrastructure planning for the next ten-years and beyond.

Day-to-day operational resilience is also important to our customers. We'll always have unexpected failures in our network that will affect the services we provide, and to minimise the impact on our customers we'll continuously improve our planning approach and the effectiveness of our responses in these situations.

PUTTING OUR CUSTOMERS AT THE HEART OF EVERYTHING WE DO

We'll make a step change in the way we think about our customers. It's important that our customers have positive interactions with the services we provide. We'll work with our client councils and contractors to build a shared understanding of what a positive customer experience should look and feel like.

We'll make changes to the way we work, so we're focused on putting our customers at the heart of everything we

do, and we'll improve customer experience satisfaction to make sure we stay on track. To help us improve satisfaction we'll keep our customers informed about the work we're doing at their front gates and in their communities. We'll also provide practical advice, information, and education to help customers change their behaviours regarding water conservation, protecting the environment, and resilience.

When our customers contact us, we'll work with them to make sure we're able to answer their questions or resolve any complaints they might have.

While doing all of this, we'll make sure that our customers are kept safe as they go about their day-to-day business. This means customers will not be endangered by any of our services, or the way in which they're provided, and we'll be proactive in anticipating potential risks and hazards.

UNDERSTANDING THE COST OF WATER

We'll keep our three water networks in good shape and make sure that what customers pay for water services is used in the best possible way.

There's no charge in New Zealand for taking the water from our catchments, although taking this important resource does require the careful management of a number of environmental and resource consents to make sure there are no adverse impacts on our waterways.

Getting water to and from customers' homes, on the other hand, is very costly. We operate assets (valued at \$5.8 billion) to do this job and we spend \$150 million annually on keeping them well maintained.

Residential customers pay for their drinking-water, wastewater, and stormwater services through their rates, while business customers pay a volumetric rate according to how much water they use.

Many customers want more information about how their money is being spent and what value they are receiving. We have agreed with our client councils to calculate the cost of water as a cost per connection. This work will provide greater transparency in relation to our client councils' investment priorities, decisions, and how these will impact future levels of service and cost of service.

By understanding the cost of water we want our customers to be more aware of their own water use, understand how their behaviours can affect the environment, and be aware of how much it costs to improve services as our communities grow and change. To help us communicate effectively we'll survey our customers on a regular basis to better understand their current knowledge and perceptions about the services we provide.

Customers expect these assets to be kept in good condition, so that they can rely on the services we deliver. We aim to keep the asset value constant, not reducing (otherwise we'd be putting additional costs onto future generations), and not spend money on improving beyond what's needed.

Statement of Intent measure	Trend	2019/20	2020/21	2021/22
1. Our customers will feel confident that the drinking-water we provide is safe because we'll maintain compliance with the Drinking-water Standards for New Zealand	Maintain	Compliant	Compliant	Compliant
2. Our customers will not be exposed to any public health risks because we'll reduce the number of wastewater overflows	Reduce	<100 dry weather overflows and <300 wet weather overflows	<95 dry weather overflows and <285 wet weather overflows	<90 dry weather overflows and <270 wet weather overflows
3. Our customers will feel confident that our drinking-water service is reliable because we'll maintain the number of hours drinking-water supply is available	Maintain	Estimated average <2 hours unavailable per customer per year	Estimated average <2 hours unavailable per customer per year	Estimated average <2 hours unavailable per customer per year
4. Our customers will feel confident that our wastewater service is reliable because we'll improve the availability of the wastewater service	Improve	Until we can accurately measure length of wastewater outages and number of houses affected, we'll target: 20 wastewater complaints per 1,000 connections 90 per cent of wastewater complaints (about loss of service) resolved within one day	*Until we can accurately measure length of wastewater outages and number of houses affected, we'll target: 19.5 wastewater complaints per 1,000 connections 91 per cent of wastewater complaints (about loss of service) resolved within one day	*Until we can accurately measure length of wastewater outages and number of houses affected, we'll target: 19 wastewater complaints per 1,000 connections 92 per cent of wastewater complaints (about loss of service) resolved within one day
5. Our customers will reduce the amount of water they are using at home because they have the information they need to be able to make informed decisions and change their behaviours	Reduce water usage Improve access to information	Gross production of water supplied to customers <355 litres per resident per day Percentage of people surveyed who had seen and understood nominated education messages within same financial year: >27 per cent	Gross production of water supplied to customers <350 litres per resident per day Percentage of people surveyed who had seen and understood nominated education messages within same financial year: >30 per cent	Gross production of water supplied to customers <345 litres per resident per day Percentage of people surveyed who had seen and understood nominated education messages within same financial year: >33 per cent
6. Our customers will be able to enjoy our region's beaches because we'll improve the number of days that monitored beaches (between 1 November and 31 March) are available for swimming	Improve	Total number of days monitored beaches are closed is at most five	Total number of days monitored beaches are closed is at most four	Total number of days monitored beaches are closed is at most three
7. Our customers will feel confident that our region's waterways are not adversely affected by our services because we'll monitor and apply effective methods to manage and improve water-quality	Improve	Identify potential intervention strategies Select a receiving environment water-quality improvement project (i.e. an urban stream) and assess it against intervention strategies Monitor urban streamwater-quality to set baseline	Relevant design standards developed or updated to capture applications and effectiveness of water-quality improvement methods (including results of pilot projects) Baseline monitoring of urban streamwater-quality continues	Water-quality baseline, and available water-quality targets and methods are integrated into the prioritisation of work programmes

Statement of Intent measure	Trend	2019/20	2020/21	2021/22
8. Our customers' homes and businesses will be protected from flooding because we'll reduce the number of habitable floors that are predicted to be flooded by a 1:100-year flood event	Reduce	1 per cent reduction year on year (in the area modelled at the start of year)	1 per cent reduction year on year (in the area modelled at the start of year)	1 per cent reduction year on year (in the area modelled at the start of year)
9. Our customers will be resilient in the event of a natural disaster because we'll improve the number of households that have drinking-water stored and have a plan for the safe disposal of their wastewater	Improve	5 per cent of households with 140+ litres of potable water stored per person Set a baseline for the percentage of households that have appropriate wastewater solutions	7.5 per cent of households with 140+ litres of potable water stored per person Target an increase in the percentage of households that have appropriate wastewater solutions	10 per cent of households with 140+ litres of potable water stored per person Target an increase in the percentage of households that have appropriate wastewater solutions
10. Our customers will have positive interactions with us because we'll measure and improve their customer experience satisfaction	Improve	>80 per cent of surveyed customers rate us good, very good, or excellent	>85 per cent of surveyed customers rate us good, very good, or excellent	>90 per cent of surveyed customers rate us good, very good, or excellent
11. Our customers will feel valued because we'll improve their customer experience satisfaction by acknowledging problems with level of service and working to resolve them within acceptable timeframes	Improve	50 per cent of complaints resolved within 10 days 80 per cent of complaints resolved within 30 days	52 per cent of complaints resolved within 10 days 85 per cent of complaints resolved within 30 days	54 per cent of complaints resolved within 10 days 85 per cent of complaints resolved within 30 days
12. Our customers will be kept safe because our work sites will be safe and result in no members of the public being harmed	Maintain	Zero incidents reported to us, our supply chain, or client councils	Zero incidents reported to us, our supply chain, or client councils	Zero incidents reported to us, our supply chain, or client councils
13. Our customers will get a better understanding of where their water rates money is being spent because we'll improve the transparency of the cost per connection of our services	Improve	Analyse results and explore implications	Increased transparency for rate payers	Increased transparency for rate payers
14. Our customers will feel confident we're creating value for money because we'll maintain our assets at a sustainable level now and in the future	Maintain	Normalise results across councils and look for a regional proxy	Increased transparency for rate-payers	Increased transparency for rate-payers
15. Our customers will feel confident we're working to understand and reduce our carbon emissions because we'll have a verifiable target for reduced operational emissions and a plan for achieving that target	Improve	Baseline carbon emissions inventory complete and certified emissions management and reduction plan in place	Monitor audit of emissions and progress against target Continue implementing recommendations made in carbon emissions reduction plan	Monitor audit of emissions and progress against target Continue implementing recommendations made in carbon emissions reduction plan

Keeping the water running



Delivering on our promise to customers

The infrastructure and assets we use to deliver our services to customers generally have life expectancies of typically 30 to 100 years. We must take a sophisticated approach to planning to make sure we get the best value from these assets.

A REGIONAL PERSPECTIVE

Our Regional Service Plan outlines all the activities we need to do to provide services now and into the future. It includes:

- **30-year infrastructure plans:** These outline the large infrastructure improvements necessary to meet future levels of service.
- **10-year service plans:** These lay out the priorities for investment to meet current and future levels of service, and align with our client councils' Long-term Plans.
- **Three-year rolling programmes:** These contain the activities that are planned to be delivered in the next three years.

PLANNING FOR THE FUTURE AND ITS CHALLENGES

The broader regulatory environment for the three waters is complex and ever changing. The Government's Three Waters Review is ongoing and is likely to result in greater regulatory oversight and the need to meet higher standards. We'll remain abreast of these changes to ensure that we're in a position to respond proactively to unfolding developments.

Our own Three Waters Strategy helps us to plan for the long term by looking at each of our three water services and considering how we expect them to evolve, and the challenges we expect them to face, in the next 50+ years. The strategy sets out how we expect to achieve our customer outcomes: safe and healthy water; respectful of the environment; and resilient networks that support our economy.

In developing this strategy we've identified a number of issues that could have significant impacts on our service delivery, and of which we need to increase our understanding and for which we need to ensure we have plans to respond. These issues include:

- Planning for growth.
- Minimising our carbon emissions.
- The sustainability of our drinking-water supply.
- Management of sludge from wastewater treatment.
- Receiving-environment water-quality.
- Flooding and flood management.
- Ensuring our services are resilient to major events.

These issues all affect the delivery of water services across the region as a whole, and they require a regional response. For each issue we'll complete a Future Services Study that will follow the Treasury's Better Business Cases methodology. This approach is recognised as 'best practice' for government infrastructure investment – it makes sure that the core issues are fully understood, that a clear 'case for change' or 'strategic need' has been defined, and that the expected benefits have been identified and can be measured and monitored to make sure the investment is successful. The approach also makes sure that we have good buy-in from all our stakeholders.

Not all of these issues will require the use of the Better Business Cases approach. For example, carbon-emission reduction and growth relate more to our strategic approach in all our activities, rather than require specific interventions.



Statement of Intent measure	2019/20	2020/21	2021/22
<p>16. We'll better understand future service needs by completing Future Services Studies</p>	<p>Minimising carbon emissions study completed through setting initial reduction target and action plan</p> <p>Complete flood and flood management study</p> <p>Resilience study completed through gap analysis to identify actions necessary to achieve resilience service levels across the three waters for all customers, and associated action plan</p> <p>Recommended approaches for sustainable drinking-water supply, wastewater sludge management and receiving-environment water-quality submitted to smart investment process for prioritisation, alongside other initiatives (together with relevant actions from carbon-emission reduction and service resilience action plans)</p>	<p>Recommended approaches to flood and flood management submitted to smart investment process for prioritisation alongside other initiatives</p>	<p>[No actions – studies are complete and we'll be in implementation]</p>

Responding to growth

One of our most significant challenges in the region is the growth rate of all cities, which is placing increased pressure on the three water networks. Every additional home results in more water consumption, more wastewater, and potentially more stormwater run-off.

The National Policy Statement for Urban Development Capacity has introduced requirements to make sure that infrastructure providers plan for growth and that necessary infrastructure is included in councils' Long-term Plans. As we model the impacts of growth on current networks, we've identified significant capacity issues in the drinking-water, and wastewater networks in the region. We'll provide input to the region's development capacity assessments, supporting the proposed changes, and we'll provide advice on infrastructure changes to meet growth strategies.

Without good models we can't understand how current networks perform, and in turn what will happen when growth occurs. These models are important tools for us to be able to provide our client councils with advice on infrastructure needs to support growth, and in the next two years we'll have all models 100 per cent completed.

We're working closely with our client councils to identify potential growth catchments, and planning for three waters infrastructure that will be fit for future challenges. This planning will result in more clarity about the necessary infrastructure funding needs. We'll also need to budget for the operating costs of maintaining and operating these new assets.

We support quality land development that will work today and into the future. We know developers want clear and easy-to-understand advice, so that they can progress their developments, and we want developers to feel their needs are being met and they are satisfied with the services we offer.

Statement of Intent measure	2019/20	2020/21	2021/22
17. We'll make sure future growth is supported by having well thought-out network delivery plans	Network delivery plans developed for identified growth cells (at least five)	Network delivery plans developed for identified growth cells (at least five)	Network delivery plans developed for identified growth cells (at least five)
18. We'll understand how our current networks perform and plan for growth by completing our three water networks modelling programme	66 per cent complete	100 per cent complete	[Models complete]
19. We'll build our relationships with developers by improving their satisfaction with the advice and services we offer	65 per cent satisfaction	65 per cent satisfaction	65 per cent satisfaction

Operate, maintain, and renew

Every year we operate our networks so that drinking-water is supplied to homes, wastewater is removed and treated, and stormwater is diverted safely into waterways. Keeping these three water networks maintained and in good day-to-day working order is a big job, as is renewing infrastructure that is worn out.

The majority of our annual expenditure goes into: operating our treatment plants; delivering services to customers by maintaining the networks; and renewing infrastructure that needs replacing. When we do this work we'll make sure that we meet all our consent conditions for maintenance and operational activities, and capital expenditure (capex) projects.

Pipes that break too often, or are predicted to, need to be replaced. By replacing them we avoid breakdowns in the future. We do this through projects that replace a long length of pipe at a time. We want to do this work in a way that reduces inconvenience to traffic and residents. It has to be done, but we'll do the work with a minimal level of fuss and impact for our customers.

As a result of the water treatment process sludge is produced as a by-product. We'll make sure we keep the water content of sludge to a minimum to reduce odour and manage disposal to landfill.

We'll use our updated regional Water Safety Plan to record our risk management approach, which includes: systematically assessing risks from source to tap; identifying ways these risks can be managed; and implementing control measures to ensure that the risks are managed properly. We want our customers to have confidence that the drinking-water we supply is safe, and that it's wholesome in terms of taste, clarity, and odour.

We've established Consultant and Contractor Panels to generate improved outcomes for customers through cost efficiencies and greater effectiveness in the delivery of capex programmes.

Our people will be honest, caring, and authentic when dealing with customers and we'll embed these customer behaviours throughout our business. When customers contact us we'll prioritise their call and make sure that we respond to their queries as quickly as possible. We'll partner with our client councils' call centres to make sure calls are owned end-to-end.



Statement of Intent measure	2019/20	2020/21	2021/22
20. We'll meet all environmental consent requirements in the delivery of our services	Fully compliant	Fully compliant	Fully compliant
21. We'll safeguard our drinking-water by completing our regional Water Safety Plan (WSP)	Service delivery improvements arising from the WSP prioritised and implemented	Service delivery improvements arising from the WSP prioritised and implemented	Service delivery improvements arising from the WSP prioritised and implemented
22. We'll supply wholesome drinking-water at an acceptable standard (taste, clarity, and odour) by maintaining satisfaction	<550 complaints	<550 complaints	<550 complaints
23. We'll minimise the impact of sludge odour and landfill disposal by maintaining minimal water content	Landfill bins have a dry-solids content of >15 per cent	Landfill bins have a dry-solids content of >15 per cent	Landfill bins have a dry-solids content of >15 per cent
24. We'll own customer calls end-to-end (by partnering up with our client council call centres) and manage customers' expectations by embedding our customer behaviours throughout our business	All customer enquiries are tracked and responded to within 60 minutes 95 per cent of customer enquiries raised are resolved within the level of service (Priority 1-3) timeframes	All customer enquiries are tracked and responded to within 60 minutes 95 per cent of customer enquiries raised are resolved within the level of service (Priority 1-3) timeframes	All customer enquiries are tracked and responded to within 60 minutes 95 per cent of customer enquiries raised are resolved within the level of service (Priority 1-3) timeframes
25. We'll be reliable in the delivery of our renewals and capital works programmes by completing planned work within timeframes	95-105 per cent of planned work completed	95-105 per cent of planned work completed	95-105 per cent of planned work completed
26. We'll work with our Contractor Panel to be cost-effective by decreasing the cost per kilometre of laying pipes in real terms (adjusted for inflation)	5 per cent reduction year-on-year	5 per cent reduction year-on-year	5 per cent reduction year-on-year



Improving our services

The services that our three water networks provide are vital to a modern and successful economy, so it's important that we look after them now and for the future. It costs an estimated \$50 million each year to improve our services, which is over and above maintaining, operating, and renewing the assets to deliver current services. We'll work with our Consultancy Panel to improve efficiency by reducing costs and will work to lift our internal capability.

Because of the tight labour market and construction costs increasing, we'll review two of our major capital expenditure projects (Moe-i-te-Rā and Kilbirnie Stage 2) to confirm our options selection process and project justifications are sound.

SAFE AND HEALTHY WATER

Following the Havelock North drinking-water contamination inquiry, the Government has indicated that changes will be made to the Drinking-water Standards for New Zealand in 2019. Through the work we've completed at the Waterloo water treatment plant, we think we're in a good position to respond to potential changes.

RESPECTFUL OF THE ENVIRONMENT

Through the Whaitua Committee process and Proposed Natural Resources Plan (PNRP) adoption process, we'll understand water-quality objectives and limits across the region, and implement long-term measures and policies to meet these with communities.

The PNRP requires all stormwater discharges to be consented, and a Global Stormwater Consent has been approved. Following an initial monitoring period, we'll develop stormwater management strategies that will include measures to meet the water-quality objectives of

the whaitua chapters of the PNRP.

We'll work with councils to introduce planning controls to mitigate the effects of stormwater run-off, including water-sensitive urban design guidance (green infrastructure) for councils to adopt in their district plans, and we'll complete major stormwater improvement projects at Pinehaven Stream, Porirua central business district, and Kilbirnie.

We'll complete major wastewater projects including Porirua and Karori network improvements and seismic strengthening of our Seaview wastewater treatment plant.

RESILIENT NETWORKS THAT SUPPORT OUR ECONOMY

We'll deliver major drinking-water projects, including the Omāroro Reservoir towards the end of the Long-term Plan, with the ultimate goal being a resilient supply of drinking-water to central and eastern Wellington city. We'll also complete major drinking-water projects, including at Moe-i-te-Rā, Aotea, and Silverstream.

We'll progress the Cross-Harbour Pipeline, which is needed to make sure that the communities of Wellington city are more resilient in the event of an earthquake disrupting the water main that comes from the Hutt Valley.

IMPROVING VALUE FOR MONEY

Every day, we try to be more efficient and effective. We introduced a Consultancy Panel two years ago to streamline our processes and the efficiency of our designs. We now want to show how this is performing by reducing the whole-of-life costs for complex projects.

Because we work in alignment with our client councils' Long-term Plans we must keep within the agreed funding envelope. This means if changes such as a tight labour market or increasing construction costs occur we'll work closely with our client councils to review planned work programmes and their scheduled delivery dates.

Statement of Intent measure	2019/20	2020/21	2021/22
27. We'll work with our Consultant Panel to improve efficiency by reducing costs (from the current 15 per cent of average fees per total construction costs) and lifting our internal capabilities	Reduce (simple projects) to 14 per cent	Reduce (simple projects) to 13.5 per cent Trend emerging of reduction in whole-of-life costs for complex projects	Re-benchmark across industry to assess any further reductions
28. We'll complete major stormwater projects: Pinehaven Stream; Porirua; and Kilbirnie	Pinehaven Stream (complete detailed design, consenting, commence construction) Porirua Stage 1 (complete detailed design, commence construction)	Pinehaven Stream (complete construction) Porirua Stage 1 (complete construction)	Kilbirnie Stage 2 (complete construction)*
29. We'll complete major wastewater projects: Seaview; Porirua; and Karori	Porirua network improvements (complete concept design) Karori network improvements (complete concept design) Seaview seismic strengthening (complete construction)	Porirua network improvements (complete detailed design and start consenting) Karori network improvements (complete detailed design and consenting)	Porirua network improvements (commence construction) Karori network improvements (commence construction)
30. We'll complete major drinking-water projects: Omāroro; Moe-i-te-Rā; Aotea; and Silverstream	Omāroro (complete detailed design and consenting, continue construction) Moe-i-te-Rā (commence consenting) Aotea (complete consenting) Silverstream (complete detailed design and consenting) Cross-Harbour Pipeline (complete concept design)	Omāroro (build underway) Moe-i-te-Rā (complete consenting and commence detailed design) Aotea (on hold) Silverstream (commence construction) Cross-Harbour Pipeline (complete consenting, commence detailed design)	Omāroro (build underway) Moe-i-te-Rā (complete detailed design and commence construction)* Aotea (commence detailed design) Silverstream (continue construction) Cross-Harbour Pipeline (complete detailed design)

* under review

Ready to respond in emergencies

We live in a region that experiences a number of natural hazard events. In recent times, these have been more frequent, particularly short-burst rainfall events.

We know sudden or extreme changes in water-quality, water flow, or environmental conditions (heavy rainfall, flooding, and earthquakes) can cause drinking-water to become contaminated, and we'll diligently monitor and respond to any changes.

During emergencies we work closely with our client councils. No matter what the event, customers can rely on us to be out there dealing with issues and working hard to get our services back up as quickly as possible.

Each emergency will result in customer queries directly with us and with our client councils' call centers. We'll maintain an accurate record of all issues that occur and work through them with our client councils and customers until they are resolved.

We'll make sure we're ready to respond during emergency events. This includes making sure that we're able to utilise strategically-placed depots (located in Wellington city, Hutt Valley, Grenada, and Porirua) and not solely rely on our Head Office to coordinate our response.

Statement of Intent measure	2019/20	2020/21	2021/22
31. We'll respond to customer issues following a significant event (flooding, earthquake, landslip, major service failure) by keeping an accurate record of all issues that occur and working through them with our customers within agreed timeframes	>90 per cent customer experience satisfaction (measured through call-backs)	>90 per cent customer experience satisfaction (measured through call-backs)	>90 per cent customer experience satisfaction (measured through call-backs)





Our water
our future

How we
work

Putting our customers at the heart of everything we do

To help us to create excellence in regional water services so that communities prosper, we have three company values:

- **People come first:** What we do makes a big difference to other people's lives and we strive for excellence in serving our communities and each other.
- **We share our knowledge:** We're a diverse team of skilled professionals, soaking up new knowledge to share innovative solutions that meet our customers' and clients' needs.
- **Together we're stronger:** We look out for each other, we trust and respect each other, and we're proud of our achievements.

These values influence the way we work and interact with each other and our suppliers on a day-to-day basis. In the coming three years we'll make sure that these values are fit for purpose and are shared by our wider Wellington Water family.

We also have three company result areas where we focus our efforts as an organisation to make sure we're successful:

- We'll grow our capability.
- We'll work collaboratively with iwi and customers.
- We'll create the highest value for money.

These result areas help us to assure our customers, that we're committed to providing the best services and outcomes for our customers, by putting our customers at the heart of everything we do.



Growing our capability

We want our people to be passionate and dedicated to providing our customers with safe water. We need to promote our region as a great place to work so we attract the best people and grow our sector.

The water industry has struggled to attract the attention it deserves as a key infrastructure supporting New Zealand's economy, and we're always struggling to find and retain good staff. Now, with the tight labour market having a complete and capable workforce is challenging.

We want to be an organisation where people can do their best, and will develop our capability and organisational culture through embedding our health and safety vision and behaviours, increasing engagement, growing and developing our leadership and customer capabilities, and recruiting a diverse workforce.

LIFTING SECTOR CAPABILITY

The sector's capability has suffered from under-investment during the past decade. We've made great strides to reverse this trend, but we can't do it alone; and we need the sector to collaborate to make sure we're attracting the best people.

We'll form a Regional Capability Leadership Group with our Consultant and Contractor Panels, and our Alliance partner. This group will promote the region as a great place to work and look at the appointment of people with a 'best for the sector' mentality.

LEADERSHIP AND THE CUSTOMER

We want to have the capability to do our jobs well, and we want dedicated and knowledgeable people to help us to provide customers with safe water. We also want to grow our capability and offer a higher duty of care in the way we deliver water services.

Our Workforce Plan describes the people capability development required to help us to meet the challenges of the future. As we develop strategic cases for our Future Service Studies, we'll ensure that we have the capability to support implementation.

We'll focus on developing our capability in the areas of leadership and the customer. All staff (within six months of joining) will participate in a one-day Adaptive Leadership course. Our people leaders and high-potential staff will continue to progress and refine their skills in adaptive leadership through peer learning groups.

The key to placing the customer at the heart of everything we do is to develop a strong customer culture. This will take time, but we'll start doing it by developing behaviours we want to convey in a consistent way when

engaging with customers. These customer behaviours will be shared with our client councils' contact centres, contractors, and the wider Wellington Water whanau.

We'll make customer capability a mandatory core competency for recruitment. To increase ownership of the customer throughout the business, we'll further embed 'customer champions', and define roles and responsibilities for owning customers' issues end to end as they progress along their customer journey with us.

We'll also continue to develop our technical capability to ensure we can provide robust technical advice and respond to issues as they arise.

HEALTH AND SAFETY IS ABOUT PEOPLE FIRST, EVERY TIME

Our Health and Safety Vision 'People first, every time' and behaviours have been shared with our contractors and partners. We'll make sure that our people, contractors and partners are committed to living and breathing this vision and behaviours. We'll measure and understand our peoples awareness, participation and satisfaction with our own 'wellness' initiatives.

We'll continue to increase health and safety engagement, participation, and accountability at all levels of the company and with our contractors, and we'll work with our client councils to make sure that critical risks are controlled and managed.

We'll work collaboratively to provide a safe and healthy environment and a culture that people believe in and uphold. Our approach to health and safety puts equal emphasis on both safety and well-being. We'll continue to promote personal resilience, physical health, and mental health through our 'WellBe' programme. We'll report our progress regularly to our client councils, the Wellington Water Board, and the Wellington Water Committee.

RECRUITING A DIVERSE WORKFORCE

As we recruit for a capable and diverse workforce, we'll maintain pay equity and provide opportunities for personal and professional growth. We'll focus on gender equality by making sure that we can have women better represented in the business, which aligns with our commitment to United Nations Sustainable Development Goal 5: Gender equality. We have a number of initiatives that underpin our diversity measure including pay equity, encouraging flexible working arrangements, revamping our careers page, and making sure all of interview panels are mixed gender.

We'll also focus on embedding a Te Ao Māori world view and cultural framework into the way we work.

Statement of Intent measure	2019/20	2020/21	2021/22
32. We'll grow the water sector's capabilities by increasing technical capability in our region	Meet set targets	Meet set targets	Meet set targets
33. We'll build a customer culture by developing consistent customer behaviours and embedding these behaviours in our company and the Alliance	86 per cent of all staff know how their work affects customers	87 per cent of all staff know how their work affects customers	87 per cent of all staff know how their work affects customers
34. We will understand employee wellness by developing and running a quarterly wellness survey that measures awareness, participation, and satisfaction with our wellness initiatives	Percentage of our people aware, participate, and are satisfied with our wellness initiatives increases year on year	Percentage of our people aware, participate, and are satisfied with our wellness initiatives increases year on year	Percentage of our people aware, participate, and are satisfied with our wellness initiatives increases year on year
35. We will improve the health and safety of our people by reviewing two health and safety critical risks per year and applying controls to manage risks to an acceptable level	Two critical risks reviewed within a year and improved controls progress reported our Senior Leadership Team and the Board	Two critical risks reviewed within a year and improved controls progress reported our Senior Leadership Team and the Board	Two critical risks reviewed within a year and improved controls progress reported our Senior Leadership Team and the Board
36. We'll focus on gender equality by removing barriers to workforce participation to enable more gender equity in all functions in the organisation	>35 per cent gender balance in functional roles	>35 per cent gender balance in functional roles (excluding Alliance)	>35 per cent gender balance in functional roles (excluding Alliance)



We'll work collaboratively with customers and iwi

We'll work as a trusted advisor to our client councils, and will work collaboratively with our customers, mana whenua partners, and stakeholders to make sure their feedback and aspirations are incorporated into our service planning.

TRUSTED ADVISOR TO OUR CLIENT COUNCILS

As a trusted advisor to our client councils, it is essential that we're transparent and responsive to their needs and expectations. We'll treat each client council as an individual, with specific conditions and needs we must meet, and where it makes sense, provide a regional perspective. We'll also aim for seamless interfaces with council contact centres and our contractors. Each quarter we meet with our client council representatives. They provide us with feedback and a trusted advisor rating, which we use to make sure our relationships stay on track.

PARTNERING WITH MANA WHENUA

The local iwi are Taranaki Whānui (the legal entity representing its interests is 'Taranaki Whānui ki te Upoko o te Ika a Maui'), and Ngāti Toa Rangatira (the legal entity representing its interests is 'Te Rūnanga O Toa Rangatira').

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

We'll work with our mana whenua partners and make sure where possible they form part of our project teams. This means consulting them on, and involving them in, regulatory changes and all publically notified resource consents.

We'll also look to our mana whenua partners to contribute to the advice that we provide to our client councils on the development of their next Long-term Plans. This will enable the perspective of Te Ao Māori to inform the planning and operations of our work.

The Wellington Water Committee is also keen to have mana whenua representation in the committee which will enable the role of iwi as partners, as envisaged under the Treaty of Waitangi, to be brought alive at the governance level. We look forward to supporting the mana whenua representatives in their role.

MAKING SURE OUR WORK IS MEANINGFUL TO CUSTOMERS

We'll invite our Customer Panel to have a view on service levels, and make sure our network service goals and performance targets are meaningful to our communities.

We'll build our Customer Hub capabilities and supporting information technology systems and processes to capture valuable customer data.

As we improve our knowledge of customers and their expectations, this will enhance our ability to deliver improved services, as well as providing valuable input into investment decisions.

WORKING WITH OUR SUPPLIERS AND STAKEHOLDERS

We'll take a whole-of-catchment approach through integrated catchment management plans and the Whaitua Committees. This means collaborating with multiple parties to establish shared objectives and ensure that we're working towards the same goals.

Through the Collaborative Working Group for Drinking Water-quality, we'll build our relationships with Regional Public Health, Greater Wellington Regional Council, and eight territorial authorities to safeguard the quality of our region's water.

We'll continue to build relationships with our suppliers, contractors, partners, and with other key stakeholders (Water New Zealand, the Wellington Region Emergency Management Office, Lifelines, the Ministry for the Environment, the Treasury's National Infrastructure Unit, the Ministry of Business Innovation and Employment, WorkSafe New Zealand, and various special-interest and guardian groups).

Through our resilience work, we'll keep building our relationships with other utilities, for example Wellington Electricity, the New Zealand Transport Agency, and other organisations such as Fire and Emergency New Zealand, and Regional Public Health.

Statement of Intent measure	2019/20	2020/21	2021/22
37. We'll maintain our rating as trusted advisor by working with our five client councils to build strong relationships	Maintain trusted advisor rating	Maintain trusted advisor rating	Maintain trusted advisor rating
38. We'll improve our relationship with our mana whenua partners by improving their satisfaction with their ability to influence our decisions on future services	65 per cent satisfaction	70 per cent satisfaction	75 per cent satisfaction
39. We'll improve our relationship with our Customer Panel by improving its satisfaction with its ability to influence our future services	65 per cent satisfaction	70 per cent satisfaction	75 per cent satisfaction
40. We'll build our relationship with our suppliers by improving their satisfaction with how easy we are to work with	65 per cent satisfaction	70 per cent satisfaction	75 per cent satisfaction



Creating highest value-for-money services

Value for money is a complicated concept, but for us it means delivering services with more and more effectiveness and efficiency.

This starts with the effectiveness of our planning and our alignment with our client councils' Long-term Plans. We want our thirty-year infrastructure plans, our ten-year activity plans, and our three-year rolling capex programmes to be effective in bringing about the changes our client councils and customers require.

We'll deliver on what we set out to do by completing capex projects that meet the requirements of the project design brief, on time and within the agreed funding envelope as set by our client councils' Long-term Plans.

We'll proactively manage a tighter labour market or increasing construction costs by anticipating changes in the market and using innovative procurement strategies to get the best value for money.

The way we organise how our work is done, through our consultants and our contractors, is a key factor in value. Our Service Delivery Strategy outlines the changes in the way we'll work with our contractors. At the heart of this strategy is a desire to take the same approach to common work across the region. We've laid out plans for our

Alliance, Contractor Panel, and consolidated wastewater treatment plant contract, which we're going to deliver in the next two years. Keeping this programme to time is an important value-for-money initiative.

We want 'value for money' to be part of everyday life. We want our people, our consultants and contractors to keep reducing waste and be innovative in their work. The success of this programme is measured by the number of 'value for money' initiatives we come up with each year, and the estimated costs of their implementation over the old way of doing things. We have made a special category within this work called 'Smart Services'. Smart Services are defined as the importation of new ideas from around the world that deliver improved services to customers for less cost. We'll deliver at least two new Smart Services a year from now on.

Digital technologies are having a growing impact on water utilities. They enable efficiencies and the development of new services. They also allow us to be responsive to changes in the sector and co-invest with partners and client councils.

We operate in an environment where we have to operate multiple systems and interface with multiple council systems. Simplifying this arrangement has enormous potential.

Statement of Intent measure	2019/20	2020/21	2021/22
41. We'll make sure that our services support and align with our client councils' Long-term Plans by delivering on agreed outcomes	>90 per cent alignment and achievement of agreed outcomes	>90 per cent alignment and achievement of agreed outcomes	>90 per cent alignment and achievement of agreed outcomes
42. We'll deliver on what we set out to do by completing capital projects that meet the requirements of the project design briefs	10 per cent sample demonstrates >95 per cent achievement	10 per cent sample demonstrates >95 per cent achievement	10 per cent sample demonstrates >95 per cent achievement
43. We'll deliver our service delivery strategy by implementing the Alliance, implementing the Contractor Panel, and introducing a consolidated wastewater treatment plant (WTP) contract	Implementation of Alliance delivering agreed outcomes from 31 July 2019 Implementation of Contractor Panel delivering agreed outcomes from 31 July 2019 Start phased implementation of new WTP contract	Phased WTP implementation continues	Phased WTP implementation continues
44. We'll create value for money by delivering two Smart Services ideas each year	Two Smart Service ideas delivered	Two Smart Service ideas delivered	Two Smart Service ideas delivered
45. We'll better support the delivery of our services by identifying where we can streamline and simplify our systems (subject to funding)	Simplification programme plan in place, with delivery in line with plan	Simplification programme plan in place, with delivery in line with plan	Simplification programme plan in place, with delivery in line with plan

Keeping an eye on critical operating frameworks

To do our job well, we rely on critical operating frameworks. These frameworks support our people so they can do their best work. We'll make sure that these are maintained and regularly audited. The most important frameworks are: our Financial System; our Risk Management and Internal Audit System; our Health and Safety System; and our Performance Management System.

We've incorporated Our water, our future (the 2019-22 Statement of Intent) into our Performance Management Framework. For more information on how we measure our performance, please visit our website:

wellingtonwater.co.nz/publication-library/di-mandatory-non-financial-performance-measures.

The world is changing around us

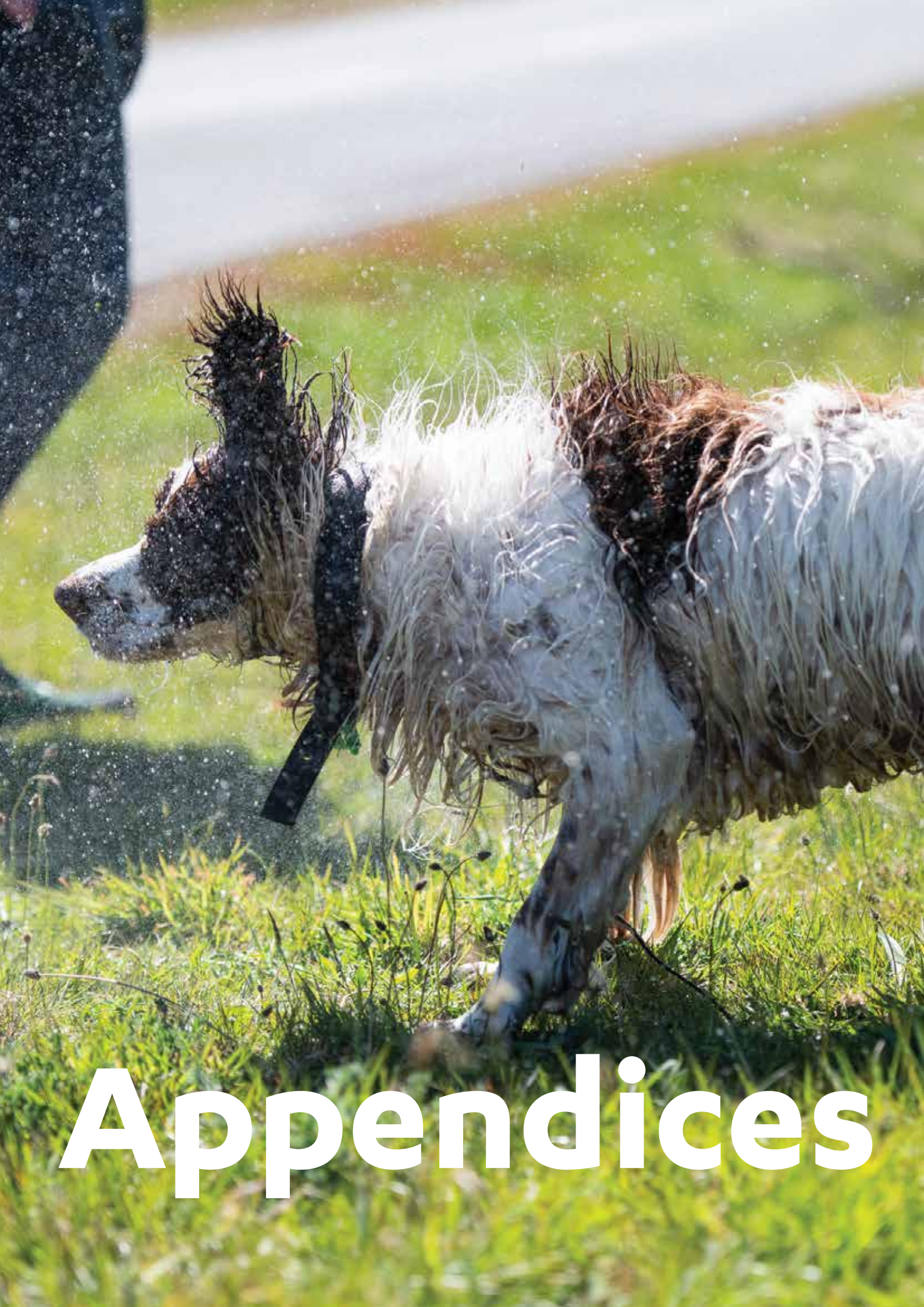
It feels like there's a lot going on in the water sector, so it's important we remain well informed and ready to respond.

Most of the changes we are feeling at the moment flows from the Government's Havelock North Inquiry and the higher expectations customers have for their drinking water and the quality of our streams, rivers, harbours, and the ocean.

WATER SECTOR REFORMS

The Government's announcement that there will be reforms to the water sector will bring about change to how we operate. When these changes are announced we'll make sure our organisation is prepared.

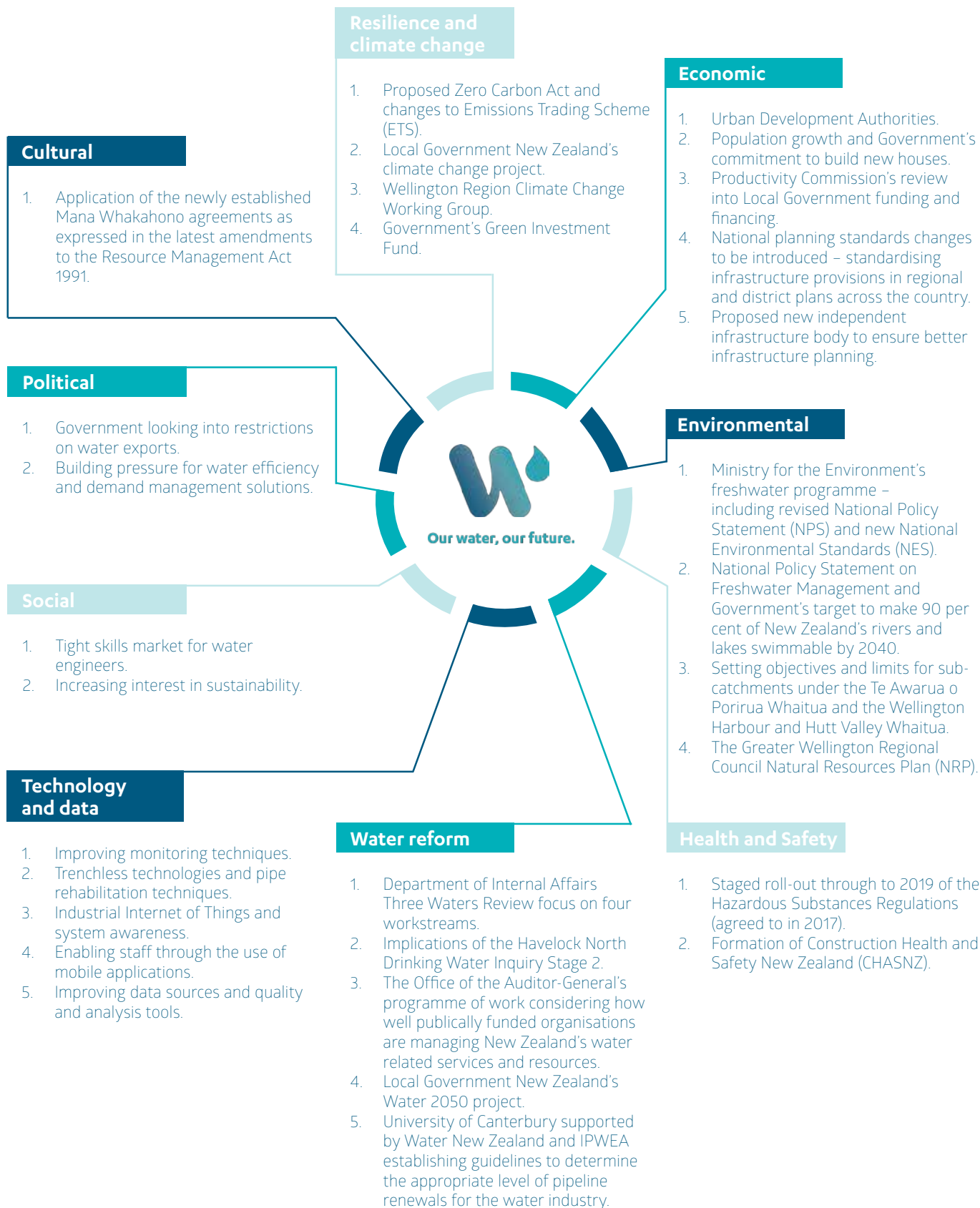




Appendices

Appendix 1: What influences us

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



Appendix 2: About us

WELLINGTON WATER COMMITTEE

The Wellington Water Committee's five client council shareholders are:

- Hutt City Council (represented by Deputy Mayor David Bassett).
- Porirua City Council (represented by Mayor Mike Tana).
- Upper Hutt City Council (represented by Mayor Wayne Guppy).
- Wellington City Council (represented by Councillor Iona Pannett).
- Greater Wellington Regional Council (represented by Councillor Jenny Brash).

Each shareholder holds twenty per cent of the voting shares ('A' shares) of Wellington Water.

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

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

BOARD OF DIRECTORS

We're governed by a Board of independent directors. The Chair of the Board reports to the Wellington Water Committee. The Board approves our strategy, ensures legal compliance, and monitors our performance, risks, and viability.

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

Our Board supports and empowers our senior leadership team to deliver and report on performance using a no-surprises approach, by creating an environment of trust where information is freely available, decision-making is transparent, and strategic conversations provide insights and guidance for the company.

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



Hutt City Council



Porirua City Council



Wellington City Council



Upper Hutt City Council



Greater Wellington Regional Council



WELLINGTON WATER LIMITED

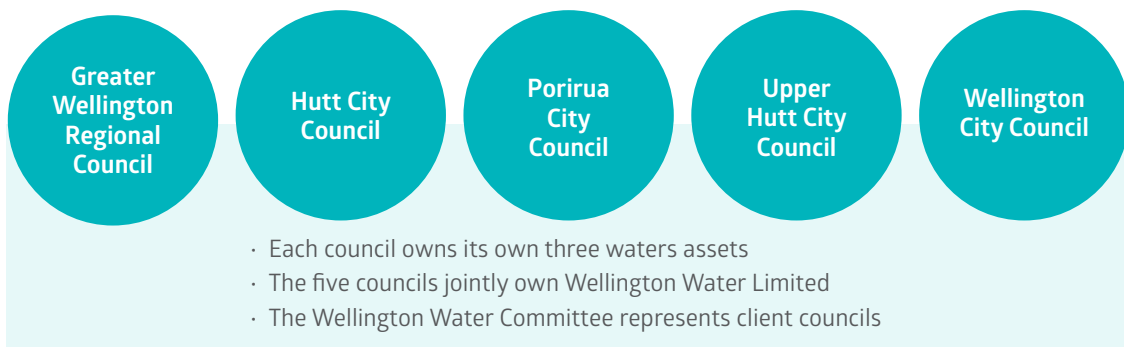
We're a council-controlled organisation (CCO) jointly owned by the Hutt, Porirua, Upper Hutt and Wellington City Councils, and Greater Wellington Regional Council. As at 1 July 2019, the owners are considering a proposal to approve South Wairarapa District Council as a shareholder.

We employ 205 staff and provide drinking-water, stormwater, and wastewater services to our customers on behalf of our shareholders.

To do this we, manage annual expenditure of approximately \$200 million based on 2019-22 projections to maintain and develop water assets with a replacement value of approximately \$5.8 billion. We also provide investment advice about the future development of assets and services.

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

We operate under the Companies Act 1993 and the Local Government Act 2002 and comply with the Health (Drinking-water) Amendment Act 2007, the Drinking-water Standards for New Zealand 2005 (revised 2008) and other legislation such as the Resource Management Act 1991 (and proposed amendments), the Wellington Regional Water Board Act 1972 and the Health and Safety at Work Act 2015.



↕ Service level agreements, pricing and policies ↕

Wellington Water Limited
regional three water asset management

Strategy and planning: asset planning, policy advice, information management, education

Development and delivery: network monitoring, project design and work programme management

Operations and customer service: water treatment, network improvement, fault management and customer service



Chief Executive



Group Manager
Network Strategy & Planning



Principal Advisor
to the Chief Executive



Group Manager
Customer Operations Group



Group Manager
Network Management



Group Manager
Business Services



Group Manager
Network Development & Delivery

Appendix 3: Governance and shareholder information

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

THE BOARD OF DIRECTORS

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

- Geoff Dangerfield is appointed to 30 September 2020.
- Cynthia Brophy is appointed to 31 January 2021.
- Philip Barry is appointed to 30 June 2021.
- David Wright (Chair) is appointed to 31 January 2020.

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

RATIO OF CONSOLIDATED SHAREHOLDERS' FUNDS TO TOTAL ASSETS

The ownership of infrastructural assets is retained by the shareholders (or other clients). Wellington Water is a business that returns all benefits to shareholders; the ratio of shareholders' funds to assets is provided in the appendices.

INFORMATION TO BE PROVIDED TO SHAREHOLDERS

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

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

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





SHARE ACQUISITION





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





COMPENSATION FROM LOCAL AUTHORITY

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

Appendix 4: Customer outcomes and service goals

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

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

Customer Outcome	Service Goal	Key Result Area
Outcome 3 - Resilient networks support our economy We provide reliable day-to-day water services that are able to withstand shock and stresses and future-proof the network to enable a strong regional economy	 We minimise the impact of flooding on people's lives and proactively plan for the impacts of climate change	Our operational response to flooding events satisfies customers' expectations Potential impact of flooding on buildings and key transport links from stormwater is identified and the impacts are minimised The impacts of an additional one meter sea level rise and 20 per cent increased intensity of extreme rainfall are understood and preventive measures are implemented where practicable
	 We provide three water networks that are resilient to shocks and stresses	We will improve the built and operational resilience of our three waters systems
	 We plan to meet future growth and manage demand	The water supply network meets normal demand except where a drought is more severe than a 1-in-50 year return period event Water supply and wastewater services are managed to accommodate changes in demand and future growth Flood risk to downstream catchments will not be increased as a result of growth
	 We provide reliable services to customers	Customers have access to reliable water and wastewater services

Appendix 5: Three-year forecasts

We receive annual management fees from our five client councils. They cover our operating expenses such as employee costs, vehicle costs, directors' fees and depreciation.

Funding is also received for the council work programme. This work programme (capex and operating expenditure [opex]) is managed by Wellington Water employees. The planned spend for the next three years is \$387 million on capex projects, and 144 million on infrastructure operation and maintenance. The council capex programme table includes a component of our management fee which is allocated to capex projects.

Wellington Water adopts a no-surprises approach. Regular forecasting and ongoing communication with our client and shareholder representatives enable us to achieve this. Through robust financial management and close working relationships with our client councils, we can achieve what we set out to do.

The summary of our financial position (on the following pages) supports the delivery of our three customer outcomes: safe and healthy water; respectful of the environment; and resilient networks that support our economy.



STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

	Projection 2019/20 \$000	Projection 2020/21 \$000	Projection 2021/22 \$000
Council work programme	160,479	144,352	196,185
Management fee	30,317	31,226	32,163
Other revenue	200	200	200
Total revenue	190,995	175,778	228,548
Council capex expenditure	(112,773)	(96,446)	(148,280)
Council opex expenditure	(47,706)	(47,906)	(47,906)
Salaries and wages	(20,294)	(20,862)	(21,446)
Superannuation	(585)	(601)	(618)
Directors fees	(135)	(135)	(135)
Audit - financial statements	(105)	(105)	(105)
Operating leases	(968)	(988)	(1,009)
Other personnel costs	(824)	(847)	(870)
Other expenditure	(6,475)	(6,610)	(7,009)
Depreciation and amortisation	(1,131)	(1,278)	(1,170)
	(190,995)	(175,778)	(228,548)
Surplus/(deficit) before tax	-	-	-
Tax (expense)/credit	-	-	-
Total comprehensive revenue and expenses	-	-	-
Attributable to:			
Wellington City Council	-	-	-
Hutt City Council	-	-	-
Upper Hutt City Council	-	-	-
Porirua City Council	-	-	-
Greater Wellington Regional Council	-	-	-
Total comprehensive revenue and expenses	-	-	-
Shareholder equity ratio	11%	11%	11%

The financials in this Statement of Intent are draft and include a number of assumptions that have yet to be finalised.

OTHER FINANCIAL INFORMATION

Current value of assets	The current value of assets at 31 December 2018 was \$2.8m based on the net asset value of Wellington Water as disclosed in the unaudited interim financial statements..
Accounting policies	Accounting policies are as per the 2018 Annual Report.
Financial reporting	Our financial reporting is prepared in accordance with generally accepted accounting policies.

COUNCIL CAPEX PROGRAMME	2019/20	2020/21	2021/22
	\$000	\$000	\$000
Greater Wellington Regional Council (GWRC)			
Potable Water			
1.1 Safe drinking-water	2,540	2,297	4,130
1.2 Safety of assets	277	-	-
2.1 Resource usage	60	60	60
3.2 Resilience	5,996	6,622	44,400
3.3 Growth	449	100	-
3.4 Reliability	5,949	17,608	630
	15,271	26,687	49,220
GW TOTAL	15,271	26,687	49,220
Hutt City Council (HCC)			
Potable Water			
1.1 Safe drinking water	1,066	690	550
1.2 Safety of assets	-	256	-
2.1 Resource usage	581	156	-
3.2 Resilience	1,336	330	1,536
3.3 Growth	348	48	50
3.4 Reliability	1,863	224	3,465
	5,193	1,704	5,601
Stormwater			
1.2 Safety of assets	298	215	1,925
2.2 Waterway health	-	-	100
2.4 Natural and Built Environment	-	-	25
3.1 Flooding	3,094	4,616	3,520
3.2 Resilience	32	32	-
3.4 Reliability	42	-	-
	3,466	4,862	5,570
Wastewater			
1.2 Safety of assets	31	29	-
1.4 Public health	8,538	12,347	23,991
3.2 Resilience	2,032	95	100
3.3 Growth	840	525	50
3.4 Reliability	63	6	10
	11,503	13,002	24,151
HCC TOTAL	20,162	19,569	35,322
Porirua City Council (PCC)			
Potable Water			
1.1 Safe drinking-water	635	450	100
1.2 Safety of assets	-	94	-
2.1 Resource usage	743	458	-
3.2 Resilience	-	36	1,000
3.3 Growth	1,537	20	820
3.4 Reliability	1,342	154	670
	4,257	1,213	2,590
Stormwater			
1.2 Safety of assets	71	67	-
2.4 Natural and Built Environment	-	-	15
3.1 Flooding	4,185	4,816	1,413
3.3 Growth	116	-	-
	4,372	4,884	1,428
Wastewater			
1.2 Safety of assets	72	71	20
1.4 Public Health	2,073	2,757	4,428
2.1 Resource usage	2	-	-
2.2 Waterway health	871	943	1,310
2.4 Natural and Built Environment	600	270	-
3.3 Growth	3,836	475	31
3.4 Reliability	64	64	65
	7,518	4,579	5,854
PCC TOTAL	16,147	10,676	9,872

	2019/20	2020/21	2021/22
	\$000	\$000	\$000
Upper Hutt City Council (UHCC)			
Potable Water			
1.1 Safe drinking-water	400	400	50
1.2 Safety of assets	338	162	-
2.1 Resource usage	259	24	59
3.2 Resilience	401	232	455
3.3 Growth	70	120	20
3.4 Reliability	1,073	1,962	1,373
	2,540	2,901	1,957
Stormwater			
1.2 Safety of assets	40	36	-
2.4 Natural and Built Environment	-	-	10
3.1 Flooding	6,225	6,069	6,028
3.2 Resilience	75	75	-
3.3 Growth	50	100	-
	6,391	6,281	6,038
Wastewater			
1.2 Safety of assets	10	9	-
1.4 Public Health	4,432	5,264	7,780
2.4 Natural and Built Environment	-	100	-
3.3 Growth	93	120	20
3.4 Reliability	18	18	7
	4,553	5,511	7,807
UHCC TOTAL	13,484	14,693	15,802
Wellington City Council (WCC)			
Potable Water			
1.1 Safe drinking-water	1,381	1,381	1,566
1.2 Safety of assets	384	317	50
1.3 Firefighting	1,650	1,000	1,672
2.1 Resource usage	1,154	1,074	486
3.2 Resilience	23,541	13,681	14,760
3.3 Growth	674	924	1,750
3.4 Reliability	5,415	3,142	2,382
	34,199	21,519	22,666
Stormwater			
1.2 Safety of assets	4,992	912	3,226
2.4 Natural and Built Environment	-	-	50
3.1 Flooding	3,335	1,012	525
3.3 Growth	63	63	370
	8,390	1,987	4,172
Wastewater			
1.2 Safety of assets	44	42	-
1.4 Public Health	12,240	5,023	6,028
2.1 Resource usage	29	850	14,009
2.2 Waterway health	200	950	-
3.3 Growth	2,090	2,268	3,544
3.4 Reliability	112	112	40
	14,716	9,245	23,621
WCC TOTAL	57,305	32,751	50,459
Grand Total	122,369	104,375	160,675

COUNCIL OPEX PROGRAMME

	2019/20	2020/21	2021/22
	\$000	\$000	\$000
Greater Wellington Regional Council	4,606	4,606	4,606
Potable Water	4,606	4,606	4,606
Hutt City Council	11,004	11,004	11,004
Potable Water	2,132	2,132	2,132
Stormwater	1,196	1,196	1,196
Wastewater	7,676	7,676	7,676
Porirua City Council	3,573	3,773	3,773
Potable Water	825	899	899
Stormwater	310	386	386
Wastewater	2,438	2,488	2,488
Upper Hutt City Council	5,457	5,457	5,457
Potable Water	1,160	1,160	1,160
Stormwater	650	650	650
Wastewater	3,647	3,647	3,647
Wellington City Council	23,065	23,065	23,065
Potable Water	4,839	4,839	4,839
Stormwater	2,089	2,089	2,089
Wastewater	16,137	16,137	16,137
Grand Total	47,706	47,906	47,906

Your public water company

