

Half-Yearly Report

1 July – 31 December 2021

Wellington Water is owned by the Hutt, Porirua, Upper Hutt and Wellington city councils, South Wairarapa District Council and Greater Wellington Regional Council. We're unique in New Zealand because we're a shared service, council-owned organisation. We manage drinking water, wastewater and stormwater services for communities on behalf of our owners and provide advice to councils on managing these resources and assets.

This Half-Yearly Report covers the period 1 July 2021 to 31 December 2021 and sets out our progress against the goals we set ourselves in Our water, our future (Wellington Water's 2021-24 Statement of Intent).





In brief

Welcome to Wellington Water Limited’s Half-Yearly Report to 31 December 2021.

Along with our Annual Report, this is one of our key accountability documents where we demonstrate our progress against our Statement of Intent to both the shareholders and to our communities.

Overall, we are happy with our progress to date. We are performing well against our operating budget and are forecast to deliver within the capital expenditure range we set with councils for the year.

The impacts of Covid-19 on our workforce, the headwinds in the construction sector such as labour and supply chain shortages, and increases in costs, are being felt however and will continue to affect our delivery over the next six months and beyond.



Colin Crampton
CHIEF EXECUTIVE



Lynda Carrol
CHAIR OF THE BOARD



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HIGHLIGHTS



Water

Delivery of our capital works programme

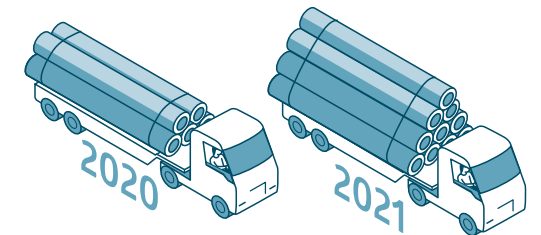
Covid-19, whether it shows up as transport delays or cost increases, higher material and labour costs, productivity or people management, continues to affect our ability to deliver the capital works programme.

Increasingly, however, we are finding it is labour that is the limiting factor on being able to carry out our work. Where funding or project delays once had the greatest impact, we are now in a market where getting enough people to do the work is an ongoing challenge. Some contractors are at capacity and needing to move work into the next financial year, a factor we're taking into account as we set the programme for the coming years. The better information we can give our panel of providers about our priorities, the better they can plan for it – as well as anyone can, given the uncertainty of a widespread community outbreak of Covid-19.

We're in a better situation than many thanks to our design and construction panels. The members of these panels have an enduring relationship with Wellington Water that means we can count on their continued focus on three waters and support their willingness to invest in the resources necessary to deliver our councils investment programmes. We're really pleased to have recently welcomed a new, national-scale delivery contractor into our panel, HEB Construction, to help deliver this increased investment.

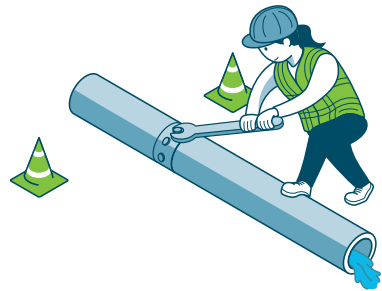
Every year we provide councils with a range for the total programme size, rather than a specific amount. This is because we know factors outside of our control such as consenting delays, Covid-19, or labour shortages will affect delivery, but we don't know exactly how. A range provides a more realistic picture of likely performance. This year's range is \$145M – \$189M, and we are targeting the lower half for delivery by 30 June 2022. While we're currently about 11 per cent below our half-year forecast, our spend is nearly 25% above what it was this time last year. Contracts awarded for upcoming work indicate we will remain on track to deliver in the lower half of that forecast range.

↑\$12M
Compared to this time last year
our spend is around \$12M more



Operational delivery

We are also at this stage on track with our full year operational budget. This comprises both council funding from long-term plans, and government funding of \$11M, or roughly 17% of the total. Operational work covers the cost of repairs and maintenance, along with valuable proactive work such as leak detection and repair, data collection and management to support investment and asset condition investigations. The additional funding from the government's stimulus funding package was spread across every council and has provided us the opportunity to make good progress on projects to improve these service outcomes.



At the halfway point, we are on track with our full year operational budget.

This additional government funding is timed to be fully spent by June this year. At this stage however, not all councils have agreed to this application of the stimulus funding for the current financial year, placing the budgets of South Wairarapa District Council and Wellington City Council in particular under extra pressure. A funding shortfall in this area translates to lesser service outcomes for customers such as longer waits for repairs, increased disruption from bursts and leaks, and avoidable harm to the environment from the likes of wastewater leaks and overflows. So a focus for the coming months is to work with councils on managing the potential operating shortfall from next financial year onwards.

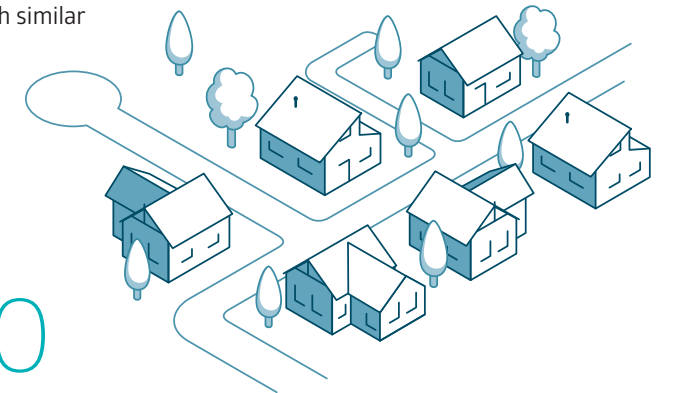
Water where and when we need it

It may sound simple, but a lot goes into ensuring we all have enough water when we need it – from the catchments that collect the water to the taps that deliver it. That includes the things we do at Wellington Water and the actions we ask our customers to take.

Several key projects have helped keep the water flowing over the last six months:

- We launched a new summer demand campaign around the single call to action of 'Shower for as long as a four-minute song.' The intent of our campaign was to extend the reach of our messages, start a conversation about water conservation, and gain some positive brand association. The campaign was highly successful, with our messages seen and heard across the region on billboards and bus-backs, in digital campaigns, social media and news coverage. By the end of December our campaign had received around five million digital impressions (number of times our online ads have been displayed on a screen) and resulted in a 45% increase in traffic to our website. The campaign will run again in February.

- Our water restrictions campaign kicked off in December with clearer messaging about what each of the four water restriction levels mean, and advice on saving water. We also created a rapid response media strategy which means we can quickly launch campaigns in specific areas when restriction levels need to move up. Check out more information on our restriction levels [here](#).
- The Smart Meters Trial in Greytown is progressing well with 22 meters being installed before Christmas. We're aiming to have all 250 meters installed by the end of March. Once that's done, the trial itself will begin and run until the end of the year. Participants will be able to see their real time water consumption data as well as information that shows how their consumption matches with similar sized households.



22/250

smart water meters installed before Christmas

Independent wastewater review complete

Last quarter we shared that an independent review had been commissioned into our wastewater treatment operations, due to performance issues over the previous 18 months. The review was conducted by Roly Frost, former President of Engineering NZ and Raveen Jaduram, former CEO of Watercare and an independent advisor and director of NZ Infrastructure Commission.

The review has been completed and a preliminary report was received by the Board before Christmas to consider. The final report and recommendations are currently being shared with our councils for feedback, and our course of action in response to the review released to the public shortly after this. The review recommendations are significant.

It has been determined that although the contract that was established in 2019 was fit-for-purpose, the relationship and capability across Veolia and Wellington Water needs focused care and attention to ensure the right outcomes for the environment into the future. We continue to carry the risk of non-compliance and potential harm to the environment while we implement the recommended changes from the review.



Assessing infrastructure

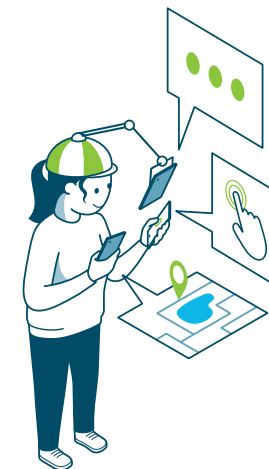
Understanding the condition of our most critical water assets (which make up roughly 10 per cent of all our three waters assets) and knowing when to prioritise future maintenance or renew them, helps us to prevent failures that would have a significant impact on our communities and environment. Thanks to the stimulus funding, we've made good progress in assessing asset condition and in the past six months completed:

- All assessments for water treatment plant assets that can be checked without interrupting services. When we're past the peak summer demand we'll complete the assessment of those remaining.
- 80 inspections of our reservoirs, with 20 underground reservoirs to be checked next.
- 125 kilometres of physical inspections on gravity pipes and some pressurised pipes. We're also looking at innovative new technology to help us assess pressurised water and wastewater pipes to give us quicker, more accurate information.

Using data to deliver more

Pretty much everything we do for our customers and councils depends on having accurate data on the state of assets and the performance of our services. The challenge is, much of that data comes from different sources, uses different codes, or is highly specialised – which makes it difficult to integrate, use and share.

Stimulus funding has helped here as well, allowing us to invest in improving the data we have. We have collected more data and increased use of our data platform which can pull information from many sources – council records, our people on the ground and all our remote monitoring systems – and use that data to better understand what is happening and what we need to improve. We have also started work on an Asset Management Information System which will improve the information we have to base investment decisions on.



We're using that data to deliver new, breakthrough services for our customers, whānau and councils. In the last six months we've:

- Launched a text alert service to keep people informed about water outages or incidents
- Delivered a mobile app for our crews that helps them pinpoint the source of leaks
- Automated performance reporting on our water network, monitoring water loss and water use over the summer months so we can move quickly if water restrictions are needed

We're matching this increased use of digital solutions, with expanded protection against possible cyber-attack. We have engaged a cyber security expert to help us respond if a cyber-attack did impact our services tomorrow and doing work to continuously improve our protection and recovery systems.

Environment

Managing leaks

We're fixing leaks at a faster rate than ever, but we're still battling aging pipes that are prone to bursts or in need of repair, which means our backlog of repairs is the highest it's ever been at 1,250 open jobs (up from 1,046 in September).

Proactive leak detection and repair has been a focus across the region, supported by stimulus funding. Number of leaks are reaching levels over and above our capacity however, so we are having to prioritise their resolution. We expect this backlog to continue to increase at this rate for at least the next quarter.

↑1,250
backlog of leak repairs



We're also picking up increased leakage through our night-time monitoring, where we check water usage while people are asleep. It's showing our network's losing water at higher rates than previously known or assumed. We will work through these findings to inform future work programmes.

Improving environmental water quality

It's been a busy six months as we continue identifying and fixing sources of pollution that could affect community health. We do that by taking water samples and inspecting stormwater and wastewater pipes in priority areas, then work to put things right.

In the last six months we've identified 10 cross-connections (where sewerage pipes are connected to the stormwater network) on private property in the lower part of the Ōwhiro Stream in Wellington and Titahi Bay in Porirua. We call these cross-connections, but in this case what that essentially means is we've stopped at least 10 toilets from flushing into streams – as well as all the rest of the water each household uses in washing, cleaning and bathing. We also inspected the public network in Titahi Bay and found two problems – one has been fixed and the second is scheduled for repair.

We started inspections around Black Creek in Hutt City and alerted property owners if faults were found. Inspections are also underway in Newlands and Bothamley Park.



Taking water samples to identify sources of pollution that could affect community health.



Getting ready for regulation

Taumata Arowai formally became the new water services regulator for Aotearoa in November, with responsibility for ensuring all water service providers are delivering safe drinking water for their communities and looking after the environment (in particular with respect to where they collect water from) as they do so. The key requirements cover:

- duties of drinking water suppliers
- drinking water safety plans and associated Source Water Risk Management Plans
- drinking water standards.

All the changes needed to meet Taumata Arowai standards were communicated to councils in late November. Our permanent Director of Regulatory Services joined us in November, with responsibility for establishing, coordinating and maintaining a framework within Wellington Water that meets these standards and create a strong foundation for risk assessment and management.

Our goal is to create a world-class model that will show our systems will provide continuous, risk-based compliance and safety.





People

Support and opportunities

As we move towards reform and regulation (and with ongoing Covid-19 impacts) we're super conscious of the challenges our whānau are facing.

The past six months have seen significant growth and change as we gear up to deliver our largest ever three-year capital programme. There are also growing pains as our teams and contractor base expand and working from home has meant a feeling of disconnection for some, so we've had a strong focus on supporting our whānau through it all.

Our goal is to ensure our people have effective support to be capable, adaptable and resilient. Our People Strategy 2021-2023 targets this and in the last three months we've created a series of work plans to put the strategy into action including:

- Additional funding for recruitment with new systems and processes to welcome and train new recruits
- Programmes to support everyone, but with an initial focus on manager development to lead teams through change
- A fast-track development programme for new graduates

All these initiatives are up and running and will continue into 2022. We're determined to do everything possible to help everyone to be their best and take advantage of the opportunities change will bring.

Covid-19 update

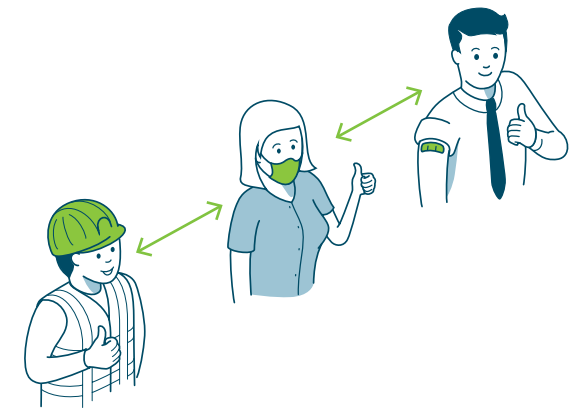
With the move to the Traffic Light framework, we've updated our vaccine approach and requirements. The government has set vaccine mandates for some sectors with high public health risks. Other sectors, including ours, are encouraged to complete their own assessments and policy consultations – and we've welcomed this with an overarching commitment to inclusivity.

We continue to strongly encourage vaccinations for everyone here and as a result of our risk assessment, we propose to mandate it for a range of roles where critical work is performed involving public health and service continuity. We've finished consulting with our whānau about that now and calculate it will affect around 45–50% of all staff.

We will take a people-first approach to working with those affected by the implementation of health measures such as vaccinations, and Rapid Antigen Testing. Staff will be given sufficient time to meet the vaccination requirements.

We've updated our settings around physical distancing and mask wearing while in a 'Red' traffic light setting. On top of controls for operational activities, all staff at our head office are working from, except where it makes sense for in-person meetings. This is being managed on a case-by-case basis, while maintaining suitable controls.

As always, the health of our people and those we connect with is our highest priority and we'll ensure the right controls are in place to keep everyone safe.



Update on training programme

In our last update we announced our new skills training programme, called the Infrastructure Skills Centre. We're delighted that 18 young people have been accepted into our first course, eight of which are female. Two of this group have already been employed by two of our contractors.

We are completing a second set of intake interviews in January and will be able to provide the diversity profile of the overall programme following this. The course timetable has been finalised and all trainers appointed. This is an important way to build our internal capabilities and support the growing work needed on our infrastructure.



Placing priority on customer experience

We've been working for some time to improve our relationships with customers and the community we serve. Our commitment is to keep customers well informed and deliver services they increasingly value, building trust through their engagement with us.

- In October last year we launched a free text alert service giving customers instant updates on water outages or incidents in their area. To date over 2,600 people have signed up to the service. It's a great example of using technology to give customers better information on local water, wherever they live.
- This year has seen an 18% increase in customer requests direct to our hub, compared to this time last year. We have had two significant flooding events in July and December that took resource away from our day-to-day and non-emergency activity. Conversely, we experienced a drier than normal month in November that saw a considerable spike in reported leaks.
- Satisfaction of our customers' experience with us remains stable at 75% for the first six months of the year.

Supporting growth

New housing and subdivision consents, which require quality water services, continue to increase at a rapid rate throughout our region. This can be challenging where developments are proposed in areas with limited capacity for additional water network connections. Equally frustrating can be where applications don't have all the information necessary to process applications.

Over the past six months, we've reviewed the way we advise councils and customers on consenting matters to improve efficiency and effective guidance. We will look to make some important adjustments in the remaining half of this year.

A separate wave of housing delivery will be coming from the \$1B Infrastructure Acceleration Fund launched by the government last year to support new housing.

As part of this, our councils submitted applications for \$310M to contribute to three waters network infrastructure to support new developments. We're following the applications process and working closely with councils and developers, as we still face issues with contractor availability to connect new developments to the network and delays in materials supply.

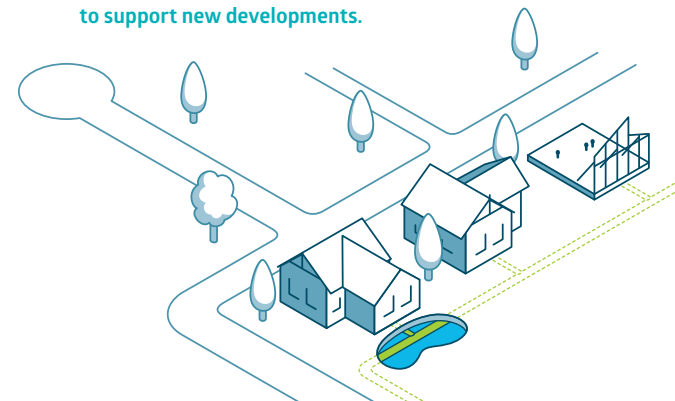
In other growth related work we have:

- Held a series of business case workshops for the Karori Wastewater Growth Programme and expect to complete this first stage in March 2022.
- Appointed an independent Project Director and support team (from Tonkin & Taylor) for the Wellington City Council Growth Programme. This project will conduct more detailed investigations about how to meet the growth demands of the inner city, alongside infrastructure work with Let's Get Wellington Moving and Kāinga Ora.

These projects mark a milestone for Wellington Water to take the next steps in planning for growth. Their outcomes will inform a future pipeline of growth projects and deliver on the newly funded investment priority for growth in Wellington City.

\$310M

Councils submitted applications for \$310M to contribute to three waters network infrastructure to support new developments.



Putting passion and skills on the frontline

Sheena O'Brien is one of our graduate engineers in our customer planning team. One wet Saturday morning she was relaxing at home when she got the call to help with a burst wastewater pipe in Paremata.

"I remember getting the call – it had been raining heavily but I jumped up, got my gear on, and went out the door."

After arriving at the site, she joined up with the operational team and helped manage the over-pumping of the wastewater to help minimise the environmental impact of having to discharge wastewater into the Porirua Harbour.

Sheena joined the Wellington Water whānau after completing her civil engineering degree at the University of Canterbury, where she focused her studies on environment and water. She knew she wanted to work with water but wasn't sure where her passion and qualifications would take her.

"When I left university there were lots of different jobs I could have taken, but I liked Wellington Water's values and commitment to the environment, so I packed up my stuff and moved to Wellington."

"I never thought my interests would end up in drainage and wastewater but investigating public and private leaks and overflows is what I'm drawn to – especially preventing wastewater from entering our rivers, streams and beaches."

Which is exactly what she did when working on the incident at Paremata.

"It was cold, it was wet, and it was hard - but it could have been worse. Together we prevented further wastewater from entering the environment and repaired the pipe."

"That same pipe is now being replaced and the area will be more resilient because of it. That's what this job's all about, being passionate about what you do, being confident in what you have to offer and improving the three waters – for now and into the future."



Paremata Emergency Response team. Sheena O'Brien is second from right.



Trusted by councils, iwi, customers and communities

We deliver a service that is vital for our communities not just to survive, but to flourish.

Underpinning this is earning and maintaining the trust of our key partners and the customers and communities we serve.

Colour key

We have indicated against each non-financial measure how we are tracking to the targets we set for ourselves:

green (on-track),

amber (likely to meet target subject to managing risks),

red (won't meet target), and

grey (not yet due for reporting or otherwise not applicable).

Trusted by councils, mana whenua, customers and community				
#	Measure	Target	Result	Commentary
1	The percentage of customers rating their experience of our performance as 'Satisfied' or higher steadily improves	Greater than or equal to 73%	75%	Despite a low result in December, customer satisfaction is tracking above the annual baseline of 73%
2	We will meet the regulatory requirements for safe drinking water	All schemes compliant with Drinking Water Standards (DWS) Parts 4 and 5, except in SWDC*	100%	All metropolitan councils were compliant with Drinking Water Standards Parts 4 and 5.
3	Our wastewater network will operate as expected	We will receive: a) no abatement notices, infringement notices, enforcement notices or convictions for our wastewater resource consents, and b) dry-weather overflows will be less than 20 per 1000 connections across the network	4 abatement notices and 3 infringement notices	As a result of continued non-compliance, Wellington Water launched a review into the operations of our Wastewater Treatment Plants. This review was completed in December 2021, and we are now working with stakeholders for feedback on the recommendations of the review. Dry-weather overflows are tracking well within the regional target of 20 per 1000 connections.
			3.14 overflows per 1000 connections	

Our strategic priorities

Our strategic priorities are:

- Looking after existing our existing infrastructure
- Supporting growth
- Enough water from catchment to tap
- Improving water quality; and
- Net zero carbon by 2050

Wellington Water intends to deliver on council commitments to their communities to the extent that we are funded to, and by doing so make progress towards our five strategic priorities and the goal of restoring balance to people, water and the environment; with the direction and investment set by councils against in their 2021–31 long-term plans.

Looking after existing infrastructure

Water infrastructure is fundamental to the health, liveability and economic activity of our cities and towns. The region has more than \$6 billion of three-waters infrastructure to run, maintain and renew to ensure it meets the needs of current and future customers.

Looking after existing infrastructure				
#	Measure	Annual Target	Result	Commentary
4	We will complete scheduled improvements to our asset management system	All scheduled improvements complete	3 out of 4 objectives complete*	We have completed three of the four activities that were scheduled for completion by the end of Q2, with the updated asset management policy yet to be circulated. * Our Strategic Asset Management Plan (SAMP) outlines 22 activities objectives that are due for completion by the end of the financial year. Since the SAMP was completed in October, we have critically evaluated our capacity to deliver on the cross-organisational objectives this year, and are now forecasting that we will complete 15 of the 22 activities by the end of June 2022
5	We will complete scheduled health assessments for our assets	100% of scheduled Very High Criticality Assets health assessments complete	All pump stations, all above ground reservoirs and the majority of the water treatment plant assets, as well as approximately 142km of pipes have been assessed.	We are experiencing some difficulties in inspecting pressurised water pipes. With inspections focused on older high risk pipe assets, the availability of specialised technologies, ability to access the network and funding constraints will impact our ability to inspect all of these assets.
6	We will deliver the three-year planned renewals programme	Greater than or equal to 25% of three-year programme complete	11% of three-year programme complete	The renewals programme for the year is backloaded, with many catchment-based fast track renewals scheduled to begin towards the end of the year.

Supporting growth

Thriving communities grow over time, and new buildings in our cities require access to drinking water and wastewater networks, and protection through our stormwater network. Uninhibited growth can place additional demands on our existing infrastructure, and increases the demand for water, our discharges to the environment, and our carbon emissions.

Growth planning allows us to identify the best way to meet our city and community demands. Our activities in this area are led by our councils, who identify the areas of expected growth and direct funding for

studies, growth investment plans and our participation in planning processes.

We will work with our councils to understand their growth aspirations and plan our networks for the people and places that need them.

Sustainable water supply and demand

Achieving a balance between people, water and the environment requires us to value and treasure the water on every step of its journey, from our catchments, through to our customers enjoying the water at their homes and places of work.

The water we take means less water in the rivers to sustain the wider ecosystem, and that impact is compounded when we take water we don't really need – whether it is lost to leaks or used inefficiently.

Supporting growth

#	Measure	Annual Target	Result	Commentary
7	Growth plans will be developed for each council, and updated	Six growth plans complete	Team appointed and project manager on board	A Project Manager and team have been appointed for the delivery of each council plan.
8	We will input into our councils' statutory planning processes related to growth (We will engage in every relevant council District Plan change, Bylaw review and Annual Plan process)	Input provided for all relevant processes	Advice provided	This quarter we provided growth advice to councils for consideration as part of the development of annual plans, made a submission on the Resource Management Amendment Bill and supported the Riverlink project consent proceedings.

Sustainable water supply and demand

#	Measure	Annual Target	Result	Commentary
9	We will slow the rate of increase in gross water consumption per capita	Year-on-year change decreases (2019/20: increased by 14.04 litres per person per day)	Wellington Metro: 3.1 L/p/d increase (down from 13.9 L/p/d increase) SWDC: 12.8 L/p/d increase*	The Wellington metropolitan region had a wet spring/start to summer up until late December which is reflected in a lower demand compared to the previous quarter and is now only slightly above last years' figures. * We have revised our methodology in South Wairarapa and do not have three years of data required to measure the year-on-year change from 2019/20 to 2020/21, so this year we will be baselining the year-on-year change
10	Te Mārua water treatment plant upgrade will be completed, providing a step-change for drought resilience in the region	Design and procurement plan agreed	Detailed design progressing	The Procurement Strategy has been through the Tender Board and agreed in October. The Board has also been advised of the plan. The draft design management plan has been received and will be approved by the end of January. The project timeframes are at risk due to general complexity numerous hurdles to get over before contract award.

Improving environmental water quality

All of the water that our customers use or receive is ultimately returned to the environment. This is done through two networks: wastewater and stormwater. These networks often have connections between them which can make it difficult to achieve the desire of returning safe, uncontaminated water to the environment.

Existing performance is poor with few, if any, streams meeting the levels that are expected to be set. Wastewater contamination reflects the age and condition of public and private pipes, either

leaking or overflowing as a result of heavy rainfall, or through blockages caused by contaminants such as wet wipes.

Stormwater contamination reflects that these systems have historically been designed to provide drainage to avoid flooding, and do not contain elements to prevent contaminants from entering the system or to treat the water prior to discharge.

Net carbon zero 2050

The majority of our owners have declared climate change emergencies and are setting or considering emission reduction targets and climate change response strategies.

Our response to climate change will need to include mitigation (reducing our emissions) and adaptation (managing the impacts of climate change). Our mitigation activities need to cover our operational emissions and the emissions resulting from our capital investment.

We understand the source and scale of our operational emissions and have some sense of what is required to reduce them. The emissions for our capital programme will also be baselined, enabling us to seek and pursue opportunities to reduce them.

Improving environmental water quality

#	Measure	Target	Result	Commentary
11	Targeted investigations and potential interventions at select catchments (e.g. by drainage investigation teams) will demonstrate improved water quality (2021-22 catchments: Black Creek, Titahi Bay and Owhiro Bay)	Improvements at Titahi Bay, Black Creek and Owhiro Bay	Not due	Two repairs on the public network have been made in the South Beach culvert in Porirua, and reminder letters were sent out to owners with faults in October. Investigations have started in Black Creek in Hutt City, and have been completed in Semple Street in Porirua and Ōwhiro Stream in Wellington. Sampling is underway to confirm the priority inspection areas in Newlands

Net carbon zero 2050

#	Measure	Annual Target	Result	Commentary
12	We will baseline our capital emissions, and set targets for reductions in future Statements of Intent	Baseline and targets set	Project initiated and stakeholder engagement completed	Information required to undertake the baselining has been gathered and stakeholder engagement completed.

How we will work

In addition to the five strategic priorities which shape what we will deliver for our communities, we are constantly seeking to improve our efficiency and effectiveness as a business, and have five “focus areas” for improving how we deliver our services.

These focus areas are driven by the need to thrive and deliver our biggest ever work programme in a time of significant uncertainty for our whānau and the water sector:

- Delivering on the day-to-day
- Scaling up to deliver our work programme
- Being ready for increased drinking water and environmental regulation
- Staying excited and engaged through change
- Demonstrating value for money

Focus areas				
#	Measure	Annual Target	Result	Commentary
13	We will deliver our capital programme inside our expected range	Total capital delivery between \$145m - \$189m	\$66.8M	As with the renewals programme, the overall forecast capital programme is backloaded, with a peak in spend forecast to occur in the last four months of the year. We are forecasting delivery at the bottom half of our range
14	We will meet all of the disclosure requirements of Taumata Arowai	All disclosure requirements met within timeframes	N/A Taumata Arowai now taking over as regulator on 1 July	Wellington Water is on track to accurately disclose its level of compliance to Taumata Arowai in accordance with the regulators measures for drinking water standards and quality assurance measures. Planning is under way to address compliance shortfalls that centre around Taumata Arowai’s expectations of compliant Drinking Water Safety Plans. Key to this is completion of Source Water Risk Management Plans (underway) and addressing shortfalls in audit, risk and assurance activities within the Drinking Water Safety Plans in the next FY.
15	Health and safety critical risks are reviewed and improvements are implemented.	Two or more annually	1 review and implementation nearly complete	The first review of confined spaces has been delayed but is still on track for completion by the end of the financial year. We will be ready to deliver on recommended improvements in February 2022. The second project is being confirmed.
16	Our people a) understand the upcoming changes in the water sector and b) feel well supported by the organisation	a) baseline established b) baseline established	a) 66% understand the changes in the water sector b) 62% feel well supported by the organisation	The Government confirmed its intention to proceed with mandatory reforms of the Three Waters early in the quarter. The process for these reforms, however, remains ambiguous, and is likely impacting staff understanding. We need to continue to promote our comms and people strategies – and engage people in taking advantage of the opportunities provided by Water Reform.

About us

Wellington Water Committee

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

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

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

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



Mayor Campbell Barry

Water Committee Chair
HUTT CITY COUNCIL



Mayor Anita Baker

PORIRUA CITY
COUNCIL



Councillor Josh van Lier

GREATER WELLINGTON
REGIONAL COUNCIL



Mayor Wayne Guppy

Water Committee Deputy Chair
UPPER HUTT CITY COUNCIL



Councillor Sean Rush

WELLINGTON CITY
COUNCIL



Mayor Alex Beijen

SOUTH WAIRARAPA
DISTRICT COUNCIL

The Water Committee has appointed two iwi partners to the Committee: Lee Rauhina-August of Taranaki Whānui ki te Upoko o te Ika and Miria Pomare of Te Rūnanga o Toa Rangatira. Narida Hooper acts as an observer on the Committee on behalf of South Wairarapa District Council's Māori Standing Committee.

Information to be provided to shareholders

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

- A Statement of Intent, detailing all matters required under the Local Government Act 2002, including financial information for the next three years;
- Within two months after the end of the first half of each financial year, a report on the operations of Wellington Water to enable an informed assessment of its performance, including financial statements (in accordance with section 66 of the Local Government Act 2002); and

- Within three months after the end of each financial year, an Annual Report, which provides a comparison of its performance with the Statement of Intent, with an explanation of any material variances, audited consolidated financial statements for that financial year, and an auditor's report (in accordance with sections 67, 68, and 69 of the Local Government Act 2002).

Share acquisition

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

Compensation from local authority

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

Equity value of the shareholders' investment

The total shareholders' equity is estimated to be valued at \$2.8 million as at 31 December 2021. This value will be assessed by the directors on completion of the annual accounts or at any other time determined by the directors. The method of assessment will use the value of shareholders' funds as determined in the annual accounts as a guide.

Ratio of consolidated shareholders' funds to total assets

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

Board of Directors

We are governed by a Board of Directors (the Board). The Board consists of six members, however there is one vacancy as at 31 December 2021.

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

Board performance reviews are undertaken regularly and are provided to the Water Committee and shareholders on completion. The Board is responsible for the direction and control of Wellington Water Limited. The Chair of the Board reports to the Water Committee. The Board approves strategy, ensures legal compliance, and monitors Wellington Water's performance, risks, and viability.

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

regional prosperity through the provision of its three waters services.

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

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

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



Lynda Carroll | Chair
appointed 1 July 2024



Mike Underhill
appointed to 1 September 2023



Leanne Southey
appointed to 30 June 2024



Philip Barry
appointed to 30 June 2022



Kim Skelton
appointed to 1 September 2023

Wellington Water Limited

Wellington Water is a council-controlled organisation as defined by section 6 of the Local

Government Act 2002. Wellington Water is also covered by the Companies Act 1993, and governed by law and best practice. The Shareholders' and Partnership Agreement relating to Wellington Water outlines the way the shareholders manage their shareholdings in Wellington Water and their respective relationships with each other.

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

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

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

To do this, we manage annual expenditure of approximately \$300 million (based on the 2021-24 Statement of Intent) to maintain and develop water assets with a replacement value of approximately \$6.1 billion. We also provide investment advice on the future development of the three waters assets and services.

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

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



Senior Leadership Team



Colin Crampton
Chief Executive



Tonia Haskell
Group Manager
Network Development and Delivery



Mark Ford
Group Manager
Business Services



Charles Barker
Director of
Regulatory Services



Julie Alexander
Group Manager
Network Strategy and Planning



Jeremy McKibbin
Group Manager
Network Management



Kevin Locke
Group Manager
Customer Operations



Financial statements

Financial statements

INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

Basis of preparation

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

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

Statement of compliance

These interim financial statements are for the six months ended 31 December 2021 and are to be read in conjunction with the annual report for the year ended 30 June 2021. They have been prepared in accordance with the requirements of the Companies Act 1993, the Local Government Act 2002 and comply with generally accepted accounting practice in New Zealand ("NZ GAAP") and Tier 1 PBE accounting standards and comply with PBE IAS 34 Interim Financial Reporting.

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.

Statement of Comprehensive Revenue and Expenses

For the period ended 31 December 2021.

Comparison of results for the six months ended 31 December 2021 to the same period last year

There was a surplus of \$850,000 for the period ended 31 December. This is due to capital grant revenue being recognised in December. This is for Wellington Water vehicles and equipment purchased through the Stimulus Funding Programme.

Revenue (and corresponding expenses) for the council capex programme have increased by \$13.0m and for the council OpEx programme have decreased by \$0.8m. These programmes vary each year depending on what has been planned and budgeted in each individual council's Long-Term Plan.

Revenue (and corresponding expenses) for the Stimulus Funding programme have increased by \$15.4m. As this work programme only commenced in October 2020, we are seeing an increased spend in this period as the workstreams progress.

	Unaudited 31 Dec 2021 \$000	Unaudited 31 Dec 2020 \$000	Audited 30 June 2021 \$000
Council opex programme	29,060	29,849	62,268
Council capex programme	67,412	54,446	131,391
Stimulus funding programme	21,410	6,038	14,395
Management and advisory services	9,385	8,606	17,230
Other revenue	1,376	300	1,004
Total revenue	128,643	99,239	226,288
Salaries and wages	(12,291)	(10,866)	(21,835)
Superannuation	(371)	(358)	(678)
Directors fees	(73)	(62)	(120)
Audit fees – financial statements	(125)	(53)	(105)
Audit fees – other	-	-	(24)
Council opex programme	(29,060)	(29,849)	(62,268)
Council capex programme	(67,412)	(54,446)	(131,391)
Stimulus funding programme	(21,410)	(6,038)	(14,395)
Operating leases	(570)	(520)	(1,095)
Other personnel expenditure	(669)	(576)	(2,550)
Other operating expenditure	(4,968)	(4,787)	(8,307)
Direct costs charged to capex programme	4,824	3,922	8,877
Direct costs charged to opex programme	4,848	4,258	9,362
Depreciation and amortisation	(515)	(545)	(1,217)
	(127,793)	(99,921)	(225,746)
Surplus/(deficit) before tax	850	(682)	542
Tax expense	-	-	(127)
Total comprehensive revenue and expenses	850	(682)	415
Attributable to:			
Wellington City Council	340	(273)	166
Hutt City Council	170	(136)	83
Greater Wellington Regional Council	128	(102)	62
Porirua City Council	102	(82)	50
Upper Hutt City Council	68	(55)	33
South Wairarapa District Council	43	(34)	21
Total comprehensive revenue and expenses	850	(682)	415

Statement of Changes in Equity

For the period ended 31 December 2021

	Unaudited 31 Dec 2021 \$000	Unaudited 31 Dec 2020 \$000	Audited 30 June 2021 \$000
Surplus/(deficit) for the period	850	(682)	415
Equity at the beginning of the period	1,989	1,574	1,574
Total equity	2,839	892	1,989

Statement of Financial Position

As at 31 December 2021.

Comparison to Statement of Financial Position at 30 June 2021

Cash decreased by \$2.8m. This is driven by the payables balance decreasing (cash outflow) by more than the receivables balance decreased (cash inflow). Reasons for this are below.

Receivables decreased by \$9.7m as councils were invoiced in arrears at 30 June and invoices have since been paid. In December, they were invoiced in advance.

Payables have decreased by \$11.6m due to a reduction in the number of days (between invoice date and payment date) that we are currently paying our suppliers.

	Unaudited 31 Dec 2021 \$000	Unaudited 31 Dec 2020 \$000	Audited 30 June 2021 \$000
Cash and cash equivalents	27,144	30,096	29,959
Receivables and prepayments	13,046	7,592	22,754
Tax receivable/(payable)	45	13	(121)
Total current assets	40,235	37,701	52,592
Intangible assets	226	259	289
Property, plant and equipment, vehicles	3,900	1,883	1,950
Deferred tax	409	304	409
Total non-current assets	4,535	2,446	2,648
Total assets	44,770	40,147	55,240
Payables and provisions	40,004	37,571	51,567
Employee entitlements	1,811	1,492	1,565
Total current liabilities	41,815	39,064	53,133
Employee entitlements	23	25	26
Capital grant in advance	93	166	93
Total non-current liabilities	116	192	119
Total liabilities	41,931	39,255	53,251
Net assets	2,839	892	1,989
Issued capital	1,000	1,000	1,000
Accumulated comprehensive revenue and expenses	1,839	(108)	989
Total equity	2,839	892	1,989

Statement of Cash Flows

As at 31 December 2021.

	Unaudited 31 Dec 2021 \$000	Unaudited 31 Dec 2020 \$000	Audited 30 June 2021 \$000
Receipts from councils	140,197	123,778	227,009
Interest received	55	18	60
Employees and suppliers	(140,523)	(112,011)	(214,523)
Tax (paid)/received	(166)	(85)	(184)
Net cash flow from operating activities	(437)	11,700	12,362
Purchase of property, plant and equipment, vehicles	(2,373)	(594)	(1,165)
Purchase of intangibles	(30)	(22)	(280)
Proceeds of sales from vehicles	25	44	74
Net cash flow from investing activities	(2,378)	(572)	(1,371)
Net cash flow from financing activities	-	-	-
Net cash flow	(2,815)	11,128	10,991
Add: cash at the beginning of the period	29,960	18,969	18,969
Cash on hand at end of the year	27,145	30,096	29,960
Comprised of:			
cash at bank and on hand	27,144	30,096	29,959



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