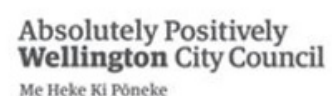




**Annual Report**  
**For year ended June 2024**

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# Taki

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

‘Tis the water,  
‘tis the water that joins us  
Water that necessitates the land  
Soul of life, life forever  
‘Tis the breath of life



## Foreword

This year we have maintained our focus on delivering core services. We've provided the region with safe and reliable drinking water; removed and treated wastewater; effectively managed the stormwater network; maintained, replaced, and renewed aging assets; and provided councils with advice on their water assets.

Having sufficient drinking water remains a critical risk for the region. This year we faced a significant risk of water shortages during the summer months due to the high and increasing levels of water lost through public and private leaks. This risk was exacerbated by the drier than normal weather patterns meaning we had to work hard to ensure councils and the public were aware of the risk and prepare the region for tighter water restrictions.

Through increased and sustained engagement with our council owners, our regulators, and the public we successfully managed the region through a tricky summer and avoided councils having to put in place more severe restrictions on water use. Our combined efforts and the hard work of Wellingtonians to reduce their water use resulted in the region saving over 400 million litres of water over summer.

In response to the summer's risk, our councils increased their investment in finding and fixing more leaks and reducing the backlog of leaks to a more manageable and sustainable level. This allowed us to increase our operational resources and to take a more planned and strategic approach to tackling leaks by proactively targeting areas across the region with the highest level of water loss and fixing all the public leaks in these areas at the same time. This has seen increased efficiency in the way we use our resources as well as reducing the longer-term disruption on residents. Additionally, we have also increased our efforts to work with residents to fix their private leaks when these are found by our leak detection team. At the beginning of the financial year, the backlog of leaks was 2,223. By the end of the financial year (30 June 2024) this had reduced to 1,460.

We continued to replace and renew the region's aging assets within the allocated funding provided by councils. This year we delivered a record value of \$329M on capital development works, an increase of 25% from the last financial year. We also exceeded our target of 20 kilometres of pipe laid based on funding, with a total of 24.5 kilometres of pipe laid by the end of the year.

We have demonstrated prudent financial management of council funds this year. We have come in on budget across our operational activities overall. Our capital expenditure was greater than the original budget, however, councils confirmed additional budget in advance which allowed us to deliver core water projects ahead of schedule. This year to respond to the economic climate, we tightened our belts, looked for business efficiencies and delayed recruitment activities. This allowed us to both funnel additional funding into summer activities to manage the potential risk, and to bolster councils' constrained operational budgets to increase maintenance activities on councils' networks and treatment plant assets.

Our progress this year was made possible under the leadership of Tonia Haskell, who was Chief Executive during this reporting period. Tonia left the organisation in August 2024, and we would like to acknowledge her contribution during her time in the role.

At the beginning of this financial year, we were looking ahead to central Government reforms and the establishment of a new water services entity. With the 2023 change of government and direction, the responsibility for water services remains with our shareholding councils.



Our organisation and people have been living with the anticipation of reforms for a number of years now. This, as well as the need to respond to councils' financial pressures, has led us to delay fundamental organisational improvements and "make do" with systems and processes that are no longer fit for purpose. It has also meant that our ways of working as an organisation and corporate maturity is not at the level our councils and communities would expect for an organisation of our age and size. These factors have come to the foreground in recent times and independent reviews led by the Board have clearly highlighted that we have not consistently met the expectations of our shareholders.

Change is needed now to ensure our organisation remains fit for purpose and that our people are well set up to deliver on our responsibilities. A core focus for the year ahead is to rapidly implement critical organisational improvements. We are working at pace to outline how we intend to do this and working with our shareholding councils on a way forward to continue to deliver the best water outcomes for our region.



**Nick Leggett**

BOARD CHAIR



**Pat Dougherty**

CHIEF EXECUTIVE

## Who we are and what we do

Wellington Water's job is to deliver safe and healthy drinking water, collect and treat wastewater, and ensure the stormwater network is well managed.

We are owned by Wellington City Council, Hutt City Council, Porirua City Council, Upper Hutt City Council, Greater Wellington Regional Council, and South Wairarapa District Council. Councils own the water assets in the region and set the level of funding and investment. They task us to manage the infrastructure and deliver water services to communities and to provide investment advice.

## Our governance structure

Wellington Water is governed by a Board of Directors. We receive overall leadership and direction from the Wellington Water Committee. The Committee is made up of representatives from our shareholding councils and mana whenua.



## Our values

We are a values-driven organisation, and the value of water sits at our heart. Every day Wellington Water people come to work and strive to deliver services and build infrastructure in a way that provides the best outcomes for communities and the environment.

We are on a journey to embedding Te Mana o te Wai and prioritising the health and wellbeing of water into the way we work. This is reflected in our strategic priorities, our planning, and the advice we give. Our values reflect this and set out what we stand for and how we behave:

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

## Our strategic focus

Our work over the past year was guided by the regional strategic priorities for water set by the Wellington Water Committee. These were to:

- Look after existing infrastructure;
- Support growth;
- Ensure sustainable water supply for the future;
- Improve water quality of our rivers, streams and harbours;

- Reduce our carbon emissions and adapt to the impacts of climate change; and
- Increase resilience to natural hazards.

Funding to achieve these priorities varies by council, and our ability to meet these priorities will vary as a result.

## **Our organisational strategy**

To meet the region's strategic priorities, our organisational strategy is to focus on our core functions and to build and maintain trust with our councils, stakeholders, and communities.

We put the safety, wellbeing, and growth of our people first. In all our relationships we are values led and strive to be honest, open, transparent, and accountable.

## **Te Mana o te Wai – our obligations**

Te Mana o te Wai is a concept that refers to the fundamental importance of water and recognises that protecting the health of water protects the health and well-being of the wider environment.

Te Mana o te Wai is about restoring and preserving the balance between the water, the wider environment, and the community.

The Water Services Act requires that Wellington Water and our council owners give effect to Te Mana o te Wai. While the Government has signalled an intention to remove this requirement from legislation, our obligation remains to mana whenua iwi, to our councils, and to all of our customers, to care for, protect, manage, use water responsibly.

Embedding the values of Te Mana o te Wai into the way we work is a multi-faceted endeavour. It begins with early and meaningful engagement and is something that we continue to work towards.

## **Enhancing relationships with mana whenua**

This year we marked meaningful steps for our organisation on our journey to build partnership with mana whenua iwi when we signed new agreements with Te Rūnanga o Toa Rangatira and Taranaki Whānui.

The agreements lay a strong foundation for future collaboration and development, anchored in values like whanaungatanga, kaitiakitanga, mana ōrite and kotahitanga. They acknowledge the deep whakapapa connection that mana whenua has to their rohe and commits to early and meaningful engagement.

These partnership agreements demonstrate our commitment to working closely with mana whenua iwi to restore and enhance Te Mana me Te Mauri o te Wai o Te Whanganui-a-Tara. To help us realise the aspirations of mana whenua we have set targets to ensure that we are honouring and giving effect to these partnership agreements.

## Delivering three water services to communities

The delivery of water services is essential to the functioning of our cities, towns and the region. Our council owners, mana whenua partners, customers, and communities count on us to deliver these services safely and effectively. We take this responsibility seriously and work to care for council assets and deliver services on behalf of our councils to the best of our ability, within the funding levels allocated by our council owners.

In previous years we have focused on building trust with councils through the delivery of three water services. While we have been successful in delivering essential water services this year we have had other issues with our performance which has impacted our ability to maintain a high-level trust from councils in us. We're committed to continue working on being a trusted operator for our councils but a shift for us will be to focus on acting in a trustworthy way – this means being open, transparent, accountable in our interactions with our councils, communities and partners.

## Delivering long-term planning advice

As the region's water services provider, we provide our council owners with investment advice on their water assets in the region. We do this through the annual planning process and the long-term planning process. Through this, councils then make decisions on what to fund.

This year we provided our councils with investment advice based on a growing understanding of asset condition and achieving the best water outcomes for communities and the environment. Our advice was based on the strategic priorities set by the Wellington Water Committee for the region. We then worked through a process with each of our councils based on their priorities and what they could afford. This included advice on the risks and consequences of not investing.

We provided councils with three levels of capex investment advice for the region:

1. \$30 billion over 30 years - the total capital investment needed to deliver on all of the region's strategic priorities (unconstrained).
2. \$7.6 billion over 10 years - this is our recommended level of capital investment based on the maximum that can be delivered (a 30% uplift of work year on year for the next 10 years).
3. \$2.8 billion baseline programme over 10 years – basic level of capital investment to 'keep the lights on' but won't improve the region's water assets to a sustainable and manageable level.

Our shareholding councils are facing increasing costs and inflationary pressures and must make some hard decisions to strike a balance between investment in water services and other council priorities. Councils have increased funding to the extent that they can afford to: a total of \$3.7 billion over the next ten years, a little under half the recommended, but more than the baseline programme. This level of funding will exacerbate the region's critical risks and see new ones arise over the coming years. For more details on council funding and risks, see our [Statement of Intent for 2024-27](#).

## Cost estimation error

In May 2024, we notified our Board and our council owners of an error in the budgeting advice we provided councils for their Long-Term Plans. We did not correctly apply the corporate cost to parts of the capital programme for the first three years of delivery. The corporate cost is an essential charge that covers Wellington Water's overhead costs, which includes project and corporate support.



The error has resulted in a gap of around \$51M across a regional programme of \$900M. We acknowledge that this does not meet the expectations of our councils and communities and on 24 May 2024, we made a [public apology for this error](#).

In response to this, the Board immediately decided to launch an independent review into the causes of the error, provide reassurance regarding the robustness of our ongoing budgeting systems and processes, and implement corrective actions to mitigate future risks. The review took place in June 2024 and a final report and recommendation was provided to the Board and Wellington Water Committee in July 2024.

The report outlined a wide range of issues and recommendations focused on preventing similar errors and future risks. The report also highlighted a range of areas for critical organisational improvements, so Wellington Water is well placed to deliver on our responsibilities and meet the expectations of our councils and communities.

We are now in the process of developing a draft plan to implement organisational improvements, which will need to be agreed by the Wellington Water Committee and our shareholding councils. [A copy of the final review report and its recommendations can be found on Wellington Water's website.](#)

## Meeting the expectations of our communities and customers

Water services are essential for health and wellbeing, and our communities and customers expect that they should be able to turn on the tap or flush their toilets without issues.

When we do have issues, we have to prioritise urgent jobs first – those where our customers completely lose access to drinking water, or where there is an urgent risk to the health of people, property or the environment.

To make the best use of our limited resources, we must prioritise where crews go. Urgent jobs are placed at the top of the list. This means that lower priority jobs will move down list, and it will take longer for us to respond. This undoubtedly has an impact on our customers as we won't be able to get to these jobs as quickly as they would expect.

Wellington Water has a prioritisation process. You can find a copy of our prioritisation framework on our website [here](#).

The two largest drivers of customer satisfaction are response times and keeping our customers updated on progress. We consistently respond quickly for these urgent jobs, and our customers are broadly satisfied with our urgent response. Data for the second half of this year shows that 79% of our customers are satisfied with our urgent response (priority one jobs), compared to 47% for non-urgent jobs<sup>1</sup>.

While our response times are directly linked to the level of resources we have available, it is still important we improve our customer service and level of care for those who are not able to receive an urgent response. To do this we have made improvements to how we track our cases and communicate with our customers. Within 10 days of receiving a request for service, we now provide customers with a plan on

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<sup>1</sup> This year we have changed our methodology from a one-on-one phone survey of a sample of customers to an online survey that customers are invited to complete. This gives us more detailed information, but it only dates back to January 2024. For more information on this change see page 31

how we intend to resolve their job and the priority category that has been assigned to the job, which is important given the longer wait times for less urgent issues.

As a result, we have had no successful disputes against us through the utilities disputes tribunal or the disputes tribunal during the financial year, indicating that we have acted appropriately in our customer response. This year we have also made improvements to how we schedule our work to try to address more non-urgent jobs at once – targeting these jobs based on location and highest drinking water loss and enabling our crews to be more efficient with their time.

## Fluoridating our water supply

We continue our focus on providing fluoridated water to the metropolitan Wellington region and keeping a close watch on the performance of the fluoride facilities. Our target is to meet the Ministry of Health's (MoH) recommended fluoride levels (0.7-1.0ppm, 95% of the time).

This year, the Wainuiomata Water Treatment Plant met this target, dosing within MoH guidelines 97% of the time. The other plants did not meet targets, as shown in the table below.

At the Waterloo and Wainuiomata plant we identified some health and safety concerns with loading the fluoride powder into the fluoride facilities. On October 12, we turned off the facilities while we worked to ensure the health and safety of our people, and the facilities remained off until October 27.

At the Gear Island Treatment Plant, we had issues with pumps that were installed as a part of improvements made in August 2022 to address issues with fluoridation. These pumps were not fit-for-purpose but rather selected because options for rapid procurement were limited by global supply chain disruption at the height of the Covid-19 pandemic. New, more suitable pumps were installed at the Gear Island and Te Mārua Water Treatment Plants in December 2023 and January 2024. The cost for replacement was approximately \$30,000

Collectively, these improvements have had a positive impact on performance, demonstrated by Gear Island narrowly missing the 95% target (93.9%), and all other plants complying 95% of the time or moreover, the final quarter of the year. We continue with our programme of ongoing planned maintenance to ensure that the equipment at the fluoride facilities are running as they should. This means that we will have to turn off the fluoride facilities from time to time. If a facility is off for more than a few days in a month, this quickly impacts our ability to meet the MoH target for fluoride.

A long-term solution to upgrade the entire fluoridation system at all the metropolitan Water Treatment Plants would be needed to reliably meet the MoH target levels for fluoride.

We are currently doing some planning on what the best long-term solution would look like. This will include considering back-up capacity and options at the plants so we can continue to fluoridate drinking water if a facility fails or needs to be turned off for maintenance work, which we commonly have to do.

## Enabling the efficient connection of new property developments

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

These activities include involvement in building consents, connections, public drainage permits, engineering approvals, encroachment, resource consents, section 223/224, pre-application, on-site inspections, and other general enquiries. This year the team processed over 4,770 applications for the three waters network in our region, including approximately 1,240 building consents, 980 water and drainage connections, and 350 resource consents.

We made a number of improvements this year, such as streamlining the peer review process and back-end system changes. This allowed us to complete more applications within 10 working days, and should further improve processing times further in the year ahead.

## Delivering three water services to communities

#	Measure	Target	2022/23	2023/2024	Commentary
1	Customers rate their experience of our performance as 'Satisfied' or better.	70%	65%	70% June – Dec 54% Jan - July Changing our methodology has had a material impact on the	Changing our methodology has had a material impact on the result, with customer satisfaction decreasing from 70% under the phone survey to 54% with the online survey. While this does not meet expectations, we have seen a positive trend of improvement, with a high of 60% in June.
2	The level of fluoride leaving each Water Treatment Plant is within the Ministry of Health guidelines (0.7-1.0 parts per million) 95% or more of the time.	Achieved at all plants	New measure for 2023/24	Te Mārua: 93.9% Wainuiomata: 96.7% Waterloo: 87.9% Gear Island: 83%	All plants except Gear Island were dosing within the MoH guidelines >95% of the time during the final quarter of the year, with Gear Island sitting at 93.9%.  A combination of planned and reactive maintenance, as well as Health and Safety concerns with the fluoride loading process earlier in the year have contributed to not meeting this target at all Water Treatment Plants.
3	The percentage of the resource consents are processed within timeframes (10 working days).*	Greater or equal to baseline (33%)	33%*	38%	Processing times have improved over the course of the year from 33% within 10 working days to 38% by the end of the year.

# A focus on core services

## Delivering safe drinking water

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

We delivered over 65 billion litres of safe drinking water to the people in the Wellington region during the 2023/24 financial year.

While the safety of the drinking water in the region has not been compromised, we have had some instances of non-compliances.

## Compliance with Drinking Water Quality Assurance Rules

Below is a table detailing our compliance with Drinking Water Quality Assurance Rules relating to protozoa and bacteria.

### Metropolitan Wellington

Results	Te Mārua	Wainuiomata	Waterloo	Gear Island
Bacteriological	Compliant	Compliant	Non-compliant	Compliant
Protozoal	Compliant	Non-compliant	Compliant	Compliant

The Waterloo Water Treatment Plant is non-compliant with the new Drinking Water Quality Assurance rules due to insufficient contact time with chlorine for approximately 800 households.

Funding has been provided by Hutt City Council in their Long-Term Plan to address this issue, and the water remains safe to drink.

There was a spike in turbidity at the Wainuiomata Water Treatment Plant on 11 March which exceeded the maximum allowable time by one minute, meaning that the plant was non-compliant on that day, and therefore, we did not meet our target for full compliance for the year.

### South Wairarapa

Results	Featherston	Greytown	Martinborough	Pirinoa
Bacteriological	Non-compliant	Non-compliant	Compliant	Compliant
Protozoal	Non-compliant	Non-compliant	Non-compliant	Compliant



Drinking water plants in South Wairarapa (excepting Pirinoa which serves approximately 10 properties) were not designed to meet the new Drinking Water Standards and have required additional investment to become compliant. We have made technical adaptations to comply with the rules and believe we can be compliant at all three of the major water treatment plants moving forward. However compliance will not be reliable until further investment is made. For more information see our website [here](#).

## Managing of the region's wastewater

This year we treated 65.4 billion litres of wastewater at eight wastewater treatment plants across Wellington and South Wairarapa. This water, once treated, gets safely discharged into the environment. Issues at the wastewater treatment plants over the past few years mean that, on occasion, we haven't been able to meet the levels of service that our communities expect, with occasional exceedance of resource consent limits.

## Metropolitan Wastewater Treatment Plant Performance

We have had compliance issues at all metropolitan Wastewater Treatment plants during the calendar year. The majority of these issues relate to asset condition and a lack of redundancy at the treatment plants. By not having redundancy, and not being funded to purchase and store critical spare parts, it is not possible to maintain plants while remaining compliant nor to quickly remediate issues when faults arise.

A list of enforcement actions taken by the regulator is below, for each treatment plant. Full details for each of these enforcement actions can be found on our website [here](#).

### Metropolitan Wellington

Moa Point	Number	Issue
Abatement notices	1	To-do abatement notice requiring works to be completed on the pumpstation.
Infringement notices	2	Non-compliant wastewater quality.
Western		
Abatement notices	1	To-do abatement notice requiring us to cease discharging into to Karori stream. This was due to a slip damaging the pipe.
Infringement notices	1	Non-compliant wastewater quality.
Porirua		
Infringement notices	1	Unauthorised discharge of wastewater, due to a sludge carryover event.
Seaview		
Infringement notices	1	24 related to odour issues at the plant while improvements were being made to reduce odour generally. Two related to non-compliant wastewater quality from the plant.

## South Wairarapa

Martinborough		
Abatement notices	2	To-do abatement notices requiring desludging of the plant.

### Follow-up Joint Review into Wastewater Treatment Plant Performance

This review has been undertaken jointly by Wellington Water and Veolia as a follow-up of a formal review that was undertaken in late 2021. The purpose of the review was to clarify the causes of poor performance at the region's metropolitan Wastewater Treatment Plants (WWTPs) and to identify opportunities for further improvements that would bring the WWTPs back to full compliance.

#### *Reviewing our contract with Veolia*

While long-term investment from councils to renew aging assets at the metropolitan wastewater treatment plants is needed to ensure we can reliably maintain compliance, we must also ensure that we are operating these assets to the best of our ability.

Wellington Water contracts Veolia to operate the wastewater treatment plants in the metropolitan Wellington region.

Over the past few years, we have seen ongoing compliance issues across the treatment plants and we have been on a joint journey with Veolia to improve the management and operations of the plants.

In 2021, we reviewed our operating model with Veolia which highlighted some key areas of improvement for both parties. We have made some improvements in recent times, but we know more work is needed.

This year, as part of our approach to better contract management, we decided to have another look at the contract performance to test if we are on the right path and to identify what other areas of improvement we could focus on that would contribute to bring the wastewater treatment plants back into compliance.

### Delivering sufficient drinking water

Our, and our councils', ability to provide a sustainable supply of drinking water remains at risk. The network is old with increasing leaks (around 41% water loss on average for the metropolitan networks<sup>2</sup>), people are using a lot of water and population growth is adding to the issue.

### Water Loss Reduction Plan

When the risk of an acute water shortage became apparent in mid-2023, Wellington Water quickly developed a Water Loss Reduction Plan to attempt to curb this risk by reducing the primary driver of the risk.

The Water Loss Reduction Plan is a long-term document, setting a target of reducing network leakage by 20 million litres per day by 2033.

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<sup>2</sup> Figure includes estimated public losses (32%) as well as private losses(9%) of total water produced.

This plan included interventions with differing levels of impacts:

- Reactive and proactive renewals of service connections
- Targeted and broad pressure management programmes
- Private leak identification, communication and repair
- Renewals of drinking water pipes
- Assessment and renewal of pressure control valves
- Increasing the speed and quality of repairs
- Fixing reservoir leaks

Given our budget constraints, it quickly became apparent that it was most cost effective to focus on the three interventions that reduced water loss the most: reactive renewals in the network; pressure management; and private leak identification, communication and repair.

Out of this work we are seeing an estimated savings 6 million litres of water per day, with councils' funding over the coming year set to see further significant gains.

## **A focus on leak detection and repairs**

Last year we stood up a regional water loss management team (RWL) within the organisation, and contracted dedicated crews to sweep the cities for leaks and repair those they found with the biggest impact. We have continued to optimise the way in which this team operates, including improving our back-office triage process, and “bundling” leaks by location, allowing our teams to be more efficient by fixing leaks in one area all at once, and reducing the disruptions to residents in the longer term.

While these improvements have had an impact on our ability to find and fix leaks, the biggest impact this year was due to our councils stepping up and providing increased funding for these activities. This additional funding allowed us to fix 9,988 leaks this year, up from 8,192 in 2022/23.

This has meant that we have reduced our backlog from a peak of 2,561 in February 2024, to 1,489 by the end of the year.

Overall demand for water (per capita) increased this year, driven by increased leakage before councils' additional investment was confirmed. This additional investment, and the consequent reduction in our backlog, has seen demand for water fall across the Metropolitan Wellington region decline for the first time in nearly four years from April 2024.

However, it is important to note that fixing leaks is a reactive response and acts as a band-aid to a longer-term problem. Fixing leaks doesn't prevent new leaks from occurring or the backlog from rising if ongoing investment in leak repairs is not maintained. Increased and ongoing investment in renewals is needed to prevent leaks occurring in the first instance. This is vital to reduce and maintain water loss at a sustainable level.

## **Water use reduction achieved during the 2023/24 summer**

At the beginning of summer, our modelling showed the region faced a significant risk of having to put in place tighter water restrictions to avoid the risk of a water shortage (e.g. asking people to significantly reduce their indoor water use).

We were clear with our councils and the public from the outset that due to the level of funding and resources available to us at the time paired with the constraints of the aging network, we were unable to materially reduce the risk purely from operational activities. This meant our only tool to avoid a water shortage was to ask the public to change their behaviours and use less water. We worked closely with our councils, our regulators and the Wellington Regional Emergency Management Office to raise public

awareness of the risk and asking everyone to help us by doing their bit to get ready and being careful with their water use.

The public responded well and thanks to the combined efforts of Wellingtonians prevented a shift to tighter restriction levels and saved 400 million litres of water over summer.

The change in public behaviour resulted in the rate of increase in demand between winter and summer being the lowest on record. With longer, drier summers anticipated in the future, conserving water, along with increased and sustained investment in replacing aging infrastructure and reducing water loss, will continue to be an integral part of water management.

## Measuring the impact of our work

To measure water loss, we use the Minimum Night Flow methodology that aligns with the Water NZ Water Loss Guidelines for areas with low water meters. This provides a lag indicator of water loss reduction activities over this period. We also track average daily demand (use and water loss) on a weekly basis, to gain an overall picture of water demand per capita and how it compares to previous years. Demand is measured by meters which show the total volume of water supplied by Water Treatment Plants.

Increased funding for many councils wasn't made available until the second half of the year, and as a result increased leak repair work did not start until quarter 3 or later. This means the average annual water loss estimate may not have reduced as much as some may have anticipated. Additionally, a potential increase in leaks on private property may have offset some of these gains.

Despite this, the estimated annual average water loss on the metropolitan public network for FY23/24 is 32%<sup>3</sup> down 2% from FY22/23 (34%). The methodology used is the same as the previous year so we have confidence that there has been a genuine reduction in water loss, although there remains significant uncertainty with the true extent of water loss due to the lack of universal metering.

In conjunction we have begun to see a tangible reduction in water demand. Wellington Water and our client councils report a demand figure per year, measured per capita. Although the annual demand per capita rose 2.7% year-on-year, demand in the metropolitan area began to fall in April 2024, the first time it fell since October 2020. This continued to fall through till the end of the year and through to the publishing of this report. We anticipate that we will see continued improvement this year as we work towards the 7.4 ML/D target from Taumata Arowai, with increased investment from our councils this year.

## Securing the future water supply

Monitoring water use and making short-term improvements to mitigate the risk in the short term is only one part of our planning. We must also invest in long-term solutions that both reduce demand and increase supply as we prepare for additional growth in the region. A coordinated, region-wide approach including residential metering, increased investment in leak detection and repair and building additional storage lakes will help ensure Wellington achieves a sustainable water supply for the future.

## September 2023 Water Summit

In September 2023 the Wellington Water Committee held its first ever "Water Summit," calling together leaders across Wellington councils and mana whenua. Wellington Water developed three scenarios for

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<sup>3</sup> There is a 95% confidence interval for this measure of 17% to 48%.



the summit, focusing on three key actions to tackle long-term water supply and demand challenges:

1. Keep:  
Continue to increase investment in finding and fixing leaks, managing water loss and replacing old infrastructure.
2. Reduce:  
Invest in residential meters across the metropolitan Wellington region.
3. Add:  
Build additional storage lakes at Pākuratahi.

Our key message to the attendees of the summit was that all three of these actions need to be progressed immediately to mitigate the threat of water shortages over the long-term.

Attendees voted in favor of our preferred option, which would see immediate progress on all three actions. As such, we included all three of these recommendations into our LTP advice to councils.

As discussed in our “Delivering long-term planning advice” section above, final council Long-Term Plans included around half of the funding that Wellington Water recommended. This means that there is limited investment into finding and fixing leaks over the long-term, insufficient funding to replace ageing infrastructure and mixed uptake of residential metering across the region.

## **Metering programme establishment**

With confirmed funding from Hutt, Porirua and Wellington City Councils, and with Upper Hutt City including funding for a business case, this year we established a metering programme in-house, which is in its establishment phase. We are currently recruiting a core team and have had a strong response from the market to this.

We have agreed and are establishing a joint working model with council officers to enable an integrated regional approach to implementation, which will allow us to roll out the programme more efficiently and effectively. The current focus is on getting the foundations in place so we can enter the implementation phase when we have resources in place.

## **Te Mārua Water Treatment Plant Capacity Upgrade**

A key project underway to increase the amount of water we can supply into the networks is the Te Mārua Water Treatment Plant Capacity Optimisation Project. This will increase the plant’s capacity and ability to use water stored in the Pakuratahi/Macaskill Lakes.

There has been steady progress this year with ongoing work on the Dissolved Air Flotation (DAF) wall structure and other areas across the Water Treatment Plant. Progress has continued with detailed commissioning planning workshops and the pump and plant room fit out as well as filter refurbishment, and centrifuges and mixing tanks coming on stream.

The upgrade will ensure reliable and healthy drinking water for the residents of the Wellington Metropolitan Region. We expect the DAF to be operational in early 2025, and when operational, will allow the plant to treat an additional 20 million litres of water per day. This will give us headroom to produce more water, which has been a constraint over the past few years.

## Looking after existing infrastructure

This year we delivered a record value of \$329 million of capital projects which focused on upgrades, improvements, and building new water infrastructure across the region. This is \$67m (25%) higher than in 2022/23.

## Renewing our region's assets

Repairing aging infrastructure is not a sustainable long-term solution. Aging infrastructure is more expensive to maintain and operate, than building new assets that work efficiently. Without more funding for renewals, we are struggling to deliver our stated priorities to achieve sustainable water supply and demand and improve environmental water quality.

Our shareholding councils collectively own three waters infrastructure with a replacement value upwards of \$12.3 billion. Maintaining or replacing this infrastructure is the largest contributor to our capital programme, with 52% of the capital programme (\$172m) being spent on renewing infrastructure.

This is substantially below the level of renewals that are required to effectively maintain the network and results in assets becoming older and in worse condition each year.

A key constraint that we have been addressing is our ability to deliver on our councils' renewals programme, as deliverability was a key concern for our councils during the 2021-24 Long-Term Plans. As such, we set ourselves a target of delivering 90% of the councils' renewals programme between 2021 and 2024. In total, we delivered 159% of the three-year programme by value, and adjusted for inflation, met our target. A large part of our success has been due to our unique supply chain model that uses panels made up of teams of consultants and contractors. Our capital suppliers are treated as part of our whānau, which means that they strive for outcomes for the region alongside us.





## Case Study: Taranaki Street Rising Main Project

Delivering a positive outcome for our communities and the environment Wellington Water is building a major new wastewater “rising main” (a pipe that carries wastewater under pressure) along Taranaki Street from Market Lane to Wigan Street.

This project is part of a major programme of work for CBD Wastewater Renewals and Upgrades. The programme will cater for growth, improve network resilience, environmental and health outcomes and provide extra flexibility in how the system can be managed.

The new Taranaki Street rising main will allow wastewater to be diverted to the main interceptor, which carries wastewater to the Moa Point Wastewater Treatment Plant. This will connect to the lower rising main system to provide continued service while the other rising mains are replaced in the future.

The project will provide additional “redundancy” in the system ensuring that if a problem arises such as a pipe burst or an upgrade is needed, there is capacity to pick up the load and store it or pump it via an alternative route to the interceptor.

Work started in August 2023 and is expected to be completed four months ahead of schedule in early 2025.

The underground pipe has been laid utilising open trenching and trenchless Guided Auger Bore technology where possible (a way to install pipes under the ground without having to dig up the road). To July 2024 approximately 861m out of a total of about required 900m new pipe has been laid (381m open trench, 480.7m trenchless).

This is a significant win for Wellington ratepayers and road users, as this technology has enabled the team to deliver the project quicker than planned and to drill right under sections of Taranaki Street (including beneath SH1 at the Vivian Street, Ghuznee Street and Courtenay place intersections), reducing disruption to the traffic and pedestrian flow above.

It’s also a win for the environment, with the Guided Auger Bore reducing the amount of contaminated waste to landfill.

Over this past year, we reached a major milestone with the installation of the pipe from Market Lane to Wigan Street, under Vivian Street and Ghuznee Street and reinstatement of all of Taranaki Street from Ghuznee Street southwards.

During the last quarter of 2024, the team will be working on a range of other activities to connect the new rising main to the existing network ready for commissioning in early 2025. This includes connecting the new rising main to pump station 5 in Market Lane and to the new pump station in Inglewood Place as well as completing a new gravity network that will enable wastewater to be diverted into the new pump station.

When completed, the Taranaki Street Rising Main project will deliver a great outcome for our communities and our environment.

## Renewing Pipes

In total, our councils' networks contain over 7,000 kilometres of pipe. We estimate that councils need to be replacing an average of 100km of the network every year in order to keep it operating smoothly.

This year we completed 24.5 kilometres of pipe renewals across the region. This represents a significant step forward from the previous year, when we delivered 18.5km of renewals, and meets our target of 20km for 2023/24. Pipe renewals in the next three-year period of the Long-Term Plan are dropping as the focus shifts to renewing ageing infrastructure in our water and wastewater treatment plants.

Council	Water	Wastewater	Stormwater	Year End Total Pipe Renewed
HCC	9.0	6.0	0.3	15.3
WCC	2.1	1.3	0.3	3.7
UHCC	-	1.1	0.0	1.1
PCC	3.6	-	-	3.6
GWRC	0.7	-	-	0.7
SWDC	-	0.2	-	0.2
Total	15.3	8.6	0.6	24.5

## Renewing other assets

Wellington Water operates four water treatment plants in the metropolitan Wellington area, as well as three water treatment plants and four wastewater treatment plants in South Wairarapa. Metropolitan wastewater treatment plants are operated by Veolia.

These plants comprise thousands of individual assets that work together to deliver safe drinking water and treat the region's wastewater. Renewing these assets is critical to ensuring the plants can design as operated, and underinvestment in renewals has contributed to increasing performance issues at these plants over time.

We delivered a total of \$5.1m of renewals at plants operated by Wellington Water this year, up from less than \$1m two years ago, with an additional \$8m of renewals at metropolitan wastewater treatment plants operated by Veolia. To facilitate this uplift, this year we established a treatment plant capital programme team to enable us to better manage the increased funding from our councils in improving the performance of our plants. This will help us to manage the significant spend at these plants in the coming years, where we are seeing investment (in both renewals and new equipment) increase from \$61m in 2023/24 to \$113m in 2024/25. Moreover, this team will allow us to be more efficient and effective with our planning of this work, as operating on plants that are live and treating drinking and wastewater is complex, challenging, and full of risks.



## Delivering Major Projects

A water network is made up of a mix of various assets, such as bridges, reservoirs and treatment plants. Many of these assets are complex, expensive and bespoke, requiring novel engineering solutions. This means that constructing this infrastructure is complex and time-consuming, with projects that can take up to a decade from design to completion.

We have a number of significant Major Projects in construction at the moment, which made up \$160m of our capital programme this year.

We closed out the Omarōrō Reservoir and commissioned the Taranaki Street Pumping Station in Wellington City. The Taranaki Street Rising Main is four months ahead of schedule, with 750m of 900m complete. We also completed the Barber Grove to Seaview WWTP wastewater pipe duplication, which was commissioned in 2023, and this project won an award at the Civil Contractors New Zealand awards.

### Case study: Managing flood risks at Pinehaven

On behalf of Upper Hutt City Council, we are upgrading Pinehaven Stream at Willow Park to reduce flood risk in the area. This is all part of the wider programme of work to increase the capacity of Pinehaven Stream to accommodate a 1-in-25 year flood event. The upgrades will make significant improvements in flood protection to over 50 vulnerable properties, and improvements for 179 properties affected by secondary stormwater flow paths.

This work started in August 2023 and has made good progress.

- We have built two new retaining walls immediately downstream of the Sunbrae culvert
- An old pedestrian-only bridge has been replaced with a new pedestrian and cycle bridge over Pinehaven Stream at Willow Park, linking to Sunbrae Drive.
- Surveys of the stream have commenced involving ecological, photographic and topographic surveys, and general field visits.

In Upper Hutt, we installed phase two of the Pinehaven Stream flood improvements, while in Porirua construction of a new wastewater storage facility in central Porirua is underway. In South Wairarapa, the Featherston WWTP consent is almost ready to notify, with a successful trial of a DAF plant.

The Kaitoke Flume Bridge Pipeline was brought into service and some significant stages of the Whakawhirinaki Silverstream Water Bridge and Shared Path were completed, marking significant steps to increasing the resilience of our regional water supply.

Information on these and other projects [can be found on our website](#), which is regularly updated with project progress.

## Maintaining existing assets

One of our core operational activities is conducting maintenance on our network to ensure it keeps functioning. We break out maintenance activities into two main categories: planned maintenance and reactive maintenance. Planned maintenance is critical as it is a cost-effective way of protecting and extending the life of assets in the region, while reactive maintenance is fixing (and not replacing) assets that have failed.

We have set a long-term goal of increasing the proportion of our funding that we dedicate to planned maintenance, as this is more financially sustainable for our council owners and ratepayers.

This year, we spent \$11.3m on planned maintenance, up from \$10.9m in 2022/23, while we spent \$39.9m on reactive maintenance (up from \$31.7m).

This represents a step backwards in the ratio of planned to reactive maintenance – spending 28 cents on planned maintenance for every dollar of unplanned maintenance (down from 38 cents in 2022/23). This was driven by our councils' investment into fixing leaks and reducing the backlog, which has helped to bring down the immediate risk of water shortages. Increasing spend in planned maintenance is still critical to the efficient operation of the networks, saving costs in future years.

# Enhancing our compliance and assurance frameworks to meet new regulatory requirements

## Working with our regulators through summer

Over the last year Wellington Water has worked with councils, our environmental regulator (Greater Wellington Regional Council) and the national water regulator, Taumata Arowai to manage a potential acute water shortage to the metropolitan Wellington area.

Partnering closely with councils and the regulator throughout the summer provides us with a good example of how working together can help to navigate a tricky and complex situation which contributed to the region not having to move to tighter water restrictions. Frequent and transparent sharing of information between Wellington Water, the councils and our regulator meant all parties were clear on the risk profile as we moved through the summer months, strong collaboration to navigate issues, increased investment from councils in the most needed areas (e.g. finding and fixing more leaks), and a co-ordinated communications and engagement campaign that resulted in a significant change in consumer behaviour which has seen demand reduce across the metropolitan region for the first time since 2020. In May, to respond to next summer's acute water shortage risk,

Taumata Arowai set a target of 7.4 million litres per day (MLD) water demand reduction by February 2025. This target and a plan of actions to meet this has been developed and agreed to by Wellington Water and our councils.

Achieving a 7.4 MLD reduction in Water Loss would reduce the chance of a drinking water emergency to less than three percent, and the chance of level 4 water restrictions to approximately twelve percent for the coming summer. It is important to note, however, that there may still be a risk of level 3 water restrictions (a ban on all outdoor water use) this year, which will be dependant on weather patterns or any large spikes in water use.

We have set up monthly reporting to track our progress against this and have established good working relationships with Taumata Arowai. We are currently on track to achieve this reduction, and our open communication and good relationship with the regulator sets us up to manage the risk for the coming summer, as well as in future years.

## Increasing our reporting to regulators

Taumata Arowai has been slowly increasing expectations over the quantity and quality of the data it receives since its inception in 2021.

For the first time Wellington Water reported our annual compliance with the Drinking Water Quality Assurance Rules. This required 3748 applications of the rules to the WWL drinking water networks. Many of the rules were new in the assurance space and required processes to be created to ensure that there was an auditable basis for the measures result.

We also must report to Taumata Arowai on their Network Environmental Performance Measures, which cover all three waters and their impact on the environment. Wellington Water reported results for 46 mandatory performance measures for the first annual period ending 30 June 2023, all for drinking water, as well as an additional 444 voluntary measures covering waste and stormwater.

Reporting on wastewater and stormwater is being phased in over time, with a total of 33 mandatory wastewater measures in 2023/24, rising to 71 in 2024/25. At the same time, Taumata Arowai is

refining existing measures and we work with them to ensure that we are collecting and reporting meaningful data that allows them to operate as an effective regulator. We continue to report on all voluntary measures, both because we anticipate these will become mandatory, and because this provides the greatest assurance for our regulators, our owners, and our communities, that we are monitoring our impact on the environment.

## Internal compliance and assurance improvements

We are committed to ensuring the provision of safe and high-quality drinking water to all our consumers in compliance with the Water Services Act (2021) and Drinking Water Quality Assurance Rules (DWQAR). To support this work, we set up a dedicated regulatory and compliance directorate to ensure that we focus on continual improvement of compliance within the company.

Due to the importance of drinking water for social, economic, environmental and cultural wellbeing, this year we sought to make improvements with how our internal audit function dealt specifically with drinking water. In June 2024 our Safe Drinking Water Committee agreed a bespoke internal audit philosophy for Drinking Water, which serves as a guiding principle to promote best practices, continual improvement, and regulatory compliance within our operations.

Our approach to internal auditing for Drinking Water embodies the following core principles:

1. Commitment to Quality and Safety
2. Regulatory Compliance
3. Risk-Based Approach
4. Continuous Improvement
5. Transparency and Accountability
6. Empowerment and Training
7. Customer-Centric Approach



# Health, Safety and Wellbeing

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

## Keeping our people safe

This year, our key Health and Safety metrics (Lost time injury and total recordable injury frequency rates) remained steady throughout the year, with our critical risks not significantly contributing to these, indicating that they were well controlled.

## A focus on wellbeing

This year we have increased our focus on worker wellbeing by rolling out a series of Better Work by Design workshops. This work, based on resources developed by the New Zealand Business Leaders Health and Safety Forum, identifies factors that protect and harm wellbeing at work. This work goes beyond surface level interventions and looks at the actual work people do. These workshops have been carried out across the organisation and at all levels and have identified many common themes.

Workers identified that working for Wellington Water gives them a strong sense of purpose as they're connected to the work that we do, there is a good work environment, with a good work/life balance, as well as Wellington Water generally provides a flexible workplace. The workshops pointed out that wellbeing is being impacted by excessive workloads, inadequate systems and process, and not enough people to do the work.

## Fluoride exposure concerns

Following some concern from workers around their exposure to fluoride powder, we undertook extensive occupational exposure monitoring and investigations into our practices. This work showed that there was no indication that any of our people were being exposed to hazardous levels, though we did bolster the controls we used, and introduced updated procedures including proved respiratory protection. This was well received by our people and showed our strong commitment to continuously improving health and safety practices.

## Reviewing our critical risks

We recently undertook a review of our critical risks to ensure we were adequately addressing those we face in the water industry. Building off work done by the Department of Internal Affairs for the Water Reform programme Wellington Water introduce several new critical risks including Working Above and Around Water, Psychological Hazards, and Driving. These have been introduced to our workers alongside updated Life Saving Actions and form the backbone of our updated critical risk management programme. There is further work underway in the new financial year to bed these improvements.

We carried out two significant critical risk reviews during the year, looking at Traffic Management and Working Around Mobile Plant and Equipment, and how we can protect our people from the harms associated with these. The Traffic Management review highlighted the different ways traffic management is managed across our client councils, and highlighted the issues these inconsistencies can cause. This work will feed into a wider piece of work to help drive a consistent and risk-based approach to traffic management in the Wellington Region, while the Mobile Plant review found areas where our people are put at risk, and identified future work we will pursue to address these across our entire supply chain.



	Measure	Target	2022/23	2023/24	Commentary
4	Compliance with Drinking Water Quality Assurance Rules (Treatment) in Metro Wellington	Compliant monthly (12/12 months compliant)	Not Compliant	Not Compliant	See details in the “delivery of safe drinking water section above.
5	Compliance with Drinking Water Quality Assurance Rules (Treatment) in South Wairarapa	Compliant monthly (12/12 months compliant)	Not Compliant	Not Compliant	See details in the “delivery of safe drinking water section above.
6	The Infrastructure Leakage Index (ILI) of the Wellington Metropolitan Network will improve	<5.2 (+/- 2.5)	New measure for 2023/24	4.9 (+/- 2.5)	The ILI is a ratio of avoidable water losses to unavoidable water losses. The lower the result, the better the network is performing.
7	We will complete all actions for the defined period set out in our Water Loss Reduction Plan	Achieved	New measure for 2023/24	2 out of 10 actions complete	This year we focused on delivery of the 3 actions that produce tangible water saving results: <ul style="list-style-type: none"> <li>• Reactive renewals</li> <li>• Pressure management</li> <li>• Private leak identification, communication and repair</li> </ul> Actions have met the target required: no net increase in water loss across the metropolitan region, with an estimated 6 ML/D of savings, however noting we did not meet the number of reactive renewals proposed.
8	Metropolitan Wastewater Treatment Plants will receive no abatement notices, infringement notices, enforcement orders or convictions for breaches of consent in the relevant financial year.	Achieved	2 abatement notices and 9 infringement notices	2 abatement notices 30 infringement notices	See details in the “managing the region’s wastewater” section above.

9	SWDC is kept informed of the risk of enforcement action (abatement notices, infringement notices, enforcement orders or convictions) for breaches of consent in the relevant financial year	Achieved	Achieved	Achieved	Enforcement risks were highlighted to SWDC through monthly reporting dashboards that we provide our councils.
10	Percentage of three-year programme (2021-24) complete	90%	95% of three-year programme complete (cumulative)	159% of three-year programme complete (cumulative)	Achieved. Our target was to be able to ramp up and deliver more each year, with a target of at least 90% completion of renewals across the three-year Long-Term Plan period.
11	Ratio of planned to reactive maintenance increases	Ratio increases from baseline (\$0.38:\$1)	Baseline established (\$0.38:\$1)	\$0.28:\$1	We have seen a reduction in the amount of planned maintenance activities that we have undertaken this year. This was driven by our councils' investment into fixing leaks and reducing the backlog, which has helped to bring down the immediate risk of water shortages.
12	Total capital delivery is within the capital range	Delivery between \$233m and \$328m	Achieved (\$263m)	\$329m	At the end of June 2024, the full year actual spend came in at \$329m. At a programme level, the year marginally above the top end of the capital range (\$233m and \$238m). Note that the range was set against an initial budget of \$301m from councils. An additional \$49m was approved during the year to undertake additional works. These works meant that our full year result was less than 1% above the top end of the range.

13	Health and Safety critical risks will be reviewed, and improvements are implemented	Two or more	Two critical risk reviews completed	Two critical risk reviews completed	This year Wellington Water held two reviews of critical health and safety risks, namely Working Around Mobile Plant and Equipment, and Traffic Management.
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## Other priorities

### Improving environmental water quality

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

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

### Progressing our stormwater consent

In early 2023 we lodged three wastewater overflow consents for the Wellington, Porirua and Hutt networks, as well as a global (four-city-wide) stormwater consent.

This year we continued to work towards renewing the stormwater consent for the metropolitan Wellington area and the consent covering all wastewater network overflows. In October, we sought feedback on the proposed community engagement framework that has been developed with a focus group of community representatives.

Our proposed approach has a Collaborative Committee, with representation from mana whenua and asset owners (councils) which would have oversight of the implementation of the consent.

This would be supported by community input at a 'global' level and a 'local' or sub-catchment level. [Our 'Towards Te Mana o te Wai' infographic can be accessed on our website](#) for a summary of our overall approach.

### Managing the impacts of our works

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

On rare occasions, an issue can occur, and this year, we received six infringement notices for four incidents where sediment laden water entered a stormwater system, and then the environment. The receiving waterways were the Hutt River (twice), the Waiwhetu Stream in Lower Hutt, and the Kenepuru Stream in Porirua. This is an increase from last year, where we had two incidents.

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

## Net-zero carbon 2050

The Climate Change Response (Zero Carbon) Amendment Act sets New Zealand's goal of net zero carbon emissions by 2050. The majority of our owner councils have declared climate change emergencies and are setting or considering emission reduction targets and climate change response strategies.

The country's response to climate change will need to include mitigation (reducing our emissions) and adaptation (managing the impacts of climate change), and water services providers have a part to play in both mitigation and adaptation of these elements.

## Planning for our communities

On 02 July 2024, the Ministry for the Environment (MfE) released its updated guidance for coastal hazards and climate change. This guidance is critical for Wellington Water and our councils as it helps us to assess the risks for our communities of climate change and helps determine what actions we can take. Although this guidance was released after the end of the Financial Year, MfE held a webinar on the guidance and how to apply it during March 2024, and our teams have been using this guidance ever since. Critically, it defines the scenarios that should be used for planning in the absence of more localised assumptions. This provides Wellington Water and our councils with clarity on how we should be planning for climate change. This guidance can be found on the MfE website [here](#).





## Ensuring our people are ready for water reform transition

In our Statement of Intent, we detailed how we were working towards the establishment of a new Water Services Entity to take over delivery of water services from October 2024. This was a key priority, as the previous Government's Affordable Water Reforms proposed that future water services would be delivered by ten regional water entities. The Wellington water entity was to include our shareholding councils (excluding Greater Wellington Regional Council) as well as Kapiti Coast, Carterton and Masterton. The new Government repealed these reforms soon after taking office and replaced them with their "Local Water Done Well" policy, which returns responsibility for water services to local councils. Our councils are working together to look at what a new model for delivering water services could be, and along with Carterton, Masterton, Kapiti and Horowhenua district have signed a Memorandum of Understanding or MoU. The MoU is a non-binding partnership to work together on a new regional council controlled organisation (CCO) to deliver water services.

Our input into this has been limited, as the new CCO (if established) will succeed Wellington Water. Our role has been, and will continue to be, providing input and support for our councils to help them make good decisions and set up the region for success moving forward.

### Ensuring our people are ready for water reform transition

	Measures	Target	2022/23	2023/24	Commentary
14	Staff feel supported by the organisation through water reform (staff survey)	Greater than previous year (62%)	62%	65% <sup>4</sup>	Staff continued to feel supported by the organisation, particularly through previous Government's Affordable Water Reform process.
15	Staff feel as if they understand water reform (staff survey)	Greater than previous year (61%)	61%	42% <sup>3</sup>	Staff understanding fell significantly as a new Government was elected and the future of water reform became unclear.

<sup>4</sup> Management made the decision to discontinue these measures following the repeal of reforms in February 2024. As such, the result is taken from staff surveys undertaken up to February 2024.



# Summary of Non - Financial Performance Statement of Intent 2023-26 Results

A total of 6 measures are achieved (green), while 9 measures are not achieved for the year (red).

#	Measure	Target	2022/23	2023/24	Commentary
1	Customers rate their experience of our performance as 'Satisfied' or better.	70%	65%	70% June – Dec 54% Jan - July	Changing our methodology has had a material impact on the result, with customer satisfaction decreasing from 70% under the phone survey to 54% with the online survey. While this does not meet expectations, we have seen a positive trend of improvement, with a high of 60% in June.
2	The level of fluoride leaving each Water Treatment Plant is within the Ministry of Health guidelines (0.7-1.0 parts per million) 95% or more of the time.	Achieved at all plants	New measure for 2023/24	Te Mārua: 93.9% Wainuiomata: 96.7% Waterloo: 87.9% Gear Island: 83%	All plants except Gear Island were dosing within the MoH guidelines >95% of the time during the final quarter of the year, with Gear Island sitting at 93.9%. A combination of planned and reactive maintenance, as well as Health and Safety concerns with the fluoride loading process earlier in the year have contributed to not meeting this target at all Water Treatment Plants.
3	The percentage of the time resource consents are processed within timeframes (10 working days).*	Greater or equal to baseline (33%)	33%*	38%	Processing times have improved over the course of the year from 33% within 10 working days to 38% by the end of the year.
4	Compliance with Drinking Water Quality Assurance Rules (Treatment) in Metro Wellington	Compliant monthly (12/12 months compliant)	Not Compliant	Not Compliant	See details in the "delivery of safe drinking water section above.
5	Compliance with Drinking Water Quality Assurance Rules (Treatment) in South Wairarapa	Compliant monthly (12/12 months compliant)	Not Compliant	Not Compliant	See details in the "delivery of safe drinking water section above.

6	The Infrastructure Leakage Index (ILI) of the Wellington Metropolitan Network will improve**	<5.2 (+/- 2.5)	New measure for 2023/24	4.9 (+/- 2.5)	The ILI is a ratio of avoidable water losses to unavoidable water losses. The lower the result, the better the network is performing.
7	We will complete all actions for the defined period set out in our Water Loss Reduction Plan	Achieved	New measure for 2023/24	3 out of 10 actions complete	This year we focused on delivery of the 3 actions that produce tangible water saving results: <ul style="list-style-type: none"> <li>• Reactive renewals</li> <li>• Pressure management</li> <li>• Private leak identification, communication and repair</li> </ul> Actions have met the target required: no net increase in water loss across the metropolitan region, with an estimated 6 ML/D of savings.
8	Metropolitan Wastewater Treatment Plants will receive no abatement notices, infringement notices, enforcement orders or convictions for breaches of consent in the relevant financial year	Achieved	2 abatement notices and 9 infringement notices	2 abatement notices 30 infringement notices	See details in the “managing the region’s wastewater” section above.
9	SWDC is kept informed of the risk of enforcement action (abatement notices, infringement notices, enforcement orders or convictions) for breaches of consent in the relevant financial year	Achieved	Achieved	Achieved	Enforcement risks were highlighted to SWDC through monthly reporting dashboards that we provide our councils.
10	Percentage of three-year programme (2021-24) complete	90%	95% of three-year programme complete (cumulative)	159% of three-year programme complete (cumulative)	Achieved. Our target was to be able to ramp up and deliver more each year, with a target of at least 90% completion of renewals across the three-year Long-Term Plan period.

11	Ratio of planned to reactive maintenance increases	Ratio increases from baseline (\$0.38:\$1)	Baseline established (\$0.38:\$1)	\$0.28:\$1	We have seen a reduction in the amount of planned maintenance activities that we have undertaken this year.
12	Total capital delivery is within the capital range	Delivery between \$233m and \$328m	Achieved (\$263m)	\$329m	At the end of June 2024, the full year actual spend came in at \$329m. At a programme level, the year marginally above the top end of the capital range (\$233m and \$238m). Note that the range was set against an initial budget of \$301m from councils. An additional \$49m was approved during the year to undertake additional works. These works meant that our full year result was less than 1% above the top end of the range.
13	Health and Safety critical risks will be reviewed, and improvements are implemented	Two or more	Two critical risk reviews completed	Two critical risk reviews completed	This year Wellington Water held two reviews of critical health and safety risks, namely Working Around Mobile Plant and Equipment, and Traffic Management.
14	Staff feel supported by the organisation through water reform (staff survey)	Greater than previous year (62%)	62%	65% <sup>5</sup>	Staff continued to feel supported by the organisation, particularly through previous Government's Affordable Water Reform process.
15	Staff feel as if they understand water reform (staff survey)	Greater than previous year (61%)	61%	42% <sup>3</sup>	Staff understanding fell significantly as a new Government was elected and the future of water reform became unclear.

<sup>5</sup> Management made the decision to discontinue these measures following the repeal of reforms in February 2024. As such, the result is taken from staff surveys undertaken up to February 2024.

## Governance report

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

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

Each council has equal voting rights and nominates a single elected representative to sit on the Wellington Water Committee, which oversees and appoints the organisation's Board and provides us with regional leadership and direction. As a council-controlled organisation, we operate under the Companies Act 1993 and the Local Government Act 2002. Under these Acts, there are a number of foundational agreements between us and our council owners. These include:

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

### Wellington Water Committee

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

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

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

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

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

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



## Our Board of Directors

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

At the end of the financial year the Board of Directors consisted of six members. Each director can serve a maximum of two terms, or six years, unless agreed otherwise by the Wellington Water Committee. As at 30 June 2024, the Directors in office are as follows:

Nick Leggett (Chair)	18/3/2022	1/9/2025
Leanne Southey	1/7/2021	1/9/2025
Alexandra Hare	1/7/2022	30/6/2024
Patrick Dougherty	1/9/2023	1/09/2025
Mahina Puketapu	1/9/2023	1/9/2025
Bill Bayfield	1/9/2023	1/9/2025

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

The following changes to the Board have occurred in the 2023/24 financial year:

Director	Appointed	Term Expires
Kim Skelton (Term Expired)	2 September 2020	1 September 2023
Bill Bayfield (Appointed)	1 September 2023	1 September 2025
Mahina Puketapu (Appointed)	1 September 2023	1 September 2025
Patrick Dougherty (Appointed)	1 September 2023	1 September 2025



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

Director	Appointed	Term Expires
Alexandra Hare	1 July 2022	30 June 2024 (Term Expired)
Patrick Dougherty *Resigned to take Chief Executive Role of Wellington Water	1 September 2023	7 September 2024 (Resigned)*

## Board meetings and attendance 2023/24

The Board meets regularly throughout the year and has a committee to focus on audit and risk. The table below shows attendance at Board and Audit Committee meetings during the year ended 30 June 2024:

Name	Board Meeting Attendance (13 Meetings)	Audit Committee Attendance (5 meetings)
Nick Leggett (Chair)	13	4
Leanne Southey (Chair Audit)	13	5
Patrick Dougherty *	11	5
Mahina Puketapu *	11	5
Bill Bayfield*	11	4
Alexandra Hare	12	5

\*Appointed on the 1/9/2023. Attended all 11 Board Meetings after this date.

## Audit Committee

The Audit Committee comprises all members of the Board and is chaired by Leanne Southey. The purpose of the Audit Committee is to:

- approve, review and assess the quality and integrity of the financial reporting of Wellington Water Ltd
- consider whether the company has established appropriate policies and put in place management processes to ensure that risks are properly identified and managed
- oversee and assess the internal and external audit processes.

## Directors' remuneration 2023/24

The table below shows remuneration paid to directors during the year ended 30 June 2024.

Name	Nick Leggett	Leanne Southy	Alexandra Hare	Mahina Puketapu	Patrick Dougherty	Bill Bayfield	Kim Skelton
Fees paid (\$ 000's)	60	30	30	25	25	25	5

## Interest Register as at 30 June 2024

Name	Nature of Interest	Date disclosed
Nick Leggett (Chair)	<ul style="list-style-type: none"> <li>Trustee and Chair, Hutt Mana Charitable Trust</li> <li>Director, WRC Holdings Ltd, Greater Wellington Rail Ltd</li> <li>Council member - Hanga Aro Rau - Workforce Development Council</li> <li>Father is a City Councillor on Porirua City Council, which is a shareholder of Wellington Water Ltd</li> <li>Aspiring Futures Foundation Trustee and Chair</li> <li>CE – Infrastructure New Zealand</li> </ul>	<ul style="list-style-type: none"> <li>March 2022</li> <li>March 2022</li> <li>March 2022</li> <li>March 2022</li> <li>July 2022</li> <li>May 2022</li> </ul>
Leanne Southy (Chair Audit)	<ul style="list-style-type: none"> <li>Director and Shareholder, Southey Sayer Limited</li> <li>Member, Wellington Free Ambulance Board</li> <li>Trustee, Masterton Tradeaid</li> <li>Shareholder, Mangan Graphics Limited</li> <li>Masterton Community trust, Trustee</li> <li>Director, Trust House Masterton</li> <li>Trustee, Trust House Foundation</li> <li>Chair – Kauri Healthcare Ltd</li> </ul>	<ul style="list-style-type: none"> <li>July 2021</li> <li>July 2021</li> <li>July 2021</li> <li>July 2021</li> <li>Nov 2022</li> <li>Feb 2023</li> <li>Feb 2023</li> <li>July 2023</li> </ul>
Alexandra Hare	<ul style="list-style-type: none"> <li>Deputy Chair/Trustee Engineering New Zealand Foundation</li> <li>Trustee Eureka! Trust</li> <li>Director Generational Limited</li> <li>Independent Director Wellington Water</li> <li>Limited Independent Director Wellington Holdings Limited</li> <li>Independent member Audit and Risk Committee Ministry for the Environment</li> <li>Advisor Electricity Engineers Association</li> </ul>	<ul style="list-style-type: none"> <li>July 2022</li> <li>July 2022</li> <li>July 2022</li> <li>Sept 2023</li> <li>Sept 2023</li> <li>Sept 2023</li> <li>Sept 2023</li> <li>Sept 2023</li> </ul>
William Bayfield	<ul style="list-style-type: none"> <li>Trustee, Family Trust, Costrong</li> <li>Director, Citycare</li> <li>Director of Apex Water Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Aug 2023</li> <li>Feb 2024</li> <li>Feb 2024</li> </ul>
Patrick Dougherty	<ul style="list-style-type: none"> <li>Tregaskis Brown, Consulting Partner – No Shareholding</li> <li>Tonkin and Taylor / TB Joint bid for work with Hauraki District Council</li> <li>Wellington City Council / TB Analysis of a significant development proposal for WCC</li> <li>Providing consultancy advice to Tonkin + Taylor on the development of a Local Government Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Aug 2023</li> <li>Aug 2023</li> <li>Aug 2023</li> <li>April 2024</li> </ul>
Mahina Puketapu	<ul style="list-style-type: none"> <li>Port Nicholson Block Settlement Trust – Trustee Shareholder of Subsidiaries of Port Nicholson Block Settlement Trust: TWL Holdings Limited, LBS General Partner</li> <li>Taranaki Whānui Limited – Director</li> <li>Director of Subsidiaries of Taranaki Whānui Limited: Lowry Bay Section One Limited, Tramways Limited, Shelly Bay Limited, The Lodge at Shelly Bay Limited, TWL Holdings Limited</li> <li>Te Ngakinga o Whanganui Investment Trust – Board Member/Trustee</li> <li>Whanganui Iwi Fisheries Limited – Director</li> <li>Institute of Finance Professionals NZ Inc – Board Member</li> <li>Taumairangi Limited – Director and Shareholder</li> <li>Te Kotahitanga o Te Atiawa – Registered Iwi Member</li> <li>Taranaki Iwi – Registered Iwi Member</li> <li>Taranaki Whānui – Registered Iwi Member</li> <li>Tauhara North No.2 Trust – Chief Investment Officer</li> </ul>	<ul style="list-style-type: none"> <li>Aug 2023</li> <li>Aug 2023</li> <li>Aug 2023</li> <li>Aug 2023</li> <li>Aug 2023</li> <li>Aug 2023</li> <li>Aug 2023</li> <li>Aug 2023</li> <li>Aug 2023</li> <li>Aug 2023</li> <li>Aug 2023</li> </ul>

## Indemnity and insurance

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

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

## Use of company information

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

## Board evaluation

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

## Auditor

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

## Employee remuneration

2023/2024	Salary Bracket
\$460,000.00 - \$470,000.00	1
\$290,000.00 - \$300,000.00	1
\$280,000.00 - \$290,000.00	1
\$260,000.00 - \$270,000.00	1
\$250,000.00 - \$260,000.00	2
\$240,000.00 - \$250,000.00	2
\$230,000.00 - \$240,000.00	0
\$220,000.00 - \$230,000.00	2
\$210,000.00 - \$220,000.00	2
\$200,000.00 - \$210,000.00	1
\$190,000.00 - \$200,000.00	11

2023/2024	Salary Bracket
\$180,000.00 - \$190,000.00	4
\$170,000.00 - \$180,000.00	12
\$160,000.00 - \$170,000.00	10
\$150,000.00 - \$160,000.00	11
\$140,000.00 - \$150,000.00	16
\$130,000.00 - \$140,000.00	17
\$120,000.00 - \$130,000.00	19
\$110,000.00 - \$120,000.00	24
\$100,000.00 - \$110,000.00	34
<b>Total Staff</b>	<b>171</b>

## Matters that shareholders wish to restrict

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

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

## Information to be provided to shareholders

In each year Wellington Water shall comply with the reporting requirements of the Local Government Act and the Companies Act and regulations.

In particular, Wellington Water will provide:

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

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

## Ratio of shareholders' funds to total assets

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

	Actual 2024	Budget 2024	Actual 2023
Ratio of shareholders' funds to total assets	6%	4%	4%

## Company policies and procedures

### Delegation to the Chief Executive and Senior Leadership Team

The Chief Executive and Senior Leadership Team are responsible for:

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

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

### Code of Conduct

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

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



## Financial statements

These financial statements and the performance information are for the year ended 30 June 2024. They comply with generally accepted accounting practice in New Zealand ("NZ GAAP") and Tier 1 PBE accounting standards. All statutory requirements as outlined in the Local Government Act 2002 and the Companies Act 1993 have been met.

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

### For and on behalf of management:

**Pat Dougherty**

CHIEF EXECUTIVE



9 June 2025

**Wayne Maxwell**

CHIEF FINANCIAL OFFICER



9 June 2025

### For and on behalf of the Board of Directors:

**Nick Leggett**

CHAIR OF THE BOARD



9 June 2025

**Leanne Southey**

CHAIR OF AUDIT COMMITTEE



9 June 2025

## Statement of Comprehensive Revenue and Expenses

	Note	Actual 2024 \$000	Budget 2024 \$000	Actual 2023 \$000
Revenue from exchange transactions	3	464,629	412,053	380,363
Revenue from non-exchange transactions	3	629	-	1,470
Interest revenue		2,007	1,125	1,031
Gain/(loss) on disposal of assets		32	-	16
<b>Total revenue</b>		<b>467,297</b>	<b>413,178</b>	<b>382,880</b>
Salaries and wages		(40,318)	(49,241)	(32,267)
Superannuation		(1,204)	(1,583)	(966)
Directors fees		(197)	(210)	(176)
Audit fees - financial statements		(284)	(281)	(262)
Audit fees - other		-	-	(10)
Council capex and Council opex programme		(442,653)	(387,371)	(359,387)
Operating leases		(1,844)	(1,890)	(1,439)
Other personnel expenses		(4,696)	(2,492)	(5,401)
Other operating expenses		(13,727)	(16,326)	(12,646)
Corporate (Direct) costs charged to capex and opex prog		44,803	47,934	29,399
<b>Total operating expenses</b>		<b>(460,120)</b>	<b>(411,461)</b>	<b>(383,155)</b>
Depreciation and amortisation expense		(1,557)	(1,718)	(1,619)
<b>Total expenses</b>		<b>(461,677)</b>	<b>(413,178)</b>	<b>(384,774)</b>
<b>Net surplus/(deficit) before taxation</b>		<b>5,620</b>	<b>-</b>	<b>(1,894)</b>
Tax (expense)/credit		(1,586)	-	393
<b>Total comprehensive revenue and expenses</b>		<b>4,034</b>	<b>-</b>	<b>(1,501)</b>
<b>Attributable to:</b>	<b>9</b>			
Greater Wellington Regional Council	15%	605	-	(225)
Hutt City Council	20%	807	-	(300)
Porirua City Council	12%	484	-	(180)
South Wairarapa District Council	5%	202	-	(75)
Upper Hutt City Council	8%	323	-	(120)
Wellington City Council	40%	1,613	-	(601)
<b>Total comprehensive revenue and expenses</b>	<b>100%</b>	<b>4,034</b>	<b>-</b>	<b>(1,501)</b>

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

## Statement of Changes in Equity

For the year ended 30 June 2024

	Retained Earnings \$000	Issued Capital \$000	Total \$000
Balance at 1 July 2022	3,525	1,000	4,525
Share capital issued			
<b>Comprehensive revenue and expenses</b>			
Net surplus/(deficit) for the year	(1,501)	-	(1,501)
<b>Balance at 30 June 2023</b>	<b>2,024</b>	<b>1,000</b>	<b>3,024</b>
Balance at 1 July 2023	2,024	1,000	3,024
<b>Comprehensive revenue and expenses</b>			
Net surplus/(deficit) for the year	4,034	-	4,034
<b>Balance at 30 June 2024</b>	<b>6,058</b>	<b>1,000</b>	<b>7,058</b>

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

# Statement of Financial Position

At 30 June 2024

	Note	Actual 2024 \$000	Budget 2024 \$000	Actual 2023 \$000
Cash and cash equivalents		36,550	32,118	31,871
Receivables and prepayments	6	70,081	32,281	41,672
Tax (receivable)		-	-	407
<b>Total current assets</b>		<b>106,631</b>	<b>64,399</b>	<b>73,950</b>
Intangible assets	4	25	99	77
Property, plant and equipment, vehicles	4	4,576	4,694	4,963
Deferred tax asset/(liability)	5	369	(360)	35
<b>Total non-current assets</b>		<b>4,970</b>	<b>4,433</b>	<b>5,075</b>
<b>Total assets</b>		<b>111,601</b>	<b>68,832</b>	<b>79,025</b>
Payables and provisions	7	100,632	59,025	73,801
Employee entitlements		2,549	1,891	2,175
Tax payable		1,337	19	-
<b>Total current liabilities</b>		<b>104,518</b>	<b>60,935</b>	<b>75,976</b>
Employee entitlements		25	18	25
<b>Total non-current liabilities</b>		<b>25</b>	<b>18</b>	<b>25</b>
<b>Total liabilities</b>		<b>104,543</b>	<b>60,953</b>	<b>76,001</b>
<b>Net assets</b>		<b>7,058</b>	<b>7,879</b>	<b>3,024</b>
Issued capital	9	1,000	1,000	1,000
Retained earnings		6,058	2,024	2,024
<b>Total equity</b>		<b>7,058</b>	<b>3,024</b>	<b>3,024</b>

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

Authorised on behalf of the Wellington Water Limited Board of Directors on 9 June 2025.

Nick Leggett  
CHAIR OF BOARD



9 June 2025

Leanne Southey  
CHAIR OF AUDIT COMMITTEE



9 June 2025

## Statement of Cash Flows

For the year ended 30 June 2024

	Note	Actual 2024 \$000	Budget 2024 \$000	Actual 2023 \$000
Receipts from customers		458,047	412,053	389,371
Interest received		2,007	1,125	1,031
Employees and suppliers		(454,113)	(411,460)	(377,942)
Tax paid		(176)	-	(426)
<b>Net cash flow from operating activities</b>	<b>8</b>	<b>5,765</b>	<b>1,718</b>	<b>12,034</b>
Purchase of property, plant and equipment, vehicles		(1,090)	(1,346)	(1,388)
Purchase of intangibles		(28)	(125)	(32)
Proceeds from disposal of assets		32	-	16
<b>Net cash flow from investing activities</b>		<b>(1,086)</b>	<b>(1,471)</b>	<b>(1,404)</b>
Share capital issued		-	-	-
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash flow</b>		<b>4,679</b>	<b>247</b>	<b>10,631</b>
Add: cash at the beginning of the year		31,871	31,871	21,241
<b>Cash at the end of the year</b>		<b>36,550</b>	<b>32,118</b>	<b>31,871</b>
Comprised of:				
Cash at bank and on hand		36,550	32,118	31,871



# Notes to the financial statements

For the year ended 30 June 2024

## 1. About these financial statements

### Reporting entity

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

### Basis of preparation

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

These financial statements have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 2013, and Tier 1 PBE accounting standards. The accounting policies have been applied consistently throughout the period. All items in the financial statements are stated exclusive of Goods and Services Tax (GST), except for billed receivables and payables, which include GST. The net amount of GST recoverable from or payable to the Inland Revenue Department is included as part of receivables or payables in the statement of financial position.

The Water Services Entities Act 2022, along with the Water Services Legislation Act 2023 and the Water Services Economic Efficiency and Consumer Protection Act 2023, was repealed by the Water Services Acts Repeal Act 2024 on 15 July 2024. This repeal formally ended the 10-entity model for water service delivery.

Under the Government's new "Local Water Done Well" policy, legislated in August 2024, responsibility for water services remains with local authorities. The policy introduces a new framework that enables councils to form council-controlled organisations (CCOs) to manage water services, supported by stronger central government oversight and economic regulation.

As of May 2025, councils are actively consulting on their preferred water service delivery models, with decisions expected by mid-2025. These financial statements have been prepared on a going concern basis, reflecting the continued delivery of water services by Wellington Water Limited on behalf of its shareholder councils, and the transitional nature of the sector as councils consider their future arrangements under the new legislative environment.

### Statement of compliance

These financial statements are for the year ended 30 June 2024. They comply with generally accepted accounting practice in New Zealand ("NZ GAAP") and Tier 1 PBE accounting standards. All statutory requirements as outlined in the Local Government Act 2002 and the Companies Act 1993 have been met.

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

The financial statements were authorised for issue by the Board of Directors on 9 June 2025.

## Budget

The budget figures included in the financial statements are as published in the Statement of Intent (SOI) 2023-25. At this time, not all councils had confirmed the final budget numbers.

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

## Areas of significant estimation and judgement

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

## Accounting standards and interpretations

**PBE IFRS 41** Financial Instruments became effective during the financial year 2023. Wellington Water has determined that PBE IFRS 41 does not materially impact the financial statements.

**PBE FRS 48** Service Performance Reporting standard became effective during the financial year 2023. Wellington Water has fully adopted the standard for the preparation of the 30 June 2024 annual report.

## 2. Variances to budget

### Statement of comprehensive revenue and expenses

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

	2024 Actual \$000	2024 Budget \$000	Variance \$000	Variance %
Revenue	467,297	413,178	54,119	13%
Operating expenses	(460,120)	(411,461)	(48,659)	12%
Depreciation and amortisation	(1,557)	(1,718)	161	(9%)

Revenue and operating costs exceeded the budget primarily due to increases in council capital expenditure (capex) programmes relative to the budget. The additional funding allocated by councils was mainly for drinking water and wastewater upgrades.

### Statement of financial position

	2024 Actual \$000	2024 Budget \$000	Variance \$000	Variance %
Current assets	106,631	64,399	42,232	66%
Non-current assets	4,970	4,433	537	12%
Current liabilities	104,518	60,935	43,583	72%
Non-current liabilities	25	18	7	38%
Equity	7,058	3,024	4,034	133%

Current assets were higher than budgeted, mainly due to increased bank balances and receivables. Most council receipts were projected to be paid against payables towards the end of the year.

Receivables were higher than budgeted due to advance invoicing to councils to support commitments arising from council capex and opex programmes. The budget, prepared at the business-as-usual (BAU) level, does not account for this possibility.

Current liabilities were higher than budgeted due to increased trade payables and provisions. This was primarily due to an increase in council capex and opex programme spending towards the end of the year. Additionally, some council revenue received in advance was treated as a current liability.

Equity at the end of the year increased due to a surplus from the current year, mainly attributed to unfilled vacancies that were budgeted but remained unfilled due to early holds on recruitment. These holds were applied in anticipation of the repeal of Water Reform and expected budget cuts in the following years. The surplus will help address any unexpected expenses and sustain the organisation's demands.

### Statement of cash flows

	2024 Actual \$000	2024 Budget \$000	Variance \$000	Variance %
Net cash flow from operating activities	5,765	1,718	4,047	236%
Net cash flow from investing activities	(1,086)	(1,471)	385	(26%)

Net cash flow from operating activities was significantly higher than budgeted, as most budgeted council receipts were expected to be paid against payables towards the end of the year. Actual cash flow, however, includes advance invoicing to councils to fund timely delivery of capex and opex programmes. As noted previously, the budget, prepared at the BAU level, does not account for this possibility.

## 3. Revenue

### a. Revenue from exchange transactions

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

	2024 Actual \$000	2023 Actual \$000
Management and advisory services	21,792	20,359
Council opex programme	113,285	96,640
Council capex programme	329,368	262,747
Other revenue	184	617
<b>Total revenue from exchange transactions</b>	<b>464,629</b>	<b>380,363</b>

## Management and advisory services

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

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

## Council opex programme

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

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

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

## Council capex programme

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

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

## b. Revenue from non- exchange transactions

	2024 Actual \$000	2023 Actual \$000
National transition programme	629	1,470
<b>Total revenue from non-exchange transactions</b>	<b>629</b>	<b>1,470</b>

## National Transition programme

The National Transition funding programme revenue is recognised using the percentage of completion method across the six councils.

The programme concluded at balance date with the repeal of the Water reform legislation, enacted through the Water Services Act Repeal Bill in February 2024. This legislation ended the previous Government's Affordable Water Reform, returning water services delivery to local authorities.

## 4. Property, plant and equipment, vehicles, and intangibles

Property, Plant and Equipment (PPE) consists of fit-out and equipment. Vehicles consist of commercial vehicles used for operational purposes. Intangible assets consist of computer software and systems. These assets are carried at cost less accumulated depreciation or amortisation and accumulated impairments. Assets are reviewed annually for indicators of impairment.

### Cost

These assets are initially measured at cost. Expenditure is capitalised when it creates a new asset or increases the economic benefits over the total life of an existing asset and can be measured reliably. Assets under construction are recorded as capital work in progress and include both operational and intangible assets under construction. Costs that do not meet the criteria for capitalisation are expensed as incurred.

The cost of assets includes the purchase cost and those costs directly attributable to bringing the asset to the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential and can be measured reliably is capitalised.

### Depreciation and amortisation

Depreciation is calculated on a straight-line basis to allocate the cost or value of the asset over its useful life. The useful lives and depreciation rates are reviewed annually and adjusted if appropriate at each balance date. This ensures that the depreciation expense reflects the pattern in which the asset's future economic benefits are expected to be consumed.

The range of depreciation and amortisation rates for each class of asset is as follows:

Fit-out and equipment	6% – 67%
Vehicles	8.5% - 21%
Intangibles	40%



	Fit-out and Equipment \$000	Vehicles \$000	Intangibles \$000	Total \$000
<b>Cost</b>				
Balance 1 July 2022	7,068	3,325	2,290	12,683
Additions	1,192	196	32	1,420
Disposals	-	(43)	-	(43)
<b>Balance at 30 June 2023</b>	<b>8,260</b>	<b>3,478</b>	<b>2,322</b>	<b>14,060</b>
Balance 1 July 2023	8,260	3,478	2,322	14,060
Additions	895	196	28	1,119
Disposals	-	(56)	-	(56)
<b>Balance at 30 June 2024</b>	<b>9,155</b>	<b>3,618</b>	<b>2,350</b>	<b>15,123</b>
<b>Depreciation and amortisation</b>				
Balance 1 July 2022	(4,156)	(1,228)	(2,061)	(7,445)
Charge for the year	(1,058)	(377)	(184)	(1,619)
Disposals	-	44	-	44
<b>Balance at 30 June 2023</b>	<b>(5,214)</b>	<b>(1,561)</b>	<b>(2,245)</b>	<b>(9,020)</b>
Balance 1 July 2023	(5,214)	(1,561)	(2,245)	(9,020)
Charge for the year	(1,077)	(400)	(80)	(1,557)
Disposals	-	55	-	55
<b>Balance at 30 June 2024</b>	<b>(6,291)</b>	<b>(1,906)</b>	<b>(2,325)</b>	<b>(10,522)</b>
<b>Carrying amount</b>				
<b>Balance at 30 June 2023</b>	<b>3,046</b>	<b>1,917</b>	<b>77</b>	<b>5,040</b>
<b>Balance at 30 June 2024</b>	<b>2,864</b>	<b>1,712</b>	<b>25</b>	<b>4,601</b>

## 5. Taxation

**Income Tax Expense:** The income tax expense comprises both current and deferred tax components.

**Current Tax:** Current tax represents the income tax payable on the taxable surplus for the current year, including any adjustments to income tax payable for prior years. It is calculated using tax rates and laws that have been enacted or substantively enacted by the balance date.

**Deferred Tax:** Deferred tax accounts for income tax payable or recoverable in future periods due to temporary differences and unused tax losses. Temporary differences arise between the carrying amounts of assets and liabilities in the statement of financial position and their respective tax bases used in computing taxable surplus.

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

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

	2024 Actual \$000	2023 Actual \$000
<b>Components of tax expense</b>		
Current tax expense	1,920	-
Deferred tax expense	(334)	(393)
<b>Tax expense</b>	<b>1,586</b>	<b>(393)</b>
<b>Reconciliation of effective tax rate</b>		
Net surplus/(deficit) before tax	5,620	(1,894)
<b>Tax at 28%</b>	<b>1,573</b>	<b>(530)</b>
Plus (less) tax effect of:		
Non-deductible expenditure	13	140
Non-taxable income	-	(26)
Deferred tax adjustment	-	23
<b>Total income tax expense/(credit)</b>	<b>1,586</b>	<b>(393)</b>
<b>Imputation credits</b>		
Imputation credits available for use in subsequent reporting periods	<b>1,870</b>	<b>1,377</b>

Movement in deferred tax asset/(liability)	PPE	Employee entitlements	Tax Losses	Provision for doubtful debt	Sundry Creditors	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 30 June 2022	(938)	540	-	40	-	(358)
Charged to surplus or deficit	185	154	85	(31)	-	393
<b>Balance at 30 June 2023</b>	<b>(753)</b>	<b>694</b>	<b>85</b>	<b>9</b>	<b>-</b>	<b>35</b>
Charged to surplus or deficit	208	258	(85)	9	(56)	334
<b>Balance at 30 June 2024</b>	<b>(545)</b>	<b>951</b>	<b>-</b>	<b>18</b>	<b>(56)</b>	<b>369</b>

## 6. Receivables

	2024 Actual \$000	2023 Actual \$000
Receivables with related parties	59,276	37,346
Provision for doubtful debts	(64)	(32)
Other receivables	52	778
Prepayments	10,817	3,580
<b>Total receivables</b>	<b>70,081</b>	<b>41,672</b>

## 7. Payables and provisions

	2024 Actual \$000	2023 Actual \$000
Trade payables	47,465	47,071
GST payable	2,825	601
Revenue in advance	27,591	13,631
Payables with related parties	20,901	11,278
Employee related payables and provisions	1,589	1,162
Other provisions	261	58
<b>Total payables and provisions</b>	<b>100,632</b>	<b>73,801</b>

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

## 8. Reconciliation of net surplus to operating cash flows

	2024 Actual \$000	2023 Actual \$000
<b>Net surplus/(deficit) after taxation</b>	<b>4,034</b>	<b>(1,501)</b>
<b>Non-cash and non-operating items:</b>		
Depreciation and amortisation	1,557	1,619
Gain on sale of vehicles	(32)	(16)
Capital grant proceeds	-	(93)
<b>Movements in working capital</b>		
Increase in payables	21,887	17,555
Increase in receivables	(21,505)	(5,104)
Tax payable	(176)	(426)
<b>Net cash flow from operating activities</b>	<b>5,765</b>	<b>12,034</b>

Net cash flow for 2024 is driven by net surplus and depreciation. Payables increased substantially in both years, while receivables grew in 2024 in comparison to 2023, due to timing of advance invoicing for council programmes. Movements in working capital mostly offset each other in 2024.

## 9. Share capital

The total number of authorised, issued and fully paid ordinary shares at 30 June 2024 was 500 (2023:500). These are represented by Class B shares and entitle the holder to a share in the distribution of the surplus assets of the company. Class A shares entitle the holder to vote at a meeting of the shareholders on any resolution.

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

## 10. Related parties

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

	2024 Actual \$000	2023 Actual \$000
<b>Revenue from exchange transactions:</b>		
<b>Management &amp; advisory services</b>		
Greater Wellington Regional Council	8,774	8,236
Hutt City Council	3,677	3,354
Porirua City Council	1,385	1,300
South Wairarapa District Council	332	312
Upper Hutt City Council	1,353	1,270
Wellington City Council	6,310	5,887
Other Corporate	145	-
<b>Total management and advisory services</b>	<b>21,976</b>	<b>20,359</b>
<b>Council opex programme</b>		
Greater Wellington Regional Council	17,254	14,614
Hutt City Council	25,538	20,571
Porirua City Council	11,721	9,671
South Wairarapa District Council	4,304	4,006
Upper Hutt City Council	7,649	6,978
Wellington City Council	46,820	40,800
<b>Total council opex programme</b>	<b>113,286</b>	<b>96,640</b>
<b>Council capex programme</b>		
Greater Wellington Regional Council	101,102	63,904
Hutt City Council	70,527	68,304
Porirua City Council	69,854	39,667
South Wairarapa District Council	5,569	4,910
Upper Hutt City Council	15,692	13,781
Wellington City Council	66,624	72,181
<b>Total council capex programme</b>	<b>329,368</b>	<b>262,747</b>



	2024 Actual \$000	2023 Actual \$000
<b>Revenue from non-exchange transactions:</b>		
<b>National Transition Programme:</b>		
Greater Wellington Regional Council	88	224
Hutt City Council	116	302
Porirua City Council	89	230
South Wairarapa District Council	17	45
Upper Hutt City Council	66	169
Wellington City Council	191	500
Other - DIA	62	-
<b>Total other council revenue</b>	<b>629</b>	<b>1,470</b>

During the fiscal year, Wellington Water engaged in several significant transactions with related parties, which have been duly recognised in our expenses.

Wellington Water has been in an alliance partnership with Fulton Hogan since 1 July 2019, aimed at maintaining and operating the three waters networks across the Wellington region. Given that Fulton Hogan employees hold management positions within the Alliance, which could potentially exert significant influence, Fulton Hogan is classified as a related party. The total cost of services procured from Fulton Hogan during the year amounted to \$120.8m (2023: \$62.7m).

Additionally, Wellington Water received various services from Wellington City Council on an arm's length basis, including payroll and IT.

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

	2024 Actual \$000	2023 Actual \$000
<b>Amounts owing to Wellington Water by related parties at 30 June</b>		
Greater Wellington Regional Council	12,604	9,894
Hutt City Council	10,734	10,847
Porirua City Council	9,708	5,187
South Wairarapa District Council	341	1,331
Upper Hutt City Council	-	(86)
Wellington City Council	25,889	10,145
Fulton Hogan	-	28
<b>Total related party receivables</b>	<b>59,276</b>	<b>37,346</b>

	2024 Actual \$000	2023 Actual \$000
<b>Amounts owed to related parties by Wellington Water at 30 June</b>		
Greater Wellington Regional Council	329	841
Hutt City Council	2,232	-
Porirua City Council	303	-
South Wairarapa District Council	85	-
Upper Hutt City Council	997	-
Wellington City Council	901	-
Fulton Hogan	16,054	10,437
<b>Total related party payables</b>	<b>20,901</b>	<b>11,278</b>

## 9. Key management personnel

The key management personnel are the Directors, Chief Executive and Senior Leadership Team. The full time equivalent (FTE) number of individuals receiving remuneration as key management (excluding directors) during the year was 6 (2023: 7).

	2024 Actual \$000	2023 Actual \$000
Salaries and wages	1,735	1,843
Directors' fees	200	176
Superannuation	52	55
<b>Total key management personnel remuneration</b>	<b>1,987</b>	<b>2,074</b>

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

	2024 Actual \$000	2023 Actual \$000
Nick Leggett	60	31
Leanne Southey	30	28
Alexandra Hare	30	27
Mahina Puketapu	25	-
Patrick Dougherty	25	-
Bill Bayfield	25	-
Kim Skelton	5	26
Lynda Carroll	-	44
Mike Underhill	-	20
<b>Total Directors' remuneration</b>	<b>200</b>	<b>176</b>

## 12. Financial instruments and risk management

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

	2024 Actual \$000	2023 Actual \$000
<b>Financial Assets</b>		
<b>Loans and receivables</b>		
Cash and cash equivalents	36,550	31,871
Receivables and prepayments	70,081	41,672
<b>Total loans and receivables</b>	<b>106,631</b>	<b>73,543</b>
<b>Financial Liabilities</b>		
<b>Financial liabilities at amortised cost</b>		
Trade payables and payables with related parties	68,367	58,349
<b>Total financial liabilities at amortised cost</b>	<b>68,367</b>	<b>58,349</b>

### Fair values

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

### Market risk

Market risk refers to the exposure to fluctuating interest rates and foreign currency rates. Wellington Water does not have any long-term borrowings or significant foreign currency exposure, thereby minimising market risk.

### Credit risk

Credit risk is the risk that counterparties will default on their contractual obligations, resulting in financial loss to the company. Wellington Water's credit risk is concentrated due to its reliance on revenue from the Greater Wellington Regional Council, Hutt City Council, Porirua City Council, South Wairarapa District Council, Upper Hutt City Council, and Wellington City Council. However, these councils are considered high credit quality entities by the Directors. Receivables balances are monitored continuously to manage exposure to bad debts. Additionally, cash and cash equivalents are held with ANZ Bank, which has a Standard and Poor's credit rating of AA-.

### Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its financial obligations as they fall due. This risk is managed by maintaining short payment terms with the six councils. There are no trade payables with a due date of more than one year, ensuring that the company can meet its short-term liabilities.

### 13. Commitments and contingencies

Wellington Water has operating lease commitments relating to the rental of the Petone office, vehicles and copiers on normal commercial terms and conditions. The minimum payments to be paid under non-cancellable operating leases are as follows:

	2024 Actual \$000	2023 Actual \$000
Less than 1 year	2,040	1,464
Between 1 and 5 years	3,845	327
Later than 5 years	777	-
<b>Total operating lease commitments</b>	<b>6,662</b>	<b>1,791</b>

Wellington Water has no material capital commitments (2023: nil). Capital commitments relating to the council work programme are disclosed in the individual council financial statements.

### 14. Water Services Entity: Local Water Done Well

Wellington Water Limited continues to operate as a council-controlled organisation (CCO) owned by six councils. Following the repeal of the Water Services Entities Act 2022 and related legislation in July 2024, the Government introduced the “Local Water Done Well” policy, legislated in August 2024. This policy returns responsibility for water services to local authorities and enables the formation of council-controlled organisations to manage service delivery, supported by a new regulatory framework.

The reform is being implemented in three stages:

1. Repeal of the previous legislation
2. Establishment of a new framework and transitional arrangements
3. Development of enduring settings for the water services system

On 15 August 2024, the Department of Internal Affairs confirmed the disestablishment of the Entity G establishment board. Wellington Water is actively supporting its shareholder councils through this transition and continues to deliver water services under existing arrangements. The company remains focused on ensuring continuity of service, operational resilience, and alignment with the evolving regulatory environment.

As of April 2025, councils are actively consulting on their preferred water services delivery models, including options such as in-house delivery or forming new multi-council-owned CCOs. Decisions on preferred models are expected by mid-2025, with final Water Services Delivery Plans to be submitted to the Department of Internal Affairs later in the year.

## 15. Capital Commitments

The total capital commitments for the Councils as of 30 June 2024 amount to \$107m (2023: \$175m), disclosed per Council as follows:

- Hutt City Council (HCC): \$11m
- Upper Hutt City Council (UHCC): \$5m
- Wellington City Council (WCC): \$6m
- Porirua City Council (PCC): \$41m
- Greater Wellington Regional Council (GWRC): \$44m
- South Wairarapa District Council (SWDC): \$0m

## 16. Subsequent events

### Wellington Water Leases and Accommodation

Following the balance date, Wellington Water concluded its lease for Level 7 and entered into new leases for Level 5 and Level 6 within the Petone office building. Part of Level 5 has been subleased to Holmes Construction NZ. This arrangement was necessary to accommodate employees relocating from Level 7 and to ensure all staff remain within the existing building.

### Reviews of financial controls, cost benchmarking, and value for money

In mid-2024, Wellington Water identified a cost estimation error in our budgeting advice for councils' 2024–34 Long Term Plans, revealing several risks. In response, we initiated immediate changes to company structure, culture, and processes to enhance capability and value for money for councils.

To address these risks and provide assurance to the Water Committee and the Board, Wellington Water commissioned two reports:

- Analysis of panel costs and valuation unit rates by AECOM (Feb 2025), and
- Review of aspects of financial systems and procurement processes by Deloitte (Mar 2025)

The reports identified several areas where we have not delivered optimal value for money.

Key findings included:

- **Lack of oversight and/or involvement** by Wellington Water in the management of the panels to support and promote competitive tension, quality, and to ensure value for money.
- **Weak financial management** processes and controls relating to panel and Alliance agreements increasing fraud risk.
- **One fraud incident** was identified; the person involved is no longer employed by Wellington Water, and the matter has been handed over to the police.
- **Cost Benchmarking:** Services were found to be consistently more expensive than those of comparable councils, especially for drinking water and wastewater assets.



The findings support the pre-emptive improvements already implemented, with ongoing efforts to reduce costs and enhance value for money for our councils. These improvements include:

- **Contractual Reset:** Direct contracts with key sub-contractors for better oversight and reduced costs.
- **Alliance Focus:** Redefining the Alliance's role to focus on frontline network maintenance and operations with a new performance framework for efficient operation and maintenance.
- **Competitive Bidding:** Increasing competitive bidding to benchmark and improve value for money.
- **Value-Focused KPIs:** Developing and implementing KPIs with regular performance reviews for all our consultants and contractors.

Immediate actions underway include:

- **Culture Change:** Promoting a positive culture where risks are raised early.
- **Fraud Training:** Providing fraud and corruption training workshops.
- **Payment Oversight:** Enhancing oversight, appropriate reviews and approvals of payments.
- **Financial Controls:** Strengthening existing financial controls, especially regarding large annual purchase orders and automatic payments.
- **Contractor Oversight:** Strengthening day-to-day oversight of contractors and suppliers, increasing internal project management capacity for better outcomes and value.

We have maintained transparency and accountability to councils, briefing staff, shareholders, key stakeholders and suppliers on the findings and actions taken. While immediate term limitations exist, the technology systems identified for investment by councils will ensure continued improvements.

## 17. Statutory reporting timeframe

Section 67 (1) of the Local Government Act 2002 requires that Wellington Water complete its 30 June 2024 annual report which includes audited financial statements and performance information before the close of 30 September 2024. The Company was not able to comply with this requirement for the year ended 30 June 2024 and the annual report was not adopted until 9 June 2025.

# Understanding our Performance Information

## Statement of Compliance

Performance information in this document is for the year ended 30 June 2024. Information and disclosures comply with generally accepted accounting practice in New Zealand (“NZ GAAP”) and Tier 1 PBE accounting standards. All statutory requirements as outlined in the Local Government Act 2002 and the Companies Act 1993 have been met.

## Identification of performance information

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

- All Statement of Intent measures on pages 11-33, beginning at the “enhancing relationships with mana whenua” section.
- All narrative information on pages 6-30, excluding case studies
- Department of Internal Affairs measures on pages 65-76

## Disclosure of Judgements

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

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

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

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

We have not set aspirational measures or measures that we do not believe we can deliver, the exception to this being for compliance with drinking water and enforcement actions taken against the company by the environmental regulator regarding wastewater treatment plant compliance and performance.

We are unable to fully comply with Drinking Water Quality Assurance Rules at the Waterloo Water Treatment Plant without additional investment (which has been committed in the current Hutt City Council Long-term Plan), and past performance of our wastewater treatment plants makes

compliance unlikely in the short-term without significant additional investment. However, we deem that setting targets that are less than fully compliant is inappropriate in these circumstances.

We consult with our councils on draft measures through the Statement of Intent process.

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

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

These measures are supported by the mandatory measures that our councils are required to report under the Local Government Act 2002. These measures were set by the Department of Internal Affairs in 2013 and are enshrined in legislation. These results can be found on page 63.

## Changes to performance measures

### Measures that were added for 2023/24.

Measure	Reason for change
The Infrastructure Leakage Index (ILI) of the Wellington Metropolitan Network will improve	<p>Providing sufficient water to our customers is a core objective and is a key focus. The ILI is a more meaningful measure than other measures we have had in the past, because not all cities are the same due to “unavoidable” losses in transmission.</p> <p>The ILI is an industry-standard measure that allows for benchmarking between water utilities as it is a ratio of avoidable to unavoidable losses, which makes it easier to compare our performance both across the cities that we operate within, as well as with other cities.</p> <p>Note that this measure has been removed in the 2024-27 Statement of Intent and replaced with a measure focused on whether we have to implement stringent water restrictions, as avoiding those water restrictions is the key short-term objective of the company.</p>
We will complete all actions for the defined period set out in our Water Loss Reduction Plan	<p>Due to the imminent risk of an acute water shortage in the Metropolitan Wellington area for the 2023/24 summer, the company urgently developed a Metropolitan Water Loss Reduction Plan, the success of which was critical to our owners and our customers.</p> <p>The plan was not fully developed at the time of publishing the Statement of Intent, and council budgets did not allow us to pursue all of the interventions in the final plan. Despite this, we met water loss savings targets for the year.</p>

### Measures that were removed for 2023/24.

Measure	Reason for change
100% of actions on Wellington Water [from the inquiry into fluoride] complete by date recommended in inquiry report	The actions in the report were completed in the prior financial year.
Funded growth studies complete and investment advice provided	There was significant investment in the 2021-31 Long-Term Plans into growth studies and subsequent investment plans from our councils. The bulk of this work was completed in the prior financial year, with significantly less investment and work on these meaning no new target was required.

### Measures that were modified for 2023/24.

Measure	Measure 2023/24	Explanation of changes
The yearly average level of fluoride leaving each Water Treatment Plant is within the Ministry of Health guidelines	The level of fluoride leaving each Water Treatment Plant is within the Ministry of Health guidelines (0.7-1.0 parts per million) 95% or more of the time.	This better reflects the level of service that we try to provide. Additionally, it more accurately reflects service, as days where the plant is fluoridating either at ineffective (<0.7ppm) or unsafe (>1.0ppm) we are not meeting the level of service. The previous measure could be met, in theory, with every day being either under or over.
Compliance with Drinking Water Standards (DWS) Parts 4 and 5 for Metropolitan Wellington	Compliance with Drinking Water Quality Assurance Rules (Treatment)	<b>Drinking Water Standards were replaced with the Drinking Water Quality Assurance Rules.</b>
Compliance with Drinking Water Standards (DWS) Parts 4 and 5 for South Wairarapa	Compliance with Drinking Water Quality Assurance Rules (Treatment)	Drinking Water Standards were replaced with the Drinking Water Quality Assurance Rules.
The percentage of the time resource consents are processed within timeframes (5 working days)	The percentage of the time resource consents are processed within timeframes (10 working days)	Timeframes adjusted from 5 to 10 working days as this better aligns with the level of service we provide councils. This is half of the statutory timeframe for councils to complete these requests (20 working days) under the RMA.

## DIA tables

The following tables provide results of Department of Internal Affairs mandatory measures for all councils. More detailed information is available from each council's website, reported in their annual reports. Last financial year saw significant changes to the rules that govern how we measure and report on the safety of drinking water, as Taumata Arowai (the national regulator for water services) replaced the previous standards with new more rigorous standards. These standards came into effect on 15 November 2022.

The Department of Internal Affairs had not yet updated the drinking water measures 1A and 1B to accommodate the new regulations as of the end of the 23/24 Financial Year. We have therefore measured our performance against the new standards which relate to bacteria and protozoa for these measures, as we did for the latter half of 2022/23. New measures have been developed and came into effect in August 2024, which can be found on the DIA website [here](#).

## Greater Wellington Regional Council

### Bulk water Supply

	Performance Measure	Target	2022/23 Result	2023/24 Result
1A	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	100%	Non-compliant	Non-compliant
1B	The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	100%	Non-compliant	Non-compliant
2	The percentage of real water loss from the local authority's networked reticulation system	+/- 0.25%	0.03%	0.04%
3A	Median response time to attend urgent call-outs	<90 mins	N/A – No events	N/A – No events
3B	Median response time to resolve urgent call-outs	<8 hours	N/A – No events	N/A – No events
3C	Median response time to attend non-urgent call-outs	<72 hours	N/A – No events	N/A – No events
3D	Median response time to resolve non-urgent call-outs	<20 days	N/A – No events	N/A – No events
4	The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of supply or the response to any of these issues; expressed per 1000 connections	<0.2	0	0
5	Average consumption of drinking water per day per resident	<375L	398L	409L

# Hutt City Council

## Water Supply

Performance Measure		Target	2022/23 Result	2023/24 Result
1A	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	1	Non-compliant	Non-compliant
1B	The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	1	Non-compliant	Non-compliant
2	The percentage of real water loss from the local authority's networked reticulation system*	<=20%	0.37	0.35
3A	Median response time to attend urgent call-outs	<=90 mins	98 mins	101 mins
3B	Median response time to resolve urgent call-outs	<= 8 hours	6.7 hours	4.6 hours
3C	Median response time to attend non-urgent call-outs	<= 72 hours	548 hours	191 hours
3D	Median response time to resolve non-urgent call-outs	<= 20 working days	23 working days	16 working days
4	The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of supply or the response to any of these issues; expressed per 1000 connections	<=20	26.1	31.7
5	Average consumption of drinking water per day per resident	<385L	410	422

\*These are estimated figures for water loss on the public network only. We were unable to provide more accurate figures due to the absence of residential water meters \*\*There is a 95% confidence interval for this measure of 20– 50%.

## Wastewater

Performance Measure		Target	2022/23 Result	2023/24 Result
1	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 connections	<20	5.3	1.7
2A	Number of abatement notices received in relation to the resource consents for discharge from sewerage systems	0	1	0
2B	Number of infringement notices received in relation to the resource consents for discharge from sewerage systems	0	5	15
2C	Number of enforcement orders received in relation to the resource consents for discharge from sewerage systems	0	0	0



2D	Number of successful prosecutions in relation to the resource consents for discharge from sewerage systems	0	0	0
3A	Median response time to attend a sewage overflow resulting from a blockage or other fault in the sewerage system	<= 90 mins	593 mins	159 mins
3B	Median response time to resolve a sewage overflow resulting from a blockage or other fault in the sewerage system	<= 8 hours	35 hours	12.4 hours
4	The total number of complaints received about sewerage odour, sewerage system faults, sewerage system blockages and the response to any of these issues; expressed per 1000 connections	<=30	22.1	24.1

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

## Stormwater

Performance Measure		Target	2022/23 Result	2023/24 Result
1A	The number of flooding events that occurred throughout the year	<=2	0	0
1B	For each flooding event, the number of habitable floors affected; expressed per 1000 connections	<0.24	N/A – No flooding events	N/A – No flooding events
2A	Number of abatement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2B	Number of infringement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2C	Number of enforcement orders received in relation to the resource consents for discharge from stormwater systems	0	0	0
2D	Number of successful prosecutions in relation to the resource consents for discharge from stormwater systems	0	0	0
3	Median response time to attend a flooding event	<=8 hours	N/A – No flooding events	N/A – No flooding events
4	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 connections	<=20	18.2	8.5

# Porirua City Council

## Water Supply

Performance Measure		Target	2022/23 Result	2023/24 Result
1A	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	100%	Non-compliant	Compliant
1B	The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	100%	Non-compliant	Compliant
2	The percentage of real water loss from the local authority's networked reticulation system*	<20%	0.31	30**
3A	Median response time to attend urgent call-outs	<90 mins	145 mins	86 mins
3B	Median response time to resolve urgent call-outs	<8 hours	4.2 hours	2.9 hours
3C	Median response time to attend non-urgent call-outs	<20 days†	21 days	7 days
3D	Median response time to resolve non-urgent call-outs	<20 days†	30 days	14 days
4	The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of supply or the response to any of these issues; expressed per 1000 connections	<20	17.9	22.2
5	Average consumption of drinking water per day per resident	<320L	339L	329L

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

\*\*There is a 95% confidence interval for this measure of 16-44%.

†Target was incorrectly stated as 20 working days in the company's Statement of Intent.

## Wastewater

Performance Measure		Target	2022/23 Result	2023/24 Result
1	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 connections	<20	9.3	4.9
2A	Number of abatement notices received in relation to the resource consents for discharge from sewerage systems	0	0	0
2B	Number of infringement notices received in relation to the resource consents for discharge from sewerage systems	0	0	1
2C	Number of enforcement orders received in relation to the resource consents for discharge from sewerage systems	0	0	0
2D	Number of successful prosecutions in relation to the resource consents for discharge from sewerage systems	0	0	0

3A	Median response time to attend a sewage overflow resulting from a blockage or other fault in the sewerage system	<90 mins	101 mins	79 mins
3B	Median response time to resolve a sewage overflow resulting from a blockage or other fault in the sewerage system	<8 hours	3.6 hrs	2.7 hours
4	The total number of complaints received about sewerage odour, sewerage system faults, sewerage system blockages and the response to any of these issues; expressed per 1000 connections	<30	28.2	23.8

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

## Stormwater

Performance Measure		Target	2022/23 Result	2023/24 Result
1A	The number of flooding events that occurred throughout the year	<=2	0	0
1B	For each flooding event, the number of habitable floors affected; expressed per 1000 connections	<0.57	N/A - No flooding events	N/A - No flooding events
2A	Number of abatement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2B	Number of infringement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0*
2C	Number of enforcement orders received in relation to the resource consents for discharge from stormwater systems	0	0	0
2D	Number of successful prosecutions in relation to the resource consents for discharge from stormwater systems	0	0	0
3	Median response time to attend a flooding event	<8 hrs	N/A – No flooding events	N/A - No flooding events
4	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 connections	<20	25.5	10.4

# Upper Hutt City Council

## Water Supply

Performance Measure		Target	2022/23 Result	2023/24 Result
1A	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	100%	Non-compliant	Compliant
1B	The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	100%	Non-compliant	Compliant
2	The percentage of real water loss from the local authority's networked reticulation system*	<20%	0.44	41**
3A	Median response time to attend urgent call-outs	<60 mins	77 mins	76 mins
3B	Median response time to resolve urgent call-outs	<4 hours	4.3 hours	2.2
3C	Median response time to attend non-urgent call-outs	<36 hours	316 hours	238 hours
3D	Median response time to resolve non-urgent call-outs	<15 days	21 days	27 days
4	The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of supply or the response to any of these issues; expressed per 1000 connections	<= 20	9.2	12.3
5	Average consumption of drinking water per day per resident	<415L	443L	450L

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

\*\*There is a 95% confidence interval for this measure of 28– 55%.

## Wastewater

	Performance Measure	Target	2022/23 Result	2023/24 Result
1	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 connections	<20	2	0.4
2A	Number of abatement notices received in relation to the resource consents for discharge from sewerage systems	0	1	0
2B	Number of infringement notices received in relation to the resource consents for discharge from sewerage systems	0	4	15
2C	Number of enforcement orders received in relation to the resource consents for discharge from sewerage systems	0	0	0
2D	Number of successful prosecutions in relation to the resource consents for discharge from sewerage systems	0	0	0

3A	Median response time to attend a sewage overflow resulting from a blockage or other fault in the sewerage system	<=60 mins	263 min	80 mins
3B	Median response time to resolve a sewage overflow resulting from a blockage or other fault in the sewerage system	<=6 hours	5 hours	3.4 hours
4	The total number of complaints received about sewerage odour, sewerage system faults, sewerage system blockages and the response to any of these issues; expressed per 1000 connections	<=30	8.2	10

## Stormwater

Performance Measure		Target	2022/23 Result	2023/24 Result
1A	The number of flooding events that occurred throughout the year	<=2	0	0
1B	For each flooding event, the number of habitable floors affected; expressed per 1000 connections	<=0.64	N/A - No flooding events	N/A - No flooding events
2A	Number of abatement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2B	Number of infringement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2C	Number of enforcement orders received in relation to the resource consents for discharge from stormwater systems	0	0	0
2D	Number of successful prosecutions in relation to the resource consents for discharge from stormwater systems	0	0	0
3	Median response time to attend a flooding event	<60 mins	N/A – No flooding events	N/A - No flooding events
4	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 connections	<=20	5.6	2.1

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

# Wellington City Council

## Water Supply

Performance Measure		Target	2022/23 Result	2023/24 Result
1A	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	100%	Non-compliant	Compliant
1B	The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	100%	Non-compliant	Non-compliant
2	The percentage of real water loss from the local authority's networked reticulation system*	<17%	31%	28%**
3A	Median response time to attend urgent call-outs	<60 mins	132 mins	151 mins
3B	Median response time to resolve urgent call-outs	<4 hours	13.4 hours	13.6 hours
3C	Median response time to attend non-urgent call-outs	<36 hours	654 hours	555 hours
3D	Median response time to resolve non-urgent call-outs	< 5 days	40 days	45.1 days
4	The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of supply or the response to any of these issues; expressed per 1000 connections	<20	18.7	2320%
5	Average consumption of drinking water per day per resident	<365L	402L	416L

## Wastewater

Performance Measure		Target	2022/23 Result	2023/24 Result
1	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 connections	0	5.5	3.9
2A	Number of abatement notices received in relation to the resource consents for discharge from sewerage systems	0	0	1
2B	Number of infringement notices received in relation to the resource consents for discharge from sewerage systems	0	2	3
2C	Number of enforcement orders received in relation to the resource consents for discharge from sewerage systems	0	0	0
2D	Number of successful prosecutions in relation to the resource consents for discharge from sewerage systems	0	0	0



3A	Median response time to attend a sewage overflow resulting from a blockage or other fault in the sewerage system	<=60 mins	85 mins	80 mins
3B	Median response time to resolve a sewage overflow resulting from a blockage or other fault in the sewerage system	<= 6 hours	7.9 hours	4.7 hours
4	The total number of complaints received about sewerage odour, sewerage system faults, sewerage system blockages and the response to any of these issues; expressed per 1000 connections	<30	22.9	19.8

## Stormwater

Performance Measure		Target	2022/23 Result	2023/24 Result
1A	The number of flooding events that occurred throughout the year	<=2	0	0
1B	For each flooding event, the number of habitable floors affected; expressed per 1000 connections	<=0.13	N/A - No flooding events	No flooding events
2A	Number of abatement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2B	Number of infringement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2C	Number of enforcement orders received in relation to the resource consents for discharge from stormwater systems	0	0	0
2D	Number of successful prosecutions in relation to the resource consents for discharge from stormwater systems	0	0	0
3	Median response time to attend a flooding event	<=60 mins	N/A - No flooding events	No flooding events
4	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 connections	<20	14.5	8.4

# South Wairarapa District Council

## Water Supply

Performance Measure		Target	2022/23 Result	2023/24 Result
<b>1A</b>	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)*			
	Featherston Scheme	100%	Non-compliant	Non-compliant
	Greytown Scheme	100%	Non-compliant	Non-compliant
	Martinborough Scheme	100%	Non-compliant	Compliant
	Pirinoa Scheme	100%	Non-compliant	Compliant
<b>1B</b>	The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)*			
	Featherston Scheme	100%	Non-compliant	Non-compliant
	Greytown Scheme	100%	Non-compliant	Non-compliant
	Martinborough Scheme	100%	Non-compliant	Non-compliant
	Pirinoa Scheme	100%	Non-compliant	Compliant
<b>2</b>	The percentage of real water loss from the local authority's networked reticulation system	<30%	0.46	42%*
<b>3A</b>	Median response time to attend urgent call-outs	<60 mins	91 mins	58 mins
<b>3B</b>	Median response time to resolve urgent call-outs	<8 hours	4.7 hours	3.4 hours
<b>3C</b>	Median response time to attend non-urgent call-outs	<2 working days	2 working days	3 working days
<b>3D</b>	Median response time to resolve non-urgent call-outs	<5 working days	3 working days	4 working days
<b>4</b>	The total number of complaints received about drinking water taste, clarity, odour, water pressure or flow, continuity of supply or the response to any of these issues; expressed per 1000 connections	<70	22.1	18.4
<b>5</b>	Average consumption of drinking water per day per resident	<400L	597L	583

## Wastewater

Performance Measure		Target	2022/23 Result	2023/24 Result
1	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 connections	<10	4.5	1.1
2A	Number of abatement notices received in relation to the resource consents for discharge from sewerage systems	0	1	3
2B	Number of infringement notices received in relation to the resource consents for discharge from sewerage systems	0	0	0
2C	Number of enforcement orders received in relation to the resource consents for discharge from sewerage systems	0	0	0
2D	Number of successful prosecutions in relation to the resource consents for discharge from sewerage systems	0	0	0
3A	Median response time to attend a sewage overflow resulting from a blockage or other fault in the sewerage system	<60 mins	58 mins	65 mins
3B	Median response time to resolve a sewage overflow resulting from a blockage or other fault in the sewerage system	<4 hours	13.6 hours	3.6 hours
4	The total number of complaints received about sewerage odour, sewerage system faults, sewerage system blockages and the response to any of these issues; expressed per 1000 connections	<60	32.6	21

## Stormwater

Performance Measures		Target	2022/23 Result	2023/24 Result
1A	The number of flooding events that occurred throughout the year	0	0	0
1B	For each flooding event, the number of habitable floors affected; expressed per 1000 connections	0	N/A – No flooding events	N/A – No flooding events
2A	Number of abatement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2B	Number of infringement notices received in relation to the resource consents for discharge from stormwater systems	0	0	0
2C	Number of enforcement orders received in relation to the resource consents for discharge from stormwater systems	0	0	0

3D	Number of successful prosecutions in relation to the resource consents for discharge from stormwater systems	0	0	0
3B	Median response time to attend a flooding event	<180 mins	N/A*	N/A*
4	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 connections	0	N/A*	N/A*

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

# Independent Auditor's Report



## Independent Auditor's Report

### To the readers of Wellington Water Limited's financial statements and performance information for the year ended 30 June 2024

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

We have audited:

- the financial statements of the company on pages 42 to 61, that comprise the statement of financial position as at 30 June 2024, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 31 to 33 and 62 to 76.

### Opinion

#### *Unmodified opinion on the financial statements*

In our opinion the financial statements of the company on pages 42 to 61:

- present fairly, in all material respects:
  - its financial position as at 30 June 2024; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

#### *Qualified opinion on the performance information*

In our opinion, except for the possible effects of the matters described in the *Basis for our opinion* section of our report, the performance information of the company on pages 31 to 33 and 62 to 76 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2024.

Our audit was completed on 9 June 2025. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial

statements and the performance information, we comment on other information, and we explain our independence.

### **Basis for our opinion**

**Performance information: Our work was limited with respect to the ratio of planned to reactive maintenance, and the total number of complaints received about water supply, wastewater and stormwater**

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

#### *The ratio of planned to reactive maintenance*

One of the core operational activities of the company is conducting maintenance work on the network to ensure it keeps functioning. The activities are broken down into two main categories: planned maintenance and reactive maintenance.

The company's service performance information includes the performance measure *Ratio of planned to reactive maintenance increases*. This is assessed as a material aspect of performance as increasing the proportion of funding that is dedicated to planned maintenance may reduce the likelihood of faults and failures.

Management was unable to provide us with sufficient appropriate audit evidence to support the classification of maintenance works as either 'planned' or 'reactive'. As a result, we were unable to conclude whether the reported result of 0.28:1, as disclosed on pages 27 and 33, is materially correct.

#### *The total number of complaints received about water supply, wastewater and stormwater*

The company manages the water assets and services of its six shareholding councils on their behalf. The company therefore reports against the performance measures set out in the Non-Financial Performance Measure Rules 2013 (the Rules) made by the Secretary for Local Government. These include mandatory performance measures relating to the number of complaints received. The company provides results of the mandatory performance measures on pages 62 to 76. The company also reports on its statement of intent measures on pages 31 to 33.

Records of complaints are maintained by shareholding councils, and issues with council systems and processes meant we were unable to obtain sufficient appropriate audit evidence about the completeness and accuracy of complaints reporting.

Our opinion on the total number of complaints received about water supply, wastewater, and stormwater was also qualified in the 2023 performance year.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our



responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

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

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

## **Emphasis of matters**

Without further modifying our opinion, we draw attention to the following disclosures.

### *Reviews of financial controls, cost benchmarking, and value for money*

Note 16 on page 60 outlines the findings of two reports commissioned by the Board into financial systems and procurement processes, and into panel costs and valuation unit rates.

The disclosure notes the findings of the reports included:

- weaknesses in management and oversight of panels to promote competitive tension and value for money;
- weak financial processes and controls relating to panel and Alliance agreements; and
- cost benchmarking found works to be consistently more expensive than comparator councils.

The disclosure sets out actions being taken by the company to address these matters.

### *Future of water services delivery*

Note 14 on page 59 outlines that the shareholding councils are actively consulting on their preferred future water service delivery models, including options such as in-house delivery or forming new council-controlled organisations. Decisions are expected by mid-2025. The financial statements have been appropriately prepared on a going concern basis. The councils' decisions following consultation could result in significant changes to Wellington Water Limited.

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

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

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

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

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

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

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

## **Other Information**

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 30 and 34 to 41, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for our opinion section above, our work was limited with respect to the ratio of planned to reactive maintenance. Accordingly, we are unable to conclude whether the other information that includes performance information about the Company is materially misstated with respect to this matter.

## **Independence**

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of

Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners  
(including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand  
Auditing and Assurance Standards Board.

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

A handwritten signature in black ink, appearing to read 'Clint Ramoo', with a horizontal line underneath.

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