Wellington Water

Wellington Water Half-Year Report

To 31 December 2016

Our water, our future.

Contents

Table of Contents

1. Foreword

In the first quarter of 2016, operational and capital projects were tracking well against targets. Good progress had been made in building a high performance organisation by progressing activities in our three company result areas, each with a specific priority: Growing capability and culture, Demonstrate Value for Money and Working Collaboratively.

Our client councils have rated us as having their trust, which relates to us conducting ourselves in an open and transparent manner. This trusted advisor relationship has underpinned our work within our 'Shaping our Future' programme and delivering against our capital and operational programmes.

This favourable position put us in a good position for dealing with the challenges and disruption to our business of quarter two, with the magnitude 7.8 earthquake in Kaikoura on 14 November 2016.

The Kaikoura earthquake resulted in a number of Wellington businesses being unable to re-enter their buildings until declared safe to occupy. We were one of those businesses. This meant we needed to manage our response and continuing operations from a variety of locations until our return to the Petone IBM building on 12 December 2016.

While the supply network withstood the earthquake reasonably well, on the morning of 15 November 2016 a severe rainstorm crossed the Wellington region. Stormwater networks were overloaded in Porirua, Hutt City and Wellington, leading to surface flooding and road closures. It is likely that flooding was made worse by the earthquake, leading to landslips that blocked and broke pipes.

Throughout these events and the absence from our main office we focused on ensuring that our people were safe and that they prioritised their own wellbeing and that of their families. We emphasised keeping in touch, establishing remote workplace hubs and organising several all-staff meetings so people could connect with their colleagues, share their experiences and stay up to date with our work.

By the end of December we were almost back to normal operations, working with customers and our client councils to progress flooding responses and gearing up for input into a revitalised regional focus on a more resilient Wellington.

It's too early to assess the full impact of the earthquake and the flooding on our programme of work for the year. But overall we remain confident that the goals and measures we set out in our 2016-19 Statement of intent, that we report interim progress on here, remain relevant and achievable.

2. Company Performance

2.1 Customer outcomes

Customer outcomes are our highest level performance indicators. They're what customers notice and care about– safe drinking water, a clean water environment, and reliable service.

Under each of these three primary outcomes sit our strategic goals. Driving performance to reach these goals will improve customer experience.

Outcome 1: Safe and Healthy Water (green)

We provide safe and healthy water drinking water.

We fully comply with the drinking water standards. One bore at the Waterloo Water Treatment Plant had a provisional bore secure status after an EColi incident following the Kaikoura earthquake and was closed subject to investigations; it will remain closed for the next 12 months in accordance with best practice. We also took additional water samples at all wells and all primary reservoirs, and we chlorinated the supply to Hutt City. All subsequent tests came back negative, which meant that we stopped chlorinating after three days. However, complaints and comments about the taste of the water continued for several days after that.

A risk review of the Hutt Valley unchlorinated system, triggered by the Havelock North bore contamination issue, has nearly been completed. Investigations into quality, taste and odour issues at the Stuart Macaskill storage lakes identified modifications to treatment processes that we can make – these will help reduce the impact and risk to the quality of algae in the lakes.

The earthquake cut power to our Waterloo treatment plant, and consequently interrupted water supply to Wellington City. It also triggered multiple seismic alarms. However, there were no major mains bursts or leaks, and we were able to meet demand throughout the day until reservoir levels could recover overnight.

Liquefaction caused by the quake cracked the concrete aprons surrounding two of the three wells at Gear Island Treatment plant. None of these wells has been used for supply since then, and we are carrying out thorough tests on their integrity.

The risk of an unchlorinated water supply

We are reviewing the risk associated with supplying unchlorinated water to Hutt City residents, and the system we currently run. The timing of the review has been influenced by the water contamination issue in Havelock North. The outcome of our review will be to provide recommendations for improvement. Unchlorinated water remains safe to drink, but as a precautionary measure, water quality testing at the main aquifer wells has been increased from every second day to daily.

Outcome 2: Respectful of the environment (amber)

We have a lot of work to do in the area of measuring and improving the impact on the environment of the three waters networks.

In essence, this means we need to do more to stop pipes overflowing where they shouldn't, and monitoring and measuring overflows when they do occur.

Overflows are a fact of network management; to build a system that did not overflow would be prohibitively expensive, and increase the risk and impact of uncontrolled flow, for example in people's homes or across city streets.

We're undertaking investigations both to identify and remedy pollution sources, and to inform planning for better performance and future growth. Stormwater and wastewater flow modelling contributes to master plans that capture the issues and the proposed solutions that clients can use to prioritise the work they need to do. The Porirua Stormwater Master Plan is an example of this and a draft of this work has been presented to that council.

The picture is further enriched by the Whaitua process, put in place by the regional council. Whaitua committees are tasked with helping set environmental quality limits including for fresh water and coastal water. These limits will affect network performance criteria, which means that they must be considered in any framework, seeking to provide a coordinated response to the challenges of managing urban stormwater and wastewater. We are working closely with the Porirua Whaitua committee as it builds its understanding of the various factors that will eventually be captured in the region's Natural Resources Plan.

We have also been collaborating with Greater Wellington Regional Council (GWRC) to develop a joint *water quality monitoring programme*. Pre-hearing meetings for the Proposed Natural Resources Plan have discussed our proposal for a risk-based approach to stormwater consents when considering impacts on receiving water quality.

Wet weather overflows in Porirua City

Our monitoring and modelling work in the Porirua Treatment Plant catchment has quantified the frequency of the major network overflow locations over the past 12 months. Through this and other investigations, we have also identified a number of manholes within the catchment that will surcharge under heavy rain and discharge to the environment.

The immediate impact of this monitoring is to show an increase in events. We need to work with consent managers to make sure they understand this, at the same time as we develop a master plan for the wastewater trunk network. This will help us to identify and present suitable level of service options to inform Porirua City Council's 2018-28 Long Term Plan. It will also support consenting under the Resource Management Act. Next steps are determining preferred levels of service and funding required for completing this work.

Regarding minimising the impact of flooding on people's lives, investigations have been completed for the Porirua CBD and an options paper was presented to councillors in September 2016.

Outcome 3: Resilient networks support our economy (amber)

Day to day, the three waters services are highly reliable. Under stress, (such as earthquakes) there are vulnerabilities. The most common of these is flooding during large wet weather events.

Historical building standards, physical changes to the environment over which surface water flows, street design, housing density and urban development all have a part to play in the ability of stormwater and wastewater networks to cope with stress. Increasing the resilience of these networks is a long-term improvement initiative involving working with planners and property owners.

The Kaikoura earthquake has reinforced the need for coordinated resilience planning and action by local and central government agencies. This includes the need to prioritise work to improve resilience of the three waters networks, and of communities and customers to improve their preparedness. The Department of Internal Affairs has been appointed as the Central Government contact point for water, which will assist our work.

Our approach is simple. Right now, between the ability of customers to look after their own water needs for health and hygiene after a major earthquake, and the time it would take to restore networked services, there is a gap. To close the gap, people need to make sure that they are better prepared to look after themselves and we will continue to strengthen our networks – through emergency response measures.

We anticipate a very busy remainder of the financial year working with government and local government agencies to communicate this approach. We will be supporting people in their efforts to improve their resilience and fast tracking our planning to make a real difference.

Our water supply network remains resilient in non-emergency conditions. That is, our supply and demand modelling indicate the aquifer and river supplies, supported by lake storage and demand management measures such as summer garden watering restrictions and conservation campaigns, are sufficient to meet demand in 49 out of 50 summers (at a 2% annual exceedance probability).

Our performance against company, programme, council and mandatory non-financial performance measures is detailed in the appendices to this report.

Individual health and hygiene resilience

We are planning to promote the message that people need to store water at home at a level of at least 20 litres per person per day for at least seven days. This is a shift from the old 3 litres a day for three days message, which is just a survival minimum. People need to do more than just survive if their water and wastewater services are cut off. They need to prepare food and maintain basic hygiene. At the same time, we need to revamp our infrastructure planning to close the gap in service restoration. To do this we're looking for alternative supply sources, and fast-tracking projects to complete a joined up bulk water supply loop.

Three Waters Dashboard

Customer Outcome 1
Safe and Healthy Water

Overall we provide service that contributes to safe and healthy water, although there are potential public health issues linked to the under capacity of the wastewater networks during wet weather.

We provide safe and healthy drinking water
- Water is delivered to meet current NZ Drinking Water Standards and water supply legislation so that our activities prevent contamination of treated water
- Water supplied is of acceptable quality to customers

We fully comply with the New Zealand Drinking Water Standards but subsequent to the Havelock North incident we are in the process of completing a risk review of the Hutt Valley non chlorinated scheme. Algal issues have been identified in the Macaskill Lakes; an action plan has been developed and is currently being implemented.

We operate and manage assets that are safe for our suppliers, people and customers
- Water services are delivered in a way that is safe for our suppliers, people and customers
- Asset safety risks are identified and improved

Although this indicator is green we need to implement processes and continue to investigate asset improvements to maintain this status.

We provide an appropriate region-wide fire-fighting water supply to maintain public safety
- Sufficient water is supplied to meet urban firefighting needs under normal conditions
- We identify and implement water supply improvements to assist the Fire Service

Identification and confirmation with the Fire Service of critical hydrants that will be part of ongoing hydrant performance testing across the region is an ongoing work programme.

We minimise public health risks associated with wastewater and stormwater
- The public is protected from direct exposure to untreated wastewater onto land
- The public is protected from direct exposure to untreated wastewater onto beaches

There are network capacity issues that result in overflows that can result in public health concerns. Work is ongoing throughout the region to minimise the number of overflows with a current focus on developing the Porirua network plan for optimising the performance of the piped wastewater network.

Customer Outcome 2
Respectful of the environment

We continue to have work to do in this area around measuring our performance. Due to the complexities involved in this, we are working in the medium term to improve our understanding of how to measure our performance.
We continue to undertake investigations to identify and remedy pollution sources and work is ongoing regarding understanding the education needs of the community.

We will enhance the health of our waterways and the ocean
- Water quality of the waterways and harbours is not adversely affected by discharges from any of the three waters network
- Integrated catchment management plans are used in a collaborative approach with stakeholders to carry out improvements to the water quality of waterways and harbours

We currently monitor freshwater sites and beaches, some of these sites exceed pollution target levels. This is a long term ongoing initiative to identify and remove sources of pollution.

We influence people's behaviour so they are respectful of the environment
- Communities are educated to use our infrastructure in ways that reduce the impact on the natural environment in areas such as stormwater pollution and water conservation

This indicator currently is not measured although education programmes are in place for some areas. The above indicators are assessed based on experience and knowledge at this stage. A draft education strategy has been developed.

We manage the use of resources in a sustainable way
- Our customers receive water services that are managed efficiently through minimising:
  - water loss
  - energy consumption
  - production of treatment plant waste

We measure water consumption (including loss) across the region but are yet to develop indicators in other areas.

We ensure the impact of water services is for the good of the natural and built environment*
- Water services are managed to comply with consents
- Water services are built and managed in ways that are not intrusive to communities.

There is significant work underway with consenting activities under the Proposed Natural Resources Plan, this is a long term project.

Customer Outcome 3
Resilient networks support our economy*

Overall the three waters service is reliable. There are parts of the network that do not have sufficient capacity during large wet weather events. This can lead to flooding and wastewater overflows. Increasing the resilience of the networks is a long term improvement initiative.

We minimise the impact of flooding on people's lives and proactively plan for the impacts of climate change
- The potential impact of increased sea levels and flooding on property and key transport links from stormwater is identified and the impacts are minimised
- The impacts of an additional 1m sea level rise are understood and preventive measures are implemented where practicable

Performance measures reflect the need to predict the impact of flooding on communities through the use of hydraulic models. Although there is a current programme to achieve total coverage of Wellington City within 3 years, provision within the future budgets of other councils will need to be made in order to achieve total coverage.

We provide three water networks that are resilient to shocks and stresses
- We work to meet agreed levels of service to restore water services to customers

The "80-30-80" strategy has been derived through a comprehensive review of the whole water supply system throughout the region from catchment to customer. The work has determined the level of service requirements and the activities required to close the gap over time including the self-sufficiency requirements.

We plan to meet future growth and manage demand*
- The water supply network meets normal demand and plans to accommodate changes in demand and growth
- The wastewater network meets normal demand and plans to accommodate changes in demand and growth

The National Policy Statement on Urban design reinforces the need to understand the impact of Councils growth aspirations on 3 waters infrastructure performance.

We provide reliable services to customers
- Customers have access to reliable Three water service

Current service interruptions for water supply and network blockages for wastewater and stormwater networks continue to be below target.

KEY: On track | Intervention required | Not on track

* Minor wording changes made to better reflect the intent of the Outcome and Goal. SOI version still being tracked and reported against.

3. Company Results

We are building a high performance organisation by progressing activities in three company result areas, each with a specific priority:

1. **Growing capability and culture**

   Specific priority: Becoming Wellington Water

2. **Demonstrate Value for Money**

   Specific priority: Put in a system to demonstrate value for money

3. **Working Collaboratively**

   Specific priority: Growing our business

3.1 Company result area 1: Growing capability and culture

Health and Safety

In the quarter to December 31, two contractor Health and Safety incidents (out of six) required physiotherapist treatments due to handling strains or sprains. We temporarily closed a work site that we believed was not up to standard. We also held a special post-earthquake learnings meeting to ensure open communications. Our senior leadership team meet regularly to discuss Health and Safety issues.

We identified the need to do more with suppliers on their health and safety culture, particularly on incidents resulting in lost time injuries and making sure that people know why and how to record observations and events. Proactive reporting on health and safety by our staff is trending well above the target of one reactive report to 20 proactive reports.

Up to the end of November 2016, the ratio of reporting proactive interactions to reactive had levelled out. Total numbers reported increased over the period; however, the full effect of the earthquake, flooding and the team being out of the IBM building is yet to be seen.

Measure area
• Staff engagement scores for health and safety remain on trend above the benchmark level of 61% (in 2015 we achieved 81%) • Near hit/risk reporting/something good ratio to total recorded injuries. Target: Increasing ratio of 50% year-on-year towards a stretch target of 20: 1 by end 2018/19. Benchmark is the year 2015/16 ratio • We receive our first safety star rating score • Standard lag measures such as injury frequency rates for lost time, total recordable injury and severity of injury.

• Target: Trend toward Business Leaders Health and Safety Forum rates for our sector of Lost Time Injury Frequency Rate at 1.5 per 200,000 hours, and Total Recordable Injury Frequency Rate of 4.6 per 200,000 hrs.
Comment
• The second annual survey was undertaken in late Q1 2016. Early indications have shown an improvement in health and safety engagement from 81% to 85% • Our Wellbeing Strategy, focusing on employ health and wellbeing, is guiding activity in Q3 • Current sector performance at the end of Q2 is a sector ratio of 38:1, a WWL ratio of 125:1 and a contractor ratio of 28:1. What this means is that 38 positive reports have been made to 1 reactive report throughout the sector. Wellington Water has dropped slightly in reporting ratios whereas our contractors have improved slightly; the Wellington Water reporting drop is of no concern as the ratio is far in excess of expectations. • Consultants have maintained safe work practices and not reported injuries in Quarter 2. • We self-measured against all 15 standards in the WorksafeNZ/ACC pilot Safety Star Rating initiative and identified two areas for improvement – Health and safety-focused training for staff and our health and safety vision and goals. Training planning has been completed and the programme is under way. The vision and goals work has been temporarily suspended while we work through staff welfare and resilience in response to the earthquake in November 2016. • We also need to report the lost time injury and total recordable injury frequency rates

Leadership

Our leadership development programme is evolving as senior leaders take over responsibility for facilitating group learning and discussion. New employees took part in a one-day adaptive leadership session to introduce them to the concepts and tools of the programme.

Engagement

Our engagement survey last financial year identified leadership and uncertainty about our future as necessary focus areas.

The engagement survey undertaken in October 2016 indicated a positive shift in questions relating to “manager” (increasing from 60% to 70%, or 11% ahead of the international benchmark) and 37% to 51% on questions relating to “Leadership”, which is 7% above the benchmark.

We undertook a significant engagement exercise involving staff as well as councils and suppliers to address the uncertainty people had about our future. The work was called 'Shaping our Future'. This was to address an underlying issue identified through focus groups, that people did not feel confident about the future. There was a perception that there was a plan to outsource roles. While the work may not have provided definitive answers for people, the engagement survey undertaken in October 2016 indicated a 12 percentage point increase in confidence related to future performance of the organisation and confidence about having a successful career at Wellington Water. This score now sits 5% above the international benchmark.

Measure area
• Overall engagement survey results continue to improve each year (in 2015 we achieved 56%)
Comment
Our engagement survey was well supported with a response rate of 89%. The overall engagement score lifted nine points and now sits 5% above the benchmark. The initiatives undertaken to address future confidence and leadership in the organisation were reflected in higher scores in this area. Our strengths, Communications and Safety environment continued to improve. Our greatest gap was 3% below the benchmark and related to discretionary work. This could be a workload issue, and we'll look into it further.

Workforce Plan

A Workforce Plan will give us the confidence that we have the capacity and capability to deliver on our outcomes. The Workforce Plan is designed to build a capable and committed workforce on performance, personal leadership, engagement and health and safety.

Measure area
• Succession plans in place for tier 1 and tier 2 positions
Comment
Succession plans and development plans are in place for critical tier 1 and tier 2 positions.

Specific priority 1: Becoming Wellington Water

Becoming Wellington Water relates to the effective delivery of the overall company work programme.

Our company work programme focuses on internal improvements and strategic positioning for the future. With rapid change within the business, we've been careful to remain agile to changing internal and external demands while being mindful of the time our staff need to recover from the pace of progress and change.

Measure area
Deliver 95% of our company-wide work programme on time
Comment
The Company work programme is largely progressing as planned. However, as a result of the 'Shaping Our Future' strategic review with staff and Client councils, new or revised initiatives focusing on the customer, smart services and service delivery models have been added to the programme. New initiatives being added to the programme coupled with our focus on operational response following the 14 November earthquake has resulted in the programme being reprioritised and rescheduled. Balancing the strategic need to progress the programme with our duty to look after staff welfare by managing workloads was the key consideration when resetting the programme. In becoming Wellington Water, the culture of the company is being formed where we carry a substantial workload in a sustainable manner. The programme will continue to have regular reviews from strategic importance and staff workload view.

3.2 Company result area 2: Demonstrate value for money

Regional Asset Management Plan

Our regional approach to three waters asset management is set out in a single integrated regional asset management plan. The first generation of this document was a high-level review, with a focus on three regional priorities; water supply resilience, a catchment-based approach to managing stormwater quality, and community education. The second generation of the regional asset management plan has been prepared and is currently being reviewed by Audit New Zealand. Wherever practical, audit recommendations will be incorporated into the third generation document.

The third generation document will provide investment priorities and include detailed 30-year work programmes, directed at improving performance and achieving our outcomes, starting in 2017-18. These programmes will be finalised through a process of engagement and discussion with our client councils.

To better reflect the purpose of this document, which is to guide decision-making on network service, we've retitled it the Regional Service Plan. Work on the Regional Service Plan has been slowed down to help with managing the energy and pace of Asset Planning team (now the Network Service Planning team). However, we are tracking well for the 30-year plan to be completed by 30th June 2017.

Measure area
Produce an optimised 30-year infrastructure plan, generation three regional service plan for 2018-28, asset management plans and work programmes for client councils.
Comment
The third generation plan will contain investment guidance on levels of service and each of the three regional initiatives, in time to inform 2018-28 long term plans. The plan will be completed before 30 June 2017.

Our ability to work regionally is one of the reasons we were established. The three regional initiative that complement the regional service planning approach are as follows:

Water supply resilience

Water supply resilience refers to the ability of the network to resume service after a major shock such as an earthquake. We believe that the Kaikoura earthquake resulted in about 10 minor supply pipe bursts, which were all managed on the day. None of the visible bulk water supply infrastructure was affected, although some footings for a pipe crossing a stream in Porirua needed work, and liquefaction near the Petone foreshore resulted in cracks in the concrete aprons around two of the three well-heads at the Gear Island Water Treatment Plant. The Gear Island plant is used only during times of very high water demand, and was not in use at the time; tests and repairs are under way. (Note that in January, a leak was discovered off the bulk main supplying the central Wellington, which we also believe was a result of the earthquake.)

There has been considerable interest in the state of the Wellington region's infrastructure resilience and preparedness since the Kaikoura earthquake. Following discussions with our client councils, we've prepared a draft strategic resilience document for consultation in Q3.

We've been working in this area in order to identify weak points and mitigations in the bulk supply network. The goal is to develop service levels that will help everybody – individuals, organisations, local and central government – understand what to expect and what their own responsibilities are. Exploring these options can help bridge the gap between what people can do to prepare for earthquake events and what the network can do. This work has put us in a good place to lead these conversations.

Measure area
• Complete the water supply resilience programme business case by June 2017. • Complete the wastewater resilience Strategic Case by September 2016.
Comment
The draft Water Supply Resilience Strategy, Towards 80-30-80, has been produced. This document updates the water supply resilience programme.

Catchment management approach to impacts on fresh water

A catchment-based approach considers all the contributory factors to the quality of stormwater re-entering the environment in streams or coastal waters within a catchment. We're working to support Whaitua (catchment) management committees in Porirua and Wellington build their understanding of the environmental issues of network management and performance.

Measure area
Councils are satisfied with the investment plan that Wellington Water devises to make progress on meeting the limits adopted by the Whaitua work
Comment
The modelling of water quality and quantity limits, their implications and the potential for improved water quality is a focus in the Porirua Whaitua. We've participated in the Porirua Whaitua Collaborative Modelling Project covering stormwater and wastewater, values and attributes, modelling and urban development working groups. The pilot catchment management approach to stormwater in Wellington city is under way. Scenarios for water quality improvement are being developed and modelling will start in the New Year. This timing has put the process and outcomes into some flux, which has resulted in some unease regarding what the practical implications of water quality and limits might be. The investment plan will be developed once the whaitua process completes scenario development and modelling to understand the full implications, which will likely be in June 2017. This means that it is too early to gauge council satisfaction within the 2016/17 financial year.

Community education

Community education to support behaviour change is a vital tool in improving network outcomes and community resilience.

Measure area
Develop a community education strategy and implementation plan that increases council collaboration across the region by June 2017 to inform 2018-28 long-term plans
Comment
A Community Education Strategy has been drafted, which informs the Wellington Water Community Education Plan December 2016-June 2017. Following workshops with council partners to identify priority areas where education can make a difference, we're developing activity plans to deliver messages and support community awareness, understanding and engagement on these issues.

Community Education Implementation

Raising customers' awareness of the value of the water network, their impact on it and how they can minimise this impact is one of Wellington Water's core functions. Existing work programmes include a summer water conservation campaign, attending public events to promote water efficiency and emergency water storage, and hosting school groups on tours of water treatment plants.

Quarter two saw the usual seasonal surge in the number of treatment plant tours; 10 tours were hosted, compared with three in Q1. They are a popular end of year activity, and it's a credit to the commitment of our team that despite the pressure on our teams created by the earthquake, we were still able to host school visits.

We've refreshed our approach for this summer's water conservation campaign with a focus theme of 'don't waste water'. We've developed a new media campaign, augmented by an 'activation' piece; a hands-on experiential device showing the comparative quantities of water wastage from things such as dripping taps and hosing paths (instead of sweeping them). The campaign will run from January until March 2017.

Three Waters Strategy, policies and bylaws

This work stream aims to create value by finding opportunities to simplify and align council approaches and regulations into a regional approach.

A working group made up of representatives from Wellington Water, GWRC, Porirua City Council, and Wellington City Council has been established to advance the Three Waters Strategy, in order to link with other regional initiatives such as the National Policy Statement – Urban Development Capacity and the draft Regional Hazards Strategy.

Measure area
We have a draft policy and proposed adoption process for regionally aligned watering restrictions considered by the Water Committee in August 2016, and a summer water campaign in place by November 2016 (either based on current policy or bylaw settings, or new draft policy if feasible). This project has an interdependency with a review of current consent-based restrictions (by Wellington Water and GWRC), that is planned to occur in consultation with consent stakeholders.
Comment
We've achieved agreement on a regional approach to watering restrictions. The process of aligning council bylaws and policies to support this approach will not be complete by the 2016-17 summer but remains our intent. A summer water campaign has been developed, and will run from early February to mid-March 2017.

Procurement strategy

As part of our procurement strategy a consultancy panel has been established. The panel will collaborate and foster strong, sound commercial relationships with key suppliers. It is testing the market and looking at ways to deliver value for money through smarter procurement for our client councils. As part of the Shaping our Future work, our new principal advisor, procurement, has been canvassing the regionalisation of customer contracts with our client councils towards the development of our Service Delivery Strategy.

Over the next few years, the panel will achieve an increase in value for money, customer satisfaction and programme reliability, at the same time as a decrease in project changes during the year, lost time injuries and whole-of-life cost.

There has been steady improvement in alignment and integration of the panel. Post the recent earthquake and flooding events, panel leaders have expressed that they feel they understand much more about our business and culture as well as their role within it.

Measure area
First generation procurement strategy completed in collaboration with suppliers
Comment
The regionalisation of our delivery work is under way with our principal advisor, procurement, preparing a Service Delivery Strategy (formerly known as the procurement strategy) for consideration in early 2017.

Capital Programme

Delivering the capital programme smoothly over the year helps our team and our suppliers manage their workload. At the end of Q2 we were tracking slightly (8%) behind our planned expenditure; however, we are confident of recovering this by the end of Q4. We have completed or are on track with 92% of the planned capital projects for Q2.

The Wellington market remains quite heated, with significant infrastructure work under way in the region. We are seeing this in issues such as tender prices generally being higher than allowed for. In response we are managing programme output to work within our budgets and are forecasting to complete 94% of our planned capital projects this year.

At the end of December 2016 a total of 207 projects were in progress, with a Schedule Performance Indicator of 0.78. The low indicator reflects the deferred projects within the baseline programme. Our year to date expenditure (is tracking above our earned value calculations reflecting the higher tender rates received.

Wellington Water

Capex Project Tracking Report — Jan 2017

Schedule Performance Indicator: 0.8

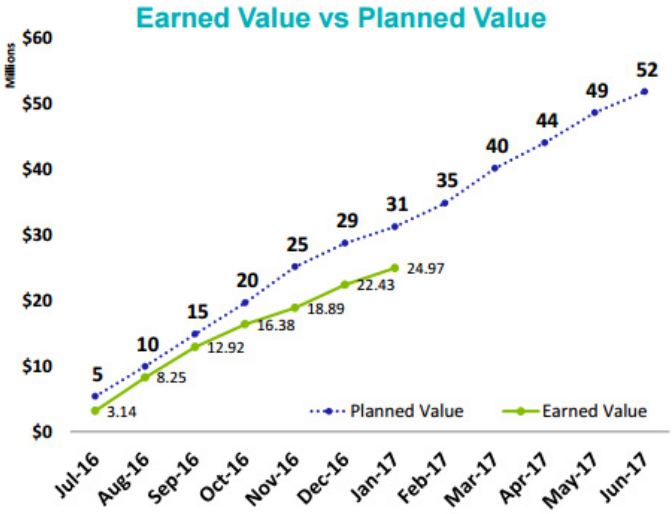
Projects Started this month: 0

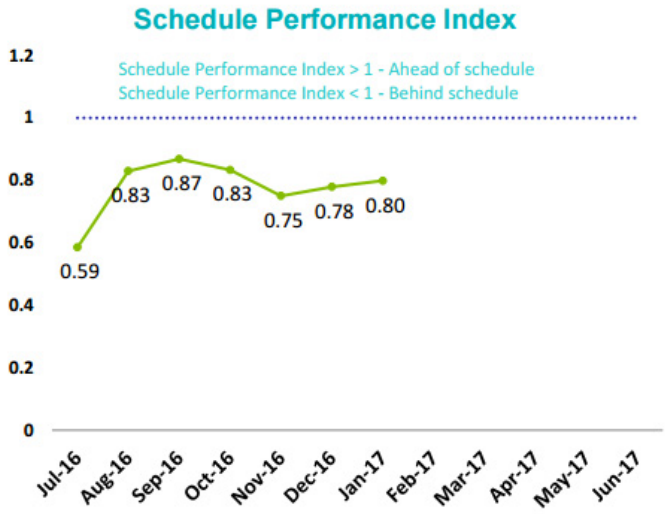
Projects Finished this month: 4

Projects In Progress: 201

Gateway	SPI Indicator	Started Late	Overdue	Finished Early	In Progress	Completed
Project Brief	0.83	0	2	4	22	70
Professional Services Procurement	1.01	0	3	8	11	45
Design	0.81	1	4	4	82	50
Physical Works Procurement	0.88	0	5	12	20	50
Construction	0.79	0	7	4	59	19

Note: Jul schedule performance for GW, WCC, HCC, PCC and Aug schedule performance for HCC is estimate only based on Sep progress data.





Over the next few years we'll establish a more proactive cycle of working with our suppliers to enable better outcomes. Increasing the transparency of the programme's progress will support

this, as will actively looking to lift performance and improve the relationship we have with suppliers.

Measure area
• 95% of all planned construction projects from client council asset management plans are completed within timeframes agreed with councils • 90% of all completed projects (from a 10% sample) delivered what they said they would.
Comment
We are forecasting a project completion rate of 94%, which is a significant improvement over last year's 89%. 100% of sampled projects have delivered on the proposed outputs. Project outcomes often need a longer time frame to measure effectively.

Creating value in everything we do

In addition to the systematic steps we're undertaking to deliver value, from asset management planning to community engagement, we want to demonstrate a culture of innovation, efficiency and reducing waste.

Measure area
A trend of increasing registration value for money ideas
Comment
The number of value for money ideas has continued to rise. To date, 106 ideas have been lodged in 2016/17 (compared to 58 year to date 2015/16). Of these 106 ideas, just over 50% were submitted by our consultancy panel. Staff engagement on value for money will continue, with a small number of initiatives furthered at any one time.

Specific priority 2: Put in a system to demonstrate value for money

Over Q1 we undertook a complete review of operational expenditure of all councils. The value for money programme has been socialised across Wellington Water Ltd and with council representatives. A value for money framework incorporating our 12 strategic goals and a prioritisation process has been created and will be used to test emerging ideas; these tools have been further refined during Q2.

We have asked all councils to reinvest operational expenditure savings, where they are found, back into the company and into the regional initiatives, particularly the Water Supply Resilience project.

In demonstrating value for money, a thorough valuation system is being set up that will have our results audited by an independent party on an annual basis. A review of the value for money framework was undertaken and it was confirmed that it was appropriate and the calculations reasonable. This is because the framework appropriately includes non-financial indicators, financial costs and benefits and prioritisation criteria.

Value for money ideas continue to improve in Q1 and Q2, especially from the consultancy panel, which are measured by a value for money performance measure.

Measure area
Independent reviewer agrees with greater than 85% of our individual valuations.
Comment
We've agreed to set up a thorough valuation system that will have our results audited by an independent party on an annual basis, at the end of each financial year.

3.3 Company result area 3: Working collaboratively

Trusted Advisor to our shareholders

We use a relationship management model to build the strength of our client council relationships.

The work we have done with Porirua City Council on stormwater modelling was very well received, and will play a key role in helping to manage their flooding issues. A new relationship management plan has been agreed with Porirua, and we are working to transition the water and drainage team of the council's Works Business Unit to Wellington Water. This should be complete in Q3.

Good progress has been made on 2017-18 budgets for councils, the work streams arising from the Shaping our Future consultation, and One Budget. One Budget is the work we are undertaking to streamline the way councils fund Wellington Water. We anticipate this will be in place for the beginning of the 2017-18 financial year.

We have been transparent about changes to the capital programme and our financial challenges over the quarter and continue to keep councils briefed on our end of year position.

Measure area
• Client Council Representatives judge us on an ongoing basis as having an effective relationship.
Comment
Our clients continue to rate us a having their trust. They tell us that maintaining this level of trust is about Wellington Water doing everything in an open and

transparent manner.

The recent earthquakes have challenged us in this area as we try to make changes across the business with the full visibility and comfort levels of council. A big success in this environment was the agreement to carry out earthquake operational preparedness work across both water and roading together.

Representative Change:
After many years of unwavering support for shared delivery of water services, Anthony Wilson, the Wellington City Council representative, will transition this function to David Chick.

Central government

Measure area
• As part of our water supply resilience initiative, keep government officials briefed on our progress.
Comment
The 14 November 2016 Kaikoura Earthquake has completely changed the environment we are working in. Central Government is very engaged in our resilience work and relationships are good. The Department of Internal Affairs has been appointed as the Central Government contact point for water, which will assist our work.

Customers: We place customers at the heart of everything we do

Measure area
• Work with client councils to develop a customer panel and an annual customer survey for implementation
Comment
We've formed a customer panel and held an inaugural meeting, at which panellists gained insight into our structure, and provided advice on the content of a customer service contract. A Customer survey will be developed as part of our community education work,

to help develop baselines of awareness against which we can measure campaign effectiveness. Both councils and the customer panel will have input into the survey design.

Other stakeholders

Wellington Water has been actively engaging with other utilities and lifeline organisations over resilience, local government (over Local Government Act proposed changes, the proposal for the Risk Management Agency and review of 60/40 risk profile with central government and resilience) and with central government over policy issues relating to National Policy Statements and the Natural Resources Plan and RMA changes.

Our Chief Executive continues to participate on the Water NZ Board and one of our staff is now Chairing the Water Utilities Association. These two positions enable us to both influence national water businesses and to learn from them.

The Local Government Commission has met with us and the Wellington Water Committee to talk about their Mott McDonald report and further workshops are planned. We have made appointments within the company to further develop our relationship with local iwi.

We are planning to design a stakeholder survey in quarter 3 in consultation with our client councils.

Measure area
• Create and implement an annual stakeholder survey in consultation with our client councils.
Comment
An annual survey will be undertaken before the end of Q3, in consultation with our client councils.

Specific priority 3: Growing our Business

Growing our business is about evolving our business model and relationships with councils outside the immediate Wellington area, including providing services to them.

We are conscious of proposed changes at a national level to managing three waters (such as requirements for increased consistency of data standards), which may have an impact on some of the smaller councils.

We have completed due diligence work for South Wairarapa District Council and similar work is in progress with Carterton District Council. Both District Councils are now committed to working with us and data collection resource recruitment is underway to support this work.

Consistent with our regional approach is our intent to provide contract services for any of the five shareholding councils and occasionally for others beyond the shareholding councils. This will be done in a transparent manner with our current five shareholding councils.

Measure area
Explore the regional consciousness model with our nearest neighbours and make a decision by December 2016 with our shareholding councils about whether to progress engagement.
Comment
Our client councils are comfortable with our gradual progress towards a regional consciousness model. Carterton District Council and South Wairarapa District Council have committed to working with us.

4. Operational Focus Areas

Sound financial management

Wellington Water's operating expense budget for 2016/17 is $23.3 million. As of the end of December 2016, the company reported a deficit of $287,000 against a year-to-date budgeted deficit of $93,000. The year-end deficit is estimated to be $391,000.

The drivers for the increase half-year deficit are earthquake related costs of $220,000 and a higher than expected use of contractors to cover vacancies.

In keeping with our no surprises approach, the consequences of earthquake related costs and business operation costs will be communicated to our client and shareholder representative meetings.

Systems improvements

We have implemented a management framework for consolidating and streamlining processes across the business. Focusing on asset management, we've introduced business process mapping software to support the framework. The software (Promapp) serves to illustrate roles and accountabilities of interdependent functions and processes.

The asset management function was selected first due to its strategic position in our company's core value chain and because it supports our commitment to client councils in the delivery of the 10-year service plan. To date we are well underway in identifying critical interactions in the system.

Our Health and Safety system is in the "embedment phase" of an upgrade we completed in early 2016, following the creation of Wellington Water and in anticipation of the new legislation. We continue to refine how we work and will be looking at more opportunities to make the processes simple and effective as our business develops.

Managing risk

Managing risk is about planning for possible interruptions to business continuity and responding to those challenges should they arise. The 14 November earthquake resulted in us being unable to return to the IBM building for 28 days. This meant that we had to continue our operations from numerous locations as we responded to flooding issues. Throughout this time we continued a high degree of service delivery to our client councils and customers.

We've also refined our risk management framework in ensuring that our staff take their phones and laptops home with them at the end of the working day. Moving forward we're looking at ways to extend our Health and Safety framework 'beyond the door' to make sure that the needs of our people and their families are met.

Measuring success

The Senior Management Team (SLT) meet fortnightly and have an all-day meeting each month and at the end of each quarter.

Quarterly meetings include developing and reporting against some key dashboards:

1. The company dashboard which includes our outcomes and internal company results areas and priorities
2. Three waters dashboard – provides detailed performance against our 12 service goals
3. Health and safety dashboard
4. People and Capability dashboard.

We also look at the status of each initiative in the company Capital Programme.

All this information is made available at our Board meetings and the three waters and health and safety dashboards also go through to the Wellington Water Committee.

We have kept Client councils briefed on key issues and consulted with them on new developments as they have arisen – we do this on a monthly basis.

The Annual Report was published in quarter one.

We have reviewed our performance measures and are developing company specific investment measures; we're in discussion with Audit New Zealand to work through these changes through in time for the next Statement of Intent.

5. Company financials

Surplus, revenue and expenses
The budget deficit as at 31 December 2016 was $287,000 against a forecast of $93,000. Earthquake-related costs of $220,000 and costs relating to staff vacancies were the main reasons for the increase.

Earthquake related costs include the make good costs related to the repairs to the fit out of the Petone office, engineer inspections and reports and costs associated with accommodating employees in alternative premises. The cost of repairs to the Petone office was $90,000 which is less than our insurance deductible so no reimbursement of these costs is expected.

Permanent savings in operating expenditures of $151,000 came from efficiencies in electricity, telecommunications, insurance, leased equipment and printing costs. Further savings are expected in these areas for the remainder of the year.

The year-end deficit is estimated to be $391,000.

Cashflow
Net cash flow decreased by $2,269,000 from the June 30, 2016 balance of $4,417,000. The main reason for this decrease is a shift this financial year from invoicing client councils for consultancy in advance, based on estimates, to retrospectively invoicing actual consultancy. This allows councils to use their money more effectively. We also made loan repayments of $60,000, and $21,000 in interest payments and line fees on the $570,000 loan and the overdraft facility of $2 million. Payments have been made for the development of Q-Pulse, the Data Warehouse, Woogle and IT hardware. Full asset values will be recognised as soon as completed.

Detailed statements are outlined in following pages.

Statement of Comprehensive Revenue and Expenses

	Unaudited 31 Dec 2016 $000	Unaudited 31 Dec 2015 $000	Audited 30 June 2016 $000
Management fee	11,654	11,287	23,260
Consultancy fee	6,569	4,027	11,834
Network maintenance service fee	5,151	4,972	11,058
Other revenue	82	69	154
Total revenue	**23,456**	**20,355**	**46,305**
Salaries and wages	(8,175)	(7,647)	(15,521)
Superannuation	(254)	(322)	(495)
Directors	(60)	(70)	(130)
Audit	(29)	-	(66)
Consultancy	(6,834)	(4,268)	(12,774)
Network maintenance services	(5,151)	(4,972)	(11,058)
Operating leases	(459)	(513)	(946)
Other personnel costs	(555)	(413)	(1,094)
Other expenditure	(1,807)	(1,088)	(2,899)
Depreciation and amortisation	(398)	(259)	(678)
Interest expense	(21)	(24)	(41)
	(23,743)	**(19,577)**	**(45,701)**
Surplus/(deficit) before tax	**(287)**	**778**	**604**
Tax expense/(credit)	-	-	(203)
Total comprehensive revenue and expenses	**(287)**	**778**	**401**
Attributable to:			
Wellington City Council	(121)	328	169
Hutt City Council	(60)	164	85
Upper Hutt City Council	(24)	66	34
Porirua City Council	(36)	98	51
Greater Wellington Regional Council	(45)	123	63
Total comprehensive revenue and expenses	**(287)**	**778**	**401**

Statement of Changes in Equity

	Unaudited 31 Dec 2016 $000	Unaudited 31 Dec 2015 $000	Audited 30 June 2016 $000
Surplus/(deficit) for the period	**(287)**	**778**	**401**
Equity at the beginning of the period	1,960	1,559	1,559
Total equity	**1,673**	**2,337**	**1,960**
Attributable to:			
Wellington City Council	704	984	825
Hutt City Council	352	492	413
Upper Hutt City Council	141	197	165
Porirua City Council	211	295	248
Greater Wellington Regional Council	264	369	310
Total comprehensive revenue and expenses	**1,673**	**2,337**	**1,960**

Statement of Financial Position

	Unaudited 31 Dec 2016 $000	Unaudited 31 Dec 2015 $000	Audited 30 June 2016 $000
Cash and cash equivalents	2,148	6,250	4,417
Receivables and prepayments	1,164	292	3,261
Total current assets	**3,312**	**6,542**	**7,678**
Intangible assets	562	-	503
Property, plant and equipment, vehicles	1,650	2,464	1,851
Deferred tax	65	-	65
Total non-current assets	**2,277**	**2,464**	**2,419**
Total assets	**5,590**	**9,006**	**10,097**
Payables and provisions	3,263	5,868	7,142
Tax payable/(receivable)	(36)	(43)	245
Bank loan	120	120	120
Total current liabilities	**3,348**	**5,946**	**7,507**
Deferred tax	-	44	-
Bank loan	570	680	630
Total non-current liabilities	**570**	**724**	**630**
Total liabilities	**3,918**	**6,670**	**8,137**
Net assets	**1,673**	**2,337**	**1,960**
Issued capital	950	950	950
Accumulated comprehensive revenue and expenses	723	1,387	1,010
Total equity	**1,673**	**2,337**	**1,960**

Statement of Cash Flows

	Unaudited 31 Dec 2016 $000	Unaudited 31 Dec 2015 $000	Audited 30 June 2016 $000
Receipts from councils	25,645	20,166	44,864
Interest received	82	69	154
Employees and suppliers	(27,203)	(19,294)	(45,506)
Tax paid	(245)	(70)	(94)
Interest paid	(21)	(24)	(41)
Net cash flow from operating activities	**(1,742)**	**847**	**(623)**
Purchase of property, plant and equipment, vehicles	(179)	(463)	(223)
Purchase of intangibles	(228)	-	(553)
Net cash flow from investing activities	**(407)**	**(463)**	**(776)**
Proceeds from borrowings	-	800	800
Repayment of borrowings	(120)	-	(50)
Net cash flow from financing activities	**(120)**	**800**	**750**
Net cash flow	**(2,268)**	**1,184**	**(649)**
Add: cash at the beginning of the period	4,417	5,066	5,066
Cash at the end of the year	**2,148**	**6,250**	**4,417**
Comprised of:			
Cash at bank and on hand	2,148	6,250	4,417

Appendix 1: Company performance dashboard

These summaries of performance in the key areas of Customer Outcomes, Company priorities and High performance are used in our internal reporting and direction-setting discussions.

Customer Outcomes and Service Goals

Wellington Water

Creating excellence in regional water services so communities prosper - is why we exist

Safe and Healthy Water

Overall we provide service that contributes to safe and healthy water, although there are potential public health issues linked to the under capacity of the wastewater networks during wet weather.

- We provide safe and healthy drinking water
- We operate and manage assets that are safe for our suppliers, people and customers
- We provide an appropriate region-wide fire-fighting water supply to maintain public safety
- We minimise public health risks associated with wastewater and stormwater

Respectful of the environment

We continue to have work to do in this area around measuring our performance.
Due to the complexities involved in this, we are working in the medium term to improve our understanding of how to measure our performance.
We continue to undertake investigations to identify and remedy pollution sources and work is ongoing regarding understanding the education needs of the community.

- We manage the use of resources in a sustainable way
- We will enhance the health of our waterways and the ocean
- We influence people's behaviour so they are respectful of the environment
- We ensure the impact of water services is for the good of the natural and built environment^

Resilient networks support our economy^

In general the three waters service is reliable. There are parts of the network that do not have sufficient capacity during large wet weather events. This can lead to flooding and wastewater overflows.
Increasing the resilience of the networks is a long term improvement initiative.

- We minimise the impact of flooding on people's lives and proactively plan for the impacts of climate change
- We provide three water networks that are resilient to shocks and stresses
- We plan to meet future growth and manage demand^
- We provide reliable services to customers

KEY: On track; Intervention required; Not on track

*This relates to reducing the level of funding in this area, not reducing the level of service.

^Minor wording changes made to better reflect the intent of the Outcome and Goal. SOI version still being tracked and reported against.

Company priorities

Wellington Water

Trusted Advisor

Trusted Advisor to our Shareholders:
Councils judge us as trustworthy and our relationships are good

One Budget, 3 waters and 5 councils:
All OPEX funding passes through the company book by Christmas 2016

Evenness of model with PCC:
We re-baseline the model with PCC and aim to have a much improved relationship by Christmas 2016

Customers

Complaints:
% of complaints responded to within 3 working days

Customer Panel:
Work with Client Councils to develop a Customer panel.

Acting Regionally

Infrastructure and service plans:
1) 30 year infrastructure plans completed to draft by 30th June 2017

2) Draft 10 year service plan produced by 30th June 2017

Water supply resilience:
Programme business case complete and endorsed by water committee by 30th June 2017

Show Stoppers

Prince of Wales Reservoir/ Kenepuru:
Progress on Reservoir consent and design by 30th June 2017

PCC CBD Flood plan:
CBD flooding master plan completed by 28th February 2017

Aquifer - Dredging:
The aquifer is protected through the consent process that will be completed by 31st March 2017

KEY

On track | Intervention required | Not on track

High performing Organisation

Wellington Water

Capability & Culture

Health and Safety:
1) Near hit/risk reporting/something good ratio to total recordable injuries (target 20 per recordable injury)
2) % completion of SLT safety observations and judged as successful
3) Health and Safety Engagement (target >85%)

Shaping our future - Engagement:
Staff agree/strongly agree they have been engaged in shaping our future

Company Work Programme:
Complete 95% of our work programme & business improvement projects delivered on time

Finance

1) Year-to-end outturn against budget (plus or minus 5%)
2) Monthly variation of actual to budget (plus or minus 5%)

Value for Money

VFM ideas:
Increase in number of ideas put forward by all parties and at least 10 implemented across the business

Independent Review:
Independent reviewer agrees with >85% of our valuations

Shaping our future:
1) We implement our new business model which surfaces from shaping our future
2) Service Delivery Strategy delivered by April 2017.
3) Improvement programme approved by board for implementation

Collaborate

Regional Consciousness:
Delivery of data plan and annual plan to South Wairarapa by 30th June 2017

Note: This has now progressed to include Carterton District Council

Consents:
1) Consents strategy was endorsed by GWRC and will be implemented by WWL through to 30th June 2021
2) GWRC judge relationship on consents as good

Internal Workflow:
Staff agree/strongly agree workflow across the organisation has improved

KEY

On track | Intervention required | Not on track

Appendix 2: Programme Performance

Capex programme

The Schedule Performance Indicator (SPI) is based on how many programmed steps (gateways) have been achieved versus baseline schedule and is weighted by the value of the programme's constituent projects. Not all projects included all gateways.

SPI >1: Ahead of schedule
SPI <1: Behind schedule

GWRC

Gateway	SPI Indicator	Started Late	Overdue	Finished Early	In Progress	Finished
Project Brief	1.00	0	0	0	0	2
Professional Services Procurement		0	0	0	0	0
Design	0.56	0	0	0	10	4
Physical Works Procurement	0.56	0	2	0	4	1
Construction	0.54	0	1	1	1	1

Hutt City

Gateway	SPI Indicator	Started Late	Overdue	Finished Early	In Progress	Finished
Project Brief	1.00	0	0	0	0	19
Professional Services Procurement	0.97	0	0	6	2	13
Design	0.67	0	0	0	17	7
Physical Works Procurement	0.90	0	0	0	4	10
Construction	0.61	0	1	0	6	2

Porirua City

Gateway	SPI Indicator	Started Late	Overdue	Finished Early	In Progress	Finished
Project Brief	0.67	0	0	3	20	18
Professional Services Procurement	0.92	0	0	2	4	14
Design	0.75	0	0	1	28	1
Physical Works Procurement	0.93	0	1	0	3	0
Construction	0.89	0	1	0	16	1

Upper Hutt City

Gateway	SPI Indicator	Started Late	Overdue	Finished Early	In Progress	Finished
Project Brief	0.96	0	1	0	0	10
Professional Services Procurement	0.24	0	1	0	1	0
Design	0.65	0	1	1	8	2
Physical Works Procurement	0.89	0	2	0	2	2
Construction	0.94	0	2	2	5	5

Wellington City

Gateway	SPI Indicator	Started Late	Overdue	Finished Early	In Progress	Finished
Project Brief	0.99	0	1	1	2	21
Professional Services Procurement	0.99	0	2	0	2	18
Design	0.83	1	3	2	22	33
Physical Works Procurement	0.82	0	3	10	11	31
Construction	0.77	0	3	1	31	8

Appendix 3: Council key performance indicator results

We are performing well in most key work areas and against our indicators for all of our client councils, with the following exceptions:

- **Minimising public health risks associated with wastewater and stormwater** – There are network capacity issues that result in overflows that can result in public health concerns. Work is ongoing throughout the region to minimise the number of overflows with a current focus on developing the Porirua Master Plan.

  RMA Resource Consents - Wastewater Treatment Plant Discharges –

  - Porirua Wastewater Treatment Plant: the run of very poor effluent quality resulted in faecal coliforms exceeding consent limits for October 2016.

  - A burst rising main spilled raw sewage into the Wellington Harbour at Frank Kitts Park. The discharge was quickly stopped and GWRC did not pursue enforcement action after receiving our 'please explain' response in September 2016.

- **Minimising the impact of flooding on people's lives and proactively planning for the impacts of climate change & providing three water networks that are resilient to shocks and stresses.**

  The recent flooding following an earthquake In Wellington has reinforced the need for advancing resilience planning by Local and Central Government agencies. This includes the need to prioritise the work to achieve resilience of the three waters networks.

  The work recognises that improvements can be made for various stages following an event – immediate self- survival, and post event recovery in phases that ultimately achieves full economic restoration.

Consolidated table of SLA KPI targets and results for all councils

Key:

On track / Achieved
Off track / Not achieved
Slippage / Concern
Not applicable / not available
Not due

Outcome (per SOI)	Service	Service Objective	Performance Measure	2016/17 Q1 Results					2016/17 Q2 Results				
				HCC	UHCC	PCC	WCC	GW	HCC	UHCC	PCC	WCC	GW
Safe and healthy water	Bulk Water	To measure the quality of water supplied to Residents	Comply with the Drinking Water Standards for NZ 2005 (revised 2008) (Part 1 Microbiological, Part 2, Chemical and Aesthetic compliance)										
	Bulk Water	To measure the quality of water supplied to Residents	Maintenance of water supply quality grading's from Ministry of Health for the bulk water supply										
	Bulk Water	To measure the quality of water supplied to Residents	Number of waterborne disease outbreaks										
	Water reticulation	To measure the quality of water supplied to Residents	Comply with the Drinking Water Standards for NZ 2005 (revised 2008) (Part 4 bacterial compliance)										

Outcome (per SOI)	Service	Service Objective	Performance Measure	2016/17 Q1 Results					2016/17 Q2 Results				
				HCC	UHCC	PCC	WCC	GW	HCC	UHCC	PCC	WCC	GW
	Water reticulation	To measure the quality of water supplied to Residents	Maintenance of water supply quality grading's from Ministry of Health										
	Water reticulation & Bulk Water	To achieve a high overall level of customer approval of the water service	Number of complaints about:										
			a) drinking water clarity /1000 connections										
			b) drinking water taste /1000 connections										
			c) drinking water odour /1000 connection										
			d) drinking water pressure or flow / 1000 connections										
			e) drinking water continuity of supply /1000 connection										
			f) Response to drinking water complaints /1000 connection										
			(Note: this is about the service we are providing)										
Respectful of the environment	Bulk Water	To comply with all relevant legislation	Compliance with all resource consents and environmental Regulations										
	Water reticulation	To comply with all relevant legislation	Compliance with resource consents for the water supply activity. Full compliance is no:										
			• Abatement notices										
			• Infringement notices										
			• Enforcement orders										

Outcome (per SOI)	Service	Service Objective	Performance Measure	2016/17 Q1 Results					2016/17 Q2 Results				
				HCC	UHCC	PCC	WCC	GW	HCC	UHCC	PCC	WCC	GW
			• Convictions Received by the Council in relation to the resource consents										
	Wastewater	To maintain and promote appropriate standards of water quality and waterway health in the city's coastal and river environments	The number of dry weather sewerage overflows from the Council's sewerage system expressed per 1000 sewerage connections to the sewerage system										
	Wastewater	To maintain and promote appropriate standards of water quality and waterway health in the city's coastal and river environments	The number of non consented overflows from the treatment plants										
	Wastewater	To maintain and promote appropriate standards of water quality and waterway health in the city's coastal and river environments	The number of consented overflows from the treatment plants										
	Wastewater	To comply with all relevant legislation	Compliance with resource consents for discharge from its wastewater system. Full compliance is no:										

Outcome (per SOI)	Service	Service Objective	Performance Measure	2016/17 Q1 Results					2016/17 Q2 Results				
				HCC	UHCC	PCC	WCC	GW	HCC	UHCC	PCC	WCC	GW
			• Abatement notices										
			• Infringement notices										
			• Enforcement orders										
			• Convictions										
			Received by the Council in relation to the resource consents										
	Stormwater	To achieve a high overall level of customer approval of the stormwater service	Median response time to attend a flooding event, measured from the time that Council received notification to the time that service personnel reach the site.										
	Stormwater	To maintain and promote appropriate standards of water quality and waterway health in the cities' coastal and river environments	Percentage of days during the bathing season (from 1 November to 31 March) that the monitored beaches are suitable for recreational use.										
	Stormwater	To maintain and promote appropriate standards of water quality and waterway health in the cities' coastal and river environments	Percentage of monitored fresh water sites that have a rolling twelve month median value for E.coli (dry weather samples) that do not exceed 1000 cfu/100ml.										

Outcome (per SOI)	Service	Service Objective	Performance Measure	2016/17 Q1 Results					2016/17 Q2 Results				
				HCC	UHCC	PCC	WCC	GW	HCC	UHCC	PCC	WCC	GW
	Stormwater	To meet all resource consenting requirements	Compliance with resource consents for discharge from its stormwater system. Full compliance is no:										
			• Abatement notices										
			• Infringement notices										
			• Enforcement orders										
			• Convictions										
			Received by the Council in relation to the resource consents										
Resilient networks supporting the economy	Water reticulation	To minimise demands on the region's water Resources	Average drinking water consumption/resident/day										
	Bulk Water	To provide a reliable water supply	Number of shutoffs to the bulk water supply network resulting in loss of water or pressure to consumers										
	Water reticulation	To provide a reliable water supply	Fewer than four unplanned supply cuts per 1000 connections										
	Water reticulation & Bulk Water	Median Response times	Median response times for: • attendance for urgent callouts										
			• resolution of urgent callouts										
			• attendance for non-urgent callouts										
			• resolution of non-urgent callouts										

Outcome (per SOI)	Service	Service Objective	Performance Measure	2016/17 Q1 Results					2016/17 Q2 Results				
				HCC	UHCC	PCC	WCC	GW	HCC	UHCC	PCC	WCC	GW
	Wastewater	Reliability of the network	Number of wastewater reticulation incidents per km of reticulation pipeline (blockages)										
	Wastewater	Median response time	Attendance time: from the time that the Council receives notification to the time that service personnel reach the site, and										
	Wastewater	Median response time	Resolution time: from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault										
	Wastewater	To achieve a relatively high overall level of customer approval of the wastewater service.	The total number of complaints received by the council about any of the following:										
			· sewage odour										
			· sewage system faults										
			· sewage system blockages, and										
			· council's response to issues with its sewage system										
			Expressed per 1000 connections to the Council's sewage system										
	Stormwater	To minimise the effects of flooding	Number of flooding events that occur in a territorial authority district										

Outcome (per SOI)	Service	Service Objective	Performance Measure	2016/17 Q1 Results					2016/17 Q2 Results				
				HCC	UHCC	PCC	WCC	GW	HCC	UHCC	PCC	WCC	GW
	Stormwater	To minimise the effects of flooding	Number of habitable floors affected per 1000 stormwater connections										
	Stormwater	To minimise the effects of flooding	Number of pipeline blockages per km of pipeline										
	Stormwater	To achieve a high overall level of customer approval of the stormwater service	Number of complaints per 1000 properties connected to the Council's stormwater system										
	Stormwater	To achieve a high overall level of customer approval of the stormwater service	Completion of key programmes in the stormwater asset management plan										
	Bulk Water	Resilience	Probability of annual water supply shortfall (modelled)										

Appendix 4: Non-financial performance measures

Water Supply

Outcome	Performance measure	Values	GWRC	HCC	PCC	UHCC	WCC	Comments
Safe and Healthy Water	The extent to which the local authority's drinking water supply complies with: (a) part 4 of the drinking-water standards (bacteria compliance criteria), and	TARGET	100%					Annual target
		RESULT	On track *	On track *	On track	On track	On track	*There was a positive E. coli sample result at the Colin Grove bore 0n 2 Dec 2016 (approx. 2 weeks after the 14 Nov earthquake). This has resulted in the Colin Grove bore being given provisional secure status by RPH. The bore has been isolated pending completion of investigations since we received the result.
	(b) part 5 of the drinking-water standards (protozoal compliance criteria).	TARGET	100%	N/A				Annual target
		RESULT	On track	N/A				

	The total number of complaints received by the local authority about any of the following: (a) drinking water clarity (b) drinking water taste (c) drinking water odour (d) drinking water pressure or flow (e) continuity of supply, and (f) the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system.	TARGET	< 5/1000 connections	< 140/1000 connections				
		RESULT	0.01	6.43	3.89	2.92	7.52	
Respectful of the environment	The percentage of real water loss from the local authority's networked reticulation system.	TARGET	N/A	<18%	<17%	<17%	<18%	Annual target
		RESULT	N/A	N/A - Annual KPI				N/A – Annual KPI
	Performance measure 5	TARGET	N/A	345 l/p/d	335 l/p/d	335 l/p/d	375 l/p/d	

		TARGET	< 5/1000 connections	< 140/1000 connections				
	The total number of complaints received by the local authority about any of the following: (a) drinking water clarity (b) drinking water taste (c) drinking water odour (d) drinking water pressure or flow (e) continuity of supply, and (f) the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system.	RESULT	0.01	6.43	3.89	2.92	7.52	
	(demand management) The average consumption of drinking water per day per resident within the territorial authority district.	RESULT	N/A	On track YTD: 344 L/p/d	On track YTD: 301 l/p/d	Off track YTD: 348 l/p/d *	On track YTD: 358 l/p/d	*Water consumption continues to track above target due to higher than desirable consumption in the first quarter brought about by higher than target network leakage. Night flows are now being maintained below these target levels and additional leak detection and repairs have reduced network losses. Summer water use has started to offset this by increasing the overall consumption rate as is typically expected at this time of year. Specific monitoring and leak detection is continuing across the city and summer water conservation promotion commenced in October. Unsettled weather prior to Christmas has delayed commencement of garden watering patrols till January 2017.

Resilient networks support our economy	Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: (a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	TARGET	60 minutes					
		RESULT	N/A -no events	46 minutes	40 minutes	32 minutes	50 minutes	
	(b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	TARGET	4 hours					
		RESULT	N/A -no events	3.25 hours	2.98 hours	1.90 hours	2.82 hours	
	(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site, and	TARGET	36 hours					
		RESULT	0.5 hours	27.98 hours	10.36 hours	26.32 hours	40.60 hours*	Due to the November earthquake and storm events, our maintenance contractor had to focus on high priority, urgent jobs in November and into December This had the effect of increasing the median response time to lower priority, non-urgent works.
	(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	TARGET	15 days					
		RESULT	0.68 hours	29.12 hours	13.08 hours	42.57 hours	54.62 hours	

Sewerage and the treatment and disposal of sewage

Outcome	Performance measure	Values	GWRC	HCC	PCC	UHCC	WCC	Comments
Safe and Healthy Water	Performance measure 1 (system and adequacy) The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	TARGET	N/A	Nil				
		RESULT	N/A	On track YTD: Nil	Off track YTD: 0.05 *	On track YTD: Nil	Off track YTD: 0.27 **	*1 dry weather overflow was identified in October. Through the proactive CCTV programme, a section of sewer pipe was identified to have a fault where seepage was seeping through to land. Regional Public Health were notified and the pipe repaired. **There have been 19 dry weather network overflows; 16 due to blockages, 2 due to a broken sewer main and 1 due to the failure of a bung sealing resulting in wastewater entering the Stormwater main. All of these have been investigated and fixed. Investigations are ongoing to identify the cause of overflows across the network.
Respectful of the environment	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (a) abatement notices	TARGET	N/A	No notices				
		RESULT	N/A	On track YTD: Nil	On track YTD: Nil	On track YTD: Nil	On track YTD: Nil	
	(b) infringement notices	TARGET	N/A	No notices				
		RESULT	N/A	On track YTD: Nil	On track YTD: Nil	On track YTD: Nil	On track YTD: Nil	
	(c) enforcement orders, and	TARGET	N/A	No notices				
		RESULT	N/A	On track YTD: Nil	On track YTD: Nil	On track YTD: Nil	On track YTD: Nil	

	(d) convictions, received by the territorial authority in relation those resource consents.	TARGET	N/A	No notices				
		RESULT	N/A	On track YTD: Nil	On track YTD: Nil	On track YTD: Nil	On track YTD: Nil	
	The total number of complaints received by the territorial authority about any of the following: (a) sewage odour (b) sewerage system faults (c) sewerage system blockages, and (d) the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system.networked reticulation system.	TARGET	N/A	< 30/1000 Connections				
		RESULT	N/A	On track YTD: 8.03	On track YTD: 10.54	On track YTD: 4.82	On track YTD: 11.13	

Resilient networks support our economy	Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured:(a) attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site, and	TARGET	N/A	One hour				
		RESULT	N/A	On track YTD: 34 minutes	Off track YTD: 8.41 hours *	On track YTD: 34 minutes	On track YTD: 44 minutes	*The year-to-date result is severely impacted by incomplete data in the task system, especially in November when 33 tasks with missing or inaccurate times were excluded from maintenance reports. It is likely that actual response times remain on track however, data maintenance issues may need to be reviewed to ensure quality going forward.
	(b) resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.	TARGET	N/A	6 hours				
		RESULT	N/A	On track YTD: 2.45 hours	Off track YTD: 9.31 hours *	On track YTD: 1.90 hours	On track YTD: 2.60 hours	*The year-to-date result is severely impacted by incomplete data in the task system, especially in November when 33 tasks with missing or inaccurate times were excluded from maintenance reports. It is likely that actual response times remain on track however, data maintenance issues may need to be reviewed to ensure quality going forward.

Stormwater drainage

Outcome	Performance measure	Values	GWRC	HCC	PCC	UHCC	WCC	Comments
Respectful of the environment	Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: (a) abatement notices	TARGET	N/A	No notices				
		RESULT	N/A	On track YTD: Nil	On track YTD: Nil	On track YTD: Nil	On track YTD: Nil	
	(b) infringement notices	TARGET	N/A	No notices				
		RESULT	N/A	On track YTD: Nil	On track YTD: Nil	On track YTD: Nil	On track YTD: Nil	
	(c) enforcement orders, and	TARGET	N/A	No notices				
		RESULT	N/A	On track YTD: Nil	On track YTD: Nil	On track YTD: Nil	On track YTD: Nil	
	(d) convictions, received by the territorial authority in relation those resource consents.	TARGET	N/A	No notices				
		RESULT	N/A	On track YTD: Nil	On track YTD: Nil	On track YTD: Nil	On track YTD: Nil	
	Performance measure 4 (customer satisfaction) The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.	TARGET	N/A	< 30/1000 Connections				
		RESULT	N/A	On track YTD: 0.97	On track YTD: 7.5	On track YTD: 0.27	On track YTD: 2.23	

Resilient networks support our economy		TARGET	N/A	Nil				
	Performance measure 1 (system adequacy) (a) The number of flooding events that occur in a territorial authority district.	RESULT	N/A	Off track YTD: 1*	Off track YTD: 1 **	On track YTD: Nil	Off track YTD: 3***	*There were 2 confirmed habitable floors affected in HCC in the flooding event on the 15th November 2016. The November 15 storm rated 30-40 years return period, and exceeded the capacity of the network in places. All affected properties and issues are being managed through the post-event response process to properly identify problems and plan for potential solutions. **There were 6 confirmed habitable floors affected in the flooding event on the 15th November 2016. The storm rated 30-40 years return period, and exceeded the capacity of the network in places. All affected properties and issues are being managed through the post-event response process to properly identify problems and plan for potential solutions. ***There were 11 confirmed habitable floors affected in three flooding events on October and November 2016. The storm rated 30-40 years return period, and exceeded the capacity of the network in places. All affected properties and issues are being managed through the post-event response process to properly identify problems and plan for potential solutions.

		TARGET	N/A	0/1000 properties per flooding event				
	(b) For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system.)	RESULT	N/A	Off track YTD: 0.05*	Off track YTD: 0.32**	On track YTD: Nil	Off track YTD: 0.08***	*There were 2 confirmed habitable floors affected in HCC in the flooding event on the 15th November 2016. The November 15 storm rated 30-40 years return period, and exceeded the capacity of the network in places. All affected properties and issues are being managed through the post-event response process to properly identify problems and plan for potential solutions. **There were 6 confirmed habitable floors affected in the flooding event on the 15th November 2016. The storm rated 30-40 years return period, and exceeded the capacity of the network in places. All affected properties and issues are being managed through the post-event response process to properly identify problems and plan for potential solutions. ***There were 11 confirmed habitable floors affected in three flooding events on October and November 2016. The storm rated 30-40 years return period, and exceeded the capacity of the network in places. All affected properties and issues are being managed through the post-event response process to properly identify problems and plan for potential solutions.

	Performance measure 3 (response times) The median response time to attend a flooding even, measured from the time that the territorial authority receives notification to the time that the service personal reach the site.	TARGET	N/A	60 minutes				
		RESULT	N/A	On track YTD: 51 minutes	On track YTD: 10 minutes	On track YTD: 42 minutes	On track YTD: 57 minutes	