



Statement of Intent (SOI)

2025 – 2028

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Message from the Chair of Wellington Water Limited Board and Chief Executive of Wellington Water

As we finalise this Statement of Intent (SOI) for the period 2025 – 2028, we do so with the understanding that our shareholding councils will be making decisions about the future delivery of water services, under the *Local Water Done Well* initiative. They are also working towards the completion and adoption of their *Water Services Delivery Plan*, due in September 2025.

We are therefore planning for transition now, as Wellington Water will be impacted by any future delivery model as decided by councils within this SOI period. We anticipate that this is the last SOI developed for Wellington Water, and any future delivery model will prepare a SOI for 2026–2029.

What we do know is that, regardless of who is delivering the services, they need to be delivered uninterrupted, efficiently, and for the benefit of councils and their residents. We will continue to deliver in accordance with the five broader strategic priorities that have been set for us by the Wellington Water Committee. Additionally, as a Board we have set four outcomes to ensure our services are reliable, compliant, affordable, and that we are a strong, capable organisation ready to integrate into any future delivery model.

Last year we commissioned a number of reviews, in response to concerns we had about the performance of the organisation. These reviews confirmed what we thought – and what councils had been telling us. Our performance has not been good enough.

We have learned valuable lessons from these reviews. We have stepped up and taken responsibility for this, and we now focus on seeing through the changes that are needed.

Our response is the 'Wellington Water Culture and Value for Money Improvement Plan' which is designed to significantly lift the capability of Wellington Water. As we deliver some \$500m in capital and operating projects and services we will be relentlessly focused on ensuring value-for-money. The Board and Management of Wellington Water recognise the critical importance of delivering and demonstrating value for money to our shareholding councils and regional ratepayers. Fundamental changes to the way we work and operate are underway, and the resulting shifts in culture and direction will enable the organisation to generate the best returns from the funding entrusted to us.



Nick Leggett

BOARD CHAIR



Pat Dougherty

CHIEF EXECUTIVE



Overview

Wellington Water exists so people in the Wellington Region have safe, reliable, compliant, affordable drinking water, stormwater, and wastewater services.

Our organisational values are:

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

Wellington Water is a council-controlled organisation 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 provided. They then task Wellington Water to manage the infrastructure and deliver water services to communities.

Our governance structure within this ownership model comprises:

Wellington Water Committee, with representatives from each owner council, typically the Mayor/Chair, and representatives from Mana Whenua. The Wellington Water Committee provide an annual Letter of Expectation to the Wellington Water Board, along with leadership and direction.

An independent Board of Directors, selected by the Wellington Water Committee, is responsible for the direction and control of Wellington Water Limited.

Purpose of statement of intent (SOI)

This annual statement of intent, required by the Local Government Act 2002, states our activities and focus areas for the next three years and how they contribute to the councils' priorities and Board outcomes.

This statement of intent is for 2025-2028, acknowledging that Wellington Water may not exist beyond 2025/2026.

The process for developing and implementing our statement of intent includes receipt by the Board of a Letter of Expectations from the Wellington Water Committee, development of a draft statement of intent for the Board and Wellington Water Committee, comment provided, and SOI adjusted, with the final SOI approved by the Board and the Committee. Wellington Water then reports quarterly to the Board and Wellington Water Committee on progress delivering to the SOI.

Wellington Water outcomes

During 2024 the Board introduced four Outcomes for Wellington Water.

- Communities receive reliable 3 Waters services
- Services delivered by WWL are compliant
- Water services are affordable and provide value
- WWL is a strong and capable organisation that is ready to fold into any future water services model

Wellington Water Committee key expectations for 2025 - 2026

The Wellington Water Committee Letter of Expectations outlines Key Expectations to be delivered during 2025-26. The Letter of Expectations is on page 22 of this document.

Expectations to include in the 2025 -2026 plans

1. Prioritise and deliver the Organisational Capability Plan (superseded by the Wellington Water Culture and Value for Money Improvement Plan), as agreed by the Wellington Water Committee during 2025-2026, within funding and provide quarterly reporting that demonstrates tangible progress in the six workstreams:
 - a. Accountability
 - b. Assurance
 - c. Finance and Process controls
 - d. Rebuild trust and confidence of shareholders
 - e. Transition to a new entity
 - f. Ways of working.

2. These are our focus areas for 2025-26:
 - a. Demonstrate delivery of value for money in the work we do for our shareholders. This means ensuring that every dollar is used efficiently and effectively to maximise benefit to the Councils and Community
 - b. Prepare for transition to any future delivery model
 - c. Develop a prioritised programme of investment for key information technology systems.
 - d. Prepare for a future delivery model to address the challenge that our assets continue to fail, with obvious and high-profile consequences across the network
 - e. Continue to develop a water meter implementation plan across Councils to assist longer-term demand for water
 - f. Incorporate local Mana Whenua priorities into operations. Partnership agreements with Mana Whenua ensure mutual benefits
 - g. Orient drinking water investment and maintenance to mitigate the risk of an acute water shortage for the summer of 2026 and address long term risks and solutions – including bulk water storage.

In our pursuit of value for money, we will be aware of council priorities to ensure critical projects are delivered.





Investment from councils

The shareholding councils consulted their communities on three waters investment for the 2024–34 Long-term Plan (LTP). Wellington Water initially advised that \$10 billion in regional capital investment was needed over the next 10 years but recommended \$7.6 billion as more feasible.

Councils agreed on a \$3.6 billion capital investment programme, with significant funding constraints from 2024–2027.

Wellington Water recommended \$1.7 billion regional operating expenditure with Councils providing approximately \$1.5 billion. The focus of this

funding will be on existing infrastructure, but it is insufficient to address the backlog of pipe renewals and mitigate water shortages.

While the long-term focus will still be working towards a sustainable funding level, Wellington Water acknowledges the immediate need to achieve more with the funding provided (value for money).

The investment figures for each council owner for 2025–26 are below. Figures for the years beyond have been included to meet statutory obligations but we acknowledge any numbers in those years will need to be determined, subsequent to council decisions about a future water services delivery model.

Table 1: Council by council capital expenditure 2025-28

| Council | 2025/26 | 2026/27 | 2027/28 |
|--------------------|------------------|------------------|------------------|
| GWRC | \$68.3 M | \$39.6 M | \$50.4 M |
| HCC | \$101.8 M | \$166.5 M | \$155.7 M |
| PCC | \$56.9 M | \$50.9 M | \$60.6 M |
| SWDC | \$12.7 M | \$18.2 M | \$22.1 M |
| UHCC | \$13.3 M | \$9.6 M | \$8.3 M |
| WCC | \$89.3 M | \$58.2 M | \$131.5 M |
| Grand Total | \$342.3 M | \$343.0 M | \$428.6 M |

All Wastewater Joint Venture costs are captured in HCC budgets. Thus, UHCC figures are understated by \$62M and HCC's figures overstated by the equivalent.

Table 2: Council by council operating expenditure 2025–28

| Council | Water | 25/26 Council | 26/27 Council | 27/28 Council |
|---------------|-----------------------|------------------|------------------|------------------|
| GWRC | Drinking Water | \$32.1 M | \$30.0 M | \$30.0 M |
| HCC | Drinking Water | \$13.3 M | \$14.4 M | \$14.9 M |
| HCC | Stormwater | \$4.8 M | \$4.6 M | \$4.7 M |
| HCC | Wastewater | \$6.6 M | \$5.4 M | \$5.6 M |
| HCC | Wastewater JV | \$13.8 M | \$13.4 M | \$13.4 M |
| HCC* | Total | \$38.4 M | \$37.8 M | \$38.5 M |
| PCC | Drinking Water | \$5.3 M | \$4.8 M | \$4.8 M |
| PCC | Stormwater | \$1.4 M | \$1.4 M | \$1.4 M |
| PCC | Wastewater | \$2.8 M | \$2.7 M | \$2.7 M |
| PCC | Wastewater JV | \$3.3 M | \$3.4 M | \$3.4 M |
| PCC | Total | \$12.8 M | \$12.3 M | \$12.3 M |
| SWDC | Drinking Water | \$3.1 M | \$3.1 M | \$3.1 M |
| SWDC | Stormwater | \$0.2 M | \$0.2 M | \$0.2 M |
| SWDC | Wastewater | \$2.4 M | \$2.9 M | \$2.2 M |
| SWDC | Water Races | \$0.2 M | \$0.2 M | \$0.2 M |
| SWDC | Total | \$5.9 M | \$6.4 M | \$5.6 M |
| UHCC | Drinking Water | \$3.3 M | \$3.2 M | \$3.2 M |
| UHCC | Stormwater | \$0.8 M | \$0.8 M | \$0.8 M |
| UHCC | Wastewater | \$1.9 M | \$1.8 M | \$1.8 M |
| UHCC | Wastewater JV | \$5.0 M | \$4.1 M | \$4.1 M |
| UHCC | Total | \$11.0 M | \$9.9 M | \$9.9 M |
| WCC | Drinking Water | \$23.9 M | \$22.7 M | \$22.6 M |
| WCC | Stormwater | \$6.0 M | \$4.3 M | \$4.3 M |
| WCC | Wastewater | \$32.0 M | \$27.7 M | \$27.8 M |
| WCC | Wastewater JV | \$4.7 M | \$5.6 M | \$5.6 M |
| WCC** | Total | \$66.6 M | \$60.3 M | \$60.3 M |
| Region | | \$166.9 M | \$156.8 M | \$156.7 M |

Risks associated with current levels of investment (for the next three years)

Risks and issues identified by Wellington Water include:

- A rise in unfixed leaks
- Increasing backlog of renewals and upgrade work needed
- Failure to invest at the recommended level means the proposed new entity will not be positioned to be successful
- Further interruptions to services
- Rising costs in maintenance and repairs
- Lack of investment by contractors and suppliers in people and equipment because of uncertain future work
- Putting public health at risk by deferring essential maintenance and upgrade work
- Potential impact to the environment through untreated wastewater entering local waterways; possible prosecution for non-compliances at the region's wastewater treatment plants
- Lack of engineering investigation work that is critical to understanding and monitoring the state of the region's network and condition of councils' assets so councils can make well informed decisions.

Corporate risks associated with current levels of investment (for the next three years)

Risks and issues identified by Wellington Water include:

- Difficulty demonstrating value for money, impacting the transition to any future delivery model
- Challenges in fully implementing recommendations from the recent independent reviews leading to potential future errors
- Risks associated with not investing in core technology systems, affecting efficiency, data management, performance reporting and increasing cyber risk
- Outdated corporate systems and processes causing inefficiencies and unexpected costs
- Inability to improve commercial risk management, business planning, assurance activities and processes, asset management, and information management.



Commitment of Delivery

Maintaining assets and delivering three waters services

We are focused on delivering our core services:

- Sufficient and safe drinking water for our communities
- Removing and treating wastewater before returning it to the environment
- Stormwater risks and impact are managed.

We measure success by:

| # | Purpose | Measure | Target 2025/26 | Target 2026/27 | Target * 2027/28 |
|---|---|---|--|--|--|
| 1 | We deliver a level of service that our customers expect. | The percentage of our customers that report being "Satisfied or Very Satisfied" with our services | ≥ 57.5% | ≥ 60% | ≥ 62.5% |
| 2 | The yearly average level of fluoride leaving each Metropolitan Water Treatment Plant is within the Ministry of Health guidelines 95% of the time. | The yearly average level of fluoride leaving each Water Treatment Plant is within the Ministry of Health guidelines (0.7-1.0 parts per million 95% of the time. | Achieved at all plants | Achieved at all plants | Achieved at all plants |
| 3 | We will deliver safe drinking water to metro Wellington. | We comply with Drinking Water Quality Assurance Rules (Treatment)** | Compliant monthly (12/12 months compliant) | Compliant monthly (12/12 months compliant) | Compliant monthly (12/12 months compliant) |
| 4 | We will deliver safe drinking water to South Wairarapa. | We comply with Drinking Water Quality Assurance Rules (Treatment)** | Compliant monthly (12/12 months compliant) | Compliant monthly (12/12 months compliant) | Compliant monthly (12/12 months compliant) |
| 5 | Our metropolitan Wastewater Treatment Plants will operate as expected. | We receive zero abatement notices, infringement notices, enforcement orders or convictions for breaches of consent. | 0 notices, orders and convictions | 0 notices, orders and convictions | 0 notices, orders and convictions |
| 6 | SWDC Wastewater Treatment Plants will operate as expected. | We receive zero abatement notices, infringement notices, enforcement orders or convictions for breaches of consent. | 0 notices, orders and convictions | 0 notices, orders and convictions | 0 notices, orders and convictions |

| # | Purpose | Measure | Target 2025/26 | Target 2026/27 | Target * 2027/28 |
|----|--|--|-------------------------------------|--|--|
| 7 | We will replace/renew the targeted kilometres of pipe. | Percentage of targeted pipe replacement/ renewal completed (8km) | 100% | To be set in 26-29 Statement of Intent | To be set in 27-30 Statement of Intent |
| 8 | We will deliver our capital programme within the expected range. | Total capital delivery is between \$257m (75%) and \$308m (90%) | Achieved | To be set in 26-29 Statement of Intent | To be set in 27-30 Statement of Intent |
| 9 | Our people remain engaged with our company and its purpose. | Our overall engagement score remains stable or increases. | Overall engagement greater than 60% | Overall engagement greater than 60% | Overall engagement greater than 60% |
| 10 | We will monitor and address critical health and safety risks for our people. | Health and Safety critical risks will be reviewed, and improvements implemented. | Two or more critical risks | Two or more | Two or more |

*Targets for 27/28 may be reviewed by any future water services delivery model

**Measured separately at each Water Treatment Plant. The Metro Wellington drinking water treatment plants are Gear Island, Te Mārua, Wainuiomata and Waterloo. South Wairarapa treatment plants are Waiohine, Memorial Park, Martinborough and Pirinoa.

Note: that we are unable to meet the contact time requirements for chlorine at the Waterloo plant as the first customers serviced are too close to the plant.



Te Mana o te Wai – the korowai for water services

Te Mana o Te Wai prioritises the health and wellbeing of water first. The second priority is the health needs of people, and the third is the ability of people and communities to provide for their social, economic and cultural wellbeing.

The strategy work is on hold. Once restarted we will:

- Develop a clear understanding of Te Mana o te Wai and what this means for our work
- Apply Te Mana o te Wai in core areas of our work

We measure success by:

| # | Purpose | Measure | Target 2025/26 | Target 2026/27 | Target * 2027/28 |
|----|---------------------------------|--|------------------|-------------------------------|---------------------------|
| 11 | Give effect to Te Mana o te Wai | Give effect to Te Mana o te Wai by defining what this means for Wellington Water and provide direction on where and how it will be applied to our planning, regulatory and operational activities. | Develop strategy | Implement and review strategy | Review and adapt strategy |



Partnering with iwi and mana whenua

We value relationships with mana whenua iwi, including Taranaki Whānui ki te Upoko o te Ika, Ngāti Toa Rangatira, Ngāti Kahungunu ki Wairarapa-Tamaki Nui a Rua, and Rangitāne o Wairarapa.

We will:

- honour our agreements with Te Rūnanga o Toa Rangatira and Taranaki Whānui
- build our understanding of Te Ao Māori
- ensure Mana Whenua priorities are incorporated into operations
- engage with mana whenua iwi on Resource Management Act-related activity.

We measure success by:

| # | Purpose | Measure | Target 2025/26 | Target 2026/27 | Target * 2027/28 |
|----|--|---|---|---|---|
| 12 | To demonstrate our commitment to partnering with mana whenua iwi | We regularly check with Te Rūnanga o Toa Rangatira and Taranaki Whānui that we are honouring our partnership agreements | Annual hui confirm that we are giving effect to the purpose and values set out in the relationship agreements | Annual hui confirm that we are giving effect to the purpose and values set out in the relationship agreements | Annual hui confirm that we are giving effect to the purpose and values set out in the relationship agreements |
| 13 | To demonstrate our commitment to partnering with mana whenua iwi | We offer partnership agreements to Ngāti Kahungunu ki Wairarapa-Tamaki Nui a Rua and Rangitāne o Wairarapa | Dependant on SWDC pursuing alternative options for water delivery | | |

*Targets for 27/28 may be reviewed by any future water services delivery model

Mitigate the risks of a water shortage

We will:

Orient drinking water and maintenance investments to mitigate the risk of acute water shortages for short and long-term, including:

- Invest in activities to reduce water loss and leaks
- Encourage customers to reduce water loss
- Complete the Te Mārua Water Treatment Plant upgrade
- Provide Taumata Arowai and Councils with regular updates as required
- Engage with the public early and consistently about water restrictions and risk
- Progress investment in water meters

We measure success by:

| # | Purpose | Measure | Target 2025/26 | Target 2026/27 | Target * 2027/28 |
|----|--|---|----------------|----------------|------------------|
| 14 | There is sufficient water to meet customer needs | Wellington Water and councils do not implement Level 4 Water Restrictions | Achieved | Achieved | Achieved |

*Targets for 27/28 may be reviewed by any future delivery model

We measure success by:

| # | Purpose | Measure | Target 2025/26 | Target 2026/27 | Target * 2027/28 |
|----|---|--|---|--|--|
| 15 | We manage the region's water shortage risk in the medium to long term | Prepare a regionally consistent plan for roll out of residential water meters across our metropolitan council areas. | Procurement commenced, funding agreed, water meter installation has commenced | Implementation of water meters continues | Implementation of water meters continues |

*Targets for 27/28 may be reviewed by any future delivery model

Support transition to the future Water Services model

We will work with Council and their Water Services Delivery Plan team to identify and manage the key interdependencies with both the development of the WSDP and planning for the establishment of any future delivery model.

All key interdependencies will be identified, and an agreed way to manage these will be confirmed to align outcomes and avoid rework.

Compliance, assurance, and performance reporting

Measuring and Reporting on our performance

We report to councils and regulators on activities and performance measures set by legislation, councils, and the Wellington Water Committee, ensuring accountability for delivery, value for money, and continuous improvement. We seek a 'no surprises' approach.

Regular reporting includes:

- Monthly: Finance, operational, and capital delivery reports for each council; water performance (including average fluoridation levels) and wastewater treatment plant performance and compliance
- Quarterly and annually: Reporting on the measures set out in this Statement of Intent, and up to 35 mandatory Department of Affairs measures with council-specific targets
- Statutory reporting: Compliance reporting to Taumata Arowai under the Water Services Act 2021, and to Greater Wellington Regional Council on resource consent compliance
- Commerce Commission (Foundational Information Disclosure) including Value for Money
- As applicable: including service outages; wastewater discharges from the wastewater treatment plants and overflows from the wastewater network; key advice to councils; and responses to Local Government Official Information and Meetings Act requests.

We will:

- Provide timely reports on financial, non-financial, and compliance performance
- Proactively raise current and potential treatment plant non-compliances with councils
- Ensure transparency with the community on treatment plant non-compliance, particularly those impacting public health, safety, and the environment.

Demonstrating value for money

The Wellington Water Committee asked Wellington Water to provide assurance that it focuses on delivery and sustainable operational gains, both of which are important to us.

Recent reviews have told us we needed to improve our structure, systems, and processes to manage costs more effectively and ensure proper financial oversight. Value-for-money is a key focus for Wellington Water and recent changes to the organisational structure and contractual arrangements with contractors and consultants will support more prudent financial management.

From 1 July, Wellington Water will work with the Commerce Commission to fulfil foundational information disclosure requirements. Accordingly, we will put the single integrated performance framework on hold, to be provided as an artefact for any future water services delivery model.

We will continue to:

- Drive efficiency improvements across the organisation
- Set performance targets to enhance effectiveness, focusing on outcomes, quality, timeliness, safety, and value for money
- Support work of the Commerce Commission
- Explore benchmarking options for performance and cost comparisons
- Implement improvements from the review of the Fulton Hogan Wellington Water partnership (Alliance) and key contracting arrangements to ensure value delivery
- Provide the Wellington Water Committee with examples of value for money initiatives
- Deliver the actions set out in the Wellington Water Culture and Value for Money Improvement Plan to lift our capability.

We measure success by:

| # | Purpose | Measure | Target 2025/26 | Target 2026/27 | Target * 2027/28 |
|----|---|---|---|---|--------------------------------|
| 16 | Revisit supply chain to ensure efficiency and value for money | Review key contracting arrangements for maintenance and capital works | Agreed actions from review(s) are implemented | Agreed actions are implemented and reported to the Wellington Water Committee | Agreed actions are implemented |
| 17 | Lift our organisational capability | Implement actions agreed of the Wellington Water Culture and Value for Money Improvement Plan | Report Quarterly | Report Quarterly | Report Quarterly |

*Targets for 27/28 will be reviewed by any future delivery model

Systems and technology improvements investment

Significant investment is required in WWL's technology and asset management systems to support effective and efficient operations.

We will:

- Develop a prioritised programme of investment for key information systems technology that can be utilised by WWL in the short-medium term and passed to the future delivery model in the longer term
- Undertake this in partnership with the intended shareholders of the future delivery model and include finance, asset management and scoping a customer relationship management system
- Report on progress quarterly.



Letter of Expectation



7 February 2025

Nick Leggett
Chair
Wellington Water Limited
Private Bag 39804
WELLINGTON

Kia ora Nick

Letter of Expectation 2025 - 2028

This letter sets out the priorities and expectations of the six shareholding Councils and Mana Whenua of Wellington Water Limited (WWL) for the period 2025-2028.

We expect these to be reflected in the development of WWL's draft Statement of Intent for the Wellington Water Committee's consideration. These priorities have been informed by discussions over the past year.

Context

Over the past year the pathway to water reform has become somewhat clearer with councils accountable for the development and adoption of Water Service Delivery Plans (WSDP) by 3 September 2025.

In our region five of the six shareholding councils remain committed to development of a joint WSDP and the establishment of a new regional water entity by 2026. In addition, South Wairarapa District Council is working with the other Wairarapa councils on a potential local CCO model.

The reform process and establishment of a new water entity will have implications for WWL. In particular:

1. This responsibility sits outside the WWL governance arrangements but will require the active cooperation of the company especially in the provision of information and operational expertise.
2. The intent is that this process will lead to the eventual disestablishment of WWL, however it is intended that significant operational aspects of WWL, including staff, contracts and relationships would transfer to the new entity. As a result, WWL needs to maintain ongoing alignment with the establishment planning to ensure that it is in a position to support this process.

3. The focus in the short to medium term must be on WWL managing assets and delivering three water services efficiently and effectively with emphasis as outlined below and in line with Organisational Capability Plan 2024-2026.

Te Mana o Te Wai – the korowai for water services

Te Mana o te Wai prioritises the health and wellbeing of water first. The second priority is the health needs of people and the third is the ability of people and communities to provide for their social, economic and cultural wellbeing.

We expect WWL to give effect to te Mana o te Wai, in planning, regulatory and operational areas working in partnership with mana whenua.

Key Expectations of Wellington Water Limited for 2025-26

1. Within agreed funding, prioritisation and delivery of the Organisational Capability Plan 2024-2026 and respond to the key findings of recent reviews of WWL including the WWL Cost Estimation Error. In particular, provide regular quarterly reporting that demonstrates tangible progress in relation to:
 - Accountability – including organisational restructuring so that accountabilities are clear and capabilities can be enhanced in the lead up to a new entity, ensuring value for money
 - Assurance – establish effective risk management, align internal management with strategic goals, improve operational efficiency and Compliance, and oversee the implementation of review recommendations
 - Controls – finance and process: Strengthen the overall control environment by creating and enhancing internal controls that support consistency and quality in financial and other capability, planning, process and systems
 - Improve programme and project governance including performance monitoring
 - Responsibilities to shareholders: rebuild the trust and confidence of shareholding councils in WWL
 - Transition to a new entity: Prepare, support and engage in the transition to a new entity.
 - Ways of working: embed organisational values and behaviours into daily practices, defining clearer leadership expectations, and adapting performance management to ensure account ability and to support a positive workplace culture.
2. WWL will work with shareholders to deliver on a single integrated water meter implementation plan across the shareholding Councils.
3. Develop a prioritised programme of investment for key information technology systems that can be utilised by WWL in the short-medium term and passed to the new water entity in the longer term. This programme should be done in partnership with the intended shareholders of the new entity and will include finance, asset management and scoping of customer relationship management system (CRM).
4. For the next year, drinking water investments and maintenance should be oriented around mitigate the risk of an acute water shortage for the summer of 2026 while addressing the long-term risks and solutions – including bulk water storage.
5. The shareholding Councils endorse the five existing priority areas for WWL, and note that these need to be balanced:
 - Look after existing infrastructure.
 - Support growth.

Continued over page

- Ensure sustainable water supply for the future.
- Improve water quality in our rivers, streams, and harbours.
- Reduce our carbon emissions and adapt to the impacts of climate change.

6. WWL must ensure that local Mana Whenua priorities are incorporated into operations.

This letter is communicated at a time where we are looking to a future delivery model in order to address the challenge that our assets continue to fail, with obvious and high-profile consequences across the network. The need for WWL and its shareholders to work together in pursuit of these expectations has never been greater.

The shareholding Councils look forward to receiving a concise draft of the WWL Statement of Intent no later than 1 April 2025.

Please contact wendy.walker@porirua.govt.nz should you have any queries.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Campbell Barry', with a stylized flourish at the end.

Mayor Campbell Barry
Chair
Wellington Water Committee
Private Bag 31912
LOWER HUTT

Department of Internal Affairs (DIA) measures

The DIA sets non-financial performance measures (the Rules) for local authorities, which are consistent nationwide. Each council sets targets for these rules, and Wellington Water reports on these targets throughout the year.

The first two performance measures, related to Drinking Water safety, refer to Compliance with Part 4 and Part 5 of the Drinking Water Standards for New Zealand which were revoked as of 13 November 2022. Taumata Arowai is now the Water Services regulator and has set new measures. With reporting done monthly to the regulator. The DIA rules haven't been updated to reflect this change, so we report compliance with the closest approximation under the new framework.

| DIA Part/Sub Part | Measures | Targets | | | | | |
|-----------------------------------|---|-----------|--------------------|--------------------|------------|--------------------|--------------------|
| | | GWRC | PCC | UHCC | SWDC | WCC | HCC |
| | (1) Performance measure 1 (safety of drinking water) | | | | | | |
| Part 2: Sub-part 1 – Water supply | The extent to which the local authority's drinking water supply complies with: (a) part 4 of the drinking-water standards (bacteria compliance criteria). | Compliant | Compliant* | Compliant | Compliant* | Compliant | Compliant* |
| | (1) Performance measure 1 (safety of drinking water) | | | | | | |
| Part 2: Sub-part 1 – Water supply | The extent to which the local authority's drinking water supply complies with: (b) part 5 of the drinking-water standards (protozoal compliance criteria). | Compliant | Compliant | Compliant | Compliant* | Compliant | Compliant* |
| | (2) Performance measure 2 (maintenance of the reticulation network) | | | | | | |
| Part 2: Sub-part 1 – Water supply | The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this). ¹ Calculated as a regional mean value | +/- 0.25% | < 20% ¹ | < 20% ¹ | < 30% | < 17% ¹ | < 20% ¹ |

| DIA Part/Sub Part | Measures | Targets | | | | | |
|--------------------------------------|---|------------|-------------------|------------|--------------------------------------|------------|------------|
| | | GWRC | PCC | UHCC | SWDC | WCC | HCC |
| Part 2: Sub-part 1 – Water supply | (3) Performance measure 3 (fault response times) 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. | ≤ 90 min | ≤ 90 min | ≤ 60 min | < 90% attendance in < 1 hour | ≤ 60 min | ≤ 90 min |
| | (3) Performance measure 3 (fault response times) 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 (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. | ≤ 8 hours | ≤ 8 hours | ≤ 4 hours | < 90% resolution in 8 hours | ≤ 4 hours | ≤ 8 hours |
| Part 2: Sub-part 1 – Water supply | (3) Performance measure 3 (fault response times) 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 (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 | ≤ 72 hours | ≤ 20 working days | ≤ 36 hours | ≥ 90% attendance in < 2 working days | ≤ 36 hours | ≤ 72 hours |

| DIA Part/Sub Part | Measures | Targets | | | | | |
|---|--|--------------------------------------|--------------------------------------|--|--|--------------------------------------|--------------------------------------|
| | | GWRC | PCC | UHCC | SWDC | WCC | HCC |
| Part 2: Sub-part 1 – Water supply | (3) Performance measure 3 (fault response times) 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 (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 | ≤ 20 days | ≤ 20 working days | ≤ 15 days | ≥ 90% resolved in < 5 working days | 5 days | ≤20 working days |
| | (4) Performance measure 4 (customer satisfaction) 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 | < 20 complaints per 1000 connections | ≤ 20 complaints per 1000 connections | ≤20 complaints per 1000 connections (Except (e)) | < 75 per 1000 connections (Except (f)) | < 60 complaints per 1000 connections | ≤ 20 complaints per 1000 connections |
| Part 2: Sub-part 1 – Water supply | (5) Performance measure 5 (demand management) The average consumption of drinking water per day per resident within the territorial authority district | 375L | ≤320L | ≤415L | <400L | <365L | ≤385L |
| Sub-part 2 – Sewerage and the treatment and disposal of sewage | (1) 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. | N/A | ≤ 20 per 1000 connections | ≤ 20 per 1000 connections | < 10 per 1000 connections | Zero | ≤ 20 per 1000 connections |

| DIA Part/Sub Part | Measures | Targets | | | | | |
|--|---|---------|-----|------|------|-----|-----|
| | | GWRC | PCC | UHCC | SWDC | WCC | HCC |
| Sub-part 2 – Sewerage and the treatment and disposal of sewage | (2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (a) abatement notices received by the territorial authority in relation to those resource consents | N/A | Nil | Nil | < 2 | Nil | Nil |
| Sub-part 2 – Sewerage and the treatment and disposal of sewage | (2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (b) infringement notices received by the territorial authority in relation to those resource consents | N/A | Nil | Nil | Nil | Nil | Nil |
| Sub-part 2 – Sewerage and the treatment and disposal of sewage | (2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (c) enforcement orders received by the territorial authority in relation to those resource consents | N/A | Nil | Nil | Nil | Nil | Nil |
| Sub-part 2 – Sewerage and the treatment and disposal of sewage | (2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (d) convictions received by the territorial authority in relation to those resource consents | N/A | Nil | Nil | Nil | Nil | Nil |

| DIA Part/Sub Part | Measures | Targets | | | | | |
|--|---|---------|------------|---|--|---|---|
| | | GWRC | PCC | UHCC | SWDC | WCC | HCC |
| Sub-part 2 – Sewerage and the treatment and disposal of sewage | (3) Performance measure 3 (fault response times) 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 | N/A | ≤ 90 min | ≤ 60 min | ≥ 85% in < 1 hour | ≤ 60 min | ≤ 90 min |
| | (3) Performance measure 3 (fault response times) 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: (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. | N/A | ≤ 8 hours | ≤ 6 hours | ≥ 90% resolved in < 4 hours | ≤ 6 hours | ≤ 8 hours |
| Sub-part 2 – Sewerage and the treatment and disposal of sewage | (4) Performance measure 4 (customer satisfaction) 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 | N/A | ≤ 30 total | < 20 complaints per 1000 connections | < 60 per 1000 connections < 15 per issue | < 30 complaints per 1000 connections | ≤ 30 complaints per 1000 connections |
| | | | | | | | |

| DIA Part/Sub Part | Measures | Targets | | | | | |
|----------------------------------|--|---------|-------|------|------|-------|-------|
| | | GWRC | PCC | UHCC | SWDC | WCC | HCC |
| Sub-part 3 – Stormwater drainage | (1) Performance measure 1 (system adequacy) (a) The number of flooding events that occur in a territorial authority district | N/A | ≤2 | Zero | 0** | ≤2 | ≤2 |
| Sub-part 3 – Stormwater drainage | (1) Performance measure 1 (system adequacy) (b) For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system.) The regional consistency for habitable floors affected in a flooding event is 10 per event, however as the DIA measure is per 1000 properties connected, we have calculated this based on connections in 2020/21. | N/A | ≤0.57 | Zero | 0** | ≤0.13 | ≤0.24 |
| Sub-part 3 – Stormwater drainage | (2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: (a) abatement notices received by the territorial authority in relation to those resource consents | N/A | Nil | Nil | Nil | Nil | Nil* |
| Sub-part 3 – Stormwater drainage | (2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: (b) infringement notices received by the territorial authority in relation to those resource consents | N/A | Nil | Nil | Nil | Nil | Nil* |

| DIA Part/Sub Part | Measures | Targets | | | | | |
|----------------------------------|--|---------|---------------------------|---------------------------|----------|---------------------------|--------------------------|
| | | GWRC | PCC | UHCC | SWDC | WCC | HCC |
| Sub-part 3 – Stormwater drainage | (2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: | N/A | Nil | Nil | Nil | Nil | Nil* |
| | (c) enforcement orders received by the territorial authority in relation to those resource consents | | | | | | |
| Sub-part 3 – Stormwater drainage | (2) Performance measure 2 (discharge compliance) Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: | N/A | Nil | Nil | Nil | Nil | Nil* |
| | (d) convictions received by the territorial authority in relation to those resource consents | | | | | | |
| Sub-part 3 – Stormwater drainage | (3) Performance measure 3 (response times) The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site | N/A | ≤ 8 Hours | ≤ 60 minutes | <3 hours | ≤ 60 minutes | ≤8 hours |
| Sub-part 3 – Stormwater drainage | (4) 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. | N/A | ≤ 20 per 1000 connections | ≤ 20 per 1000 connections | Zero** | ≤ 20 per 1000 connections | ≤20 per 1000 connections |

These targets may be worded differently in the councils' LTP, but are measuring substantially the same level of service

**SWDC does not have a stormwater system as defined by the DIA



Governance and shareholder information

Wellington Water Committee

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

It does this by considering the company's half-year and annual reports, monitoring performance, recommending directors for appointments, and

providing recommendations to shareholders on proposals. Each shareholder holds an equal percentage of the voting shares ('A' shares) of Wellington Water.

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



Mayor Campbell Barry

Wellington Water Committee Chair
Hutt City Council



Ros Connelly

Wellington Water Committee Deputy Chair
Greater Wellington Regional Council



Mayor Anita Baker

Porirua City Council



Mayor Tory Whanau

Wellington City Council



Mayor Wayne Guppy

Upper Hutt City Council



**Deputy Mayor
Melissa Sadler-Futter**

South Wairarapa District Council

The Wellington Water Committee has three iwi appointments.



Kara Puketapu-Dentice

Taranaki Whānui ki te Upoko o te Ika



Andrea Rutene

Ngāti Kahungunu ki Wairarapa Tamaki Nui a Rua
Treaty Settlement Trust



Helmut Modlik

PTe Rūnanga o Toa Rangatira

Information to be provided to shareholders

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

- A Statement of Intent, detailing all matters required under the Local Government Act 2002, including financial information for the next three years;
- Within two months after the end of the first half of each financial year, a report on the operations of Wellington Water to enable an informed assessment of its performance, including financial statements (in accordance with section 66 of the Local Government Act 2002); and
- Within three months after the end of each financial year, an annual report, which provides a comparison of its performance with the Statement of Intent, with an explanation of any material variances, audited consolidated financial statements for that financial year, and an auditor's report (in accordance with sections 67, 68, and 69 of the Local Government Act 2002). Note that the LGA has been amended to temporarily extend the timeframe for this financial year to 30 November 2022 (s67(5)(b)).

Share acquisition

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

Compensation from local authority

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

Equity value of the shareholders' investment

The total shareholders' equity is estimated to be valued at \$1 million as at 31 December 2024. This value will be assessed by the directors on completion of the annual accounts or at any other time determined by the directors. The method of assessment will use the value of shareholders' funds as determined in the annual accounts as a guide.

Ratio of consolidated shareholders' funds to total assets

The ownership of infrastructural assets is retained by the shareholders (or other clients). The business returns all benefits to shareholders; the ratio of shareholders' funds to assets is 3% for the 2025/26 financial year.

Board of Directors of Wellington Water








All directors must be independent and are selected by the Wellington Water Committee. Each director can serve a maximum of two terms, or six years, unless agreed by the Wellington Water Committee.

The Board is responsible for the direction and control of Wellington Water Limited. The Chair of the Board reports to the Wellington Water Committee. The Board approves strategy, ensures legal Compliance, and monitors Wellington Water's performance, risks, and viability.

The Board establishes with management (and in consultation with shareholders) clear strategic outcomes that drive performance. The Board is mindful of the significant investment by its shareholder councils in its operations, and of the need to preserve, grow, and demonstrate shareholder value and regional prosperity through the provision of its three waters services.

The Board will ensure that the company focuses on the priorities set out in the shareholders' Letter of Expectations. The Board is also mindful of its relationship with the Wellington Water Committee and how both the Board and the Wellington Water Committee influence the company in different ways.

The Board supports the management team to deliver and report on performance using a 'no surprises' approach, by creating an environment of trust where information is freely available, decision-making is transparent, and strategic conversations provide insights and guidance for the company. Consistent with a high-performance organisation, Board members challenge management (and other Board members) to keep a healthy culture of inquiry and openness.

| Board of Directors | | Appointed to |
|---|-----------------------------|-----------------|
|  | Nick Leggett (Chair) | 30 October 2026 |
|  | Leanne Southey | 1 July 2027 |
|  | Mahina Puketapu | 30 October 2026 |
|  | Bill Bayfield | 30 October 2026 |
|  | David Adamson | 30 October 2026 |
|  | Gillian Peacock | 30 October 2026 |
|  | Ben Pitchforth | 30 October 2026 |

Wellington Water Limited

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

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

- Manage drinking-water, wastewater, and stormwater services in the greater Wellington region for local authority shareholders
- Achieve the objectives of its shareholders
- Be a good employer
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which the company operates

- and by endeavouring to accommodate or encourage these when able to do so
- Conduct its affairs in accordance with sound business practice.

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

We operate under the Companies Act 1993 and the Local Government Act 2002 and comply with the Health Act 1956, requirements of the Drinking Water Regulator Taumata Arowai under the Water Services Act, and other legislation such as the Resource Management Act 1991, the Wellington Regional Water Board Act 1972 and the Health and Safety at Work Act 2015.

Executive Leadership Team



Pat Dougherty

Chief Executive



Julie Alexander

Chief Strategy and Planning Officer



Charles Barker

Chief Operating Officer



Erin Ganley

Acting Chief Risk and Compliance Officer



Wayne Maxwell

Chief Corporate Services Officer

Prospective financial statements

The financials in this SOI are draft and include a number of assumptions that are subject to change. Final council approved budgets were not available at the time of publishing.

Prospective Statement of Comprehensive Revenue and Expenses

| | 2026 Projection (\$000) | 2027 Projection (\$000) | 2028 Projection (\$000) |
|--|-------------------------------|-------------------------------|-------------------------------|
| Council work programme | 455,283 | 460,973 | 546,650 |
| Management & advisory services | 24,259 | 24,259 | 24,259 |
| Technology Systems Investment (TSI) Programme Funding | 13,800 | 9,000 | 2,200 |
| Other revenue | 1,400 | 1,200 | 1,200 |
| Total revenue | 494,742 | 495,432 | 574,309 |
| Council capex and Council opex programme | (455,283) | (460,973) | (546,650) |
| Salaries and wages | (57,941) | (57,207) | (57,496) |
| Corporate (Direct) costs charged to capex and opex programme | 57,869 | 54,177 | 55,514 |
| Superannuation | (1,866) | (1,855) | (1,864) |
| Directors' fees | (240) | (240) | (240) |
| Audit – financial statements | (303) | (309) | (315) |
| Operating leases | (2,747) | (2,747) | (2,747) |
| Other personnel costs | (2,936) | (2,963) | (2,988) |
| Other operating expenses | (30,490) | (22,685) | (16,681) |
| Depreciation and amortisation | (1,769) | (1,820) | (1,585) |
| Total expenses | (495,704) | (496,621) | (575,050) |
| Surplus/(deficit) before tax | (962) | (1,189) | (741) |
| Tax (expense)/credit | 269 | 333 | 207 |
| Total comprehensive revenue and expenses | (693) | (856) | (533) |
| Attributable to: | | | |
| Wellington City Council | (277) | (342) | (213) |
| Hutt City Council | (139) | (171) | (107) |
| Upper Hutt City Council | (55) | (68) | (43) |
| Porirua City Council | (83) | (103) | (64) |
| Greater Wellington Regional Council | (104) | (128) | (80) |
| South Wairarapa District Council | (35) | (43) | (27) |
| Total comprehensive revenue and expenses | (693) | (856) | (533) |

The financials in this SOI are draft and include a number of assumptions which are subject to change. Final council approved budgets were not available at the time of publishing.

Prospective Statement of Changes in Equity

| | Retained Earnings \$000 | Issued Capital \$000 | Total \$000 |
|---|-------------------------------|----------------------------|----------------|
| Balance at 1 July 2025 | 4,252 | 1,000 | 5,252 |
| Comprehensive revenue and expenses | | | |
| Net surplus/(deficit) for the year | (693) | – | (693) |
| Projected balance at 30 June 2026 | 3,559 | 1,000 | 4,559 |
| Balance at 1 July 2026 | 3,559 | 1,000 | 4,559 |
| Comprehensive revenue and expenses | | | |
| Net surplus/(deficit) for the year | (856) | – | (856) |
| Projected balance at 30 June 2027 | 2,704 | 1,000 | 3,704 |
| Balance at 1 July 2027 | 2,704 | 1,000 | 3,704 |
| Comprehensive revenue and expenses | | | |
| Net surplus/(deficit) for the year | (533) | – | (533) |
| Projected balance at 30 June 2028 | 2,170 | 1,000 | 3,170 |

The financials in this SOI are draft and include a number of assumptions which are subject to change. Final council approved budgets were not available at the time of publishing.

Prospective Statement of Financial Position

| | Projection 2026 \$000 | Projection 2027 \$000 | Projection 2028 \$000 |
|---|-----------------------------|-----------------------------|-----------------------------|
| Cash and cash equivalents | 32,845 | 32,630 | 32,625 |
| Receivables and prepayments | 41,229 | 41,286 | 47,859 |
| Total current assets | 74,073 | 73,916 | 80,484 |
| Intangible assets | 134 | 107 | 99 |
| Property, plant and equipment, vehicles | 3,589 | 2,643 | 1,914 |
| Total non-current assets | 3,723 | 2,749 | 2,013 |
| Total assets | 77,796 | 76,665 | 82,497 |
| Payables and provisions | 70,128 | 69,745 | 76,110 |
| Employee entitlements | 3,084 | 3,192 | 3,192 |
| Total current liabilities | 73,212 | 72,937 | 79,302 |
| Employee entitlements | 25 | 25 | 25 |
| Total non-current liabilities | 25 | 25 | 25 |
| Total liabilities | 73,237 | 72,962 | 79,327 |
| Net assets | 4,559 | 3,703 | 3,170 |
| Issued capital | 1,000 | 1,000 | 1,000 |
| Retained earnings | 3,559 | 2,703 | 2,170 |
| Total equity | 4,559 | 3,703 | 3,170 |
| Shareholder equity ratio | 6% | 5% | 4% |

The financials in this SOI are draft and include a number of assumptions which are subject to change. Final council approved budgets were not available at the time of publishing.

Prospective Statement of Cash Flows

| | Projection 2026 \$000 | Projection 2027 \$000 | Projection 2028 \$000 |
|---|-----------------------------|-----------------------------|-----------------------------|
| Receipts from customers | 479,542 | 485,232 | 570,909 |
| Interest received | 1,400 | 1,200 | 1,200 |
| Proceeds from operating grants | 13,800 | 9,000 | 2,200 |
| Employees and suppliers | (493,936) | (494,801) | (573,465) |
| Net cash flow from operating activities | 806 | 631 | 844 |
| Purchase of intangibles | (168) | (121) | (124) |
| Purchase of property, plant and equipment, vehicles | (1,228) | (725) | (725) |
| Net cash flow from investing activities | (1,397) | (846) | (849) |
| Net cash flow from financing activities | - | - | - |
| Net cash flow | (590) | (215) | (5) |
| Add: cash at the beginning of the year | 33,435 | 32,845 | 32,630 |
| Cash at the end of the year | 32,845 | 32,630 | 32,625 |
| Comprising: | | | |
| Cash at bank and on hand | 32,845 | 32,630 | 32,625 |

The financials in this SOI are draft and include a number of assumptions which are subject to change. Final council approved budgets were not available at the time of publishing.

Additional content of statement of intent of council-controlled trading organisations

The statement of intent for a council-controlled trading organisation must include, as well as the information required by [Part 2](#) of this schedule, the following information:

Major accounting policies

Revenue

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

Management and advisory services

The management and advisory services revenue is recognised using the percentage of completion method and is agreed with councils and performed on a financial year basis. Management and advisory services revenue has been fully recognised because services have been fully provided at balance date.

Operational expenditure programme and unexpected event reserve

The operational expenditure programme fee is recognised using the percentage of completion method. Wellington Water develops an Annual Work Programme from the Long-Term Plans of councils which is delivered on a financial year basis. Wellington Water enters into contracts with contractors to perform the work and manages the programme. Wellington Water is acting as a principal in relation to these transactions. Wellington Water employees also perform some of the work.

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

Any part of the operational expenditure charge that remains unspent is transferred to the unexpected

event reserve (up to an agreed cap). This reserve is used to fund unexpected events that may occur in relation to the three waters network and is ring fenced for each council. Funds that are transferred to the unexpected event reserve are accounted for as deferred revenue at balance date, as the reserve reflects revenue received in advance of providing services.

Capital expenditure programme

The capital expenditure programme fee is recognised using the percentage of completion method and based on the costs incurred as a percentage of total costs under the contracts. The capital expenditure programme fee also comprises a portion of Wellington Water labour costs that are directly attributable to the capex programme.

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

Property, plant and equipment, vehicles and intangibles

Property, plant and equipment (PPE) consists of fit-out and equipment. Vehicles consist of commercial vehicles used for operational purposes. Intangible assets consist of computer software and systems.

These assets are carried at cost less accumulated depreciation or amortisation and accumulated impairments. Assets are reviewed annually for indicators of impairment.

Cost

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

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

Depreciation and amortisation

Depreciation is calculated on a straight-line basis, to allocate the cost or value of the asset over its useful life. The useful lives and depreciation rates are reviewed annually and adjusted if appropriate at each balance date.

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

6%–67%

Fit-out and equipment

3.5%–20%

Vehicles

40%

Intangibles





wellingtonwater.co.nz



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Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke