



Wellington Water Half Year Report

An overview of the work Wellington Water has delivered for its council owners in the region.

1 July – 31 December 2023

Foreword

Welcome to our half yearly report for the 2023/24 financial year. We have had a strong first half of the year. We've continued delivering for the region and our councils to the best of our ability within our current funding and resources.

A lot of our time has been focused on helping our councils and the region manage a tricky summer. With the significant risk of increased water restrictions and a water shortage this year, large parts of our organisation has been geared towards ensuring there is awareness of the risk and what people can do to prepare. We also continue to find and fix as many leaks as we can. We're heartened by the fact that we've held at Level 2 water restrictions so far this summer. Following the shift from level 1 to level 2 in early January, we saw a drop in daily water usage and we've also seen a great community response to rainwater tanks. These are all positive signs that people are getting the message and are being careful with their water use.

We're not out of the woods yet though with February being a critical month when it comes to water use and restrictions. The team will continue to keep a close eye on the situation as it progresses.

We've made good progress on our capital programme. We have delivered \$151 million at a regional level which is a 25% increase from the same period last year. We are also well on target to deliver within our expected delivery range for the year of \$234 million to \$328 million.

We continue to see compliance challenges in the wastewater treatment space with many of our councils' wastewater treatment plants needing improvement work and further investment. For drinking water, we have continued to provide safe drinking water the public however, we have had issues with meeting the Ministry of Health target levels for fluoridation. In part this is due to some health and safety issues we identified last quarter as well as challenges with some of the equipment. The team are working at pace to replace this equipment and bring fluoride levels back up to where they need to be.

We are continuing to see an increased scrutiny on our operations and acknowledge the public's frustrations around visible ongoing leaks at a time that they are also being asked to use less water. Our crews are out there finding and fixing leaks every day but we must prioritise our efforts. We all continue to come to work every day to do the best we can for the region, and it is encouraging to see customers that do interact with our team agree – our customer satisfaction score has gone up to 70% from 65% in the previous quarter.



Nick Leggett
Wellington Water Board Chair



Tonia Haskell
Chief Executive

About this document

Wellington Water is council-owned and funded. We are the Wellington region's professional water services provider, and our job is to provide safe and healthy drinking water, collect and treat wastewater, and ensure the stormwater network is well managed.

Our councils own the water infrastructure in the region. They set the level of funding into these assets and the levels of service, and Wellington Water is unable to borrow money or otherwise raise funding to increase the level of work. They then task us to manage the infrastructure and deliver water services to our communities.

This Half-Yearly Report covers the period 1 July 2023 to 31 December 2023 and sets out our progress against the goals we set ourselves in Our water, our future (Wellington Water's 2023–26 Statement of Intent).

This report will be published on our website, as well as our councils' websites, in line with the Local Government Act.

As a regional water services provider, Wellington Water is focused on restoring balance among the needs of water, people and the environment.

We do this through applying our council owners' investment in five strategic areas:



Looking after existing assets



Enabling growth



Ensuring sustainable supply and demand



Improving water quality



Resilience to climate change

These strategic investment areas underpin our ability to deliver customer outcomes: safe drinking water, water that is safe to enter the environment, protection from the impacts of flooding, and resilience to major natural events.

Regional strategy and delivery

Wellington Water's direction is towards Te Ika Rō Wai, where the needs of water, the environment and people are in balance. Te Ika Rō Wai can be understood as the fish in the water. For fish to thrive, the water they swim in needs to be pure. If we carry out our role well, and care for water at every stage as it passes from its origin as rainfall, through our environment, to theirs, then their water will return to that state. This will restore and support manaakitanga, the ability of mana whenua to provide for people and to care for the environment.

The region faces big challenges in achieving this balance. These include the amount of water consumed by people and lost through leaks; and the quality of water that leaves networks and returns to the environment, in both planned and unplanned discharges.

Our role is to provide investment advice to councils to maintain and develop their assets. We also operate their networks and develop and deliver programmes of work to renew and replace the aging assets in the region. We create value for our shareholding councils by aligning this work with regional priorities, and through procurement and delivery models that individual councils could not achieve independently.

This year we have been preparing advice for councils for their long-term plans. The process was complicated by the need to ready ourselves for Water Reform, and further complicated by the Government repealing reform while we were in the middle of that process.

Core delivery focus areas

We are focused on delivering our core services. Keeping to the core for us means:









1. Sufficient water supply for our communities
2. Safe drinking water
3. Removing and treating wastewater before returning it to the environment
4. Stormwater risks and impact are managed

In a time where all our council owners are facing rising costs and tight budgets, we are acutely aware of every dollar we are provided by councils and ratepayers. Therefore, we prioritise our work carefully to ensure that we are applying resources and people on the right things (e.g., our core services) and to the areas needed most.

Underpinning these core areas of delivery is our ongoing programme of planned maintenance and reactive responses to network outages, and our capital delivery programme which aims to replace and renew as many of the aging assets in our region as possible before they reach the end of their operational lives.

Our ability to deliver hinges on our people. We continue to take care of our people during a time of change and sector reform. This means we are committed to ensuring our people, and the people in our supplier whānau are engaged, informed and supported.

Delivery highlights

-  32 billion litres safe drinking water delivered to Wellington metropolitan region
-  195 million litres safe drinking water delivered to South Wairarapa
-  30 billion litres of wastewater was treated at the Wellington metropolitan treatment plants.
-  405 million litres of wastewater was treated at the South Wairarapa treatment plants
-  Ongoing improved employee engagement at 61% during an uncertain period
-  Customer satisfaction has continued a steady increase over the last six months, to 70% year-to-date
-  Delivered timely and evidence-based advice to councils for their Long-Term Plans for 2024-34
-  Delivered \$151 million of capital expenditure, up 25% on the same period last financial year

Supporting long-term planning for 2024-34

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

We provide councils with investment advice based on best practice and achieving the best water outcomes for communities and the environment. Our advice is based on the strategic priorities set by the Wellington Water Committee for the region. We then work through a process with each of our councils based on their priorities and what they can afford. This includes advice on the risks and consequences of not investing. This quarter there has been a lot of activity for the 2024-2034 Long-Term Planning and this process is underway for all our councils.

Our 2024-2034 Long-Term Planning advice

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

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

While we are still working through the LTP process, indications from councils so far are that the recommended level of investment is unaffordable, and funding will likely be closer to the baseline programme. The likely levels of funding will exacerbate the region's critical risks and create new ones.

Of particular concern is the ability to supply water to communities in the coming summers and the longer-term costs of deferring this investment now. The level of investment we anticipate the councils will adopt for the 2024-34 period will limit their ability to support growth, renew infrastructure at the rate it is ageing, improve water quality and resilience and reduce carbon emissions.

Long-Term Plan advice – current status

We are now in the last of four stages of supporting our councils through their Long-Term Planning processes. Stage 4 is working with councils to ensure that the detail in councils plans, as well as the consultation on those plans, is accurate and evidence based. This follows work on the first three stages; determining the investment requirements for councils' networks, developing a recommended programme for councils based on the maximum we can deliver, and tailoring a programme to what councils can afford.

Ultimately, the level of investment is for our councils to decide in consultation with their respective communities. We understand the significant challenge councils have in balancing their work programmes with affordability for ratepayers. Our councils will be consulting within the next few months and will finalise their Long-Term Plans by the end of June 2024.

We'd like to thank our councils for their ongoing support as we work through this process with them over the remainder of the year.

We continue to receive high public interest in the investment advice we have provided councils. To be transparent, we have published the investment advice we provided councils for the first stages of the LTP process on our website -

<https://www.wellingtonwater.co.nz/resources/documents/document-library/>

Operational network maintenance

Finding and fixing leaks

We continue with our programme of work to find and fix the most significant leaks (those losing the most water and that have the most impact to public supply and/or safety) across the region. But due to an aging network and historical underinvestment we are seeing an increasing number of leaks and a growing backlog of work. As of 31 December, there was a backlog of 3,087 leaks regionally.

Simply put, there are more leaks out there than we can fix within the current funding. Hence, we continue to prioritise the most significant leaks first to make best use of the resources we have available. Here's how we're doing:

	HCC	PCC	SWDC	UHCC	WCC	Total
No. open Leaks (No. per capita)	629 (5.6)	246 (4)	73 (6.7)	448 (9.9)	1691 (7.9)	3,087 (10.9)
Leaks fixed this year (No. per capita)	1,438 (12.7)	442 (7.3)	145 (13.3)	443 (9.8)	1,648 (7.7)	4,118 (9.2)
Open Jobs (all waters) (No. per capita)	1,450 (12.8)	418 (7.3)	126 (13.3)	562 (9.8)	3,064 (14.2)	5,620 (12.9)
Kilometres of network swept for leaks (% of network)	379 (55%)	239 (67%)	122 (99%)	211 (74%)	413 (44%)	1,364 (54%)

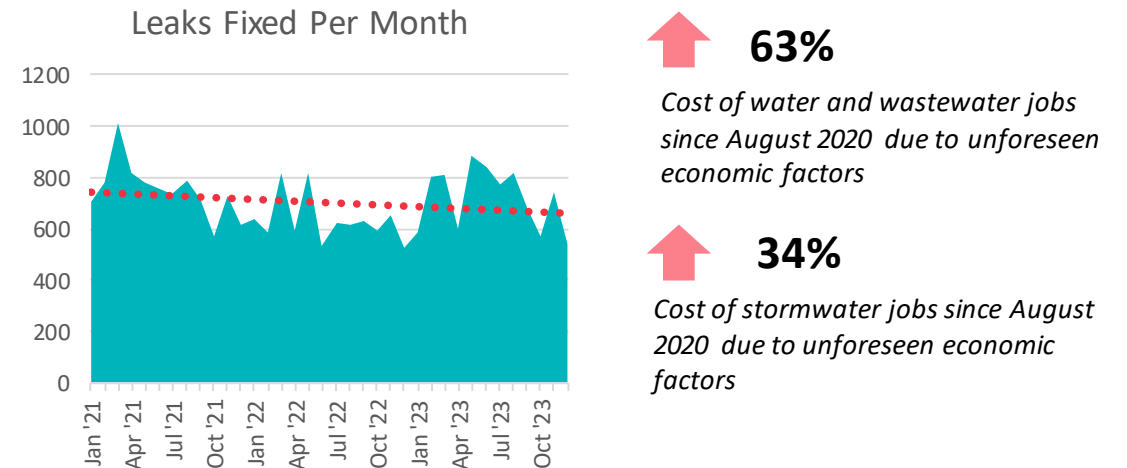
We continue to update the public and our councils on our programme to find and fix leaks on a weekly basis. You can find this information on our [website](#).

Leaks repaired across the region

The first six months of this year have seen 500 more leaks repaired than in the same period last year. Due to budget constraints in multiple council areas, we expect the number of leak fixes across the region to decrease as the year progresses.

Overall, we have seen a reduction in the number of leaks that have been repaired over the past three years. 2021 was a particularly good year for leak repairs as the Government Stimulus Funding allowed us to undertake more work.

We continue to see the effects of inflation in both our capital and operational programmes, for example in the cost of chemicals, labour and materials. By way of example, the cost of an average water and wastewater job increasing by 63% since August 2020, and the cost of an average stormwater job rising by an average of 34%*.



*As per an independent report commissioned by Wellington Water from Bond Construction Management. This report can be found on our website.

Customer expectations

Many water assets are near or at the end of their operational lives, the cost and effort to maintain and replace them is growing and they are aging at a rate faster than we can replace them within the funding and resources we have available. This is creating an increasing backlog of work.

This means we have to prioritise the urgent jobs first – incidents where customers completely lose access to drinking water, or where there is an urgent risk to the health of people, property, or the environment.

The average response time for a non-urgent job was over a month last year, and we expect to see that rise. We appreciate that this is not a level of service that our customers and communities expect, and it is frustrating to have leaks running for so long while also being asked to conserve water through restrictions.

Customer satisfaction is on the up

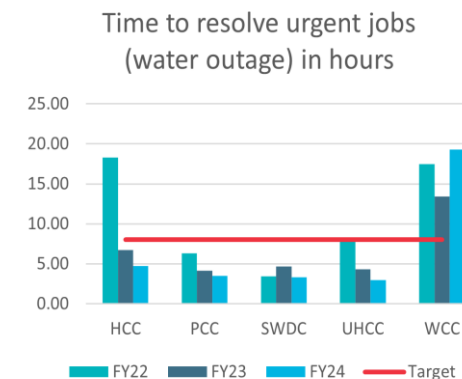
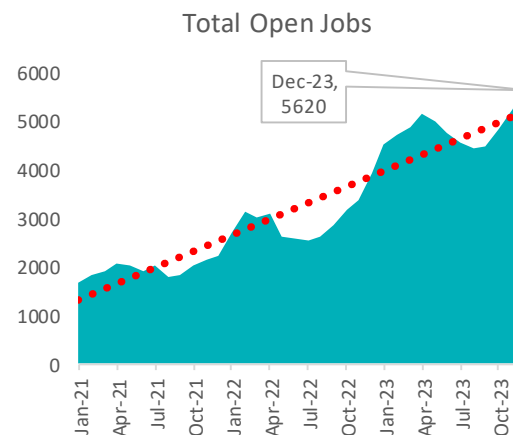
Despite these challenges we have seen an increase in customer satisfaction. This means that the customers that do interact with us on a job are pleased with our work and engagement with them.

This is in part due to an improved level of customer service that we are providing, including providing all customers with a resolution plan within 10 days of making a request for service, and is in part due to increasingly more of our work being “urgent,” as we have less capacity available to address non-urgent jobs.

Enabling new connections for property development

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

We have processed over 2,450 applications for the three waters network in our region, including approximately 652 building consents, 512 water and drainage connections, and 167 resource consents. We have significantly improved on our baseline of 33% of applications being processed within 10 working days, up to 39%.



How we measure our success

#	Purpose	Measure	Target 2023/24	Result at 31 December
1	We deliver a level of service that our councils and customers expect.	Customers rate their experience of our performance as ‘Satisfied’ or better.	70%	70%
3	We will process resource consents in a timely manner, to enable growth in our region.	The percentage of the time resource consents are processed within timeframes (10 working days).	Greater or equal to baseline (>=33%)	39%

Looking at ways we can be more efficient

We are acutely aware of every ratepayers' dollar we spend, and we are always looking at ways we can be more efficient. An example of this is our approach to bundling leak repairs on a suburb-by-suburb basis. This is where we deploy our crews to repair all the pipes in one area at the same time. This saves time and costs and reduces the disruption over time on residents in that area. It also means we can let customers know about the work in advance and so residents can better plan for the disruption.

We are trialling this approach in council areas where we can. For example in November 2023, our crews set out to fix six leaks on Mitchell Street in Brooklyn. Unfortunately we weren't able to get through all the leaks as the crews got called away to an urgent leak in Aro Street but we did manage to fix five out of six leaks within one 70-metre stretch of Mitchell Street in Brooklyn before having to stop work.

Fixing several leaks in close proximity not only saves our own crews time, but also saves us money as we can use one traffic management charge-out for several jobs without having to move.

This approach requires us to be able to plan our work programme early in the financial year so we can attract and retain the right type of subcontractors early on.

We have also been using this approach to leaks in Hutt City with positive results and we are keen to deploy this approach in our other council areas where funding allows us to take a proactive approach. For example the additional \$2.3 million Wellington City Council have provided us for leaks will be used this way to ensure we can provide the most value.



The major burst in Te Aro, which meant our crews had to stop proactive leak repair work in Brooklyn in order to respond to this.

Providing safe and fluoridated drinking water

Drinking water compliance

We have continued to provide the region with safe drinking water over the first six months of this financial year.

New chlorine rules were introduced by Taumata Arowai late in 2022 resulting in a non-compliance at Waterloo Water Treatment Plant. The non-compliance impacts up to 800 Lower Hutt households nearest the plant, as the rule is a function both of the amount of chlorine, as well as the time that it is in the water.

Meeting the new rules would require us to either increase the chlorine concentration to a point that would be unpleasant and may cause skin irritation, or for the council to make a significant investment for network upgrades to increase contact time between the chlorine and the water. In the meantime, the water remains safe to drink.

As previously reported, all water treatment plants in South Wairarapa remain non-compliant and significant investment is needed to bring these plants into compliance.

Fluoridating the drinking water

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

In the first quarter of the year three of the four Wellington metropolitan water treatment plants met this target, with the fourth (Gear Island) coming in between 80%-92% of the recommended fluoride levels.

For the second quarter of the year only the Te Mārua Water Treatment plant met the MoH target.

We were not able to meet the target at the other three water treatment plants for varying reasons.

At the Waterloo and Wainuiomata plant we identified some health and safety concerns with loading the fluoride powder into the fluoride facilities. We turned off the facilities while we worked to ensure the health and safety of our people. This issue has now been resolved.

At Wainuiomata we've also had some unexpected equipment issues, which are being fixed.

At the Gear Island Treatment Plant we've had issues with the new equipment which have come to the end of their operational lives earlier than expected. At the time of building the facilities we had to use the equipment that was easy to source due to the urgency in needing to get fluoride back on. Some of this equipment has not lasted as long as we anticipated. More suitable equipment has been ordered. We expect to have this equipment installed and fluoride levels back up in the coming months.

How we measure our success

#	Purpose	Measure	Target 2023/24	Result at 31 December
2	The yearly average level of fluoride leaving each Water Treatment Plant is within the Ministry of Health guidelines.	The yearly average level of fluoride leaving each Water Treatment Plant is within the MoH guidelines (0.7-1.0 parts per million).	Achieved at all plants	Compliant at Te Mārua
4	We will deliver safe drinking water to metro Wellington	Compliance with Drinking Water Quality Assurance Rules (Treatment)	Compliant	Ongoing non-compliance at Waterloo – affects approx. 800 households
5	We will aim to deliver safe drinking water to South Wairarapa	Compliance with Drinking Water Quality Assurance Rules (Treatment)	Compliant	Ongoing non-compliance across SWDC

Providing a sufficient supply of drinking water

Ours and our councils' ability to provide a sustainable supply of drinking water remains at risk. Water use across the cities in metropolitan Wellington is at an all-time high. The network is old with increasing leaks (around 45% leaks regionally), people are using a lot of water, and population growth is adding to the issue. This risk is not a new one but for every year that no significant mitigations are put in place, this risk compounds and increases.

For this first half of this year, we continued monitor and raise this risk with our councils. When it comes to the risk to water supply, we have two situations we are trying to manage at the same time: the immediate risk of not having enough water this summer and the long-term challenges of ensuring there is sufficient water for future years.

Long-term challenges

Significant investment and decisions are needed now by our councils to avoid carrying the ongoing risk of water shortages in future years. At September's regional Water Shortage Summit, which was attended by all councils, three key actions were recommended by Wellington Water to tackle the long-term challenges:

1. Continued increased investment into finding and fixing leaks, managing water loss and replacing old infrastructure
2. Investment in smart meters across the metropolitan Wellington region
3. Build another storage lake

At the agreement of the majority of the attendees, we have included these recommendations in our LTP advice to councils. It is encouraging to see that Hutt City, Wellington City, and Porirua City Councils are planning to include these mitigations in their proposed LTP for public consultation.



Providing a sufficient supply of drinking water

Immediate risk this summer

This summer our modelling shows we have a significant risk of having to put in place tighter water restrictions to avoid the risk of a water (e.g. asking people to significantly reduce their indoor water use).

We have been clear with our councils and the public that we are unable to materially reduce this risk this summer within our current level of funding and resources and the constraints of the aging network.

We have done all we can to optimise our activities and put in place a plan to respond to this summer if more severe restrictions are needed, however this won't help us to reduce the risk. Instead, we have had to focus on preparing the public for the potential of an acute water shortage. We have done this by raising their awareness of the risk and asking everyone to help us by doing their bit to get ready and being careful with their water use.

In September 2023 the region entered Level 1 Water Restrictions and towards the end of the second quarter, we were closely monitoring for signs of needing to go up to Level 2. The region entered Level 2 Water Restrictions on 17 January 2024.

We believe the message is getting out to the public with increased media coverage during this reporting period and a great community response with an increased demand for rainwater tanks just before the Christmas break. Not only does this mean communities are now more prepared to deal with a potential water shortage, but this also increases resilience for other emergencies and natural disasters.



Wellington residents lining up to get their rainwater tanks after proactive messaging from Wellington Water and WREMO.

Providing a sufficient supply of drinking water

Measuring our leakage

Addressing leaks is the key lever that we can use to bring down water losses and reduce strain on our supplies in the short term.

This year we have set a target to improve the condition of our networks, measured by the Infrastructure Leakage Index (ILI). This is a ratio of the unavoidable losses in a network vs the total amount of losses. This allows us to benchmark our performance fairly against other cities, regardless of the geography, population density or other factors.

Wellington Metropolitan councils currently have a very high ILI, and without water meters, very high uncertainty (graph on the right). A network that is performing well will have an ILI of less than 2, at which point it becomes uneconomic to target further reductions.

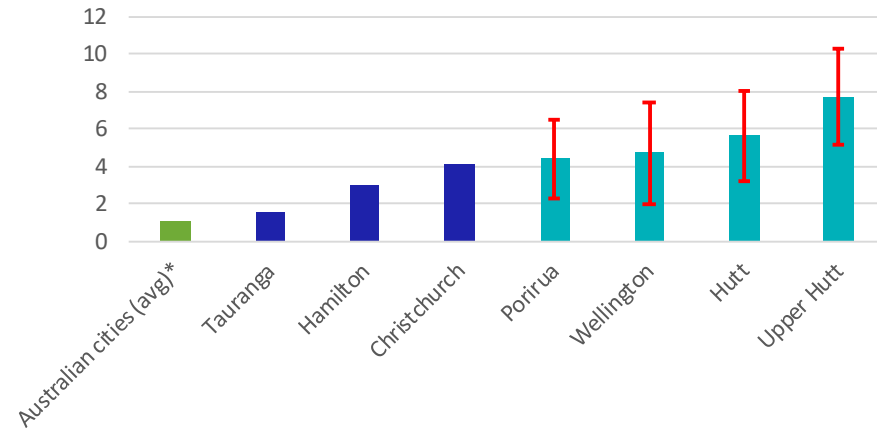
So far this year, there has been an increase in ILI alongside a rise in total current losses. However, a considerable degree of uncertainty persists until water meters are installed. It is important that we keep a significant focus on reducing water losses in the short, medium, and long-term to avoid acute water shortages.

Water Loss Reduction Plan

We have developed and begun to implement a Metropolitan Water Loss Reduction Plan as one of the mechanisms to help reduce the risk of a water shortage this summer. The plan includes replacing pipes that are failing rather than simply fixing them, managing the pressure of the network and renewing service connections where leaks are likely to occur.

Out of this work we are seeing savings of approximately 720,000 litres of water per day. This is lower than the savings that we had anticipated at the beginning of the year and not enough to materially reduce the risk this summer. However, any water savings we can achieve is worth pursuing so we are continuing to develop the plan and progress actions on it.

Infrastructure leakage index, 2022-23 FY



*Average of cities with 50,000 or more residents, WASA 2023 Statistics

How we measure our success

#	Purpose	Measure	Target 2023/24	Result at 31 December
6	We will have sufficient water to meet customer needs	The Infrastructure Leakage Index (ILI) of the Wellington Metropolitan Network will improve	Less than Baseline (5.2 +/- 2.5)	5.5 (+/- 2.4)
7		We will complete all actions for the defined period set out in our Water Loss Reduction Plan	Achieved	Currently progressing 3/10 actions

Partnering with iwi

Enhancing relationships with mana whenua

In the first half of this year, we marked a meaningful step for our organisation on our journey to build partnership with mana whenua iwi when we signed new agreements with Te Rūnanga o Toa Rangatira and Taranaki Whānui.

The agreements lay a strong foundation for future collaboration and development, anchored in values like whanaungatanga, kaitiakitanga, mana ōrite and kotahitanga. It acknowledges the deep whakapapa connection that both iwi have to the rohe and commits to early and meaningful engagement.

These partnership agreements demonstrate our commitment to working closely with mana whenua iwi to restore and enhance Te Mana me Te Mauri o te Wai o Te Whanganui-a-Tara.



Te Rūnanga o Toa Rangatira CEO Helmut Modlik, WWL Board Chair Nick Leggett, CE WWL Tonia Haskell, and Te Rūnanga o Toa Rangatira Board Chair Callum Katene.



SLT and our Tumuaki Māori Paul Clarke with Kirsty Tamanui, Kaiwhakahaere Matua of Taranaki Whānui, and Kara Puketapu-Dentice, Chairperson of Taranaki Whānui.

Removing and treating wastewater

Metropolitan South Wastewater Treatment Plants

The Moa Point, Western, and Seaview Wastewater Treatment Plants were all non-compliant at the end of December 2023 due to capacity, mechanical and environmental factors.

Moa Point Wastewater Treatment Plant

Moa Point received two infringement notices for non-compliant wastewater quality, as well as a to-do abatement notice requiring us to complete the first phase of the improvements to the inlet pumpstation. The abatement notice has been complied in discussions with our regulator Greater Regional Council. They are comfortable with the situation.

Western Wastewater Treatment Plant

The Western Wastewater Plant is non-compliant for wastewater quality. The outfall pipe was damaged by a slip in 2023, and repairs have been delayed and are currently on hold.

Seaview Wastewater Treatment Plant

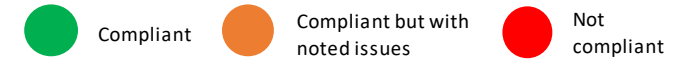
We continue to receive odour complaints relating to operations at the Seaview Wastewater Treatment Plant. In June we undertook an investigation into the causes. This resulted in a project to replace the biofilter media at the plant. This was completed in January 2024.

The odour was particularly problematic while these improvements were underway, resulting in 26 infringement notices for odour. The plant is now operating as designed and the odour is mostly compliant, although we appreciate that it is still not at the standard that is acceptable to the community. We have proposed a \$13 million upgrade project for the upcoming Hutt City Council and Upper Hutt Council Long-Term Plan to address issues at the plant.

An additional two infringement notices were received for non-compliant wastewater quality.

Porirua Wastewater Treatment Plant

The Porirua plant has been compliant so far this year.



Wastewater Plant	Jul	Aug	Sep	Oct	Nov	Dec
Moa Pt	●	●	●	●	●	●
Western	●	●	●	●	●	●
Seaview	●	●	●	●	●	●
Porirua	●	●	●	●	●	●

Increasing transparency around network overflows

As part of our commitment to transparency, we continue to publish monthly information about [wastewater overflows from the network during heavy rainfall on our website](#).

How we measure our success

#	Purpose	Measure	Target 2023/24	Result at 31 December
8	Our metropolitan Wastewater Treatment Plants will operate as expected	We will receive no abatement notices, infringement notices, enforcement orders or convictions for breaches of consent in the relevant financial year	No abatement notices, infringement notices, enforcement orders or convictions	30 infringement notices and 1 abatement notice




Removing and treating wastewater





South Wairarapa Wastewater Treatment Plants

























All South Wairarapa wastewater treatment plants continue to deal with significant performance issues. They all require significant investment to return to full compliance.

We do not expect these plants will comply with their consent conditions until investment has been made. To reflect this, we have set a different target for South Wairarapa’s Wastewater Treatment Plants than for the metropolitan Wastewater Treatment plants in our Statement of Intent.

Our measure is that we keep the South Wairarapa District Council informed of the risk of non-compliance and the resulting enforcement action(s) from the regulator. We do this by providing regular risk updates to the Council as well as monthly reporting.

 Compliant
  Compliant but with noted issues
  Not compliant

Wastewater Plant	Status	
Featherston		The plant needs additional improvements to achieve compliance with new consent requirements. The consent approval process is underway and will better inform the required capacity beyond 2032.
Greytown		Major investment is required to mitigate the risk of non-compliance. An upgrade project is underway but this does not currently allow for growth.
Lake Ferry		Additional funding is required to understand the current high inflow and infiltration.
Martinborough		Wastewater discharge rate and quality to both land and river exceeds current consent limits. A “To Do” Abatement Notice was issued in August 2023, replacing an abatement notice from 2022.

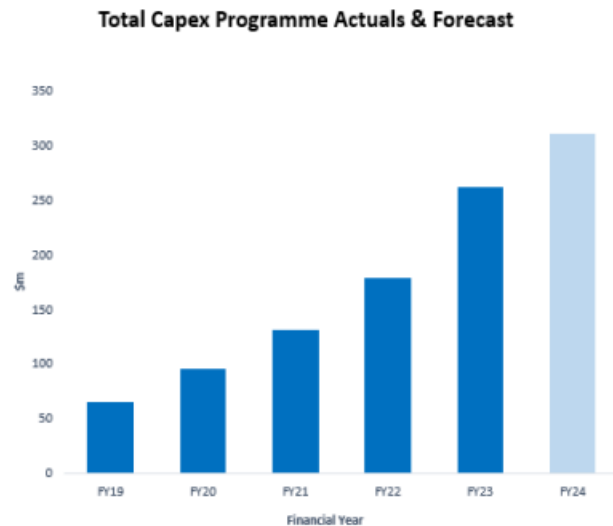
Wastewater Plant	Jul	Aug	Sep	Oct	Nov	Dec
Featherston						
Greytown						
Lake Ferry						
Martinborough						

#	Purpose	Measure	Target 2023/24	Result at 31 Dec
9	SWDC Wastewater Treatment Plants will operate as expected	SWDC is kept informed of the risk of enforcement action (abatement notices, infringement notices, enforcement orders or convictions) for breaches of consent in the relevant financial year	SWDC is kept informed of the risk of enforcement action	Achieved

Delivery of the region's capital works programme

Delivering council capital works programmes

At the end of December, spend on the capital delivery programme was \$151m at a regional level. This is an increase of \$30m or 25% on the same period last financial year. We are making good progress, and the full year delivery is forecasted to be \$311m, which is inside our expected delivery range for the year of \$234m to \$328m. This continues a five-year trend of growth in our capability and capacity to deliver more capital work for the region.



Maintaining the network in a planned and proactive way

Planned maintenance is critical as it is a cost-effective way of protecting and extending the life of assets in the region.

We have seen a reduction in the amount of planned maintenance activities that we have undertaken this year, compared to reactive maintenance (fixing pipes that are already broken). This is primarily driven by council investment decisions, and the focus on reactive maintenance (leak repairs) to mitigate the risk and impact of an acute water shortage.

We have had to divert funding for planned maintenance activities this year to reactive maintenance, to support the acute water shortage risk. This is ultimately non sustainable over the long-term as a lift in both planned and reactive maintenance, as well as a better split between the two is needed.

How we measure our success

#	Purpose	Measure	Target 2023/24	Result at 31 Dec
11	We will improve service reliability through increased use of planned maintenance activities	Ratio increases from baseline (\$0.36 : \$1)	>\$0.36: 1	\$0.28: 1

Delivery of the councils' work programmes

Renewing and replacing ageing assets

We set a measure to track our delivery against the three-year planned renewal programme. At the time this was forecasted to be \$267 million dollars.

Our target was to be able to ramp up and deliver more each year, with a target of at least 90% completion across the three-year period. We crossed this threshold in 2023 and have now completed nearly 125% of that programme.

While this represents a large increase in our ability to deliver, it is also true that over the past three years there has been significant cost escalation in the three waters sector. We estimate that the average cost of delivering a water or wastewater project has increased by 63%* since August 2020.

**As per an independent report commissioned by Wellington Water from Bond Construction Management. This report can be found on our website.*

#	Purpose	Measure	Target 2023/24	Result at 31 Dec
10	We will deliver the three-year planned renewals programme set by our councils	Percentage of three-year programme (2021-24) complete	90%	124% of three-year programme complete
12	We will deliver our capital programme within the expected range	Total capital delivery is between \$233m and \$328m	Delivery between \$233m and \$328m	On-track (\$151m)

Kilometres of pipes

In total, our councils' networks contain a total of over 7,000 kilometers of pipe. We estimate that councils need to be renewing (replacing) on average 100km of the network every year in order to keep it operating smoothly. At this rate, all current water, wastewater and stormwater pipes would be replaced every 70 years.

During the first six months of this year, we have laid 10.8 kilometers of pipe across the region against a target of 10 kilometers which has been set based on investment from councils.

This shows that we are on track to meet our target of 20km of pipe for the year, however this is still short of the ideal target of 100km. For example, at a rate of 20 kilometers per year we will only be renewing the network once every 350 years.

Year to date (end of Q2) – Metres of pipe laid or renewed

Councils	Water	Wastewater	Stormwater	Q1 Total	Q2 Total	YTD Total	Year End Forecast
HCC	3054	3134	8	2843	3353	6196	10881
WCC	1954	469	182	1629	976	2605	3219
UHCC	0	1057	0	864	193	1057	1803
PCC	1681	0	0	1024	657	1681	4150
GWRC	440	0	0	212	228	440	600
SWDC	0	178	0	98	80	178	178
Total	7129	4838	190	6670	5486	12156	20831

Figures are in metres

Looking after our people

Health & safety

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

Every year we aim to review at least two Health and Safety critical risks. This year, we are reviewing the risks around traffic management as well as the operation of mobile plant and equipment, and these are tracking well.

Unfortunately, five serious health and safety incidents occurred in the first half of the year.

All incidents were investigated and reviewed. The initial incidents and lessons learned are shared widely across Wellington Water and our wider whānau. While there is no clear link between the incidents, they have highlighted the high-risk nature of the work we do, and the continuing efforts required to manage our critical risks.

The rate of incidents decreased significantly towards the end of the calendar year, a reflection on the additional effort we put in to address these issues.

Mental Health Awareness Week

We are focused on maintaining whanau wellbeing. The theme for Mental Health Awareness Week was Five Ways, Five Days, a campaign is a proven set of tools to help boost our mental wellbeing.

An effort was made to ensure our front-line operational workers were heavily involved in these.

Staff wellbeing day

As part of our ongoing commitment to promoting a healthy work-life balance and fostering a positive workplace culture, a "Wellbeing Day" has been introduced for all Wellington Water staff.

A wellbeing day can be used by our staff members on anything that will promote their wellbeing – for example exercising, connecting with whanaū, volunteering or for personal development.

This is a part of our wider Wellbeing Strategy, which takes an integrated approach to wellbeing by combining two well-known and respected health models: Mason Durie's Te Whare Tapu Wha (what creates wellness) and Five Ways to Wellbeing (The Mental Health Foundation of New Zealand's five actions we can take to achieve wellbeing).

Staff engagement

Our engagement scores continue to remain steady, despite the uncertainty with water reform. Our employee engagement score continues to rise from 58% for the last financial year to 61% at the end of December (up 3%).

From the survey, Culture and Values were our biggest strength increasing by 15%. Another positive outcome is employee trust continues to grow. Our people look forward to coming to work, they are proud to work for Wellington Water (up 15%), and they are strongly committed to helping the company achieve its vision (now sitting at 90%).

Looking after our people

Building capacity and capability

We are continuing to recruit for experienced and qualified people for crucial roles on the frontline, which remains a highly competitive market.

This year we have implemented a targeted recruitment drive for these roles to increase our frontline capacity.

Staff turnover remains low and steady at 13%.

How we measure our success

#	Purpose	Measure	Target 2023/24	Result at 31 Dec
13	We will monitor and address critical health and safety risks for our people	Health and Safety critical risks will be reviewed, and improvements are implemented	Two or more	On-track
14	We will support our staff through water reform	Staff feel supported by the organisation through water reform (staff survey)	Greater than 2022/23 (62%)	73%
15	Our staff will understand water reform	Staff feel as if they understand water reform (staff survey)	Greater than 2022/23 (61%)	42%

Ready to respond when needed

A core service we provide to our councils is the ability to respond to unexpected outages as they occur on the network. When dealing with an aging network where many assets are near or past the end of their operational lives, we are continuing to see a high frequency of service interruptions, whether it's through leaks, bursts or other unplanned events. The value of our model is that we have crews ready to respond to these events when they occur, including the resources to communicate and engage with those in the community that are impacted by these events.

Titahi Bay water outage

At 1am on a Saturday morning in December a pipe burst outside Ngāti Toa School. The burst was a bulk water pipe which was feeding water into the local Tuna Terrace Reservoir in Titahi Bay. The burst was causing the reservoir supply levels to drop, which could have resulted in Titahi Bay being left without water.

The on-call crew quickly organised the necessary traffic management and a vac truck to ensure the excavation was done safely. To help reduce the risk of the area running out of water, we had to urgently issue communications and ask residents to start conserving water.

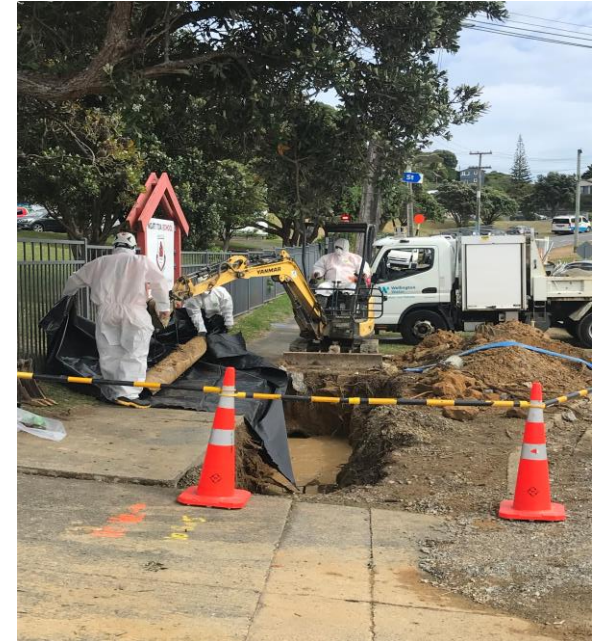
Shortly after this, we made the decision to turn off the reservoir meaning a number of residents were without water. The team arranged for water tankers to be brought onsite so residents in the area could still have access to drinking water while we urgently worked to fix the pipe.

With a busy week just finished, including a busy Friday night, most of the on-call crews across the depots had either reached, or were close to reaching their maximum allowed 13 hours. This meant that every few hours a service person had to be swapped out with another on-call service person to continue with the excavation and repair.

At one stage there were no more on-call water crews available to use, as this was such a time critical repair, we had to call in some drainage service people and an onsite utilities electrician volunteered to keep the repairs going until more cover could be sourced.

Our Fatigue Management Back Up Crew was used, the traffic crews were swapped out, and eventually the Pomare On-call Water Crew were available again after their break to come and finish the job. Due to the strong team effort the pipe was repaired just after midday, nearly 12 hours later from when it first burst.

It was evident from the compliments received from the customers attending the school fair, which happened to be on that day, that they really appreciated the work our frontline staff were doing.



Crews working on the burst pipe outside Ngāti Toa School

Financial Summary

Council capital expenditure – careful programme management required to meet budgets

Year to date capex spend across the programme is \$151 million (against \$146 million budget). This is up \$30 million or 25% on the same period last financial year.

For the full year the capex programme is forecast to be \$311 million (against \$302 million budget), well within the capital range of \$233.5 million to \$327.7 million.

The programme risk factors for each council are slightly different:

- GWRC – forecast to be \$23 million over the \$76 million full year budget due to three large projects in construction including fast tracking Te Mārua upgrade, & Kaitoke bridge being ahead of schedule.
- HCC – currently \$5.6 million ahead of budget, the full year is forecast to be on budget of \$68 million.
- PCC – forecast to be \$6 million under the \$66 million full year budget. The programme is being deliberately slowed to meet the \$60 million full year forecast.
- SWDC – forecast to be \$2.5 million under the \$6.6 million full year budget. The Greytown water treatment plant on hold whilst an alternative location is being investigated and assessed.
- UHCC – forecast to be \$7.9 million under the \$26 million full year budget. This is mainly due to the wastewater joint venture programme with Hutt City being lower and hence charges flowing through to Upper City being lower.
- WCC – forecast to be on budget at full year of \$59 million.

Improvements have been made to forecasting to ensure there is better overall programme cost control and a lift in the maturity of programme management.

Council	Year To Date				Full Year				Capital Range
	Actual \$000	Budget \$000	Variance		Forecast \$000	Budget \$000	Variance		
			\$000	%			\$000	%	
Greater Wellington Regional Council	41,881	41,800	(-81)	(-%)	100,230	76,388	(-23,842)	(-31%)	\$70m-\$84m
Hutt City Council	33,128	27,547	(-5,581)	(-20%)	68,000	68,000	(-0)	(-%)	\$50m-\$70m
Porirua City Council	30,738	29,682	(-1,056)	(-4%)	60,000	66,051	6,051	9%	\$45m-\$66m
South Wairarapa District Council	3,562	3,346	(-215)	(-6%)	4,100	6,660	2,560	38%	\$3.5m-\$7.7m
Upper Hutt City Council	8,474	9,171	697	8%	18,000	25,897	7,897	30%	\$14m-\$25m
Wellington City Council	32,399	34,033	1,634	5%	59,000	58,951	(-49)	(-%)	\$51m-\$75m
Total	150,181	145,579	(-4,602)	(-3%)	309,330	301,946	(-7,384)	(-2%)	\$233.5m-\$327.7m
WCC Funded as additional to the capex programme	668		(-668)		1,957		(-1,957)		
Revised Total	150,849	145,579	(-5,270)	(-4%)	311,287	301,946	(-9,341)	(-3%)	\$233.5m-\$327.7m

Financial Summary

Council operating expenditure

There is continued pressure on all council operating expenditure. These cost pressure mean that we continue to operate in a largely reactive mode which is more expensive and not sustainable.

Year to date actuals and full year forecast against budget show an underspend in Wastewater and Stormwater, whereas year to date underspend and full year forecast overspend against budget in Drinking water implies reprioritising and shifting underspends from wastewater and stormwater towards funding reactive maintenance (fixing leaks that are causing water loss) and treatment plants (processing more drinkable water due to summer and leaky pipes).

At the end of the September 2023, management reallocated \$2.9 million of savings (from vacancies and reprioritisation of activity) from Wellington Water management & advisory services. This was applied to manage the forecast shortfalls we were forecasting at the end of the first quarter. This has allowed water loss and leakage works to continue at a similar rate to the previous financial year.

Based on the current forecasts these additional funds fully address the forecast overspends for all councils except Hutt City Council, who have approved an overspend. We are forecasting to land on budget for full year across all councils with activity always increasing in the second part of the year.

Council	Year to date				Full Year, incl WWL Savings			
	Actual \$000	Budget \$000	Variance \$000 %		Forecast \$000	Budget \$000	Variance \$000 %	
Greater Wellington Regional Council	12,423	12,984	561	4.3%	25,893	25,969	76	%
Hutt City Council	12,362	14,987	2,625	18%	30,379	29,974	(-405)	(-1%)
Porirua City Council	3,945	6,081	2,136	35%	11,659	12,162	504	4%
South Wairarapa District Council	1,826	2,293	467	20%	4,494	4,585	91	2%
Upper Hutt City Council	4,076	4,201	125	3%	8,385	8,402	17	%
Wellington City Council	24,370	25,266	897	4%	50,672	50,533	(-139)	(-%)
Total BAU Opex Programme and Management & Advisory Services	59,001	65,812	6,812	10%	131,481	131,624	143	.1%
GWRC Critical Spares	99	99	0	%	500	500	0	%
PCC Better Off Funding Activities	1,498	826	(-672)	(-81%)	1,652	1,652	0	%
SWDC WWTP Desludging	45	500	455	91%	306	1,000	694	69%
SWDC Open Channel Maintenance	3	3	0	%	3	3	0	%
SWDC Water races	38	98	60	61%	173	195	22	11%
WCC Unexpected Event - separately invoiced	100	100	0	%	100	100	0	%
WCC Additional funding for DW leak repair activities		500	500	100%		1,000	1,000	100%
Total Opex Programme	60,783	67,938	7,155	11%	134,215	136,075	1,859	1%

Financial Summary

Wellington Water operations (management & advisory services)

Currently we are forecast to be \$400,000 over budget for year-end due to additional acute water shortage costs, reduced revenue (due to \$2.9 million reallocation to council opex), and the loss of water reform cost reimbursement for the second half.

Wellington Water has reallocated \$2.9 million savings (as mentioned above) from first half of the year towards council opex in a staggered approach in the second half of the year. We will ensure further cost savings are achieved over the second half so that we meet budget by not filling some roles and converting contractors backfilling vacancies to permanent staff. We are reviewing all vacancies and will not fill all roles by the end of the year so that we can meet the reduced company budget in 24/25.

WWL Profit and Loss by Business Group	Year to date				Full year			
	Actual \$000	Budget \$000	Variance \$000	%	Forecast \$000	Budget \$000	Variance \$000	%
Revenue	(-12,802)	(-12,903)	(-101)	(-1%)	(-23,266)	(-25,807)	(-2,541)	(-10%)
Corporate	1,479	1,497	17	1%	2,981	5,478	2,497	46%
Chief Executive's Office (CE)	1,340	1,436	96	7%	2,490	2,873	383	13%
Regulatory Directorate	1,227	1,387	160	12%	2,802	2,822	20	1%
Network Strategy and Planning (NSP)	8,423	9,419	995	11%	19,029	18,902	(-128)	(-1%)
Business Services (BS)	3,992	4,402	410	9%	9,501	9,447	(-54)	(-1%)
Network Development and Delivery (NDD)	5,038	6,193	1,155	19%	11,175	12,389	1,214	10%
Customer Operations Group (COG)	4,750	7,027	2,277	32%	12,349	14,097	1,747	12%
Network Management Group (NMG)	3,778	3,849	71	2%	7,804	7,733	(-71)	(-1%)
Transition to Entity G - Revenue	(-580)	0	580		(-580)	0	580	
Transition to Entity G - Costs	580	0	(-580)		785	0	(-785)	
Direct costs (NMG/COG) charged to opex prog	(-6,297)	(-7,656)	(-1,359)	(-18%)	(-12,626)	(-15,312)	(-2,686)	(-18%)
Direct costs charged to capex prog	(-15,740)	(-16,311)	(-571)	(-4%)	(-32,051)	(-32,622)	(-571)	(-2%)
Surplus/(Deficit) Before Tax	4,811	1,661	3,150	(-0)	(-393)	(-0)	(-393)	

Financial Statements

INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

Basis of preparation

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

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

Statement of compliance

These interim financial statements are for the six months ended 31 December 2023 and are to be read in conjunction with the annual report for the year ended 30 June 2023. They have been prepared in accordance with the requirements of the Companies Act 1993, the Local Government Act 2002 and comply with generally accepted accounting practice in New Zealand (“NZ GAAP”) and Tier 1 PBE accounting standards and comply with PBE IAS 34 Interim Financial Reporting.

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

Financial Statements

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the period ended 31 December 2023

	Unaudited 31 Dec 2023	Unaudited 31 Dec 2022	Audited 30 June 2023
	\$000	\$000	\$000
Council opex programme	50,029	43,723	96,640
Council capex programme	150,855	120,625	262,747
Management and advisory services	11,928	10,180	20,975
Other revenue	1,474	815	2,517
Total revenue	214,286	175,343	382,880
Salaries and wages	(18,915)	(15,727)	(32,267)
Superannuation	(565)	(467)	(966)
Directors fees	(98)	(79)	(176)
Audit fees - financial statements	(141)	(130)	(262)
Audit fees - other	-	-	(10)
Council opex programme	(50,029)	(43,723)	(96,640)
Council capex programme	(150,855)	(120,625)	(262,747)
Stimulus funding programme	-	(22)	-
Operating leases	(898)	(625)	(1,439)
Other personnel expenditure	(960)	(927)	(5,401)
Other operating expenditure	(8,297)	(8,183)	(12,646)
Direct costs charged to capex programme	15,740	7,658	12,093
Direct costs charged to opex programme	6,297	6,823	17,306
Total operating expenses	(208,721)	(176,028)	(383,155)
Depreciation and amortisation	(754)	(803)	(1,619)
Surplus/(deficit) before tax	4,811	(1,487)	(1,894)
Tax expense	-	-	393
Total comprehensive revenue and expenses	4,811	(1,487)	(1,501)
Attributable to:			
Wellington City Council	1,924	(595)	(600)
Hutt City Council	962	(297)	(300)
Greater Wellington Regional Council	722	(223)	(225)
Porirua City Council	577	(178)	(180)
Upper Hutt City Council	385	(119)	(120)
South Wairarapa District Council	241	(74)	(75)
Total comprehensive revenue and expenses	4,811	(1,487)	(1,501)

Comparison of results for the six months ended 31 December 2023 to the same period last year

There is a \$4.8m surplus for the period ending December 31, 2023. The year-to-date savings have been diverted to critical initiatives such as fixing water leaks and managing the acute summer water shortage.

Revenue (and corresponding expenses) for the council capex programme have increased by \$30.2m and for the council opex programme have increased by \$6.3m, for the same period last year. These programmes vary each year depending on what has been planned and budgeted in each individual council's Long-Term Plan.

STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2023

	Unaudited 31 Dec 2023	Unaudited 31 Dec 2022	Audited 30 June 2023
	\$000	\$000	\$000
Surplus/(deficit) for the period	4,811	(1,487)	(1,501)
Equity at the beginning of the period	3,024	4,525	4,525
Total equity	7,835	3,038	3,024

Financial Statements

STATEMENT OF FINANCIAL POSITION

For the period ended 31 December 2023

	Unaudited 31 Dec 2023 \$000	Unaudited 31 Dec 2022 \$000	Audited 30 June 2023 \$000
Cash and cash equivalents	226	24,672	31,871
Receivables and prepayments	44,298	14,113	41,672
Tax receivable/(payable)	676	219	407
Total current assets	45,200	39,004	73,950
Intangible assets	52	117	77
Property, plant and equipment, vehicles	4,625	5,179	4,963
Deferred tax	35	(358)	35
Total non-current assets	4,712	4,937	5,075
Total assets	49,912	43,942	79,025
Payables and provisions	39,568	38,746	73,801
Employee entitlements	2,485	2,038	2,175
Total current liabilities	42,053	40,784	75,976
Employee entitlements-Long-term	24	27	25
Capital grant in advance	-	93	-
Total non-current liabilities	24	120	25
Total liabilities	42,077	40,904	76,001
Net assets	7,835	3,038	3,024
Issued capital	1,000	1,000	1,000
Accumulated comprehensive revenue and expenses	6,835	2,038	2,024
Total equity	7,835	3,038	3,024

STATEMENT OF CASH FLOWS

For the period ended 31 December 2023

	Unaudited 31 Dec 2023 \$000	Unaudited 31 Dec 2022 \$000	Audited 30 June 2023 \$000
Receipts from councils	203,767	198,604	389,371
Interest received	837	357	1,031
Employees and suppliers	(235,605)	(194,449)	(377,942)
Tax (paid)/received	(269)	(237)	(426)
Net cash flow from operating activities	(31,270)	4,275	12,034
Purchase of property, plant and equipment, vehicles	(389)	(860)	(1,388)
Purchase of intangibles	(3)	-	(32)
Proceeds of sales from vehicles	17	16	16
Net cash flow from investing activities	(375)	(844)	(1,404)
Net cash flow from financing activities	-	-	-
Net cash flow	(31,645)	3,432	10,630
Add: cash at the beginning of the period	31,871	21,241	21,241
Cash at the end of the year	226	24,672	31,871
Comprised of:			
Cash at bank and on hand	226	24,672	31,871