



Our water, our future

Taki

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

**'Tis water, 'tis water
Water that joins us
Water that necessitates the land
Soul of life
Life forever
'Tis the breath of life!**

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Wellington Water is owned by the Greater Wellington Regional Council, Hutt City Council, Porirua City Council, South Wairarapa District Council, Upper Hutt City Council and Wellington City Council. Our role is to provide drinking water, stormwater and wastewater services to our customers and communities.

This document has been prepared by Wellington Water and reflects the decisions made by each council through their long-term plans.



Foreword

There's no longer any debate about the value of water and the need to invest in its care, both locally and nationally.

Communities in the Wellington region are feeling the impacts of aging water infrastructure with more frequent outages and service disruptions, leaks, bursts and other faults interrupting their daily lives. Pressure continues to mount to deliver the water services that communities need and expect, both now and into the future.

Councils have responded with their biggest investment to date: \$585 million of capital expenditure and \$279 million of operational funding over the next three years. This followed a new approach from Wellington Water, where we initially gave councils an unconstrained view of assets, their condition and the level of investment needed. We then presented a range of funding options to address strategic priorities and finally an optimised option, that took into account the impact of COVID-19 on council finances.

Even this increased level of investment is not enough.

Over the entire region there is a backlog of renewal work to be done. The current approved funding levels only allow us to keep pace with the ongoing aging of the networks. This means we will continue to experience the same or higher levels of faults and outages, which in turn puts pressure on ongoing operational funding.

Councils have met this challenge in their budgets but if faults and outages continue to increase, then operational costs will come under pressure. This means we have to prioritise reactive maintenance over planned maintenance. The fiscal stimulus package councils received from central government for participating in water reform has helped tremendously but this runs out in March 2022.

The continuing maturity of Wellington Water will also help. Over the last three years we have consolidated the company's regional operating models and they continue to be more efficient, leading to better value for money for councils. One example of this is the investment in the consultancy and contractor panel arrangements. This has put the company in a position to scale up the region's capital delivery to meet the new programme approved by councils.

The biggest challenge remains having a full complement of staff to do the work. Skilled labour shortages are affecting many sectors in New Zealand, and we need to bring to the sector and train more people year-on-year. In the 2021/22 financial year we will aim to recruit 40 young people into the company as future water technicians.

The value of water sits at our organisational heart. Wellington Water's people strive to deliver services and build infrastructure in a way that weaves together the perspectives of iwi and customers and their expectations of the services we deliver, and how we as an organisation operate and prioritise.

Over the next three years, the focus will be on delivering on the commitments from councils, preparing for reforms, and ensuring we continue to put community and iwi needs at the forefront of everything we do, so they can get the best out of the services we are funded to provide.



Geoff Dangerfield
CHAIR OF THE BOARD



Colin Crampton
CHIEF EXECUTIVE

Our shared vision for water

Our three enduring long-term outcomes have been in place since Wellington Water's inception:

- Safe and healthy water
- Respect for the environment; and
- A resilient network.

From Ngā Wai Hangarua to Te Ika Rō Wai

We are grateful to have received a name in te reo Māori that reflects the work we are engaged in. This is not a literal translation of our name but is appropriate for us at this time.

The name is **Ngā Wai Hangarua**.

In a broad sense Ngā Wai refers to the many rivers and streams that work their way through our catchments to the sea. These rivers and streams provide us with water for drinking and allow us to carry away the stormwater we collect to protect people's homes.

In today's urban settings, these life-giving systems are affected by the work we require of them to meet our needs, by our activities; and by network failures. We take water from the environment, then clean and treat it before we deliver it to people to drink. We collect and treat water that's been used before returning it to the environment.

Hangarua with respect to water refers to the fact that the water we care for is in an altered state from its original form. When the right balance is achieved between the environment and people, the mana and mauri of water will be restored to its natural state.

This prize is captured in another gifted name: **Te Ika Rō Wai**.

The Wellington region is at the head of Te Ika a Maui (North Island) and so this name refers to the purity of water within Maui's fish's head – that both reflects and requires a healthy environment, and thus the work of those charged with caring for it. That state of balance in delivering on our outcomes is our journey, our water and our future.

Taking a regional view

In the next 30 years:

- As much as 50% of three waters assets in the region will reach the end of their useful lives
- Another 150,000 people will be living in the region
- The demand for drinking water is expected to exceed guaranteed supply within the next few years
- Improvements to the quality of water in the environment will be needed by 2040 if not earlier
- The country has set a target of achieving net-zero carbon emissions by 2050.

Meeting these challenges and restoring the balance to water relies on councils and communities working together. Wellington Water is in the unique position of being able to take a regional view of water supply, water sustainability, quality and infrastructure opportunities and risks.

This informed our advice to councils through the long-term plan process to provide a three waters regional view for the decade ahead.

We sought advice from the Water Industry Commission for Scotland (WICS) on the region's challenges and investment requirements. Their assessment was that the region would need to invest \$300 – \$350 million in capital works each year to meet long-term aspirations.

Working with councils to ensure progress on priorities was affordable for communities, we provided a range of investment options against the original unconstrained summary. Councils then selected their preferred options for consultation with communities.

In nearly all cases, councils have increased capital and operating investment in the three waters over the next three years compared to the previous long-term plan cycle. Councils have taken different approaches to allocating funding across five strategic priorities, to allow for investment to address acute local issues such as flooding and seismic resilience.

This helped structure the options set out in this document that individual councils eventually adopted in their long-term plans. Councils have chosen to apply funding to each of the strategic priorities and we outline what activities these are, how much was allocated for the region and the extent to which the investment delivers a regional level of service.

Wellington Water's strategy story

Wellington Water intends to deliver on council commitments to their communities, and by doing so make progress towards our five strategic priorities and the goal of restoring balance to the system.

Our strategy story is represented on the next page. We think of it as navigating from the ocean to the mountains.

By living our values, we as an organisation will be excited and engaged with our work as we face water reform.

If we do all that well then we will be trusted by our councils, mana whenua, customers and communities.

The remainder of this document details this journey.

Te Ika Rō Wai

Trusted by councils, mana whenua, customers & communities

Respect for the environment

Safe & healthy water

Resilient network

2050

Net zero carbon 2050

2040

Improving water quality

2030

Supporting growth

2024/2025

Enough water from catchment to tap

2021-2024

Our people engaged and excited about water reform

Long Term Plan

2021-2031

Looking after our existing infrastructure

Our values

Tangata Tiaki

Whānau

Mana

Who we are and what we do

Wellington Water has three values that describe who we are and what we strive for:

- Tangata tiaki: together we protect our most precious taonga
- Whānau: united we support, connect with and respect each other
- Mana: individually, we bring our best to every situation

As a shared-service, council-owned organisation, Wellington Water is owned by four city councils, one regional council and one district council. We provide the following services on behalf of our owners:

- We supply drinking water – take, treat and transport it to households and businesses.
- Manage stormwater – by safely managing rainwater to protect people and property, and working with communities to ensure that these networks are clear of contaminants as the water returns to our seas, rivers and streams.
- Manage wastewater – take away, treat and return the water to the environment while safely disposing of the waste.

We rely on trusted relationships and the understanding of each of our roles with councils, iwi mana whenua, customers and communities. Building trust in the overall system that makes up the Wellington Water model underpins what we do.

We provide a regional perspective, take a system view of the issues, advise on investment and then oversee councils' investment, ongoing maintenance and operations. As things change during the three-year programme, the impact is discussed with councils and work programmes adjusted as needed.

Our Board of Independent Directors reports to a joint committee of the councils who provide oversight of Wellington Water. This Wellington Water Committee (the Committee) sets out expectations via a Letter of Expectations each year as representatives of the shareholders (see this year's letter on page 24).

Trusted by councils, iwi, customers and communities

Viewed as a trusted advisor and operator by councils

The Wellington Water model is unique. Wherever possible, we work in partnership with councils to take regional and local perspectives. One example of this is the metropolitan drinking water network where Greater Wellington Regional Council owns the water-treatment assets, and the four city councils benefit from them.

Another example is our partnerships with councils and communities to manage demand on water supplies and maintain security of supply by encouraging and promoting changes to how and when people use water.

We will continue to provide advice and support and report to councils regularly throughout the year. We will deliver what we have said we will, and communicate early and clearly if something changes or impacts our ability to do so.

Partnering with iwi

In the past three years we have worked to build partnerships with Taranaki Whānui ki te Upoko o te Ika, Ngāti Toa Rangatira, and Wairarapa iwi mana whenua.

Memoranda of partnership recognise the relationship iwi have with water and the environment, and set out how we aim to interact collectively as we work with the many forms of water in the environment.

This year we intend to further strengthen our relationship with iwi and te ao Māori perspectives in the work we do.

The health of customers and communities

Clean, safe water makes a difference to lives. We understand and bring to life the value of tangata tiaki in our daily work.

The impact on our communities when we aren't able to provide them with the services they need, due to

unplanned outages or work to renew the infrastructure is something we will continue to manage and mitigate. We will make it easier for the public to know what is happening to their water services and increase the value our customers' place in their experience with Wellington Water and the various types of water services we manage.

Customer values and aspirations for the services we provide must be incorporated into our work, from planning and delivery to emergency responses to day-to-day operations. The more we incorporate customers' views into our service design processes and projects, the stronger the customer experience, satisfaction and trust in our services will be.

Our key focus for the year ahead is to improve the way we manage incidents. We aim to improve the speed of our incident management and the way we communicate with our customers and stakeholders including an increased presence on social media.

Delivering on customer service levels

Under statute we are required to report on a series of service measures set by the Department of Internal Affairs. Councils decide on targets for each of these as they work through their long-term plans. As the renewals backlog has begun to materialise in network failures, the consequential impact of increasing outages has meant we have been unable to meet the targets set by councils for a number of measures.

As part of the long-term plan advice provided to councils, we recommended amended targets based on investment levels and current trends:

- Attendance to urgent callouts (loss of service): ≤ 90 minutes
- Resolution of urgent callouts: ≤ 8 hours
- Attendance to non-urgent callouts (loss of service): ≤ 20 working days
- Resolution of non-urgent callouts: ≤ 20 working days
- Number of complaints received for water supply and stormwater: ≤ 20 complaints per 1000 connections
- Number of complaints received for wastewater: ≤ 30 complaints per 1000 connections
- The number of flooding events: ≤ 2
- For each flooding event the number of habitable floors affected: varied but > 0.10 across councils
- Median response time to attend a flooding event: ≤ 8 hours

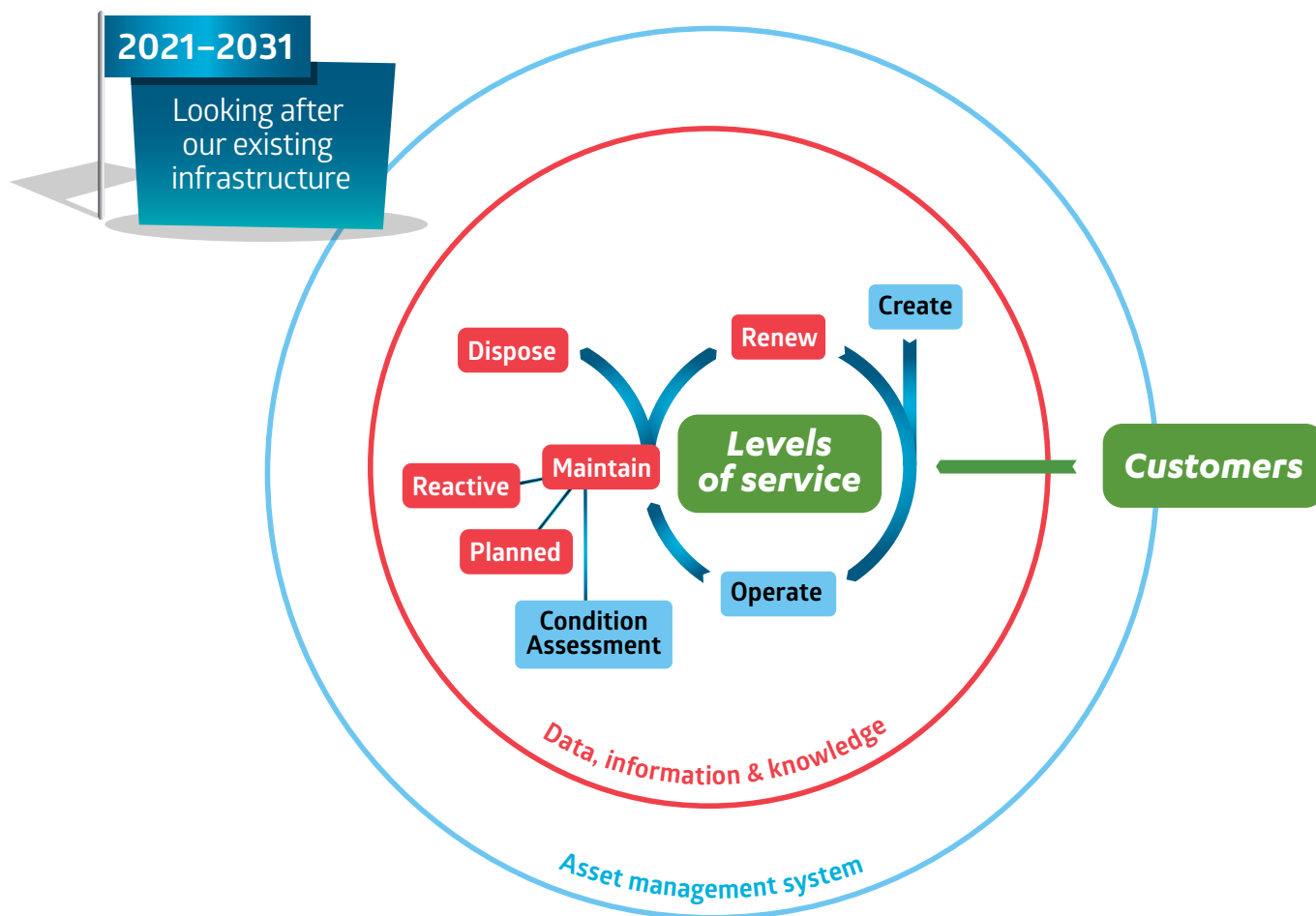
The level of uptake across councils was limited and we will not achieve the majority of the targets. More information on the agreed service levels can be found on page 26 of this document.

How we will measure success

Measure	Target 2021/22	Target 2022/23	Target 2023/24
1 The percentage of customers rating their experience of our performance as 'Satisfied' or higher improves	Our customers remain as satisfied, or are more satisfied, with their experiences with Wellington Water		
2 We will meet the regulatory requirements for safe drinking water	All schemes compliant with DWS Parts 4 and 5, except in SWDC*	Compliant with Taumata Arowai's requirements	
3 Our wastewater network will operate as expected (We will receive no abatement notices, infringement notices, enforcement notices or convictions for our wastewater resource consents, and dry-weather overflows will be less than 20 per 1000 connections across the network)	Achieved		

* SWDC is not currently set up to meet DWS part 5 (protozoa) from the Greytown water supply. The Pirinoa scheme which supplies 8 properties and a school is also not set up for full compliance.

Looking after existing infrastructure



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

Our network is aging and our population is growing

Over the past 18 months, issues with some of the most critical assets, and a noticeable increase in the number of leaks, bursts and faults have highlighted the risks and challenges associated with the existing infrastructure.

Delivering water services is extensive and complex, encompassing a wide range of assets, from grey (pipes and other built infrastructure) to green (such as wetlands), from simple concrete channels to sophisticated treatment plants, and handling water in a range of states from freshwater to wastewater.

Water infrastructure as old as 140 years is still in use. Other assets are failing before their designed lifetimes. While councils have responded to this with their biggest investment to date, we are facing a backlog of work to renew the existing infrastructure.

Maintaining or renewing our assets at the right time is critical to delivering value to our customers. Our customers and the environment typically bear the impacts of faults and failures; however, maintaining or renewing assets earlier than necessary is not cost effective.

Historical underinvestment in understanding the condition of infrastructure, in planned maintenance and in renewals has left us with aged infrastructure that is increasingly prone to failure. Our funding and proactive management of infrastructure across the full lifecycle – from how we create it, look after it and ultimately how we retire it at the end of its working life – needs to be improved.




We will be using indicators such as average asset age and the condition of infrastructure (especially for the most critical assets) to help plan our work and benchmark our performance against water sector peers.

At the same time as we are seeing increased failures in our infrastructure, our population is growing at a rate not seen for decades. Both infill and new subdivisions put increased pressure on existing infrastructure, and means the likelihood and consequences of network disruption are greater.

Well-performing existing infrastructure is the platform to achieve our other strategic priorities. It supports growth without loss in service quality and reduces the amount of drinking water loss and wastewater leaks to the environment. But right now, we must focus on getting the basics right by understanding the condition of our assets and scaling up both our renewals and planned maintenance programmes.

Our investment advice for the next three years

Our investment advice to our councils was to begin to address the issues in our systems and take practical steps toward achieving our long-term outcomes.

3-year impact	Our advice for the next three years	Regional investment level
We will have a better picture of the condition and performance of our assets	Undertake health assessments of critical assets	
We slow the deterioration in asset condition	Deliver our renewals programme to reduce the existing backlog	
We will improve our asset management systems	Increase our efficiency and effectiveness in the delivery of services through improved systems and processes	

Regional investment level key:  Low  Medium  High

Through the council long-term plan process the regional capital and operational funding for this priority has been confirmed as:

Capital Investment			Operational Investment		
2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
\$88.0m	\$96.1m	\$89.2m	\$65.6m	\$66.8m	\$68.2m

For a more detailed breakdown of investment by council, refer to the prospective financial statements from page 35

Our risk profile

This investment, while an increase on previous levels, is not sufficient to catch up on overdue renewals and maintenance. The likely results are:

- The level of renewals will not overcome the renewals backlog identified so the networks will continue to get older, on average, resulting in more outages and faults and increasing the extent of service interruptions experienced by customers
- Long run we forecast the need to undertake roughly \$5 million of high criticality condition assessments annually. Once the fiscal stimulus fund has been spent, the ongoing condition assessment budget will be \$2.6 million so growth in our knowledge of the network will slow, reducing our ability to make timely, efficient and targeted investment in renewals and maintenance
- Ongoing assessments of very high and high criticality assets may find deterioration worse than expected, resulting in unplanned renewals or emergency work
- Due to workforce shortages we are limited in the amount of work we can do and may get behind on service requests

Overall, if operating costs rise above what's budgeted for, councils will likely need to further reduce planned maintenance in favour of reactive maintenance.

How we will measure success

Measure	Target 2021/22	Target 2022/23	Target 2023/24
4 We will complete scheduled improvements to our asset management systems, with the aim of aligning with ISO 55001 by 2024	All scheduled improvements complete		
5 We will complete scheduled field inspections for our assets by 30 June 2022	100% of scheduled Very High Criticality Assets field inspections complete	To be confirmed in the coming year	
6 We will deliver the three-year planned renewals programme*	Greater than or equal to 25% of three-year programme complete	Greater than or equal to 55% of three-year programme complete	Greater than or equal to 90% of three-year programme complete

* A sustained uplift is required to deliver the renewals programme. Based on risk analysis, we are taking a cumulative approach for the region over the three-year period to allow a steady build in capacity and capability

Supporting growth

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

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

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

The region is forecast to grow quickly

The growth forecasts used in the Wellington Regional Growth Framework suggest that an extra 150,000 people – more than the existing population of the Hutt Valley – could be living in the region within the next 30 years.

Each of our councils is expecting significant growth, and at a faster rate than has been seen historically. The extent and speed of growth will put further pressure on the three waters infrastructure and services, and on the environment that we operate in.

Recent work to understand the growth needs in the region has identified that a step change to the system is needed to meet the needs of our people and cities, now and in the future. The current system has had only incremental capacity changes over time and it will not be able to meet our growth needs without significant investment. Our growth studies enable the type, nature, location and timing of this investment to be identified, prioritised and scheduled.

We will also participate at all planning levels to promote our three water strategic priorities and water management principles in land-use decision-making frameworks, for example, national policy statements, spatial plans, district plans, growth strategies and land-use policies.

Our councils fund growth projects through long-term plans and further recover costs through development contributions. We identify growth projects and calculate the cost allocation for developer contributions. Any planned projects will align with our regulatory, environmental, and customer expectations.



2030

Supporting growth

Scale of focus

1. City and network level



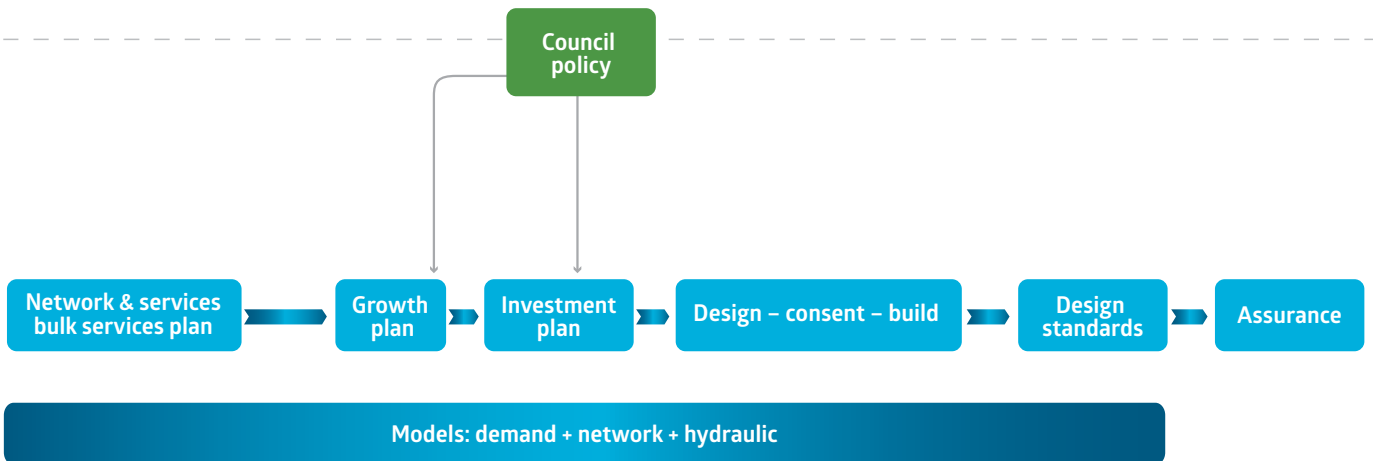
2. Catchment & suburb level



3. Household level







Council land-use planning process



Our investment advice for the next three years

Our investment advice to our councils sought to begin to address the massive growth that Wellington is experiencing.

3-year impact	Our advice for the next three years	Regional investment level
We will have built our understanding of growth demands	Complete growth plans for each council	
	Continue the development of the network hydraulic models to encompass all networks	
	Complete long-term network master plans with consideration of suitable growth, climate change and resilience scenarios	
We will have improved the alignment of land use planning and infrastructure in the region	Help evolve design standards and council policy settings to reflect anticipated future performance requirements	

Regional investment level key:  Low  Medium  High

Through the council long-term plan process the regional capital and operational funding for this priority has been confirmed as:

Capital Investment			Operational Investment		
2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
\$28.8m	\$47.5m	\$45.6m	\$1.3m	\$1.9m	\$0.8m

For a more detailed breakdown of investment by council, refer to the prospective financial statements from page 35

Our risk profile

Without integrated growth and infrastructure planning, it will be increasingly difficult to meet demand on our water services. In the short-term, localised solutions will increase, as the current networks cannot provide for new connections.

Growth planning maturity, and investment levels combined will affect our ability to deliver solutions.

The scale of the challenge is such that planning for growth in our region will have to continue into medium and long-term forecast planning.

How we will measure success

Measure	Target 2021/22	Target 2022/23	Target 2023/24
7 Growth plans will be developed for each council, and updated*	6 growth plans complete	To be confirmed in the coming year	
8 We will input into our councils' statutory planning processes related to growth (We will engage in every relevant council district plan change, bylaw review and annual plan process)	Input provided for all relevant processes		

* Growth plans will range in maturity level, depending on levels of investment

Sustainable water supply and demand

Achieving a balance between people, water and the environment requires us to value and treasure the water on every step of its journey, from our catchments, through to our customers enjoying the water at their homes and places of work. Taking water from the environment for our needs means there is less in the environment to sustain the local ecosystem, and that impact is compounded when we take water we don't really need – whether it is lost to leaks or used inefficiently.

Demand for water is at an all-time high, and still increasing

Our demand for and supply of water do not align on almost every time scale. We use water on days when it does not rain. We use the most water in summer when river flows are at their lowest. And our total demand for water is increasing with population growth at the same time as water supplies are becoming more vulnerable to the long-term impacts of climate change such as increased dry spells and rain events that affect our ability to treat water.

Reducing water consumption is vital to achieving a sustainable water supply that balances the needs of people, water and the environment. Every summer we highlight the risk to our ability to meet demand, and most summers we increase watering restrictions above the basic alternate day garden watering bans. It is likely these restrictions will become longer, and more severe, in the coming years.

An upgrade of the capacity of the Te Mārua Water Treatment Plant is programmed to return to our target level of service for drought resilience. Based on available population growth projections we expect the shortfall probability to further increase until the additional treatment capacity at Te Mārua is available (around 2025).

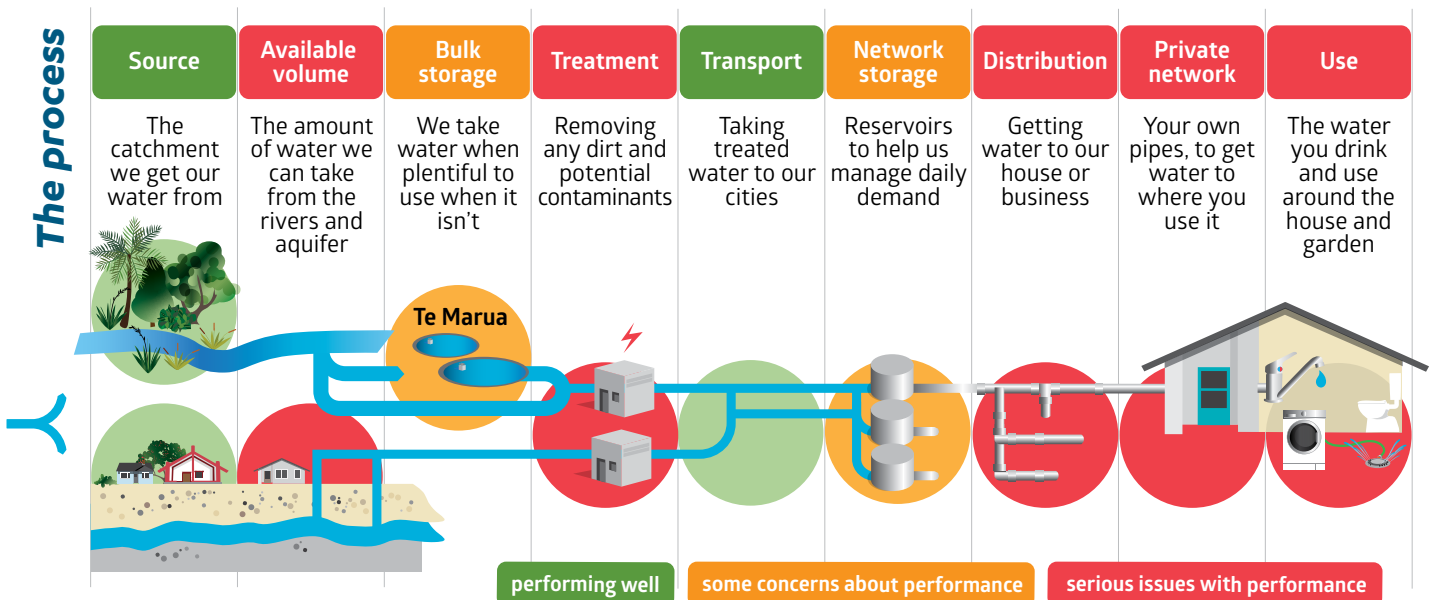
Our longer-term water supply risk-planning and advice has been based on the expected timing for a major source development, or a demand reduction through universal metering being in place by 2030. High growth could bring the need for metering forward to as early as 2026.

There is also a need to ensure consistent and ongoing support for leakage reduction, amongst other important maintenance activities. Getting on top of leakage is the demand reduction intervention that we have most control over, but is complex, costly and time-consuming without universal metering in place to understand how much is leaking and where.

We are developing an overarching sustainable water supply communications and engagement approach for customers and communities. The objective of this work is to undertake proactive engagement to keep the region informed and educated around the importance of water conservation in relation to both our own operations and customer behaviour in the years ahead.





Our water supply system



Our investment advice for the next three years

We seek to address the imminent water shortages faced by Wellington and take meaningful steps in the next three years to provide long-term security for our water supplies.

3-year impact	Our advice for the next three years	Regional investment level
We will have reduced the demand on our water catchments	Implement good practice leakage management processes and systems	
We will have developed our water supplies and network capacity	Complete investigation of new source options and identify preferred option for further development	
	Complete construction of the Te Mārua Water Treatment Plant upgrade	
	Complete construction of Omāroro reservoir and commence construction of funded reservoirs in growth zones	

Regional investment level key:  Low  Medium  High

Through the council long-term plan process the regional capital and operational funding for this priority has been confirmed as:

Capital Investment			Operational Investment		
2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
\$10.0m	\$17.8m	\$23.4m	\$0.9m	\$1.6m	\$1.4m

For a more detailed breakdown of investment by council, refer to the prospective financial statements from page 35

Our risk profile

With the expected levels of population and demand growth, the risk is that the Wellington region will experience severe and prolonged restrictions on the ability to use water in the event of long dry periods until the Te Mārua Water Treatment Plant is upgraded.

The fiscal stimulus fund has supported an increase in proactive leak detection. Without sustained and substantial investment in a continuing programme of work, however, network leakage will continue to contribute to water supply risk.

While the upgrade to Te Mārua in 2025 will increase the amount of water able to be supplied, the risk of these severe water shortages will continue to increase, until we can address the consumption of water and invest in leakage management. This may mean that councils need to invest in new water sources earlier.

How we will measure success

Measure	Target 2021/22	Target 2022/23	Target 2023/24
9 We will slow the rate of increase in gross water consumption per capita	Year-on-year rate of increased per capita gross consumption declines* (2019/20: increased by 14.04 litres per person per day)		
10 Te Mārua water treatment plant upgrade will be completed, providing a step-change for drought resilience in the region	Design and procurement plan agreed	Project on schedule for 2024 completion	

* Based on stimulus funding that has been allocated for proactive leak detection activities in 2021/22

Improving environmental water quality

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

Existing levels of contamination in urban streams are quite high - often testing at around level E on a scale of E to A, where A is good. A leading cause of the ongoing contamination is leaking pipes, both private and public. Heavy rainfall can also contribute to contamination of streams, as can overflows caused by blockages.

Contamination from stormwater arises due to historical design practices. Stormwater pipes discharge directly into streams, rivers and the coast without any treatment other than coarse grates that catch large floating objects, and

grit traps at the bottom of street-side sumps, or drains. Any contaminant deliberately or accidentally introduced into a sump can be carried directly into the environment.

Another common construction practice was to build connections from the wastewater to the stormwater network. These were intended to divert wastewater away from built areas in the event of a pipe blockage. Blockages are caused by contaminants entering the network, for example by people flushing wet wipes or washing fat down sinks. They're also caused by tree roots entering through cracks and joints, which catch the foreign objects.



Our investment advice for the next three years

Our investment advice to councils has been geared toward taking steps in the next three years that will advance our aim of achieving swimmable water quality by 2040, and improving the health of our water bodies and ecosystems.

3-year impact	Our advice for the next three years	Regional investment level
We will have lowered the impact our services and interventions have on water quality	Renew wastewater network pipes that are likely to be contributing to discharges to the environment	Low
	Work with customers and our owners to identify and address issues with private pipes	Medium
	Increase the extent of wastewater network storage and expand the use of smart controls to better utilise existing network volume to reduce the extent of wet weather overflows	Low
We will have begun to stabilise the performance of our wastewater and stormwater networks	Complete representative water quality improvement projects and the associated performance analysis	Low
	Support to establish an agreed approach to the design and operation of water sensitive urban design with our owners and require this as the standard approach for new developments	High

Regional investment level key: Low Medium High

Through the council long-term plan process the regional capital and operational funding for this priority has been confirmed as:

Capital Investment			Operational Investment		
2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
\$15.0m	\$11.3m	\$0.9m	\$1.6m	\$2.0m	\$2.0m

For a more detailed breakdown of investment by council, refer to the prospective financial statements from page 35

Our risk profile

The company can only address human health issues reactively and complete limited proactive investigations for Hutt City, Wellington City and Porirua City councils. In 2021/22 the pilot catchments of Black Creek (Lower Hutt), Titahi Bay (Porirua) and Owhiro Bay (Wellington) will be investigated for human health only. No human health proactive investigations will be completed in Upper Hutt or South Wairarapa.

To meet the water quality targets for human health and environmental health in the government’s Freshwater Policy Statement we would need to be addressing water quality issues proactively for both human health and environmental health at the rate of 5% of catchments per annum for 20 years. Whaitua outcomes could also require improvements to be achieved more rapidly, and in specific catchments.

At the current level of investment, councils are carrying an increasing risk of not meeting government targets for human and environmental health and within Upper Hutt, not meeting the current global stormwater consent. South Wairarapa is not included in the global stormwater consent.

How we will measure success

Measure	Target 2021/22	Target 2022/23	Target 2023/24
11 Targeted investigations and potential interventions at select catchments will demonstrate improved water quality	E. coli count falls at Titahi Bay, Black Creek and Owhiro Bay after interventions	To be confirmed in the coming year	

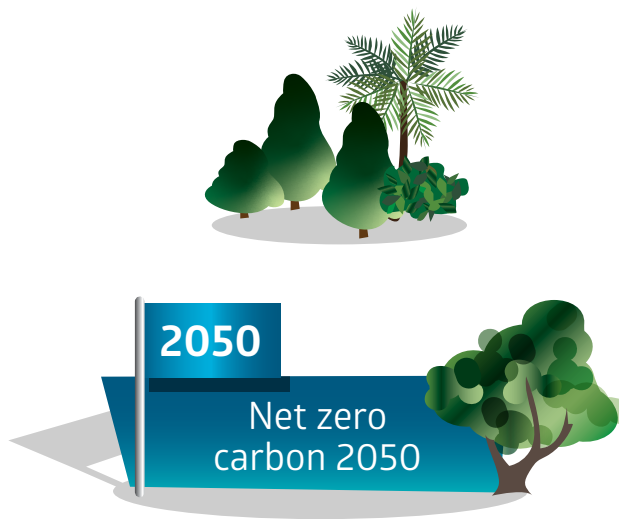


Net carbon zero 2050

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





Our response to climate change will need to include mitigation (reducing our emissions) and adaptation (managing the impacts of climate change) including increased intense rain events and rising sea levels. Our mitigation activities need to cover our operational emissions and the emissions resulting from our capital investment.

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



Our investment advice for the next three years

Our investment advice to our councils was aimed at ensuring we meet our responsibility and play our part in achieving the country's emissions reduction targets, and start preparing for the impacts of climate change on our infrastructure network.

3-year impact	Our advice for the next three years	Regional investment level
We will have begun to understand and reduce our emissions profile	Collect data on actual emissions from wastewater treatment plants and identify potential improvements	
	Complete assessments of electricity and energy efficiency opportunities and potential renewable energy projects	
	Commence the Wellington City Council sludge minimisation project*	
	Deliver the 2021/24 capital works programme using low carbon techniques	N/A (cost-saving initiative)
We will have begun to understand our networks' vulnerability to climate change	Complete adaptation risk assessments for key infrastructure and identify appropriate mitigations	

Regional investment level key:  Low  Medium  High

Through the council long-term plan process the regional capital and operational funding for this priority has been confirmed as:

Capital Investment			Operational Investment		
2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
--*	--*	--*	\$350k	\$100k	\$1.6m

* The sludge minimisation project is being funded by a Special Purpose Vehicle, which is a specific entity created to fund and build infrastructure. The entity will borrow the money to finance this project and recover the costs through a levy on those who benefit from it.

For a more detailed breakdown of investment by council, refer to the prospective financial statements from page 35

Our risk profile

In the next three years, operational emissions are likely to increase with population growth, although the Wellington City sludge minimisation project will help offset some of that increase, once completed.

To contribute to the national target of net zero emissions by 2050, a 3% reduction in carbon generation will be required year on year. As the company will be undertaking limited carbon reduction activity in the next three years (other than the Sludge Minimisation Plant at Moa Point), the amount of reduction activities will need to increase exponentially in future years.

We have a limited understanding of how climate change impacts will affect three waters assets and services.

The planned use by Wellington City of an alternative funding mechanism for the sludge minimisation project increases the risk of its delivery within the expected timeframes.

How we will measure success

Measure	Target 2021/22	Target 2022/23	Target 2023/24
12 We will baseline our capital emissions, and set targets for reductions in future statements of intent	Baseline and targets set	To be confirmed in the coming year	



How we will work

The government's water reform proposals, rapid regional growth and additional government funding for three waters investment bring new challenges for our organisation.

While our councils have yet to decide whether they may opt into the reforms, the potential change poses a time of uncertainty for the company.

To deliver, we have to perform well as a company and keep our whānau excited and engaged in our work.

Delivering on the day-to-day

During 2021/22 Wellington Water will continue to provide day-to-day services to our customers, and protect the environment from our activities.

We expect all our work to be undertaken within environmental consents and we strive to do better than those standards where we can. We provide evidence-based advice to councils on policy, land-use and resource.

All the services we provide are assessed against a standard set of mandated Rules developed by the Department of Internal Affairs in 2013.

These measures and the individual targets set by each council are provided from page 26.

Scaling up to deliver the work programme

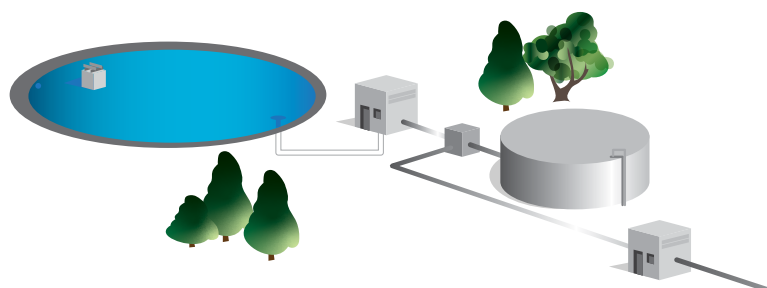
The Wellington region is emerging from a long period of static funding on water assets.

In late 2020, the Government allocated \$47.3 million to our owners to be spent over the 2020/21 and 2021/22 financial years. At roughly \$23 million per annum, this new funding is about 10% of annual expenditure.

All the fiscal stimulus funding has been allocated to existing activities over and above what council funding could deliver. The focus of the funding is predominantly on reactive and planned maintenance, renewals and condition assessments, as well as some innovative new ideas. If the water reforms go ahead, it is possible more stimulus funding will become available.

In addition, the councils' work programmes in their long-term plans for the next three years amount to around \$585 million on three waters capital projects and \$279 million on three waters infrastructure maintenance and operation.

We will grow our existing service delivery arrangements to bring on more members to our consultant and contractor panels, as well as reviewing and making improvements to the whole value chain. As part of this, we will be completing our fast-track renewals programme and assessing potential efficiency gain.



Being ready for increased drinking water and environmental regulation

The office of Taumata Arowai – the Water Services Regulator – was established in 2021. The enactment of the Water Services Bill, and subsequent regulations and national policy statements, mean the company will need to respond to a raft of higher expectations over the next three years.

As a company, we support Taumata Arowai's mandate to promote performance improvements in the three waters sector and better outcomes for all New Zealanders. We are focused on ensuring our systems and processes meet the statutory standards.

Part of our vision is to give meaningful representation to te Mana o te Wai in our approach to best practice regulatory compliance.

Our work will include establishing a detailed baseline understanding of the company's capability versus regulatory requirements and a plan to improve the company's regulatory position.

We will continue to support Taumata Arowai with its industry knowledge and tools as it becomes operational as the water regulator for New Zealand.

We will also be developing tools to help standardise regulatory capability due diligence that can be used by other councils.

Staying excited and engaged through change

In these times of change a capable, adaptive and resilient workforce is vital for success. Our goal is to support people through this change and help them build the right skills, so they have confidence in their future.

We will support organisational growth through identifying capability gaps needed for new and existing service delivery and regulatory demands, continuing to recruit the right talent, and improving frontline technical expertise. We intend to recruit at least 40 new technicians into the Wellington Water whānau in the year ahead to support this.

Our values of tangata tiaki, whānau and mana will hold us in good stead as we respond to the changing environment around us and look after the wellbeing of our people during change. We will continue to embed the values that guide us throughout the organisation and into the wider Wellington Water whānau – our staff, alliance partner, and consultant and contractor panels.

Continuing to focus on health and safety engagement, participation, and accountability will be a focus for us to ensure critical risks are controlled and managed.

Value for money

We are committed to demonstrating the value we create in everything we do. Each year we intend to publish a value for money report. This will include the benchmarking we are involved in, assessments around the value achieved through the long-term plan, metrics and value for money stories we have generated through the year.

Innovations such as trenchless technology, artificial intelligence (AI) and augmented reality provide further opportunities to deliver greater value for less cost.



How we will measure success

Measure	Target 2021/22	Target 2022/23	Target 2023/24
13 We will deliver our capital programme inside our expected range (2021/22: \$145m – \$189m)	Achieved		
14 We will meet all of the disclosure requirements of Taumata Arowai	All disclosure requirements met within timeframes		
15 Health and safety critical risks are reviewed and improvements are implemented	Two or more annually		
16 Our people understand the upcoming changes in the water sector and feel well supported by the organisation	Baseline established	To be confirmed in the year ahead	

Appendices

Letter of expectations

Councillor David Bassett
Chair, Wellington Water Committee
C/- Hutt City Council
Private Bag 31912
LOWER HUTT

21 December 2020

Mr G Dangerfield
Chairman
Wellington Water Limited
Private Bag 39804
Wellington Mail Centre

Dear Geoff

1. This letter of expectations sets out the six owner councils' and mana whenua's priorities and expectations to inform the development of Wellington Water's (the company) draft Statement of Intent (SOI) for 2021-2024 and has been informed by discussions with my fellow councils and mana whenua.
2. The COVID-19 situation has caused considerable disruption to the councils' financial position as well as causing income challenges and uncertainty to many residents and businesses. The resulting trade-offs we will need to make will become clear as each council continues their discussion with you around their long term plan 2021-31.
3. The decisions in our long terms plans will be very important for helping our communities to steer through these unprecedented times and you will need to work with each council to ensure the investment programme for its water services balances the tension between increasing public expectations and affordability, and is aligned with the set budgets.
4. Within this context, we expect you to continue focusing on the five strategic priorities that have been previously included in your Statement of Intent 2019-2022 and advice on how these priorities may be realised for our communities. These priorities are:
 - Looking after existing infrastructure
 - Growth
 - Reducing water consumption
 - Reducing carbon emissions
 - Improving environmental water quality
5. We expect WWL will ensure that the management and budgeting of these priorities will be driven through asset management plans.
6. We continue to welcome robust advice on our networks, including the risks and liabilities.

7. Our long term plans will confirm the budget for the next three years, with indicative yearly budgets. We expect you to develop a detailed one year plan and a three year programme based on robust costings and aligned with the priorities for capex and to operate within the set budgets. To make this work, Wellington Water will need to be clear about what it is able to deliver and the risks and trade-offs associated with funding decisions.
8. We have seen progress in the way the company has adopted a customer centred approach to its service delivery. We look forward to seeing further significant development in this area and identification of opportunities for improving customer experience.
9. We continue to be interested in you demonstrating the value Wellington Water is creating for its shareholders and are aware your initiatives include developing a framework to comprehensively capture the value-add and benchmarking your performance against similar water entities. We look forward to receiving updates throughout the year.
10. We also look forward to you demonstrating the robustness of your performance management system and ensuring the appropriate controls are in place.
11. We appreciate your assistance so far in responding to the Government's water reforms. We expect you to continue to support us in your trusted advisor capacity as we consider the next phase of the reforms, and to track and report on stimulus funding.
12. As the new water services regulatory regime is likely to take effect in late 2021, we expect the company to continue to prepare for the requirements set by Taumata Arowai – the water services regulator, as well as higher environmental standards that will take effect through the Government's Essential Freshwater programme. Throughout these challenges we expect that you will strive for excellence in health and safety and become an exemplar in the field.
13. Throughout these challenges we expect that you will strive for excellence in health and safety and become an exemplar in the field.
14. Equally we are keen that the company develops a culture of innovation that can delivery efficiency and effectiveness into the delivery model.

I look forward to receiving a draft of Wellington Water's Statement of Intent by 1 March 2021.

Yours sincerely



David Bassett,



Department of Internal Affairs (DIA) Rules

The DIA has the power to make rules specifying non-financial performance measures (the Rules) for local authorities. These Rules are consistent across the country, and therefore across all of our councils. Each council is responsible for setting targets for each Rule, and then Wellington Water report against the targets throughout the year.

We recommended revised targets for councils as part of the long-term plan advice based on investment levels and current trends. Uptake varied across the region. The below table sets out the Rules and the targets for the year ahead:

DIA Part/ Sub Part	Measures	Targets					
		GWRC	PCC	UHCC	SWDC	WCC	HCC
Part 2: Sub-part 1 - Water supply	(1) Performance measure 1 (safety of drinking water) The extent to which the local authority's drinking water supply complies with: (a) part 4 of the drinking-water standards (bacteria compliance criteria),	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Part 2: Sub-part 1 - Water supply	(1) Performance measure 1 (safety of drinking water) 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
Part 2: Sub-part 1 - Water supply	(2) Performance measure 2 (maintenance of the reticulation network) 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
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	≤ 60 min	≤ 60 min	≤ 90 min
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 (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	≤ 8 hours	≤ 4 hours	≤ 8 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 (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	≤ 5 working days	≤ 20 days	≤ 36 hours	≤ 2 working days	≤ 36 hours	≤ 72 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 (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 days	≤ 15 days	5 working days	≤ 5 days	≤ 20 working days
Part 2: Sub-part 1 - Water supply	(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 (a) drinking water taste (b) drinking water odour (c) drinking water pressure or flow (d) continuity of supply, and (e) 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 (e))	< 20 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
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

DIA Part/ Sub Part	Measures	Targets					
		GWRC	PCC	UHCC	SWDC	WCC	HCC
Sub-part 2 – Sewerage and the treatment	(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
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	≤ 1 hour	≤ 1 hour	≤ 90 min
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: (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	≤ 4 hours	≤ 6 hours	≤ 8 hours

DIA Part/ Sub Part	Measures	Targets					
		GWRC	PCC	UHCC	SWDC	WCC	HCC
Sub-part 2 – Sewerage and the treatment and disposal of sewage	<p>(4) Performance measure 4 (customer satisfaction)</p> <p>The total number of complaints received by the territorial authority about any of the following:</p> <p>(a) sewage odour</p> <p>(b) sewerage system faults</p> <p>(c) sewerage system blockages, and</p> <p>(d) the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system</p>	N/A	< 30 total	< 30 complaints per 1000 connections	< 60 per 1000 connections	< 30 complaints per 1000 connections	< 30 complaints per 1000 connections
Sub-part 3 – Stormwater drainage	<p>(1) Performance measure 1 (system adequacy)</p> <p>(a) The number of flooding events that occur in a territorial authority district</p> <p>* SWDC does not have a stormwater system as defined in the DIA Rules</p>	N/A	2	2	0	2	2
Sub-part 3 – Stormwater drainage	<p>(1) Performance measure 1 (system adequacy)</p> <p>(b) For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system.)</p> <p>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.</p> <p>* SWDC does not have a stormwater system as defined in the DIA Rules</p>	N/A	0.57	0.64	0	0.13	0.24
Sub-part 3 – Stormwater drainage	<p>(2) Performance measure 2 (discharge compliance)</p> <p>Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of:</p> <p>(a) abatement notices received by the territorial authority in relation to those resource consents</p>	N/A	Nil	Nil	Nil	Nil	Nil
Sub-part 3 – Stormwater drainage	<p>2) Performance measure 2 (discharge compliance)</p> <p>Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of:</p> <p>(b) infringement notices received by the territorial authority in relation to those resource consents</p>	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: (c) enforcement orders 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 (d) convictions received by the territorial authority in relation to those resource consents	N/A	Nil	Nil	Nil	Nil	Nil
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. * SWDC does not have a stormwater system as defined in the DIA Rules	N/A	≤ 8 Hours	≤ 60 minutes	≤ 60 minutes	≤ 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

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

Governance and shareholder information

Wellington Water Committee

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

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

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

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



Mayor Campbell Barry
Water Committee Chair
HUTT CITY COUNCIL



Mayor Wayne Guppy
Water Committee Deputy Chair
UPPER HUTT CITY COUNCIL



Mayor Anita Baker
PORIRUA CITY COUNCIL



Councillor Sean Rush
WELLINGTON CITY COUNCIL



Councillor Josh van Lier
GREATER WELLINGTON
REGIONAL COUNCIL



Mayor Alex Beijen
SOUTH WAIRARAPA DISTRICT COUNCIL

The Water Committee has appointed two iwi partners to the Committee: Taranaki Whānui ki te Upoko o te Ika and Te Rūnanga O Toa Rangatira. Iwi are in the process of appointing individuals as their representatives.

The Committee has agreed to Nerida Hooper acting as an observer on the Committee on behalf of South Wairarapa District Council's Māori Standing Committee.

Information to be provided to shareholders

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

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

Share acquisition

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

Compensation from local authority

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

Equity value of the shareholders' investment

The total shareholders' equity is estimated to be valued at \$0.9 million as at 31 December 2020. This value will be assessed by the directors on completion of the annual accounts or at any other time determined by the directors. The method of assessment will use the value of shareholders' funds as determined in the annual accounts as a guide.

Ratio of consolidated shareholders' funds to total assets

The ownership of infrastructural assets is retained by the shareholders (or other clients). The business returns all benefits to shareholders; the ratio of shareholders' funds to assets is provided on page 36.

Wellington Water Board of Directors




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

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

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

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

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

Board of Directors		Appointed to
	Geoff Dangerfield, Chair	30 September 2023
	Philip Barry	30 June 2022
	Kim Skelton	1 September 2023
	Mike Underhill	1 September 2023
	Leanne Southey	30 June 2024
	Lynda Carrol	30 June 2024

Wellington Water Limited

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

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

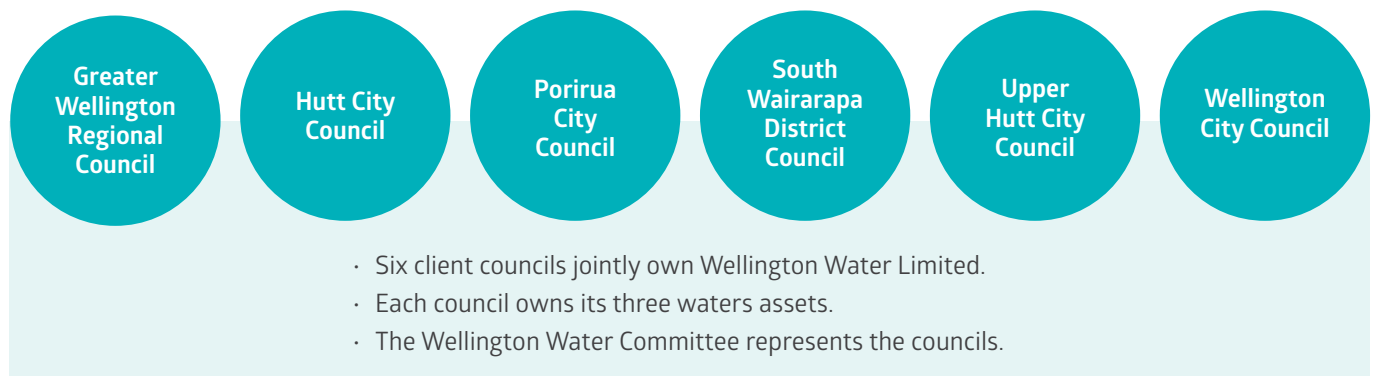
- Manage drinking-water, wastewater, and stormwater services in the greater Wellington region for local authority shareholders;
- Achieve the objectives of its shareholders;
- Be a good employer;
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community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

We employ around 200 staff and provide drinking-water, stormwater, and wastewater services to customers on behalf of our shareholders.

To do this, we manage annual expenditure of approximately \$222 million (based on the 2020/21 budget) to maintain and develop water assets with a replacement value of approximately \$6.1 billion. We also provide investment advice on the future development of the three waters assets and services.

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

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



Service level agreements, pricing and policies



Wellington Water Limited

- **Network Strategy and Planning:** asset planning, information management, education.
- **Network Development and Delivery:** project design, work programme management.
- **Customer Operations:** network operations, service delivery, customer service.
- **Network Management:** treatment facilities, quality control, innovation.
- **Business Services:** financial, procurement, business support, communications, planning & performance.
- **Chief Executive Office:** company strategy, leadership.

Senior Leadership Team



Colin Crampton
Chief Executive



Julie Alexander
Group Manager
Network Strategy and Planning



Tonia Haskell
Group Manager
Network Development and Delivery



Jeremy McKibbin
Group Manager
Network Management



Mark Ford
Group Manager
Business Services



Kevin Locke
Group Manager
Customer Operations

Prospective financial statements

Wellington Water receives annual management fees from its six client councils. These cover operating expenses such as employee costs, vehicle costs, directors' fees, and depreciation.

Funding is also received for the council work programme. This work programme (capex and opex) is managed by Wellington Water employees. The planned spend in the next three years is \$585 million on three waters capital projects and \$218 million on three waters infrastructure maintenance and operation (excluding stimulus funding).

Wellington Water adopts a no surprises approach. Regular forecasting and ongoing communication with

our client and shareholder representatives enable us to achieve this.

The summary financials below support the delivery of our three customer outcomes, safe and healthy water; respectful of the environment; and resilient networks that support our economy.

The financials in this Statement of Intent are draft and include a number of assumptions which are subject to change. Final council budgets had not been adopted at the time of preparation. Stimulus funded operational costs are excluded in the statements and covered separately on page 44.

Prospective Statement of Comprehensive Revenue and Expenses

	Projection 2021/22 \$000	Projection 2022/23 \$000	Projection 2023/24 \$000
Council work programme	270,142	282,948	250,643
Stimulus funding programme	27,604	-	-
Management & advisory services	18,770	20,359	21,932
Other revenue	50	50	50
Total revenue	316,565	303,357	272,625
Council capital expenditure	(199,687)	(209,693)	(176,105)
Council operational expenditure	(70,455)	(73,256)	(74,538)
Stimulus fund expenditure	(27,604)	-	-
Salaries and wages	(26,536)	(27,200)	(27,880)
Direct costs charged to capital programme	8,341	8,550	8,764
Direct costs charged to operational programme	8,236	8,442	8,653
Superannuation	(782)	(802)	(822)
Directors fees	(158)	(158)	(158)
Audit - financial statements	(105)	(107)	(109)
Operating leases	(1,165)	(1,188)	(1,212)
Other personnel costs	(807)	(827)	(848)
Other expenditure	(5,024)	(6,020)	(7,271)
Depreciation and amortisation	(1,100)	(1,100)	(1,100)
	(316,845)	(303,357)	(272,625)
Surplus/(deficit) before tax	(279)	-	-
Tax (expense)/credit	-	-	-
Total comprehensive revenue and expenses	(279)	-	-

Prospective Statement of Changes in Equity

	Retained Earnings \$000	Issued Capital \$000	Total \$000
Balance at 1 July 2021	574	1,000	1,574
Comprehensive revenue and expenses			
Net surplus/(deficit) for the year	(279)	-	(279)
Projected balance at 30 June 2022	295	1,000	1,295
Balance at 1 July 2022	295	1,000	1,295
Comprehensive revenue and expenses			
Net surplus/(deficit) for the year	-	-	-
Projected balance at 30 June 2023	294	1,000	1,295
Balance at 1 July 2022	294	1,000	1,295
Comprehensive revenue and expenses			
Net surplus/(deficit) for the year	-	-	-
Projected balance at 30 June 2024	294	1,000	1,294

Prospective Statement of Financial Position

	Projection 2021/22 \$000	Projection 2022/23 \$000	Projection 2023/24 \$000
Cash and cash equivalents	6,457	6,691	6,797
Receivables and prepayments	18,941	17,474	14,675
Total current assets	25,398	24,165	21,473
Intangible assets	392	392	392
Property, plant and equipment, vehicles	1,547	1,547	1,547
Deferred tax	304	304	304
Total non-current assets	2,243	2,243	2,243
Total assets	27,641	26,408	23,716
Payables and provisions	24,812	23,579	20,887
Employee entitlements	1,436	1,436	1,436
Tax payable/(receivable)	72	72	72
Total current liabilities	26,320	25,087	22,395
Employee entitlements	26	26	26
Total non-current liabilities	26	26	26
Total liabilities	26,346	25,113	22,421
Net assets	1,295	1,295	1,295
Issued capital	1,000	1,000	1,000
Retained earnings	295	295	295
Total equity	1,295	1,295	1,295
Shareholder equity ratio	5%	5%	5%

Prospective Statement of Cash Flows

	Projection 2021/22 \$000	Projection 2022/23 \$000	Projection 2023/24 \$000
Receipts from customers	310,908	304,774	275,374
Interest received	50	50	50
Employees and suppliers	(309,366)	(303,591)	(274,317)
Net cash flow from operating activities	1,592	1,233	1,107
Purchase of intangibles	(400)	(400)	(400)
Purchase of property, plant and equipment, vehicles	(600)	(600)	(600)
Net cash flow from investing activities	(1,000)	(1,000)	(1,000)
Net cash flow from financing activities	-	-	-
Net cash flow	592	233	107
Add: cash at the beginning of the year	5,865	6,457	6,691
Cash at the end of the year	6,457	6,691	6,797
Comprising:			
Cash at bank and on hand	6,457	6,691	6,797

Prospective Council Capital Programme

	Projection 2021/22 (\$000's)	Projection 2022/23 (\$000's)	Projection 2023/24 (\$000's)
Greater Wellington Regional Council			
Drinking Water			
Looking after existing infrastructure	22,604	24,163	10,532
Supporting growth	132	526	58
Enough water catchment to tap	7,089	14,616	18,474
Localised issues	13,244	133	400
	43,069	39,438	29,464
Total Greater Wellington Regional Council	43,069	39,438	29,464
Hutt City Council			
Drinking Water			
Looking after existing infrastructure	8,437	7,481	8,383
Supporting growth	994	1,577	1,880
Enough water catchment to tap	1,022	389	324
Localised issues	2,055	2,644	324
	12,508	12,091	10,911
Stormwater			
Looking after existing infrastructure	1,722	2,373	2,308
Supporting growth	54	54	54
Improving environmental water quality	292	292	292
Localised issues	1,067	1,281	162
	3,134	4,000	2,815
Wastewater			
Looking after existing infrastructure	7,342	12,333	9,575
Supporting growth	346	1,839	1,839
Improving environmental water quality	-	107	562
	7,688	14,279	11,976
Wastewater Joint Venture			
Looking after existing infrastructure	3,256	15,373	18,434
Improving environmental water quality	12,900	9,500	-
	16,156	24,873	18,434
Total Hutt City Council	39,485	55,243	44,136

	Projection 2021/22 (\$000's)	Projection 2022/23 (\$000's)	Projection 2023/24 (\$000's)
Porirua City Council			
Drinking Water			
Looking after existing infrastructure	3,498	2,220	4,377
Supporting growth	2,591	16,988	14,542
Enough water catchment to tap	905	745	216
	6,994	19,953	19,135
Stormwater			
Looking after existing infrastructure	485	404	244
Localised issues	6,249	5,108	6,108
	6,735	5,512	6,352
Wastewater			
Looking after existing infrastructure	1,149	4,143	1,948
Supporting growth	2,000	-	1,620
	3,149	4,143	3,568
Wastewater Joint Venture			
Looking after existing infrastructure	4,666	1,971	434
Supporting growth	13,267	14,604	18,754
	17,932	16,575	19,189
Total Porirua City Council	34,810	46,184	48,244
South Wairarapa District Council			
Drinking Water			
Looking after existing infrastructure	541	463	417
Supporting growth	22	-	-
Enough water catchment to tap	-	1,432	3,700
	562	1,895	4,117
Stormwater			
Localised issues	11	-	-
	11	-	-
Wastewater			
Looking after existing infrastructure	2,688	1,758	1,995
Supporting growth	2,441	216	-
	5,129	1,974	1,995
Total South Wairarapa District Council	5,702	3,869	6,112

	Projection 2021/22 (\$000's)	Projection 2022/23 (\$000's)	Projection 2023/24 (\$000's)
Upper Hutt City Council			
Drinking Water			
Looking after existing infrastructure	1,612	1,853	1,977
Supporting growth	81	54	54
Localised issues	1,140	-	-
	2,833	1,907	2,031
Stormwater			
Looking after existing infrastructure	107	106	108
Supporting growth	54	54	54
Localised issues	9,417	9,718	750
	9,578	9,878	912
Wastewater			
Looking after existing infrastructure	2,655	1,635	1,654
Supporting growth	81	81	81
	2,736	1,716	1,735
Total Upper Hutt City Council	15,147	13,501	4,678
Wellington City Council			
Drinking Water			
Looking after existing infrastructure	8,404	10,169	14,230
Supporting growth	424	594	656
Enough water catchment to tap	977	691	432
Localised issues	24,166	14,899	5,600
	33,970	26,354	20,918
Stormwater			
Looking after existing infrastructure	4,288	4,251	4,184
Supporting growth	162	162	162
Localised issues	649	3,078	3,834
	5,099	7,491	8,180
Wastewater			
Looking after existing infrastructure	14,502	5,411	8,493
Supporting growth	6,105	10,836	5,880
Improving environmental water quality	1,798	1,365	-
	22,405	17,612	14,374
Total Wellington City Council	61,475	51,457	43,472
Grand Total – All Councils	199,687	209,693	176,105

Prospective Council Operational Programme

	Projection 2021/22 (\$000's)	Projection 2022/23 (\$000's)	Projection 2023/24 (\$000's)
Greater Wellington Regional Council			
Drinking Water			
Localised issues	50	-	-
Climate Resilience	50	50	75
Supporting growth	-	-	-
Looking after existing infrastructure	7,498	8,258	8,732
Enough water catchment to tap	300	500	-
	7,898	8,808	8,807
Total Greater Wellington Regional Council	7,898	8,808	8,807
Hutt City Council			
Drinking Water			
Localised issues	179	208	201
Supporting growth	72	192	22
Looking after existing infrastructure	5,451	5,025	5,166
Enough water catchment to tap	273	750	1,000
	5,975	6,175	6,389
Stormwater			
Localised issues	307	287	207
Climate Resilience	200	50	50
Supporting growth	144	384	44
Improving environmental water quality	-	25	50
Looking after existing infrastructure	2,127	2,354	2,478
	2,778	3,100	2,829
Wastewater			
Localised issues	86	89	100
Climate Resilience	-	-	-
Supporting growth	144	384	44
Improving environmental water quality	250	475	650
Looking after existing infrastructure	3,722	2,474	2,657
	4,201	3,422	3,451
Wastewater Joint Venture			
Climate Resilience	100	-	500
Improving environmental water quality	-	-	50
Looking after existing infrastructure	4,774	6,081	5,857
	4,874	6,081	6,407
Total Hutt City Council	17,828	18,778	19,076

	Projection 2021/22 (\$000's)	Projection 2022/23 (\$000's)	Projection 2023/24 (\$000's)
Porirua City Council			
Drinking Water			
Localised issues	-	-	-
Supporting growth	-	-	-
Looking after existing infrastructure	1,946	1,983	2,472
Enough water catchment to tap	-	-	-
	1,946	1,983	2,472
Stormwater			
Localised issues	600	300	-
Climate Resilience	-	-	-
Supporting growth	-	-	-
Improving environmental water quality	-	-	-
Looking after existing infrastructure	811	973	705
	1,411	1,273	705
Wastewater			
Localised issues	-	-	-
Supporting growth	-	-	-
Improving environmental water quality	250	250	250
Looking after existing infrastructure	1,330	1,756	1,880
	1,580	2,006	2,130
Wastewater Joint Venture			
Climate Resilience	-	-	-
Supporting growth	-	-	-
Improving environmental water quality	-	-	-
Looking after existing infrastructure	1,787	1,739	1,744
	1,787	1,739	1,744
Total Porirua City Council	6,723	7,002	7,051
South Wairarapa District Council			
Drinking Water			
Localised issues	-	-	-
Supporting growth	33	33	-
Looking after existing infrastructure	1,350	1,493	1,499
Enough water catchment to tap	20	20	20
	1,403	1,546	1,519
Stormwater			
Localised issues	-	-	-
Supporting growth	33	33	-
Looking after existing infrastructure	449	326	324
	483	360	324
Wastewater			
Supporting growth	33	33	-
Improving environmental water quality	40	195	-
Looking after existing infrastructure	683	818	949
	756	1,047	949
Total South Wairarapa District Council	2,642	2,953	2,792

	Projection 2021/22 (\$000's)	Projection 2022/23 (\$000's)	Projection 2023/24 (\$000's)
Upper Hutt City Council			
Drinking Water			
Localised issues	-	-	-
Supporting growth	26	26	26
Looking after existing infrastructure	1,648	1,794	1,935
Enough water catchment to tap	-	-	-
	1,674	1,820	1,961
Stormwater			
Localised issues	-	-	-
Climate Resilience	-	-	-
Supporting growth	51	51	51
Improving environmental water quality	-	-	-
Looking after existing infrastructure	663	492	519
	715	543	571
Wastewater			
Localised Issues	-	-	-
Supporting Growth	51	51	51
Improving environmental water quality	21	21	21
Looking after existing infrastructure	571	778	808
	643	851	880
Wastewater Joint Venture			
Looking after existing infrastructure	2,904	3,054	3,103
	2,904	3,054	3,103
Total Upper Hutt City Council			
	5,936	6,267	6,514
Wellington City Council			
Drinking Water			
Localised issues	-	-	-
Supporting growth	200	200	150
Looking after existing infrastructure	8,146	8,373	8,353
Enough water catchment to tap	333	333	333
	8,680	8,906	8,836
Stormwater			
Localised issues	-	-	-
Climate Resilience	-	-	-
Supporting growth	234	254	204
Improving environmental water quality	189	189	189
Looking after existing infrastructure	1,375	1,050	1,050
	1,798	1,493	1,443
Wastewater			
Localised issues	-	-	-
Climate Resilience	-	-	1,000
Supporting growth	284	284	234
Improving environmental water quality	763	763	763
Looking after existing infrastructure	17,904	18,003	18,023
	18,950	19,049	20,019
Total Wellington City Council			
	29,428	29,448	30,298
Grand Total – All Councils			
	70,455	73,256	74,538

Prospective Council Stimulus Funding

	Projection 2021/22 (\$000's)	Projection 2022/23 (\$000's)	Projection 2023/24 (\$000's)
Greater Wellington Regional Council			
Drinking Water			
Looking after existing infrastructure	1,312	-	-
	1,312	-	-
Total Greater Wellington Regional Council	1,312	-	-
Hutt City Council			
Drinking Water			
Looking after existing infrastructure	1,868	-	-
Enough water catchment to tap	356	-	-
	2,224	-	-
Stormwater			
Looking after existing infrastructure	942	-	-
	942	-	-
Wastewater			
Looking after existing infrastructure	1,792	-	-
	1,792	-	-
Total Hutt City Council	4,958	-	-
Porirua City Council			
Drinking Water			
Looking after existing infrastructure	1,142	-	-
Enough water catchment to tap	271	-	-
	1,413	-	-
Stormwater			
Looking after existing infrastructure	545	-	-
	545	-	-
Wastewater			
Looking after existing infrastructure	610	-	-
	610	-	-
Total Porirua City Council	2,568	-	-
South Wairarapa District Council			
Drinking Water			
Looking after existing infrastructure	211	-	-
Enough water catchment to tap	333	-	-
	544	-	-
Stormwater			
Looking after existing infrastructure	178	-	-
	178	-	-
Wastewater			
Looking after existing infrastructure	178	-	-
	178	-	-
Total South Wairarapa District Council	900	-	-

	Projection 2021/22 (\$000's)	Projection 2022/23 (\$000's)	Projection 2023/24 (\$000's)
Upper Hutt City Council			
Drinking Water			
Looking after existing infrastructure	958	-	-
Localised issues	723	-	-
	1,681	-	-
Stormwater			
Looking after existing infrastructure	528	-	-
	528	-	-
Wastewater			
Looking after existing infrastructure	548	-	-
	548	-	-
Total Upper Hutt City Council	2,756	-	-
Wellington City Council			
Drinking Water			
Looking after existing infrastructure	1,960	-	-
Enough water catchment to tap	670	-	-
	2,630	-	-
Stormwater			
Looking after existing infrastructure	1,147	-	-
	1,147	-	-
Wastewater			
Looking after existing infrastructure	1,144	-	-
	1,144	-	-
Total Wellington City Council	4,921	-	-
Grand Total – All Councils	17,413	-	-

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 and temporarily the Stimulus Funding 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 and 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.

We have restated prior year revenue and salaries for this change in classification to ensure comparability.

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:

Fit-out and equipment	6% – 67%
Vehicles	13.5% - 20%
Intangibles	40%

Māori to English glossary

Māori

Hauora

Kaitiaki

Ki uta ki tai

Mana

Mana whenua

Mauri

Tai

Taiao

Tangata

Taonga

Te ao Māori

Te hauora o te taiao

Te hauora o te tāngata

Te hauora o te wai

Te Ika a Maui

Te mana o te mauri o te wai

Tikanga

Uta

Wai

English

Health/wellbeing

Guardian

Mountains to the sea

Prestige, authority, control, power, influence, status, spiritual power

People who draw power from the land

Life force

Coast

Natural world

Person

Treasure

The Māori world (view)

The health and wellbeing of the natural world

The health and wellbeing of the people

The health and wellbeing of the water

The fish of Maui; the North Island

The spiritual values of the water

Protocol – the customary system of values and practices that have developed over time and are deeply embedded in the social context

Inland

Water

Your public water company

