

WATER NEW ZEALAND
(The New Zealand Water and Wastes Association)

ANNUAL REVIEW TO 30 JUNE 2018



Photo competition winner - Fitter in Basin submitted by Martin Scott, Hamilton City Council

From the President

Presidents Report 2017/18

It is with pleasure that I present my report for the 2017/18 year on the activities of Water New Zealand and its Governance Board.

The activities of the Association have required significant involvement over the past 12 months by responding to various matters to do with the Havelock North Drinking Water Inquiry. While these are detailed elsewhere in the Annual Review, it is important for members to realise that the Inquiry recommendations released in December 2017, as well as the work being undertaken by the Department of Internal Affairs on the 3 waters review, will have the effect of reshaping the sector for many years to come.

It's likely that staff will be involved with this work for the foreseeable future, as changes to the drinking water standards and other structural reform issues around the establishment of a regulator and water delivery drive change.

Accordingly, the Board has undertaken a refresh of our strategic plan. While much of the work we do will remain unchanged, the emphasis back on central government advocacy work has required a reallocation of resources away from the production of formal technical guidance material. The new strategy now has a greater emphasis on education and training.

Because of the significant changes the sector might be facing we as an organisation have to consider what that might mean for us in terms of future proofing the organisation. The Board will engage with the membership in due course.



Performance

Monitoring and promoting high performance



Workforce

Ensuring educated, knowledgeable and informed people



Engagement

Encouraging a collegial exchange of ideas



Technical

Providing good practice information and support



Advocacy

Influencing key stakeholders

Our Purpose

Achieving a consistent approach across the 3 Waters Sector

Thank you all for contributing and providing feedback via our membership survey. The results from the survey and our actions in response are detailed elsewhere in this review. Worthy of particular mention is the need to provide more opportunities for engaging at regional meetings. Accordingly, we have run over 30 meetings on various topics throughout New Zealand in the past 12 months.

The Association has a well-developed engagement strategy with over 70 organisations both here and overseas. All have some relevance to water. Our role is pivotal to ensure there is an appropriate voice for the sector in what those organisations do. We have decided to have better engagement with WEF and the American Water Works Association in the USA to stay across international events and trends.

We are in discussions on the development of a special interest group for Pacific issues, and the possibility of a group to better represent the water testing laboratories. We ran a joint Summit on 3 waters issues with Local Government New Zealand in May. On industry training, we worked with Connexis to fund the development of a new system of training delivery to the sector – early feedback suggests the material is well received.

Some members expressed concern during the year to receive an invoice to assist our industry training organisation, Connexis, with a financial contribution toward the development of training material for the new certificates in water and waste water management.

The funding of the development of qualifications, industry training material, a proposed certification scheme and continuing professional development is one that requires further attention. This is an issue the Board considers central to our role.

Members will have noticed that the Association is growing in influence in the media. We are quoted regularly in the voice or print media on some issues related to 3 waters administration. This is a deliberate strategy and helps ensure we have influence where it matters.

The Association has grown our technical capability with the recruitment of Jim Graham late last year. Our technical advisory work is core business for the Association and being able to ground our advocacy and media work on evidenced-based decision making gives huge weight to our work.

There have been a number of changes to the Board during the year. Shayne Cunis from Watercare and Colin Crampton from Wellington Water stood down during the year and I thank them for their service. I will also be standing down at the AGM and Kelvin Hill will be taking over as President. I wish Kelvin the very best. The role is hugely rewarding and I consider it an honour to have been able to be your President over the last two years.



Dukessa Blackburn-Huettner
President

From the Chief Executive

Introduction

It is a pleasure to present the annual review for the 2017/18 financial year.

The review of 3 waters administration being undertaken by the Government continues to occupy a significant amount of staff time.

The past year has seen ongoing involvement by staff responding to the policy issues arising from the Havelock North Drinking Water Inquiry. In the past 12 months we have had significant involvement in preparing and presenting evidence to Stage 2 of the Inquiry, representing the Association in the media, and subsequent involvement with officials as they prepare advice to government on options for 3 waters reform.

We have staff representing industry on the review of the NZ Drinking Water Standards. This work is likely to continue for at least the next two years.

A more strategic focus in dealing with the media has resulted in an increasing profile. One of the main issues has been around the treatment of public water supplies following the Havelock North Drinking Water Inquiry. There has been some push-back against this from some communities.



International Linkages

The Association has an active programme of engagement with related overseas trade associations. The CEO represented the Association at the Water Environment Federation conference in Chicago in September 2017; John Crawford from BECA represented us at the Pacific Water and Waste Conference in Samoa in August 2017, and the President and Noel Roberts at Ozwater '18 in Brisbane. Jim Graham attended the British Columbia Water and Waste Association conference in Penticton, Canada and presented a paper.

Staffing

The staffing of the Association remains steady with the only addition being the appointment of Jim Graham to our technical team. My thanks to all the staff for the work they do in supporting the activities of the Association.



Events

The Association conferences were again a success, with both the Annual Conference and Stormwater Conference exceeding participation and revenue targets. The Backflow Group conference and Modelling Symposium were also well attended from within their speciality groups.

The Association has an active programme of engagement with related trade bodies in New Zealand. Staff attended many of the conferences of related associations, including; the Water Industry Operations Group, Irrigation NZ, IPWEA, NZ Hydrological Society, Local Government NZ, Land Treatment Collective, and Infrastructure NZ.

Our membership survey in July last year saw members calling for more regional meetings. In January and February we ran 17 regional meetings focussed on the outcomes from the Havelock North Drinking Water Inquiry, attended by over 900 people. Six regional meetings were held on the newly issued Waste Stabilisation Pond Guides presented by Nick Walmsley. We also ran a number of other regional events with the Young Water professionals, and four workshops on pipeline-related topics.

Water New Zealand Fora

The Association ran two meetings of the Water Utilities Association during the year. The role of Chair was filled by Brent Manning from South Taranaki District Council. My thanks to Jo Bryan from Wellington Water who has filled the role for the past 18 months. The members of the group agreed to combine with the Service Providers Forum, adopting a new Terms of Reference. The main meeting of the year was a presentation by the Minister of Local Government and Department of Internal Affairs officials on 3 waters reform.

The Water Services Managers Group met twice this year under the chairmanship of Lorraine Kendrick from Waipa District Council. Work continues on a number of technical projects: a new pressure sewer guide and a revision of the 2006 Pipe Inspection Manual. The work on the Biosolids Guideline is expected to be largely completed this calendar year.

Conclusion

At present the industry faces a number of important challenges. The external inquiry into the sector being led by the Department of Internal Affairs is expected to see the Government make in-principle decisions on the future direction and structure of the sector later in 2018. How we respond to these will help shape the future of our industry in the years ahead. We need to continue working collaboratively with our members to ensure that the response we make as an industry is both considered and timely.

John Pfahlert
Chief Executive

Industry Advocacy

Part of the Association's role is to advocate on behalf of the sector when discussion documents from Government Departments, legislation or other regulatory instruments are released for comment. Demonstrating sector leadership and advocating on behalf of the members are among our core priorities.

As a matter of course, we consult the wider membership as we develop our submissions. It is not always possible to reflect everyone's views. There have been a variety of areas where we have made comment during the year.

There was a hiatus on central government policy and regulatory activity with the change in government last year, resulting in fewer formal submission processes.

Increasingly we have been engaging with government departments directly on issues to influence processes early.

Havelock North Drinking Water Inquiry and 3 Waters Review

This work area has occupied the majority of staff time over the past 12 months. The Association presented evidence to the Inquiry and had representation at the Hearing in Havelock North. The Stage 2 report of the Inquiry reflected the input from the team at Water New Zealand, as well as the expert evidence we relied upon.

We organised a workshop at Annual Conference on the inquiry findings, which was attended by 300 people, with 6 international speakers. We facilitated a letter from those experts to the Minister of Health on their views for change. We also worked to deliver a Water Summit in conjunction with Local Government New Zealand in May 2018, as well as the delivery of 17 workshops throughout New Zealand, attended by over 900 people.

We have proactively worked with officials at DIA, MfE and MBIE to help shape Government thinking on how to respond to the Inquiry and the the broader work they are undertaking on 3 waters reform. This has included scoping and reviewing commissioned work on the economic impact of the National Policy Statement on Freshwater Management on wastewater networks. Officials noted that the Water NZ input was invaluable and significantly lifted the quality of the work.

Freshwater Policy

Attention on three waters related freshwater matters significantly increased from late 2017 and this is expected to continue for the foreseeable future.

In late 2017, the Minister for the Environment, David Parker, asked the Land and Water Forum (LAWF) for advice on how to best avoid further freshwater degradation and show demonstrable progress towards this goal by 2020 (the next election). Water NZ actively contributed to the intensive LAWF

process and Minister Parker was especially grateful to see an urban focus in the advice. An informal advisory group of Water NZ members provided input to the process.

The final LAWF advice captured a range of priority sector issues, including (for example); resource consenting efficiency issues, improved regulatory treatment of on-site wastewater systems, investment in capability and training, investment in improved standards, investment in information, and source control of contaminants via regulation.

Water New Zealand also participated in MfE's urban good management practices working group along with several WNZ members. This work is ongoing.

Minister Parker is expected to release his forward plans for freshwater policy, including proposed changes to the NPS-FM, in late 2018 or early 2019.

Further Industry Advocacy

Below are other major policy contributions the association has taken on behalf of industry in the past 12 months.

- Office of the auditor water management audit scoping
- Climate change adaptation and mitigation initiatives as follows;
 - Technical Advisory Group report on Adapting to Climate Change
 - Productivity Commission Report on Transitioning to a Low Emissions Economy
 - Technical Advisory Group report on adapting to Climate Change
- Ministerial review on Responses to Natural Disasters and other Emergencies
- MBIE on Joint Standards Development with Australia
- Review of Independently Qualified Persons requirements – Building Act issue
- Productivity Commission- input to Terms of Reference for review of Local Government Funding
- Ministry for the Environment – National Planning Standards
- Proposed Waikato Shared Services Management Company

Other Strategic Industry Initiatives

In 2016 the Water Utilities Association and the Association Board signed off on a number of strategic projects that the sector believed were important to pursue. This report details actions against those initiatives over the past year.

Metadata Project

The draft standards were completed in July 2017, with Water New Zealand taking stewardship of them. The Government has since decided not to fund the rollout of these standards. A governance group has been set up in June 2018 to try and maintain progress, but the Association lacks the in-house resources and money to make speedy progress. We are working with the Quake Centre which is progressing the National Pipe database project. This project is the first look at comparing the actual data that is collected by entities and how they currently compare to each other and the Metadata standards.

Resilience

We maintain a close working relationship with the Quake Centre on related resilience issues. We are involved with the National Lifelines Council and the National Science Challenge advisory group on various aspects of resilience.

Customer Value

The customer special interest group completed a major survey of public opinion on water related matters in 2017, with the results presented by our consultant, Arup, at the Annual Conference in September 2017. The publication received considerable media attention. We also developed an interactive tool for our website which allows the public to produce bespoke reports.

Sector Workforce Capability

A Reference Group for the project has been established comprising representatives from WIOG, council three waters management roles, council controlled organisations, contracting companies, suppliers, and education and training institutes.

The Reference Group has agreed on the project approach for developing the strategy. The strategy will have a broad scope that encompasses roles across all three water sectors from operators through to management / governance roles.

The next step is to secure funding to commission work that will form the evidence base for the strategy. The projects are:

- a workforce profile – information on the current workforce and its capability; and
- an environmental scan – issues and trends that will affect what the workforce and its capability needs look like in the future.

Developing the strategy will involve generating future scenarios for the sector informed by the evidence base and industry workshopping. Off the back of that, workforce planning will be conducted.

Strategy detail (objectives, actions and responsibilities for delivery) will be developed in four topic areas:

- business capability needs
- competency standards and learning programmes
- funding arrangements for sector education and training, and
- sector recruitment and retention.

The draft strategy will then be workshopped extensively with the sector before being finalised.

This project was one of about 10 projects showcased at the Education and Training Forum held at the Stormwater Conference.

Resource Consent Consistency

We have secured recommendations in the Land and Water Forum report for the Government to consider standardising consenting requirements for wastewater and stormwater systems and to consider establishing a central processing function to support capacity and/or capability constrained councils. We are also working with MBIE and DIA under the three waters review to try and get wastewater discharges regulated in a more consistent manner.

Engagement

The Association has spent a large amount of time engaging with the industry. Most notably during the year we held a series of 17 workshops sharing the outcomes of the Havelock North Drinking Water Industry throughout New Zealand, attended by over 900 people.

Membership Survey 2017

We undertook a survey of members in July 2017, the first for three years. The following were identified as the key findings and resulting actions and have been incorporated into the Business Plan.

1. Members in the regions are keen to be involved more in Water New Zealand
 - Implement programme of regional meetings
2. Members are keen for Water New Zealand to be more involved with external organisations across the sector
 - Ensure routine communication of existing sector engagement to members via *Pipeline*
3. Members want Water New Zealand to have a strong public presence
 - Keep working on improving our media profile
4. Members want Water New Zealand to be the lead advocate for the water sector
 - Implement a government relations strategy
 - Focus CEO engagement on senior management at district councils
5. Members want Water New Zealand to provide more access to training
 - Implement Water Industry Operators Certification Scheme
 - Deliver programme of technical training into district councils
 - Work with Connexis and other training providers to deliver qualifications
6. Members endorse our sector leadership role
 - Revitalise the WUA

Reports from Water New Zealand Special Interest Groups

Our special interest groups continue to function well. Vicki McEnaney (Manager, Sector Engagement) has supported the SIGs with co-ordinating meetings and conferences. A summary of their activities through the year follows.



The Backflow Group met regularly during the year and held their biennial conference in Tauranga in August 2017. They recently undertook a review of the New Zealand Standard for field testing of backflow devices, and regularly participate in the joint Australia/NZ standards review meetings.



This group was established in June 2016. Very little has been gained in this space, however renewed enthusiasm will see the group reconvening at the Water New Zealand conference in September 2018.



The Modelling Group has an active committee of eight industry representatives, and a wider membership base of around 250 interested specialists.

The Group had an active year, holding a successful symposium in Christchurch in March attended by nearly 50 professionals with a specialised interest in hydrological and hydraulic modelling.

The Group is continuing work on updating the best practice technical guideline; National Modelling Guidelines - Water Distribution Network Modelling.



This is the largest Special Interest Group of Water New Zealand with 400 members. The Committee has strong representation from across the sector of 16 active members. The committee has formed subgroups to better support work areas of Policy & Technical, Education & Training, Communications & Engagement, and Stormwater Conference.

The Stormwater Group national conference was held in Queenstown in May 2017 and was attended by over 300 delegates. Hon Nanaia Mahuta, Minister of Local Government, provided a keynote address to

the dinner. The inaugural SW Innovation award was hotly contested and in the end awarded to *Stormwater360* for their enhanced catch-pit device. *Bronwyn Rhynd, CKL*, was recognised as Stormwater Professional of the Year, and Conference Paper of the Year was *Continuous Simulation Modelling to Support Healthy Waterways*.

Areas of focus for the group include Proprietary Device Evaluation Protocol (PDED), NPSFM, Rainfall & Runoff guidelines, implementing the SW Education & Training plan, better utilising platforms to engage with and share SW knowledge, and the annual conference.



The SWANS SIG oversees the OSET testing facility in Rotorua – which is operating with a full complement of seven units being tested this year. The facility is a joint venture between Rotorua Lakes Council, the Bay of Plenty Regional Council, and Water New Zealand. At present it is on a financially sound footing.

The old “*The Story of your Septic Tank System*” brochure has been re-written and issued to Councils as two separate, more detailed, brochures titled “*Understanding and Looking After your On-site Wastewater Management System*” and “*Choosing an On-site Wastewater Management Service*”.



This group is no longer meeting as a special interest group. Practitioners with an interest in water efficiency have expressed interest in getting together and the annual conference is being used to hold an informal networking event.



The three chapters of the YWP Group joined together to run a Young Water Professionals workshop at the Water New Zealand conference in 2017. There are currently around 200 YWP members from across the country. The idea to form a Central grouping of YWP has yet to make traction.

Wellington and Auckland both have a regular catch-up and have held several site visits; Christchurch is looking for a new Chairperson.

Interaction with key Industry Groups

Water Services Manager's Group

This group is chaired by Lorraine Kendrick from Waipa District Council. It has the following objectives.

- Promote the interests and needs of 3 Waters with all sectors through Water New Zealand.
- Provide advice on new technology, best practice and share technical knowledge for the advancement of the 3 Water services to ensure regulatory compliance.
- Involvement and participation in Regional and National Standards; provide technical leadership and advice.
- Undertake projects in areas of common need and interest.
- Provide a support network for all WSMG members.

Two meetings were held during the year. Collectively, >100 people attended these meetings with many projects, including the WSMG sponsored projects, discussed and current issues talked to. A committee meeting was also held in August. WSMG members made four presentations at the 2017 Water New Zealand Conference in Hamilton.

Conference Technical Committee

The Committee again oversaw the production of the technical programme at Conference. Thanks to Ian Garside and Steve Apeldoorn in co-ordinating the committee; and to the wider committee in ensuring a strong programme is delivered.

NZ Utilities Advisory Group

Tony Hale from Waipa District Council is the Association representative on this Group via the Water Services Managers Group. The Group is undertaking a review of the NZUAG Code of Practice in 2018.

Lifelines Forum

The Association is represented by Noel Roberts on this group. The Water Services Managers Group is the official member. The Group has a focus on resilience issues – of which water is a key component.

Trade and Industrial Waters Forum

Staff attended the annual conference of the Forum in Auckland and signed an MOU regarding closer communication and co-operation.

Engineering Leadership Forum

The CE represents the Association at this Forum, which meets every two months to discuss pan industry issues. Our interests in the past year has been on work being undertaken at a central

government level on climate change and the review of funding for joint standards development with Australia.

Water Industry Operations Group

Staff attended the annual conference of WIOG in Palmerston North and signed an MOU regarding closer communication and co-operation.

BlueGreens Forum

The CE attended the annual meeting of the National Party MPs interested in environmental issues. The event this year was held in Darfield.

Waterways Centre for Freshwater Management

The CEO attended this one-day conference at Lincoln where presentations on research being undertaken at Lincoln and Canterbury Universities was presented. The winner will be presenting at our conference in September 2018.

Rivers Group

Vicki McEnaney represents Water New Zealand on the Rivers Group Committee. We maintain an active interest in their activities.

Connexis

The Association continues to work with Connexis on training and qualifications initiatives. Our work with both Connexis and the Water Industry Operations Group on the development of a continuing professional development scheme for water and wastewater treatment plant operators has stalled. This work has been overtaken by events at the Havelock North Inquiry where a more comprehensive certification scheme, not only for operators, but supervisors and managers as well, has been proposed. The Association sought funding to implement such a scheme in late 2017 from the Ministry of Health, without success.

New industry qualifications for water and wastewater commenced early in 2018 and the Association is also involved in funding the development of new training material to deliver these courses. Members made an industry contribution of \$130,000 toward the development of this material.

We have several industry representatives on the Water Industry Group – a committee established by Connexis to solicit industry input to their work.

Technical

The Association has a three-member team providing and co-ordinating advice to the sector. The Havelock Inquiry and three waters review has required a shift away from production of formal technical publications as staff time has been required elsewhere. We do have several projects in train, as well as a variety of projects with outside organisations.

Many of the projects we involve ourselves with are medium term in nature. There are however a host of issues that arise throughout the year. This year these have included:

- emerging contaminants, eg legacy issues around use of PFAS and PFOS in fire-fighting foams at military bases and airports
- soil assessment for Onsite wastewater systems land application field design
- wet wipes
- chlorination
- National Environmental Standard for the protection of drinking water.

Water New Zealand-Led Projects

National Performance Review

We had 44 Councils participate in the 2016-17 review, published in early March. Fifty councils have registered for the 2017-18 review.

The last calendar year has seen a sharp increase in data requests, as the coverage and profile of the review continues to grow. The Office of the Auditor General and the Department of Internal Affairs both used data from the review to inform their assessments of sector performance.

Data collection sheets and quality assurance processes have received a revamp in 2017-18 in an ongoing effort to reduce the time it takes councils to input data, and improve the quality and consistency of information provided.

An online data portal has been developed to facilitate like-for-like comparisons in an accessible format. The data portal is publically available and can be accessed through the National Performance Review web page.

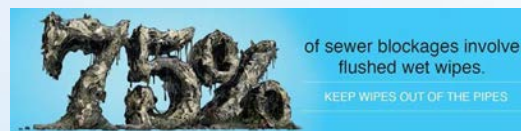
Waste Water Treatment Plant Inventory

Data from the 2016/17 National Performance Review was used to update the online inventory of wastewater treatment plants. This data has been used by the Ministry for the Environment to inform New Zealand OECD reporting requirements and the Department of Internal Affairs to understand costs associated with meeting the National Policy Statement on Freshwater Management. Further information gathered by the Department of Internal Affairs project is expected to be added to the inventory to enhance the coverage of plants provided.

Wet Wipes Blockage Reduction

On behalf of the New Zealand waste water sector, Water New Zealand has signed an MOU with the International

Water Services Flushability Group. The objective of the Group is to develop and maintain clear standards around products that are flushable, as well as labelling standards. This group published the PAS(3) flushability specification in June 2018. Water New Zealand are now contributing to the development of an Australian New Zealand standard based on the prior work of the International Flushability Group.



Stormwater Proprietary Device Evaluation Project

Water New Zealand Technical staff have completed a review of international approaches to evaluation of stormwater protection devices for the Stormwater SIG. This review is currently with the Stormwater SIG technical group to review.

NZ Rainfall and Runoff Guidelines

A Steering Group has been established to drive the work. It comprises wide sector representation and central government (MfE). Steering group members have been volunteering their time to progress work in three main areas.

1. Business case and funding options

Government feedback on the last funding bid was that the business case for the work had not been articulated clearly enough in terms of tangible outcomes and the scale of national benefit from the work. Work is underway to develop a clearer story with good evidence (we need case study examples from you). Funding options have also been scoped and considered by the Steering Group.

2. Stocktake and gap analysis of existing NZ guidelines and technical documents

An initial stocktake of NZ guidelines has been conducted. The next step is to expand this to include technical documents and other relevant material (such as current research) and undertake a gap analysis.

3. Drafting the guidelines.

A skeleton guidance document is being scoped that will set out:

- the contexts/decisions where rainfall runoff analyses are used
- what techniques/methods/models should be used and should not be used
- what input data is needed and related issues / limitations.

A screening survey was conducted in late 2017 to identify sector priorities for developing the guidelines. The results of this survey together with the stocktake and gap analysis will be used to identify which chapters / sections of the guidance should be developed first. Volunteers from an informal technical team will then be approached to develop draft guidance.

This approach will ensure that progress is being made towards having national guidelines at some point in the future, regardless of whether external funding can be secured.

Current student work relevant to the guidelines is being collated and potential PHD student topics are also being explored.

National Science Challenges

Lesley Smith and Noel Roberts are both on separate advisory groups for the Deep South National Science Challenge. Through these groups Water New Zealand has contributed to the scoping of projects, with the goal of having the climate adaptation issues facing the three waters sectors matched with projects being delivered by the scientific community.

Noel Roberts is also on the advisory group for the resilience to Natures Challenges.

Staff also attended a workshop for the Novel Wastewater processing workshop for the Building Better Homes and Cities National Science Challenge 11.

Water Services Manager's Group-funded Projects

Review of Pipe Inspection Manual 2006

This project commenced in April 2017 and is being undertaken by ProjectMax and Citycare. The final document is expected to be completed in late 2018.

Good Practice Guide for Developing Pressure Sewer Systems

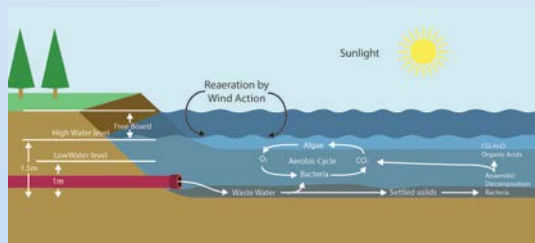
This project includes a decision-making tool identifying the pros and cons of gravity, pressure, and vacuum sewer reticulation networks, along with a generic template for various policies and bylaws that have been adopted in New Zealand. A contract was let to GHD in February to develop this document. The principal author has been away on sick leave for some months and the project delivery has been delayed as a result.

Beneficial Use of Organic Materials on Productive Land

The industry submissions process for this document has now been analysed. A key issue is the Eco-SGV allowable soil contaminant levels, which we understood were supported by Regional Councils. It is now seen that these limits, while derived by council-funded research, have yet to be endorsed and this will not occur until at least their October meeting. Therefore the Guidelines cannot be finalised until then, with further time required to gain formal support from government department representatives on the Steering Group. Given the importance of regional council support, it has been agreed to provide additional support data and a workshop to explain how the new limits and nitrogen loadings will be applied. There is also a request for a technical writer to improve the presentation of the final published Guideline. Given the uncertain politics of this programme, we have assumed that the Guideline may not be published until June 2019.

Chlorine Emergency Management Plan Guidelines

Some problems have arisen which prevent this guide being completed. This was further complicated with the Chlorine Institute in the USA withdrawing their guidance document. A more general approach to chemical emergency management plans is currently being considered for the 2018 November WSMG meeting.



Good Practice Guide for Waste Stabilisation Ponds

This was completed and published late in 2017 and a series of six regional workshops were run throughout New Zealand by Nick Walmsley in May 2018. The project is now concluded.

Water New Zealand Supported Projects

Ongoing Projects

The following projects are ongoing with support from Water New Zealand.

- BRANZ Residential end use study
- Auckland Council Good Design - TP10 Stormwater Management update
- Auckland Council Guideline Document GD06 On-site Wastewater Systems (old TP 58)
- WERF Project NTRY7R15 High Quality Biosolids from Wastewater
- ISO/TC 275 Standards for Sludge Treatment and Beneficial Use of Biosolids (no direct involvement).

OSET

The Onsite Waste Water evaluation and testing facility jointly run with Rotorua Lakes Council, Bay of Plenty Regional Council and Water New Zealand, is currently gearing up for a change.

Seven onsite waste water systems are currently being evaluated against AS /NZ 2008 1546.3 for effluent quality. The next round of testing beginning in November 2019 will be tested against a more relevant AS 2016 1546.3 standard for effluent quality.

There are a number of changes with the facility; testing procedures and reporting that are being worked through in order to adapt to the different standard. This work is being carried out by a dedicated team of people Rob Potts, Andrew Dakers, Ash Deshpande, Neil Kerrison, and Terry Long, overseen by Ray Hedgland and supported by Water New Zealand staff.

Finance

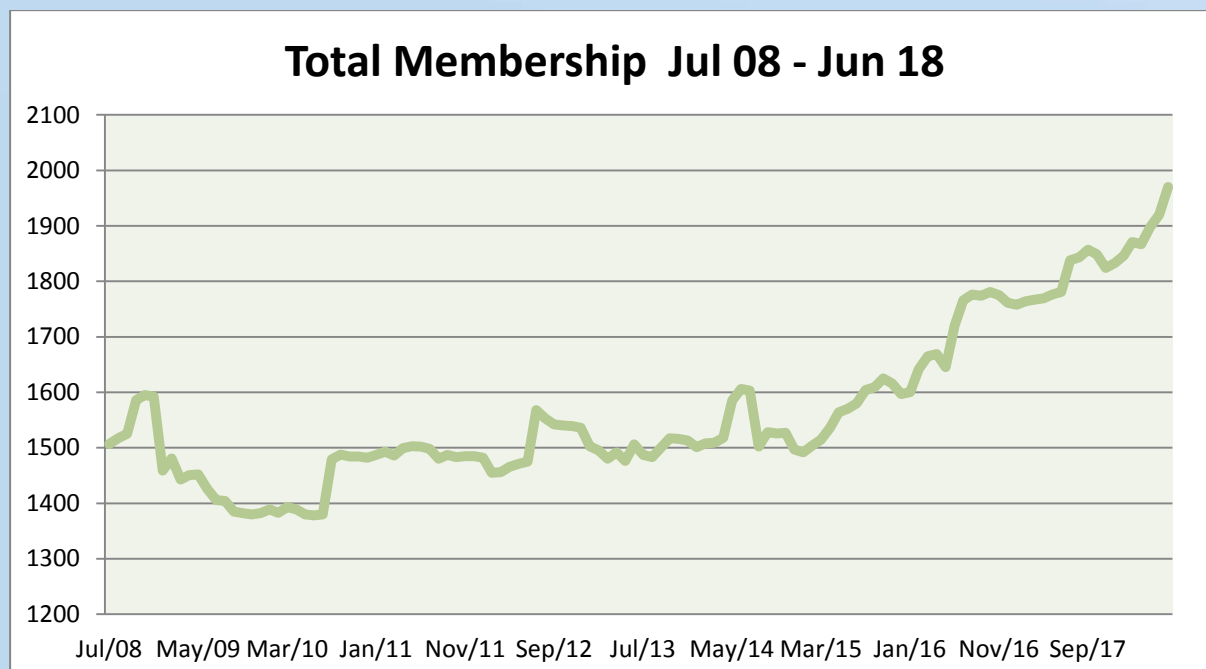
Despite our involvement in the Havelock North Inquiry, and the unbudgeted costs associated with that, we made a small surplus this financial year. We made an industry contribution of \$130,000 to Connexis to assist with the development of training material to support the new apprenticeship courses for water and wastewater treatment. We recovered most of that from the sector by way of voluntary contributions from Councils. The annual conference and stormwater conferences continue to exceed expectations financially. The audited annual accounts are included at the end of this report. We secured a clean report from our auditors.



Membership

There has been an increase in membership numbers with the increase in complimentary corporate additional members from one to three under the new corporate billing structure. We now have approximately 1900 members, including around 200 Young Water Professionals.

Table: Membership Trend over Period 2008-2018



Water New Zealand Directory 2017/18

Board

Dukessa Blackburn-Huettner	President
Helen Atkins	Board Member
Vijesh Chandra	Board Member
Kelvin Hill	Board Member (President Elect)
John Mackie	Board Member
David Simpson	Co-opted Board Member
Colin Crampton	Co-opted Board Member (Resigned May 2018)
Garth Dibley	Co-opted Board Member



Staff/Contractors

John Pfahlert	Chief Executive
Linda Whatmough	Manager, Corporate Services
Vicki McEnaney	Manager, Sector Engagement
Amy Aldrich	Executive Administrator
Noel Roberts	Technical Manager
Lesley Smith	Technical Co-ordinator
Nick Walmsley	Project Manager (Part Time)
Debra Harrington	Communications Manager (Part Time)
Pip Donnelly	Administrator (Part Time)
Charlotte Cudby	Policy Consultant (Contractor, Part Time)
Noeline Strange	Advertising Manager (Contractor)
Alan Titchall	Water Journal editor (Contractor)

Special Purpose Financial Statements

New Zealand Water and Wastes Association Inc. (Trading As
Water New Zealand)
For the year ended 30 June 2018

Prepared by BW Miller Dean Limited

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Directory

New Zealand Water and Wastes Association Inc. (Trading As Water New Zealand) For the year ended 30 June 2018

Nature of Business

Membership Association

The Association provides technical and educational services to members. The nature of the Association's business has not changed during the year under review.

Auditors

Grant Thornton New Zealand Audit Partnership

Chartered Accountant

BW Miller Dean Limited
Level 5, 203-209 Willis Street
Wellington

Bankers

Bank of New Zealand

Business Location

Level 12, Ranchhod Tower
39 The Terrace
Wellington

Statement of Financial Performance

New Zealand Water and Wastes Association Inc. (Trading As Water New Zealand)
For the year ended 30 June 2018

	NOTES	2018	2017
Revenue			
Publications		381,742	382,632
Seminar & Conference		1,823,787	1,634,869
Water Utilities Association		78,000	83,000
Income from Joint Venture		6,592	-
Project Income		456,459	394,000
Subscriptions		507,747	399,422
Interest Received & Miscellaneous		38,487	35,549
Grants		-	125,000
Consulting Income		116,048	-
Miscellaneous Income		3,018	-
Total Revenue		3,411,880	3,054,473
Expenses			
Accident Compensation Levies		2,079	1,690
Audit Fees		14,000	14,000
Bank Fees		5,020	3,488
Computer Expenses		28,090	28,185
Event & Communication		274,398	236,473
Governance		36,922	27,352
Insurance		6,084	5,902
Membership		4,370	18,546
Printing & Stationery		16,228	15,423
Professional Fees	2	122,969	67,636
Project Expenditure		361,518	294,938
Publications		248,700	237,927
Rent & Lease Costs		75,674	75,626
Repairs and Maintenance		16,004	12,900
Salaries & Staff Costs		936,658	876,061
Seminar & Conference Expenses		1,157,307	1,087,113
Subscriptions		13,712	2,583
Telephone & Internet		9,489	-
Travel and Accommodation		75,591	45,027
Loss on Disposal		468	711
Depreciation		18,159	21,271
Total Expenses		3,423,440	3,072,853
Net Deficit Before Taxation		(11,560)	(18,381)
Net Deficit for the Year		(11,560)	(18,381)

The accompanying notes form part of these special purpose financial statements.

Statement of Changes in Equity

New Zealand Water and Wastes Association Inc. (Trading As Water New Zealand)
For the year ended 30 June 2018

	2018	2017
Equity		
Opening Balance	1,151,733	1,170,113
Deficit for the Period	(11,560)	(18,381)
Total Equity	1,140,173	1,151,733

The accompanying notes form part of these special purpose financial statements.



Balance Sheet

New Zealand Water and Wastes Association Inc. (Trading As Water New Zealand) As at 30 June 2018

	NOTES	30 JUN 2018	30 JUN 2017
Assets			
Current Assets			
Cash and Bank	6	200,259	232,794
Trade and Other Receivables		274,828	459,115
Prepayments		67,809	63,505
GST Receivable		12,218	-
Income Tax Receivable	12	10,935	11,007
Accrued Income		30,900	1,482
Accrued Interest		797	760
Term Deposits		1,000,000	500,000
Total Current Assets		1,597,747	1,268,662
Non-Current Assets			
Property, Plant & Equipment	9	29,198	34,131
Term Deposits		-	500,000
Total Non-Current Assets		29,198	534,131
Total Assets		1,626,945	1,802,793
Liabilities			
Current Liabilities			
Trade and Other Payables	8	337,251	316,700
GST Payable		-	36,302
Golden Shovel Award		3,386	2,511
Income In Advance		41,951	129,785
OSET Project	10	104,184	165,762
Total Current Liabilities		486,773	651,060
Total Liabilities		486,773	651,060
Net Assets		1,140,173	1,151,733
Equity			
Retained Earnings		1,140,173	1,151,733
Total Equity		1,140,173	1,151,733

For & On Behalf of the Board

President

Board Member

Date / /

The accompanying notes form part of these special purpose financial statements.



Notes to the Special Purpose Financial Statements

New Zealand Water and Wastes Association Inc. (Trading As Water New Zealand)
For the year ended 30 June 2018

1. Statement of Accounting Policies

Reporting Entity

The special purpose financial statements presented here are for the reporting entity New Zealand Water and Wastes Association Incorporated, trading as Water New Zealand (the "Association").

Reporting Basis

The annual report is a special purpose financial report that has been prepared in order to meet the requirements of the Incorporated Societies Act 1908 and for the benefit of New Zealand Water & Wastes Associations' members and for Inland Revenue.

Measurement Basis

The special purpose financial statements of Water New Zealand have been prepared on the accruals basis and are based on historical costs.

The information is presented in New Zealand dollars, rounded to the nearest whole dollar.

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

Specific Accounting Policies

a) Property, Plant & Equipment

The entity has the following classes of Property, Plant & Equipment;

<u>Asset Class</u>	<u>Depreciation Rate</u>
Furniture & Fittings	11 - 33% Diminishing Value
Office Equipment	11.4 - 67% Diminishing Value

Property, Plant and Equipment is included at cost less accumulated depreciation. Depreciation is charged over the assets' useful lives.

b) Goods & Services Tax

These special purpose financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are shown inclusive of GST.

c) Receivables

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

d) Taxation

Income tax is accounted for using the taxes payable method. The income tax expense charged to the Statement of Financial Performance is the estimated tax payable in the current year, adjusted for any differences between the estimated and actual tax payable in prior years.

e) Income Recognition

Conference and project income received is recognised as revenue after the event has been held. Amounts relating to events after reporting date are recognised as income in advance.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

Subscription revenue is accounted for on the accruals basis in the financial statements and recognised as revenue in the period in which it relates to.

Grants without conditions are recognised on receipt. Grants with set conditions, for use towards a particular event are recognised on the occurrence of the recognition event, when the conditions are satisfied.

All other revenue streams are measured at the fair value of the consideration received or receivable for the sale of goods and services, to the extent it is probable that the economic benefits will flow to New Zealand Water and Wastes Association Incorporated and revenue can be reliably measured.

f) Income in Advance

The balance of income in advance is compiled of conference and publications income received/invoiced during the year relating to delivery occurring after balance date.

g) Bank Accounts & Cash

Bank accounts and petty cash are recorded at their closing amount at reporting date.

h) Prepayments

Prepayments include expenditure paid relating to subsequent financial years. These prepayments are measured at cost.



i) Investments

Investments are compiled of funds held in term deposits. Amounts maturing within one year are recognised as current assets. Amounts maturing in more than one year are recognised as non-current assets.

2. Professional Fees

	2018	2017
Accountancy Fees	9,644	6,980
Legal Fees	-	3,535
Consultancy Fees	11,773	6,386
Contractors	71,552	30,135
Strategic Planning	30,000	20,600
Total Professional Fees	\$122,969	\$67,636

3. Contingent Assets & Liabilities

At balance date there are no known contingent assets & liabilities (2017: \$nil).

4. Subsequent Events

There were no significant events after balance date requiring reporting or adjustment in these financial statements.

5. Operating Lease Commitments

	2018	2017
Within 1 Year	74,954	73,756
1 - 2 Years	74,954	71,358
2 - 5 Years	42,524	110,009
	\$192,432	\$255,123



6. Cash & Bank

	2018	2017
B.N.Z. Cheque Account	\$89,696	\$57,288
B.N.Z. Call Account	\$6,773	\$56,638
B.N.Z. Oncall Account	\$103,494	\$118,725
Cash on Hand	\$296	\$142
Total Cash & Bank	\$200,259	\$232,793

7. Term Investments

Non Current

	2018	2017
BNZ Term Deposit 3009	-	\$500,000

Current

BNZ Term Deposit 3009	\$500,000	-
BNZ Term Deposit 3012	\$250,000	\$250,000
BNZ Term Deposit 3013	\$250,000	\$250,000
Total Current Term Investments	\$1,000,000	\$500,000

8. Other Payables

Water New Zealand hold a credit card with an available limit of \$19,000. At the end of the 30 June 2018 Financial Year they have utilised \$12,203 of the limit.



9. Property Plant & Equipment

	2018	2017
	\$	\$
Furniture & Fittings		
At Cost	15,441	15,176
Less: Accumulated Depreciation	(7,238)	(7,114)
	8,203	8,062
Current Year Depreciation	1,270	805
Office Equipment		
At Cost	124,789	120,403
Less: Accumulated Depreciation	(102,593)	(94,334)
	20,996	26,069
Current Year Depreciation	16,889	20,466
Total Property, Plant & Equipment	29,198	34,131
Total Depreciation for the Year	18,159	21,271

10. OSET

Included within Current assets is \$104,184 (2017: \$165,762) for which use is restricted. These funds are held on behalf of On-site Effluent Testing Project ('OSET') and are to be expended based on the project guidelines.



11. Water Services Managers' Group Financial Performance

	2018	2017
	\$	\$
Revenue		
Membership Subscriptions	37,485	35,955
Project Income	92,000	90,000
WSMG Interest & Miscellaneous	96	412
Total Income	129,581	126,367
Expenses		
Governance - WSMG	10,099	7,610
Guidelines - WSMG	18,000	55,114
Management Fee to Water New Zealand	29,500	29,500
Subscription	7,000	7,000
Project Expenditure	87,594	40,093
Total Expenses	152,193	139,317
Net Surplus / (Deficit)	(22,611)	(12,950)

The Water Services Managers' Group is a separate project within the Association. The results of the project are included within the Statement of Financial Performance of the Association.

	2018	2017
12. Income Tax Expense		
Net Profit / (Loss) Before Tax	(11,560)	(18,381)
Tax Adjustments		
Less: Non-Assessable Income		
Non-Assessable Income	(1,042,207)	(1,001,422)
Plus: Non-Deductible Expenditure		
Non-Deductible Expenses	984,876	939,774
Total Tax Adjustments	(57,331)	(61,648)
Taxable Profit / (Loss)	(68,891)	(80,029)
Tax Payable at 28%	-	-
Income Tax Paid		
R.W.T.	10,935	11,007
Total Income Tax Paid	10,935	11,007
Income Tax Payable (Refund Due)	(10,935)	(11,007)



Independent Auditor's Report

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To the Board Members of New Zealand Water and Wastes Association Inc.

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the special purpose financial statements of New Zealand Water and Wastes Association Inc. on pages 4 to 12 which comprise the balance sheet as at 30 June 2018, and the statement of financial performance, and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial positions of New Zealand Water and Wastes Association Inc. at 30 June 2018 and of its financial performance for the year ended 30 June 2018 in accordance with the Accounting Policies set out in the notes to the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm carries out other assignments for New Zealand Water and Wastes Association Inc. in the area of taxation compliance engagements. The firm has no other interest in the Entity.

Emphasis of Matter

We draw attention to Note 1 of the financial statements, which describes the reporting basis. The special purpose financial statements are prepared in accordance with the accounting policies set out in these financial statements and as a result, the financial statements may not be suitable for another purpose. Our Opinion is not modified in respect of this matter.

Board Members' Responsibilities for the Special Purpose Financial Statements

The Board Members are responsible on behalf of the entity for the preparation and fair presentation of these special purpose financial statements in accordance with the Accounting Policies set out in Note 1 to the financial statements and for such internal control as those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, those charged with governance are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board Members either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Special Purpose Financial Statements


Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

Restriction on use of our report

This report is made solely to the Entity's board members, as a body. Our audit work has been undertaken so that we might state to the Entity's board members, as a body, those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Entity and the Entity's board members, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Partnership



B Kennerley
Partner
Wellington

23 August 2018

water

NEW ZEALAND



The New Zealand Water & Wastes Association Waiora Aotearoa

A consistent approach across the 3 waters sector