

# WATERCARE SERVICES LIMITED

## AGENDA | Board meeting | 14/11/2016

<b>Venue</b>	Watercare Services Limited, 73 Remuera Road, Newmarket
<b>Time</b>	10:30am

### Open Public Meeting

Item	Spokesperson	Action sought at governance meeting	Supporting Material
1. Apologies	Chair	<ul style="list-style-type: none"> <li>Record Apologies</li> </ul>	
2. Minutes of Meeting	Chair	<ul style="list-style-type: none"> <li>Approve Board Meeting Minutes 18 October 2016</li> </ul>	<a href="#">Minutes</a> 18 October 2016
3. Directors' Corporate Governance Items	Chair	<ul style="list-style-type: none"> <li>Corporate Planner and Work Plan</li> <li>Review Disclosure of Interests (Directors &amp; Executive Management)</li> </ul>	<a href="#">Corporate Planner and Work Plan</a> <a href="#">Disclosure of Interests</a>
4. Chief Executive's Report and Scorecard	R Jaduram	<ul style="list-style-type: none"> <li>Receive report</li> </ul>	<a href="#">Chief Executive's Report</a>
5. Audit and Risk Committee Update	J Hoare	<ul style="list-style-type: none"> <li>Verbal update</li> </ul>	No pack content
6. Confirmation of Board Sub-Committee Membership	Chair	<ul style="list-style-type: none"> <li>Approve report</li> </ul>	<a href="#">Report</a>
7. Customer Focus	K Walker-Mead	<ul style="list-style-type: none"> <li>Receive presentation</li> </ul>	<a href="#">Presentation</a>
8. Technical presentation: Technology Solutions for Non-Metropolitan Wastewater Treatment Plants	S Morgan	<ul style="list-style-type: none"> <li>Receive presentation</li> </ul>	No pack content
9. General Business	Chair		

Date of next Meeting – 13 December 2016

Location – Watercare Newmarket, 73 Remuera Road, Newmarket

# MINUTES

SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Watercare Services Limited, 73 Remuera Road, Remuera, Auckland
DATE	18 October 2016
TIME	11:00
STATUS	Open Session

	<b>Present:</b>	<b>In Attendance:</b>	<b>Public in Attendance:</b>
	M Allen D Clarke (Chairman) N Crauford P Drummond C Harland J Hoare T Lanigan D Thomas  I Cronin-Knight (Board Observer)	M Bridge R Chenery R Fisher B Griffiths T Hawke R Jaduram (Chief Executive) A Miller B Monk D Sellars J Simperingham N Toms S Webster	One member of the public
1.	<b>Apologies:</b> <ul style="list-style-type: none"> <li>M Devlin</li> <li>B Green</li> </ul>		
2.	<b>Minutes of Previous Meeting</b> <ul style="list-style-type: none"> <li>The Board <b>resolved</b> that the Minutes of the public section of the Board meeting held on 29 September 2016 at 11:00 be confirmed as correct.</li> </ul>		
3.	<b>Matters Arising</b> <ul style="list-style-type: none"> <li>The Matters Arising were noted.</li> </ul> <b>Public Presentation</b> <ul style="list-style-type: none"> <li>The Board received a presentation from Charlotte Fisher, a resident of St Mary's Bay, concerning the detritus which regularly washes up on the beaches at St Mary's Bay and Westmere following periods of heavy rain. Ms Fisher recounted the proposals to separate the combined wastewater and stormwater pipes some thirty years ago and her concern that no progress had been made.</li> </ul> <p>It was explained that the construction of separate stormwater pipes to separate this from the combined system was a matter for Auckland Council, with which Watercare has been proactively working with.</p>		
4.	<b>Directors Corporate Governance Items</b> <ul style="list-style-type: none"> <li>Corporate Planner and Work Plan 2016 The corporate planner and work plan was noted.</li> <li>Disclosure of Interests The Reports on the Disclosures of Interest were reviewed.</li> </ul>		

5.	<p><b>Chief Executive's Report and Scorecard</b></p> <ul style="list-style-type: none"> <li>• Customer Focus <p>The Board noted that there was a significant reduction in change of property ownership and that the number of sales for 2016 was trending below 2015 volumes.</p> <p>If the trend continues, it will have implications for the IGC revenues.</p> </li> <li>• Service Delivery <p>The Board noted that rainfall in September was well above average across Auckland and that storage in the Hunua and Waitakere storage lakes is above the historical average.</p> </li> <li>• Puketutu Island <p>The Board noted that performance of the Puketutu Island Rehabilitation Project has met all its goals and remains the lowest cost outcome for the disposal of biosolids.</p> <p>The original projection was for a capacity of 4.6m m<sup>3</sup> over a 35 year lifetime and performance is consistent with those projections.</p> </li> <li>• Finance <p>Brian Monk spoke to the report.</p> <p>Watercare is on budget to achieve the \$5m savings requested. Year-to-date revenue is approximately \$5m favourable to budget and operating expenses are \$2.6m favourable to budget.</p> </li> <li>• Recognition of Watercare's Risk Management Capability <p>In September, Watercare received the award for Excellence in Building Risk Management Capability at the 2016 RiskNZ Awards of Excellence.</p> <p>The award identifies Watercare as an organisation with the requisite risk management skills, knowledge and resources to enhance its business performance.</p> <p>The judges said that Watercare's whole-of-organisation approach and focus on developing and implementing a sound risk culture and systems is the epitome of what the RiskNZ award is about.</p> <p>Watercare's project to upgrade the biological nutrient removal process (BNR) at Mangere Wastewater Treatment Plant was also recognised at the awards, receiving a commendation for the collaborative approach taken by CH2M Beca, Watercare and the McConnell Dowell/HEB Joint venture in managing the project's risks.</p> </li> <li>• Office of the Auditor General (OAG) – Service Performance Review <p>The Office of the Auditor General (OAG) has completed its review of Watercare's service performance. The review was a follow up of the OAG's 2014 report on service performance, which examined and made recommendations for improvements in five customer related processes as follows:</p> <ul style="list-style-type: none"> <li>➤ Tariffs</li> <li>➤ Contact centre operations</li> <li>➤ Monthly billing</li> <li>➤ Meter reading, and</li> <li>➤ Customer debt management practices.</li> </ul> <p>The 2014 report from the OAG made several recommendations for improvement, and the 2016 review was focused on the remedial actions taken by management, with supporting evidence as required.</p> <p>The 2016 report was tabled in Parliament on 11 October 2016, and reflects positively on the improvements made in key customer related processes over the past two years. The OAG now describes its further recommendations as minor improvements which could further enhance our service performance. The OAG provides positive comment on Watercare's improved customer communications processes, and the quality and timeliness of information provided on tariff regimes and price changes. It also provides positive feedback on improvements in communication on meter readings processes; the Debt Management Code of Practice, and the enhanced customer satisfaction surveys achieved under the Voice of the Customer process.</p> </li> </ul>
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	<p>The recommendations made in the 2016 report are relatively minor and will be addressed by the Customer team as part of its ongoing improvements. We also note the positive relationship with the OAG, which has recorded its thanks to management for the way we have managed the interaction with its staff. A copy of the report has been provided to Auckland Council.</p>
6.	<p><b>Annual Performance Against Statement of Intent</b></p> <ul style="list-style-type: none"> <li>The Board noted the report.</li> </ul>
7.	<p><b>Cyber Security Review</b></p> <ul style="list-style-type: none"> <li>Adrienne Miller spoke to the report.</li> </ul> <p>There will be regular reports to the Board including information on penetration tests. The external firewall has been effective as no attempts at hacks have been successful.</p> <p>The Board requested management to consider if the adequacy and appropriateness of the insurance can cover for cyber events.</p>
8.	<p><b>Technical Presentation: Wastewater – Energy Neutrality</b></p> <ul style="list-style-type: none"> <li>Shane Morgan presented on Watercare’s Energy neutrality initiatives.</li> </ul> <p>Watercare is aiming to achieve energy efficiency gains of 5% by the end of 2019 and for the Mangere and Rosedale wastewater treatment plants to be energy neutral by 2025. Shane referred to the transformational technology which is emerging and results in a higher quality treated discharge.</p>
9.	<p><b>Redoubt Road – Security of Supply</b></p> <ul style="list-style-type: none"> <li>Tuan Hawke gave a presentation on the security of supply at the Redoubt Road reservoir complex.</li> </ul> <p>The Board requested a presentation in March 2017 on the option of installing another bypass around the reservoirs from Mill Road to Thomas Road working in with the Auckland Transport upgrading project.</p>
10.	<p><b>General Business</b></p> <ul style="list-style-type: none"> <li>There was no general business.</li> <li>The meeting was closed at 12:15.</li> </ul>

CERTIFIED AS A TRUE AND CORRECT RECORD

David Clarke  
Chairman

**WATERCARE BOARD PLANNER 2016**

	2016											
	January	February	March	April	May	June	July	August	September	October	November	December
Board Meeting		3 Feb Newmarket	3 March - Workshop Newmarket 1 April Rosedale WWTP	20 April Newmarket	24 May Newmarket*	27 June Newmarket	1 August Newmarket	31 Aug Newmarket	29 Sept Newmarket	18 Oct Newmarket*	14 November Newmarket	13 December Newmarket
Health and Safety Committee Workshops			14 March Newmarket			28 June Ardmore WTP 2pm		26 August Newmarket 11am			1 November Mangere WWTP	
Health and Safety Site Visits			1 April Rosedale WWTP			28 June Ardmore WTP		26 August Hunua 4			1 November Mangere WWTP BNR Project	
Audit and Risk Committee Meeting		3 Feb Newmarket (before Board meeting)			5 May Newmarket		^1 August Newmarket (before Board meeting)	22 Aug Newmarket		28 October Newmarket		
Capital Projects Working Group		3 Feb Newmarket (after Board meeting)			23 May Newmarket			31 Aug Newmarket (after Board meeting)			14 Nov Newmarket (after Board meeting)	
Remuneration and Appointments Committee		5 Feb Newmarket		20 April Newmarket (before Board meeting)		27 June Newmarket (before Board meeting)		24 August Newmarket 4 - 6pm		18 October Newmarket (before Board meeting)		
Statement of Intent		Approval of Draft 2016-2019 SOI	1 March Draft SOI to shareholder		Present shareholder SOI feedback at public meeting	Final 2016-2019 SOI issued to shareholder						2017/18 Letter of Expectation to be received
Shareholder Interaction			1 March - Quarterly Briefing to CCO Governance & Monitoring Committee		31 May 2016 - Replaces quarterly briefing				6 Sept - Quarterly Briefing to CCO Governance & Monitoring Committee		11 Nov Q1 report due to CCO Governance and Monitoring Committee	
Key Finance Decisions						27 June Approval of 2016/17 Budget						
Other		Qtr Statutory Compliance Reporting		Qtr Statutory Compliance Reporting			Qtr Statutory Compliance Reporting			Qtr Statutory Compliance Reporting		

\* Statutory public Board meeting - deputations invited

^ Extraordinary Audit & Risk and Board Meeting to meet shareholder half year and annual report timeline

**WATERCARE BOARD PLANNER 2017**

	2017											
	January	February	March	April	May	June	July	August	September	October	November	December
Board Meeting	26 Jan <sup>^</sup>	1 March Newmarket	27 March Newmarket	20 April Newmarket	30 May Newmarket*	28 June Newmarket	31 July Newmarket	29 Aug Newmarket	21 Sept Newmarket	26 Oct Newmarket*	28 November Newmarket	20 December Newmarket
Health and Safety Site Visits												
Audit and Risk Committee Meeting	26 Jan (before Board meeting)				To be confirmed		<sup>^</sup> 31 July Newmarket (before Board meeting)	18 Aug Newmarket			To be confirmed	
Capital Projects Working Group												
Remuneration and Appointments Committee	26 Jan (after Board meeting)			20 April (after Board meeting)		14 June		29 August (before Board meeting)		26 October (before Board meeting)		
Statement of Intent		Approval of Draft 2017-2020 SOI	1 March Draft SOI to shareholder		Present shareholder SOI feedback at public meeting	Final 2017-2020 SOI issued to shareholder						2018/19 Letter of Expectation to be received
Shareholder Interaction			1 March (tbc) - Quarterly Briefing to CCO Governance & Monitoring Committee		12 May 2016 - Quarterly report due				5 Sept (tbc) - Quarterly Briefing to CCO Governance & Monitoring Committee			
Key Finance Decisions						28 June Approval of 2017/18 Budget						
Other		Qtr Statutory Compliance Reporting		Qtr Statutory Compliance Reporting				Qtr Statutory Compliance Reporting		Qtr Statutory Compliance Reporting		

\* Statutory public Board meeting - deputations invited

<sup>^</sup> Extraordinary Audit & Risk and Board Meeting to meet shareholder half year and annual report timeline

Board Work Plan 2016

	February	March	April	May	June	July	August	September	October	November	December	
Board Meeting Date	3-Feb	3-Mar (Workshop)	1-Apr	20-Apr	24-May	27-Jun	1-Aug	31-Aug	29-Sep	18-Oct	14-Nov	13-Dec
Governance	Charter Reviews										a) Review of Corporate Governance Charter and Committee Charters, b) Audit & Risk Charter Annual Review (Audit & Risk)	
	Policy Reviews			Treasury Policy Review								
	Delegations										Annual Review of Board Delegations to CE	
	Risk Reviews				Technology - Control and business systems cyber intrusion	Health and Safety - Process safety (loss of containment, fire and explosion) at major facilities	Quarterly risk report	Health and Safety - Significant operational hazards (confined spaces, working with vehicles and plant)	Service Delivery - Water sources / treatment capacity to meet water yield / 3 day peak demand	Quarterly risk report	People - Failure to attract and retain sufficient skilled and qualified resources	Key medium risks - all areas
	Compliance	Statutory Compliance Reporting			Statutory Compliance Reporting			Statutory Compliance Reporting		Statutory Compliance Reporting		
	Shareholder Interaction	CCO Quarterly Reporting				CCO Quarterly Reporting		CCO Quarterly Reporting				
	Board Performance											
Board Education	Board Training & Development											
	Technical Presentations					Wastewater: Digestors and Thermal Hydrolysis		Water: Waikato Water Treatment Plant and Huia Sludge Improvements	Wastewater: Energy Neutrality	Wastewater: Technology Solutions for Non-Metropolitan Wastewater Treatment Plants		
Business Strategy	Strategic Planning		Refresh Strategic Framework			2016/17 Business Plan						
	Strategic Programme Updates			Programme Update: Non-Revenue Water		Programme Update: Customer Focus	Programme Update: Business Excellence / People & Capability	Programme Update: Financial Responsibility		Programme Update: Customer Focus		
Business Planning	Key Finance Decisions	Final financial projections for draft Auckland Council 2016/2017 Annual Plan				Approve 2016/2017 budget	Approve year end accounts (Council Pack)	Approve Annual Report				
	Statement of Intent	Approve Draft 2016-19 SOI	Draft SOI submitted to Auckland Council by 1 March		Feedback on Draft SOI received from Auckland Council by 30 April	Approve final 2016-19 SOI for submission to Auckland Council		Auckland Council formally adopts draft SOI				
	Business Planning Approvals									Approve 2017 Internal Audit Plan	Approve 2017 Insurance Programme Approach	
	Major Capex Project Approvals	Details to follow										

## Report to the Board of Watercare Services Limited

**Subject:** Disclosure of Interests

**Date:** 7 November 2016

Section 140 of the Companies Act 1993 requires disclosure of interests of a director to the Board.

Set out below are the disclosures of interests received as at the date of this report.

<b>Director</b>	<b>Interest</b>
Margaret Devlin	<ul style="list-style-type: none"> <li>- Chairman, Harrison Grierson Limited</li> <li>- Chairman, WEL Networks</li> <li>- Director, City Care Limited</li> <li>- Director, Meteorological Services of NZ</li> <li>- Director, Waikato Regional Airport</li> <li>- Director, IT Partners Group</li> <li>- Independent Chair of Audit and Risk Committee, Waikato District Council</li> </ul>
Catherine Harland	<ul style="list-style-type: none"> <li>- Director, McHar Investments Ltd</li> <li>- Director, Interface Partners Ltd</li> <li>- Trustee, One Tree Hill Jubilee Educational Trust</li> <li>- Member, Auckland Regional Amenities Funding Board</li> <li>- Member, Water Allocation Technical Advisory Group</li> </ul>
Tony Lanigan	<ul style="list-style-type: none"> <li>- Director and Shareholder, A G Lanigan &amp; Associates (2007) Limited</li> <li>- Director, Habitat for Humanity New Zealand Limited</li> <li>- Director and Shareholder, Lanigan Trustee Limited</li> <li>- Director and Chair, New Zealand Housing Foundation Limited</li> <li>- Director, Tamaki Makaurau Community Housing Limited</li> <li>- Member, Ministry of Health Hospital Redevelopment Partnership Group for Canterbury</li> <li>- Member, Ministry of Health Southern Partnership</li> </ul>
Julia Hoare	<ul style="list-style-type: none"> <li>- Director, AWF Madison Group Limited</li> <li>- Director, New Zealand Post Limited</li> <li>- Deputy Chairman, The A2 Milk Company Limited</li> <li>- Director, Port of Tauranga Limited</li> <li>- Member, Auckland Committee, Institute of Directors</li> <li>- Member, Advisory Panel to External Reporting Board</li> <li>- Member, Institute of Directors National Council</li> </ul>
Nicola Crauford	<ul style="list-style-type: none"> <li>- Director, Environmental Protection Authority</li> <li>- Member of Electoral Authority - Cooperative Bank Limited</li> <li>- Senior Consultant - WorleyParsons New Zealand Ltd</li> <li>- Director and Shareholder - Riposte Consulting Limited</li> <li>- Director and Shareholder - Martin Crauford Limited</li> <li>- Director, Wellington Water Limited</li> <li>- Director, Orion New Zealand Limited</li> <li>- Member, Local Government Risk Management Agency Establishment Board</li> <li>- Chairman, GNS Science International Limited</li> <li>- Deputy Chairman, Fire Services Commission</li> </ul>



David Thomas	<ul style="list-style-type: none"> <li>- Chairman, Ngati Whakaue Tribal Lands Inc</li> <li>- Chairman, Gypsum Board Manufacturers of Australasia</li> <li>- Shareholder / Employee, Fletcher Building Limited</li> <li>- Director, New Zealand Ceiling &amp; Drywall Supplies Limited</li> <li>- Director, Fanalco Limited</li> </ul>
Brendon Green	<ul style="list-style-type: none"> <li>- Director, Kaitiaki Advisory Limited</li> <li>- Director, Tainui Kawhia Incorporation</li> <li>- Executive Director, Bay Dairy Limited</li> <li>- Executive Director, Advanced Biotech NZ</li> <li>- Executive, Te Runanganui o Ngati Hikairo</li> <li>- Contract with Mercury for stakeholder management of greenfield geothermal developments</li> </ul>

### RECOMMENDATION

That the report be received.

Approved by:



R Jaduram  
**Chief Executive**

## Report to the Board of Watercare Services Limited

**Subject:** Disclosure of Interests – Executive Management

**Date:** 7 November 2016

<b>Executive</b>	<b>Interest</b>
Raveen Jaduram	Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust Steering Committee Member – Business Leaders' Health and Safety Forum
Rob Fisher	Deputy Chairman - Middlemore Foundation President - Auckland University Rugby Football Club Trustee - Watercare Harbour Clean Up Trust Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust
Brian Monk	Deputy Chairman - MIT Chairman Audit and Compliance Committee - MIT Trustee - Watercare Harbour Clean Up Trust Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust Director – EnterpriseMIT Ltd
Steve Webster	Director – Howick Swimgym Limited
Marlon Bridge	Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust
Martin Smith	Director – Heatley Smith Limited
Shayne Cunis	Board Member – Water New Zealand
David Hawkins	Nil
Adrienne Miller	Nil
David Sellars	Nil
Rebecca Chenery	Nil

### RECOMMENDATION

That the report be received.

Approved by:



R Jaduram  
**Chief Executive**

Board - Public Session - Chief Executive's Report and Scorecard

WATERCARE SCORECARD 2016/17																								
On budget, on time, within		Unfavourable but within parameter		Major issue, needs attention		SOI	2016/17 Target	Amber Threshold	Red Threshold	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	
<b>1 Safe and Reliable Water</b>																								
1a	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	<input checked="" type="checkbox"/>	100%	n/a	<100%		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1b	The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	<input checked="" type="checkbox"/>	100%	n/a	<100%		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1c	Percentage compliance with MoH drinking water standards		100%	n/a	<100%		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1d	Percentage of metropolitan water treatment plants achieving Grade A (annual measure)		100%	n/a	<100%		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1e	Percentage of metropolitan water supply reticulation achieving Grade A (annual measure)		100%	n/a	<100%		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1f	Percentage of non-metropolitan water treatment plants achieving Grade A (annual measure)		50%	n/a	<45%		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1g	Percentage of non-metropolitan water supply reticulation achieving Grade A (annual measure)		50%	n/a	<25%		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1h	Percentage of unplanned water shutdowns restored within five hours (12 mth rolling average)		≥95%	93% to <95%	<93%		96%	96%	96%	96%	96%	96%	96%	96%	96%	95%	95%	95%	95%	95%	94%	94%	94%	94%
1i	Number of unplanned water interruptions per 1000 connected properties (12 mth rolling average)		≤10	>10 to 12	>12		6.2	5.9	5.6	5.5	5.4	5.4	4.9	4.8	4.7	4.6	4.5	4.6	4.7	4.8				
1j	Unrestricted demand - metropolitan		Unrestricted	Subjective	Restrictions apply		Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted
1k	Unrestricted demand - non-metropolitan		Unrestricted	Subjective	Restrictions apply		Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted
<b>2 Healthy Waterways</b>																								
2a	Number of dry weather sewer overflows per 100km of wastewater pipe length per year (12 mth rolling average)		≤5	>5 to 7	>7		1.91	1.81	1.99	1.99	2.14	2.21	2.16	2.16	2.20	2.29	2.26	2.26	2.26	2.26	2.26	2.26	2.26	1.99
2b	Average number of wet weather overflows per discharge location	<input checked="" type="checkbox"/>	≤ 2 overflows per year per engineered overflow point	Low risk non-compliance	High risk non-compliance														0.69	Projected	Projected	Projected	Projected	Projected
2c	The number of dry weather overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system	<input checked="" type="checkbox"/>	≤10	>10 - ≤15	>15		0.04	0.03	0.05	0.05	0.03	0.03	0.03	0.03	0.03	0.03	0.04	0.4	0.4	0.4	0.4	0.4	0.3	0.3
2d	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by the territorial authority in relation to those resource consents	<input checked="" type="checkbox"/>	a) ≤2 b) ≤2 c) ≤2 d) ≤2	n/a	>2 (for any)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2e	Number of sewer bursts and chokes per 1000 properties (12 mth rolling average)		≤10	>10 to ≤12	>12		7.00	6.60	6.70	6.60	6.50	6.30	6.40	6.40	6.00	5.80	6.10	6.40	6.60	6.80				
2f	Percentage of wastewater discharged that is compliant with consent discharge requirements for metropolitan areas		100%	98 to <100%	<98%		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2g	Percentage of wastewater discharged that is compliant with consent discharge requirements for non-metropolitan areas		35%	n/a	<35%		88%	87%	88%	88%	88%	89%	88%	88%	88%	88%	89%	94%	90%	87%				
<b>3 Customer Satisfaction</b>																								
3a	Median response time for attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site.	<input checked="" type="checkbox"/>	≤ 60 mins	>60 - ≤90 mins	>90 mins		35 mins	35 mins	36 mins	37 mins	37 mins	39 mins	41 mins	42 mins	43 mins	44 mins	44 mins	43 mins	43 mins	43 mins	43 mins	43 mins	43 mins	43 mins
3b	Median response time for resolution of urgent calls-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	<input checked="" type="checkbox"/>	≤ 5 hours	>5 - ≤8 hours	>8 hours		1.6 hours	1.6 hours	1.7 hours	1.8 hours	1.9 hours	2.1 hours	2.4 hours	2.7 hours	2.8 hours	3.0 hours	3.0 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours
3c	Median response time for attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	<input checked="" type="checkbox"/>	≤ 3 days	>3 - ≤5 days	>5 days		1.3 days	1.8 days	1.9 days	2.1 days	2.1 days	2.2 days	2.6 days	2.8 days	2.9 days	3.0 days	3.0 days	2.9 days	2.9 days	2.9 days	2.9 days	2.9 days	2.7 days	2.7 days
3d	Median response time for 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	<input checked="" type="checkbox"/>	≤ 6 days	>6 - ≤8 days	>8 days		2.7 days	2.9 days	3.0 days	3.1 days	3.1 days	3.2 days	3.6 days	3.9 days	4.1 days	4.8 days	4.3 days	4.3 days	4.4 days	4.2 days	4.2 days	4.2 days	4.2 days	4.2 days
3e	Percentage of customers surveyed satisfied with Watercare's delivery of water and wastewater services	<input checked="" type="checkbox"/>	≥80%	≥75% to <80%	<75%		86.0%	85.3%	85.1%	85.0%	84.8%	84.7%	84.9%	84.4%	84.4%	84.2%	84.3%	80.8%	80.9%	81.4%				
3f	The total number of complaints received by the local authority about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply f) the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system	<input checked="" type="checkbox"/>	≤ 10	>10 - ≤15	>15		6.9	6.7	6.5	6.3	6.0	5.8	5.7	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
3g	Attendance at sewerage overflows resulting from blockages or other faults: median response time for attendance - from the time that the territorial authority receives notification to the time that service personnel reach the site	<input checked="" type="checkbox"/>	≤ 60 mins	>60 - ≤90 mins	>90 mins		41 mins	41 mins	41 mins	42 mins	42 mins	42 mins	44 mins	44 mins	45 mins	46 mins	47 mins	47 mins	48 mins	48 mins	48 mins	48 mins	48 mins	48 mins
3h	Attendance at sewerage overflows resulting from blockages or other faults: median response time for resolution - from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault	<input checked="" type="checkbox"/>	≤ 5 hours	>5 - ≤8 hours	>8 hours		2.3 hours	2.4 hours	2.4 hours	2.4 hours	2.4 hours	2.5 hours	2.7 hours	2.7 hours	2.8 hours	2.9 hours	2.9 hours	2.9 hours	3.0 hours	3.0 hours	3.0 hours	3.0 hours	3.0 hours	3.0 hours
3i	The total number of complaints received by the territorial authority about any of the following: a) sewerage odour b) sewerage system faults c) sewerage system blockages d) the territorial authority's response to issues with its sewerage system expressed per 1000 connections to the territorial authority's sewerage system	<input checked="" type="checkbox"/>	≤ 50	>50 - ≤75	>75		20.7	20.7	20.8	20.8	20.8	20.8	20.8	20.9	21.1	20.8	21.3	21.7	21.7	21.7	21.7	21.7	21.7	21.8
3j	Number of water quality complaints (taste, odour, appearance) per 1,000 water supply connections (12 mth rolling average)		≤5	>5 to ≤5.5	>5.5		4.90	4.70	4.60	4.40	4.10	3.90	3.80	3.80	3.70	3.70	3.60	3.64	3.32	3.31				
3k	Percentage of complaints being 'closed and resolved' within 10 working days (12 mth rolling average)	<input checked="" type="checkbox"/>	≥95%	≥90% to <95%	<90%		98.2%	97.4%	97.4%	97.1%	96.8%	97.0%	96.2%	95.6%	95.1%	93.50%	92.80%	92.20%	92.90%	92.90%	92.90%	92.90%	92.90%	92.90%
3l	Percentage of the 19 lwi groups throughout Auckland that Watercare have entered into a Memorandum of Understanding with (target for end of FY16/17)	<input checked="" type="checkbox"/>	≥60%															15.70%	15.70%	15.70%	15.70%	15.70%	15.70%	15.70%

Board - Public Session - Chief Executive's Report and Scorecard

WATERCARE SCORECARD 2016/17																								
On budget, on time, within		Unfavourable but within parameter		Major issue, needs attention		SOI	2016/17 Target	Amber Threshold	Red Threshold	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	
<b>4 Health, Safety and Wellbeing</b>																								
4a	Lost-time injury frequency rate per million hours worked (12 month rolling average)	☑	≤5	5 - 7	>7		5.23	4.63	3.55	2.99	3.03	3.06	3.73	3.75	2.51	1.92	1.9	1.25	1.25	1.25	1.25	1.25	1.25	1.25
4b	Percentage of total hours absent due to illness (12 mth rolling average)		≤2.5%	>2.5 to 3.5%	>3.5%		2.15%	2.14%	2.15%	2.16%	2.14%	2.12%	2.12%	2.11%	2.14%	2.18%	2.19%	2.15%	2.18%	2.19%	2.15%	2.18%	2.19%	
4c	Percentage of voluntary leavers relative to number of permanent staff (12 mth rolling average)	☑	≤12%	>12 to 14%	>14%		11.45%	11.28%	11.72%	12.30%	12.01%	12.45%	11.92%	12.32%	12.74%	12.92%	12.15%	12.54%	12.18%	12.18%	12.18%	11.19%		
4d	Total recordable injury frequency rate per million hours worked (12 month rolling average)	☑	<30	>30 to <33	>33		16.86	16.80	17.05	15.53	15.73	15.90	18.02	16.90	14.42	23.02	23.48	22.85	18.35	16.94				
<b>5 Financial Responsibility</b>																								
5a	Minimum funds flow from operations to interest cover (FFO) before any price adjustment	☑	≥2.5	2.4 to <2.5	<2.4		3.62	3.62	3.56	3.63	3.71	3.65	3.69	3.69	3.71	3.71	3.89	3.94	3.92	3.91				
5b	Percentage of household expenditure on water supply services relative to the average household income	☑	≤1.5%	1.2 to <1.5	>1.5		0.83%	0.83%	0.84%	0.84%	0.85%	0.85%	0.85%	0.85%	0.86%	0.86%	0.86%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	
5c	Water & wastewater revenue against budget YTD %		≥100%	≥98% to <100%	<98%		101%	102%	102%	102%	102%	102%	102%	102%	102%	102%	102%	101%	101%	101%	101%	101%	101%	
5d	Infrastructure growth charge revenue against budget YTD %		≥100%	≥95% to <100%	<95%		114%	102%	91%	94%	103%	105%	104%	102%	105%	108%	115%	125%	113%	110%				
5e	Controllable costs against budget YTD %		≤100%	>100 to ≤102%	>102%		93%	93%	94%	95%	94%	95%	95%	95%	97%	99%	94%	97%	95%	95%				
5f	Total contribution against budget YTD (\$ millions)		+	-\$0.1m to -\$2m	> -\$2m		13.72	17.74	18.62	22.06	30.99	30.11	31.35	33.40	35.65	37.55	4.80	6.84	7.88	11.86				
5g	Net surplus / deficit before tax against budget YTD (\$ millions)		+	-\$0.1m to -\$2m	> -\$2m		-27.62	-21.55	-20.52	4.06	-24.71	-64.68	-73.74	-73.92	-77.60	-108.02	-21.05	-23.37	-15.53	36.58				
5h	Total net borrowing against budget YTD (\$ millions)		Negative	\$0.1m to \$10m	> \$10m		-21.90	-40.20	-46.10	-51.30	-52.70	-72.00	-89.10	-92.70	-105.30	-92.00	10.60	14.70	9.80	6.70				
<b>6 Fully Sustainable</b>																								
6a	The average consumption of drinking water per day per resident (gross PCC) (12 month rolling average)	☑	270 +/- 2.5%				271	271	272	273	272	272	272	272	273	272	272	273	273	273	273	273	273	
6b	Per capita consumption (litres / person / day) - Residential Monthly PCC		Information only				151	156	161	165	168	169	164	158	155	153	151	152						
6c	Non-Domestic Monthly Water Volume		Information only				2,846,259	3,117,438	3,134,161	3,191,872	3,174,802	3,244,017	3,305,826	3,081,359	3,137,157	2,970,236	2,910,688	2,911,727						
6d	Non-Revenue Water Percentage		Information only				16.8%	16.8%	16.7%	17.0%	16.7%	16.9%	16.7%	16.6%	16.6%	16.6%	16.8%	16.9%						
6e	The percentage of real water loss from the local authority's networked reticulation system (rolling 12 mth average)	☑	≤13%	>13 to 13.2%	>13.2		12.8%	12.7%	12.7%	13.0%	12.7%	12.8%	12.8%	12.9%	13.0%	13.0%	13.20%	13.30%						
6f	Percentage of annual potable water transmission system losses (12 month rolling average)		No specific target - information only				1.8%	1.9%	1.8%	1.8%	1.7%	1.8%	1.8%	1.9%	2.0%	2.0%	2.1%	2.2%	2.3%	2.3%				
6g	Percentage of annual potable water network losses (12 mth rolling average) - Urban as a percentage of total volume		No specific target - information only				10.5%	10.5%	10.5%	10.8%	10.6%	10.6%	10.6%	10.7%	10.6%	10.6%	10.7%	10.8%						
6h	Percentage of annual potable water network losses (12 mth rolling average) - Rural as a percentage of total volume		No specific target - information only				0.43%	0.42%	0.42%	0.42%	0.41%	0.42%	0.40%	0.39%	0.38%	0.37%	0.36%	0.35%						
6i	Percentage of annual potable water network losses (12 mth rolling average) - Rural as a percentage of rural volume		No specific target - information only				27.2%	26.7%	26.5%	26.7%	26.4%	26.5%	25.7%	25.0%	25.0%	24.9%	24.3%	24.0%						
<b>7 Policy Compliance</b>																								
7a	Compliance with Treasury Policy		Within policy	Planned outside policy	Unplanned outside policy		Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	

4

## Watercare Services Limited

**Subject: Chief Executive Report – October 2016**

**Date: 7 November 2016**

### 1. HEALTH AND SAFETY

There were no lost-time injuries related to Watercare employees during October. The rolling 12 month lost-time injury frequency rate (LTIFR) is 0.25 (stated target max 1.0) per 200,000 hours. This equates to 1.25 per million hours, below the target maximum of 5.

The total recordable injury frequency rate (TRIFR) is 3.38 per 200,000 hours (16.94 per million hours).

### 2. CUSTOMER FOCUS

Performance against Statement of Intent measures for October was good with all customer service performance metrics above target for the month, except complaints resolution. The rolling 12 month average result for resolution of complaints within 10 working days was 92.9% against a target of 95%. Although Watercare did not meet the rolling 12 month target, there were 71 complaints in October, and all 71 complaints were resolved within 10 working days.

Customer satisfaction in October was 81.4% for the previous 12 months. The rolling 12 month average for customer satisfaction is above the 80% target for all three areas.

### 3. INFRASTRUCTURE PROGRAMME

The infrastructure capital programme has delivered \$96m year to date against a budget of \$102m. The forecast to year end is to deliver \$283m against a budget of \$303m.

A Capital Expenditure Dashboard Report of all capital expenditure projects over \$15million is shown in Appendix C.

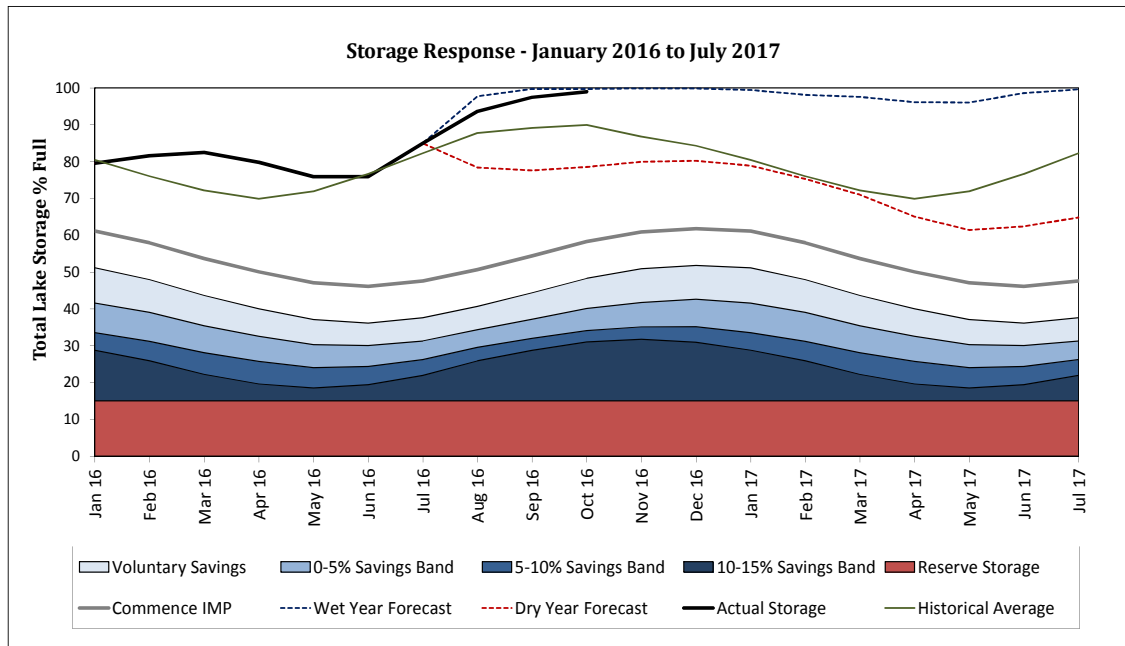
### 4. SERVICE DELIVERY

#### Rainfall and Water Resources

Rainfall in October was below or near normal across the Auckland region.

Waitakere Ranges	89% of average
Hunua Ranges	75% of average
Northern Non-metropolitan	113% of average
Southern Non-metropolitan	82% of average

Metropolitan total system storage decreased to 97.3% by the end of October. This is slightly above the modelled average storage response for the end of the October (96.3%).



## 5. STRATEGIC CONSENTS

### Pukekohe Wastewater Treatment Plant

The Pukekohe wastewater treatment plant Assessment of Environmental Effects (“AEE”) and reapplication was lodged on 5 October. The application has been accepted by Waikato Regional Council and Watercare is awaiting a notification date. Waikato-Tainui representatives have been requested to update the Culture Impact Assessment in light of the amended application.

### South-western discharge consent

Discharge consents have been applied for the South-western sub-regional wastewater treatment plant servicing the growth anticipated in the Clarks Beach, Glenbrook Beach, Waiuku and Kingseat areas. Cultural Impact Assessments are being prepared by Ngati Te Ata and Tamaoho. Auckland Council has issued a s.92 request for further information. These are being addressed by the project team with input from subject matter experts. The Hearing date has not been confirmed, but is likely to be late February 2017.

### Northern Wastewater Treatment Plant

Consent applications have been lodged for the Northern wastewater treatment plant sub-regional wastewater facility servicing the growth anticipated in the Warkworth and Snells Beach/Algies Bay. The application has been publicly notified and meetings have continued with submitters in an attempt to resolve their concerns. A preferred route has now been selected following geotechnical investigations during the month. This has resulted in a

number of submitters withdrawing their request to be heard as their concerns related to the alternate route. There remain three submitters wishing to be heard and further consultation is planned during November. All of the Auckland Council's s.92 request for further information were addressed during the month. Hearing evidence is being scoped and the hearing, if required, will commence on 1 December.

#### **Omaha Wastewater Treatment Plant**

A resource consent has been applied for the Omaha wastewater treatment plant discharge. The consent has been publically notified and meetings have been held with submitters trying to address their concerns. As some concerns relate to issues outside the scope of the project, such as local roading and stormwater, liaison with Auckland Transport and Auckland Council (Healthy Waters) has been established to try and address these issues outside of the consent process. Auckland Council has issued a s.92 request for further information and these questions are being addressed by the project team. It has become apparent during the month that several submitters, particularly the wastewater treatment plant neighbour, will not withdraw their request to be heard and hearing will be required. Due to current Auckland Council content processing and hearing commitments, the hearing date will commence on 7 February 2017.

#### **Wellsford Wastewater Treatment Plant**

The Wellsford wastewater treatment plant discharge consent project was progressed with a community open day held during the month and this was well attended. Several meetings with mana whenua were held and their input received. All technical work has been completed and the preparation of the AEE has commenced. A best practicable option workshop was held during the month and the preferred option will be selected. The project remains on programme for lodgement on 30 November.

#### **North Harbour 2 Watermain and Northern Interceptor**

A hearing for the Notice of Requirement for the shared corridor section of the North Harbour 2 watermain and the Northern Interceptor commences on 24 November. Hearing evidence has been prepared during the month.

The Northern Interceptor Notice of Requirement for the balance of the route was lodged during the month. It is anticipated that this will be publicly notified by Auckland Council in late November and the hearing will occur in late February 2017.

#### **Wynyard Quarter**

The proposed route for the Wynyard Quarter rising main has been realigned from Victoria Park to Halsey Street due to striking debris under Fanshawe Street. The route realignment required an archaeological authority from Heritage NZ and land use consent from Auckland Council. These applications were lodged during the month and are currently being processed. The work through the major intersections is programmed for late December to early February and the remainder of the work programmed from May 2017.

## Waikato Regional Council – Plan Change

Waikato Regional Council publicly notified Plan Change 1 which proposes greater control on changes to land use to improve fresh water quality in the Waikato and Waipa catchments. Watercare was involved in the pre-notification consultative stakeholder group and the proposed Plan Change is largely as expected. The effects of the Plan Changes will be discussed internally and a submission prepared prior to closing of the notification period in February 2017.

## 6. PROPOSED AUCKLAND UNITARY PLAN

Over 100 appeals were received on the Unitary Plan (either to the High Court or the Environment Court depending on the nature of the appeal). Any part of the Plan that is subject to appeals cannot be made operative until the appeal is resolved. The Council has been analysing the impact of these appeals on the Council's Decision Version of the Unitary Plan, and has announced the sections of the Plan that could be deemed to be operative. The High Court has set out a framework for resolving appeals that have been made on points of law. Many of the Environment Court appeals have been deferred until there is resolution of several key appeals in the High Court that may have implications for the decisions in the Environment Court.

## 7. FINANCE

### Financial Performance

	Current Month			Year to Date			Full Year		
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var
<b>Figures (\$millions)</b>									
Revenue	49.8	47.3	2.5	195.2	187.5	7.8	583.7	578.5	5.2
Operating Expenses	16.9	18.1	1.2	68.1	72.0	3.8	209.4	215.5	6.1
Depreciation	19.1	19.1	0.0	75.5	75.5	0.0	227.8	226.9	(1.0)
Interest expense	6.7	7.0	0.3	27.1	27.4	0.2	81.8	80.7	(1.1)
<b>Total Contribution</b>	<b>7.2</b>	<b>3.2</b>	<b>4.0</b>	<b>24.5</b>	<b>12.7</b>	<b>11.9</b>	<b>64.7</b>	<b>55.5</b>	<b>9.2</b>
Non-operating costs/(income)	0.5	0.6	0.2	2.8	2.5	(0.2)	8.4	8.0	(0.4)
Financial instruments revaluation - loss/(gain)	(48.0)	-	48.0	(24.9)	-	24.9	(24.9)	-	24.9
<b>Operating Surplus / (Deficit) Before Tax</b>	<b>54.6</b>	<b>2.5</b>	<b>52.1</b>	<b>46.7</b>	<b>10.1</b>	<b>36.6</b>	<b>81.2</b>	<b>47.5</b>	<b>33.7</b>
Deferred Tax - Expense/(Credit)	14.7	0.7	(14.0)	16.5	5.2	(11.3)	32.8	21.7	(11.1)
<b>Net Surplus / (Deficit) After Tax</b>	<b>39.9</b>	<b>1.9</b>	<b>38.1</b>	<b>30.2</b>	<b>5.0</b>	<b>25.3</b>	<b>48.4</b>	<b>25.8</b>	<b>22.6</b>
<b>FFO Ratio</b>				3.92	3.52		3.81	3.69	
<b>Operating EBITDAF</b>	33.0	29.2	3.7	127.1	115.5	11.6	374.3	363.0	11.3
<b>EBITDA</b>	80.4	28.6	51.8	149.3	113.0	36.3	390.9	355.0	35.8
<b>EBIT</b>	61.4	9.5	51.8	73.8	37.5	36.3	163.0	128.2	34.8
Leakage Allowance Granted	0.4	0.4	(0.1)	1.9	1.6	(0.3)	5.6	5.3	(0.3)

### Month – Total Contribution of \$7.2m - favourable variance to budget of \$4.0m

Total revenue was favourable \$2.5m to budget due to favourable vested asset revenue (\$2.3m) and water revenue (\$0.2m) with water volumes being 0.4% higher than budget.

Operating expenses were favourable to budget \$1.2m with lower asset operating costs and general overheads partly offset by higher net labour and higher professional services.

Depreciation is on budget and Interest Expense is favourable \$0.3m.



Net Surplus after Tax was favourable \$38.1m due to the favourable revaluation of financial instruments of \$48.0m resulting from the increase in medium to long term swap rates in October and a favourable operating contribution variance of \$4.0m, partially offset by higher tax expense of \$14.0m.

#### **Year to date – Total Contribution of \$24.5m - favourable variance to budget of \$11.9m**

Year to date revenue is \$7.8m favourable to budget primarily due to IGC revenue favourable \$2.3m, vested asset income favourable \$3.0m, new developments revenue favourable \$0.6m and other revenue favourable \$0.9m. Water and wastewater revenue is favourable \$1.0m, with water volumes 1.1% higher than budget.

Operating expenses are \$3.8m favourable to budget with favourable variances for asset operating costs, professional services and general overheads partially offset by unfavourable net labour.

Depreciation is on budget and Interest expense is favourable \$0.2m.

Net Surplus after Tax year to date is \$30.2m a favourable variance to budget of \$25.3m primarily due to the favourable revaluation of financial instruments of \$24.9m resulting from the increase in medium to long term swap rates in September and October 2016 and the favourable operating contribution variance of \$11.9m partly offset by higher tax expense of \$11.3m.

#### **Financial Position**

Smillion	Actual Sep-16	Actual Oct-16	Monthly Movement	Budget Oct-16	Var from Budget
Non Current Assets	8,765.6	8,768.5	2.9	8,783.5	(15.0)
Current Assets	84.4	86.9	2.5	78.8	8.1
<b>Total Assets</b>	<b>8,850.0</b>	<b>8,855.3</b>	<b>5.4</b>	<b>8,862.3</b>	<b>(6.9)</b>
Other Liabilities	431.0	376.0	(55.0)	387.8	(11.8)
Deferred Tax Liability	999.9	1,014.7	14.6	1,013.0	1.7
Borrowings - Short Term	366.4	246.9	(119.5)	206.4	40.5
Borrowings - Long Term	1,228.8	1,354.0	125.2	1,387.7	(33.8)
Shareholders Funds	5,823.9	5,863.8	40.0	5,867.4	(3.6)
<b>Total Liabilities and Shareholders Funds</b>	<b>8,850.0</b>	<b>8,855.3</b>	<b>5.4</b>	<b>8,862.3</b>	<b>(6.9)</b>

The major movements in the Statement of Financial Position as at 31st October 2016 compared with 30th September 2016 were the increase in debt of \$5.7m, the increase in deferred tax liability and the downward movement on other liabilities due to the revaluation of derivative financial instruments.

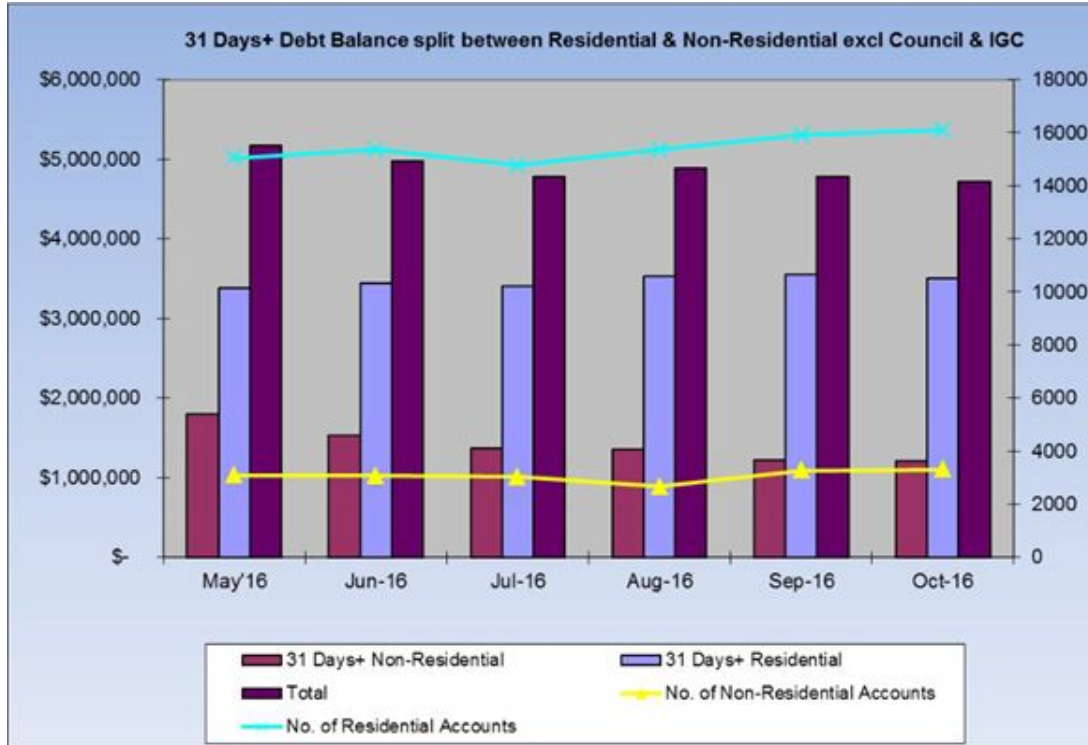
Compared with budget the material variances are largely in respect of, derivative financial instruments revaluations since July 2016 and a different opening position on 1 July 2016 than that assumed when the budget was set, including a lower level of revaluation of land and buildings than expected, lower retained earnings and revaluation of financial instruments.

Net debt at \$1,600m is \$6.7m above budget due to the actual opening debt position being higher than budgeted.

**Aged Receivables**

The 31 days+ debt balance at the end of October was \$4.72m, \$0.06m lower than September 2016. The figures provided are as at 28 October 2016.

The split of 31 days+ receivables between residential and commercial is shown below:



**Water Utility Consumer Assistance Trust (WUCAT)**

Please note: All figures supplied by WUCAT.

The following table summarizes the results of the Trust since it started in 2011/12:

WUCAT Summary		
Financial year	Trust approved applications (includes WSL additional write offs)	\$000's
Jun-12	33	\$ 29
Jun-13	172	\$ 196
Jun-14	123	\$ 114
Jun-15	150	\$ 149
Jun-16	118	\$ 90
(YTD) Jun-17	32	\$ 31
<b>Total</b>	<b>628</b>	<b>\$ 608</b>

When the Trust approves hardship relief, it enters into an understanding with the customer as to how the customer will “earn” the relief. Often this might be that the customer agrees

to pay their monthly bill for (say) six months, at the end of which all outstanding debt or arrears at the date the arrangement was entered into is agreed to be written off.

Most customers satisfy their obligation and the old debt is written off. Some customers, however, do not meet their obligations and therefore no write off occurs. At any point in time there will be a number of customers in the process of satisfying their side of the arrangement.

### Oct-16

Summary of WUCAT Arrangement Approvals			
No. of Arrangements Entered Into	No. of Arrangements Fully Satisfied	No. of Arrangements Still Being Met	No. of Arrangements Lapsed Unfulfilled
628	482	74	72

Amount of Relief Approved \$	Amount of Relief Fully Earned \$	Relief Yet to be Fully Earned \$	Relief Voided due to Lapsed Unfulfilled Arrangement \$
\$608k	\$496k	\$56K	\$56k

The results of the last 3 WUCAT meetings have seen 26 applicants successfully complete the budget process and have \$21k of hardship relief approved by the Trust.

WUCAT Summary last 3 meetings			
Month	Trust approved applications	\$000's	
Aug-16	10	\$	6.23
Sep-16	10	\$	6.68
Oct-16	6	\$	8.58
<b>Total</b>	<b>26</b>	<b>\$</b>	<b>21</b>

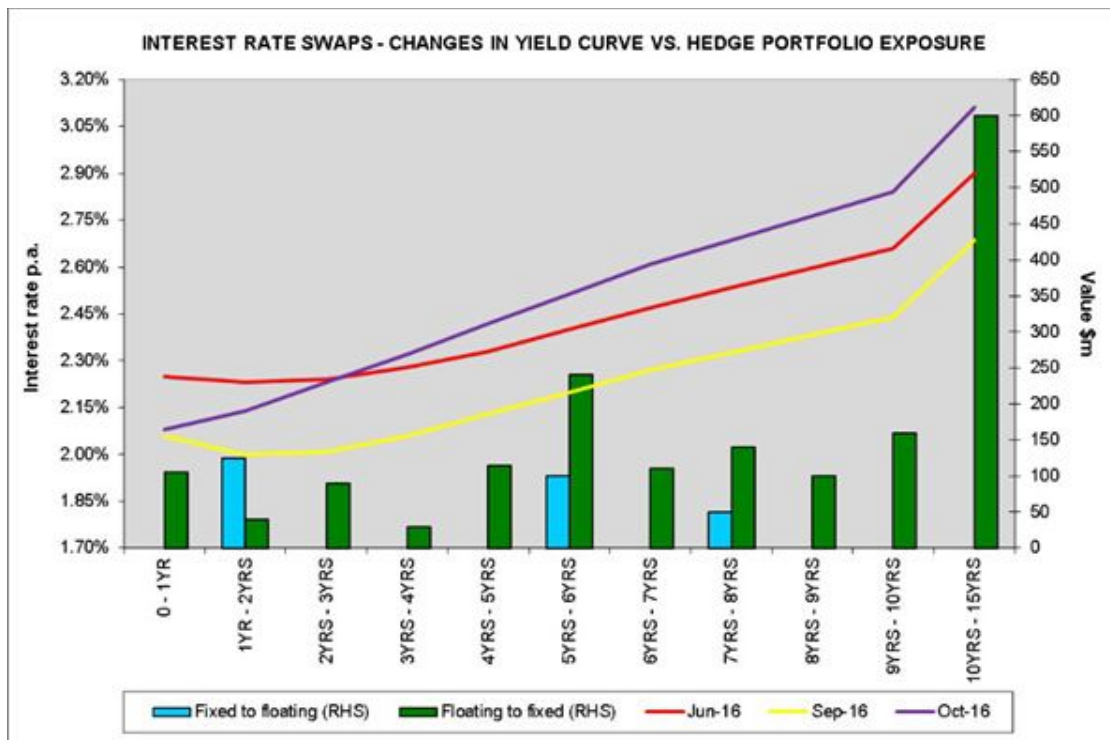
### Restrictions

There were no new water restrictions during the month of October. Two of the existing restrictions were removed during the month. The table below summarizes the restrictions carried out by Watercare Services Limited.

Restriction Summary Year-ending	Commercial		Residential		Total	
	Restriction	De-restriction	Restriction	De-restriction	Restriction	De-restriction
30-Jun-12	1		5		6	0
30-Jun-13	13	11	6	4	19	15
30-Jun-14	20	20	17	14	37	34
30-Jun-15	31	30	53	39	84	69
30-Jun-16	8	9	16	17	24	26
(YTD) 30-Jun-17	4	2	1	5	5	7
<b>Total</b>	<b>77</b>	<b>72</b>	<b>98</b>	<b>79</b>	<b>175</b>	<b>151</b>
<b>Restrictions currently</b>	<b>5</b>		<b>19</b>		<b>24</b>	

**The following restrictions remain in place:**

- Four residential restrictions remain in place on vacant properties. Communications are ongoing with these customers and if the properties are tenanted in future, a resolution will be required.
- A further 15 residential restrictions remain in place on occupied properties and communication continues with these customers.
- Five commercial properties remain restricted at the end of October and communication continues with these customers.

**Treasury**

Watercare remained in breach of its Treasury Policy upper limit for fixed interest rate risk as at the end of October, although the size of the breach is insignificant relative to forecast debt (peaking at \$8m in October 2017 on forecast debt of \$1,683m). Management's strategy is to take no further action and let the situation self-rectify, which is expected to occur in December.

Interest Analysis Smillion	Current Month			Year to date			Full Year		
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var
Interest as per Statement of Financial Performance	6.7	7.0	0.3	27.1	27.4	0.2	81.8	80.7	(1.1)
Capitalised Interest	0.7	0.9	0.2	2.9	3.5	0.7	10.3	12.2	1.9
Gross Interest	7.4	7.8	0.4	30.0	30.9	0.9	92.1	92.9	0.8
Less Interest Income	0.0	-	(0.0)	0.0	-	(0.0)	0.0	-	(0.0)
<b>Net Interest</b>	<b>7.4</b>	<b>7.8</b>	<b>0.4</b>	<b>30.0</b>	<b>30.9</b>	<b>0.9</b>	<b>92.1</b>	<b>92.9</b>	<b>0.8</b>

For the month gross interest is favourable to budget by \$0.4m and capitalised interest is lower by \$0.2m resulting in interest charged to the Statement of Financial Performance being favourable to budget. Capitalised Interest has been reforecast for the year at \$1.9m unfavourable to budget due to lower interest rates.

### Capital Expenditure

Summary Capital Expenditure (Millions)	Oct-16			Year to Date			Full Year			
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var	Prior Month Forecast
Wastewater Projects										
Strategy & Planning	0.1	0.9	0.8	0.7	2.2	1.4	6.4	13.9	7.5	10.6
Infrastructure Delivery (excl Labs/MS)	14.4	17.3	2.9	61.5	61.0	(0.5)	179.5	179.4	(0.1)	181.6
Water Projects										
Strategy & Planning	0.3	0.5	0.2	0.7	1.7	1.1	3.9	8.5	4.6	6.9
Infrastructure Delivery (excl Labs/MS)	1.9	2.4	0.6	14.8	15.1	0.2	28.7	31.3	2.6	31.3
Service Delivery	4.6	5.5	0.8	16.6	20.4	3.9	58.7	63.9	5.2	62.4
Retail	0.9	0.9	0.0	3.4	5.1	1.7	12.7	12.6	(0.2)	9.1
Information Services	0.4	0.7	0.3	0.6	3.3	2.6	3.8	6.8	3.1	4.6
Other Projects	0.8	1.5	0.7	3.1	5.6	2.5	10.6	12.4	1.8	13.9
<b>TOTAL</b>	<b>23.4</b>	<b>29.8</b>	<b>6.3</b>	<b>101.4</b>	<b>114.4</b>	<b>12.9</b>	<b>304.4</b>	<b>328.8</b>	<b>24.4</b>	<b>320.3</b>
Includes Capitalised Interest of:										
Water Projects Capitalised Interest	0.1	0.2	0.1	0.7	1.0	0.3	1.9	2.7	0.8	2.7
Wastewater Projects Capitalised Interest	0.6	0.7	0.1	2.1	2.5	0.4	8.4	9.6	1.2	8.1
<b>Total Capitalised Interest</b>	<b>0.7</b>	<b>0.9</b>	<b>0.2</b>	<b>2.9</b>	<b>3.5</b>	<b>0.7</b>	<b>10.3</b>	<b>12.2</b>	<b>1.9</b>	<b>10.8</b>

Capital expenditure for the month was \$23.4m against a budget of \$29.8m. The full year forecast expenditure at \$304.4m is \$24.4 below budget primarily due to projects being deferred or delayed.

### 8. BOARD CORRESPONDENCE

There was no correspondence during the month.

### 9. EXECUTION OF DOCUMENTS

There were 4 documents executed during October in accordance with the delegated authority provided to the Chief Executive by the Board for deeds, instruments and other documents.

These included one approval to dispose of surplus land, and three creation of water supply easements in favour of Watercare.

There were no Capex approvals signed in accordance with the delegated authority provided to the Chief Executive by the Board in relation to Capex approvals below a threshold of \$15m.

There were two contracts over \$100,000 awarded during October in accordance with the delegated authority provided to the Chief Executive by the Board in relation to Capex and Opex contract approvals.

## 10. COMMUNICATIONS

### Media summary

The October edition of Local Government Magazine featured a three-page feature on how Watercare engages stakeholders during the planning and construction of capital projects in order to achieve a smooth delivery and informed communities. The article highlighted the magnitude of Watercare's investment in Auckland as well as the scale of the projects.

The New Zealand Herald requested information on Watercare's ability to service growth in the suburbs of Grey Lynn and Arch Hill. This was in response to a customer complaining of a drop in water pressure as a result of local residential and commercial intensification. The investigation discovered the customer had a private leak that was affecting the pressure. The subsequent article focused on the ability of infrastructure providers to cope with intensification across Auckland. While Vector and Auckland Transport's ability was called in to question, the article noted that Watercare has no capacity issues.

The Chief Executive was interviewed by Duncan Pardon, editor of the Pohutukawa Coast Times, on how Watercare will support growth in the Pohutukawa Coast area. The Chief Executive said the challenge is knowing how much growth will occur in the area as that will affect decision making: for example, will Watercare upgrade the local wastewater treatment plant to accommodate another 6,000 people or connect Beachlands-Maraetai to the Mangere Wastewater Treatment Plant. With regards to water supply, the Chief Executive said the coast community needs to drive the debate.

In mid-October, Watercare were named by the New Zealand Herald as one of thirty companies committed to having at least 30 per cent of their replacement fleet being electric vehicles by 2019.

### Customer communications

The table below outlines the indicative customer communications programme. This programme is dynamic and will be adapted as appropriate to align to the strategic priorities and respond to current issues/areas of interest.

Month	Activity	Status
October	Domestic customers received a bill insert on the Watercare Coastal Walkway.	Complete
November	Mid-November to mid-December: Domestic and non-domestic customers will receive the summer issue of Tapped In. The primary focus will be on how we treat Auckland's drinking water to a high standard.	Currently under design

	Adverts on plumbosolvency will run in the suburban newspapers and in Auckland Council's Our Auckland publication. This is a MoH requirement. Further information on plumbosolvency will be made available on the website.	Booked
December	Domestic customers will receive a bill insert on how to correctly dispose of fats, oils and grease during the holidays.	Planned
January	Domestic customers will receive a bill insert on our support of Round the Bays.	Planned
February	Domestic and non-domestic customers will receive a bill insert on a new payment channel called PushPay.  Residents in Franklin will receive a Franklin Matters newsletter about Watercare's investment in the area as well as the I&I investigations.	Planned

### Stakeholder communications

#### Complete:

- Wellsford Wastewater Treatment Plant discharge consent
  - Public newsletter was distributed
  - Public open day was held on 12 October.
- Mangere Wastewater Treatment Plant BNR project
  - Mark ford Drive was opened to the public.
- Pukekohe Wastewater Upgrades
  - The third newsletter was sent out following the submission of the consent application to Waikato Regional Council.
- Franklin Road wastewater network upgrade
  - Community Liaison Group meetings are ongoing
  - A notice board featuring project updates will be erected this week in New World, Freemans Bay.
- Glen Eden wastewater storage tank
  - Very few community issues in response to traffic management.

- Contractor stakeholder team working well – includes weekly project meeting with Watercare.
- Hunua 4 watermain project
  - Watercare will work with the contractor stakeholder team to review feedback and look for opportunities for improvement.
  - Section 10 stakeholder work now complete.
- Fred Thomas Drive pump station
  - Some issues around the establishment of the Esmonde Road worksite mainly around the temporary removal of the cycle lane. All issues addressed with the community and more robust processes put into place for the future.
- Wynyard Quarter
  - The rising main project along Halsey Street has been restarted. Consultation with directly affected stakeholders has begun and a flyer drafted.
- Bike Auckland
  - Initial introduction meeting carried out with the Bike Auckland group to better disseminate project information where cycle lanes will be affected. This has the potential to be a productive relationship for both parties.

#### Underway or coming up:

- Public tours of Rosedale and Ardmore treatment plants are scheduled for 19 and 26 November respectively.
- Ponsonby Reservoir Upgrade – Works proposed to start immediately after Christmas – letters to be sent to affected residents and businesses.
- Mt Hobson Water Upgrade – works due to start Dec 2016. Project communications to be shared.
- Network Discharge consent – engagement with local boards and key stakeholders planned.

#### **Internal communications**

##### Completed:

- Since the launch of the new intranet on 25 May, 70 stories and 38 leadership blogs have been added to OurPlace. Staff are continuing to engage with the new medium by adding comments to stories and blogs, and participating in discussions in the community space.
- E3 – the new performance conversations software – has been launched to staff.

##### Underway:



- Communications planning for the rollout of Microsoft Office 365 and Mitel telephony is underway.
- Communications planning for an 'Energy Efficiency week' for the end of November is underway.

## 11. WORKING WITH LOCAL BOARDS

Following the 2016 local body elections, local board turnover was 38 per cent which includes 41 (out of 149) members who did not stand. The Waitākere Ranges is the only unchanged board. The boards with the most change were Rodney (turnover of 75 per cent) and Hibiscus and Bays, Manurewa, Maungakiekie-Tāmaki, Ōrākei and Waitemātā all with turnover of 50 per cent. All five new Councillors are former local board members, - Efeso Collins, Greg Sayers, Desley Simpson, Richard Hills, and first term local board chair Daniel Newman. Cameron Brewer and George Wood, previous Councillors, have become local board members this term. Two local board members, Allison Roe and George Hawkins, have changed boards.

The local board members formally take up their positions after the inauguration ceremonies which run from 26 October to 3 November.

Over the past month Watercare has continued to liaise with local board services staff and members, including some of the newly elected members who have begun advocating for local issues such as Wellsford's future water supply. When confirmed, the new local board chairs will be sent a letter of introduction from Watercare, including the Local Board engagement plan, annual report and general information on the company.

A full schedule of local board interactions over the month is attached as Appendix D.



R Jaduram

**CHIEF EXECUTIVE**

**WATERCARE SERVICES LIMITED****Oct-16****4****Key Financial Indicators**

<b>Financial performance</b>	<b>YTD</b>	<b>Page Ref</b>
Total Revenue	●	A1
Operating Costs	●	A1
Interest expense	●	A1
Depreciation	●	A1
Net Contribution	●	A1
<b>Financial position</b>		
Net Borrowings	●	A4
<b>Cashflow</b>		
Operating cashflow	●	A2
Investing cashflow	●	A2
<b>Treasury policy</b>	<b>Compliance</b>	<b>Page Ref</b>
Committed facilities (liquidity risk)	●	A5
Fixed interest rate risk	●	A5
Credit risk	●	A6
Funding risk	●	A6, A7
Foreign exchange risk	●	A7

**Key to Financial performance, Financial position and cashflow measures**

Favourable variance - actual result on or above budget for total revenue, net contribution, operating cash flow and actual result below budget for operating expenses, interest, depreciation, net borrowings and operating and investing cash flow



Unfavourable variance - actual result below budget for total revenue, net contribution, operating cash flow and actual result above budget for operating expenses, interest, depreciation, net borrowings and operating and investing cash flow



**Net borrowings** - net debt is \$6.7m above budget due to an opening difference in the forecast June balance sheet debt against the actual June balance (actual was \$15.3m higher than forecast). Normalised for the opening balance differences net debt is \$8.6m under budget.



**Operating cashflow** - operating cash flow is below budget due to the timing of payment runs compared to budget.

**Key to Treasury policy compliance**

Full compliance



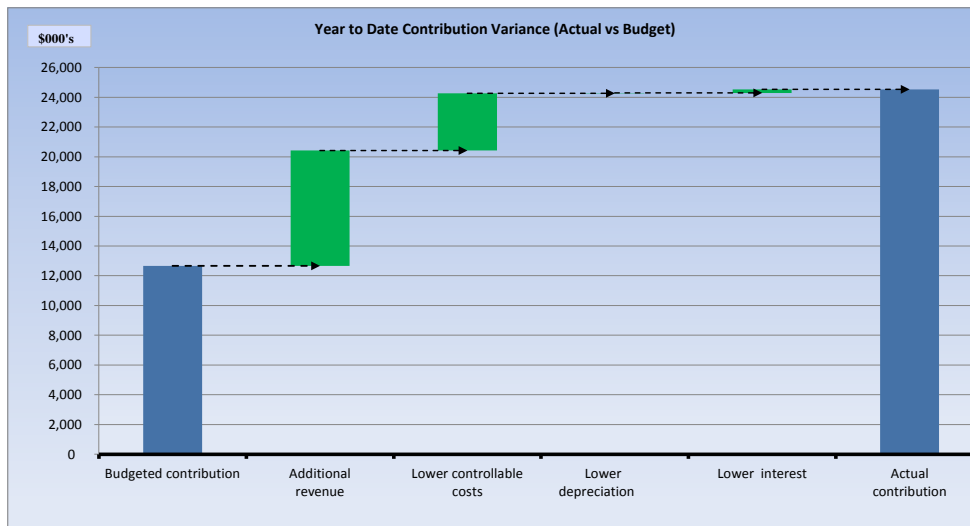
The downward revision to forecast debt increases has seen a consequential proportional decrease in the Treasury Policy fixed interest limits. As the fixed interest rate hedging profile was built up when forecast debt was much higher, this has caused the profile to exceed the Treasury Policy upper limit for fixed interest rate risk between one and three years.

The size of the breach is relatively small when compared to total forecast debt (peaking at \$8 million on \$1,683 million of debt). Actions have been taken to bring Watercare's fixed rate profile closer to the upper policy limit. The out of policy limit is expected to rectify in December 2016, as the policy limit time buckets 'shift right'. Bancorp Treasury Services concurs with this approach.

<b>WATERCARE SERVICES LIMITED</b>												<b>Oct-16</b>
<b>STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE</b>												<b>(\$000's)</b>
	Current Month				Year to Date				Full Year			
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result	Forecast	Budget	Variance	Result
Wastewater revenue	26,286	26,217	69	✓	102,959	102,959	(0)	✗	316,009	316,025	(16)	✗
Water revenue	12,307	12,100	207	✓	48,333	47,363	971	✓	147,682	147,682	-	↔
Infrastructure growth charge revenue	5,592	5,562	30	✓	25,271	23,010	2,261	✓	70,282	70,282	-	↔
Other revenue	1,686	1,777	(91)	✗	9,004	7,492	1,512	✓	26,761	24,543	2,217	✓
<b>Revenue from exchange transactions</b>	<b>45,871</b>	<b>45,656</b>	<b>215</b>	<b>✓</b>	<b>185,567</b>	<b>180,823</b>	<b>4,744</b>	<b>✓</b>	<b>560,734</b>	<b>558,533</b>	<b>2,201</b>	<b>✓</b>
Vested assets revenue	3,957	1,667	2,290	✓	9,675	6,667	3,009	✓	23,008	20,000	3,008	✓
Revenue from non-exchange transactions	3,957	1,667	2,290	✓	9,675	6,667	3,009	✓	23,008	20,000	3,008	✓
<b>Total revenue</b>	<b>49,828</b>	<b>47,323</b>	<b>2,505</b>	<b>✓</b>	<b>195,242</b>	<b>187,490</b>	<b>7,752</b>	<b>✓</b>	<b>583,743</b>	<b>578,533</b>	<b>5,209</b>	<b>✓</b>
Labour	6,472	6,575	103	✓	26,147	26,165	17	✓	81,185	81,489	304	✓
Contract labour	185	215	30	✓	799	1,060	261	✓	2,647	2,717	71	✓
Oncosts	285	298	13	✓	697	1,175	478	✓	3,174	3,653	478	✓
Labour recoveries	(2,669)	(3,131)	(462)	✗	(11,285)	(12,695)	(1,410)	✗	(37,902)	(39,186)	(1,284)	✗
Net labour	4,274	3,958	(315)	✗	16,359	15,705	(654)	✗	49,104	48,673	(431)	✗
Materials & cost of sales	188	190	2	✓	656	723	67	✓	2,165	2,196	31	✓
Planned maintenance	1,287	1,523	236	✓	5,415	5,883	468	✓	17,209	17,348	139	✓
Unplanned maintenance	2,271	2,697	426	✓	11,113	10,583	(530)	✗	30,917	31,505	588	✓
Asset operating costs - chemicals	864	890	26	✓	3,300	3,528	228	✓	10,471	11,202	730	✓
Asset operating costs - energy	1,297	1,334	38	✓	5,917	6,083	166	✓	17,088	18,175	1,087	✓
Operating costs - other	2,871	3,591	720	✓	11,422	14,357	2,936	✓	40,365	42,015	1,650	✓
Depreciation and amortisation	19,077	19,088	11	✓	75,478	75,507	29	✓	227,845	226,852	(994)	✗
Asset operating costs	27,668	29,124	1,456	✓	112,644	115,941	3,297	✓	343,895	347,096	3,201	✓
Communications	203	180	(23)	✗	648	722	74	✓	1,966	2,082	116	✓
Professional services	1,338	1,190	(148)	✗	4,224	4,506	282	✓	11,623	12,992	1,369	✓
Interest	6,724	6,984	260	✓	27,127	27,364	238	✓	81,800	80,663	(1,138)	✗
General overheads	2,279	2,522	243	✓	9,054	9,862	808	✓	28,515	29,311	796	✓
Overheads	10,543	10,876	333	✓	41,052	42,454	1,402	✓	123,904	125,048	1,144	✓
<b>Total expenses</b>	<b>42,673</b>	<b>44,148</b>	<b>1,475</b>	<b>✓</b>	<b>170,711</b>	<b>174,823</b>	<b>4,113</b>	<b>✓</b>	<b>519,068</b>	<b>523,013</b>	<b>3,945</b>	<b>✓</b>
<b>Total contribution/(loss)</b>	<b>7,155</b>	<b>3,175</b>	<b>3,981</b>	<b>✓</b>	<b>24,531</b>	<b>12,667</b>	<b>11,865</b>	<b>✓</b>	<b>64,675</b>	<b>55,520</b>	<b>9,155</b>	<b>✓</b>
Gain/loss on disposal of fixed assets and other costs	467	636	169	✓	2,773	2,545	(228)	✗	8,397	8,000	(397)	✗
Gain/loss on revaluation of financial instruments	(47,956)	-	47,956	✓	(24,940)	-	24,940	✓	(24,940)	-	24,940	✓
Non operating (costs)/revenue	(47,489)	636	48,126	✓	(22,167)	2,545	24,712	✓	(16,543)	8,000	24,543	✓
Net surplus/(deficit) before tax	54,645	2,539	52,106	✓	46,699	10,122	36,577	✓	81,218	47,520	33,698	✓
Income Tax Expense/(benefit)	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	14,706	660	(14,046)	✗	16,451	5,165	(11,286)	✗	32,775	21,698	11,077	✓
Net surplus/(deficit) after tax	39,939	1,879	38,060	✓	30,247	4,956	25,291	✓	48,443	25,822	22,621	✓

**Key: Financial performance result**

- ✓ Favourable variance - actual income on or above budget and actual expenditure on or below budget
- ✗ Unfavourable variance - actual income below budget and actual expenditure above budget

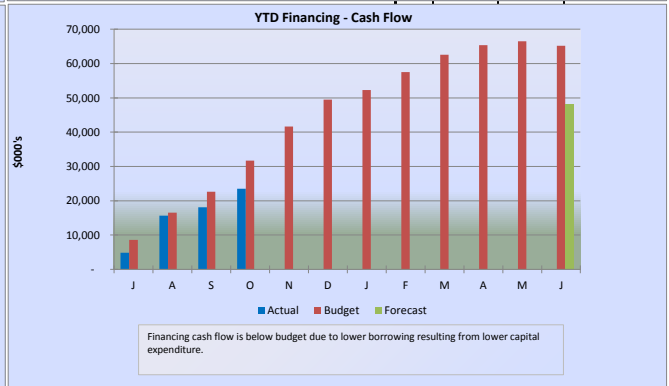
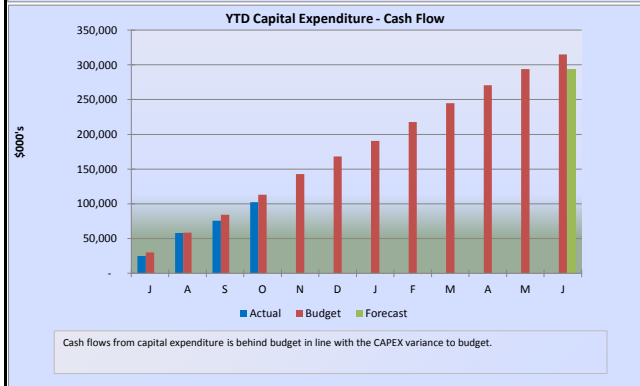
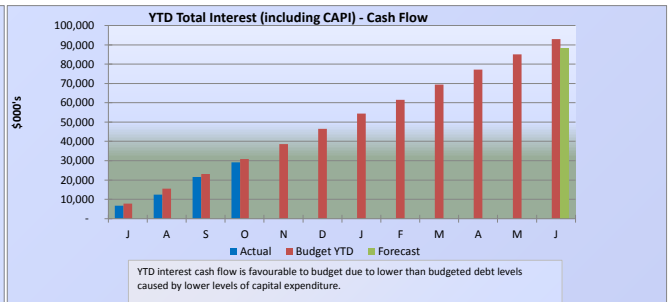
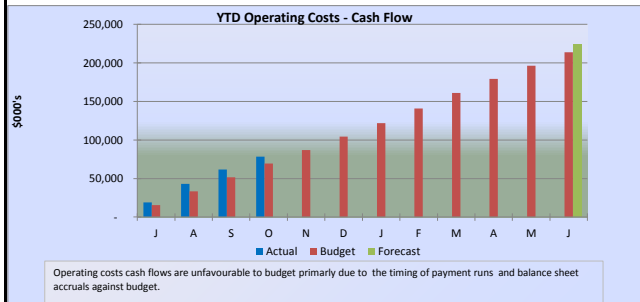
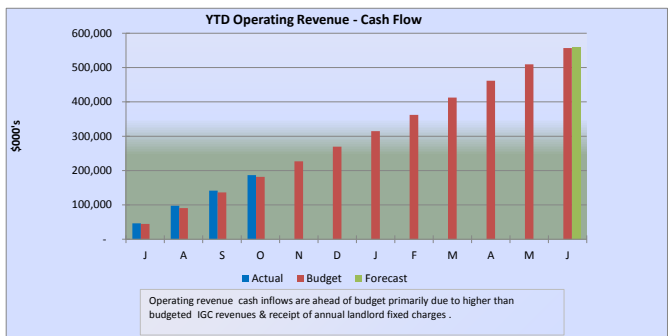


**WATERCARE SERVICES LIMITED**  
**STATEMENT OF CASH FLOWS** Oct-16  
(\$000's)

NZ \$000s	Current Month				Year To Date				Full Year			
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result	Forecast	Budget	Variance	Result
<b>Operating Cash flow:</b>												
Operating Revenue	44,962	45,268	(306)	*	186,606	181,728	4,878	✓	558,146	556,737	1,409	✓
Operating Costs	(16,511)	(17,877)	1,366	✓	(78,244)	(69,581)	(8,663)	*	(223,440)	(213,925)	(9,515)	*
Interest Paid	(6,911)	(6,984)	72	✓	(26,331)	(27,364)	1,033	✓	(77,564)	(80,663)	3,099	✓
<b>OPERATING CASH FLOW</b>	<b>21,540</b>	<b>20,407</b>	<b>1,133</b>	<b>✓</b>	<b>82,031</b>	<b>84,783</b>	<b>(2,752)</b>	<b>*</b>	<b>257,143</b>	<b>262,149</b>	<b>(5,006)</b>	<b>*</b>
<b>Investing Cash flow:</b>												
Capital Expenditure	(26,861)	(28,631)	1,770	✓	(102,342)	(112,921)	10,579	✓	(293,994)	(315,057)	21,063	✓
Capitalised Interest	(685)	(852)	167	✓	(2,872)	(3,538)	666	✓	(10,628)	(12,243)	1,615	✓
<b>INVESTING CASH FLOW</b>	<b>(27,546)</b>	<b>(29,483)</b>	<b>1,937</b>	<b>✓</b>	<b>(105,214)</b>	<b>(116,459)</b>	<b>11,245</b>	<b>✓</b>	<b>(304,622)</b>	<b>(327,300)</b>	<b>22,678</b>	<b>✓</b>
<b>Financing Cash flow:</b>												
Bonds/Term Debt Issued/(Repaid)	(150,000)	(150,000)	-	✓	(150,000)	(150,000)	-	✓	(150,000)	(150,000)	-	✓
Short Term Advances/(Repaid)	25,500	25,500	-	✓	9,000	9,000	-	✓	9,000	9,000	-	✓
Commercial Paper Issued/(Repaid)	(19,866)	(19,866)	-	✓	(9,838)	(9,838)	-	✓	(9,838)	(9,838)	-	✓
Auckland Council Borrowings/(Repaid)	149,842	153,442	(3,600)	✓	174,367	182,514	(8,147)	✓	198,902	215,989	(17,087)	✓
<b>FINANCING CASH FLOW</b>	<b>5,476</b>	<b>9,076</b>	<b>(3,600)</b>	<b>✓</b>	<b>23,529</b>	<b>31,676</b>	<b>(8,147)</b>	<b>✓</b>	<b>48,064</b>	<b>65,151</b>	<b>(17,087)</b>	<b>✓</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(530)</b>	<b>-</b>	<b>(530)</b>	<b>*</b>	<b>346</b>	<b>-</b>	<b>346</b>	<b>✓</b>	<b>585</b>	<b>-</b>	<b>585</b>	<b>✓</b>
Opening Cash Balance/(Overdraft)	291	-	291	✓	(584)	-	(584)	*	(584)	-	(584)	*
<b>Ending Cash Balance/(Overdraft)</b>	<b>(239)</b>	<b>-</b>	<b>(239)</b>	<b>*</b>	<b>(239)</b>	<b>-</b>	<b>(239)</b>	<b>*</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>✓</b>

**Key: Financial performance result**  
 ✓ Favourable variance - actual income above budget or actual expenditure below budget  
 \* Unfavourable variance - actual income below budget or actual expenditure above budget

Reconciliation Operating Cashflow (\$000's)					
	Current Month		Year To Date		
	Actual	Budget	Actual	Budget	Variance
Net Surplus (Deficit) After Tax	39,939	1,879	30,247	4,956	25,291
Add back non cash items:					
Depreciation and amortisation	19,077	19,088	75,478	75,507	(29)
Financial instruments revaluation	(47,956)	-	(24,940)	-	(24,940)
Vested assets revenue	(3,910)	(1,667)	(9,553)	(6,667)	(2,886)
Other non-operating exp/(inc)	467	636	2,583	2,545	38
Income Tax Expense/(Benefit)	14,706	660	16,451	5,165	11,286
Movements in Working Capital	(783)	(189)	(8,235)	3,276	(11,511)
<b>OPERATING CASH FLOW</b>	<b>21,540</b>	<b>20,407</b>	<b>82,031</b>	<b>84,783</b>	<b>(2,752)</b>

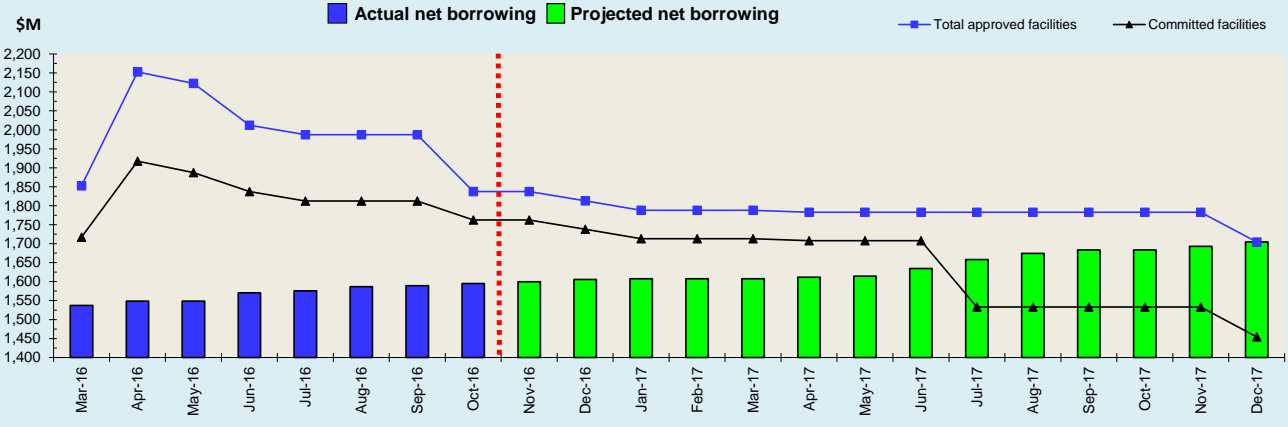


		<b>WATERCARE SERVICES LIMITED</b>					<b>Oct-16</b>	
		<b>STATEMENT OF FINANCIAL POSITION</b>					<b>(\$000's)</b>	
<b>June 2016 Actual</b>	<b>September 2016 Actual</b>		<b>October</b>			<b>June 2017</b>		
			<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Forecast</b>	<b>Budget</b>	<b>Variance</b>
		<b>Current assets</b>						
-	291	Cash and cash equivalents	-	-	-	-	-	-
47,137	47,848	Trade and other receivables from exchange transactions	46,700	46,000	700	51,169	49,500	1,669
20,871	21,226	Unbilled revenue accrual	22,309	20,620	1,690	21,467	19,822	1,645
3,332	3,750	Prepaid expenses	4,152	2,617	1,535	3,072	3,414	(342)
5,895	8,131	Inventories	8,684	5,736	2,948	8,684	5,818	2,866
3,206	3,154	Derivative financial instruments	5,010	3,793	1,216	5,010	3,793	1,216
<b>80,440</b>	<b>84,400</b>	<b>Total current assets</b>	<b>86,855</b>	<b>78,765</b>	<b>8,090</b>	<b>89,401</b>	<b>82,347</b>	<b>7,054</b>
		<b>Non-current assets</b>						
8,430,699	8,580,203	Property, plant and equipment	8,629,568	8,561,917	67,651	8,820,196	8,827,174	(6,977)
454,247	384,633	Construction/work-in-progress	362,707	445,742	(83,035)	383,031	455,852	(72,820)
(230,843)	(283,879)	Provision for depreciation	(302,720)	(308,650)	5,930	(450,072)	(60,603)	(389,468)
<b>8,654,103</b>	<b>8,680,957</b>	<b>Total property, plant and equipment</b>	<b>8,689,554</b>	<b>8,699,009</b>	<b>(9,454)</b>	<b>8,753,156</b>	<b>9,222,422</b>	<b>(469,265)</b>
42,714	40,932	Intangible assets	40,343	44,298	(3,955)	40,927	44,659	(3,732)
23,244	23,617	Prepaid expenses	23,095	23,245	(150)	22,799	23,245	(446)
4,373	4,045	Inventories	4,125	4,356	(231)	4,125	4,356	(231)
15,138	16,038	Derivative financial instruments	11,354	12,590	(1,236)	11,354	12,590	(1,236)
<b>8,739,572</b>	<b>8,765,589</b>	<b>Total non-current assets</b>	<b>8,768,471</b>	<b>8,783,498</b>	<b>(15,027)</b>	<b>8,832,360</b>	<b>9,307,272</b>	<b>(474,910)</b>
<b>8,820,012</b>	<b>8,849,989</b>	<b>Total assets</b>	<b>8,855,326</b>	<b>8,862,263</b>	<b>(6,937)</b>	<b>8,921,761</b>	<b>9,389,619</b>	<b>(467,856)</b>
		<b>Current liabilities</b>						
582	-	Bank Overdraft	239	-	239	-	-	-
149,067	159,095	Commercial paper	139,229	149,071	(9,842)	139,229	149,071	(9,842)
-	281	Bonds	282	279	3	282	279	3
150,000	150,000	Term loan	-	-	-	-	-	-
81,883	56,998	Auckland council loan	107,129	57,013	50,116	107,129	57,013	50,116
<b>381,532</b>	<b>366,374</b>	<b>Total debt current</b>	<b>246,879</b>	<b>206,363</b>	<b>40,516</b>	<b>246,640</b>	<b>206,363</b>	<b>40,277</b>
17,047	17,341	Trade and other payables for exchange transactions	16,671	16,799	(128)	20,815	20,398	421
10,614	12,734	Interest accrued	11,433	11,255	178	7,118	11,337	(4,219)
52,582	46,371	Other accrued expenses	44,252	59,747	(15,495)	52,582	59,747	(7,165)
8,314	8,276	Provision for staff benefits	8,303	7,463	840	8,303	7,463	840
906	906	Other provisions	906	545	361	906	545	361
33,276	34,817	Derivative financial instruments	34,971	31,189	3,783	34,971	31,189	3,783
<b>504,271</b>	<b>486,819</b>	<b>Total current liabilities</b>	<b>363,415</b>	<b>333,360</b>	<b>30,055</b>	<b>371,335</b>	<b>337,042</b>	<b>34,298</b>
		<b>Non-current liabilities</b>						
75,000	75,000	Bonds (26/10/18)	75,000	75,000	-	75,000	75,000	-
50,389	50,317	Bonds (26/10/18)	50,297	50,297	-	50,297	50,297	-
19,000	2,500	Bank revolving credit facility	28,000	28,000	-	28,000	68	27,932
1,051,816	1,100,949	Auckland council loan	1,200,660	1,234,451	(33,791)	1,225,035	1,295,859	(70,824)
<b>1,196,205</b>	<b>1,228,766</b>	<b>Total debt non-current</b>	<b>1,353,957</b>	<b>1,387,748</b>	<b>(33,791)</b>	<b>1,378,332</b>	<b>1,421,224</b>	<b>(42,892)</b>
14,301	14,742	Other accrued expenses	14,586	18,165	(3,579)	14,205	18,165	(3,960)
3,470	3,520	Other Provisions	3,520	3,520	-	3,520	3,520	-
1,291	1,291	Provision for staff benefits	1,291	1,532	(241)	1,291	1,532	(241)
268,697	291,020	Derivative financial instruments	240,082	237,552	2,529	240,082	237,552	2,529
998,200	999,946	Deferred tax liability	1,014,652	1,012,972	1,680	1,030,976	1,156,289	(125,313)
<b>2,482,165</b>	<b>2,539,285</b>	<b>Total non-current liabilities</b>	<b>2,628,087</b>	<b>2,661,489</b>	<b>(33,402)</b>	<b>2,668,405</b>	<b>2,838,282</b>	<b>(169,877)</b>
<b>2,986,436</b>	<b>3,026,104</b>	<b>Total liabilities</b>	<b>2,991,502</b>	<b>2,994,849</b>	<b>(3,347)</b>	<b>3,039,741</b>	<b>3,175,324</b>	<b>(135,579)</b>
		<b>Equity</b>						
260,693	260,693	Issued capital	260,693	260,693	-	260,693	260,693	-
1,839,927	1,839,331	Revaluation reserve	1,839,433	1,851,332	(11,899)	1,839,433	2,177,348	(337,915)
3,800,122	3,733,553	Retained earnings	3,733,451	3,750,433	(16,982)	3,733,451	3,750,433	(16,982)
(67,166)	(9,692)	Current year earnings after tax	30,247	4,956	25,291	48,443	25,822	22,621
<b>5,833,576</b>	<b>5,823,885</b>	<b>Total equity</b>	<b>5,863,824</b>	<b>5,867,414</b>	<b>(3,590)</b>	<b>5,882,020</b>	<b>6,214,296</b>	<b>(332,276)</b>
<b>8,820,012</b>	<b>8,849,989</b>	<b>Total equity and liabilities</b>	<b>8,855,326</b>	<b>8,862,263</b>	<b>(6,937)</b>	<b>8,921,761</b>	<b>9,389,619</b>	<b>(467,856)</b>

**TREASURY RISKS AND INTEREST RATE PERFORMANCE**

**Oct-16**

**4**



**Interest rates**

	Actual YTD	Benchmark YTD	Year end forecast
Weighted averages (excl. fees and margins)	4.79%	4.17%	4.79%
Weighted averages (incl. fees and margins)	5.81%	N/A	5.81%

**Committed facilities**

- BNZ CP Standby facility	\$175 million
- Westpac Revolving Credit facility	\$60 million
- Medium term notes	\$125 million
- Auckland Council	\$1,403 million
<b>Total committed facilities as at 31 October</b>	<b>\$1,763 million</b>

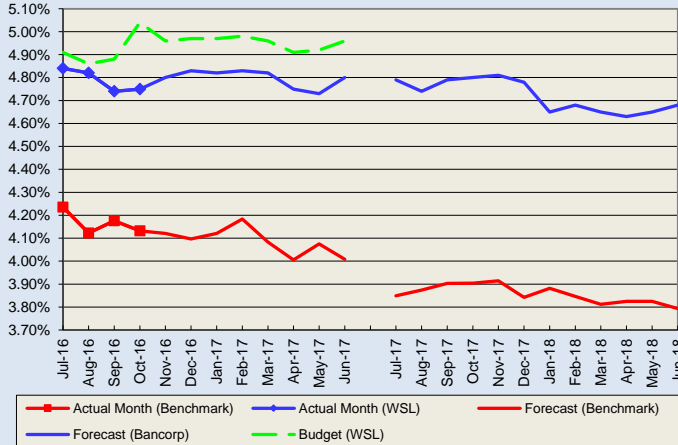
**Debt (\$m)**

	Actual	Budget	Variance
Short-term borrowings	246.6	206.4	40.2
Long-term borrowings	1,354.0	1,387.7	(33.7)
<b>Total gross debt</b>	<b>1,600.6</b>	<b>1,594.1</b>	<b>6.5</b>
Bank overdraft / (cash & deposits)	0.2	-	0.2
<b>Total net borrowing</b>	<b>1,600.8</b>	<b>1,594.1</b>	<b>6.7</b>

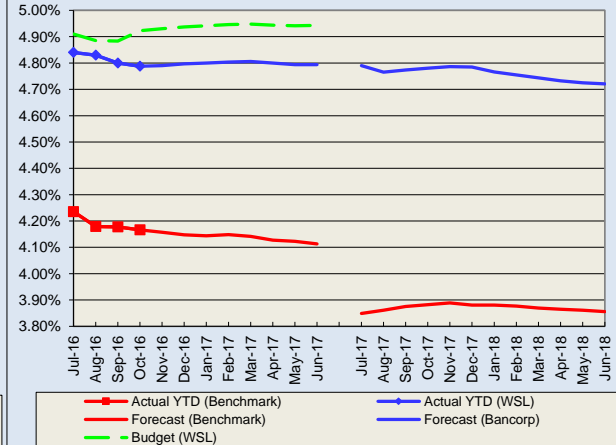
**Additional approved facilities**

- Approved CP issuance, over and above CP Standby facility	\$75 million
<b>Total approved facilities as at 31 October</b>	<b>\$1,838 million</b>

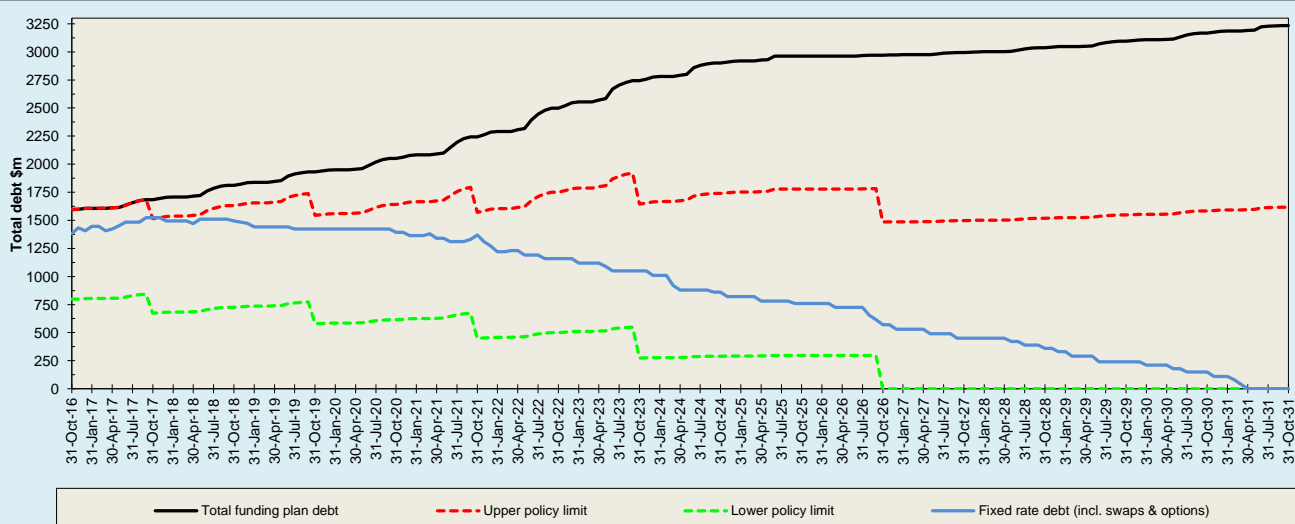
**Monthly interest rate performance**



**Year to date interest rate performance**



**Forecast total debt profile**



COUNTERPARTY EXPOSURES, DEBT CONCENTRATION & COVENANT COMPLIANCE						Oct-16		
<b>Counterparty exposures</b>		<b>S&amp;P credit rating Short / long term</b>	<b>Face value \$000</b>	<b>Credit exposures \$000</b>	<b>Limit \$000</b>	<b>Limit OK / exceeded</b>		
<b>Obligations of registered banks</b>								
ANZ Bank	A1+ / AA-	620,000	923	100,000	Limit OK	✓		
Bank of New Zealand	A1+ / AA-	655,367	18,906	100,000	Limit OK	✓		
Commonwealth Bank of Australia	A1+ / AA-	90,000	826	100,000	Limit OK	✓		
Kiwibank	A1 / A+	75,000	1,485	75,000	Limit OK	✓		
Westpac Institutional Bank	A1+ / AA-	565,000	0	100,000	Limit OK	✓		
		<b>2,005,367</b>	<b>22,140</b>					
<i>Note: Credit exposures are the aggregate of direct exposures, 10% of the 'face' value of forward foreign exchange contracts, 15% of the 'face' value of electricity hedging contracts, and the sum of the MTM value of interest rate derivative contracts plus a 3% 'risk' factor (if this produces a positive value).</i>								
<b>Debt concentration \$000</b>								
<b>Committed debt facilities</b>	<b>Maturity</b>	<b>0-12 months</b>	<b>12-24 months</b>	<b>24-36 months</b>	<b>36-48 months</b>	<b>48-60 months</b>	<b>&gt; 60 months</b>	<b>Total</b>
BNZ CP Standby facility	1/07/17	175,000						175,000
Westpac Revolving Credit facility	30/11/18			60,000				60,000
Medium-term notes	26/10/18		125,000					125,000
Auckland Council	Various	104,668	78,368	82,243	200,000	132,243	805,000	1,402,522
<b>Total committed debt facilities</b>		<b>279,668</b>	<b>203,368</b>	<b>142,243</b>	<b>200,000</b>	<b>132,243</b>	<b>805,000</b>	<b>1,762,522</b>
<b>Treasury policy - total committed debt facilities</b>		<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>		
Treasury policy compliance		✓	✓	✓	✓	✓		
Approved CP issuance, over and above CP Standby							75,000	75,000
<b>Total committed and approved debt facilities</b>		<b>279,668</b>	<b>203,368</b>	<b>142,243</b>	<b>200,000</b>	<b>132,243</b>	<b>880,000</b>	<b>1,837,522</b>
<b>Drawn bank facilities</b>	<b>Maturity</b>	<b>0-6 months</b>	<b>6-12 months</b>	<b>12-18 months</b>	<b>18-24 months</b>	<b>24-30 months</b>	<b>&gt; 30 months</b>	<b>Total</b>
BNZ CP Standby facility (\$175m)	1/07/17							0
Westpac Revolving Credit facility (\$60m)	30/11/18					28,000		28,000
<b>Treasury policy for drawn bank facilities</b>		<b>&lt;= 250,000</b>	<b>&lt;= 250,000</b>	<b>&lt;= 250,000</b>	<b>&lt;= 250,000</b>	<b>&lt;= 250,000</b>	<b>&lt;= 250,000</b>	
Treasury policy compliance		✓	✓	✓	✓	✓	✓	
<b>Other facilities</b>								
BNZ overdraft	On demand	2,000						2,000
		<b>2,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,000</b>
<b>Counterparty exposure in relation to borrowing facilities</b>		<b>Westpac</b>	<b>BNZ</b>	<b>ANZ</b>	<b>CBA</b>	<b>Kiwibank</b>		
Revolving credit facility		60,000						
CP standby facility			175,000					
<b>Treasury policy</b>		<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>		
Treasury policy compliance		✓	✓	✓	✓	✓		
<b>Compliance with financial covenants and ratios under the Negative Pledge Deed and Guarantee Facility Deed</b>								
<b>Covenant / ratio</b>	<b>Benchmark/target measure</b>			<b>Outcome</b>		<b>Compliance</b>		
Security interests / total tangible assets - maximum	5%			0.00%		✓		
Total liabilities / total tangible assets - maximum	60%			33.94%		✓		
Total liabilities (including contingent) / total tangible assets - maximum	65%			33.94%		✓		
Shareholders funds - minimum (\$000)	500,000			5,863,823		✓		
EBITDA : funding costs ratio - minimum	1.75			4.33		✓		
Funds from operations : interest cover ratio - minimum	2.00			3.91		✓		
Total tangible assets of borrowing group / total tangible assets - minimum	90%			100.00%		✓		
Loans, guarantees etc to related companies / total tangible assets - maximum	5%			0.00%		✓		
External debt maturing in less than 5 years - minimum	50%			100.00%		✓		
								Page A6

FOREIGN EXCHANGE, COMMERCIAL PAPER & ELECTRICITY HEDGING							Oct-16		
<b>Foreign currency exposures (NZ\$000) including hedging for chemical purchases</b>							<b>USD</b>	<b>EUR</b>	<b>Total</b>
Total exposure to be hedged							120.5	246.7	367.2
Foreign exchange hedging							120.5	246.7	367.2
Percentage cover							100%	100%	100%
<b>Treasury policy</b>							<b>100%</b>	<b>100%</b>	<b>100%</b>
Treasury policy compliance							✓	✓	✓
<b>Hedging for chemical purchases (US\$000)</b>					<b>Mar-17</b>	<b>Sep-17</b>	<b>Mar-18</b>	<b>Sep-18</b>	<b>Total</b>
Chemicals forward foreign exchange hedging									0
<b>Treasury policy</b>									0
Treasury policy compliance									<= 5,000
									✓
<b>Commercial paper maturities</b>									
<b>Issue #</b>	<b>\$000</b>	<b>BKBM</b>	<b>Interest rate</b>	<b>Bid cover (x)</b>	<b>Term (days)</b>	<b>Maturity date</b>			
295	50,000	2.228%	2.235%	2.67	92	25-Nov-16			
296	50,000	2.242%	2.250%	2.31	89	12-Dec-16			
297	40,000	2.135%	2.176%	0.89	92	31-Jan-17			
	<b>140,000</b>		<b>2.223%</b>						
<i>Note: BKBM is the banks' mid-rate for bank bills of a similar term on the CP issue date.</i>									
		<b>Nov-16</b>	<b>Dec-16</b>	<b>Jan-17</b>	<b>Feb-17</b>	<b>Mar-17</b>	<b>Apr-17</b>	<b>Beyond Apr-17</b>	<b>Total</b>
Outstanding CP		50,000	50,000	40,000	0	0	0	0	140,000
Uncommitted short-term debt									0
		<b>50,000</b>	<b>50,000</b>	<b>40,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>140,000</b>
<b>Treasury policy for maximum amount of CP outstanding</b>									<b>&lt;= 250,000</b>
Treasury policy compliance									✓
<b>Undrawn committed standby facilities</b>		<b>1 month</b>	<b>1-2 months</b>	<b>2-3 months</b>	<b>3-4 months</b>	<b>4-5 months</b>	<b>5-6 months</b>	<b>&gt; 6 months</b>	
Undrawn committed standby facility - CP facility		175,000	175,000	175,000	175,000	175,000	175,000	175,000	
50% of CP and other short-term debt repayable within 60 days		50,000	45,000	20,000	0	0	0		
<b>Treasury policy:</b> Undrawn standby facilities >= 50% of outstanding CP and other uncommitted short-term debt repayable within 60 days									
<b>Treasury policy compliance</b>		✓	✓	✓	✓	✓	✓		
<b>Electricity hedging (NZ\$000)</b>		<b>0-6 months</b>	<b>6-12 months</b>	<b>12-18 months</b>	<b>18-24 months</b>	<b>24-30 months</b>	<b>30-36 months</b>	<b>36-42 months</b>	<b>42-48 months</b>
Contract maturity									
Contract length									
<b>Total value of outstanding contracts</b>			<b>0</b>						
<b>Treasury policy for maximum value of outstanding contracts</b>			<b>&lt;= 10,000</b>						
Treasury policy compliance			✓						
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# WATERCARE SERVICES LIMITED

## Management Report

Oct-16

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• Monthly Statistics Update	B9

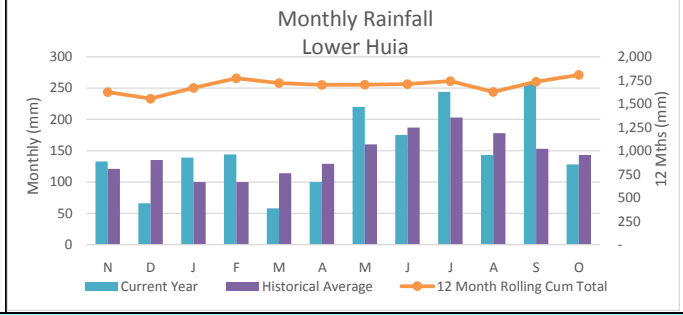
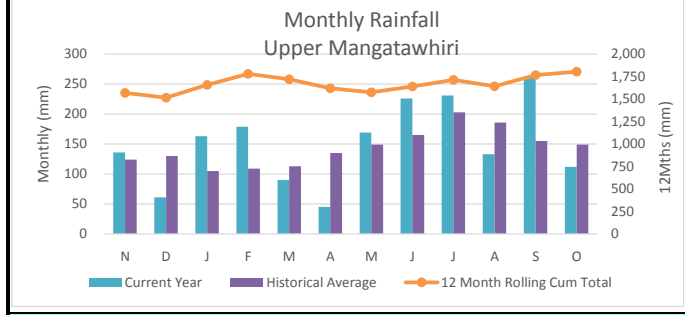
*Confidential*

**Management Report** **WATERCARE SERVICES LIMITED** **Oct-16**  
**Monthly Statistics Update**

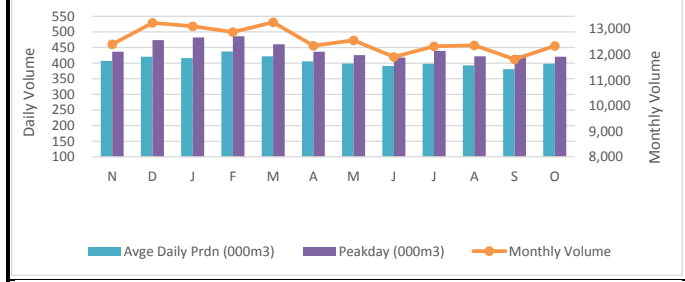
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**Rainfall**

Rainfall	Current Month	12 Mth Cumulative Rolling	Rainfall	Current Month	12 Mth Cumulative Rolling
<b>Actual - Upper Mangatawhiri</b>	112 mm	1805 mm	<b>Actual - Lower Huia</b>	128 mm	1807 mm



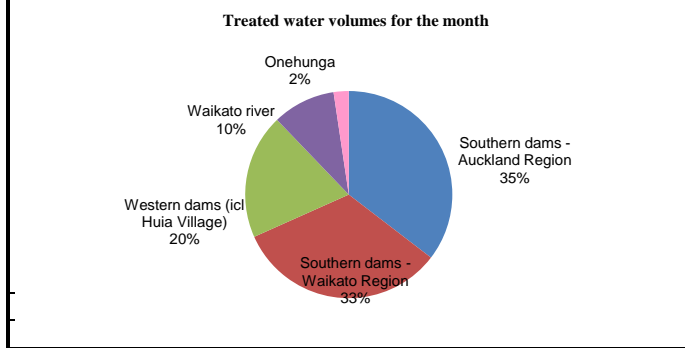
**Water Production - Total Supply**



Treated water volumes (000m <sup>3</sup> )	Current Month	12 Month Rolling Ave
<b>Monthly Volume</b>	12,344	12,551
- Metro	12,158	12,364
- Non-metro	186 <sup>1</sup>	186
<b>Average Daily Production</b>	398	411
<b>Peak Day</b>	421	486 <sup>2</sup>

1. Non-metro plants are:  
 Wellsford, Warkworth, Snells/Algies, Helensville, Muriwai, Huia Village, Cornwall Road, Victoria Road, Waiuku, Bombay.

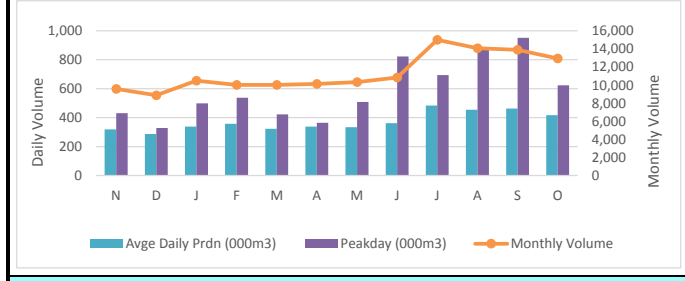
2. Max peak day in past 12 months



Treated water volumes (000m <sup>3</sup> )	Current Month		Year to Date			
	Actual	%	Budget	Actual	%	Budget
Southern dams - Auckland Region	4,305	35%	1,192	7,674	15%	4,512
Southern dams - Waikato Region	4,001	32%	5,390	24,958	50%	19,447
Western dams	2,372	19%	2,251	9,711	20%	8,885
Waikato river	1,193	10%	2,387	5,535	11%	11,869
Onehunga aquifer	287	2%	560	1,000	2%	2,345
Rodney	114	0.9%	103	434	0.9%	406
Franklin	72	0.6%	81	272	0.5%	320
<b>Total</b>	<b>12,344</b>	<b>100%</b>	<b>11,965</b>	<b>49,585</b>	<b>100%</b>	<b>47,783</b>

Lake levels at month end was 98%

**Wastewater Treatment - Metropolitan Treatment**



	Current Month	12 Month Rolling Ave
<b>Monthly Volume (000m<sup>3</sup>)</b>	12,938	11,347
<b>Average Daily Production</b>	417	373
<b>Peak Day</b>	623	952 <sup>2</sup>

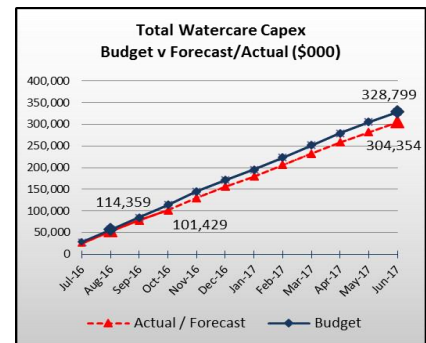
2. Max peak day in past 12 months

# WATERCARE PUBLIC REPORT

## CAPITAL EXPENDITURE



TOTAL WATERCARE EXPENDITURE	Year to Date		Annual Performance	
	Actual	Budget	Actual + Forecast	Budget
Strategy & Planning	1,399	3,919	12,221	23,802
Infrastructure Delivery	75,247	74,330	201,933	202,775
Service Delivery	16,584	20,446	58,706	63,936
Retail	3,380	5,081	12,743	12,558
Information Services	643	3,274	3,756	6,808
Other	1,304	3,771	4,686	6,678
Capitalised Interest	2,872	3,538	10,310	12,243
<b>Watercare Total</b>	<b>101,429</b>	<b>114,359</b>	<b>304,354</b>	<b>328,799</b>



Project / Programme Infrastructure Related Projects (Phase: Design / Execution)	Project	Annual Performance		Status	
	Current Forecast	Forecast	Budget	Time	Cost

### Water Projects >\$15 Million

Hunua No 4 Programme	318,172	13,665	12,427		
North Harbour Watermain Duplication	54,300	2,745	4,651		
Waikato 175MLD Expansion Stage Ultimate	31,505	15,261	16,240		
Ardmore WTP Treated Water Resilience	2,910	2,887	3,840		

### Wastewater Projects >\$15 Million

Central Interceptor Feasibility Design	60,880	9,882	7,654		
Mangere WWTP BNR Capacity	141,010	47,285	48,000		
Northern Interceptor - Stage 1	107,982	2,167	3,541		
Pukekohe WWTP Upgrade	65,941	1,625	2,040		
Rosedale WWTP Expansion Project	6,330	(524)	3,966		
Mangere WWTP Solids Stream Upgrade	53,397	12,879	12,900		
Pukekohe Trunk Sewer Upgrade	46,419	28,178	27,854		
Snells Algies WWTP Ocean Outfall	3,995	344	22		
Puketutu Island Rehabilitation	29,385	8,347	10,000		
Glendowie Branch Sewer Upgrade	28,768	824	805		
Fred Thomas Drive WW PS & Storage Tank	27,721	13,805	10,310		
Army Bay WWTP Outfall Upgrade	27,500	3,699	3,824		
Glen Eden Storage & Pipe Upgrade	17,462	10,226	10,131		

### Shared Services >\$15 Million

Networks Controls Upgrade	19,889	3,451	3,900		
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### Capex Programme (Design / Execution)

>\$15 Million	1,043,565	176,744	182,105
>\$2 Million <\$15 Million	88,237	28,442	31,740
<\$2 Million	61,527	18,340	18,602
<b>TOTAL</b>	<b>1,193,329</b>	<b>223,526</b>	<b>232,447</b>

### Watercare Services Ltd

#### Financial Summary

2016-17

#### Report Period

October 2016

#### Infrastructure Related Projects:

Strategy & Planning / Infrastructure  
Delivery / Service Delivery

#### Traffic light Key:

On target / No adverse Service Delivery impact

Short to medium term issues that may impact on outcomes or targets / Minor Service Delivery Impacts

Medium to long term issues that are impacting on outcomes or targets / Risk of significant Service Delivery Impact

Underspend on the capex variance (-10%)

## Local Board Interaction (As at 31 Oct 2016)

Local Board	Chair (Note – Chairs may change due to the Oct 2016 election)	Deputy Chair (Note – Deputy Chairs may change due to the Oct 2016 election)	Aug -16	Sept -16	Oct 16
Albert - Eden	Peter Haynes	Glenda Fryer		Tapped in – Spring Edition (1 Sept)	
Devonport - Takapuna	Joseph Bergen Watercare Rep (5 May 2015 to end of the 2013-2016 term)	Grant Gillion (5 May 2015 to end of the 2013-2016 term)		Tapped in – Spring Edition (1 Sept). Update on Fred Thomas laydown area (12 Sept).	Local Board sent link to article on Fred Thomas Drive Pump Station (2 Oct).
Franklin	Andy Baker	Jill Naysmith	Notice of South West Wastewater consent notification and Pukekohe East Reservoir appeals (2 Aug)	Tapped in – Spring Edition (1 Sept). Notification of water outage in Pukekohe (14 Sept). Met Malcolm Bell to discuss use of Watercare land at treatment plan in Beachlands (	Discussions with local board regarding access to Watercare land for mountain biking and Pony Club (21 Oct)
Great Barrier	Izzy Fordham	Susan Daly		Tapped in – Spring Edition (1 Sept)	
Henderson - Massey	Vanessa Neeson	Shane Henderson		Tapped in – Spring Edition (1 Sept). Notification of works in Gt North Road (2 Oct).	Information on North Harbour No. 2 route and proposed removal of a Pin Oak Tree (31 Oct).
Hibiscus and Bays	Julia Parfitt	Greg Sayers	Local Board briefing (10 Aug). Mairangi Bay wastewater leak update (25 Aug).	Tapped in – Spring Edition (1 Sept). Information on walkway signage sent to Parks Committee members (7 Sept). Log watermain break from Local Board Chair (20 Sept).	Resolution of Torbay Sailing Club redevelopment water supply issue in preparation for 2016 world youth sailing championship (21 Oct).
Howick	David Collings	Adele White		Tapped in – Spring Edition (1 Sept)	Information provided on Howick wastewater diversion for next Local Board Plan (31 Oct)
Kaipatiki	Kay McIntyre	Ann Hartley	Response to escalated complaint regarding water and slippery footpath. Issue investigated and handed over to Stormwater (4 Aug). Notice of wastewater main repair in Island Bay (23 Aug)	Tapped in – Spring Edition (1 Sept) Notice of maintenance works at Island Bay (12 Sept)	
Mangere - Otahuhu	Lydia Sosene	Carrol Elliott		Tapped in – Spring Edition (1 Sept). Information on opening of Mark Ford Drive and Closure of Island Rd (26 Sept)	
Manurewa	Angela Dalton	Simeon Brown		Tapped in – Spring Edition (1 Sept)	
Maungakiekie - Tamaki	Simon Randall	Chris Makoare		Tapped in – Spring Edition (1 Sept)	
Orakei	Desley Simpson	Kit Parkinson, Colin Davis (Watercare Rep)		Tapped in – Spring Edition (1 Sept)	

Board - Public Session - Chief Executive's Report and Scorecard

Local Board	Chair <i>(Note – Chairs may change due to the Oct 2016 election)</i>	Deputy Chair <i>(Note – Deputy Chairs may change due to the Oct 2016 election)</i>	Aug -16	Sept -16	Oct 16
Otara - Papatoetoe	Fa'anānā Efeso (Efeso) Collins	Ross Robertson		Tapped in – Spring Edition (1 Sept)	
Papakura	Bill McEntee	Michael Turner		Tapped in – Spring Edition (1 Sept)	
Puketapapa	Julie Fairey	Harry Doig	Update on leaking pipe repairs (3 August).	Tapped in – Spring Edition (1 Sept). Information provided in response to questions on the Central Interceptor project (27 Sept)	
Rodney	Brenda Steele	Stephen Garner	Presentation to Warkworth Rotary (18 Aug). Response to question from member on Helensville water supply quality (23 Aug).	Tapped in – Spring Edition (1 Sept). Local Board briefing re Omaha wastewater discharge and proposed easement over golf course (6 Sept).	Flyer regarding Wellsford wastewater consent renewal process and public drop-in session in Wellsford (5 Oct).
Upper Harbour	Lisa Whyte (5 May 2015 to end of the 2013-2016 term)	Brian Neeson (5 May 2015 to end of the 2013-2016 term)		Tapped in – Spring Edition (1 Sept)	
Waiheke	Paul Walden	Shirin Brown		Tapped in – Spring Edition (1 Sept). Respond to issue on Waiheke Wastewater Servicing (2 Sept)	
Waitakere Ranges	Sandra Coney	Denise Yates	Local Board Briefing – NI and NH2	Tapped in – Spring Edition (1 Sept). Update on the Glen Eden wastewater project (20 Sept).	Flyer update on the Glen Eden wastewater upgrades (5 Oct).
Waitemata	Shale Chambers	Pippa Coom		Tapped in – Spring Edition (1 Sept). Information on Central and Waterfront Interceptor (12 Sept).	
Whau	Catherine Farmer	Susan Zhu	Notice of water leak and low pressure in New Lynn (12 August). Information in response to social media discussion on Avondale watermain breaks (18 Aug).	Tapped in – Spring Edition (1 Sept)	
Manukau Harbour Forum	Jill Naysmith		Update on leaking pipe repairs (3 Aug).	Tapped in – Spring Edition (1 Sept)	

## Report to the Board of Watercare Services Limited

**Subject:** Confirmation of Board Sub-Committee Membership

**Date:** 7 November 2016

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### 1. INTRODUCTION

Recent changes have been made to the membership of the Board Health and Safety Committee and the Capital Projects Working Group. Membership of Board sub-committees is now recorded as follows:

**Audit and Risk Committee:**

Julia Hoare (Chair)  
Margaret Devlin  
Catherine Harland  
David Thomas

**Capital Projects Review Group:**

Tony Lanigan (Chair)  
Margaret Devlin  
Nicki Crauford  
Brendon Green


**Remuneration and Appointments Committee:**

Catherine Harland (Chair)  
Margaret Devlin  
Julia Hoare  
David Thomas

### 2. RECOMMENDATION

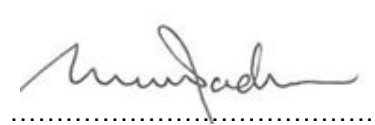
That the Board confirms membership of Board sub-committees as recorded above.

Report prepared by:



.....  
R Fisher  
**Company Secretary**

Approved for submission by:



.....  
R Jaduram  
**Chief Executive**

# Customer Focus Strategic Initiatives

November 2016

7

# Watercare Strategic Framework

OUR VISION

Trusted by our communities for exceptional performance every day

*Better tomorrow than we are today | Pai ake apōpō atu i tēnei rā*

OUR MISSION

Reliable, safe and efficient water and wastewater services

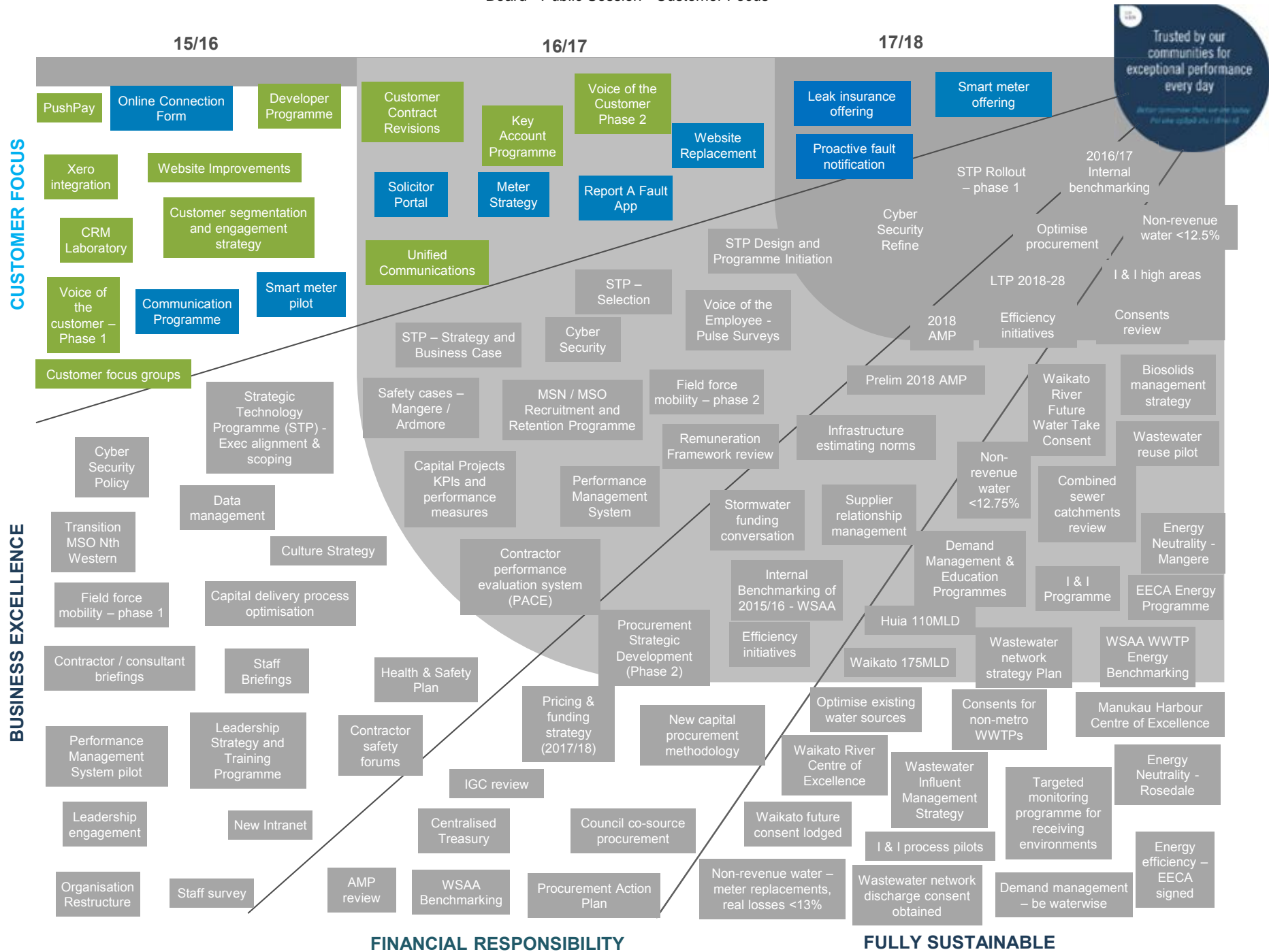
OUR VALUES



OUR STRATEGIC PRIORITIES

CUSTOMER FOCUS	BUSINESS EXCELLENCE	FINANCIAL RESPONSIBILITY	FULLY SUSTAINABLE
<ol style="list-style-type: none"><li>1. We understand our customer needs and deliver value</li><li>2. We consistently provide exceptional products and service</li><li>3. We are trusted by our customers who understand our purpose and value our service</li></ol>	<ol style="list-style-type: none"><li>4. We have a safe and engaged team</li><li>5. We are a commercially savvy business</li><li>6. We are responsible stewards of our assets</li><li>7. We continually strive for process excellence</li></ol>	<ol style="list-style-type: none"><li>8. We are a minimum cost service provider</li><li>9. We are financially stable over the long-term</li></ol>	<ol style="list-style-type: none"><li>10. We are a socially responsible business</li><li>11. We protect and enhance our natural environment</li><li>12. We meet all our legal and regulatory obligations</li></ol>





Annual fixed charge: Landlords  
Non-Dom Wastewater Tariff final transition  
CRM database laboratory + developer enquiries  
Voice of the Customer – delivered across the business  
Xero + PushPay initiatives set up  
Customer segmentation + engagement plan developed  
including developer + key account management

7

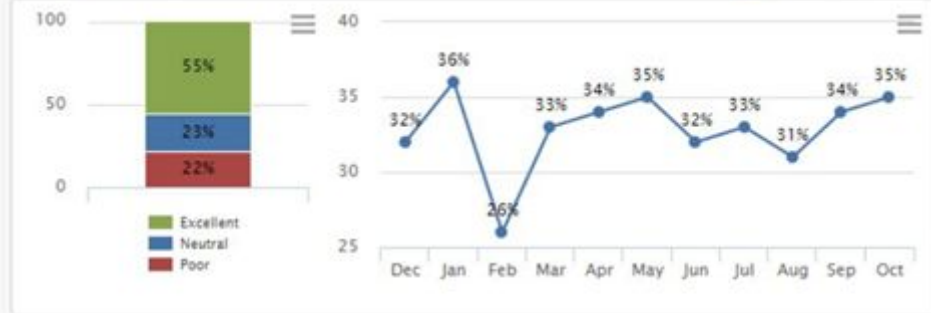
Delivered

# Voice of the Customer

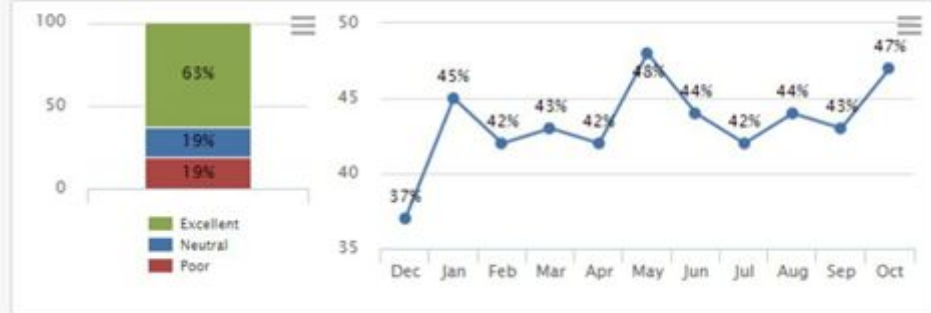
## Net Promoter Score



## Overall Experience



## Service Experience



## Customer Satisfaction Scoring

Net Promoter Score (NPS)  
 “Would you recommend us?”

Overall experience of your  
 interaction

Experience of the service we  
 gave you

# How are we doing?

## Net Promoter Score



7

## Trends

NPS trending upwards; more and more customers would recommend us

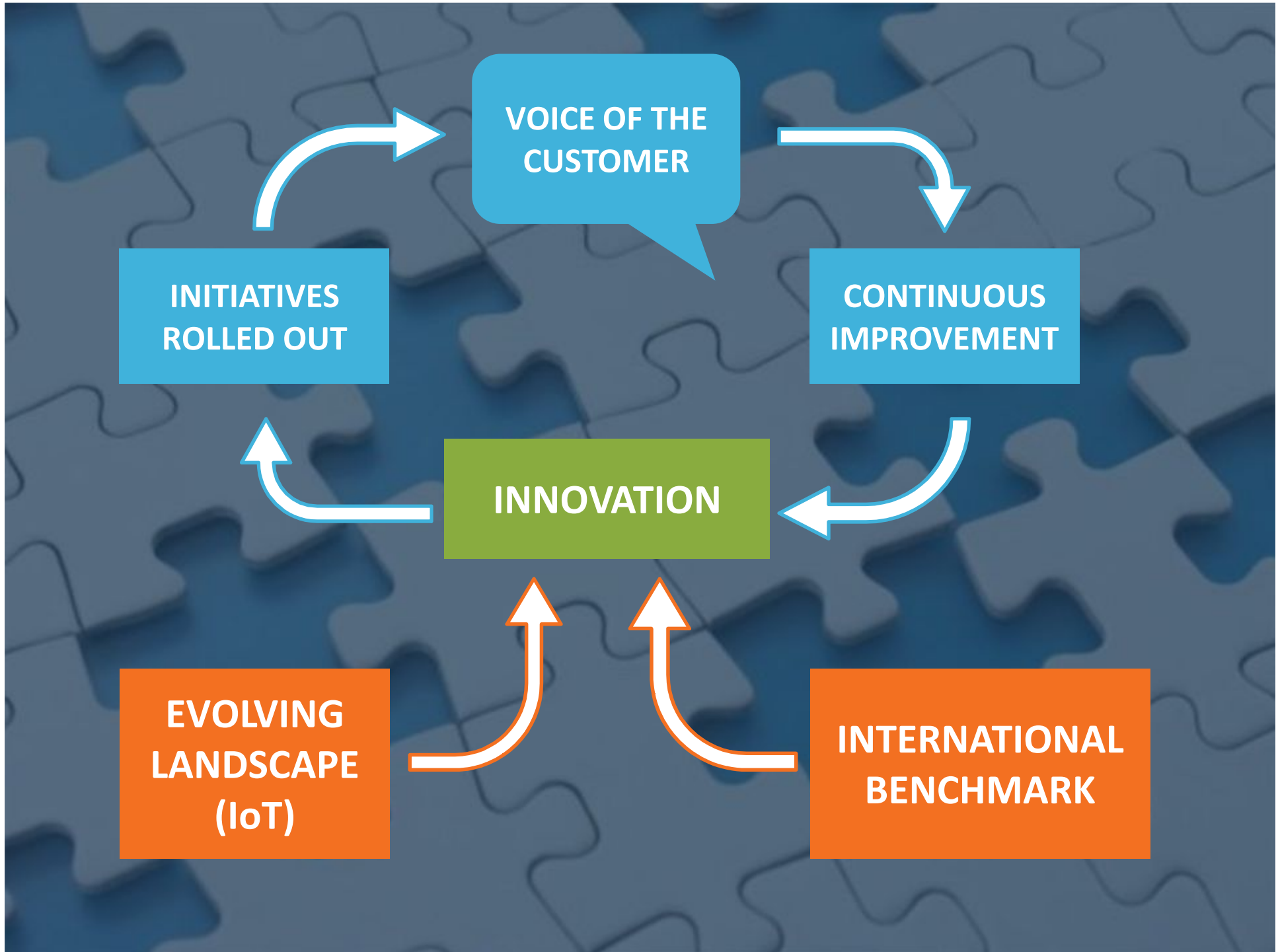
Service experience is consistently higher than overall experience

Tells us our business processes are lowering the overall experience score

# Voice of the Customer

7





# New website

**Watercare**  
An Auckland Council Organisation

Home Residential Business Community About Watercare Sign in to your account

Watercare home > About Watercare > Contact us

**Contact us**  
Phone (09) 442 2222

**Christmas and New Year hours**  
All faults and emergencies will be responded to 24/7 throughout this period.  
Reception and all other phone lines will be operating, closing only during statutory holidays and weekends.

**Billing and payment services hours:**  
December 24 8am to 3pm  
December 29 and 30 8am to 5pm  
December 31 8am to 3pm

**New connections and developments** will be open as normal but operational capacity will be limited as most contractors and Auckland Council departments will be closed.

**Faults and emergencies, press 1**  
24 hours, seven days a week.

The following services are available between 7.30am and 6pm Monday to Friday:

- Payment enquiries and overdue payments, press 2
- Billing and account enquiries, press 3
- New connections or development, press 4  
This line is open between 8am and 5pm
- General enquiries, press 5

In the event of a service fault or emergency, information will be posted on our updates page.

**Watercare**  
An Auckland Council Organisation

REGISTER FOR AN ACCOUNT SIGN IN TO YOUR ACCOUNT

HOME RESIDENTIAL BUSINESS COMMUNITY ABOUT WATERCARE

PAY A BILL > Report a fault > Moving house or business >

CONNECT TO OUR NETWORKS > Work in your area > Be waterwise >

Staying ahead of Auckland's growing population  
Day in the life: Wastewater operations controller

LATEST UPDATES VIEW ALL >

- 19 Aug Upcoming water shutdowns
- 16 Aug Watercare provides ultraviolet light treatment for Havelock North water


96% CURRENT WATER STORAGE  
Combined storage for our dams in the Waitakere and Hunua ranges

CALL US ON (09) 442 2222

# New website


7

  
**MONOPOLY PLAYER**  
 Owns and manages one or more properties. Is the bill payer.  
 SPECIFICALLY:  
 Property Manager  
 Property Owner  
 Property Lessor

  
**RAT-RACER**  
 A certified member of the public and consumer of water.  
 SPECIFICALLY:  
 The Community

  
**LEGAL PEOPLE**  
 Solicits final readings for ameter monopoly players.  
 SPECIFICALLY:  
 Solicitors

  
**TENANT**  
 Occupies a property and pays the monopoly players water bill.  
 SPECIFICALLY:  
 Property Occupier

  
**WORKER-BEE**  
 Fixes leaks and other problems for Watercare.  
 SPECIFICALLY:  
 Supplier Partner

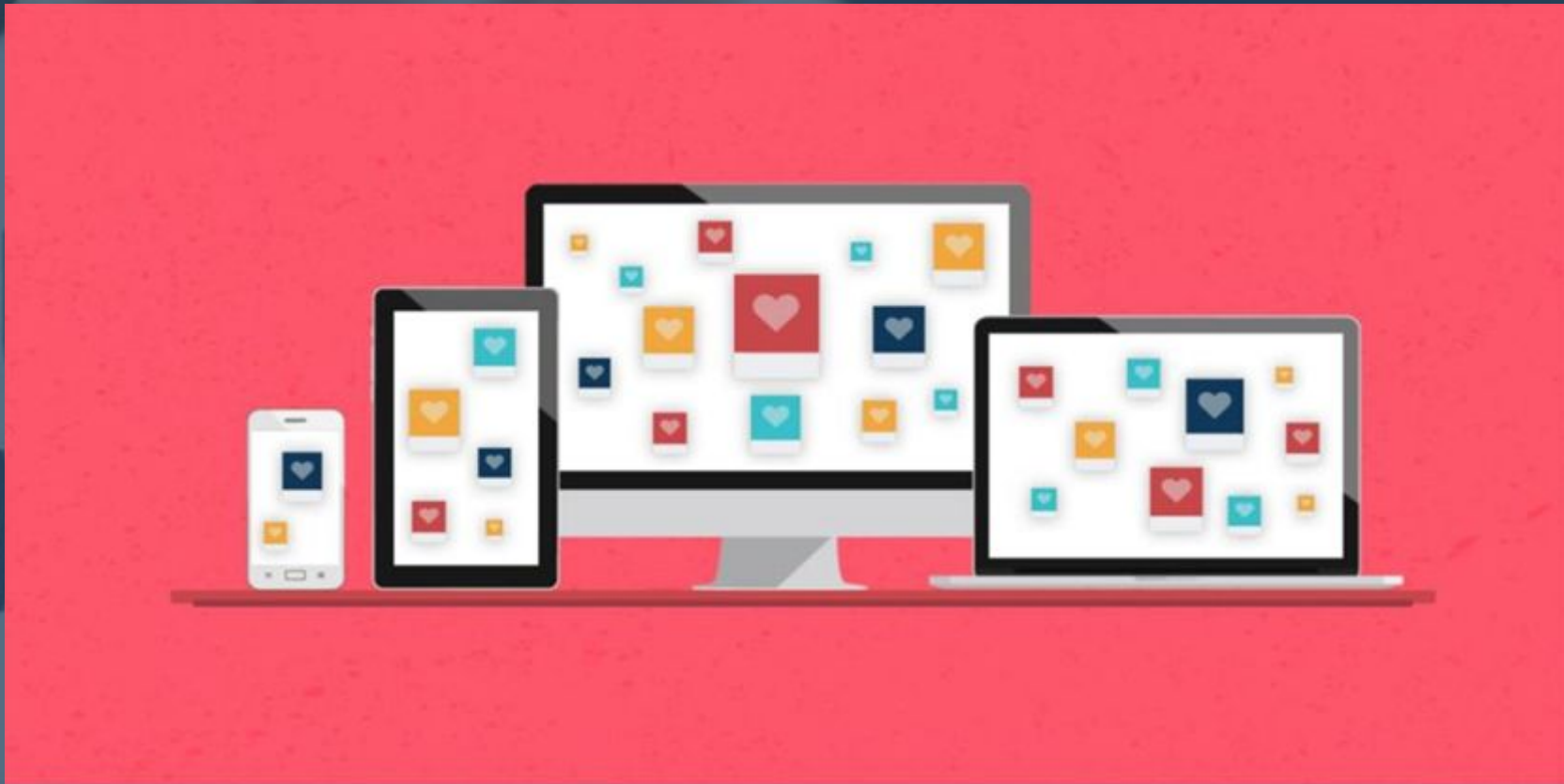
  
**RISK-TAKERS**  
 Buys land and/or property to sell to monopoly players or rent to tenants.  
 SPECIFICALLY:  
 Land Developers  
 Property Developers



The screenshot shows the Watercare website interface. At the top, there is a navigation bar with links for HOME, RESIDENTIAL, BUSINESS, COMMUNITY, and ABOUT WATERCARE. Below this is a search bar. The main content area features several service links: PAY A BILL, REPORT A FAULT, MOVING HOUSE OR BUSINESS, CONNECT TO OUR NETWORKS, WORK IN YOUR AREA, and BE WATERWISE. There are also two featured video thumbnails: 'Staying ahead of Auckland's growing population' and 'Day in the life: Wastewater operations controller'. A 'LATEST UPDATES' section lists recent news items with dates and brief descriptions. On the right side, there is a 'CURRENT WATER STORAGE' indicator showing 96% and a 'SEE CURRENT TENDERS' link. The footer contains contact information and legal notices.



# Consistent experience



# New connections online application form

- Auto-saved icon is quite small and often went unnoticed. When noticed, it was not necessarily understood
- Explanation of email with unique URL was not well understood – needs clarification
- The 'edit' function is not necessarily intuitive, 'start' might make more sense, and using a larger or more prominent button might help
- Some people saw the examples of text in the large section boxes and thought the whole form was filled out on one page – leading to later disappointed
- Complete and incomplete icons were well understood
- There was clear understanding of what to put in 'tell us what you are doing on your site', however a question mark icon with an example/explanation would help them to feel certain they had entered the right thing
- Some of the business customers would not be able to tick the declaration. As per the current form they would need to attach a form saying they have the authority to act on behalf of the legal owner, so there needs to be an extra option to select for this

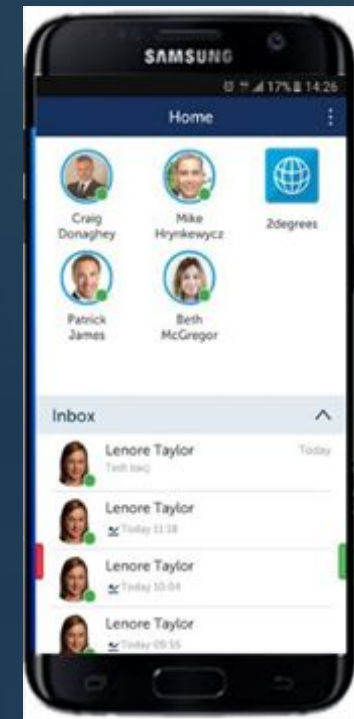
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# Solicitor Portal

Created Date	Legal Owner	Property Address	Watercare Account #	Requested Reading Date	Actual Reading Date	Final Reading Status	Notice of Sale Status	Last Updated by
26 Aug	HARRY AND SARAH SNELLINGS FAMI	48, ROSE, RD, GREY LYNN	0003606-01	28 Aug	28 Aug	Completed	Not Loaded	
26 Aug	HARRY AND SARAH SNELLINGS FAMI	48, ROSE, RD, GREY LYNN	0003606-01	26 Aug		Booked	Loaded	Rochelle Lawyer
19 Aug	I THOMPSON	5, 10, ROSE, RD, GREY LYNN	1911116-03	28 Aug		Booked	Not Loaded	
19 Aug	I THOMPSON	5, 10, ROSE, RD, GREY LYNN	1911116-03	31 Aug	19 Aug	Completed	Not Loaded	
18 Aug	MEMORIAL TRUSTEE LIMITED	3, 10, ROSE, RD, GREY LYNN	1911114-03	26 Aug		Booked	Loaded	Rochelle Lawyer
18 Aug	MEMORIAL TRUSTEE LIMITED	3, 10, ROSE, RD, GREY LYNN	1911114-03	19 Aug		Booked	Not Loaded	
18 Aug	WENDY GALVIN AND CHRISTINE RID	2, 10, ROSE, RD, GREY LYNN	1911113-05	31 Aug		Booked	Not Loaded	
18 Aug	WENDY GALVIN AND CHRISTINE RID	2, 10, ROSE, RD, GREY LYNN	1911113-05	19 Aug		Booked	Not Loaded	
18 Aug	CROWLEY M	45, MUIR, AVE, MANGERE BRIDGE	5309681-01	30 Sep		Booked	Not Loaded	
18 Aug	CROWLEY M	45, MUIR, AVE, MANGERE BRIDGE	5309681-01	30 Sep		Booked	Not Loaded	
10 Aug	WALKER-MEAD B & WALKER K	16, BETSLAND CRES, HILLCREST	5100402-01			None	Loaded	Katharine Walker Mead
10 Aug	E & N JAMES	2, 22, HEATHCOTE RD, CASTOR BAY	5063937-02			None	Loaded	Katharine Walker Mead

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# Telephony



Amalgamate and standardise (4 to 1)

Reduce overall cost

Sound BCP continuity plan

# Smart Metering Pilot



3,500 meters installed in Waiuku

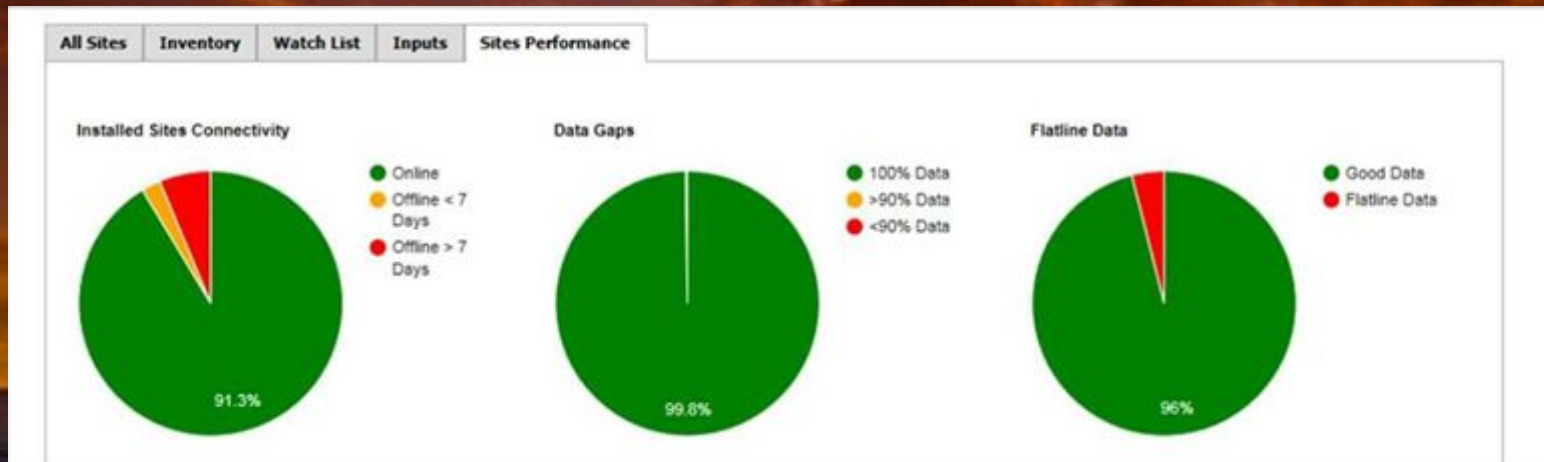
15 min reads transferred once a day

Data analysis - understand how is  
can be applied

Extending trial to SIGFOX network

Engaging with Housing NZ to  
collaborate on trial

# Smart Metering Pilot



7



# Questions