

WATERCARE SERVICES LIMITED

AGENDA | Board meeting | 24/5/2016

Venue	Watercare Services Limited, 73 Remuera Road, Newmarket
Time	11:00am

Open Public Meeting

Item	Spokesperson	Action sought at governance meeting	Supporting Material
1. Apologies	Chair	<ul style="list-style-type: none"> Record Apologies 	
2. Minutes of Meeting	Chair	<ul style="list-style-type: none"> Approve Board Meeting Minutes 20 April 2016 	Minutes 20 April 2016
3. Directors' Corporate Governance Items	Chair	<ul style="list-style-type: none"> Corporate Planner and Work Plan Review Disclosure of Interests (Directors & Executive Management) 	Corporate Planner and Work Plan Disclosure of Interests
4. Chief Executive's Report and Scorecard	R Jaduram	<ul style="list-style-type: none"> Receive report 	Chief Executive's Report
5. Statement of Intent 2016 - 2019	B Monk	<ul style="list-style-type: none"> For approval 	Paper
6. General Business	Chair		

Date of next Meeting – 27 June 2016
Location – Waikato Water Treatment Plant

MINUTES

SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Watercare Services Limited, 73 Remuera Road, Remuera, Auckland
DATE	20 April 2016
TIME	10:30
STATUS	Open Session

	Present:	In Attendance:	Public in Attendance:
	M Allen (Deputy Chairman) D Clarke N Crauford C Harland J Hoare T Lanigan D Thomas	M Bridge S Cunis R Fisher R Jaduram A Miller B Monk M Smith S Webster S Morgan	
1.	Apologies <ul style="list-style-type: none"> P Drummond M Kingi (Board Observer) 		
2.	Minutes of Previous Meeting <ul style="list-style-type: none"> The Board resolved that the Minutes of the public section of the Board meeting held on 1 April 2016 at 11:00 be confirmed as correct. 		
3.	Directors Corporate Governance Items <ul style="list-style-type: none"> Corporate Planner 2015 The corporate planner was noted. The Board noted that there will be an Annual Board Review. The Terms of Reference for the Capital Projects Review Group and the Remuneration Committee will be reviewed. Review Disclosure of Interests Following an amendment, the Board noted the paper. 		
4.	Chief Executive's Report and Scorecard <ul style="list-style-type: none"> Health and Safety The Chief Executive noted that, unfortunately, the long run with no lost time injuries had been halted by two incidents where workers were required to each take three days sick leave. He advised that the head contractor on the BNR project, McConnell Dowell, had undertaken an innovative health and safety survey of the workers on the project. Management are considering undertaking similar surveys. Customer Service The Board noted that the performance against Statement of Intent measures were all above, a positive, the targets for the month. The Board considered the comparison of average residential utility price increases and noted that in each of 2013, 2014 and 2015, the increase in water price was below the increase that applied to electricity and Auckland Council rates. 		

	<ul style="list-style-type: none"> • Infrastructure Programme The Board noted that expenditure to date has been less than budget, but the reduction has not occurred in any projects which have a significant growth component. • Service Delivery The Board noted that storage levels in the Hunua and Waitakere dams are approximately 86% which is above the historical average storage for this time of the year. • Finance Year-to-date revenue is favourable to budget while operating expenses are almost \$9m less than budget due to reduced asset operating costs, and in professional services and general overheads. • Communications <u>Open Days</u> The Board was advised that public and stakeholder tours of the Mangere Wastewater Treatment Plant had been held on 8, 9 and 10 April. The response from the public was very favourable and the numbers attending were greater than expected so an additional tour was run. Further open days such as these and those at Ardmore Water Treatment Plant and Rosedale Wastewater Treatment Plant are planned. <u>Telly Awards</u> The Telly Awards has named Corporate Media NZ as a dual Bronze winner in both the Employee Communications and Copywriting categories of the 37th Annual Telly Awards for the video, "Welcome to Watercare". The Telly Awards was founded in 1979 and is the premier award honouring outstanding local, regional and cable TV commercials and programs, the finest video and film productions, and online commercials, video and films. With over 13,000 entries from all 50 US states and numerous countries, the award is a great achievement. • Cyber Security Julia Hoare advised that she had recently attended an IOD conference on Cyber Security. Management is reviewing the Practice Guides and will report to the Board at the May meeting.
5.	<p>General Business</p> <ul style="list-style-type: none"> • There was no general business. • The meeting closed at 11:30.

CERTIFIED AS A TRUE AND CORRECT RECORD

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 Waikato WTP	1 August Newmarket	31 Aug Newmarket	29 Sept Newmarket	18 Oct Newmarket*	14 November Newmarket	13 December Huia WTP
Health and Safety Committee Workshops			14 March Newmarket			28 June Ardmore WTP		26 August Newmarket 11am			1 November Mangere WWTP	
Health and Safety Site Visits			1 April Rosedale WWTP			27 June Waikato WTP 28 June Ardmore WTP		26 August Hunua 4			1 November Mangere WWTP BNR Project	13 December Huia WTP
Audit and Risk Committee Meeting		3 Feb Newmarket (before Board meeting)			5 May Newmarket		^1 August Newmarket (before Board meeting)	22 Aug Newmarket			8 Nov 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 Waikato (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				Work on 2017-2020 Sol Key dates yet to be advised by Auckland Council		
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			
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

Board Work Plan 2016

	February	March		April	May	June	July	August	Septemeber	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						Review of Corporate Governance Charter and Committee Charters				Audit & Risk Charter Annual Review (Audit & Risk)		
	Policy Reviews			Treasury Policy Review									
	Delegations					Annual Review of Board Delegations to CE							
	Risk Reviews	Details to follow											
	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								Annual Independent Board Review				
Board Education	Board Training & Development												
	Technical Presentations			Wastewater: Digestors and Thermal Hydrolysis		Water: Waikato Water Treatment Plant	Wastewater: Energy Neutrality		Water: Huia Sludge Improvements		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	a) Approve half year accounts; b) Approve high level 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										a) Approve 2017 Internal Audit Plan b) 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: 18 May 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.

<i>Director</i>	<i>Interest</i>
David Clarke	<ul style="list-style-type: none"> – Chairman, TRG Group Ltd – Radiology Services – Chairman, Skin Institute Limited – Director, Hynds Ltd – Chairman, Health Alliance NZ Limited – Chairman, Jucy Group Limited – Chairman, Predictive Medical Data Analytics Limited
Peter Drummond	<ul style="list-style-type: none"> – Chairman, Appliance Connexion Ltd – Chairman, Watercare Harbour Clean Up Trust – Chairman, Variety Medical Missions South Pacific – Director, NARTA New Zealand Ltd – Director, NARTA International PTY Ltd – Director, Fire Services Commission – Director, Port Marlborough New Zealand Limited – Director, Ngati Awa Group Holdings Limited
Catherine Harland	<ul style="list-style-type: none"> – Director, McHar Investments Ltd – Director, Interface Partners Ltd – Trustee, One Tree Hill Jubilee Educational Trust – Member, Auckland Regional Amenities Funding Board
Tony Lanigan	<ul style="list-style-type: none"> – Director and Shareholder, A G Lanigan & Associates (2007) Limited – Director, Habitat for Humanity New Zealand Limited – Director and Shareholder, Lanigan Trustee Limited – Director and Chair, New Zealand Housing Foundation Limited – Director, Tamaki Makaurau Community Housing Limited – Member, Ministry of Health Hospital Redevelopment Partnership Group for Canterbury – Member, Ministry of Health Southern Partnership
Mike Allen	<ul style="list-style-type: none"> – Director, Coats Group PLC – Director, Godfrey Hirst Australia and related companies – Shareholder, Innoflow – Director, Tainui Group Holdings Limited – Director, Breakwater Consulting Limited – Director, China Construction Bank (New Zealand) Limited
Julia Hoare	<ul style="list-style-type: none"> – Director, AWF Madison Group Limited – Director, New Zealand Post Limited – Deputy Chairman, The A2 Milk Company Limited – Member, Auckland Committee, Institute of Directors – Member, External Reporting Advisory Board – Member, Institute of Directors National Council – Director, Port of Tauranga Limited

Nicola Crauford	<ul style="list-style-type: none"> - Director, Environmental Protection Authority - Member of Electoral Authority - Cooperative Bank Limited - Senior Consultant - WorleyParsons New Zealand Ltd - Director and Shareholder - Riposte Consulting Limited - Director and Shareholder - Crauford Robertson Consulting - Director and Shareholder - Martin Crauford Limited - Director, Wellington Water Limited - Director, Orion New Zealand Limited - Member, Local Government Risk Management Agency Establishment Board - Chairman, GNS Science International Limited - Deputy Chairman, Fire Services Commission
David Thomas	<ul style="list-style-type: none"> - Chairman, Ngati Whakaue Tribal Lands Inc - Council Member, Business New Zealand - Board Member, EMA (Northern) - Chairman, Gypsum Board Manufacturers of Australasia - Shareholder / Employee, Fletcher Building Limited - Director, New Zealand Ceiling & Drywall Supplies Limited

RECOMMENDATION

That the report be received.

Report prepared by:



R Fisher
Company Secretary

Approved by:



R Jaduram
Chief Executive

Report to the Board of Watercare Services Limited

Subject: Disclosure of Interests – Executive Management

Date: 18 May 2016

<i>Executive</i>	<i>Interest</i>
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
Steve Webster	Director – Howick Swimgym Limited
Shayne Cunis	Chairman – Kelston Boys High School Board of Trustees
Marlon Bridge	Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust
Martin Smith	Director – Heatley Smith Limited

RECOMMENDATION

That the report be noted.

Report prepared by:

R Chenery
Manager, Business Transformation

Approved by:

R Jaduram
Chief Executive

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

WATERCARE SCORECARD 2015/16																						
On budget, on time, within parameters		Unfavourable but within parameters		Major issue, needs attention		SOI	2015/16 Target	Amber Threshold	Red Threshold	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
1 Safe and Reliable Water																						
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%
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%
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%
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%
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%
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%
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%
1h	Percentage of unplanned water shutdowns restored within five hours (12 mth rolling average)		≥95%	93% to <95%	<93%		97%	97%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	95%	95%
1i	Number of unplanned water interruptions per 1000 connected properties (12 mth rolling average)		≤10	>10 to 12	>12		7.0	6.8	6.6	6.6	6.4	6.2	5.9	5.6	5.5	5.4	5.4	5.4	5.4	4.9	4.8	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
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
2 Healthy Waterways																						
2a	Number of dry weather sewer overflows per 100km of wastewater pipe length per year (12 mth rolling average)		≤5	>5 to 7	>7		2.02	1.94	1.86	1.80	1.90	1.91	1.81	1.99	2.14	2.11	2.31	2.25	2.25			
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																	
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					0.03	0.03	0.04	0.03	0.05	0.05	0.03	0.03	0.03	0.03	0.03	0.03	0.03
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
2e	Number of sewer bursts and chokes per 1000 properties (12 mth rolling average)		≤10	>10 to ≤12	>12		7.70	7.70	7.30	7.10	7.00	7.00	6.60	6.70	6.60	6.50	6.30	6.40	6.40	6.40	6.40	6.40
2f	Percentage of wastewater discharged that is compliant with consent discharge requirements for metropolitan areas		100%	98 to <100%	<98%				99.22%	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%				77%	84%	84%	88%	87%	88%	88%	88%	89%	88%	89%	88%	88%	88%
3 Customer Satisfaction																						
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					33 mins	34 mins	35 mins	35 mins	36 mins	37 mins	37 mins	39 mins	41 mins	42 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					1.5 hours	1.5 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			
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					1.2 days	1.2 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			
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					2.2 days	2.3 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			
3e	Percentage of customers surveyed satisfied with Watercare's delivery of water and wastewater services	<input checked="" type="checkbox"/>	≥80%	≥75% to <80%	<75%		87.6%	84.4%	88.2%	84.6%	87.0%	86.0%	85.3%	85.1%	85.0%	84.8%	84.7%	84.9%	84.4%			
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					7	7	6.9	6.7	6.5	6.3	6.0	5.8	5.7	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					40 mins	40 mins	41 mins	41 mins	41 mins	42 mins	42 mins	42 mins	44 mins	44 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	2.3 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			
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	20.7	20.7	20.8	20.8	20.8	20.8	20.8	20.9			
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		4.80	4.80	4.70	4.70	4.60	4.90	4.70	4.60	4.40	4.10	3.90	3.80	3.80			
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%		98.1%	98.5%	98.5%	98.3%	98.9%	98.2%	97.4%	97.4%	97.1%	96.8%	97.0%	96.2%	95.6%			
3l	Percentage attendance at the quarterly meetings of the Mana Whenua Kaitiaki Forum	<input checked="" type="checkbox"/>	100%				100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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

WATERCARE SCORECARD 2015/16																		
On budget, on time, within parameters		Unfavourable but within parameters		Major issue, needs attention														
	SOI	2015/16 Target	Amber Threshold	Red Threshold	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	
4 Health, Safety and Wellbeing																		
4a	Lost-time injury frequency rate per million hours worked (12 month rolling average)	☑	≤5	5 - 7	>7	4.47	5.31	6.42	6.4	5.8	5.23	4.63	3.55	2.99	3.03	3.06	3.73	3.75
4b	Percentage of total hours absent due to illness (12 mth rolling average)		≤2.5%	>2.5 to 3.5%	>3.5%	2.07%	2.07%	2.09%	2.10%	2.09%	2.15%	2.14%	2.15%	2.16%	2.14%	2.12%	2.12%	2.11%
4c	Percentage of voluntary leavers relative to number of permanent staff (12 mth rolling average)	☑	≤12%	>12 to 14%	>14%	11.19%	11.14%	10.84%	11.16%	10.86%	11.45%	11.28%	11.72%	12.30%	12.01%	12.45%	11.92%	12.32%
4d	Total recordable injury frequency rate per million hours worked (12 month rolling average)	☑	<30	>30 to <33	>33	18.33	19.45	19.84	18.65	19.13	16.86	16.80	17.05	15.53	15.73	15.90	18.02	16.90
5 Financial Responsibility																		
5a	Minimum funds flow from operations to interest cover (FFO) before any price adjustment	☑	≥2.5	2.4 to <2.5	<2.4	3.40	3.34	3.32	3.69	3.51	3.62	3.62	3.56	3.63	3.71	3.65	3.69	3.69
5b	Percentage of household expenditure on water supply services relative to the average household income	☑	≤1.5%	1.2 to <1.5	>1.5	0.92%	0.92%	0.87%	0.87%	0.87%	0.87%	0.87%	0.88%	0.88%	0.88%	0.88%	0.88%	0.89%
6d	Non-Revenue Water Percentage		Information only						16.72%	16.80%	16.81%	16.76%	16.74%	17.00%	16.74%	16.93%	16.67%	16.59%
6e	The percentage of real water loss from the local authority's networked reticulation system (rolling 12 mth average) **Note - current month and last month's results are provisional and will be adjusted when actual meter readings are available**	☑	≤13%	>13 to 13.2%	>13.2	13.50%	13.31%	12.95%	12.85%	12.89%	12.79%	12.74%	12.73%	12.98%	12.68%	12.81%	12.85%	12.98%
6f	Percentage of annual potable water transmission system losses (12 month rolling average)		No specific target - information only					1.72%	1.86%	1.82%	1.86%	1.80%	1.81%	1.73%	1.81%	1.82%	1.90%	
6g	Percentage of annual potable water network losses (12 mth rolling average) - Urban as a percentage of total volume		No specific target - information only			13.38%	13.21%	12.85%	10.68%	10.59%	10.54%	10.46%	10.51%	10.75%	10.54%	10.58%	10.62%	10.69%
6h	Percentage of annual potable water network losses (12 mth rolling average) - Rural as a percentage of total volume		No specific target - information only					0.44%	0.44%	0.43%	0.42%	0.42%	0.42%	0.41%	0.42%	0.40%	0.39%	
6i	Percentage of annual potable water network losses (12 mth rolling average) - Rural as a percentage of rural volume		No specific target - information only			20.35%	19.51%	19.06%	27.76%	27.68%	27.21%	26.74%	26.46%	26.68%	26.39%	26.48%	25.76%	25.07%

4

Watercare Services Limited

Subject: Chief Executive Report – April 2016

Date: 18 May 2016

1. HEALTH AND SAFETY

There were no lost-time injuries related to Watercare employees during April. However there was one contractor lost time injury during the period. The rolling 12 month measure LTIFR remains at 0.75 (stated target max 1.0) per 200,000 hours. This equates to 3.75 per million hours, below the target maximum of 5. TRIFR is 3.38 per 200,000 hours (16.9 per million hours).

2. CUSTOMER SERVICE

Performance against Statement of Intent measures for April was good with all customer service performance metrics above target for the month. The rolling 12 month average result for resolution of complaints within 10 working days was 96.2% against a target of 95%. Customer satisfaction in April was in line with the 12 month average with satisfaction at 86.1% for fault management, 82.2% for the maintenance field crews and 86.3% for billing and general enquires. 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 year to date \$216m against a budget of \$307m. The forecast to year end is to deliver \$272m against a budget of \$375m.

Highlights for the month include:

- Hunua 4 Section 11, (Manukau Road to Khyber Pass Reservoir): The tendering process is near completion, closing on 20th May 2016. The three short-listed tenderers are required to provide a price for a tunnelling option. The tunnelling construction methodology and price will be compared to the original prices for the current design, which has the majority of the route being trenched;
- BNR: A major milestone achieved with the pouring of Reactor 11 floor slab, 1,123m³ of concrete in a continuous pour of 15 hours duration;
- Army Bay WWTP Outfall Upgrade: The resource consent has been granted and the access entry agreement with NZ Defence Force has been successfully negotiated;
- Pukekohe Trunk Sewer Upgrade: Site offices fully established, pipes have been ordered with the first delivery expected before June, and sheet piling for the main pumping station completed.

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

4. STATUTORY PLANNING

Proposed Auckland Unitary Plan

The PAUP hearings are now complete. The Independent Hearing Panel is required to provide its recommendation to Auckland Council by 22 July. Auckland Council will then have twenty working

days to review the recommendations and make a decision whether to accept them. A decision by Council is expected on 19 August 2016. Although Council has established a process for including CCOs in the review process, the scope of raising concerns at this late stage is very limited. Recommendations by the Independent Hearing Panel that are accepted by Council are subject to appeals on points of law only. However, recommendations that are rejected by Council are able to be subject to full appeals. Council will also release its recommendations on designations, including those sought by Watercare, in late July.

Army Bay Wastewater Treatment Plant Outfall Replacement Project

Resource consent has been obtained on a non-notified basis for the new pipe and outfall for the discharge of treated effluent off Army Bay. The pipeline has been sized to accommodate the projected growth in the West and Northwest catchments. Obtaining the consent on a non-notified basis has once again demonstrated the value of investing in relationships with iwi and informing them of the benefits of our investments.

5. SERVICE DELIVERY

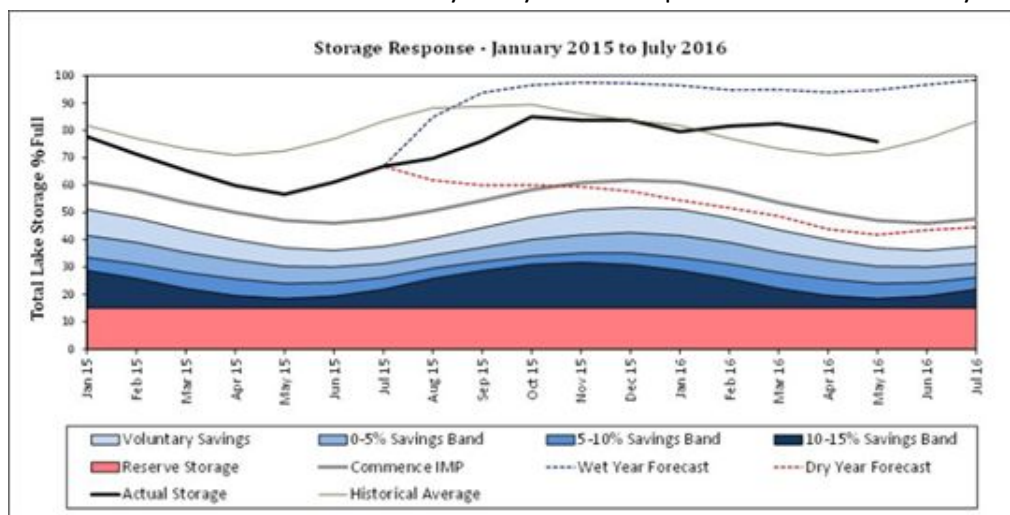
Rainfall and Water Resources

April was extremely dry across the Auckland region, as demonstrated by the unseasonal low rainfall recorded:

Waitakere Ranges	78% of average
Hunua Ranges	33% of average
Northern Non-metropolitan	77% of average
Southern Non-metropolitan	67% of average

The low rainfall has extended and increased the soil moisture deficit beyond that normally experienced at this time of year. As a consequence, inflows to storage lakes have continued to decrease during the month and into early May.

Metropolitan total system storage reduced to 75.9% at the end of April. While this is above the historical average storage for this time of year (70.9%), utilisation of the Waikato WTP was increased towards maximum levels in early May in anticipation of a drier May and possibly June.



The current short range forecasts indicate that there will be some rain within Auckland over the month of May. This is not anticipated, however, to be significant enough for a sustained winter recharge of the dams.

The forecast for June to August indicate rainfall levels slightly above average. It is necessary for the soil moisture levels and the groundwater levels to elevate before significant recharge of storage levels will occur.

The El Nino event has ended and conditions are transitioning quickly towards a la Nina. Due to the speed of this transition there remains a high level of uncertainty associated with the confidence of the near term forecasts.

Despite the drier months and lower rainfall in the storage catchments, there has been ample rain within Auckland to keep water demand low. Year to date demand is only 0.8% above budget although tourist occupancy rates have remained high in Auckland and migration and growth has continued as expected.

6. FINANCE

Financial Performance

Figures (\$millions)	Current Month			Year to Date			Full Year		
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var
Revenue	46.41	44.75	1.66	468.17	446.39	21.78	557.51	537.17	20.34
Operating Expenses	18.56	18.50	(0.06)	169.26	177.93	8.68	204.80	212.77	7.96
Depreciation	17.83	18.08	0.24	178.80	180.65	1.85	216.14	217.12	0.98
Interest expense	6.24	6.43	0.19	63.89	64.99	1.09	77.77	78.21	0.43
Total Contribution	3.78	1.74	2.04	56.22	22.82	33.40	58.79	29.07	29.72
Non-operating costs/(income)	0.64	0.24	(0.40)	8.37	2.52	(5.85)	9.16	3.00	(6.16)
Financial instruments revaluation - loss/(gain)	1.83	-	(1.83)	101.46	-	(101.46)	101.46	-	(101.46)
Operating Surplus / (Deficit) Before Tax	1.32	1.50	(0.18)	(53.62)	20.30	(73.92)	(51.83)	26.07	(77.91)
Deferred Tax - Expense/(Credit)	0.33	0.04	(0.29)	(11.05)	16.37	27.42	(6.70)	21.49	28.19
Net Surplus / (Deficit) After Tax	0.99	1.46	(0.47)	(42.56)	3.94	(46.50)	(45.14)	4.58	(49.72)
FFO Ratio				3.69	3.25		3.63	3.25	
Operating EBITDAF	27.85	26.25	1.61	298.91	268.46	30.45	352.71	324.40	28.30
EBITDA	25.39	26.01	(0.62)	189.08	265.94	(76.86)	242.08	321.40	(79.33)
EBIT	7.56	7.93	(0.37)	10.27	85.29	(75.01)	25.94	104.28	(78.34)

Month – Total Contribution of \$3.8m - favourable variance to budget of \$2.0m

Total revenue was favourable \$1.7m to budget due to wastewater revenue being favourable \$2.2m, partially offset by lower water revenue (unfavourable by \$0.5m) and IGC revenue (unfavourable by \$0.7m).

Operating expenses were marginally unfavourable to budget \$0.1m with higher asset operating costs partially offset by lower overheads. Depreciation was favourable \$0.2m and interest expense was \$0.2m favourable to budget.

Year to date – Total Contribution of \$56.2m - favourable variance of \$33.4m

Year to date revenue is \$21.8m favourable to budget primarily due to vested asset income favourable \$17.1m and IGC revenue favourable \$1.0m. Water and wastewater revenue is favourable \$5.8m and year to date water volumes are 0.78% over budget.

Operating expenses are \$8.7m favourable to budget with favourable variances for asset operating costs, professional services and general overheads partially offset by net labour. Depreciation is favourable \$1.9m and interest expense is \$1.1m favourable to budget.

Year to Date – Net Deficit after Tax of \$42.6m – unfavourable variance of \$46.5m

The unfavourable variance of \$46.5m is primarily due to the unfavourable revaluation of financial instruments of \$101.5m resulting from the decrease in medium to long term swap rates since June 2015 partially offset by a favourable operating contribution variance of \$33.4m.

Full year Forecast – Operating Contribution of \$58.8m – favourable variance of \$29.7m

Full year revenue is forecast at \$557.5m, favourable by \$20.3m largely due to expected higher than budgeted vested asset revenue (favourable \$17.1m). The water revenue forecast is being held at budgeted levels whilst the wastewater revenue which is above budget year to date is forecast to remain on budget for the remainder of the year.

Operating expenses are favourable to budget \$8.0m with favourable variances for professional services, asset operating expenses and general overheads partially offset by net labour. Depreciation costs are forecast to be favourable to budget by \$1.0m at year end. Interest expense is expected to be consistent with budget at year end; largely due to lower debt than budgeted offset by lower capitalised interest than budgeted.

Financial Position

Smillion	Actual Mar-16	Actual Apr-16	Monthly Movement	Budget Apr-16	Var from Budget
Non Current Assets	8,667.5	8,676.4	8.8	8,764.1	(87.8)
Current Assets	79.1	82.1	2.9	81.8	0.3
Total Assets	8,746.6	8,758.4	11.9	8,845.9	(87.5)
Other Liabilities	370.9	370.2	(0.7)	290.9	79.3
Deferred Tax Liability	999.8	1,000.1	0.2	1,036.2	(36.1)
Borrowings - Short Term	406.6	411.0	4.3	358.2	52.7
Borrowings - Long Term	1,138.3	1,145.1	6.8	1,290.0	(144.9)
Shareholders Funds	5,831.1	5,832.1	1.1	5,870.7	(38.6)
Total Liabilities and Shareholders Funds	8,746.6	8,758.4	11.9	8,845.9	(87.5)

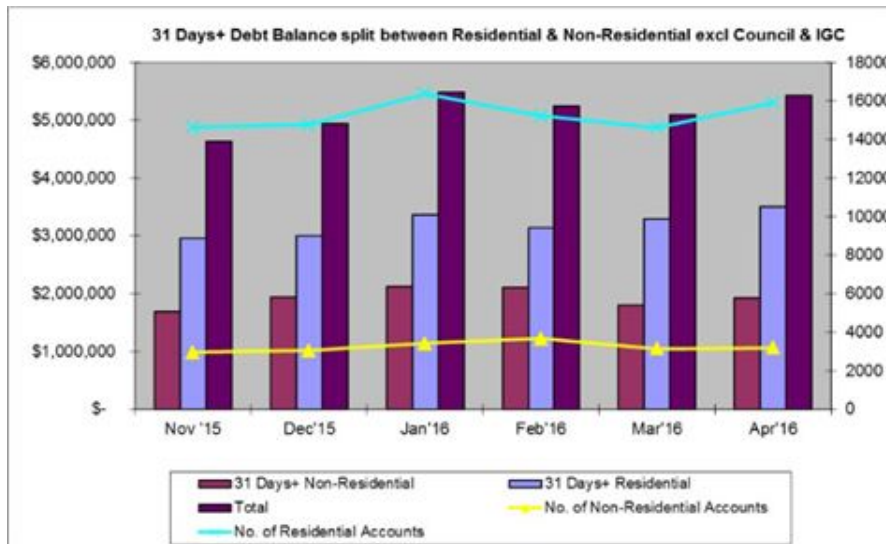
The major movements in the Statement of Financial Position as at 30 April 2016 compared with 31 March 2016 was the increase in debt, trade debtors and non-current assets reflecting capital expenditure net of depreciation in the month and the movement in derivative financial instruments (Other liabilities).

Compared with budget the material variances are largely in respect of the property, plant and equipment, deferred tax, derivative financial instruments (Other liabilities) and debt. In addition to the impact of lower than budgeted capex spend the variances primarily reflect a different opening position on 1 July 2015 than that assumed when the budget was set, including a lower level of revaluation of property, plant and equipment than expected. Net debt at \$1,556m is \$92.2m beneath budget.

Aged Receivables

The 31 days+ debt balance at the end of April was \$5.4m, \$0.3m higher than March 2016.

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



Water Utility Consumer Assistance Trust (WUCAT) (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
(YTD) Jun-16	96	\$76
Total	574	\$563

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.

Apr-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
574	447	55	72

Amount of Relief Approved \$	Amount of Relief Fully Earned \$	Relief Yet to be Fully Earned \$	Relief Voided due to Lapsed Unfulfilled Arrangement \$
\$563k	\$456k	\$58K	\$49k

The results of the last 3 WUCAT meetings have seen 39 applicants successfully complete the budget process and have \$29k of hardship relief approved by the Trust.

WUCAT Summary last 3 meetings			
Month	Trust approved applications	\$000's	
Feb-16	12	\$	10.98
Mar-16	15	\$	11.06
Apr-16	12	\$	7.04
Total			
Total	39	\$	29

Restrictions

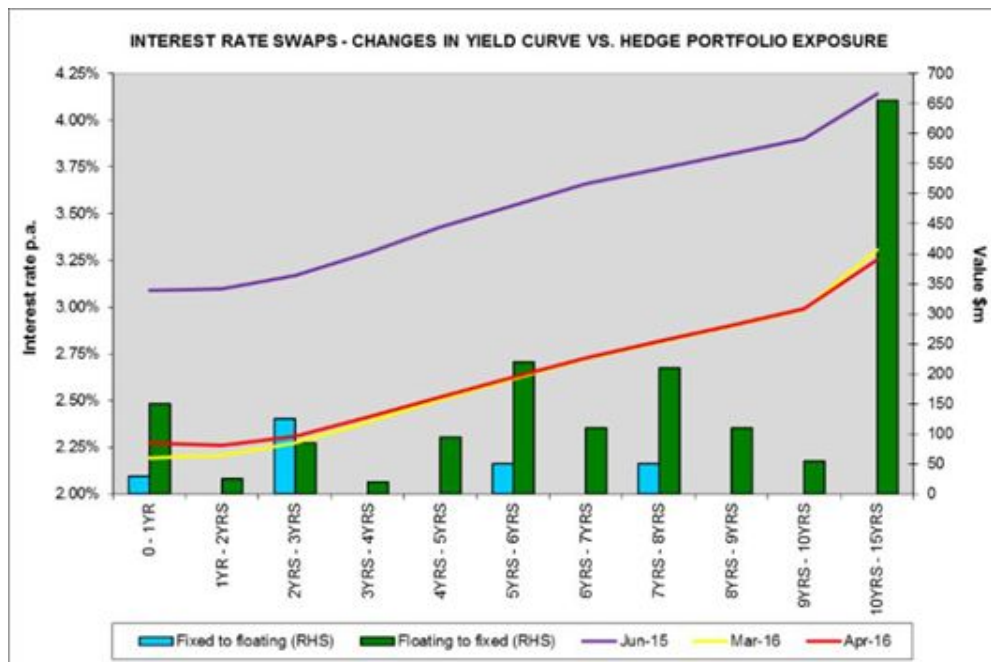
Two water restrictions and one water derestriction were performed in the month of April. The table below summarises the restrictions carried out.

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
(YTD) 30-Jun-16	6	6	14	13	20	19
Total	71	67	95	70	166	137
Restrictions currently	4		25		29	

The following restrictions remain in place:

- Six 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 19 residential restrictions remain in place on occupied properties and communication continues with these customers.
- Four commercial properties remain restricted at the end of March and communication continues with these customers.

Treasury



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	6.24	6.43	0.19	63.89	64.99	1.09	77.77	78.21	0.44
Capitalised Interest	0.93	1.72	0.80	10.09	14.87	4.78	11.82	18.50	6.68
Gross Interest	7.16	8.15	0.99	73.98	79.85	5.87	89.59	96.71	7.12
Less Interest Income	0.00	-	(0.00)	0.02	-	(0.02)	0.02	-	(0.02)
Net Interest	7.16	8.15	0.99	73.96	79.85	5.90	89.57	96.71	7.14

For the month net interest is favourable to budget \$1.0m; largely due to lower debt than budgeted.

Capital Expenditure

Summary Capital Expenditure (Smillions)	Month April 2016			Year to Date			Full Year			
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var	Prior Month Forecast
Wastewater Projects										
Strategy & Planning	0.2	1.5	1.3	3.6	12.1	8.5	4.6	16.7	12.1	4.1
Infrastructure Delivery (excl Labs/MS)	12.9	17.3	4.4	113.9	157.1	43.2	141.0	191.0	50.0	142.5
Water Projects										
Strategy & Planning	1.3	2.4	1.1	3.4	10.4	7.0	3.7	15.5	11.8	3.6
Infrastructure Delivery (excl Labs/MS)	8.7	8.4	(0.4)	70.7	77.2	6.5	84.4	90.5	6.1	82.8
Service Delivery	3.5	5.0	1.5	20.2	42.2	22.0	32.3	52.6	20.3	31.6
Retail	0.6	0.7	0.0	5.4	6.9	1.5	6.7	8.1	1.4	6.8
Information Services	0.7	0.4	(0.3)	5.4	6.7	1.3	7.7	7.4	(0.3)	8.1
Other Projects	0.8	0.9	0.1	6.2	13.0	6.8	9.2	15.0	5.7	9.2
TOTAL	28.8	36.5	7.7	228.9	325.7	96.8	289.6	396.7	107.1	288.6
Includes Capitalised Interest of:										
Water Projects Capitalised Interest	0.4	0.8	0.4	4.7	6.6	1.9	5.4	8.2	2.8	5.4
Wastewater Projects Capitalised Interest	0.5	1.0	0.4	5.4	8.3	2.9	6.6	10.3	3.7	6.7
Total Capitalised Interest	0.9	1.7	0.8	10.1	14.9	4.8	12.0	18.5	6.5	12.1

Capital expenditure for the month was \$28.8m against a budget of \$36.5m and full year forecast of \$289.6m has increased by \$1.0m from the prior month full year forecast. The forecast for the full year is \$107.1m behind budget. The main contributors to this variance are as previously indicated:

- a review of projects to ensure strategic asset needs are being met resulting in a number of projects being deferred;
- project savings achieved;
- delays in project commencement partially offset by projects ahead of budgeted timetable; and
- a reduction in capitalised interest as a result of the lower level of capital spend.

7. BOARD CORRESPONDENCE

There was no correspondence during the month.

8. EXECUTION OF DOCUMENTS

There were 14 documents executed during April in accordance with the delegated authority provided to the Chief Executive by the Board in relation to deeds, instruments and other documents. These included four approvals to register easements, two to remove notices to acquire Section 18 registrations from title, one desire to acquire Section 18 notice, three lease renewal/rental reviews, three surrender and grant of easements and one approval to acquire land.

There were two capex approvals totaling \$1.496m 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.

Summary of Capital Projects Approved by the Chief Executive – April 2016		
C-12663-02	Purchase for New Motor Vehicles for MSO (previously C-12574-02)	\$450,000
C-12697	Purchase of property - 11 Cornwall Rd, Waiuku	\$1,046,000

There was one contract over \$100,000 awarded during April in accordance with the delegated authority provided to the Chief Executive by the Board in relation to capex and opex contract approvals.

Summary of Contract Awards – April 2016		
22/4/16	Fulton Hogan	Pukekohe Trunk Sewer - Contractor Approval

9. COMMUNICATIONS

Media summary

Watercare's work to support growth in Auckland received favourable coverage in mainstream and social media in April and early May.

A proactive media release regarding the North Harbour No.2 and Northern Interceptor projects was picked up by the NZ Herald, North Shore Times, North Harbour News, Nor-West News and Western Leader. Raveen Jaduram was routinely quoted as saying: "The northern interceptor and north harbour pipelines will help enable growth in the fastest growing areas in New Zealand."

Our application to increase the volume of water we can abstract from the Waikato River received favourable coverage in the Waikato Times, Stuff Business Daily and Auckland Now. Raveen was quoted as saying that over the next 10 years, Auckland's growing population will demand a further 45 million litres of water a day. Within 35 years, demand will increase a further 200 million litres a day:

“We just have to be very prudent and because of the long lead times, we just have to start doing things a decade before.”

Within the industry, our commitment to growth was highlighted in IPENZ’s Engineering Insight magazine with a feature-length story on the Central Interceptor. The drivers for the project were articulated as being to replace ageing assets, providing for growth and reducing overflows. The primary focus of the article was the model drop shaft developed in partnership with the University of Auckland’s engineering school.

Our ability to support growth was questioned by blog site Whale Oil. We sent a thorough response outlining our current capacity, the amount we will invest in growth over the next 20 years and our current infrastructure projects. This response was uploaded to the blog site.

The Mangere Wastewater Treatment Plant tours received positive coverage in the Manukau Courier, Western Leader and Central Leader. This extended the reach of the tours beyond those who directly participated.

Staff continue to be positively profiled in the media. Suzanne Naylor, our northern networks manager, was selected to participate in the ‘Make the World’ campaign which aims ‘to shine the light on engineers and their achievements’. In May, Suzanne’s career will feature in two magazines: Woman’s Day and Metro. In addition, Daniel Leighton, our wastewater treatment process engineer, was profiled in the North Harbour News.

Staff member Ian Winson, who was seriously injured by the explosion in Onehunga in 2011, has been promoting his book called *Never Give Up*, gaining media coverage in national print and broadcast media. Ian made a statement in the TVNZ’s Sunday programme that he had not received an apology from Watercare. Watercare provided a statement that the chief executive at that time had made a public apology in court and that Watercare continued to have deep regret and remorse that the accident happened and that we continued to support Ian and his family.

Our education programme continues to receive favourable coverage, appearing this month on the cover of the Western Leader.

Customer Communications Programme

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

Month	Activity	Status
April	Domestic customers received a flyer on how we make bill payment easy. It included information on the Water Utility Consumer Assistance Trust. We also worked with the Trust to update their customer collateral.	Completed
May	Domestic customers are receiving a bill insert signalling the price rise on 1 July as well as the new payment option for landlords.	In distribution
	Non-domestic customers, where applicable, are receiving letters regarding the final stage of the wastewater tariff transition and/or the option to change pricing plans. The price change is signalled on the	In distribution

	<p>bills.</p> <p>Residents in Mangere received a Mangere Matters with stories on the recent treatment plant open day and the BNR project, including the opening of Mark Ford Drive.</p>	Distribution complete
June	<p>Domestic and non-domestic customers will receive the winter issue of <i>Tapped In</i> which will focus on we are meeting the needs of our communities and the environment, both now and into the future. There will be a two-page graphic highlighting our major infrastructure projects. On the back page will be stories on the price rise and also in new payment option for landlords.</p> <p>Information regarding the price increase will also be communicated to customers through public notices and our website.</p>	<p>Planned</p> <p>Planned</p>

Progress is being made to improve customers' e-billing experience through the creation of a more engaging and interactive email template that aligns with our external branding. In addition, welcome packs are being developed for new customers and this will include useful transactional, contractual and company information.

Stakeholder communications

Completed:

- Mangere Wastewater Treatment Plant tours: Approximately 220 people toured the plant over three days in April. These tours received favourable media coverage in the Manukau Courier, Central Leader and Western Leader.
- Community open evenings: Open evenings were held for the following projects: Warkworth Snells Algies Wastewater Servicing; South West Wastewater Servicing; and Northern Interceptor and North Harbour No. 2 Watermain Designation process. Attendance numbers varied but were highest in the south where over 50 people attended the two open evenings.
- Glen Eden Wastewater Upgrades: Construction of the Glen Eden wastewater upgrades, including work in Harrold Moody Reserve is due to begin late July. Watercare is engaging with the local schools to prepare art work for the project. Work is underway with the contractors McConnell Dowell's communications team over other opportunities to engage with local schools.
- Franklin Road: Watercare will attend an Auckland Transport Liaison Group meeting on 18 May.
- Central Interceptor: The Central Interceptor overview video has proved popular with Local Boards and other general audiences and was shown at the Mangere Wastewater treatment Plant open day.
- Huia Water Treatment Plant: The feasible options have been identified. Further decisions on community engagement will be made following the selection of the short-listed options.
- ATEED: Watercare has worked with ATEED to share information on upcoming projects and how to minimise disruptions for planned community events.
- Warkworth/Snell's/Algies Wastewater Planning: Final wastewater servicing option will soon be reached. A community information evening is being organised.
- Operations: Improved letters, pamphlets, signage and collaterals are being prepared to assist operational staff in their interactions with customers and stakeholders.
- Hunua 4 watermain: Watercare has worked with the contractor to advertise the full closure of Campbell Road. News reporting, radio messaging, supplemented pamphlet, newspaper and VMS Board advertising. The "Google Hunua 4" message has been a very effective method of getting

the public to seek more information on the Watercare website which has received over 6000 hits on the Hunua 4 project page.

Planned/underway:

- Work is underway to produce a book illustrating the water treatment and distribution process, from dam to tap.
- With the project currently progressing in close proximity to the school, our education coordinator delivered lessons to pupils at Cornwall Park Primary School incorporating information about the Hunua 4 watermain and the benefits to the local community and Auckland at large.

Internal communications

Completed:

- Staff received the *Your Source* newsletter in April and May. In April, the lead story was on the smart meter trial in Waiuku. In May issue focuses on the Mangere Wastewater Treatment Plant tours.
- Staff continued to receive weekly emails from the chief executive, Raveen Jaduram.

Underway:

- The new intranet will be launched in May.
- Homesafe, the health and safety informational poster, will be distributed to staff in May. It will focus on the hazards associated with asbestos and provide guidance on safe handling.

10. WORKING WITH LOCAL BOARDS

Over the past month Local Board briefings were given to the Waitakere and Upper Harbour Local Boards on the Northern Interceptor and North Harbour No. 2 watermain designation process. These were followed with 4 public open days to present information about the proposals. Henderson Massey Local Board members joined Watercare for a site visit to affected areas. Similar meetings were held with the Franklin Local Board on the South West wastewater servicing which was followed by two well attended public open days in Clarks Beach and Franklin. Franklin Local Board members also attended the southern open days in support of Watercare.

Regular meetings are being held the Albert Eden Local Board to work through the details of proposed Central interceptor works in parks. Similar meetings are proposed for Puketapapa Local Board.

A selection of Local Board members from the Whau, Orakei and Waitemata Local Boards joined Watercare for the tour of Mangere Wastewater Treatment Plant on 8 April. Feedback from the members was very positive.

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

11. MAORI ENGAGEMENT PROGRAMME

Watercare continues to engage with mana whenua entities who have advised their interests in our resource consent and Heritage NZ authorisations.

During April 15 Watercare staff were formally welcomed on to the Waikato Tainui Turangawaewae Marae and hosted overnight at the Waikato-Tainui College for Research and Development at Hopuhopu, Ngaruawahia. A reciprocal tour of southern Watercare sites also occurred with Waikato-Tainui representatives during April.

12. CUSTOMER FOCUS PROGRAMME UPDATE

Flexibility for Landlords

Tenancy legislation requires residential landlords to pay for all fixed charges and, if agreed by the tenants, to require them to pay the consumption charges. Currently, Watercare issues a monthly invoice that includes a monthly component of the annual fixed charge. As part of our customer initiative, discussions were held with the residential property investors peak bodies and Watercare is implementing a flexible billing option which will provide an option for landlords to prepay the entire fixed annual wastewater charge in a single lump sum (in July). If this option were adopted by the landlord, the tenant will then be able to pay the remaining monthly invoices which would only include the variable consumption charges. There is significant interest from the landlord / property manager community in this new, flexible billing option.

Flexibility for Solicitors

Progress is being made in the development of a portal for solicitors to submit final water meter reading requests online as part of the transactions associated with changes of property ownership.

As a group, solicitors generate a high volume of transactions relating to changes of property ownership. The creation and processing of these transactions is labour intensive, both for the solicitors and for Watercare staff. The solicitor portal will improve this process by providing a central solution for submitting transactions relating to changes of ownership (e.g. final meter reading).

Online Solution for Reporting Leaks

An online solution, which provides customers with an alternative mechanism to report a leak, is currently in development. The solution will allow customers to report the leak via Watercare's website (including via mobile devices such as smart phones) and include all necessary information (e.g. photos and location) as part of the online process.

Developer Forum

The next developer forum is scheduled for 23 June. Invitations will be extended to all key developers working across Auckland. The forum agenda is still being finalised but the intention of the forum is to build on the previous sessions by continuing to share information, encourage two-way discussion, address any areas of particular concern and ultimately build trust between Watercare and the developers.

Smart Meter Pilot

The installation of smart meters in Waiuku continues to progress with a total of 1,883 smart meters now installed. Analysis of smart meter data has now commenced, with focus initially being on investigating those meters that appear to be showing a leak and those where there is no consumption over an extended period (suggesting that the meter may have stopped). More sophisticated analysis will continue over the coming months with the focus moving to wider application of smart meter data to inform business decision making, along with development of a potential smart meter offering for customers.



R Jaduram
CHIEF EXECUTIVE

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

Financial performance	YTD	Page Ref
Total Revenue	●	A1
Operating Costs	●	A1
Interest expense	●	A1
Depreciation	●	A1
Net Contribution	●	A1
Financial position		
Net Borrowings	●	A4
Cashflow		
Operating cashflow	●	A2
Investing cashflow	●	A2
Treasury policy	Compliance	Page Ref
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 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 investing cash flow

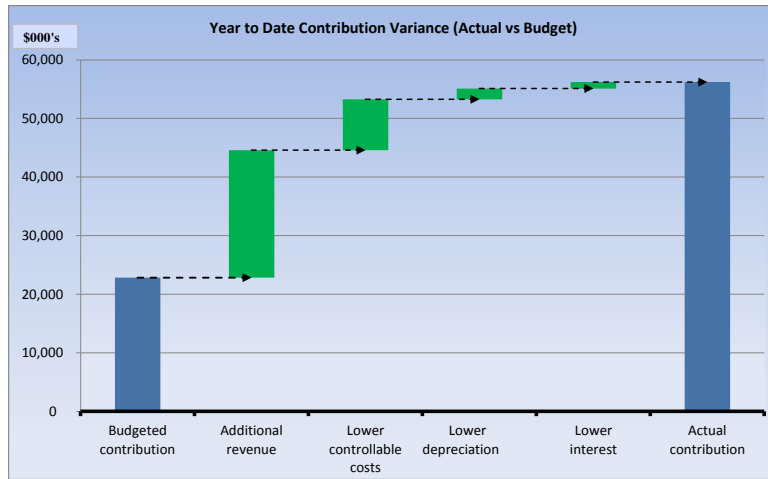
Key to Treasury policy compliance

- Full compliance
- The recent 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 \$63 million on \$1,633 million of debt). Management could resolve this issue by restructuring parts of the hedging profile, pushing the hedges further into the future, but we are reluctant to this now, as we feel that interest rates are likely to move lower in the near term. In the meantime, we recommend running with the out-of-policy position.

WATERCARE SERVICES LIMITED												Apr-16
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE												(\$000's)
	Current Month				Year to Date				Full Year			
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result	Forecast	Budget	Variance	Result
Wastewater revenue	26,979	24,697	2,282	✓	257,528	251,057	6,471	✓	306,757	300,286	6,471	✓
Water revenue	11,328	11,787	(459)	✗	119,323	120,132	(808)	✗	141,994	142,982	(987)	✗
Infrastructure growth charge revenue	5,195	5,858	(663)	✗	46,778	45,804	974	✓	57,403	57,520	(117)	✗
Other revenue	1,652	1,546	106	✓	18,811	20,786	(1,975)	✗	24,156	26,044	(1,888)	✗
Revenue from exchange transactions	45,155	43,888	1,266	✓	442,440	437,778	4,661	✓	530,310	526,832	3,478	✓
Vested assets revenue	1,259	861	397	✓	25,729	8,615	17,114	✓	27,199	10,338	16,861	✓
Revenue from non-exchange transactions	1,259	861	397	✓	25,729	8,615	17,114	✓	27,199	10,338	16,861	✓
Total revenue	46,413	44,750	1,663	✓	468,168	446,393	21,775	✓	557,509	537,170	20,339	✓
Labour	6,156	6,845	689	✓	60,200	64,849	4,648	✓	73,575	78,478	4,903	✓
Contract labour	310	227	(83)	✗	1,993	1,928	(65)	✗	2,529	2,274	(254)	✗
Oncosts	264	314	50	✓	2,605	3,089	484	✓	3,228	3,718	490	✓
Labour recoveries	(2,877)	(3,411)	(534)	✗	(26,485)	(32,592)	(6,107)	✗	(32,922)	(39,436)	(6,514)	✗
Net labour	3,853	3,976	123	✓	38,314	37,274	(1,040)	✗	46,410	45,035	(1,375)	✗
Materials & cost of sales	171	178	7	✓	1,796	1,762	(34)	✗	2,397	2,106	(291)	✗
Planned maintenance	1,653	1,415	(237)	✗	12,023	13,488	1,465	✓	14,739	16,002	1,263	✓
Unplanned maintenance	3,983	2,842	(1,142)	✗	31,676	27,476	(4,200)	✗	36,558	32,542	(4,017)	✗
Asset operating costs - chemicals	965	935	(29)	✗	8,895	8,843	(52)	✗	10,825	10,653	(172)	✗
Asset operating costs - energy	1,530	1,566	36	✓	14,514	14,380	(134)	✗	17,652	17,801	150	✓
Operating costs - other	3,311	3,829	518	✓	30,536	35,952	5,416	✓	37,775	42,855	5,080	✓
Depreciation and amortisation	17,853	18,078	244	✓	178,802	180,652	1,850	✓	216,139	217,122	983	✓
Asset operating costs	29,275	28,665	(610)	✗	276,447	280,790	4,344	✓	333,687	336,975	3,288	✓
Communications	71	163	92	✓	1,261	1,692	431	✓	1,591	2,019	428	✓
Professional services	727	1,119	392	✓	7,189	12,547	5,358	✓	9,084	14,637	5,553	✓
Interest	6,238	6,431	193	✓	63,890	64,985	1,095	✓	77,774	78,207	433	✓
General overheads	2,295	2,480	185	✓	23,053	24,521	1,468	✓	27,770	29,117	1,346	✓
Overheads	9,331	10,193	861	✓	95,394	103,745	8,351	✓	116,220	123,980	7,760	✓
Total expenses	42,630	43,012	381	✓	411,950	423,571	11,621	✓	498,715	508,096	9,381	✓
Total contribution/(loss)	3,783	1,738	2,045	✓	56,218	22,822	33,396	✓	58,794	29,074	29,720	✓
Gain/loss on disposal of fixed assets and other costs	637	240	(397)	✗	8,369	2,520	(5,849)	✗	9,165	3,000	(6,165)	✗
Gain/loss on revaluation of financial instruments	1,826	-	(1,826)	✗	101,465	-	(101,465)	✗	101,465	-	(101,465)	✗
Non operating (costs)/revenue	2,463	240	(2,223)	✗	109,834	2,520	(107,314)	✗	110,630	3,000	(107,630)	✗
Net surplus/(deficit) before tax	1,320	1,498	(178)	✗	(53,616)	20,302	(73,918)	✗	(51,835)	26,074	(77,910)	✗
Income Tax Expense/(benefit)	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	326	38	(288)	✗	(11,051)	16,365	27,416	✓	(6,696)	21,490	(28,186)	✗
Net surplus/(deficit) after tax	994	1,460	(466)	✗	(42,565)	3,937	(46,502)	✗	(45,139)	4,584	(49,724)	✗

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



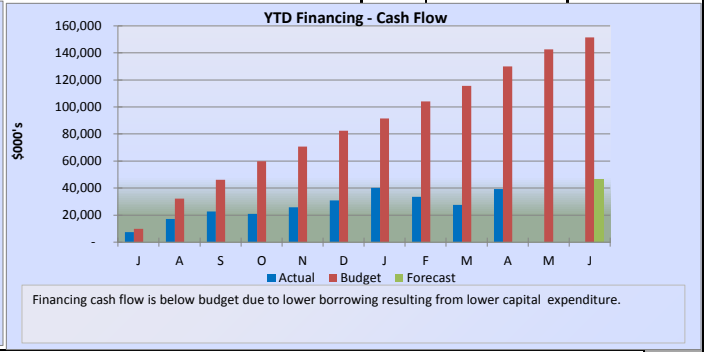
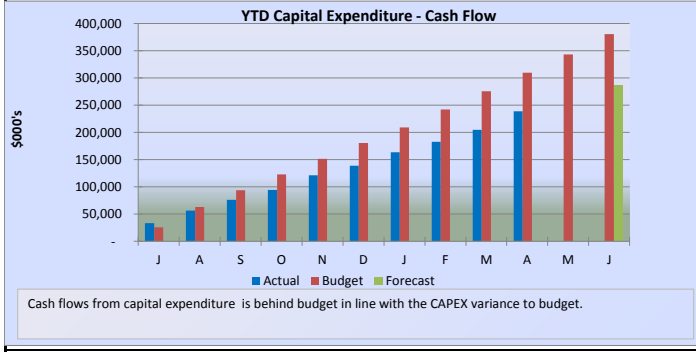
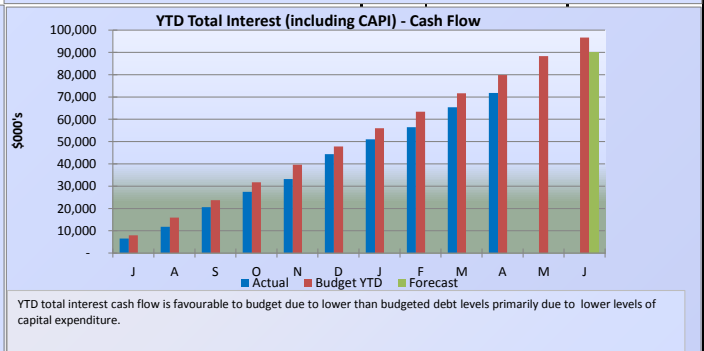
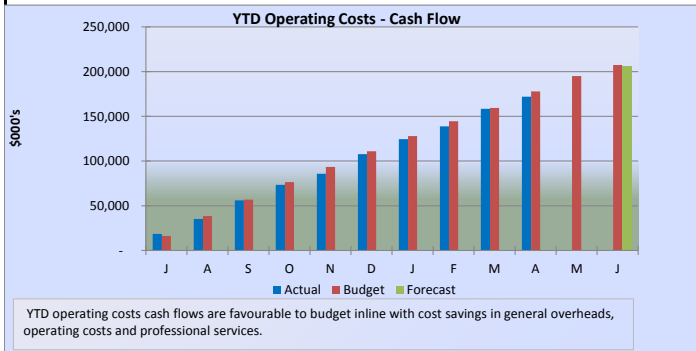
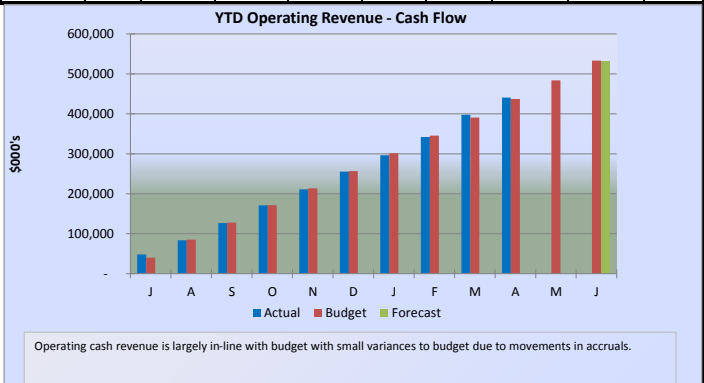
WATERCARE SERVICES LIMITED
STATEMENT OF CASH FLOWS

Apr-16

(\$000's)												
NZ \$000s	Current Month				Year to Date				Full Year			
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result	Forecast	Budget	Variance	Result
Operating Cash flow:												
Operating Revenue	43,188	46,651	(3,463)	*	440,784	437,340	3,444	✓	531,490	533,286	(1,796)	*
Operating Costs	(13,500)	(18,510)	5,010	✓	(171,884)	(177,805)	5,921	✓	(205,659)	(207,334)	1,675	✓
Interest Paid	(5,512)	(6,431)	919	✓	(61,723)	(64,985)	3,262	✓	(78,080)	(78,207)	127	✓
OPERATING CASH FLOW	24,176	21,710	2,466	✓	207,177	194,550	12,627	✓	247,752	247,745	7	✓
Investing Cash flow:												
Capital Expenditure	(33,831)	(34,245)	414	✓	(238,604)	(309,610)	71,006	✓	(285,336)	(380,773)	95,437	✓
Capitalised Interest (CAPI)	(926)	(1,722)	796	✓	(10,088)	(14,865)	4,777	✓	(11,820)	(18,501)	6,681	✓
INVESTING CASH FLOW	(34,757)	(35,968)	1,211	✓	(248,692)	(324,476)	75,784	✓	(297,156)	(399,274)	102,118	✓
Financing Cash flow:												
Short Term Advances/(Repaid)	12,000	12,000	-	✓	17,500	17,500	-	✓	17,500	17,500	-	✓
Commercial Paper Issued/(Repaid)	31	31	-	✓	371	371	-	✓	371	371	-	✓
Auckland Council Borrowings/(Repaid)	(171)	2,227	(2,398)	✓	21,427	112,055	(90,628)	✓	28,741	133,658	(104,917)	✓
FINANCING CASH FLOW	11,860	14,258	(2,398)	✓	39,298	129,926	(90,628)	✓	46,612	151,529	(104,917)	✓
Net Increase (Decrease) in Cash and Cash Equivalents	1,279	-	1,279	✓	(2,217)	-	(2,217)	*	(2,792)	-	(2,792)	*
Opening Cash Balance/(Overdraft)	(704)	-	(704)	*	2,792	-	2,792	✓	2,792	-	2,792	✓
Ending Cash Balance/(Overdraft)	575	-	575	✓	575	-	575	✓	-	-	-	✓

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	994	1,460	(42,565)	3,937	(46,502)
Add back non cash items:					
Depreciation and amortisation	17,833	18,078	178,802	180,652	(1,850)
Financial instruments revaluation	1,826	-	101,465	-	101,465
Vested assets revenue	(1,259)	(861)	(25,476)	(8,615)	(16,861)
Other non-operating exp/(inc)	637	240	7,983	2,520	5,463
Income Tax Expense/(Benefit)	326	38	(11,051)	16,365	(27,416)
Movements in Working Capital	3,818	2,755	(1,981)	(309)	(1,672)
OPERATING CASH FLOW	24,176	21,710	207,177	194,550	12,627

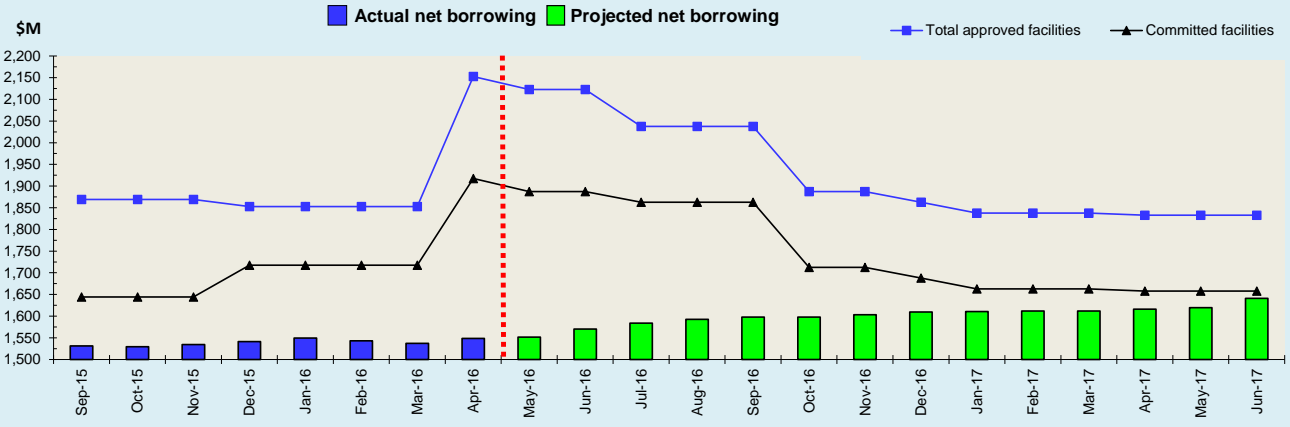


WATERCARE SERVICES LIMITED							Apr-16	
STATEMENT OF FINANCIAL POSITION							(\$000's)	
June 2015 Actual	March Actual		April			June 2016		
			Actual	Budget	Variance	Forecast	Budget	Variance
		Current assets						
2,792	-	Cash and cash equivalents	575	-	575	-	-	-
47,826	45,904	Trade and other receivables from exchange transactions	47,353	51,271	(3,917)	48,000	51,198	(3,198)
19,524	22,338	Unbilled revenue accrual	20,607	20,691	(84)	16,871	20,044	(3,173)
3,000	2,692	Prepaid expenses	3,761	2,764	997	3,473	2,307	1,166
4,058	5,768	Inventories	5,681	4,539	1,142	5,681	4,539	1,142
2,310	2,409	Derivative financial instruments	4,073	2,526	1,547	4,073	2,526	1,547
79,511	79,111	Total current assets	82,050	81,790	260	78,097	80,614	(2,516)
		Non-current assets						
8,172,155	8,318,949	Property, plant and equipment	8,326,883	8,436,141	(109,258)	8,382,287	8,607,480	(225,194)
383,539	445,287	Construction/work-in-progress	466,484	455,648	10,836	472,537	462,687	9,850
(27,673)	(181,497)	Provision for depreciation	(198,885)	(205,427)	6,542	(235,033)	(240,925)	5,892
8,528,021	8,582,739	Total property, plant and equipment	8,594,482	8,686,362	(91,880)	8,619,792	8,829,243	(209,452)
40,184	42,342	Intangible assets	41,733	43,128	(1,395)	41,447	42,838	(1,391)
23,692	23,356	Prepaid expenses	23,319	23,348	(29)	23,245	23,274	(29)
3,884	4,446	Inventories	4,446	3,504	942	4,446	3,504	942
9,086	14,624	Derivative financial instruments	12,372	7,794	4,578	12,372	7,794	4,578
8,604,867	8,667,507	Total non-current assets	8,676,352	8,764,136	(87,784)	8,701,302	8,906,653	(205,352)
8,684,378	8,746,618	Total assets	8,758,402	8,845,926	(87,524)	8,779,399	8,987,267	(207,868)
		Current liabilities						
-	705	Bank Overdraft	-	-	-	-	-	-
148,693	149,033	Commercial paper	149,064	148,640	424	149,064	148,640	424
30,264	30,274	Bonds (18/05/16)	30,275	30,263	12	30,275	30,263	12
-	150,000	Term loan	150,000	150,000	-	150,000	150,000	-
18,918	76,627	Auckland council loan	81,620	29,342	52,278	81,620	29,328	52,292
197,875	406,639	Total debt current	410,960	358,245	52,715	410,960	358,231	52,728
19,407	12,841	Trade and other payables for exchange transactions	13,471	23,476	(10,005)	18,898	25,228	(6,330)
10,380	12,828	Interest accrued	12,488	15,105	(2,617)	10,040	15,216	(5,176)
58,862	51,611	Other accrued expenses	50,676	46,339	4,337	58,862	50,316	8,546
6,926	6,685	Provision for staff benefits	6,903	5,263	1,640	6,903	4,953	1,950
5,170	2,056	Other provisions	633	9,149	(8,516)	457	9,149	(8,692)
22,179	32,974	Derivative financial instruments	31,910	19,441	12,469	31,910	19,441	12,469
320,799	525,634	Total current liabilities	527,041	477,017	50,024	538,029	482,533	55,495
		Non-current liabilities						
75,000	75,000	Bonds (26/10/18)	75,000	75,000	-	75,000	75,000	-
50,667	50,460	Bonds (26/10/18)	50,440	50,400	40	50,440	50,689	(249)
150,000	-	Term loan (13/10/16)	-	-	-	-	-	-
-	5,500	Bank revolving credit facility	17,500	17,500	-	17,500	21,500	(4,000)
1,043,422	1,007,310	Auckland council loan	1,002,146	1,147,062	(144,917)	1,009,420	1,164,392	(154,972)
1,319,089	1,138,270	Total debt non-current	1,145,086	1,289,962	(144,876)	1,152,360	1,311,581	(159,221)
18,700	17,203	Other accrued expenses	17,142	29,554	(12,412)	18,142	29,683	(11,541)
3,484	3,624	Other Provisions	3,624	3,624	-	3,578	-	3,578
1,267	1,302	Provision for staff benefits	1,302	1,699	(396)	1,302	1,751	(448)
135,247	229,726	Derivative financial instruments	232,029	137,203	94,826	232,029	137,203	94,826
1,011,130	999,751	Deferred tax liability	1,000,077	1,036,208	(36,131)	1,004,432	1,072,657	(68,225)
2,488,917	2,389,877	Total non-current liabilities	2,399,260	2,498,249	(98,989)	2,411,843	2,552,875	(141,030)
2,809,715	2,915,511	Total liabilities	2,926,301	2,975,266	(48,965)	2,949,872	3,035,408	(85,535)
		Equity						
260,693	260,693	Issued capital	260,693	260,693	-	260,693	260,693	-
1,812,971	1,814,575	Revaluation reserve	1,814,285	1,812,974	1,311	1,814,285	1,893,526	(79,241)
3,856,351	3,799,398	Retained earnings	3,799,688	3,793,056	6,632	3,799,688	3,793,056	6,632
(55,352)	(43,559)	Current year earnings after tax	(42,565)	3,937	(46,502)	(45,139)	4,584	(49,724)
5,874,663	5,831,107	Total equity	5,832,101	5,870,660	(38,559)	5,829,527	5,951,859	(122,333)
8,684,378	8,746,618	Total equity and liabilities	8,758,402	8,845,926	(87,524)	8,779,399	8,987,267	(207,868)

TREASURY RISKS AND INTEREST RATE PERFORMANCE

Apr-16

4



Interest rates

	Actual YTD	Benchmark YTD	Year end forecast
Weighted averages (excl. fees and margins)	4.90%	4.28%	4.89%
Weighted averages (incl. fees and margins)	5.97%	N/A	5.95%

Debt (\$m)

	Actual	Budget	Variance
Short-term borrowings	411.0	358.2	52.8
Long-term borrowings	1,145.1	1,290.0	(144.9)
Total gross debt	1,556.1	1,648.2	(92.1)
Bank overdraft / (cash & deposits)	(0.6)	-	(0.6)
Total net borrowing	1,555.5	1,648.2	(92.7)

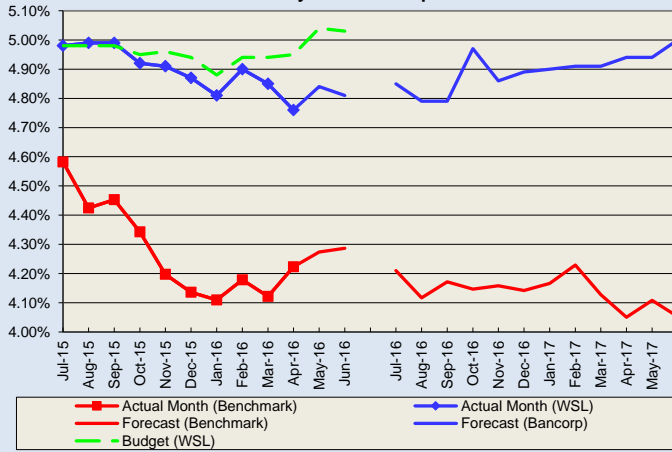
Committed facilities

- Westpac Term Loan facility \$150 million
- BNZ CP Standby facility \$175 million
- Westpac Revolving Credit facility \$60 million
- Medium term notes \$155 million
- Auckland Council \$1,378 million
- Total committed facilities as at 30 April \$1,918 million**

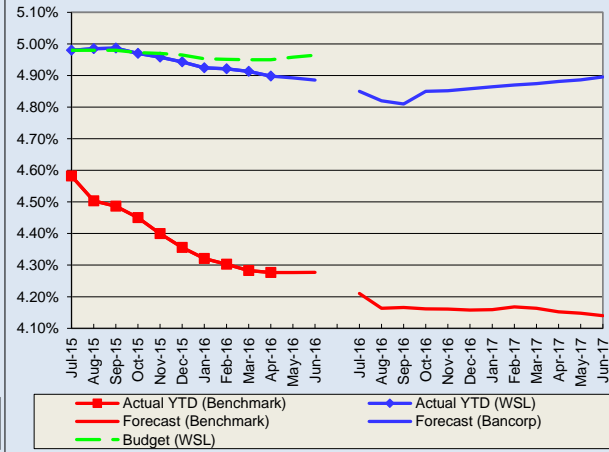
Additional approved facilities

- Approved new funding from Auckland Council \$160 million
- Approved CP issuance, over and above CP Standby facility \$75 million
- Total approved facilities as at 30 April \$2,153 million**

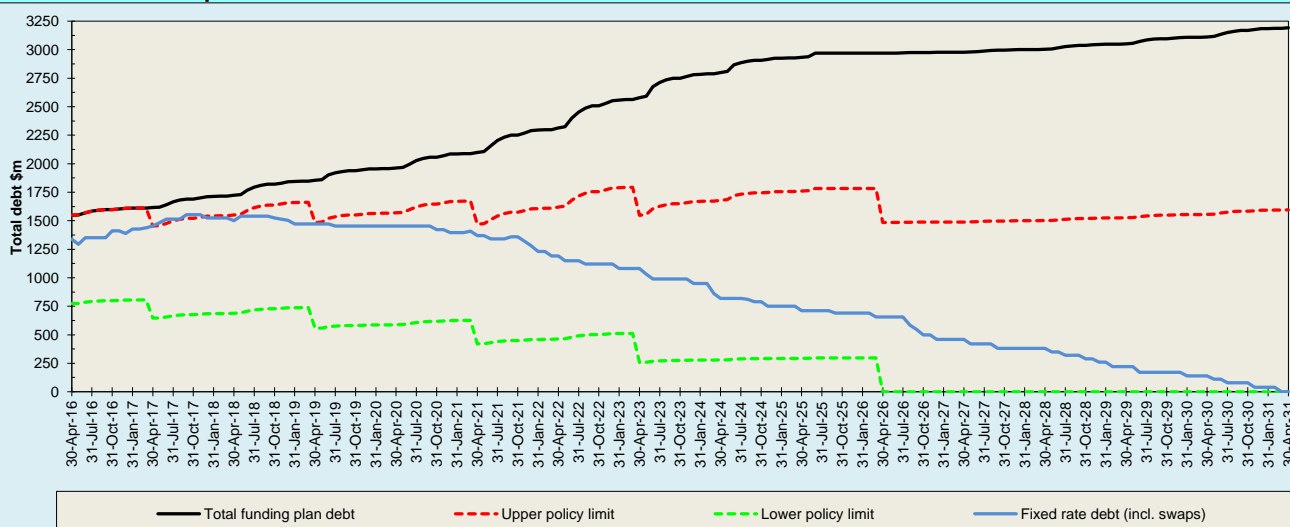
Monthly interest rate performance



Year to date interest rate performance



Forecast total debt profile



COUNTERPARTY EXPOSURES, DEBT CONCENTRATION & COVENANT COMPLIANCE						Apr-16			
Counterparty exposures		S&P credit rating Short / long term	Face value \$000	Credit exposures \$000	Limit \$000	Limit OK / exceeded			
Obligations of registered banks									
ANZ Bank	A1+ / AA-	670,000	2,338	100,000	Limit OK	✓			
Bank of New Zealand	A1+ / AA-	616,028	19,559	100,000	Limit OK	✓			
Commonwealth Bank of Australia	A1+ / AA-	115,000	1,332	100,000	Limit OK	✓			
Kiwibank	A1 / A+	25,000	11	75,000	Limit OK	✓			
Westpac Institutional Bank	A1+ / AA-	565,000	0	100,000	Limit OK	✓			
		1,991,028	23,240						
<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>									
Debt concentration		\$000							
Committed debt facilities		Maturity	0-12 months	12-24 months	24-36 months	36-48 months	48-60 months	> 60 months	Total
Westpac Term Loan facility	13/10/16	150,000							150,000
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	Various	30,000			125,000				155,000
Auckland Council	Various	79,668	78,368	82,243	200,000	2,243	935,000		1,377,522
Total committed debt facilities		259,668	253,368	267,243	200,000	2,243	935,000		1,917,522
Approved new funding from Auckland Council							160,000		160,000
Approved CP issuance, over and above CP Standby							75,000		75,000
Total committed and approved debt facilities		259,668	253,368	267,243	200,000	2,243	1,170,000		2,152,522
Treasury policy - total committed debt facilities		<= 500,000	<= 500,000	<= 500,000	<= 500,000	<= 500,000			
Treasury policy compliance		✓	✓	✓	✓	✓			
Drawn bank facilities		Maturity	0-6 months	6-12 months	12-18 months	18-24 months	24-30 months	> 30 months	Total
Westpac Term Loan facility (\$150m)	13/10/16	150,000							150,000
BNZ CP Standby facility (\$175m)	1/07/17								0
Westpac Revolving Credit facility (\$60m)	30/11/18						17,500		17,500
		150,000	0	0	0	0	17,500		167,500
Treasury policy for drawn bank facilities		<= 250,000	<= 250,000	<= 250,000	<= 250,000	<= 250,000	<= 250,000		
Treasury policy compliance		✓	✓	✓	✓	✓	✓		
Other facilities									
BNZ overdraft	On demand	2,000							2,000
		2,000	0	0	0	0	0	0	2,000
Counterparty exposure in relation to borrowing facilities		Westpac	BNZ	ANZ	CBA	Kiwibank			
Term loan facility		150,000							
Revolving credit facility		60,000							
CP standby facility			175,000						
		210,000	175,000	0	0	0			
Treasury policy		<= 500,000	<= 500,000	<= 500,000	<= 500,000	<= 500,000			
Treasury policy compliance		✓	✓	✓	✓	✓			
Compliance with financial covenants and ratios under the Negative Pledge Deed and Guarantee Facility Deed									
Covenant / ratio		Benchmark/target measure		Outcome		Compliance			
Security interests / total tangible assets - maximum		5%		0.00%		✓			
Total liabilities / total tangible assets - maximum		60%		33.57%		✓			
Total liabilities (including contingent) / total tangible assets - maximum		65%		33.57%		✓			
Shareholders funds - minimum (\$000)		500,000		5,832,101		✓			
EBITDA : funding costs ratio - minimum		1.75		4.28		✓			
Funds from operations : interest cover ratio - minimum		2.00		3.69		✓			
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							Apr-16					
Foreign currency exposures (NZ\$000) including hedging for chemical purchases							USD	EUR	Total			
Total exposure to be hedged							120.5	336.7	457.3			
Foreign exchange hedging							120.5	336.7	457.3			
Percentage cover							100%	100%	100%			
Treasury policy							100%	100%	100%			
Treasury policy compliance							✓	✓	✓			
Hedging for chemical purchases (US\$000)					Sep-16	Mar-17	Sep-17	Mar-18	Total			
Chemicals forward foreign exchange hedging									0			
Treasury policy									<= 5,000			
Treasury policy compliance									✓			
Commercial paper maturities												
Issue #	\$000	BKBM	Interest rate	Bid cover (x)	Term (days)	Maturity date	CP maturities					
289	50,000	2.575%	2.550%	3.00	90	25-May-16						
290	50,000	2.560%	2.559%	2.68	92	9-Jun-16						
291	50,000	2.400%	2.443%	2.08	91	29-Jul-16						
	150,000		2.518%									
<i>Note: BKBM is the banks' mid-rate for bank bills of a similar term on the CP issue date.</i>												
					May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Beyond Oct-16	Total
Outstanding CP				50,000	50,000	50,000	0	0	0	0	0	150,000
Uncommitted short-term debt												0
				50,000	50,000	50,000	0	0	0	0	0	150,000
Treasury policy for maximum amount of CP outstanding											<= 250,000	
Treasury policy compliance											✓	
Undrawn committed standby facilities				1 month	1-2 months	2-3 months	3-4 months	4-5 months	5-6 months	> 6 months		
Undrawn committed standby facility - CP facility				175,000	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	50,000	25,000	0	0	0	0	0	
Treasury policy: Undrawn standby facilities >= 50% of outstanding CP and other uncommitted short-term debt repayable within 60 days												
Treasury policy compliance				✓	✓	✓	✓	✓	✓			
Electricity hedging (NZ\$000)				0-6 months	6-12 months	12-18 months	18-24 months	24-30 months	30-36 months	36-42 months	42-48 months	
Contract maturity												
Contract length												
Total value of outstanding contracts				0								
Treasury policy for maximum value of outstanding contracts				<= 10,000								
Treasury policy compliance				✓								
											Page A7	

WATERCARE SERVICES LIMITED

Management Report

Apr-16

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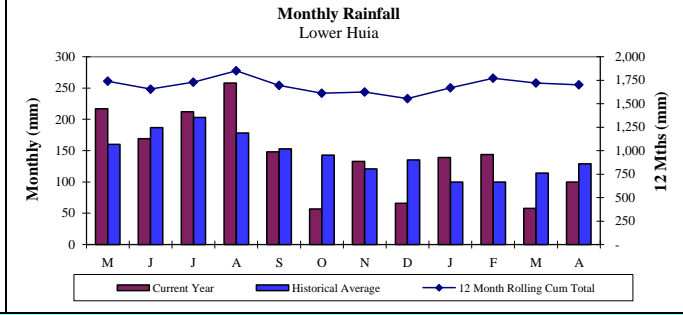
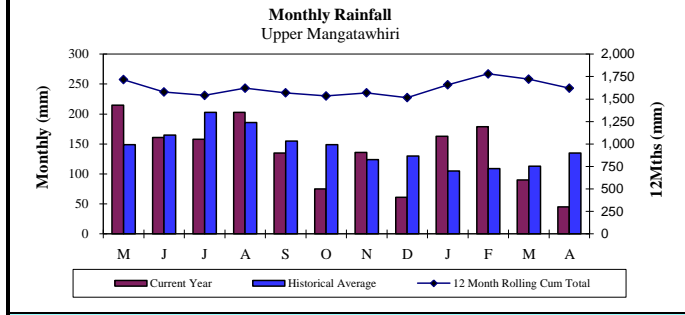
Confidential

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

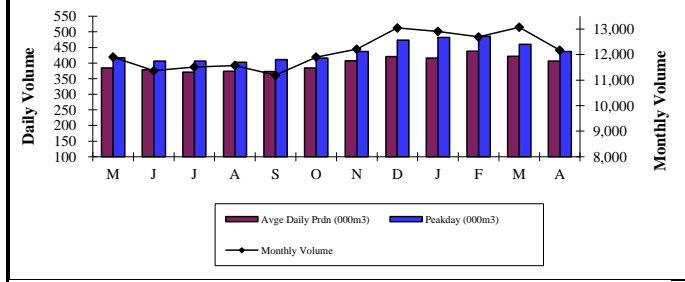
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Rainfall

Rainfall	Current Month	12 Mth Cumulative Rolling	Rainfall	Current Month	12 Mth Cumulative Rolling
Actual - Upper Mangatawhiri	45 mm	1621 mm	Actual - Lower Huia	100 mm	1701 mm

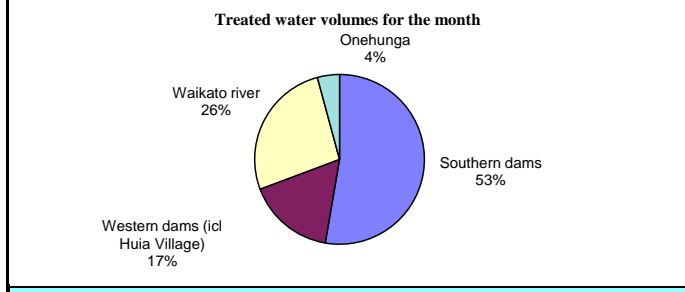


Water Production - Metropolitan Supply



Treated water volumes (000m ³)	Current Month	12 Month Rolling Ave
Monthly Volume	12,170	12,170
Average Daily Production	406	12,128
Peak Day	437	486 ¹

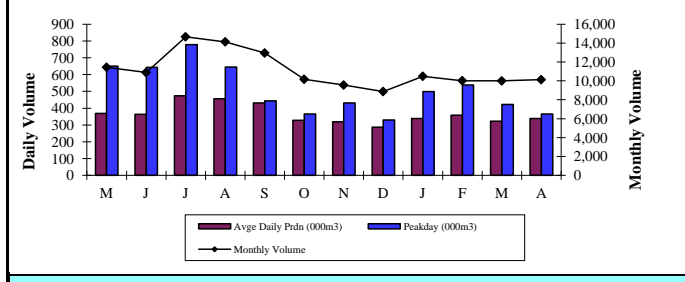
1. Max peak day in past 12 months



Treated water volumes (000m ³)	Current Month			Year to Date		
	Actual	%	Budget	Actual	%	Budget
Southern dams	6,414	53%	7,551	58,141	48%	82,172
Western dams	2,019	17%	2,317	24,174	20%	23,414
Waikato river	3,225	26%	947	34,459	28%	12,673
Onehunga aquifer	512	4%	254	5,498	4%	3,239
Total	12,170	100%	11,069	122,273	100%	121,498

Lake levels at month end was 76%, which remains above historical averages for the time of year.

Wastewater Treatment - Metropolitan Treatment



	Current Month	12 Month Rolling Ave
Monthly Volume (000m ³)	10,132	11,109
Average Daily Production	338	365
Peak Day	365	779 ²

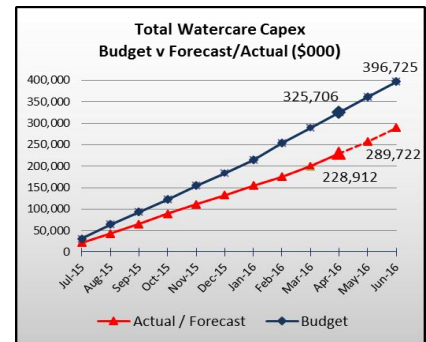
2. Max peak day in past 12 months

WATERCARE PUBLIC REPORT

CAPITAL EXPENDITURE



TOTAL WATERCARE EXPENDITURE	Year to Date		Annual Performance	
	Actual	Budget	Actual + Forecast	Budget
Strategy & Planning	7,067	22,582	8,669	32,209
Infrastructure Delivery	178,570	227,198	219,010	271,721
Service Delivery	20,192	42,230	32,316	52,569
Retail	5,393	6,856	6,705	8,150
Information Services	5,400	6,688	7,694	7,380
Other	2,201	5,286	3,508	6,195
Capitalised Interest	10,089	14,865	11,820	18,501
Watercare Total	228,912	325,706	289,722	396,725



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

Water Projects >\$15 Million

Hunua No 4 Programme	385,372	385,372	60,414	50,514		
North Harbour Watermain Duplication	240,000	239,936	3,795	7,265		
Waikato 175MLD Expansion Stage Ultimate	48,880	49,048	9,484	12,000		
Huia No 1 Watermain Replacement	42,103	42,165	1,181	4,423		
Ardmore WTP Treated Water Resilience	32,120	31,809	439	1,503		

Wastewater Projects >\$15 Million

Central Interceptor Feasibility Design	960,470	960,470	9,034	14,471		
Northern Interceptor - Stage 1	148,200	147,879	1,837	4,414		
Mangere WWTP BNR Capacity	141,040	141,041	52,204	51,500		
Mangere WWTP Solids Stream Upgrade	74,800	74,800	11,401	11,960		
Rosedale WWTP Expansion Project	63,954	63,954	2,295	2,985		
Pukekohe WWTP Upgrade	59,000	59,000	3,288	5,422		
Pukekohe Trunk Sewer Upgrade	53,000	48,033	7,348	4,755		
Snells Algies WWTP Ocean Outfall	34,000	34,002	2,696	2,720		
Puketutu Island Rehabilitation	29,385	29,385	2,341	10,000		
Glendowie Branch Sewer Upgrade	28,775	28,638	688	880		
Fred Thomas Drive WW PS & Storage Tank	27,721	27,720	3,483	6,976		
Army Bay WWTP Outfall Upgrade	27,500	27,545	985	758		
Glen Eden Storage & Pipe Upgrade	17,630	17,590	546	4,795		

Shared Services >\$15 Million

Networks Controls Upgrade	19,944	19,903	3,587	3,500		
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Capex Programme (Design / Execution)

>\$15 Million	2,433,894	2,428,291	177,048	200,840		
>\$2 Million <\$15 Million	130,671	135,553	15,077	35,610		
<\$2 Million	66,059	92,248	23,967	32,013		
TOTAL	2,630,624	2,656,092	216,092	268,464		

Watercare Services Ltd

Financial Summary

2015-16

Report Period

April 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%)

No approved capex or the project is "in-service" indicating the issue is not critical

Local Board Interaction (As at 9 May)

Local Board	Chair	Deputy Chair	March-16	April -16	May -16
Albert - Eden	Peter Haynes	Glenda Fryer	Notification of pending H4 works in Campbell Road (8 Mar). Response to Chairman re opening of Dog Walking area in Owiraka (10 Mar). Local Board briefing on CI (31 Mar).	Local Board meeting on proposed Central Interceptor works in local parks (27 April)	Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)
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)			Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)
Franklin	Andy Baker	Jill Naysmith	Update on new bore being installed at Waiuku water treatment plant (18 Mar). Escalation re odour at Franklin Road pump station (21 Mar). Local Board Briefing (29 Mar). Notice of meter replacements underway in Waiuku (31 Mar)	South West Wastewater Servicing Public Open Days (19,20 April)	Mangere Matters (4 May). Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)
Great Barrier	Izzy Fordham	Susan Daly			
Henderson - Massey	Vanessa Neeson	Shane Henderson	Local Board Briefing (29 Mar).		Site visit to parks potentially impacted by the NI and NH2 designation (2 May). Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)
Hibiscus and Bays	Julia Parfitt	Greg Sayers	Follow up on works at Orewa Reserve (3 Mar). Update on escalated odour complaint at Millwater (18 Mar). Escalation re water leak rebate (21 March).		Notification of Pine Hill Reservoir works (4 May). Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)
Howick	David Collings	Adele White	Notification of pending H4 works in Campbell Road (8 Mar). Tamaki Estuary Environment Forum presentation with Watercare and Stormwater (9 Mar)		Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)
Kaipatiki	Kay McIntyre	Ann Hartley	Respond to escalated customer complaint re road works (10 Mar). Local Board Infrastructure Committee briefing (16 Mar)		Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)
Mangere - Otahuhu	Lydia Sosene	Carrol Elliott	Notification of pending H4 works in Campbell Road (8 Mar)		Mangere Matters (4 May). Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)
Manurewa	Angela Dalton	Simeon Brown			Mangere Matters (4 May). Annual Plan Update – Watercare presentation to

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

Local Board	Chair	Deputy Chair	March-16	April -16	May -16
					Governing Body forwarded to Chair (4 May)
Maungakiekie - Tamaki	Simon Randall	Chris Makoare	Letter on proposed wastewater works in Glen Innes sent to Simon Randall (4 Mar). Notification of pending H4 works in Campbell Road (8 Mar). Tamaki Estuary Environment Forum presentation with Watercare and Stormwater (9 Mar).		Mangere Matters (4 May). Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)
Orakei	Desley Simpson	Kit Parkinson, Colin Davis (Watercare Rep)	Notification of pending H4 works in Campbell Road (8 Mar)	Some members attended Mangere Wastewater Treatment Plant Site Visit (8 April)	Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)
Otara - Papatoetoe	Fa'anānā Efeso (Efeso) Collins	Ross Robertson			Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)
Papakura	Bill McEntee	Michael Turner			Mangere Matters (4 May). Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)
Puketapapa	Julie Fairey	Harry Doig	Notification of pending H4 works in Campbell Road (8 Mar)		Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)
Rodney	Brenda Steele	Stephen Garner	Community Liaison Briefing in Warkworth (2 Mar). Local Board boat trip and open evenings on Warkworth Snells Algies wastewater servicing (16 Mar, 18 Mar)	Information on wastewater irrigation to Omaha Golf Course in support of landowner approval (6 Apr).	Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)
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)	Local Board Parks Portfolio briefing (17 Mar). New chain and locks put on road access to pump station at request of Local Board to improve public safety (22 Mar).	Local Board briefing on NI and NH2 designation process (5 Apr). Logged service request re valve covers (7 Apr). NI and NH2 Designation Public Open Days (12,13,14,20 Apr)	Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)
Waiheke	Paul Walden	Shirin Brown			Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)
Waitakere Ranges	Sandra Coney	Denise Yates		Local Board briefing on NI and NH2, Huia, CI and other projects (7 Apr). NI and NH2 Designation Public Open Days (12,13,14,20 Apr)	Mangere Matters (4 May). Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)
Waitemata	Shale Chambers	Pippa Coom	Information provided for Annual Plan - local board Watercare advocacy issues (8 Mar). Notification of pending H4 works in Campbell Road (8 Mar). Information on the status of Reservoir parking at the Khyber Reservoir Complex (24 Mar).	Some members attended Mangere Wastewater Treatment Plant Site Visit (8 April)	Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)

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

Local Board	Chair	Deputy Chair	March-16	April -16	May -16
			Notice of mural to be painted over – Ponsonby Reservoir (24 Mar)		
Whau	Catherine Farmer	Susan Zhu	Local Board briefing (31 Mar)	Some members attended Mangere Wastewater Treatment Plant Site Visit (8 April)	Mangere Matters (4 May)
Manukau Harbour Forum	Jill Naysmith				Mangere Matters (4 May)

Report to the Board of Watercare Services Limited

Subject: Auckland Council Feedback on Draft Statement of Intent 2016-19

Date: 18 May 2016

1. INTRODUCTION

Watercare is required, under Section 64 of the Local Government Act 2002 (the Act), to produce a Statement of Intent (SOI) for a period of three years, the purpose of which is to provide:

- A public statement of its activities, intentions and objectives;
- An opportunity for the shareholder to influence the direction of the organisation; and
- An accountability basis of the directors for the shareholder.

Schedule 8 of the Act sets out the required contents of the SOI and requires that a draft is to be presented to the shareholder by 1 March each year.

Not only does the SOI set out the intended strategic direction for Watercare, but some of the operational performance measures in the SOI form part of the performance measures that are included in Auckland Council's long term plan (LTP).

The SOI and associated performance measures as well as annual performance reporting are all subject to audit by the Auditor General.

2. TIMETABLE FOR COMPLETION

The SOI process begins with the Mayor's Letter of Expectation which was received by Watercare in December 2015 and distributed to the Board in December board papers.

Following receipt of the Mayor's Letter of Expectation, a draft 2016/19 SOI was prepared and tabled at the February Board meeting. The draft SOI was then submitted to Auckland Council on 3 March 2016.

After receiving the Watercare draft 2016/19 SOI, Auckland Council will consult with the Local Boards and the Independent Maori Statutory Board (IMSB). Auckland Council is then scheduled to hold discussions with Watercare about any proposed changes and report back to Watercare by 30 April 2016.

Watercare is required to provide an opportunity for the public to comment on the 2016/19 SOI (24 May 2016 Board meeting) and deliver to Auckland Council its approved draft 2016/19 SOI by 30 June 2016.

The approved SOI will then be formally adopted by the Auckland Council Governance and Monitoring Committee in August 2016.

3. SHAREHOLDER COMMENTS

The Mayor wrote to the Chairman on 29 April setting out the shareholder's comments on the draft SOI. A copy of the letter is attached as Appendix 1. It is acknowledged that in some cases the shareholder's comments are generic to all of the shareholder's controlled organisations and not specific or relevant to Watercare.

Watercare has considered the shareholder's comments and Watercare's proposed responses are detailed in the table below. An amended version of the draft 2016/19 Statement of Intent, incorporating proposed amendments below, is attached as Appendix 2.

	General Shareholder Comments	Watercare Response:
1	The final SOI must align to the decision made as part of the council's 2016/17 AP and meet legislative requirements. All financial and non-financial information must be aligned between these documents as they are finalised.	<i>Draft SOI is compliant with these requirements, no amendment required.</i>
2	The council group must have a strong focus on delivering value for money for the rate payers of Auckland. That includes a pro-active search for savings through greater use of shared services, and actively participating in the councils Alternative Financing project. The final SOI should detail the actions the CCO is taking to increase value for money for ratepayers.	<i>Proposed addition to draft SOI: "Watercare acknowledges that the Council is looking for financial savings and will continue to work with the Council on co-procurement initiatives."</i>
3	Public understanding of the breadth of assets and services provided to them by the council group must be improved in order to increase overall democratic accountability and participation. Signage and other forms of communications should give recognition to the council (as the shareholder) by incorporating the Watercare council group logo whenever council assets are being used to support activity. Co-branding principles and examples are clearly outlined in the Auckland Council Guidelines (October 2013), the CCO logo guidelines (May 2013) and the Auckland Council Signage Manual v3.2 (September 2014). Council is also developing a Te Reo framework which will guide future council and CCO bilingual communication with the public. A commitment to proactive and meaningful engagement with the work of the Brand Navigation Group is required in the final SOI so that these communication issues can be worked through and public understanding of the use of public assets is improved.	<i>Watercare's approach to branding and signage has been held up as an excellent example across the Council family. The draft SOI includes the following statement: "Watercare acknowledges the Council's desire for consistent branding and communication and will continue to adhere to the Brand Navigation Guidelines."</i> <i>No amendment required.</i> <i>Proposed addition to draft SOI: "Watercare acknowledges the Council's work on development of a Te Reo framework. Watercare will assess the applicability of the framework to Watercare's communication with the public at such time as the framework is finalised and available."</i>
4	Council is seeking to use consistent terminology when communicating its activities for Maori. We ask that you amend your final SOI to use the term "achieving better outcomes for and with Maori" wherever appropriate. Because the council and its CCOs need to be responsive to both mataawaka and mana whenua, CCOs should make appropriate reference to each group in their final SOIs.	<i>Proposed addition to draft SOI: "Watercare is working collaboratively with the Mana Whenua Kaitiaki Forum and the Independent Maori Statutory Board (IMSB) to identify further opportunities for Watercare to contribute positively to achieving better outcomes for and with Maori. This contribution to date includes the provision of technical advice related to water supply and septic tanks, the development of Maori scholarships and apprenticeships and the ongoing upskilling and training of Watercare staff."</i>
5	Changes to local government legislation have meant that other local authorities are required to consider the use of inter-regional CCOs as an option for service delivery. We ask that if Watercare is approached by another local authority to provide services, that you discuss	<i>Proposed addition to draft SOI: "Watercare acknowledges the Council's requirement for timely communication and will ensure that all communication is in accordance with the 'no surprises'</i>

	any such approaches with us at the earliest opportunity.	<i>approach.</i> "
	Specific Shareholder Comments	Watercare Response:
The following matters, outlined in the Letter of Expectation, have not been included sufficiently in the SOI and require amendment:		
6	A commitment to act in accordance with the CCO Governance Manual	<i>Proposed addition to draft SOI: "Watercare will act in accordance with the CCO Governance Manual except in any situations where acting in accordance with the CCO Governance Manual would be in conflict with the statutory and fiduciary requirements for Directors or the organisation, or would be in conflict with Watercare's own governance documents including the constitution and governance charter."</i>
7	The description of Watercare's primary role in supporting the Transformational shift "Quality urban living". Watercare contributes to this by sequencing infrastructure delivery to align with council growth priorities. It is recommended that the following wording (or similar) be included in the quality urban living section on page 5 "Watercare will provide effective and efficient water and wastewater networks that support growth, including in Special Housing Areas (SHAs), Spatial Priorities Areas (SPAs) and Future Urban Zones. Watercare will contribute to this transformational shift by aligning the timing and sequencing of investment in its networks to support Auckland Council's Future Urban Land Supply Strategy."	<i>Proposed addition to draft SOI: "Watercare will continue to provide effective and efficient water and wastewater networks that support growth, including in Special Housing Areas (SHAs), Spatial Priorities Areas (SPAs) and Future Urban Zones. Watercare will contribute to this transformational shift by aligning the timing and sequencing of investment in its networks to support Auckland Council's Future Urban Land Supply Strategy."</i>
8	The list of projects in the three-year work programme (section 5) is insufficient. It is recommended that all projects listed in the LTP that are in progress during the period of the SOI should be included. However, less detail on each programme is required than has been included in the draft SOI.	<i>Proposed amendment to the draft SOI project list to align with the LTP project list.</i>
9	The strategic framework section 3 should be expanded to refer to the 30-year Infrastructure Strategy the council adopted in 2015 as part of the LTP.	<i>Draft SOI states: "Watercare will continue to support the development of, and give effect to, Auckland Council plans and policies and will continue to actively engage with Auckland Council (and other infrastructure providers) to ensure that, where possible, water and wastewater infrastructure is available in a timely manner to service growth." Watercare considers this statement applicable to all Auckland Council plans, including the Infrastructure Strategy. No amendment required.</i>

10	Watercare’s strategic priorities in section 4 should be expanded to include an additional priority “investing in infrastructure to support growth”	<p><i>Draft SOI states:</i></p> <p><i>“Watercare will continue to support the development of, and give effect to, Auckland Council plans and policies and will continue to actively engage with Auckland Council (and other infrastructure providers) to ensure that, where possible, water and wastewater infrastructure is available in a timely manner to service growth.”</i></p> <p><i>Watercare considers the provision of infrastructure to service growth is sufficiently considered. No amendment required.</i></p>
11	Measuring tangible outcomes from the Kaitiaki Forum in relation to either a Maori identity or Maori economic well-being rather than just attendance at meetings.	<p><i>Addressed by proposed addition to draft SOI in point 4 above. No further amendment required.</i></p>

4. RECOMMENDATION

It is recommended that the proposed approach to the shareholders comments on the 2016-2019 SOI and the related amendments be approved.

Report prepared by:



R Chenery
Manager, Business Transformation

Recommended by:



pp
 B Monk
Chief Financial Officer

Approved by:



R Jaduram
Chief Executive



29 April 2016

Mr David Clarke
Chair
Watercare Services Ltd

BY EMAIL: DavidC@cranleighmb.com

Tēnā koe David

RE: Shareholder comments on the draft Statement of Intent (SOI) 2016-2019

The Council Controlled Organisations Governance and Monitoring Committee considered Watercare's draft SOI 2016-2019 at its 29 March 2016 meeting.

At the meeting, the committee resolved to convey a number of general shareholder comments that relate to all CCOs and some specific comments that are specific to Watercare. Our CCO Governance team is available to assist to ensure that the intention of these comments is reflected in your final SOI.

General shareholder comments

Aligning the final 2016-2019 SOI with the final 2016/2017 AP

The final SOI must align to the decisions made as part of the council's 2016/2017 AP and meet legislative requirements. All financial and non-financial information must be aligned between these documents as they are finalised.

Value for Money

The council group must have a strong focus on delivering value for money for the rate payers of Auckland. That includes a pro-active search for savings through greater use of shared services, and actively participating in council's Alternative Financing project. The final SOI should detail the actions the CCO is taking to increase value for money for ratepayers.

Signage and communications - building Aucklanders' understanding of assets and services

Public understanding of the breadth of assets and services provided to them by the council group must be improved in order to increase overall democratic accountability and participation. Signage and other forms of communications should give recognition to the council (as the shareholder) by incorporating the Watercare council group logo whenever council group assets are being used to support activity. Co-branding principles and examples are clearly outlined in the Auckland Council Identity Guidelines (October 2013), the CCO logo guidelines (May 2013) and the Auckland Council Signage Manual v3.2 (September 2014). Council is also developing a Te Reo framework which will guide future council and CCO bilingual communication with the public.

A commitment to proactive and meaningful engagement with the work of the Brand Navigation Group (BNG) is required in the final SOI so that these communication issues can be worked through and public understanding of the use of public assets is improved.

Achieving better outcomes for and with Māori

Council is seeking to use consistent terminology when communicating its activities for Māori. We ask that you amend your final SOI to use the term "achieving better outcomes for and with Māori" wherever appropriate.

Because the council and its CCOs need to be responsive to both mataawaka and mana whenua, CCOs should make appropriate reference to each group in their final SOIs.

Local government changes

Changes to local government legislation have meant that other local authorities are required to consider the use of inter-regional CCOs as an option for service delivery. We ask that if Watercare is approached by another local authority to provide services, that you discuss any such approaches with us at the earliest opportunity.

Specific shareholder comments

The following matters, outlined in the Letter of Expectation, have not been included sufficiently in the draft SOI and require amendment:

- a commitment to act in accordance with the CCO Governance Manual.
- the description of Watercare's primary role in supporting the Transformational shift "Quality urban living". Watercare contributes to this by sequencing infrastructure delivery to align with council growth priorities. It is recommended that following wording (or similar) be included in the quality urban living section on page 5 "*Watercare will provide effective and efficient water and wastewater networks that support growth, including in Special Housing Areas (SHAs), Spatial Priorities Areas (SPAs) and Future Urban Zones. Watercare will contribute to this transformation shift by aligning the timing and sequencing of investment in its networks to support the Auckland Council's Future Urban Land Supply Strategy*"
- the list of projects in the three-year work programme (section 5) is insufficient. It is recommended that all projects listed in the LTP that are in progress during the period of the final SOI should be included. However, less detail on each programme is required than has been included in the draft SOI.

In addition to the matters outlined in the LOE, council considers that the draft SOI is insufficient in three other areas, namely:

- the strategic framework section 3 should be expanded to refer to the 30-year Infrastructure Strategy the council adopted in 2015 as part of the LTP
- Watercare's strategic priorities in section 4 should be expanded to include an additional priority "Investing in infrastructure to support growth"
- measuring tangible outcomes from the Kaitiaki Forum in relation to a Māori identity or Māori social and economic well-being rather than just attendance at meetings.

I look forward to receiving the final SOI by 30 June 2016.

Nāku noa, nā



**DEPUTY MAYOR PENNY HULSE
CHAIR CCO GOVERNANCE AND MONITORING COMMITTEE
AUCKLAND COUNCIL**

cc Mayor Len Brown
cc Stephen Town, Chief Executive, Auckland Council
cc Raveen Jaduram, Chief Executive, Watercare Services Ltd.

WATERCARE SERVICES LIMITED

STATEMENT OF INTENT 2016 - 2019



INTRODUCTION

Me mihi ki te whenua, me tangi hoki mō
rātou kua okioki

We greet the land beneath us; we grieve for those w
gone before us, and we acknowledge their influence u

E ngā mana, e ngā reo, e ngā huihuinga
tāngata puta noa Tāmaki Makaurau
Tāmaki Whānui hoki tēnā koutou i raro i
te pikinga ake o Matariki o Puanga hoki. E
manakohia nei kia pērā ano hoki te
pikinga ake o ā tātou mahi ngātahi āmuri
ake nei. Anei rā te tauāki hei tātaki i aua
manako. Kāti ake.

To you the leaders, you the spokespeople, and to all
the people throughout Tāmaki Makaurau, warm and
heartfelt greetings in this time of Matariki.

As the New Year dawns, we come together to seek a
new way forward, united in our shared
responsibilities, and committed to achieving our
collective vision.

This Statement of Intent (SOI) sets out Watercare’s obligations and commitments, how it intends to meet those, and the measures by which its shareholder, the Auckland Council, can assess the company’s success.

Watercare’s mission is to provide safe, reliable and efficient water and wastewater services. The company’s ability to deliver on its mission every day is recognised as a vital prerequisite in making Auckland one of the most liveable cities in the world.

This Statement of Intent (SOI) sets out how Watercare intends to meet its obligations and commitments as well as how its shareholder, the Auckland Council, will measure the company’s success.

The important and mutually dependent relationship that exists between Auckland Council and Watercare is acknowledged in this SOI. Auckland Council requires the company to give effect to its strategic intent and enable the region’s sustainable growth and development, with particular emphasis on Special Housing Areas. Meanwhile, Watercare relies on council to provide a policy and regulatory environment that enables the development and operation of the infrastructure necessary to achieve this.

DAVID CLARKE

JUNE 2016

CHAIRMAN

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1. PURPOSE OF STATEMENT OF INTENT

In accordance with the Local Government Act 2002, this annual Statement of Intent (SOI) publicly states the activities and intentions of Watercare Services Limited for the next three years, and the objectives that those activities will contribute to. This SOI takes shareholder comments into consideration and includes performance measures and targets as the basis of organisational accountability.

2. ABOUT WATERCARE SERVICES LIMITED

Each day, Watercare Services Limited (Watercare) supplies around 326 million litres of water to the people of Auckland and collects, treats and discharges around 400 million litres of wastewater in an environmentally sustainable fashion.

Watercare is a council-controlled organisation (CCO), wholly owned by Auckland Council. It funds all of its activities itself, receives no money from the Council or central government and is prohibited by statute from paying a dividend to the Council.

As Auckland's water and wastewater services provider, Watercare has a significant role to play in making Auckland one of the most liveable cities in the world. Our mission is to deliver safe, reliable and efficient water and wastewater services to our customers. We are committed to ensuring the health and well-being of the people of Auckland and the environment while keeping the costs of service to our customers, collectively, at minimum levels. Our staff work seamlessly around the clock to make sure that when our customers turn the tap on or flush the toilet, they can do so with confidence and certainty.

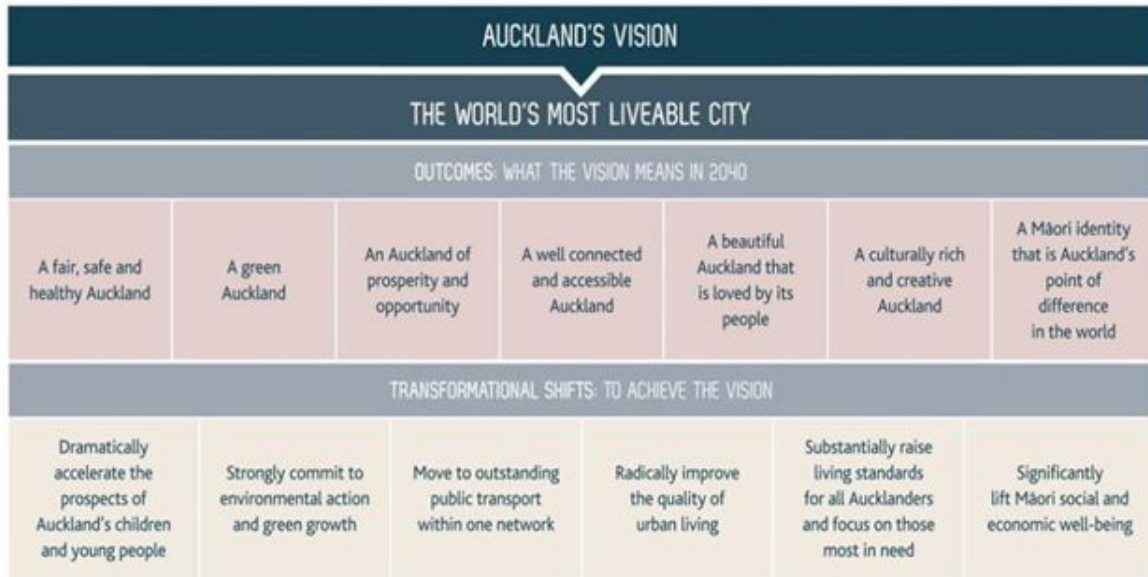
The company's obligations to deliver water and wastewater services for Auckland, are set out in Part 5 section 57(1) of the Local Government (Auckland Council) Act 2009 which stipulates amongst others, that an Auckland water organisation:

- (a) Must manage its operations efficiently with a view to keeping the overall costs of water supply and wastewater services to its customers (collectively) at the minimum levels consistent with the effective conduct of its undertakings and the maintenance of the long-term integrity of its assets; and
- (b) Must not pay any dividend or distribute any surplus in any way, directly or indirectly, to any owner or shareholder; and
- (c) Is not required to comply with section 68(b) of the Local Government Act 2002; and
- (d) Must have regard for public safety (for example, the safety of children in urban areas) in relation to its structures.

This SOI has been prepared in accordance with Schedule 8 of the Local Government Act 2002 and covers a three-year term from 1 July 2016 to 30 June 2019.

3. WATERCARE'S CONTRIBUTION TO THE WORLD'S MOST LIVEABLE CITY

The Auckland Plan is the roadmap to deliver on Auckland's vision to be the world's most liveable city. This is a thirty year plan that is under pinned by a set of outcomes and transformational shifts to achieve this vision which help ensure we focus on the right things.



The Auckland Plan sets strategic direction and transformational shifts to achieve actions, targets and outcomes that are required to achieve the vision to be the world's most liveable city.

Watercare plays a critical part in delivering on actions and targets. In particular, Watercare actions which contribute to the outcomes are outlined in the table below:

Auckland Plan Transformational Shift	Degree of contribution	How Watercare contributes
Quality urban living	Primary	Watercare will continue to provide effective and efficient water and wastewater networks that support growth, including in Special Housing Areas (SHAs), Spatial Priorities Areas (SPAs) and Future Urban Zones. Watercare will contribute to this transformational shift by aligning the timing and sequencing of investment in its networks to support Auckland Council's Future Urban Land Supply Strategy.
Environmental action & green growth	Primary	Effective treatment of wastewater is very important to safeguard human health and to protect our harbours and waterways. Watercare continuously strives to improve its wastewater collection process,

Auckland Plan Transformational Shift	Degree of contribution	How Watercare contributes
		<p>reduce overflows, and ensure wastewater is treated to a standard that protects public health, and the local environment.</p> <p>Through its Waterwise Advice line and Be Waterwise programme, Watercare is promoting water-efficient behaviours to consumers and making every effort to reduce the demand for water services, detailed in the Auckland Regional Water Demand Management Plan.</p> <p>Watercare regularly consults with the specially created Environmental Advisory Group whose experts advise on how the company's activities affect the environment.</p> <p>Watercare's free education programme offers Auckland primary and intermediate school pupils the opportunity to take part in a range of exciting and hands-on lessons that teaches them about water, wastewater and their local environment.</p>
Raised living standards	Secondary	<p>Watercare is committed to providing safe, reliable and efficient water and wastewater services. It has continued to expand its service network to the wider Auckland region, making every effort to supply all Aucklanders with the same quality of service.</p> <p>Watercare is working closely with Auckland Council to ensure that where possible, water and wastewater infrastructure is available in the Special Housing Areas (SHA's). The Watercare Utility Consumer Assistance Trust provides financial support to residential customers of Watercare who are struggling to manage their water and wastewater costs.</p>
Māori social and economic wellbeing	Secondary	<p>Watercare has a close relationship with Māori and recognises the importance of natural resources to mana whenua. Watercare acts in accordance with relevant statutory provisions and Treaty of Waitangi principles. Watercare provides funding for and is a member of the Mana Whenua Kaitiaki Forum. As a member, Watercare attends the quarterly meetings of the forum with the intention of gaining a direct understanding of the issues and objectives of Mana Whenua with respect to Watercare. The Chairman of the Mana Whenua Kaitiaki Forum will continue to have the opportunity to present the annual report of the Forum to the Watercare Board and to prepare a statement for inclusion in the Watercare Annual Report. The Chairman of the of the Mana Whenua Kaitiaki Forum and the Watercare Chief Executive will meet annually with the Chairman and Deputy Chairman of the IMSB to consider Watercare's performance with regards to engagement with Mana Whenua.</p>

Auckland Plan Transformational Shift	Degree of contribution	How Watercare contributes
		Watercare will continue to engage with mana whenua to provide technical advice and support for marae development and papakainga housing. In doing so Watercare will support Māori representation to Government for funding of infrastructure for those rural marae in the Auckland region.
Children & young people	Secondary	Children and young people benefit from a high quality, reliable supply of drinking water.
Outstanding public transport	Not applicable	

Degree of contribution: Primary/ Secondary / Not applicable

Watercare will continue to support the development of, and give effect to, Auckland Council plans and policies and will continue to actively engage with Auckland Council (and other infrastructure providers) to ensure that, where possible, water and wastewater infrastructure is available in a timely manner to service growth.

4. WATERCARE'S STRATEGIC PRIORITIES

Watercare has four strategic priorities – these priorities reflect the organisation's focus on becoming a more customer-centric business and continuing to consistently deliver reliable, safe and efficient water and wastewater services.

- *Customer Focus – Putting customers at the heart of our business by aligning processes, people and systems to deliver exceptional performance at minimum cost.*
- *Business Excellence - We deliver positive customer outcomes by being a commercially-savvy, performance-based organisation that prioritises the development and well-being of our people and the long-term resilience of our assets.*
- *Financial Responsibility - We are a financially responsible, efficient business, balancing our long-term financial obligations with our requirement to be a minimum cost service provider.*
- *Fully Sustainable - As custodians of the environment, and responsible members of the community, we effectively manage and minimise the impact of our operations on the environment and embed sustainability into all aspects of our business.*

5. THREE YEAR WORKPLAN TO DELIVER ON STRATEGIC DIRECTION

Watercare's significant capital work programme is a key enabler of the future growth of Auckland. Consequently, Watercare will continue to maintain a strong focus on delivery of the programme. The following are the key initiatives/projects to deliver on Watercare strategic objectives:

Key project and initiatives	Description	Contribution to strategic objectives
Hunua No.4 Watermain Extension	The Hunua watermain will be extended through to the Khyber reservoirs in the central city.	Growth, service level expectations, resilience
North Harbour Watermain Duplication	Duplicates the North Harbour watermain from a new Titirangi No.3 reservoir to the Albany reservoir.	Growth, service level expectations, sustainability, resilience, asset condition
Runciman Road Reservoir and Reservoir No. 2	The provision of additional storage reservoir capacity to maintain security of supply standards for increasing water demand arising from growth.	Growth, service level expectations, resilience
Waikato Water Treatment Plant Expansion	Expansion of the capacity of the existing water treatment plant to cater for additional water demand arising from growth.	Growth, service level expectations, resilience
Waikato Water Treatment Plant No.2 and Watermain	The provision of additional water abstraction, treatment and conveyance capacity from the Waikato River to cater for additional water demand arising from growth.	Growth, service level expectations, resilience
Hunua No.1 and Huia No. 1 Watermains	The replacement of critical watermains which are nearing the end of their design lives.	Service level expectations, resilience, asset condition
Huia Water Treatment Plant Upgrade	The replacement of the Huia Water Treatment Plan which is reaching the end of its design life and the provision of improved treatment processes which will maintain supply and improve levels of service.	Growth, service level expectations, sustainability, resilience, asset condition
Huia No.2 Watermain Replacement	The replacement of a critical watermain which is nearing the end of its design life.	Service level expectations, resilience, asset condition
Waitakere Water Supply Treatment Upgrade	The replacement of the Waitakere Water Treatment Plant when it reaches the end of its design life.	Service level expectations, sustainability, resilience, asset condition
Central Interceptor	A new wastewater conveyance and storage pipeline to service central Auckland as well as the isthmus, east and south.	Growth, sustainability, resilience, asset condition
Northern Interceptor Stage 1	A new wastewater pipeline which will divert flows from Mangere Wastewater Treatment Plant catchment to Rosedale Wastewater Treatment Plant.	Growth, service level expectations, sustainability, resilience, asset condition

Key project and initiatives	Description	Contribution to strategic objectives
Northern Interceptor Stage 2	Diverts wastewater flows from Swanson, Massey and Glen Eden catchments to the Rosedale Wastewater Treatment Plant. This project is dependent on the delivery of the Northern Interceptor Stage 1 (see above).	Growth
Waterfront Interceptor	3.5km conveyance and storage tunnel from Ponsonby to St Marys Bay. This project is dependent on completion of the Central Interceptor Spine (see above).	Growth, service level expectations, sustainability, resilience, asset condition
Mangere Wastewater Treatment Plant Solids Stream Upgrade	Provides additional solids treatment capacity to cater for increased population growth.	Growth, service level expectations, sustainability, resilience, asset condition
Rosedale Wastewater Treatment Plant Upgrade	Provision of additional treatment capacity to cater for population growth on the North Shore, and diversion of flow and load from Mangere Wastewater Treatment Plant catchment through Northern Interceptor.	Growth, service level expectation, asset condition
Pukekohe Wastewater Treatment Plant Upgrade	Additional trunk network and treatment capacity to cater for population growth in the Pukekohe Wastewater Treatment Plan catchment.	Growth, service level expectations, sustainability, resilience, asset condition
Mangere Wastewater Treatment Plant Biological Nutrient Removal	Provides additional biological nutrient removal to comply with resource consent conditions.	Growth, service level expectations, sustainability, resilience, asset condition
Puketutu Island	Restoration of Puketutu Island through biosolids deposition.	Growth

Specific projects delivering on Māori outcomes

Watercare is working collaboratively with the Mana Whenua Kaitiaki Forum and the Independent Maori Statutory Board (IMSB) to identify further opportunities for Watercare to contribute positively to achieving better outcomes for and with Maori. This contribution to date includes the provision of technical advice related to water supply and septic tanks, the development of Maori scholarships and apprenticeships and the ongoing upskilling and training of Watercare staff.

Watercare acknowledges the Council's work on development of a Te Reo framework. Watercare will assess the applicability of the framework to Watercare's communication with the public at such time as the framework is finalised and available.

Key project and initiatives	Description	Contribution to Māori outcomes
Mana Whenua Kaitiaki Forum	<p>Watercare has engaged with 19 Iwi groups throughout Auckland to establish the Mana Whenua Kaitiaki Forum. The emergence of the Kaitiaki Forum resulted from a collective desire for proactive engagement between Iwi and Watercare in order to build strong and enduring relationships and to enhance business efficiencies.</p> <p>Watercare engages with all Mana Whenua entities individually as well as through the Forum, in some cases on a regularly scheduled basis and in other cases, as need arises.</p>	Watercare consults with the Mana Whenua Kaitiaki Forum on infrastructure projects, operations and business decisions that may affect the interests of mana whenua.

6. PERFORMANCE OUTLOOK

Watercare has an agreed set of performance measures and targets which form the basis for accountability to delivering on council's strategic direction, priorities and targets. These are reported on a quarterly basis, in accordance with the CCO Governance Manual. These include the new mandatory DIA measures agreed as part of the Long-term Plan 2015-2025.

Service Level Statement	Measure	2014/15 Actual	2015/16 Annual Plan	2016/17	2017/18	2018/19
Provide uninterrupted access to safe, clean and drinkable water.	The extent to which Watercare's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	100%	100%	100%	100%	100%
	The extent to which Watercare's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	100%	100%	100%	100%	100%
	Median response time for attendance for urgent call-outs: from the time that Watercare receives notification to the time that service personnel reach the site.	New measure	≤60 mins	≤60 mins	≤60 mins	≤60 mins
	Median response time for resolution of urgent call-outs: from the time that	New measure	≤5 hours	≤5 hours	≤5 hours	≤5 hours

Service Level Statement	Measure	2014/15 Actual	2015/16 Annual Plan	2016/17	2017/18	2018/19
	Watercare receives notification to the time that service personnel confirm resolution of the fault or interruption					
	Median response time for attendance for non-urgent call-outs: from the time that Watercare receives notification to the time that service personnel reach the site	New measure	≤3 days	≤3 days	≤3 days	≤3 days
	Median response time for resolution of non-urgent call-outs: from the time that Watercare receives notification to the time that service personnel confirm resolution of the fault or interruption	New measure	≤6 days	≤6 days	≤6 days	≤6 days
	The total number of complaints received by Watercare 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) Watercare's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system	New measure	≤10	≤10	≤10	≤10
	The percentage of real water loss from Watercare's networked reticulation system	13.9%	≤13%	≤13%	≤13%	≤13%

Service Level Statement	Measure	2014/15 Actual	2015/16 Annual Plan	2016/17	2017/18	2018/19
	The average consumption of drinking water per day per resident	270	272 +/- 2.5%	270 +/- 2.5%	268 +/- 2.5%	253 +/- 2.5%
Provide reliable wastewater services and manage discharges to maintain or improve the health of the environment	The number of dry weather overflows from Watercare's sewerage system, expressed per 1000 sewerage connections to that sewerage system	New measure	≤10	≤10	≤10	≤10
	Compliance with the Watercare'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 Watercare in relation to those resource consents	a) 0 b) 0 c) 0 d) 0	a) ≤2 b) ≤2 c) ≤2 d) 0	a) ≤2 b) ≤2 c) ≤2 d) 0	a) ≤2 b) ≤2 c) ≤2 d) 0	a) ≤2 b) ≤2 c) ≤2 d) 0
	Attendance at sewerage overflows resulting from blockages or other faults: median response time for attendance - from the time that Watercare receives notification to the time that service personnel reach the site	New measure	≤60 mins	≤60 mins	≤60 mins	≤60 mins
	Attendance at sewerage overflows resulting from blockages or other faults: median response time for resolution - from the time that Watercare receives	New measure	≤5 hours	≤5 hours	≤5 hours	≤5 hours

Service Level Statement	Measure	2014/15 Actual	2015/16 Annual Plan	2016/17	2017/18	2018/19
	notification to the time that service personnel confirm resolution of the blockage or other fault					
	The total number of complaints received by Watercare about any of the following: a) sewerage odour b) sewerage system faults c) sewerage system blockages d) the Watercare's response to issues with its sewerage system expressed per 1000 connections to the Watercare's sewerage system	New measure	≤50	≤50	≤50	≤50
	Average number of wet weather overflows per discharge location	WW network discharge consent lodged and operational	≤2 overflows per year per engineered overflow point	≤2 overflows per year per engineered overflow point	≤2 overflows per year per engineered overflow point	≤2 overflows per year per engineered overflow point
Health, Safety and Well-being	Lost-time injury frequency rate per million hours worked	2.53	≤5	≤5	≤5	≤5
	Total recordable injury frequency rate per million hours worked	19.84	≤30	≤20	≤20	≤20
	Percentage of voluntary leavers relative to number of permanent staff	12.5%	≤12%	≤12%	≤12%	≤12%
Customer Satisfaction	Percentage of customers surveyed satisfied with Watercare's delivery of water and wastewater services	84.7%	≥80%	≥80%	≥80%	≥80%

Service Level Statement	Measure	2014/15 Actual	2015/16 Annual Plan	2016/17	2017/18	2018/19
	Percentage of complaints 'resolved and closed' within 10 working days	94.2%	≥95%	≥95%	≥95%	≥95%
	Percentage attendance at the quarterly meetings of the Mana Whenua Kaitiaki Forum	100%	100%	100%	100%	100%
Financial	Minimum funds flow from operations to interest cover (FFO) before any price adjustment	3.30	≥2.5	≥2.5	≥2.5	≥2.5
	Percentage of household expenditure on water supply services relative to the average household income	0.90%	≤1.5%	≤1.5%	≤1.5%	≤1.5%

7. SUMMARY OF FINANCIALS

Watercare acknowledges that the Council is looking for financial savings and will continue to work with the Council on co-procurement initiatives.

The following summary of financials supports the delivery of the strategic objectives and performance targets for Watercare.

Operating expenditure (\$ millions)

Operating expenditure (\$ millions)	2014/15 Actual	2015/16 LTP	2016/17 Annual Plan	2017/18 SOI	2018/19 SOI
Personnel costs	58	69 [✓]	75	78	81
Other expenses	147 [✓]	144	140	144	132
Interest expense	74	78	81	83	84
Depreciation	209	217	227	243	246
Total operating expenditure	488	508	523	548	543
Operating expenditure to be funded	279	291	296	305	297
Funded by:					
External revenue	451	469	488	511	536
Grants/ subsidies					
Auckland Council funding					
Total	451	469	488	511	536
Surplus/ (deficit)	172	178	192	206	239

Capital expenditure (\$ millions)**Capital expenditure (\$ millions)**

	2014/15 Actual	2015/16 LTP	2016/17 Annual Plan	2017/18 SOI	2018/19 SOI
Growth	116	200	199	264	255
Level of service	80	88	17	23	38
Renewals	82	93	110	125	138
Capital expenditure excluding capitalised interest	278	381	326	412	431
Capitalised interest	14	19	11	14	20
Total capital expenditure including cap int	292	400	337	426	451
Funded by:					
Operating surplus	172	178	192	206	239
Infrastructure growth charges	50	58	70	87	96
Debt	70	164	75	133	116
Grants / subsidies					
Auckland Council funding					
Total	292	400	337	426	451

Specific expenditure towards Māori outcomes (\$ 000s)

Initiative	2014/15 Actual (000'S)	2015/16 Annual Plan (000'S)	2016/17 LTP (000'S)	2017/18 LTP (000'S)	2018/19 LTP (000'S)
Mana Whenua Kaitiaki Forum	140	140	140	140	140
Iwi Engagement on Watercare Projects	869	1059	1,059	1,059	1,059
Total expenditure	\$1,009	\$1,199	\$1,199	\$1,199	\$1,199

Other financial information

Current value of assets	The current value of Watercare Services Limited assets as at 30 June 2015 is \$8,685 million.
Shareholder equity ratio	The latest shareholder equity ratio for Watercare Services Limited as at 30 June 2015 is 68%.

Accounting Policies	Watercare Services Limited accounting policies are consistent with those of the Auckland Council group policies with nominated exceptions (e.g. interest capitalisation).	
Financial Reporting	Watercare Services Limited financial reporting is in accordance with requirements of the CCO Governance Manual.	
Asset sales (\$ million)		
	2014/15 Actual	<i>\$nil</i>
	2015/16 LTP	<i>\$nil</i>
	2016/17 LTP	<i>\$nil</i>
	2017/18 LTP	<i>\$nil</i>
	2018/19 LTP	<i>\$nil</i>

8. APPROACH TO GOVERNANCE

Auckland Council works in partnership with its CCOs and the agreed approach to governance is outlined within the CCO Governance Manual which sits alongside this SOI and also forms part of the annual binding agreement between council and Watercare.

Watercare will act in accordance with the CCO Governance Manual except in any situations where acting in accordance with the CCO Governance Manual would be in conflict with the statutory and fiduciary requirements for Directors or the organisation, or would be in conflict with Watercare's own governance documents including the constitution and governance charter.

Watercare acknowledges the Council's desire for consistent branding and communication and will continue to adhere to the Brand Navigation Guidelines.

Watercare acknowledges the Council's requirement for timely communication and will ensure that all communication is in accordance with the 'no surprises' approach.

Watercare board meetings are open to members of the public. Watercare also meets the public meetings requirement of the Local Government (Auckland Council) Act 2009 which requires Auckland Council CCOs to hold two public meetings a year:

Purpose	Date	Form of Public Notification
Consider shareholder comments on draft SOI	24 May 2016	Public notice
Consider performance against SOI targets	18 October 2016	Public notice
Consider shareholder comments on draft SOI	May 2017	Public notice