

WATERCARE SERVICES LIMITED

AGENDA | Board meeting | 27/03/2017

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 1 March 2017 	Minutes 1 March 2017
3. Directors' Corporate Governance Items	Chair	<ul style="list-style-type: none"> Review Board Planner Review Disclosure of Interests (Directors & Executive Management) 	Board Planner 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. Update on Weather Events	R Jaduram	<ul style="list-style-type: none"> Receive report 	Board Report
6. General Business	Chair		

Date of next Meeting – 20 April 2017

Location – Watercare Newmarket, 73 Remuera Road, Newmarket

MINUTES

DRAFT

SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Watercare Services Limited, 73 Remuera Road, Remuera, Auckland
DATE	1 March 2017
TIME	11:30
STATUS	Open Session

	<p>Present:</p> <p>M Devlin (Chair) J Hoare (Deputy Chair) N Crauford C Harland T Lanigan B Green D Thomas</p> <p>I Cronin-Knight (Board Observer)</p>	<p>In Attendance:</p> <p>R Jaduram R Fisher B Monk J Simperingham</p>	<p>Public in Attendance:</p> <p>Three representatives from the Oratia Heritage Society</p>
1.	<p>Apologies:</p> <ul style="list-style-type: none"> There were no apologies. 		
2.	<p>Minutes of Previous Meeting</p> <ul style="list-style-type: none"> The Board resolved that the Minutes of the public section of the Board meeting held on 26 January 2017 be confirmed as correct. 		
3.	<p>Directors Corporate Governance Items</p> <ul style="list-style-type: none"> Board Planner 2017 The Corporate Planner was noted. The Chief Executive advised that the dates of the Quarterly Reports to Auckland Council will be added to the Planner. The Board noted that the Audit and Risk Committee meeting on 26 April 2017 will now commence at 08:00. Disclosure of Interests The reports on the Disclosures of Interest were reviewed. No additional conflicts of interest were declared. The Board received a presentation from members of the Oratia Heritage Society expressing concern relating to the shortlisting by Watercare of two sites in Parker Road, Oratia, as possible sites for a new Water Treatment Plant. The Chair thanked the Society for their presentation and confirmed that the current consultation was part of the process and confirmed that no final decision had been made in respect of the site for the new Water Treatment Plant. The members of the Society left the meeting following the completion of their presentation. 		
4.	<p>Chief Executive's Report and Scorecard</p> <ul style="list-style-type: none"> Health & Safety 		

There was one lost-time injury related to Watercare employees during February. The rolling 12 month lost-time injury frequency rate (LTIFR) is 1.87 per million hours, below the target maximum of 5.

The total recordable injury frequency rate (TRIFR) is 14.31 per million hours.

- Customer Focus

Performance against Statement of Intent measures for December was good with all customer service performance metrics above target for the month, except complaints resolution. The rolling 12 month average result for resolution of complaints within 10 working days was 94.6% against a target of 95%. Although Watercare did not meet the rolling 12 month target, 100% of complaints in January were resolved within 10 working days.

Customer satisfaction in January was 87.6% for the previous 12 months.

- Infrastructure Programme

The Chief Executive advised that there were essentially three reasons why there is an underspend of the budget. These are:

1. Efficiency, where projects are brought in under budget.
2. Delays caused by resource consenting taking longer than expected. This can occur if consents are appealed to the Environment Court. The Pukekohe East reservoir project is an example.
3. Delays after projects have commenced, an example is the Sidmouth Street pump station where mid project, it was decided to avoid cutting down a large Norfolk Pine causing some redesign and hence delay.

The Chief Executive said that he was satisfied that Watercare was far enough advanced in planning for projects. For example, the replacement for the Huia Water Treatment Plant is required to be operational by 2023 and planning for the replacement is at the stage of evaluation of shortlisted options.

- Service Delivery

The Chief Executive spoke to the loss of production from the Ardmore Water Treatment Plant caused by a power outage as a result of the overhead supply being disrupted by a large storm event. The contingency underground power supply failed, followed by a fault developing on the contingency standby generator. Production was halted from Ardmore for approximately 3 hours. Greater use was made of reservoir supplies and production ramped up at the other plants, including Huia, to ensure there were no disruptions in service to customers. Staff resources were stretched to the limit to ensure continuity of supply. A review will be undertaken of resource capability to respond to such unusual events.

- Finance

Year-to-date revenue is \$16.8m favourable to budget with IGC revenue being \$7.4m ahead of budget due to increased construction activity in areas such as Hobsonville, Millwater, Flatbush and large retirement complexes at Albany, Pukekohe and in the CBD.

Operating expenses are \$6.7m favourable to budget with favourable variances on asset operating costs, professional services and general overheads.

- Capital Expenditure

The Board was advised that the reason for delays in the planned meter replacement programme is to have the work undertaken outside of the peak period for network repairs which occur near the end of summer.

The Chief Executive advised that the response times for repair of breakages are being met. The Chair requested that her role with City Care Limited be noted.

- Statement of Intent ("SOI") 2017 - 2020

The Chair thanked Board members, Catherine Harland and Brendon Green, for their assistance to management on the completion of the SOI for 2017 – 2020.

Following some minor amendments, the Board approved the final draft SOI incorporating the separately approved financials for submission to Auckland Council on 1 March 2017.

5.	General Business <ul style="list-style-type: none">• There was no general business.• The meeting was closed at 12:20.
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CERTIFIED AS A TRUE AND CORRECT RECORD

M Devlin
Chair

Board planner 2017

		January	February	March	April	May	June	July	August	September	October	November	December
Meetings	Board	26 Jan [^]	1 Mar Newmarket	27 Mar Newmarket	20 Apr Newmarket	30 May* Newmarket	28 Jun Newmarket	31 Jul [^] Newmarket	29 Aug Newmarket	21 Sep Newmarket	26 Oct* Newmarket	28 Nov Newmarket	20 Dec Newmarket
	Audit and risk committee	26 Jan (Before board meeting)			26 Apr Newmarket			31 Jul (Before board meeting)	18 Aug Newmarket		26 Oct (Before Board meeting)		
	Capital projects working group			6 Mar Newmarket		10 May Newmarket			9 Aug Newmarket			1 Nov Newmarket	
	Remuneration and appointments committee	26 Jan (After board meeting)			20 Apr (After board meeting)	30 May (After board meeting)			29 Aug (Before board meeting)		26 Oct (After board meeting)		
	Management Health & Safety Workshops			7 Mar Newmarket			29 Jun Newmarket			22 Sep Newmarket			21 Dec Newmarket
Governance	Charter reviews										Annual review of charters		
	Policy reviews					Treasury policy review (via A&R)							
	Delegations											Annual review of board delegations to CE	
	Quarterly risk				Risk report			Risk report			Risk report		
	Compliance	Statutory compliance			Statutory compliance			Statutory compliance			Statutory compliance		
	Shareholder interaction		27 Feb - CCO Q2 quarterly report due	21 Mar - Q2 briefing to F&P Committee		12 May - CCO Q3 quarterly report due			CCO Q4 quarterly report (due date to be advised)	5 Sept - Quarterly briefing to F&P Committee, Auckland Council's A&R Committee			
	H&S Quarterly report	Oct-Dec 16 Report			Jan-Mar 17 Report			Apr-Jun 17 Report			Jul-Sept 17 Report		
Board Trainin	Board training & development				H&S Due diligence refresher: 27 Apr								
Business strategy	Strategic planning			Strategy Workshop 7-8 March									
	Strategic programme updates				Non-revenue water	Customer focus		Business excellence / People & capability		Financial responsibility		Customer focus	
Business planning	Key finance and business decisions	Approve half year accounts	a) approve financials for Draft SOI including projected 17/18 price increases, b) approve long term financials for Auckland Council modelling				28 June Approval of 2017/18 Budget		a) approve 2016/17 accounts, b) delegate final sign off of 2016/17 Annual Report			Auckland Council LTP - review Watercare input ^{>}	Auckland Council LTP - approve Watercare input ^{>}
	Statement of intent		Approval of Draft 2017-2020 SOI			Present shareholder SOI feedback at public meeting	Final 2017-2020 SOI issued to shareholder						2018/19 Letter of Expectation to be received

* Statutory public Board meeting - deputations invited

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

[>] Timetable/Plan not yet available

Report to the Board of Watercare Services Limited

Subject: Disclosure of Interests

Date: 20 March 2017

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.

Director	Interest
Margaret Devlin	<ul style="list-style-type: none"> – Chairman, Harrison Grierson Limited – Chairman, WEL Networks – Director, City Care Limited – Director, Meteorological Services of NZ – Director, Waikato Regional Airport – Director, IT Partners Group – Independent Chair of Audit and Risk Committee, Waikato District Council – Chairman, Women in Infrastructure Network
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 – Member, Water Allocation Technical Advisory Group
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
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 – Director, Port of Tauranga Limited – Member, Auckland Committee, Institute of Directors – Member, Advisory Panel to External Reporting Board – Member, Institute of Directors National Council
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 - Martin Crauford Limited – Director, Wellington Water Limited – Director, Orion New Zealand Limited – Chairman, GNS Science International Limited – Deputy Chairman, Fire Services Commission

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

RECOMMENDATION

That the report be received.

Approved by:



R Jaduram
Chief Executive

Report to the Board of Watercare Services Limited

Subject: Disclosure of Interests – Executive Management

Date: 20 March 2017

<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 Chair - Centre for Infrastructure Research at University of Auckland
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 Director – Hunua Forests Ltd
Brian Monk	Deputy Chairman - MIT Chairman Audit and Compliance Committee - MIT Trustee - Watercare Harbour Clean Up Trust Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust Director – EnterpriseMIT Ltd Director – Hunua Forests Ltd
Steve Webster	Director – Howick Swimgym Limited
Marlon Bridge	Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust
Martin Smith	Director – Heatley Smith Limited
Shayne Cunis	Board Member – Water New Zealand
Adrienne Miller	Advisory Board Member – Women In Infrastructure Health & Safety Committee Member – Water New Zealand
David Hawkins	Nil
David Sellars	Nil
Rebecca Chenery	Nil

RECOMMENDATION

That the report be received.

Approved by:



R Jaduram
Chief Executive

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

WATERCARE SCORECARD 2016/17																						
On budget, on time, within		Unfavourable but within parameters		Major issue, needs attention		SOI	2016/17 Target	Amber Threshold	Red Threshold	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
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)	☑	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)	☑	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%		96%	95%	95%	95%	95%	95%	95%	95%	94%	94%	94%	94%	95%	95%	95%	96%
1i	Number of unplanned water interruptions per 1000 connected properties (12 mth rolling average)		≤10	>10 to 12	>12		5.4	4.9	4.8	4.7	4.6	4.5	4.6	4.7	4.8	5.0	5.1	5.3	5.4			
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		2.21	2.16	2.16	2.20	2.29	2.26	2.26	2.26	2.26	1.99	1.86	1.78	1.60	1.60		
2b	Average number of wet weather overflows per discharge location (transmission system)	☑	≤ 2 overflows per year per engineered overflow point	Low risk non-compliance	High risk non-compliance								0.69	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
2c	The number of dry weather overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system	☑	≤10	>10 - ≤15	>15		0.03	0.03	0.03	0.03	0.04	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3
2d	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by the territorial authority in relation to those resource consents	☑	a) ≤2 b) ≤2 c) ≤2 d) 0	n/a	>2 (for any)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2e	Number of sewer bursts and chokes per 1000 properties (12 mth rolling average)		≤10	>10 to ≤ 12	>12		6.30	6.40	6.40	6.00	5.80	6.10	6.40	6.60	6.80	6.90	7.20	7.60	8.00			
2f	Percentage of wastewater discharged that is compliant with consent discharge requirements for metropolitan areas		100%	98 to <100%	<98%		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	97%	100%	99%		
2g	Percentage of wastewater discharged that is compliant with consent discharge requirements for non-metropolitan areas		35%	n/a	<35%		89%	88%	88%	88%	88%	89%	94%	90%	87%	85%	86%	85%	85%			
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.	☑	≤ 60 mins	>60 - ≤90 mins	>90 mins		39 mins	41 mins	42 mins	43 mins	44 mins	44 mins	44 mins	43 mins	43 mins	43 mins	43 mins	42 mins	42 mins	42 mins	42 mins	41 mins
3b	Median response time for resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	☑	≤ 5 hours	>5 - ≤ 8 hours	>8 hours		2.1 hours	2.4 hours	2.7 hours	2.8 hours	3.0 hours	3.0 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.0 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	☑	≤ 3 days	>3 - ≤ 5 days	>5 days		2.2 days	2.6 days	2.8 days	2.9 days	3.0 days	3.0 days	2.9 days	2.9 days	2.7 days	2.1 days	1.9 days	1.4 days	1.2 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	☑	≤ 6 days	>6 - ≤ 8 days	>8 days		3.2 days	3.6 days	3.9 days	4.1 days	4.8 days	4.3 days	4.3 days	4.4 days	4.2 days	4.0 days	3.6 days	3.1 days	2.9 days			
3e	Percentage of customers surveyed satisfied with Watercare's delivery of water and wastewater services (12 mth rolling average)	☑	≥80%	≥75% to <80%	<75%		84.7%	84.9%	84.4%	84.4%	84.2%	84.3%	80.8%	80.9%	81.4%	81.4%	81.4%	81.8%	82.1%			
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	☑	≤ 10	>10 - ≤ 15	>15		5.8	5.7	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.8	5.9	6.1	6.0			
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	☑	≤ 60 mins	>60 - ≤ 90 mins	>90 mins		42 mins	44 mins	44 mins	45 mins	46 mins	47 mins	47 mins	48 mins	48 mins	48 mins	49 mins	49 mins	49 mins	49 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	☑	≤ 5 hours	>5 - ≤ 8 hours	>8 hours		2.5 hours	2.7 hours	2.7 hours	2.8 hours	2.9 hours	2.9 hours	2.9 hours	3.0 hours	3.0 hours	3.0 hours	3.0 hours	3.0 hours	3.0 hours			
3i	The total number of complaints received by the territorial authority about any of the following: a) sewerage odour b) sewerage system faults c) sewerage system blockages d) the territorial authority's response to issues with its sewerage system expressed per 1000 connections to the territorial authority's sewerage system	☑	≤ 50	>50 - ≤ 75	>75		20.8	20.8	20.9	21.1	20.8	21.3	21.7	21.7	21.8	22.0	22.1	22.1	22.1			
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		3.90	3.80	3.80	3.70	3.70	3.60	3.64	3.32	3.31	3.42	3.51	3.70	3.50			
3k	Percentage of complaints being 'closed and resolved' within 10 working days (12 mth rolling average)	☑	≥95%	≥90% to <95%	<90%		97.0%	96.2%	95.6%	95.1%	93.50%	92.80%	92.20%	92.90%	92.90%	93.90%	94.10%	94.60%	95.9%			
3l	Percentage of the 19 Iwi groups throughout Auckland that Watercare have entered into a Memorandum of Understanding with (target for end of FY16/17)	☑	≥60%									15.70%	15.70%	15.70%	15.70%	15.70%	15.70%	15.70%				

4

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

WATERCARE SCORECARD 2016/17																								
On budget, on time, within		Unfavourable but within parameters		Major issue, needs attention		SOI	2016/17 Target	Amber Threshold	Red Threshold	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17		
4 Health, Safety and Wellbeing																								
4a	Lost-time injury frequency rate per million hours worked (12 month rolling average)	<input checked="" type="checkbox"/>	≤5	5 - 7	>7					3.06	3.73	3.75	2.51	1.92	1.9	1.25	1.25	1.25	1.26	1.24	1.87	2.47		
4b	Percentage of total hours absent due to illness (12 mth rolling average)		≤2.5%	>2.5 to 3.5%	>3.5%					2.12%	2.12%	2.11%	2.14%	2.18%	2.19%	2.15%	2.18%	2.19%	1.97%	2.08%	2.21%	2.19%		
4c	Percentage of voluntary leavers relative to number of permanent staff (12 month rolling average)	<input checked="" type="checkbox"/>	≤12%	>12 to 14%	>14%					12.45%	11.92%	12.32%	12.74%	12.92%	12.15%	12.54%	12.18%	11.19%	10.66%	10.70%	11.31%	10.67%		
4d	Total Returnable Injury Frequency rate per million hours worked (12 month rolling average)	<input checked="" type="checkbox"/>	<30	>30 to <33	>33					15.90	18.02	16.90	14.42	23.02	23.48	22.85	18.35	16.94	14.45	14.3	14.31	12.95		
5 Financial Responsibility																								
5a	Minimum funds flow from operations to interest cover (FFO) before any price adjustment	<input checked="" type="checkbox"/>	≥2.5	2.4 to <2.5	<2.4					3.65	3.69	3.69	3.71	3.71	3.89	3.94	3.92	3.91	3.98	3.92	3.95	4.02		
5b	Percentage of household expenditure on water supply services relative to the average household income	<input checked="" type="checkbox"/>	≤1.5%	1.2 to <1.5	>1.5					0.85%	0.85%	0.85%	0.86%	0.86%	0.86%	0.87%	0.87%	0.87%	0.87%	0.88%	0.88%	0.89%		
5c	Water & wastewater revenue against budget YTD %		≥100%	≥98% to <100%	<98%					102%	102%	102%	102%	102%	101%	101%	101%	100%	101%	101%	101%			
5d	Infrastructure growth charge revenue against budget YTD %		≥100%	≥95% to <100%	<95%					105%	104%	102%	105%	108%	115%	125%	113%	110%	116%	122%	121%	127%		
5e	Controllable costs against budget YTD %		≤100%	>100 to <102%	>102%					95%	95%	95%	97%	99%	94%	95%	95%	94%	95%	95%	94%	94%		
5f	Total contribution against budget YTD (\$ millions)		+	-\$0.1m to -\$2m	> -\$2m					30.11	31.35	33.40	35.65	37.55	4.80	6.84	7.88	11.86	15.86	17.5	23.34	32.39		
5g	Net surplus / deficit before tax against budget YTD (\$ millions)		+	-\$0.1m to -\$2m	> -\$2m					-64.68	-73.74	-73.92	-77.60	-108.02	-21.05	-23.37	-15.53	36.58	92.07	118.33	134.22	131.4		
5h	Total net borrowing against budget YTD (\$ millions)		Negative	\$0.1m to \$10m	> \$10m					-72.00	-89.10	-92.70	-105.30	-92.00	10.60	14.70	9.80	6.70	4.10	1.60	14.20	0.70		
6 Fully Sustainable																								
6a	The average consumption of drinking water per day per resident (gross PCC) (12 month rolling average)	<input checked="" type="checkbox"/>	270 + / - 2.5%							272	272	272	273	272	272	273	273	273	272	272	272	271		
6b	Per capita consumption (litres / person / day) - Residential Monthly PCC		Information only							169	164	158	155	153	151	152	152	157	162	168				
6c	Non-Domestic Monthly Water Volume		Information only							3,244,017	3,305,826	3,081,359	3,137,157	2,970,236	2,910,688	2,911,727	2,906,628	2,984,463	3,044,237	3,152,566				
6d	Non-Revenue Water Percentage		Information only							16.9%	16.7%	16.6%	16.6%	16.6%	16.6%	16.7%	16.8%	16.8%	16.7%					
6e	The percentage of real water loss from the local authority's networked reticulation system (rolling 12 mth average)	<input checked="" type="checkbox"/>	≤13%	>13 to 13.2%	>13.2					12.8%	12.8%	12.9%	13.0%	13.0%	12.9% *	13.0% *	13.1% *	13.2% *	13.2%	13.1%				
6f	Percentage of annual potable water transmission system losses (12 month rolling average)		No specific target - information only							1.8%	1.8%	1.9%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
6g	Percentage of annual potable water network losses (12 mth rolling average) - Urban as a percentage of total volume		No specific target - information only							10.8%	10.6%	10.7%	10.8%	10.8%	10.6%	10.7%	10.8%	10.9%	10.9%	10.8%				
6h	Percentage of annual potable water network losses (12 mth rolling average) - Rural as a percentage of total volume		No specific target - information only							0.42%	0.40%	0.39%	0.38%	0.38%	0.37%	0.36%	0.35%	0.35%	0.34%	0.34%				
6i	Percentage of annual potable water network losses (12 mth rolling average) - Rural as a percentage of rural volume		No specific target - information only							26.5%	25.7%	25.0%	25.0%	24.9%	24.3%	24.0%	23.6%	23.3%	22.8%	22.6%				
7 Policy Compliance																								
7a	Compliance with Treasury Policy		Within policy	Planned outside policy	Unplanned outside policy					Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy

* Transmission system losses corrected to 2%

4

Watercare Services Limited

Subject: Chief Executive Report – February 2017

Date: 20 March 2017

1. HEALTH AND SAFETY

There was one lost-time injury related to Watercare employees during February. The rolling 12 month lost-time injury frequency rate (LTIFR) is 2.47 per million hours, below the Statement of Intent target maximum of 5.

The total recordable injury frequency rate (TRIFR) is 12.95 per million hours.

2. CUSTOMER FOCUS

Performance against Statement of Intent measures for February was good with all customer service performance metrics above target for the month. Complaint resolution was 100% for the sixth consecutive month. The rolling 12 month average result for resolution of complaints within 10 working days was 95.9% against a target of 95%.

The customer satisfaction score in February was 85.2% and the rolling 12 month average is 82.1% against a target of 80%.

3. INFRASTRUCTURE PROGRAMME

The infrastructure capital programme has delivered year to date \$184m against a budget of \$204m. The forecast to year end is to deliver \$283m against a budget of \$302m.

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

4. SERVICE DELIVERY

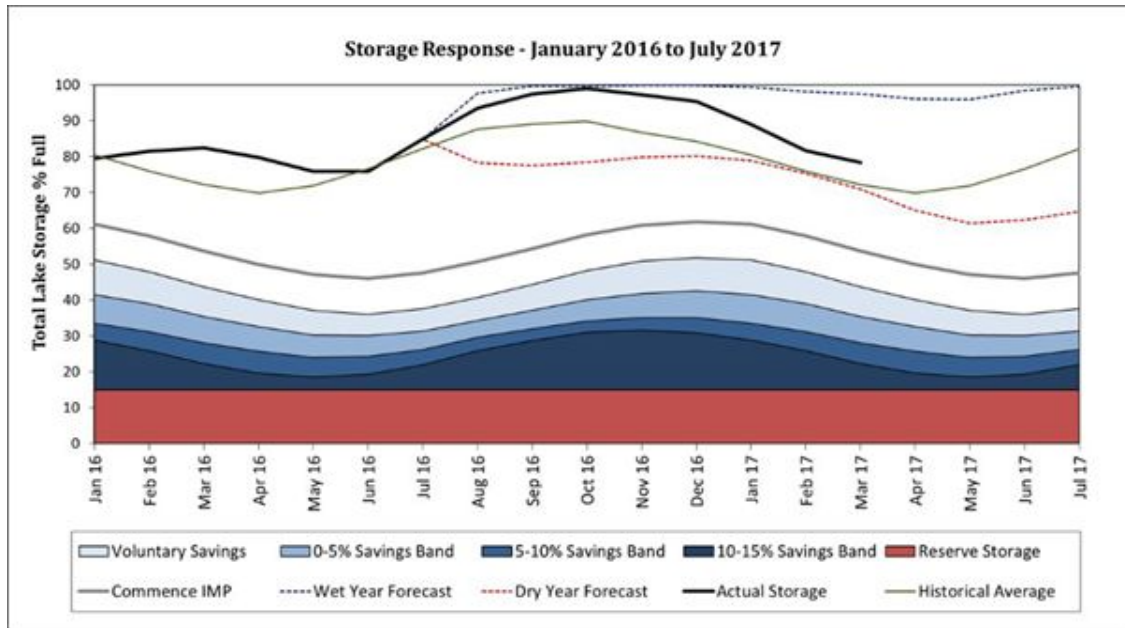
Rainfall and Water Resources

Rainfall in February across the Auckland region was as follows:

Waitakere Ranges	84% of average
Hunua Ranges	139% of average
Northern Non-metropolitan	111% of average
Southern Non-metropolitan	119% of average

Metropolitan Total System Storage at month end was 78.0%, which is above the historical average storage for this time of year (73.3%). In early March a major storm hit Auckland, with significant amounts of rainfall falling with high intensity. This resulted in Total System Storage

increasing rapidly to 98.1% as of 14 March. This event caused significant disruption to Watercare's operations, which will be covered in full in the March report.



Water demand during February was in line with budgeted levels. A record daily peak production of 508ML (502.5ML was produced in the Metropolitan Water Treatment Plants) was recorded in the month. This is the first time the Water Treatment Plants have produced in excess of half a billion litres of water in a 24 hour period.

Given the weather events experienced in early to mid March, the climate guidance for the March to May period will now need to be updated to be relevant. As Total System Storage is extremely high, the risk of shortfall for the coming year is negligible.

5. HUIA WATER TREATMENT PLANT REPLACEMENT

Huia Water Treatment Plant option assessment reports have been completed and the short list option report finalised. Consultation on the three short listed options (with two sub options within Parker Road) has commenced. A project newsletter was published in February and two community open days held. There has been concern expressed by the Oratia community about the short listing of the Parker Road options. This has led to increased media coverage, and Local Board and Councillor interest in the project. More detailed specialist technical, social, environmental and cultural evaluations are now being undertaken on the short listed options. This includes interviews with neighbouring residents by an independent social impact assessor. The next level of detailed information will allow a further refinement of treatment plant design and layout, visual mitigation and screening, environmental impact and an assessment on the impact upon the community during construction and operation. Consultation has continued in the form of direct communication with the project team.

Further community open days are planned for 8 and 9 April and will include a tour of Huia Water Treatment Plant. The project team experts will also be available to answer questions. Members of the public are submitting questions which are answered, and the Q&A on the website are being updated. All of the information gathered through the consultation process, and the further investigations, will support the process to determine the preferred location for the replacement water treatment plant.

6. WATER AUTHORITY FIJI

Three representatives from Water Authority Fiji (WAF) (sponsored by LGNZ and part of the WAF/Watercare Liaison Program) visited Watercare between the 13th to 19th of February for training in water supply modelling and analysis. Training included a series of specific modelling sessions over the week with additional input from the broader planning team on pump station design considerations, project prioritisation, non-revenue water and a site visit to the Waitakere's.

7. AUCKLAND UNITARY PLAN

The process of addressing the appeals to the Auckland Plan continues. Following the decision from the High Court supporting the Auckland Council's decision on the unzoning, the effective sections of the Plan are now operative. A second major ruling was recently released upholding the removal of the Mana Whenua sites of value. Other appeals are ongoing.

8. FINANCE

Financial Performance

	Current Month			Year to Date			Full Year		
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var
Figures (\$millions)									
Revenue	55.3	47.6	7.6	402.4	378.0	24.4	592.7	578.5	14.2
Operating Expenses	17.3	19.1	1.7	135.4	143.9	8.5	209.4	215.5	6.1
Depreciation	18.5	18.2	(0.3)	151.7	150.8	(0.9)	227.2	226.9	(0.3)
Interest expense	6.2	6.2	(0.1)	53.7	54.1	0.4	81.4	80.7	(0.7)
Total Contribution	13.2	4.2	9.1	61.6	29.2	32.4	74.8	55.5	19.3
Non-operating costs/(income)	0.5	0.8	0.3	6.5	5.4	(1.1)	9.0	8.0	(1.0)
Financial instruments revaluation - loss/(gain)	12.6	-	(12.6)	(98.4)	-	98.4	(98.4)	-	98.4
Operating Surplus / (Deficit) Before Tax	0.1	3.4	(3.3)	153.5	23.8	129.7	164.2	47.5	116.6
Deferred Tax - Expense/(Credit)	0.5	0.9	0.4	41.9	11.0	(31.0)	48.6	21.7	(26.9)
Net Surplus / (Deficit) After Tax	(0.5)	2.5	(2.9)	111.6	12.9	98.7	115.6	25.8	89.8
FFO Ratio				4.02	3.59		3.84	3.69	
EBITDA	32.2	26.9	5.2	240.3	220.8	19.5	350.0	343.0	6.9
EBIT	6.3	9.6	(3.3)	207.2	77.9	129.3	245.5	128.2	117.3
Leakage Allowance Granted	0.5	0.5	(0.0)	3.3	3.0	(0.3)	5.6	5.3	(0.3)

Month – Total Contribution of \$13.2m - favourable variance to budget of \$9.1m

Total revenue was favourable \$7.6m to budget due to; IGC and new developments revenue favourable \$3.5m, IGC payments received this month included a large number of payments

for apartment developments. Vested asset revenue was favourable \$4.1m, water and wastewater revenue favourable \$0.3m with water volumes 0.7% lower than budget.

Operating expenses were favourable to budget \$1.7m with lower asset operating costs, general overheads, net labour and professional services.

Depreciation was \$0.3m unfavourable to budget and interest expense was on budget.

Net surplus after tax was unfavourable \$2.9m due to; the unfavourable revaluation of financial instruments of \$12.6m resulting from the decrease in medium to long term swap rates in February offset by the favourable operating contribution variance of \$9.1m, and favourable tax expense of \$0.4m.

Year to date – Total Contribution of \$61.6m - favourable variance to budget of \$32.4m

Year to date revenue is \$24.4m favourable to budget with IGC revenue favourable \$10.9m. The IGC charges paid year to date are higher than budget by 27% driven primarily by large subdivisions at Hobsonville, Millwater and Flatbush and by retirement village and apartment developments particularly in Albany, Pukekohe and the CBD. Vested asset income is favourable \$13.4m; new developments revenue favourable \$1.1m. Water and wastewater revenue is favourable \$2.0m, with water volumes 0.5% higher than budget. Other revenue is unfavourable \$2.8m due to the reduction in FY16 subvention revenue from Auckland Council. Operating expenses are \$8.5m favourable to budget with favourable variances for asset operating costs, professional services and general overheads partially offset by unfavourable net labour due to beneath budget labour capitalisation/recoveries.

Depreciation is unfavourable \$0.9m and interest expense is favourable \$0.4m.

Net surplus after tax year to date is \$111.6m a favourable variance to budget of \$98.7m primarily due to; the favourable revaluation of financial instruments of \$98.4m resulting from the increase in medium to long term swap rates between September 2016 and January 2017 and the favourable total contribution variance of \$32.4m partly offset by higher tax expense of \$31.0m.

Full year Forecast – Total Contribution of \$74.8m – favourable variance of \$19.3m

Full year revenue is forecast at \$592.7m, favourable by \$14.2m largely due to higher than budgeted vested asset revenue favourable \$13.4m. New development revenues are expected to be favourable \$1.1m and water and wastewater revenue favourable \$2.9m partly offset by other revenue which is unfavourable \$3.1m.

Operating expenses are expected to be favourable to budget \$6.1m with favourable variances for asset operating costs, professional services and general overheads partially offset by higher net labour due to lower labour capitalisation.

Depreciation costs are forecast to be unfavourable to budget by \$0.3m at year end.

Interest expense is expected to be unfavourable to budget at year end by \$0.7m due to lower capitalised interest than budgeted. Gross interest is expected to be \$1.8m beneath budget.

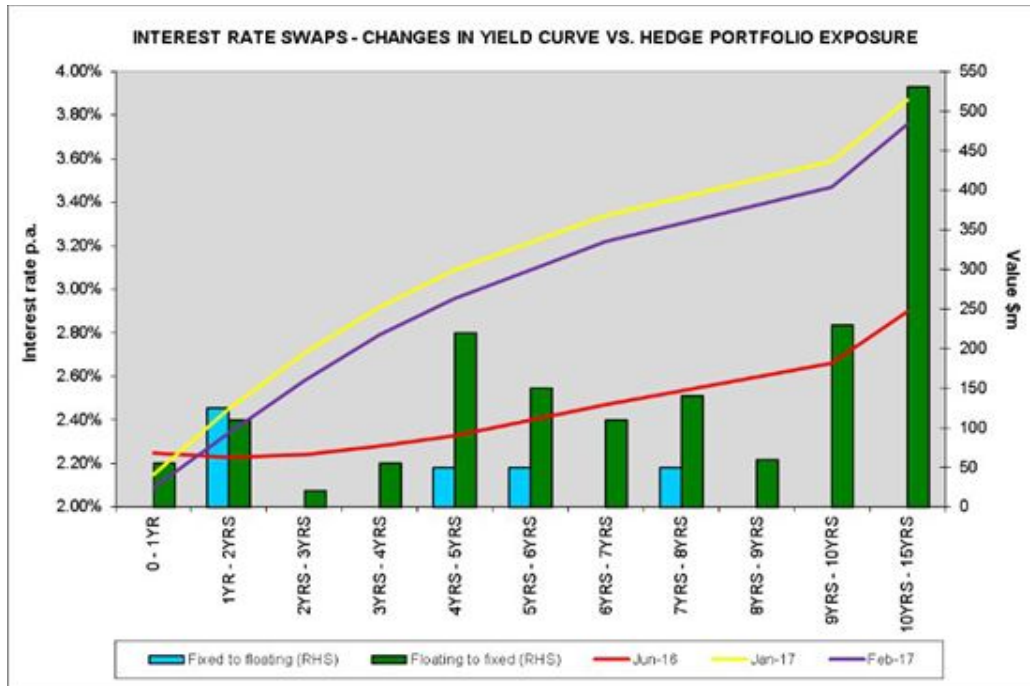
Financial Position

\$million	Actual Jan-17	Actual Feb-17	Monthly Movement	Budget Feb-17	Var from Budget
Non Current Assets	8,806.5	8,818.9	12.4	8,821.2	(2.3)
Current Assets	88.5	83.9	(4.6)	81.2	2.7
Total Assets	8,895.0	8,902.8	7.8	8,902.4	0.4
Other Liabilities	280.9	296.9	16.0	388.4	(91.5)
Deferred Tax Liability	1,039.6	1,040.1	0.5	1,018.8	21.4
Borrowings - Short Term	285.6	286.0	0.4	240.6	45.4
Borrowings - Long Term	1,343.3	1,334.7	(8.6)	1,379.4	(44.7)
Shareholders Funds	5,945.6	5,945.2	(0.4)	5,875.3	69.8
Total Liabilities and Shareholders Funds	8,895.0	8,902.8	7.8	8,902.4	0.4

The major movements in the Statement of Financial Position as at 28th February 2017 compared with 31st January 2017 were; the reduction in trade receivables and inventory, the increase in non-current assets due to capital spend net of depreciation of \$12.4m, the decrease in net debt of \$8.2m, and the upward movement on other liabilities due to the revaluation of derivative financial instruments.

Compared with budget the material variances are largely in respect of, derivative financial instruments revaluations since July 2016 and a different opening position on 1 July 2016 than that assumed when the budget was set, including a lower level of revaluation of land and buildings than expected, lower retained earnings and revaluation of financial instruments. Net debt at \$1,620.7m is marginally (\$0.7m) above budget.

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	6.2	6.2	0.0	53.7	54.1	0.4	81.4	80.7	(0.7)
Capitalised Interest	0.7	1.0	0.2	6.1	7.4	1.4	9.8	12.2	2.5
Gross Interest	7.0	7.2	0.2	59.8	61.5	1.8	91.1	92.9	1.8
Less Interest Income	-	-	-	0.0	-	(0.0)	0.0	-	(0.0)
Net Interest	7.0	7.2	0.2	59.7	61.5	1.8	91.1	92.9	1.8

For the month of February, gross interest was \$0.2m favourable to budget and capitalised interest was unfavourable \$0.2m, resulting in interest charged to the Statement of Financial Performance being on budget. Capitalised interest has been forecast at \$2.5m unfavourable to budget for the year, due to a combination of lower interest rates and lower capital spend.

Capital Expenditure

Summary Capital Expenditure (Millions)	Feb-17			Year to Date			Full Year			Prior Month Forecast
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var	
Wastewater Projects										
Strategy & Planning	0.5	1.1	0.6	1.8	5.5	3.7	4.0	9.6	5.6	4.0
Infrastructure Delivery (excl Labs/MS)	13.9	16.6	2.7	118.9	124.9	6.0	178.4	183.7	5.3	180.1
Water Projects										
Strategy & Planning	0.3	0.6	0.3	4.0	3.9	(0.1)	8.1	8.2	0.0	8.3
Infrastructure Delivery (excl Labs/MS)	1.2	2.0	0.8	19.0	22.8	3.8	28.7	31.4	2.7	27.9
Service Delivery	5.4	6.0	0.6	37.8	43.7	5.9	59.6	63.9	4.3	61.8
Retail	1.3	0.8	(0.5)	7.8	8.0	0.3	13.2	11.8	(1.4)	13.4
Information Services	0.3	0.5	0.3	1.4	5.2	3.7	4.0	7.9	3.9	4.5
Other Projects	0.3	0.6	0.3	5.4	9.5	4.1	10.3	12.3	1.9	10.6
TOTAL	23.2	28.2	5.1	196.1	223.6	27.5	306.4	328.8	22.4	310.6
Includes Capitalised Interest of:										
Water Projects Capitalised Interest	0.1	0.2	0.1	1.1	1.7	0.6	1.7	2.7	1.0	1.8
Wastewater Projects Capitalised Interest	0.6	0.8	0.2	4.9	5.7	0.8	8.1	9.6	1.5	8.3
Total Capitalised Interest	0.7	1.0	0.2	6.1	7.4	1.4	9.8	12.2	2.5	10.1

Capital expenditure for the month was \$23.2m against a budget of \$28.2m. The full year forecast expenditure at \$306.4m is \$22.4m below budget primarily due to:

- Deferral or delayed start to projects including Massey and Swanson Siphon Replacement, Army Bay WWTP and Chelsea WW Pump Station.
- Programme delays to projects in construction including the Waikato Expansion, Puketutu Phase 2 construction, the water pipe renewal and planned meter replacement programmes.
- Project efficiencies identified which will reduce forecast spend including the Rosedale Expansion project and,
- Reprioritisation of IS initiatives resulting in a deferral of budgeted projects.

9. BOARD CORRESPONDENCE

There was no correspondence during February.

However, during March, the Board and members of the Executive of Watercare have been in receipt of numerous emails from residents from Oratia. Responses have been given.

In March, the Chair of the Board was in receipt of a letter from the Mayor which set out the details of the Section 17A Group Value for Money Review Programme.

10. EXECUTION OF DOCUMENTS

There were 9 documents executed during February in accordance with the delegated authority provided to the Chief Executive by the Board for deeds, instruments and other documents.

These included one licence to occupy a Watercare property, one compensation certificate in favour of Watercare, one agreement to acquire land, one agreement to sell land, three easements in favour of Watercare and two surrenders of redundant easements no longer required.

There was one Capex approval totaling \$0.548m 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 Chief Executive – February 2017		
C-12696	DeltaV Version Upgrade Southern Water Treatment Plants	\$548,000

There was one contract over \$100,000 approved during February 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 – February 2017		
17/2/17	Tunnel & Civil	Albany Waste Water Pumping Station Ventilation Upgrade and Biofilter Construction

11. COMMUNICATIONS

Media summary

The water supply situation at Ardmore is the predominant issue in the media at present. A detailed analysis of the media coverage during this period will be provided once the water supply situation at Ardmore is more stable. Overall, the media has been supportive and receptive to our water conservation campaign.

Customer communications

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

Month	Activity	Status
February	Re-writing online forms for website	On-going
	Revised letter for payment services and high water use letter	Complete
Early-March	Domestic and non-domestic customers began to receive Tapped In. This was moved forward in response to the NZ Herald series on overflows. This newsletter is infrastructure-focused, emphasising our ability to accommodate growth and deliver better environmental outcomes – with all projects timed and delivered in an affordable manner.	

	<p>Tapped In put on hold in order to send out letter to customers outlining the current situation at Ardmore.</p> <p>Compiling images and graphics needed for new website</p>	<p>On hold</p> <p>On-going</p>
Mid-March	<p>Letter to customers explaining the current need for Aucklanders to reduce their water use by 20L per person, per day. We will be updating the message as required throughout March.</p> <p>Water saving posters and social media collateral</p>	<p>On-going</p> <p>Being developed</p>
April	<p>Annual fixed wastewater charge – letters to go out to landlords, property managers and brody corps.</p> <p>Insert highlighting our range of payment options plus WUCAT</p> <p>Residents in Franklin will receive a Franklin Matters newsletter about our investment in the area as well.</p>	<p>Planned</p> <p>Planned</p> <p>Planned</p>
May	<p>Price changes for domestic and non-domestic customers</p> <p>Plan changes for non-domestic customers</p>	<p>Planned</p> <p>Planned</p>
June	<p>Domestic and non-domestic customers will receive the winter issue of Tapped In. The primary focus will be on educating customers on how to avoid blockages in their pipes by correctly disposing of wet wipe products and fat, oil and grease. Also reminding people not to plant trees over sewer lines and the consequences of blockages on private property – cost to fix the issue, damage to property and risk to health.</p> <p>This ties into a media campaign that will run at the same time.</p> <p>Also reiterates price changes.</p>	<p>Planned</p>
July	<p>What not to flush down your toilet (following on from the Tapped In newsletter campaign – why you should only flush pee, poo and toilet paper down the toilet and dispose of everything else in the bin).</p>	<p>Planned</p>
August	<p>Water saving tips/water efficient applications (WEL star ratings)</p>	<p>Planned</p>
September	<p>Tapped In (spring 2016) – outlining our energy efficiency strategy (Mangere and Rosedale plants to be energy neutral by 2025, gravity feeding for water network). Also featuring an updated 'our projects' spread for 2017.</p>	<p>Planned</p>
October	<p>Insert to domestic customers about the Watercare Coastal Walkway</p>	<p>Planned</p>

Stakeholder Communications

Underway:

- Franklin Road
 - Liaison and collaboration between Watercare, Auckland Transport (AT), Vector and Northpower continues. Work will enable AT to undertake future upgrades.
 - Weekly project and stakeholder team meetings and Community Liaison Group meetings continue to be productive.
 - 3 wastewater crews and 1 water crew are now working on Franklin Rd and Collingwood St.
- Glen Eden
 - Glen Eden community event (12 March 17) cancelled due to bad weather
 - A change in traffic management along Glendale Road will be in place late-March and a project update newsletter, including traffic changes, has been distributed to all stakeholders
 - Traffic management and diversions are working well with few complaints received
- Huia Water Treatment Plant
 - Project newsletter completed and distributed to the affected communities, politicians and community groups.
 - Two community meetings held; Oratia and Titirangi.
 - Open Days arranged at Huia Water Treatment Plant as part of the community consultation process – postponed two weeks as a result of current water shortage.
 - Social impact specialist undertaking 50 interviews with affected community members.
 - Feedback on the options continues to be received via email, phone, website and social media.
 - Watercare is continuing to update the website with new information as it becomes available.
- Wynyard Quarter
 - Some of the Fanshawe Street works cannot be completed at this time due to traffic management conditions imposed by AT.
 - Communication continues with businesses on Halsey Street in preparation for works in May.
- Fred Thomas Drive
 - Newsletter 2 distributed and notification sent to residents along Taharoto Road as works move north.
 - Final connection works underway on Esmonde Road.
 - Positive feedback on stakeholder liaison received via Voice of Customer.
- Glendowie Wastewater Upgrades
 - Presented to the Maungakiekie-Tamaki Local Board on the project timeline.

Coming Up:

- Network Discharge consent – information has been sent to the local boards on the development of the wastewater network strategy and presentations are underway.
- Replacement of the Wairau Road wastewater pipeline due to commence mid-2017.
- Ponsonby Pipeline Upgrades
 - Upgrades to the existing network pipeline will begin in late-March. Initial works will be undertaken within Watercare designated alignment route.
- Huia 1 Watermain Upgrades
 - Planning underway for the most suitable pipeline route, taking into account social impact and construction methodology.

Other:

- Hobsonville Road watermain replacement to begin in a few weeks. Residents and businesses notified.
- Two pipe bridges replaced in West Harbour using helicopter lifting without incident.
- Watermain renewals works continue at various locations across the city
 - notification letters continue to be distributed.

Internal communications**Underway:**

- Staff continue to be updated about the water supply situation in Ardmore. We are tapping into their social networks via Facebook, Twitter to disseminate the 'Save 20' message.
- Executive roadshows were held at Newmarket and Rosedale; will be confirmed for other sites.
- Communications planning for the launch of Ask Your Team survey to staff by the end of March.
- Preparation for a quarterly Yoursource to be distributed in April.

12. WORKING WITH LOCAL BOARDS

Watercare has begun consultation on the replacement of the aging Huia water treatment plant. Waitakere Ranges Local Board members and western ward Councillors joined Watercare at public meetings in Oratia and Titirangi. Watercare listened to feedback and answered questions. The views of the community were expressed and feedback continues to be collated as part of the final assessment process before a final decision is notified. Following the meetings, Watercare attended a subsequent debrief at a Local Board workshop where we also clarified information that Exhibition drive was not being put up for sale to developers.

Local Board members and staff were notified in advance of Watercare's request for Aucklanders to each save 20 litres of water in response to limited treatment capacity at Ardmore Water Treatment Plant, the result of extreme weather and sediment laden water.

A range of wastewater overflow escalations were responded to in response to public enquiries to Local Board member. Consultation on the regional network discharge consent continued with presentations to the Howick and Maungakiekie Tamaki Local Boards.

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



R Jaduram
CHIEF EXECUTIVE

WATERCARE SERVICES LIMITED

Appendices A & B
Feb-17

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

● **Depreciation** - depreciation is above budget due to higher accelerated depreciation on assets identified for disposal.

● **Net borrowings** - net debt is \$0.7m above budget due to an opening difference in the forecast June balance sheet debt against the actual June balance (actual was \$15.3m higher than forecast). Normalised for the opening balance differences net debt is \$14.6m under budget.

● **Investing Cash flow** - other investments unfavourable by \$18.0m due to the purchase of the Hunua forests.

Key to Treasury policy compliance

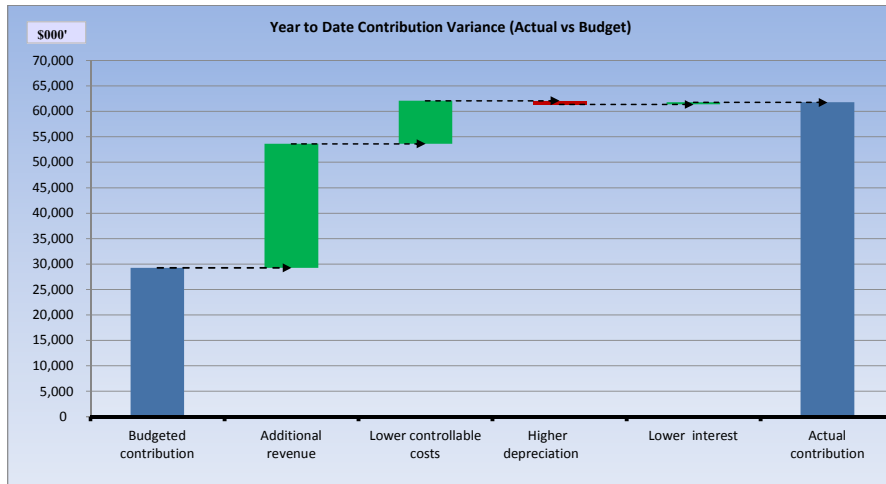
- Full compliance
- Non compliance

WATERCARE SERVICES LIMITED
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE Feb-17
(\$000's)

	Current Month				Year to Date				Full Year			
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result	Forecast	Budget	Variance	Result
Wastewater revenue	26,648	26,208	440	✓	211,571	210,698	873	✓	318,991	316,025	2,965	✓
Water revenue	12,458	12,586	(127)	✗	99,693	98,497	1,197	✓	147,681	147,682	(0)	✗
Infrastructure growth charge revenue	9,033	5,562	3,471	✓	51,244	40,389	10,855	✓	70,282	70,282	0	✓
Other revenue	1,352	1,619	(268)	✗	13,196	15,098	(1,903)	✗	22,394	24,543	(2,150)	✗
Revenue from exchange transactions	49,490	45,974	3,516	✓	375,704	364,683	11,021	✓	559,348	558,533	815	✓
Vested assets revenue	5,781	1,667	4,115	✓	26,694	13,333	13,360	✓	33,360	20,000	13,360	✓
Revenue from non-exchange transactions	5,781	1,667	4,115	✓	26,694	13,333	13,360	✓	33,360	20,000	13,360	✓
Total revenue	55,271	47,641	7,630	✓	402,397	378,016	24,381	✓	592,709	578,533	14,176	✓
Labour	6,979	7,151	172	✓	53,666	53,146	(520)	✗	81,773	81,489	(284)	✗
Contract labour	113	215	102	✓	1,193	1,935	743	✓	2,181	2,717	537	✓
Oncosts	320	312	(9)	✗	1,861	2,408	547	✓	3,102	3,653	550	✓
Labour recoveries	(3,020)	(3,206)	(185)	✗	(22,861)	(25,520)	(2,659)	✓	(35,480)	(39,186)	(3,706)	✗
Net labour	4,392	4,473	80	✓	33,859	31,970	(1,889)	✗	51,576	48,673	(2,903)	✗
Materials & cost of sales	172	181	9	✓	1,371	1,459	88	✓	2,075	2,196	121	✓
Planned maintenance	1,492	1,837	345	✓	10,457	12,156	1,699	✓	16,612	17,348	735	✓
Unplanned maintenance	2,489	2,637	148	✓	20,446	21,053	606	✓	31,269	31,505	236	✓
Asset operating costs - chemicals	950	1,037	88	✓	6,827	7,615	788	✓	10,312	11,202	890	✓
Asset operating costs - energy	1,488	1,443	(45)	✗	10,990	11,472	482	✓	17,282	18,175	893	✓
Operating costs - other	3,187	3,527	340	✓	24,437	28,327	3,889	✓	38,886	42,015	3,129	✓
Depreciation and amortisation	18,460	18,202	(258)	✗	151,670	150,804	(867)	✗	227,172	226,852	(321)	✗
Asset operating costs	28,065	28,683	618	✓	224,828	231,426	6,598	✓	341,533	347,096	5,563	✓
Communications	151	168	17	✓	1,231	1,416	185	✓	1,837	2,082	246	✓
Professional services	685	1,283	598	✓	7,703	8,726	1,022	✓	12,126	12,992	866	✓
Interest	6,244	6,192	(51)	✗	53,700	54,106	406	✓	81,352	80,663	(689)	✗
General overheads	2,332	2,482	149	✓	18,077	19,675	1,598	✓	27,398	29,311	1,914	✓
Overheads	9,412	10,125	713	✓	80,712	83,923	3,211	✓	122,712	125,048	2,336	✓
Total expenses	42,042	43,462	1,420	✓	340,770	348,778	8,008	✓	517,897	523,013	5,116	✓
Total contribution/(loss)	13,229	4,179	9,050	✓	61,627	29,238	32,390	✓	74,812	55,520	19,292	✓
Gain/loss on disposal of fixed assets and other costs	532	786	254	✓	6,497	5,415	(1,082)	✗	9,022	8,000	(1,022)	✗
Gain/loss on revaluation of financial instruments	12,631	-	(12,631)	✗	(98,371)	-	98,371	✓	(98,371)	-	98,371	✓
Non operating costs/(revenue)	13,164	786	(12,378)	✗	(91,874)	5,415	97,289	✓	(89,349)	8,000	97,349	✓
Net surplus/(deficit) before tax	66	3,393	(3,327)	✗	153,502	23,823	129,679	✓	164,161	47,520	116,641	✓
Income Tax Expense/(benefit)	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	518	930	411	✓	41,924	10,954	(30,970)	✗	48,574	21,698	26,876	✓
Net surplus/(deficit) after tax	(452)	2,463	(2,916)	✗	111,578	12,869	98,709	✓	115,587	25,822	89,765	✓

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



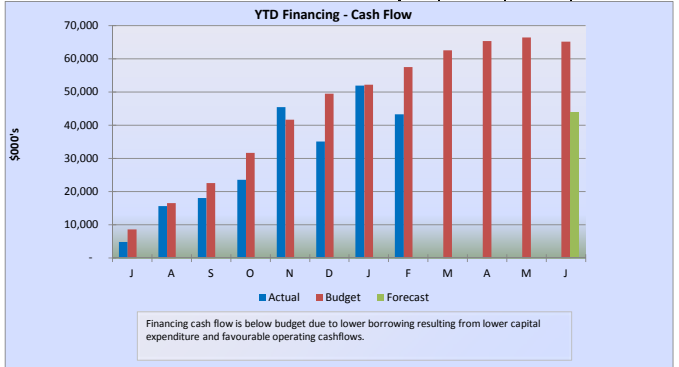
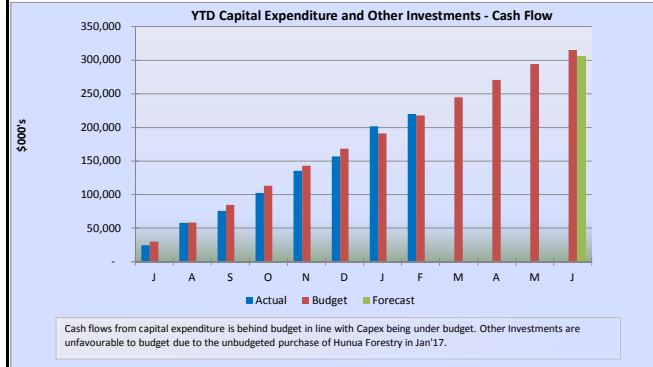
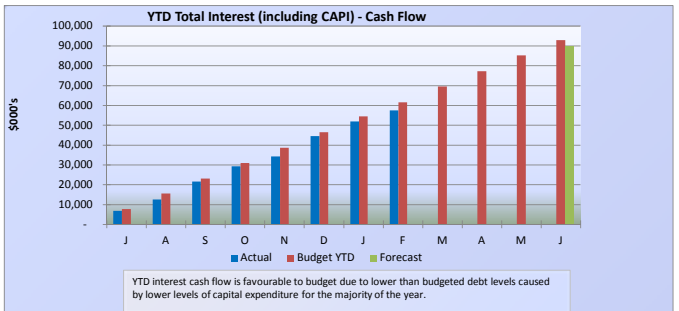
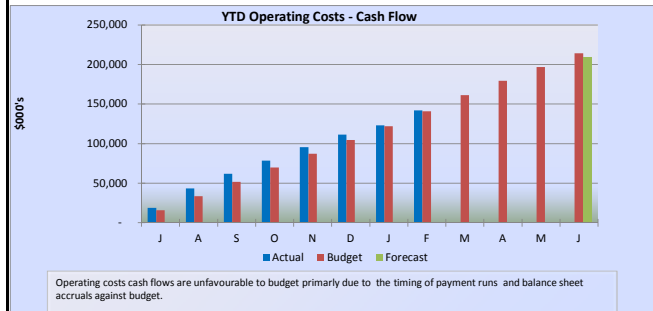
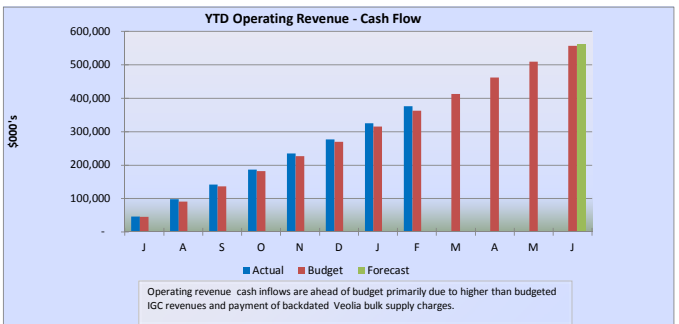
WATERCARE SERVICES LIMITED
STATEMENT OF CASH FLOWS

Feb-17
(S000'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	51,124	47,691	3,433	✓	376,023	362,312	13,711	✓	561,684	556,737	4,947	✓
Operating Costs	(19,109)	(18,869)	(240)	✗	(141,968)	(140,699)	(1,269)	✗	(208,190)	(213,925)	5,735	✓
Interest Paid	(4,863)	(6,192)	1,330	✓	(51,418)	(54,106)	2,688	✓	(79,890)	(80,663)	773	✓
OPERATING CASH FLOW	27,152	22,630	4,522	✓	182,637	167,506	15,131	✓	273,604	262,149	11,455	✓
Investing Cash flow:												
Capital Expenditure	(18,158)	(26,947)	8,789	✓	(201,662)	(217,619)	15,957	✓	(305,542)	(315,057)	9,515	✓
Other Investments	-	-	-	↔	(18,000)	-	(18,000)	✗	(1,500)	-	(1,500)	✗
Capitalised Interest	(746)	(993)	247	✓	(6,066)	(7,437)	1,371	✓	(9,776)	(12,243)	2,467	✓
INVESTING CASH FLOW	(18,904)	(27,939)	9,035	✓	(225,728)	(225,056)	(672)	✗	(316,819)	(327,300)	10,481	✓
Financing Cash flow:												
Bonds/Term Debt Issued/(Repaid)	-	-	-	✓	(150,000)	(150,000)	-	✓	(150,000)	(150,000)	-	✓
Short Term Advances/(Repaid)	(8,500)	(8,500)	-	✓	19,000	19,000	-	✓	19,000	19,000	-	✓
Commercial Paper Issued/(Repaid)	-	-	-	✓	191	191	-	✓	191	191	-	✓
Auckland Council Borrowings/(Repaid)	(165)	13,809	(13,974)	✓	174,053	188,359	(14,306)	✓	174,607	195,960	(21,353)	✓
FINANCING CASH FLOW	(8,665)	5,309	(13,974)	✓	43,244	57,550	(14,306)	✓	43,798	65,151	(21,353)	✓
Net Increase (Decrease) in Cash and Cash Equivalents	(417)	-	(417)	✗	152	-	152	✓	584	-	584	✓
Opening Cash Balance/(Overdraft)	(16)	-	(16)	✗	(584)	-	(584)	✗	(584)	-	(584)	✗
Ending Cash Balance/(Overdraft)	(433)	-	(433)	✗	(433)	-	(433)	✗	-	-	-	✓

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

	Current Month		Year To Date		
	Actual	Budget	Actual	Budget	Variance
Net Surplus (Deficit) After Tax	(452)	2,463	111,578	12,869	98,709
Add back non cash items:					
Depreciation and amortisation	18,460	18,202	151,670	150,804	867
Financial instruments revaluation	12,631	-	(98,371)	-	(98,371)
Vested assets revenue	(5,781)	(1,667)	(26,566)	(13,333)	(13,232)
Other non-operating exp/(inc)	532	786	6,306	5,415	891
Income Tax Expense/(Benefit)	518	930	41,924	10,954	30,970
Movements in Working Capital	1,244	1,916	(3,905)	798	(4,703)
OPERATING CASH FLOW	27,152	22,630	182,637	167,506	15,131

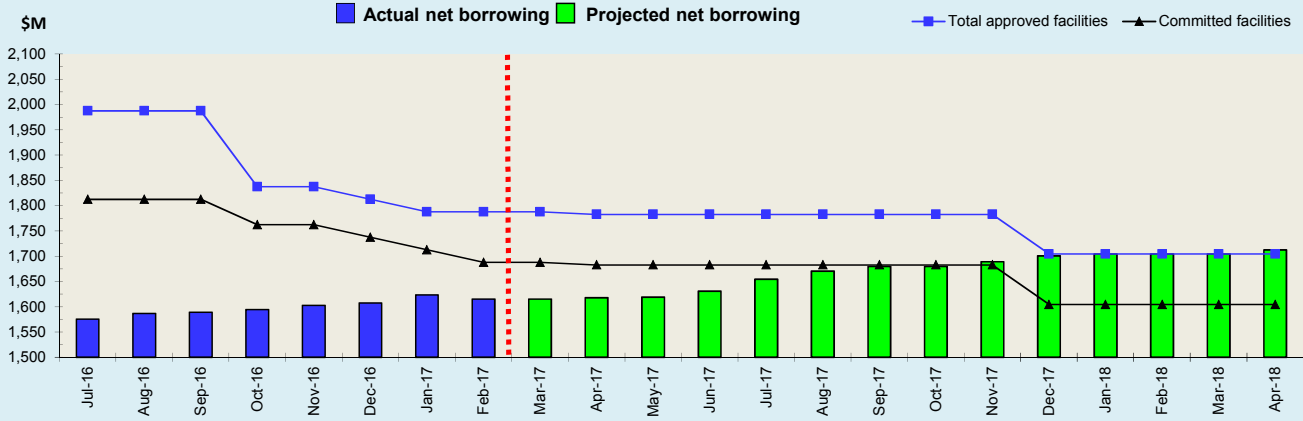


WATERCARE SERVICES LIMITED							Feb-17	
STATEMENT OF FINANCIAL POSITION							(\$000's)	
June 2016 Actual	January 2017 Actual		February			June 2017		
			Actual	Budget	Variance	Forecast	Budget	Variance
		Current assets						
-	-	Cash and cash equivalents	-	-	-	-	-	-
47,137	49,729	Trade and other receivables from exchange transactions	47,871	49,000	(1,129)	47,137	49,500	(2,363)
20,871	22,923	Unbilled revenue accrual	22,872	20,896	1,976	21,588	19,822	1,767
3,332	3,526	Prepaid expenses	3,217	1,819	1,398	2,639	3,415	(776)
5,895	9,355	Inventories	7,418	5,736	1,682	9,167	5,818	3,349
3,206	2,957	Derivative financial instruments	2,525	3,793	(1,268)	2,525	3,793	(1,268)
80,440	88,491	Total current assets	83,903	81,244	2,659	83,056	82,348	709
		Non-current assets						
8,430,699	8,688,589	Property, plant and equipment	8,695,704	8,667,968	27,736	8,799,118	8,827,174	(28,055)
454,247	400,450	Construction/work-in-progress	421,285	450,918	(29,633)	432,316	455,852	(23,536)
(230,843)	(357,831)	Provision for depreciation	(375,390)	(382,355)	6,965	(448,551)	(60,603)	(387,948)
8,654,103	8,731,207	Total property, plant and equipment	8,741,600	8,736,530	5,070	8,782,883	9,222,422	(439,539)
42,714	38,654	Intangible assets	38,149	44,473	(6,324)	38,608	44,659	(6,051)
23,244	22,983	Prepaid expenses	22,946	23,245	(299)	22,798	23,245	(447)
4,373	4,171	Inventories	6,013	4,356	1,657	5,913	4,356	1,557
15,138	9,497	Derivative financial instruments	10,232	12,590	(2,358)	10,232	12,590	(2,358)
8,739,572	8,806,512	Total non-current assets	8,818,939	8,821,195	(2,256)	8,860,433	9,307,272	(446,839)
8,820,012	8,895,002	Total assets	8,902,842	8,902,439	403	8,943,489	9,389,620	(446,130)
		Current liabilities						
582	16	Bank Overdraft	433	-	433	-	-	-
149,067	149,258	Commercial paper	149,258	149,071	187	149,258	149,071	187
-	286	Bonds	287	279	8	287	279	8
150,000	-	Term loan	-	-	-	-	-	-
81,883	136,049	Auckland council loan	136,007	91,283	44,724	136,007	95,431	40,576
381,532	285,609	Total debt current	285,985	240,633	45,352	285,552	244,780	40,771
17,047	12,301	Trade and other payables for exchange transactions	14,351	17,398	(3,047)	17,450	20,398	(2,947)
10,614	13,406	Interest accrued	14,594	11,255	3,339	13,774	11,337	2,438
52,582	42,245	Other accrued expenses	43,277	59,747	(16,470)	54,887	59,747	(4,860)
8,314	8,508	Provision for staff benefits	7,407	7,463	(56)	7,407	7,463	(56)
906	166	Other provisions	166	545	(379)	166	545	(379)
33,276	36,270	Derivative financial instruments	37,026	31,189	5,837	37,026	31,189	5,837
504,271	398,504	Total current liabilities	402,806	368,230	34,576	416,262	375,459	40,804
		Non-current liabilities						
75,000	75,000	Bonds (26/10/18)	75,000	75,000	-	75,000	75,075	(75)
50,389	50,219	Bonds (26/10/18)	50,196	50,297	(101)	50,196	50,290	(94)
19,000	46,500	Bank revolving credit facility	38,000	28,000	10,000	38,000	-	38,000
1,051,816	1,171,591	Auckland council loan	1,171,468	1,226,055	(54,587)	1,187,912	1,257,442	(69,529)
1,196,205	1,343,310	Total debt non-current	1,334,665	1,379,352	(44,687)	1,351,109	1,382,807	(31,698)
14,301	14,273	Other accrued expenses	14,213	18,116	(3,903)	14,300	18,116	(3,816)
3,470	3,569	Other Provisions	3,569	3,569	-	3,569	3,569	-
1,291	1,321	Provision for staff benefits	1,321	1,532	(211)	1,321	1,532	(211)
268,697	148,811	Derivative financial instruments	160,989	237,552	(76,563)	160,989	237,552	(76,563)
998,200	1,039,608	Deferred tax liability	1,040,123	1,018,760	21,363	1,046,774	1,156,289	(109,514)
2,482,165	2,550,893	Total non-current liabilities	2,554,881	2,658,883	(104,002)	2,578,063	2,799,866	(221,801)
2,986,436	2,949,397	Total liabilities	2,957,687	3,027,113	(69,426)	2,994,325	3,175,325	(180,997)
		Equity						
260,693	260,693	Issued capital	260,693	260,693	-	260,693	260,693	-
1,839,927	1,837,680	Revaluation reserve	1,837,400	1,851,332	(13,932)	1,837,400	2,177,348	(339,948)
3,800,122	3,735,204	Retained earnings	3,735,483	3,750,433	(14,950)	3,735,483	3,750,433	(14,950)
(67,166)	112,029	Current year earnings after tax	111,578	12,869	98,709	115,587	25,822	89,765
5,833,576	5,945,605	Total equity	5,945,155	5,875,326	69,829	5,949,164	6,214,296	(265,133)
8,820,012	8,895,002	Total equity and liabilities	8,902,842	8,902,439	403	8,943,489	9,389,620	(446,130)

TREASURY RISKS AND INTEREST RATE PERFORMANCE

Feb-17

4



Interest rates

	Actual YTD	Benchmark YTD	Year end forecast
Weighted averages (excl. fees and margins)	4.79%	4.15%	4.79%
Weighted averages (incl. fees and margins)	5.79%	N/A	5.82%

Debt (\$m)

	Actual	Budget	Variance
Short-term borrowings	285.6	240.6	45.0
Long-term borrowings	1,334.7	1,379.4	(44.7)
Total gross debt	1,620.3	1,620.0	0.3
Bank overdraft / (cash & deposits)	0.4	-	0.4
Total net borrowing	1,620.7	1,620.0	0.7

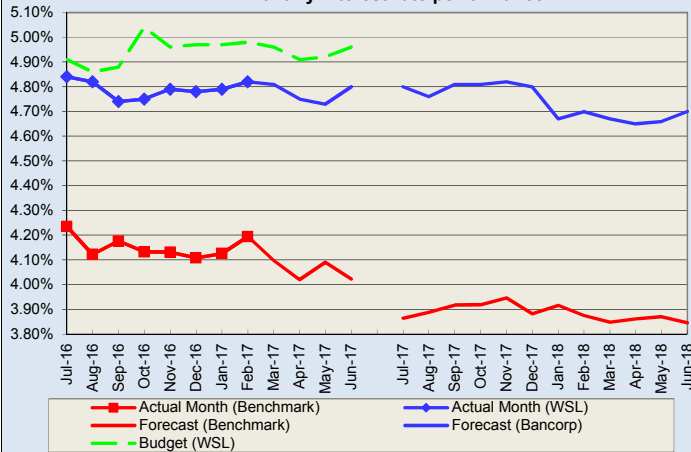
Committed facilities

- Westpac Revolving Credit facility \$60 million
- Medium term notes \$125 million
- Auckland Council CP Standby facility \$150 million
- Auckland Council loans \$1,353 million
- Total committed facilities as at 28 February \$1,688 million**

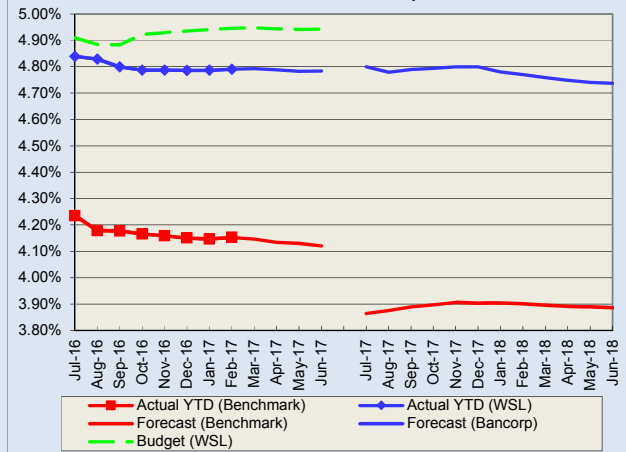
Additional approved facilities

- Approved CP issuance, over and above CP Standby facility \$100 million
- Total approved facilities as at 28 February \$1,788 million**

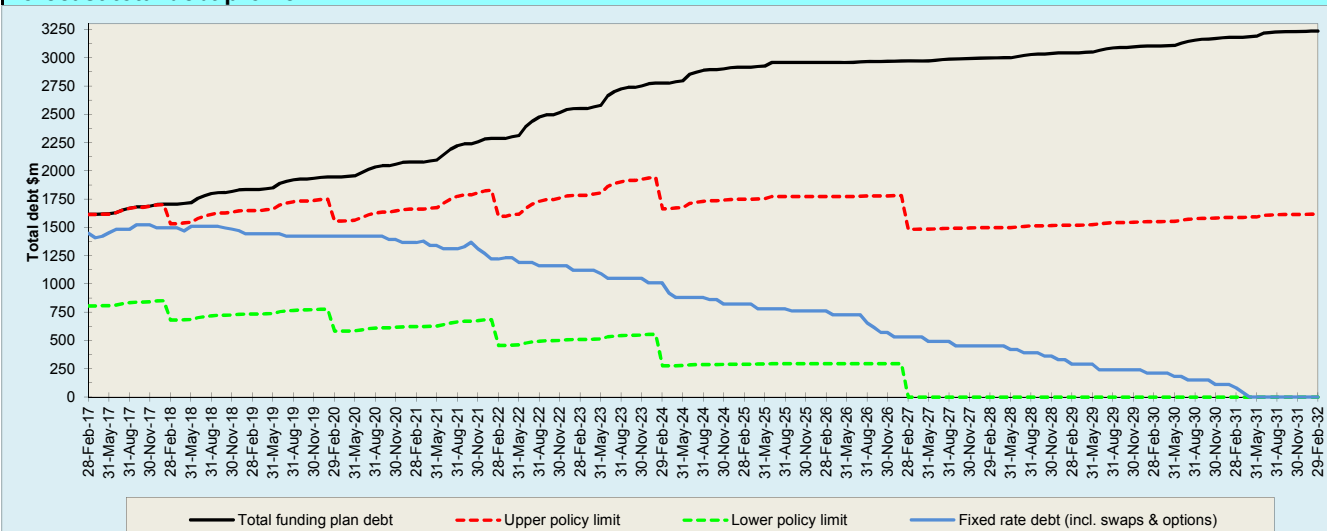
Monthly interest rate performance



Year to date interest rate performance



Forecast total debt profile



COUNTERPARTY EXPOSURES, DEBT CONCENTRATION & COVENANT COMPLIANCE						Feb-17		
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-	580,000	0	100,000	Limit OK	✓		
Bank of New Zealand	A1+ / AA-	645,121	18,383	100,000	Limit OK	✓		
Commonwealth Bank of Australia	A1+ / AA-	90,000	976	100,000	Limit OK	✓		
Kiwibank	A1 / A	75,000	626	50,000	Limit OK	✓		
Westpac Institutional Bank	A1+ / AA-	565,000	0	100,000	Limit OK	✓		
		1,955,121	19,985					
<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 Revolving Credit facility	30/11/18		60,000					60,000
Medium-term notes	26/10/18		125,000					125,000
Auckland Council CP Standby facility	30/06/20				150,000			150,000
Auckland Council loans	Various	133,368	2,243	230,000	52,243	130,000	805,000	1,352,854
Total committed debt facilities		133,368	187,243	230,000	202,243	130,000	805,000	1,687,854
Treasury policy - total committed debt facilities		<= 500,000	<= 500,000	<= 500,000	<= 500,000	<= 500,000		
Treasury policy compliance		✓	✓	✓	✓	✓		
Approved CP issuance, over and above CP Standby							100,000	100,000
Total committed and approved debt facilities		133,368	187,243	230,000	202,243	130,000	905,000	1,787,854
Drawn bank facilities	Maturity	0-6 months	6-12 months	12-18 months	18-24 months	24-30 months	> 30 months	Total
Westpac Revolving Credit facility (\$60m)	30/11/18				38,000			38,000
		0	0	0	38,000	0	0	38,000
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	2,000
Counterparty exposure in relation to borrowing facilities		Westpac	BNZ	ANZ	CBA	Kiwibank		
Revolving credit facility		60,000						
		60,000	0	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%			33.40%		✓		
Total liabilities (including contingent) / total tangible assets - maximum	65%			33.40%		✓		
Shareholders funds - minimum (\$000)	500,000			5,945,153		✓		
EBITDA : funding costs ratio - minimum	1.75			4.47		✓		
Funds from operations : interest cover ratio - minimum	2.00			4.02		✓		
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							Feb-17					
Foreign currency exposures (NZ\$000) including hedging for chemical purchases							USD	Total				
Total exposure to be hedged							120.5	120.5				
Foreign exchange hedging							120.5	120.5				
Percentage cover							100%	100%				
Treasury policy							100%	100%				
Treasury policy compliance							✓	✓				
Hedging for chemical purchases (US\$000)					Mar-17	Sep-17	Mar-18	Sep-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						
299	50,000	2.035%	2.097%	1.62	88	10-Mar-17						
300	50,000	1.990%	2.045%	2.91	87	28-Apr-17						
301	50,000	2.030%	2.090%	1.33	87	18-May-17						
	150,000		2.077%									
<i>Note: BKBM is the banks' mid-rate for bank bills of a similar term on the CP issue date.</i>												
					Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Beyond Aug-17	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				150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	
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				✓								

WATERCARE SERVICES LIMITED

Management Report

Feb-17

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1 Statistics	
● Monthly Statistics Update	B9

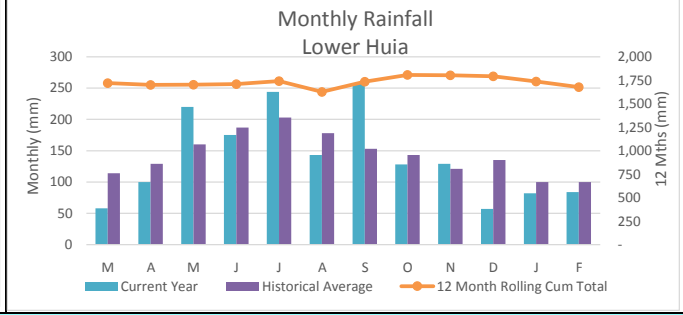
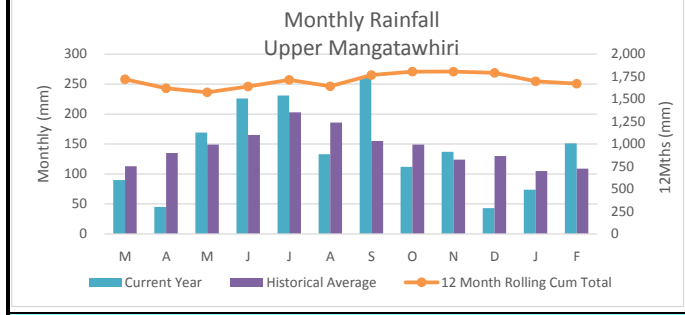
Confidential

Management Report **WATERCARE SERVICES LIMITED** **Feb-17**
Monthly Statistics Update

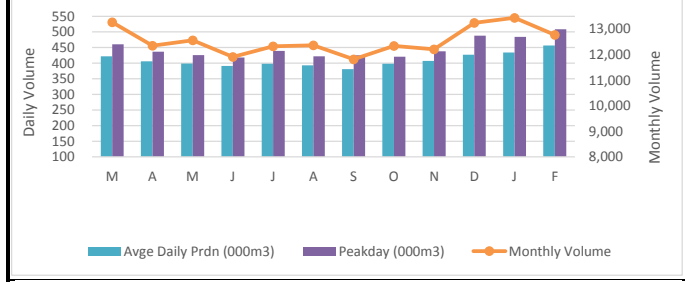
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Rainfall

Rainfall	Current Month	12 Mth Cumulative Rolling	Rainfall	Current Month	12 Mth Cumulative Rolling
Actual - Upper Mangatawhiri	151 mm	1671 mm	Actual - Lower Huia	84 mm	1677 mm



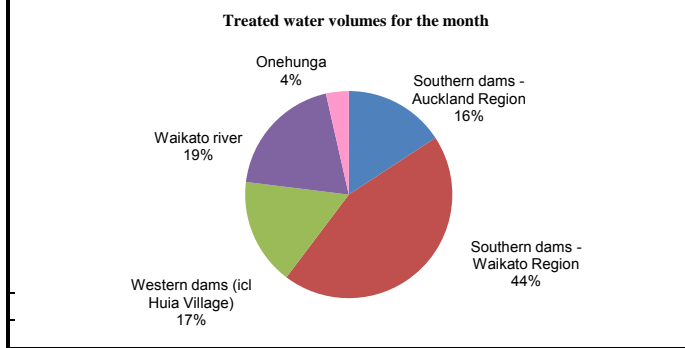
Water Production - Total Supply



Treated water volumes (000m ³)	Current Month	12 Month Rolling Ave
Monthly Volume	12,778	12,553
- Metro	12,585	12,363
- Non-metro	193 ¹	190
Average Daily Production	456	412
Peak Day	508	508 ²

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

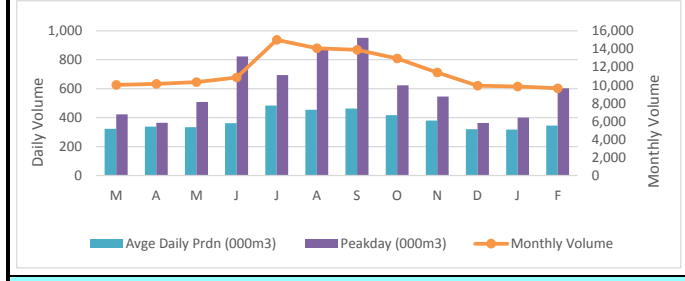
2. Max peak day in past 12 months



Treated water volumes (000m ³)	Current Month		Year to Date			
	Actual	%	Budget	Actual	%	Budget
Southern dams - Auckland Region	1,985	16%	1,192	16,471	16%	10,487
Southern dams - Waikato Region	5,601	44%	5,390	48,402	48%	37,760
Western dams	2,097	16%	2,251	16,979	17%	17,533
Waikato river	2,455	19%	2,387	15,247	15%	27,464
Onehunga aquifer	447	3%	560	2,670	3%	4,508
Rodney	118	0.9%	103	938	0.9%	882
Franklin	75	0.6%	81	577	0.6%	687
Total	12,778	100%	11,965	101,283	100%	99,322

Lake levels at month end was 78.4%

Wastewater Treatment - Metropolitan Treatment



	Current Month	12 Month Rolling Ave
Monthly Volume (000m³)	9,646	11,504
Average Daily Production	345	378
Peak Day	603	952 ²

2. Max peak day in past 12 months

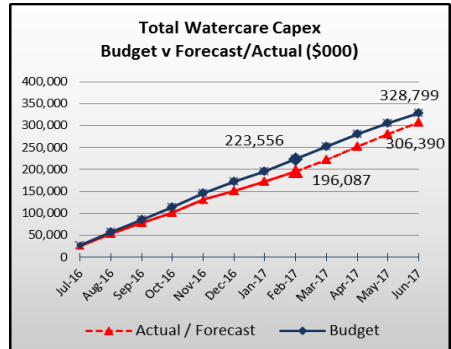
WATERCARE PUBLIC REPORT

CAPITAL EXPENDITURE

Appendix C
Watercare
An Auckland Council Organisation

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TOTAL WATERCARE EXPENDITURE	Year to Date		Annual Performance	
	Actual	Budget	Actual + Forecast	Budget
Strategy & Planning	5,841	9,580	12,175	18,049
Infrastructure Delivery	134,811	143,395	201,818	207,393
Service Delivery	37,772	43,673	59,610	63,936
Retail	7,750	8,044	13,188	11,808
Information Services	1,427	5,176	4,026	7,943
Other	2,421	6,251	5,796	7,428
Capitalised Interest	6,066	7,437	9,777	12,243
Watercare Total	196,087	223,556	306,390	328,799



Project / Programme Infrastructure Related Projects (Phase: Design / Execution)	Project	Annual Performance		Status	
	Current Forecast	Forecast	Budget	Time	Cost
Water Projects >\$15 Million					
Ardmore WTP Treated Water Resilience	30,530	4,127	3,840		
North Harbour Watermain Duplication	54,300	2,616	4,651		
Albany Pinehill WM & PS	15,700	1,790	2,258		
Hunua No 4 Programme	371,008	13,398	12,427		
Waikato 175MLD Expansion Stage Ultimate	31,505	12,410	16,240		
Wastewater Projects >\$15 Million					
Mangere WWTP BNR Capacity	141,039	47,421	48,000		
Mangere WWTP Solids Stream Upgrade	48,757	12,455	12,900		
Central Interceptor Feasibility Design	60,880	9,791	7,654		
Northern Interceptor - Stage 1	107,997	3,162	3,541		
Pukekohe WWTP Upgrade	65,979	1,112	2,040		
Pukekohe Trunk Sewer Upgrade	47,223	30,353	27,854		
Rosedale WWTP Expansion Project	62,261	(347)	3,966		
East Coast Bays Link Sewer Upgrade Prjct	27,200	2,377	0		
Army Bay WWTP Outfall Upgrade	38,850	2,036	3,824		
Wairau Wastewater Pump Station	21,391	199	480		
Fred Thomas Drive WW PS & Storage Tank	27,721	14,229	10,310		
Snells Algies WWTP Ocean Outfall	3,995	493	22		
Glendowie Branch Sewer Upgrade	28,752	1,060	805		
Glen Eden Storage & Pipe Upgrade	16,791	9,970	10,131		
Shared Services >\$15 Million					
Networks Controls Upgrade	19,944	3,602	3,900		
Capex Programme (Design / Execution)					
>\$15 Million	1,221,823	172,253	174,843		
>\$2 Million <\$15 Million	132,230	31,900	36,673		
<\$2 Million	48,854	12,164	13,647		
TOTAL	1,402,907	216,317	225,162		

Watercare Services Ltd
Financial Summary 2016-17
Report Period February 2017
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 project approval (-10%)

Appendix D

Local Board Interaction (As at 10 Mar 2016)

Local Board	Chair	Deputy Chair	Jan 17	Feb 17	Mar 17
Albert - Eden	Peter Haynes	Glenda Fryer	Information on the Regional Network Discharge Consent consultation and advance notice and information on NZ Herald weekend articles on wastewater overflows (20 Jan). OIA request regarding Three Kings Quarry (31 Jan)	Responded to escalated complaint on service following water main break (13 Feb). Response to escalation regarding water outage (27 Feb).	Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar).
Devonport - Takapuna	Grant Gillon (26 October 2016 to 22 April 2018) George Wood (23 April 2018 to the end of the 2016-2019 political term)	George Wood (26 October 2016 to 22 April 2018) Grant Gillon (23 April 2018 to the end of the 2016-2019 political term)	Response to enquiry regarding works in Nile Rd (18 Jan). Information on the Regional Network Discharge Consent consultation and advance notice and information on NZ Herald weekend articles on wastewater overflows (20 Jan).	Coordination with Healthy Waters on Notice of Motion from Local Board on combined wastewater overflows (14 Feb). Update flyer for the Fred Thomas Drive Pump Station works (23 Feb).	Response to escalated water leak complaint at the Strand Takapuna (3 Mar). Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar).
Franklin	Angela Fulljames	Andy Baker	Information on the Regional Network Discharge Consent consultation and advance notice and information on NZ Herald weekend articles on wastewater overflows (20 Jan).	Information on servicing growth areas in Franklin (1 Feb). Information on dam water levels and the Waikato River water take (2 Feb). Information share on land at Hickies Bore Site (28 Feb)	Liaison with Local Board chair regarding extreme wet weather event including information on dam levels and problems with the plant at Kawakawa Bay (8 Mar). Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar).
Great Barrier	Izzy Fordham	Luke Coles			
Henderson - Massey	Shane Henderson	Peter Chan	Information on the Regional Network Discharge Consent consultation and advance notice and information on NZ Herald weekend articles on wastewater overflows (20 Jan).	Responded to an escalated complaint regarding odours in Royal Rd. Coordinate response to build biofilter pending landowner approval from the Local Board (14 Feb). Local Board workshop and landowner approval for biofilter associated with Royal Rd Siphon (28 Feb).	Property owner notification regarding Local Boards landowner approval for a biofilter to control odours from the Royal Rd Siphon (3 Mar). Invite to Glen Eden Community Open Day (6 Mar). Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar).
Hibiscus and Bays	Julia Parfitt	Janet Fitzgerald	Meeting with Local Board and Surf Club regarding shed storage and pump station in Sidmouth Street (17 Jan). Feedback on enquiries about water tanker filling stations on the Hibiscus Coast (20 Jan). Information on the Regional Network Discharge Consent consultation and advance notice and information on NZ Herald weekend articles on wastewater overflows (20 Jan).		Local Board workshop regarding landowner approval for works in Hibiscus Heights reserve (2 Mar). Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar).

Appendix D

Local Board	Chair	Deputy Chair	Jan 17	Feb 17	Mar 17
Howick	David Collings	Katrina Bungard	Information on the Regional Network Discharge Consent consultation and advance notice and information on NZ Herald weekend articles on wastewater overflows (20 Jan).	Summary in response to media item on overflow at Melons Bay (3 Feb). Information sent to the local Board on the Melons Bay wastewater storage tanks operation (10 Feb)	Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar).
Kaipatiki	Danielle Grant (2 Nov 2016 to 28 Feb 2018) John Gillon (1 March 2018 to the end of the 2016-2019 political term)	John Gillon (2 Nov 2016 to 28 Feb 2018) Danielle Grant (1 March 2018 to the end of the 2016-2019 political term)	Information on the Regional Network Discharge Consent consultation and advance notice and information on NZ Herald weekend articles on wastewater overflows (20 Jan).		Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar).
Mangere - Otahuhu	Lydia Sosene	Walter Togiamua	Information on the Regional Network Discharge Consent consultation and advance notice and information on NZ Herald weekend articles on wastewater overflows (20 Jan).		Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar).
Manurewa	Angela Dalton	Rangi McLean	Information on the Regional Network Discharge Consent consultation and advance notice and information on NZ Herald weekend articles on wastewater overflows (20 Jan).		Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar).
Maungakiekie - Tamaki	Josephine Bartley - until 22 April 2018, to be replaced by Chris Makoare on 23 April 2018.	Don Allan - until 29 October 2017. Debbie Burrows - 30 October 2017 to 28 October 2018. Bernie Driver – 29 October 2018 until end of the term.	Information on the Regional Network Discharge Consent consultation and advance notice and information on NZ Herald weekend articles on wastewater overflows (20 Jan).	Liaison with the Chair regarding fat blockages and overflows in Glen Innes (8 Feb). Glen Innes Matters newsletter sent to local community with information on correct disposal of fats oils and grease to help protect local waterways (13 Feb). Responded to escalated complaint regarding wastewater overflows to Oamaru Creek, Tamaki (13 Feb). Positive public feedback shared on GI matters newsletter (21 Feb).	Local Board workshop consultation on the Network Discharge Consent (7 Mar). Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar).
Orakei	Colin Davis - After 18 months Kit Parkinson will Chair.	Kit Parkinson - After 18 months Carmel Claridge will be Deputy Chair	Information on the Regional Network Discharge Consent consultation and advance notice and information on NZ Herald weekend articles on wastewater overflows (20 Jan).		Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar).
Otara - Papatoetoe	Lotu Fuli	Ross Robertson	Information on the Regional Network Discharge Consent consultation and advance notice and information on NZ Herald weekend articles on wastewater overflows (20 Jan).		Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar).
Papakura	Brent Catchpole	Felicity Auva'a	Information on the Regional Network Discharge Consent consultation and advance notice and information on NZ		Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar).

Appendix D

Local Board	Chair	Deputy Chair	Jan 17	Feb 17	Mar 17
			Herald weekend articles on wastewater overflows (20 Jan).		
Puketapapa	Harry Doig	Julie Fairey	Information on the Regional Network Discharge Consent consultation and advance notice and information on NZ Herald weekend articles on wastewater overflows (20 Jan).		Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar).
Rodney	Beth Houlbrooke	Phelan Pirrie	Watercare information in preparation for Local Board induction tour (16 Jan)	Notification of extremely low level herbicide detection in Warkworth water supply (2 Feb). Water and wastewater information provided for Local Board induction tour (3 Feb). Update on the Warkworth Snells Algies wastewater project (21 Feb).	Wellsford flyer and copy of "Tapped In" newsletter shared with the Local Board (1 Mar). Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar).
Upper Harbour	Lisa Whyte (31 October 2016 to 1 June 2018) Margaret Miles (2 June 2018 to the end of the 2016-2019 political term)	Margaret Miles 31 October 2016 to 1 June 2018) Lisa Whyte (2 June to the end of the 2016-2019 political term)	Input to letter responding to customer complaint in Upper Harbour Drive (19 Jan). Meeting with local board staff regarding input to Local Board Plan (20 Jan).	Landowner approval workshop for Watercare, AT and NZTA works on combined walkway, cycleway and watermain bridge (9 Feb).	Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar).
Waiheke	Paul Walden (26 October 2016 to Sunday, 22 April 2018) Cath Handley (23 April 2018 to the end of the 2016-2019 political term)	Cath Handley (26 October 2016 to Sunday, 22 April 2018) Paul Walden (23 April 2018 to the end of the 2016-2019 political term)	Information on the Regional Network Discharge Consent consultation and advance notice and information on NZ Herald weekend articles on wastewater overflows (20 Jan).		Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar).
Waitakere Ranges	Greg Presland	Saffron Toms	Information on the Regional Network Discharge Consent consultation and advance notice and information on NZ Herald weekend articles on wastewater overflows (20 Jan). Information on Exhibition Drive and rain forest express (31 Jan)	Email update to Greg Presland on a range of issues in the Waitakere Ranges including invitations to public information sessions on the replacement of the Huia Water Treatment Plant (3 Feb). Information on Exhibition Drive provided to the Local Board (10 Feb). Huia Water Treatment Plant community meetings in Oratia and Titirangi (21, 22 Feb). Invitation to Glen Eden wastewater works public open day (28 Feb).	Debrief with the Local Board on the community meetings regarding the replacement of the Huia Water Treatment Plant (2 Mar). Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar).
Waitemata	Pippa Coom	Shale Chambers	Information on the Regional Network Discharge Consent consultation and advance notice and information on NZ Herald weekend articles on wastewater overflows (20 Jan).	Local Board Workshop (7 Feb). Information on joint issues in the area of Hopetoun Street (24 Feb).	Response to Chair regarding weed control in Newmarket Gully (7 Mar). Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar).

Appendix D

Local Board	Chair	Deputy Chair	Jan 17	Feb 17	Mar 17
Whau	Tracey Mulholland	Susan Zhu	Information on the Regional Network Discharge Consent consultation and advance notice and information on NZ Herald weekend articles on wastewater overflows (20 Jan).	Information on timing of Hui no. 1 watermain works (2 Feb)	Invite to Glen Eden Community Open Day (6 Mar). Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar).

Report to the Board of Watercare Services Limited

Subject: Update on Weather Events

Date: 20 March 2017

The information set out below is the best available information as at 20 March 2017. The information set out, including the figures, may change following verification and validation of data.

1. BACKGROUND

The “Tasman Tempest” which brought extreme rainfall across the region from 7 - 12 March 2017 impacted significantly on Watercare’s operation, in particular the water supply system.

Watercare received from MetService a weather forecast on 7 March which indicated five-day accumulated rainfall totals 110-200mm, and a risk of thunderstorms in the Hunua Ranges. As part of Standard Operating Procedures for high rainfall events, system checking (e.g. generator and fuel availability) was completed across our operating sites.

Rainfall commenced at approximately 3:30pm on 7 March 2017 (Tuesday). It intensified such that by midday on 8 March, 200-250mm of rain had been experienced in the Hunua Ranges. This was followed by a further band of heavy rain across Auckland on 10 -11 March (Friday - Saturday), and with a final heavy localised downpour in West Auckland on 12 March (Sunday).

To put this level of rainfall in perspective, a comparison with other significant rainfall events has been done using data from the Trig rain gauge in the Hunua Ranges. It is the largest short term rainfall event that has been experienced for many years.

Duration	Cumulative Rainfall (mm)		
	Tasman Tempest	Cyclone Wilma	Cyclone Bola
	7-12 Mar 2017	29-30 Jan 2011	6-9 Mar 1988
12 hours	225	154	
1 Day	247	159	96
2 Day	248	159	145
3 Day	278	159	205
4 Day	353	163	229
5 Day	368	163	268

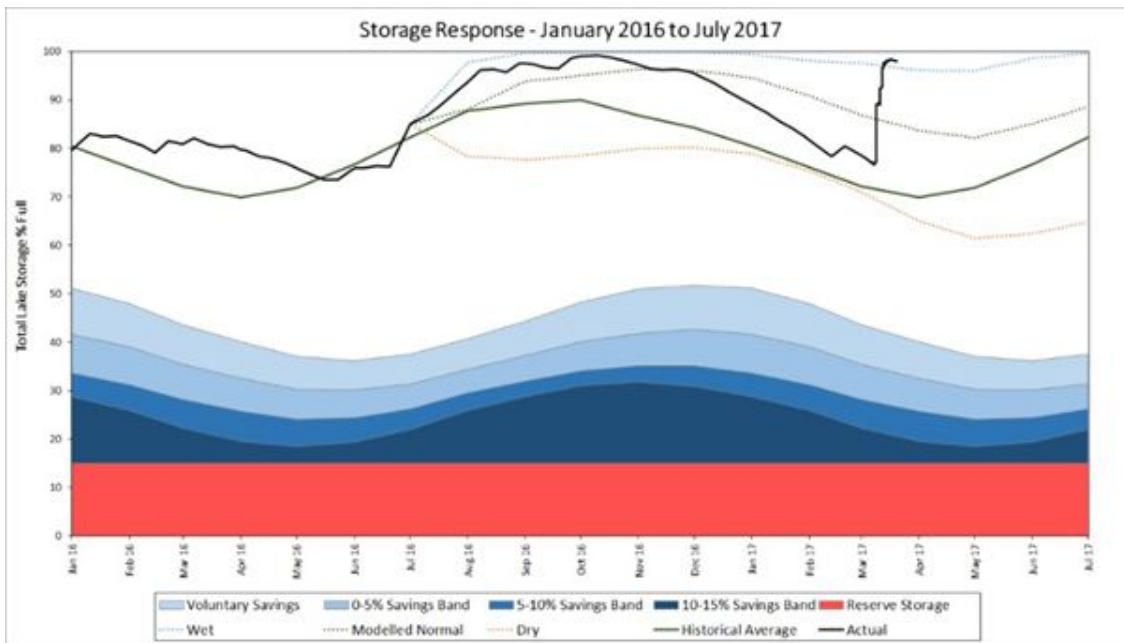
2. IMPACT OF WEATHER EVENTS ON OPERATIONS

This rainfall resulted a significant impact on our operations (along with widespread flooding in other parts of Auckland). These are detailed in the following sections.

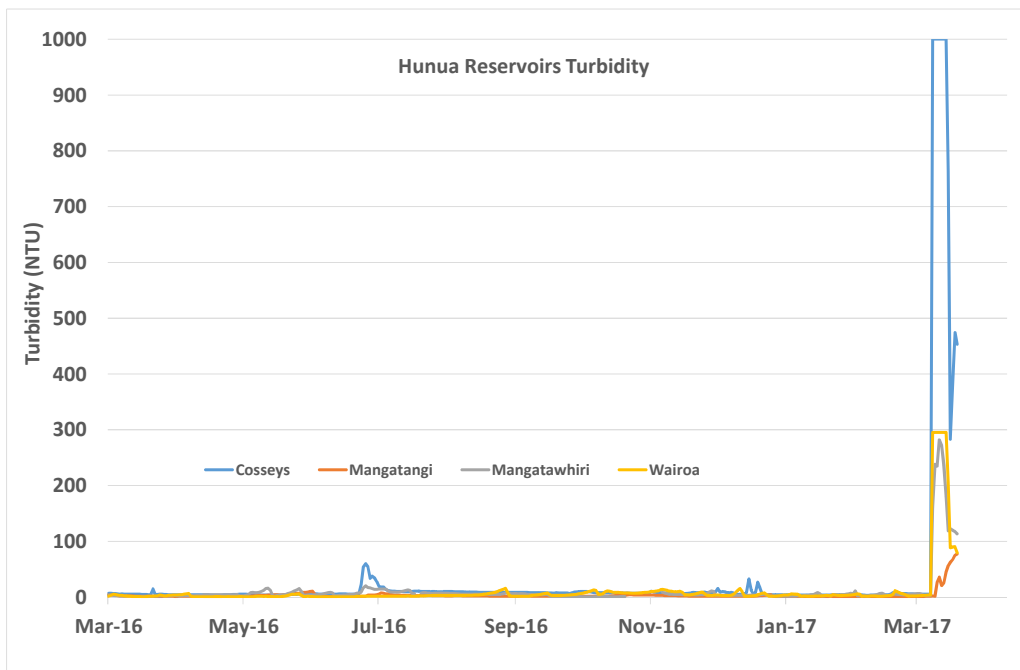
Water Supply

The rainfall resulted in an increase in Total Metropolitan System Storage (Waitakere and Hunua Reservoirs) from 76.6% to 98.2%, which is an increase of 20,600,000m³.

A number of the lakes began to spill, with a peak spill volume of 17m³/s recorded at Cosseys Dam. This has been attributed to exacerbating the flooding experienced at Clevedon, but the opposite is true. As none of the reservoirs were full at the start of this event, the capture of a significant volume effectively reduced the peak flow at Clevedon by half.



The intensity of rainfall resulted in major slips throughout the Hunua catchments, along with causing significant sediment and colloidal (clays) runoff into the reservoirs. This rapidly increased the turbidity of the water available for abstraction.



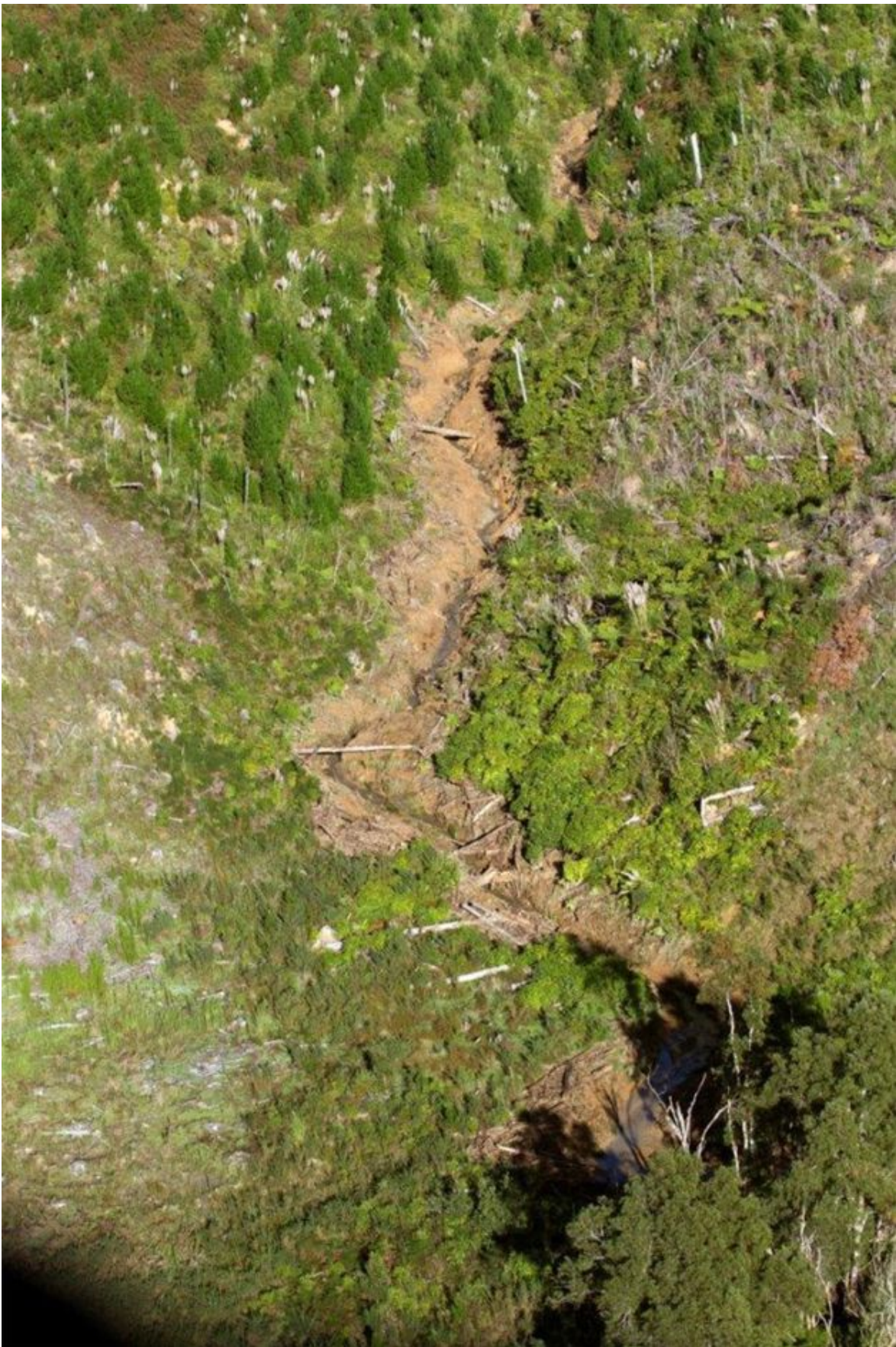
Cosseys Dam was the most significantly impacted, which has the greatest area of commercial forestry in the catchment. The land management practices associated with forestry has provided for greater sediment runoff, as opposed to the native bush catchments of Mangatangi Dam and the Waitakere sources.



Southern reservoirs, before (top) and after (below) the “Tasman Tempest”



Slip adjacent to tributary into Cosseys Reservoir





Previous rainfall events (e.g. Cyclone Wilma) had an impact on the water sources, as has forestry activity in the Hunua's, but not anywhere near the extent of this event, particularly around the level of colloidal material in the water.

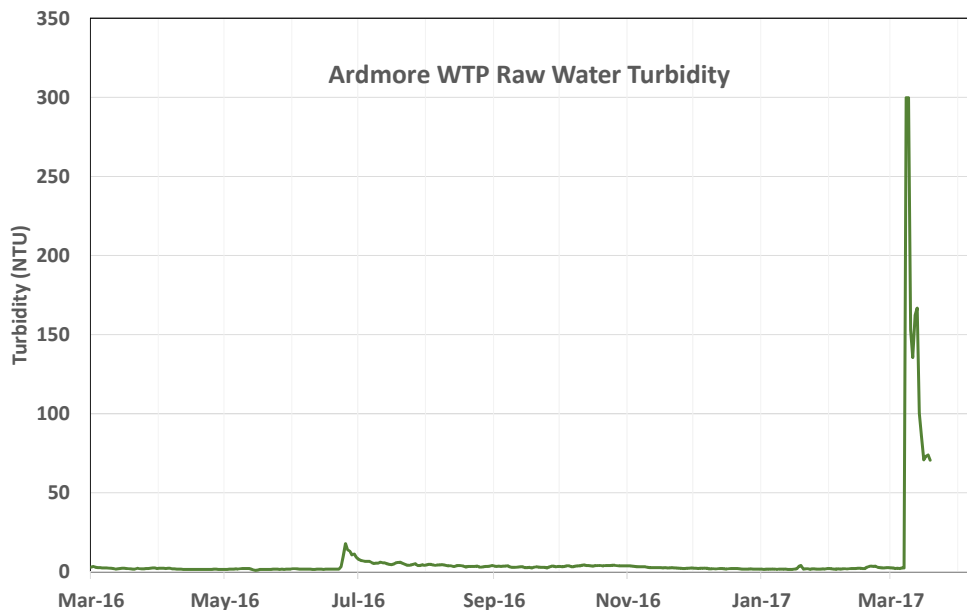
The initial lower level of rainfall on 7-8 March (Tuesday & Wednesday) in the Western catchments resulted in a minor increase of turbidity, but the rainfall on Friday and Saturday result in a deterioration of water quality, with an increase in the levels of organics in the Waitakere lake. The Waikato River has also experienced a major increase in organics (to record levels) over the week following the rainfall. It is thought that this is a result of runoff from farms, discharges from the shallow lakes and the impact of the Waipa River.

Before the impact on the Water Treatment Plants is discussed, it is worthwhile to document the maximum and sustainable capacity of the Metropolitan WTPs.

WTP	Capacity (MLD)	
	Peak	Sustainable
Ardmore	350	330
Waikato	150	135
Huia	126	110
Onehunga	17	17
Waitakere	16	13
Total	659	605

While demand had dropped during the bad weather, the water demand prior to the event were in the range of 450MLD. Without Ardmore WTP, the sustainable WTP capacity drops to 275MLD, well below the level of demand experienced throughout the year.

This rapid change in raw water quality (refer chart) had an immediate impact on the performance of Ardmore Water Treatment Plant (WTP). Normal raw water turbidities are in the range 2-5NTU, with 14NTU considered high.





Incoming water 9 March 2017, Ardmore WTP

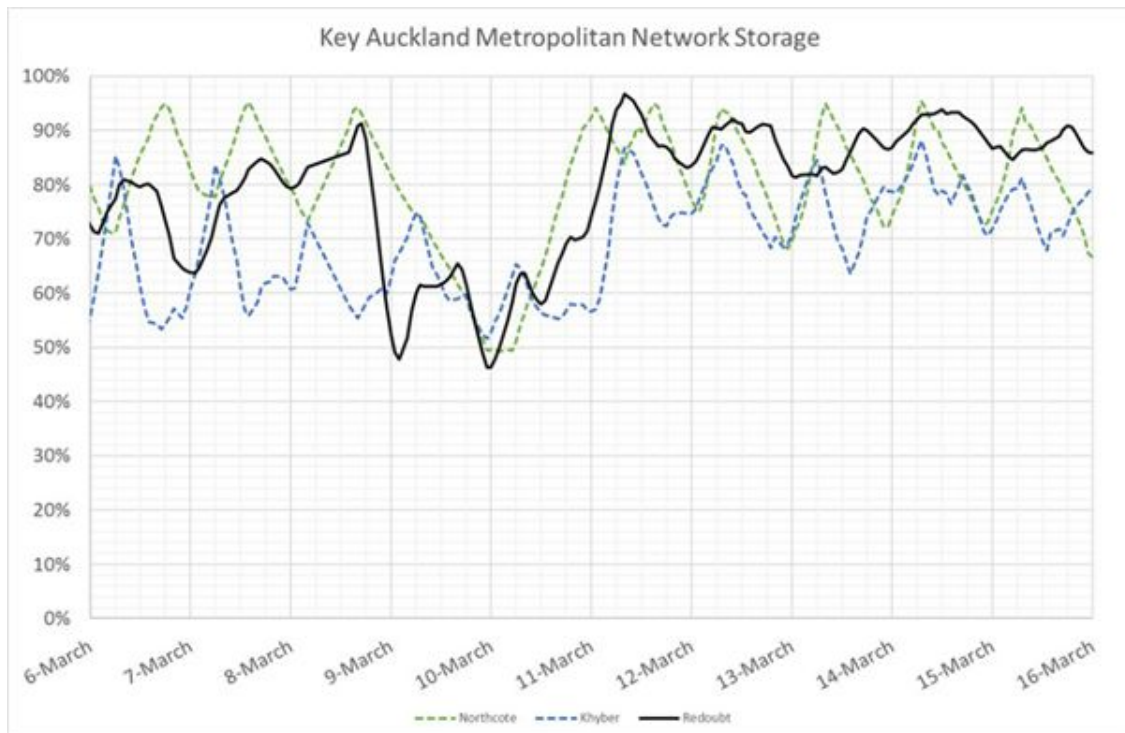
At approximately 0630hrs on 8 March (Wednesday), contingency measures began to be implemented to protect the operation of the Ardmore WTP. Measures include:

- proactively isolating filters before performance standards were breached;
- reducing flows from Ardmore WTP;
- transferring the majority of the incoming flow to Mangatangi Dam;
- maximising production from other WTPs;
- maximising treated water reservoir levels; and
- optimising and continually testing coagulation processes.

However at 1530hrs on 8 March (Wednesday), it was apparent that the WTP could no longer treat the incoming water to the required standard and the raw water conditions were continuing to rapidly deteriorate. A decision was made to place the WTP in a “clarified to waste” mode of operation, essentially reducing output to 0MLD and an incident declared.

The WTP was restarted at 0200hrs on 9 March (Thursday), with a flow of 140MLD achieved by 0300hrs. This operation continued with significant manual intervention until 1600hrs on 9 March (Thursday), when due to further deterioration of raw water quality, the WTP had to be placed back into “clarified to waste” mode in order to protect treated water quality.

In order to meet demand with no production from the Ardmore WTP, treated water reservoir storage was used. There are a number of key reservoirs that provide a health check of the reservoir storage, but the most critical reservoir is the Redoubt Rd complex. The fragility of the situation over this period is shown by the reduction in reservoir levels.



At midnight on 9 March (Thursday), it was becoming apparent that without an immediate restoration at Ardmore WTP, then there would be insufficient water to meet the coming morning peak demand period and partially treated water would need to be introduced into supply, and that would necessitate a “Boil Water” notice being issued. Water Supply staff managed to get the WTP to a flow of 100 MLD by 0300hrs on 10 March (Friday). This stopped treated water reservoirs reducing to unsustainable levels. The capacity was increased, such that at midday on 10 March the WTP was operating at 175MLD, which enable reservoir levels to restore sufficiently that the peak demand periods could be met.

Since that day, there have been no further outages at the Ardmore WTP and the sustainable capacity has been increased to 198MLD as of 20 March. There were major impacts on the operation of the Waikato and Waitakere WTPs and some of the non-metropolitan WTPs, but these were managed.

Wastewater

The impact on the wastewater treatment system related to increased flows into the system and or the wastewater treatment plants.

The first rainfall event was not significant due to the rainfall primarily falling in non-serviced areas. Where overflows occurred in the Transmission system, these were at Engineered Overflow Points (EOPs), and Standard Operating Procedures were followed around clean up when the overflows ceased.

The rainfall event on Friday evening had a much more pronounced impact, as it fell more within the operating area. There was an increased level of overflows from EOPs, some of significant duration, along with significant flows to all WWTPs. There was an extended secondary bypass at Mangere WWTP, but compliance was maintained throughout the event.

Networks

The first rainfall event had minor impact in the Northern and Central networks, with a low level of wastewater pump station overflows recorded. In the Southern area there were 44 pump stations overflows recorded and the Kawakawa Bay pump station stopped operating after

flooding. Mitigation measures were implemented to prevent service disruption to the affected customers. The pump station was returned to service on 9 March (Thursday).

The rainfall from Friday had a major impact on Networks. There were 362 wastewater overflows and 174 pump station overflows recorded from Friday to Sunday. A limited number of overflows caused property damage. The most dramatic impact was in New Lynn where the stormwater system was overwhelmed which resulted in the footpath/road collapse/ building undermining in Great North Road. This caused the watermain to fail, and it was subsequently capped at both ends while Auckland Transport confirm how the road will be repaired.



Sinkhole at Great North Rd, New Lynn

Faults Service

The rainfall from Friday – Sunday resulted in a massive increase in calls to the Faults service. Over the weekend, 1,777 calls (average 190 per day) and 200 written enquiries (average 30 per weekend) were received. Extra resources were sourced to assist with the call volume. Calls on Monday were at about twice the normal level, with 10% of calls being customers calling back to follow up on an issue.

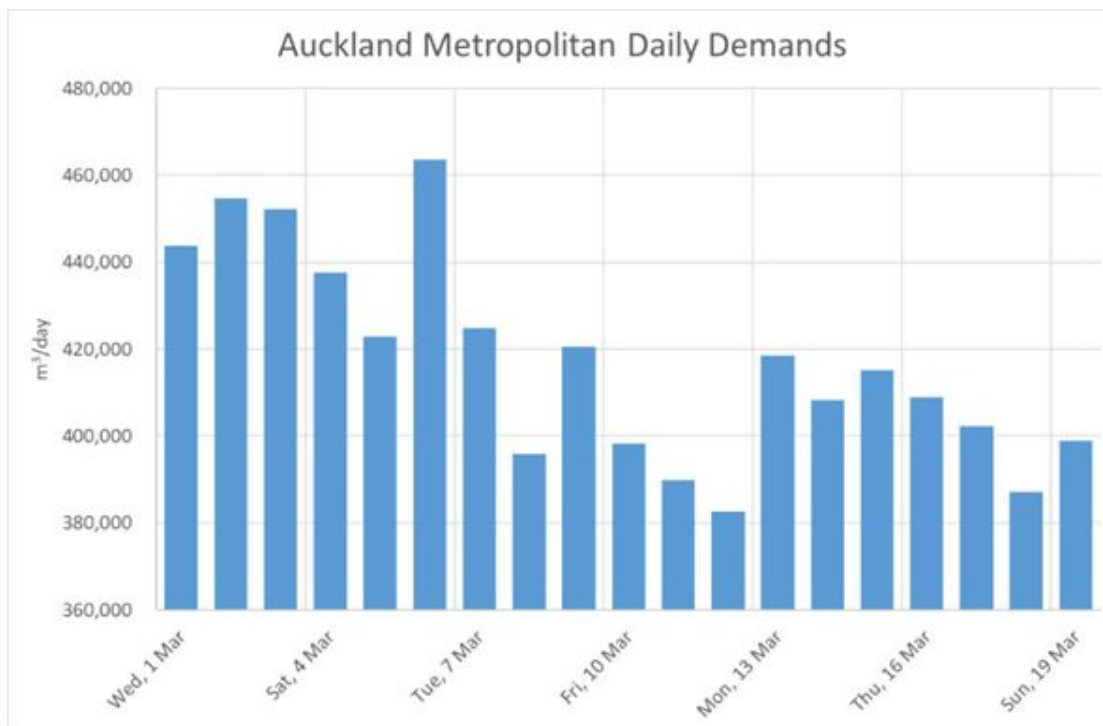
3. COMMUNICATIONS

As the incident developed, it became apparent that ongoing operation of the water supply system was problematic, and that partially treated water from Ardmore WTP may be required to meet demand. As stated previously, this would have required a “Boil Water” notice to be issued. An extensive communications plan was implemented, covering customers, stakeholders, media and staff to advise of this issue, and what they could do to prevent this from occurring (reduce demand). The first public notification occurred in the afternoon of 10 March (Friday) at a media conference, and since then there has been widespread media coverage. The Chief Executive has appeared frequently on both television and radio shows.

At the heart of the plan was the request to “Save 20”. This was a call for the public to save 20 litres of water per person per day by being more efficient in their everyday use of water, such as taking a shorter shower by 2 minutes, and not leaving the tap running while brushing ones

teeth. Advertisements run on the radio and print media, along with public noticeboards around Auckland.

The requirement for this programme was to reduce daily water demand to 400ML, which was in line with the current sustainable capacity of the WTPs. The public responded well to this and a noticeable drop in demand was recorded.



Stakeholders briefing sessions were held frequently, with representatives from Auckland Regional Public Health Service, Civil Defence, Veolia and Auckland Council. The Chief Executive provided ongoing briefings to the Board, Local and Central Government.

We worked with our large customers to identify measures they could take to reduce water demand, along with discussing the implications of a “Boil Water” notice on their operations.

4. LESSONS LEARNT

As the incident passes, a review of how the Watercare assets and systems performed will identify areas for improvement. Initial comments from some quarters referred to what they see as a lack of resilience in our systems. It is my contention that the opposite is true, and that our response to this event highlights how resilient the Watercare system is. That all our customers continued to receive an uninterrupted level of service throughout the event is testimony to this fact.

As it has been 24 years since requests for reduced water usage have been made in the Auckland Region (but a common event throughout New Zealand on an annual basis), it is clear that many of our customers, both residential and commercial, are not prepared for an interruption in supply that lasts more than a few hours.

Equally, our planning for demand reduction was primarily based around a drought scenario. Droughts are slow developing events, whereas this event was changing rapidly. The work that has been done during this event will be invaluable to our Demand Management Plan moving forward.

Finally, this incident has shown how talented and committed the Watercare staff are. While the majority of the impact fell on Service Delivery and Communications, most areas of the business were involved. Without the efforts of the team, the outcome would not have been as successful.

5. RECOMMENDATION

The Board receives this report.

Report prepared and recommended by:



Shayne Cunis
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Service Delivery

Approved for submission by:



R Jaduram
Chief Executive