

WATERCARE SERVICES LIMITED

AGENDA | Board meeting | 16/12/2015

Venue	Watercare Services Limited, 73 Remuera Road, Remuera
Time	10:30am

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 19 November 2015 	Minutes 19 November 2015
3. Directors' Corporate Governance Items	Chair	<ul style="list-style-type: none"> Corporate Planner 2016 Review Disclosure of Interests (Directors & Executive Management) Organisation Chart 	Corporate Planners Disclosure of Interests Organisation Chart
4. Chief Executive's Report and Scorecard	R Jaduram	<ul style="list-style-type: none"> Note the Chief Executive's report 	Chief Executive's Report
5. Communication, Channel Strategy and Website Update	R Hughes / R Chenery	<ul style="list-style-type: none"> Receive presentation 	Presentation (no pack content)
6. El Nino Presentation	B Storey (Nouveau Eco)	<ul style="list-style-type: none"> Receive presentation 	Presentation (no pack content)
7. Wastewater Effluent Reuse	S Cunis	<ul style="list-style-type: none"> Receive presentation 	Presentation (no pack content)
8. General Business	Chair		

Date of next Meeting – 3 February 2016
Location – Watercare, 73 Remuera Road, Remuera

MINUTES

SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Watercare Services Limited, 500 Island Road, Mangere, Auckland
DATE	19 November 2015
TIME	10.30
STATUS	Open Session

	Present:	In Attendance:	Public in Attendance:
	M Allen D Clarke (Chairman) N Crauford P Drummond C Harland J Hoare T Lanigan D Thomas	M Bridge R Chenery S Cunis R Fisher P Gaskin I Gotelli R Jaduram B Monk S Morgan D Sellars S Webster	
1.	Apologies <ul style="list-style-type: none"> M Kingi 		
2.	Minutes of Previous Meeting <ul style="list-style-type: none"> The Board resolved that the Minutes of the public section of the Board meeting held on 29 October 2015 be confirmed as correct. 		
3.	Directors Corporate Governance Items <ul style="list-style-type: none"> Corporate Planner 2015 The corporate planner was noted. Review Disclosure of Interests The Board noted the paper. 		
4.	Chief Executive's Report and Scorecard <ul style="list-style-type: none"> Waiuku Water Supply The new meters will be installed by March/April 2016 following which it will be apparent what volume of the high level of non-revenue water losses has been due to the existing meters under-recording. The Board noted, with approval, that all water treatment plants have achieved 'A' grade status, five years ahead of the 2020 target. Likewise, the water distribution network has achieved 'A' grade status. Finance B Monk advised that IGC revenue has plateaued in recent months, although it is understood there was a lot of development in progress which would eventually result in connections and IGC revenue. It is expected that water and wastewater revenue will remain on track while operating expenses are less than budget in part due to a reduction in professional services and general overheads. Water Utility Consumer Assistance Trust The Board was advised that the new Chairman, Jeff Morrison, would commence service in December 2015. Communications Management will consider putting newsletters and other publications into other languages in common use in New Zealand. 		

	<p>Management are also preparing a communication plan advocating how to use water wisely for the 2015/16 summer.</p> <p>The Board were advised that Management is looking at greater use of electronic systems such as 'Apps' and 'Push Pay'.</p>
5.	<p>Water Effluent Reuse</p> <ul style="list-style-type: none"> This paper was held over.
6.	<p>Update on Proposed Auckland Unitary Plan</p> <ul style="list-style-type: none"> I Gotelli gave a presentation noting the progress which has been made in the provisions of the Proposed Auckland Unitary Plan for utility services. A further report will be provided to the Board following the hearing of submissions on the Rural Urban Boundary.
7.	<p>General Business</p> <ul style="list-style-type: none"> The meeting closed at 11.20am.

CERTIFIED AS A TRUE AND CORRECT RECORD

Chairman

WATERCARE BOARD PLANNER 2016

	2016											
	January	February	March	April	May	June	July	August	September	October	November	December
Board Meeting		3 Feb Newmarket	3 March - Workshop Newmarket 1 April Newmarket	20 April Newmarket	24 May Newmarket*	27 June Newmarket	1 August Newmarket	31 Aug Newmarket	29 Sept Newmarket	18 Oct Newmarket*	14 Nov Newmarket	13 Dec Newmarket
Health and Safety Committee Workshops												
Health and Safety Site Visits												
Audit and Risk Committee Meeting		3 Feb Newmarket (before Board meeting)			5 May Newmarket		^1 August Newmarket (before Board meeting)	22 Aug Newmarket			8 Nov Newmarket	
Capital Projects Working Group		3 Feb Newmarket (after Board meeting)			24 May Newmarket (after Board meeting)			31 Aug Newmarket (after Board meeting)			14 Nov Newmarket (after Board meeting)	
Remuneration and Appointments Committee		3 Feb Newmarket (before Board meeting)		20 April Newmarket (before Board meeting)		27 June Newmarket (before Board meeting)		31 August Newmarket (before Board meeting)		18 October Newmarket (before Board meeting)		
Statement of Intent		Approval of Draft 2016-2019 SOI	1 March Draft SOI to shareholder		Present shareholder SOI feedback at public meeting	Final 2016-2019 SOI issued to shareholder				Work on 2017-2020 SOI Key dates yet to be advised by Auckland Council		
Shareholder Interaction			1 March - Quarterly Briefing to CCO Governance & Monitoring Committee		TBC by Council - potentially workshop to replace quarterly briefing				6 Sept - Quarterly Briefing to CCO Governance & Monitoring Committee			
Key Finance Decisions						27 June Approval of 2016/17 Budget						
Other		Qtr Statutory Compliance Reporting		Qtr Statutory Compliance Reporting			Qtr Statutory Compliance Reporting			Qtr Statutory Compliance Reporting		

* Statutory public Board meeting - deputations invited

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

Report to the Board of Watercare Services Limited

Subject: Disclosure of Interests

Date: 10 December 2015

Section 140 of the Companies Act 1993 requires disclosure of interests of a director to the Board. Set out below are the disclosures of interests received as at the date of this report.

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

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

RECOMMENDATION

That the report be noted.

Report prepared by:

Approved by:

R Fisher
General Counsel

R Jaduram
Chief Executive

Report to the Board of Watercare Services Limited

Subject: Disclosure of Interests – Executive Management

Date: 10 December 2015

<i>Executive</i>	<i>Interest</i>
Raveen Jaduram	Director – Wellington Water Limited Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust Steering Committee Member – Business Leaders’ Health and Safety Forum
Rob Fisher	Deputy Chairman - Middlemore Foundation President - Auckland University Rugby Football Club Trustee - Watercare Harbour Clean Up Trust Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust
Brian Monk	Deputy Chairman - MIT Chairman Audit and Compliance Committee - MIT Trustee - Watercare Harbour Clean Up Trust Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust
Steve Webster	Director – Howick Swimgym Limited
Shayne Cunis	Chairman – Kelston Boys High School Board of Trustees
Peter Gaskin	Director - CPG Limited Director - Zebra Promotional Limited
Marlon Bridge	Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust

RECOMMENDATION

That the report be noted.

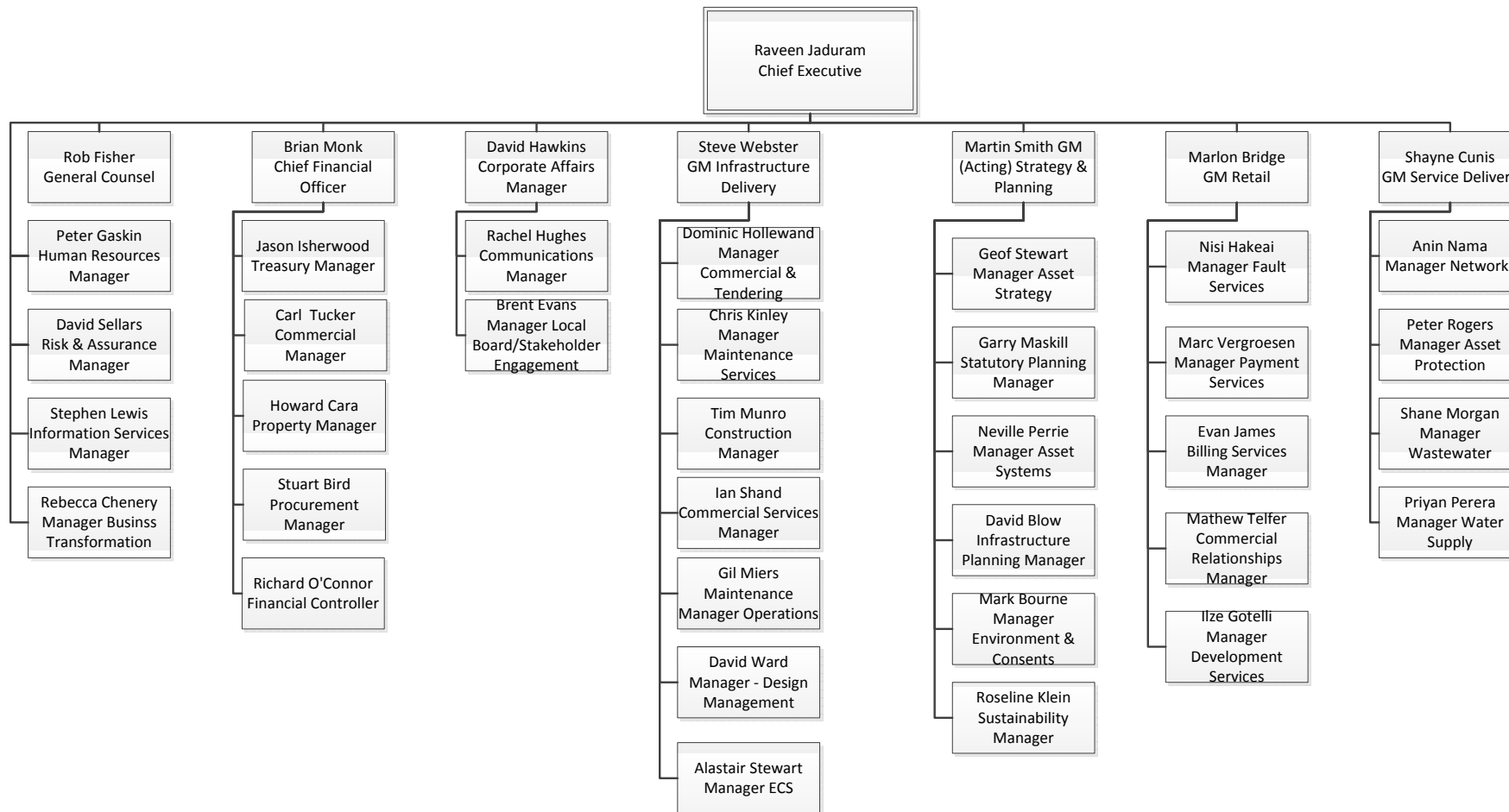
Report prepared by:

Approved by:

R Chenery
Manager, Business Transformation

R Jaduram
Chief Executive

CHIEF EXECUTIVE, GENERAL MANAGER AND DIRECT REPORTS ORG STRUCTURE DECEMBER 2015



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

WATERCARE SCORECARD 2015/16

		On budget, on time, within parameters	Unfavourable but within parameters	Major issue, needs attention														
		SCI	2015/16 Target	Amber Threshold	Red Threshold	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15
6	Fully Sustainable																	
6a	The average consumption of drinking water per day per resident (gross PCC) (12 month rolling average)	☒	272 +/- 2.5%			267	266	273	273	273	273	273	271	271	271	271	271	272
6b	Per capita consumption (litres / person / day) - Residential Monthly PCC		Information only			156	163	170	170	163	155	151	149	148	148	151	Reporting lag - data sourced from meter readings	
6c	Non-Domestic Monthly Water Volume		Information only			2,858,163	2,892,951	2,898,831	3,079,838	3,344,422	2,864,637	2,910,993	2,913,178	2,845,386	2,863,774	2,846,259	Reporting lag - data sourced from meter readings	
6d	Non-Revenue Water Percentage		Information only											16.72%	16.80%	16.81%	16.76%	16.74%
6e	The percentage of real water loss from the local authority's networked reticulation system (rolling 12 mth average)	☒	≤13%	>13 to 13.2%	>13.2	13.58%	13.66%	13.89%	13.66%	13.66%	13.50%	13.31%	12.95%	12.89%	13.00%	13.10%	13.04%	13.06%
6f	Percentage of annual potable water transmission system losses (12 month rolling average)		No specific target - information only											1.70%	1.89%	1.85%	1.89%	1.86%
6g	Percentage of annual potable water network losses (12 mth rolling average) - Urban as a percentage of total volume		No specific target - information only			13.17%	13.40%	13.67%	13.49%	13.54%	13.38%	13.21%	12.85%	12.59%	12.73%	12.81%	12.82%	12.64%
6h	Percentage of annual potable water network losses (12 mth rolling average) - Rural as a percentage of total volume		No specific target - information only											0.44%	0.44%	0.43%	0.42%	0.42%
6i	Percentage of annual potable water network losses (12 mth rolling average) - Rural as a percentage of rural volume		No specific target - information only			25.22%	25.19%	24.95%	23.92%	20.85%	20.35%	19.51%	19.06%	27.75%	27.67%	27.16%	26.62%	26.49%
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

Watercare Services Limited

Subject: Chief Executive Report – November 2015

Date: 10 December 2015

1. HEALTH AND SAFETY

There were no Lost Time Injuries in November 2015. The rolling 12 month Lost Time Injury Frequency Rate (per million hours worked) was 3.53 against a target maximum of 5. The rolling 12 month Total Recordable Injury Frequency Rate (per million hours worked) was 17.05 (target maximum 30).

2. CUSTOMER SERVICES

Performance against Statement of Intent measures for November was good with all customer service performance metrics above target for the month. The rolling 12 month average result for resolution of complaints within 10 working days was 97.4% against a target of 95%. Customer satisfaction in November was in line with the 12 month average with satisfaction at 86.4% for fault management, 82.8% for the maintenance field crews and 85.9% for billing and general enquires. The rolling 12 month average for customer satisfaction is above the 80% target for all three areas.

3. INFRASTRUCTURE AND PLANNING

The infrastructure capital programme has delivered year to date performance of \$104.47m against a budget of \$143.5m. The forecast to year end is to deliver \$323.8m against a budget of \$375.0m, 86%.

Watercare staff continue to engage with Auckland Council around the implications of the Proposed Auckland Unitary Plan. The Future Urban Land Supply Strategy was adopted by the Auckland Council Development Committee at its November 2015 meeting. The final version is largely the same as the draft, with some minor changes in frequency and timing in the West and South. Council staff are also revising their growth forecasts; these are not expected to be available until February next year. Given recent information around the low uptake within the 97 SHA's, there is still uncertainty around timing and location of growth. Tranche 9 SHA's will be notified before Christmas.

A Capital Expenditure Dashboard Report of all capital expenditure projects over \$2million is shown in Appendix C.

4. SERVICE DELIVERY

Rainfall and Water Resources

In November, above average rainfall was experienced in all catchments, with the exception of the Northern Non-metropolitan area:

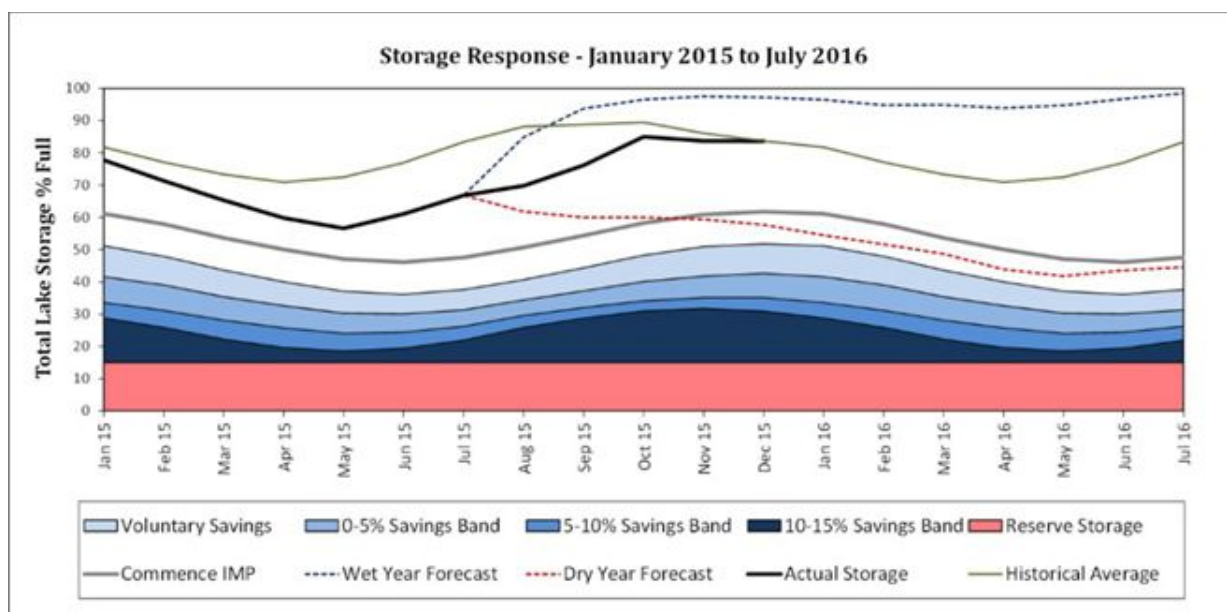
Waitakere Ranges	110% of average
Hunua Ranges	110% of average
Northern Non-metropolitan	85% of average
Southern Non-metropolitan	134% of average

Metropolitan total system storage remained stable at 83.7% over the month. This is in line with the historical average storage for the end of November (83.7%). Weather forecasts for December 2015 indicate rainfall is expected to be normal or below normal, and temperature to be average or below

average. Longer term, for December – February 2016, temperatures are most likely to be near average, with rainfall most likely to be below normal.

Strong El Niño conditions continue in the Tropical Pacific. While there was a temporary weakening in conditions during November, overall the atmosphere remains well coupled with the ocean. This result in international guidance indicates that El Niño will continue over the next three months. Some models have the event continuing through until May 2016, but the majority of models predict a rapid return to neutral conditions in June-August 2016. By some measures, the current event is on par with the 1997/98 El Niño (the strongest since 1950). As a result, there is an elevated risk of drought later this summer, in particular in the north and east of both islands.

Waikato WTP continues to be operated at higher flows to conserve stored water levels, along with minimising the production from the Ardmore WTP.



Huia WTP Capacity Review

Significant progress has been made on increasing the sustainable capacity of the Huia WTP, primarily when dosing Powdered Activated Carbon. This is required to enable greater use of the Western lakes, which are prone to spilling, and enable optimisation of Total System Storage levels. There are three major streams of work currently underway:

- Process reconfiguration to overcome the limitation of the existing sludge thickening process
- Enhanced control system of the solids stream process to improve operational performance
- Review of centrifuge requirements to achieve required performance and reliability.

This work remains on target to be completed by March 2016. It will confirm the operational improvements and capital works that will be required to achieve the increase in sustainable capacity.

Biosolids Management

The Puketutu Island Rehabilitation Facility has now been in service for one year. While operation has been seamless, a review of the management of biosolids has commenced. The review will focus initially on the biosolids produced at Mangere WWTP to ensure the Puketutu Island Facility is operated at the lowest cost and achieves the a service life consistent with original estimates. The review is not

limited to how biosolids are placed, but includes the efficiency of biosolids production within the treatment plants.



4

5. FINANCE

Financial Performance

Figures (\$millions)	Current Month			Year to Date			Full Year		
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var
Revenue	43.21	43.40	(0.20)	228.27	217.88	10.39	545.50	537.17	8.33
Operating Expenses	17.18	18.10	0.92	82.99	88.85	5.86	207.29	212.77	5.47
Depreciation	18.01	17.94	(0.07)	88.96	90.06	1.11	217.13	217.12	(0.01)
Interest expense	6.21	6.44	0.23	31.61	32.87	1.27	76.25	78.21	1.96
Total Contribution	1.80	0.92	0.88	24.72	6.10	18.62	44.82	29.07	15.75
Non-operating costs/(income)	0.39	0.22	(0.17)	2.93	1.02	(1.91)	6.01	3.00	(3.01)
Financial instruments revaluation - loss/(gain)	(2.15)	-	2.15	37.24	-	(37.24)	37.24	-	(37.24)
Operating Surplus / (Deficit) Before Tax	3.57	0.71	2.86	(15.45)	5.08	(20.52)	1.57	26.07	(24.50)
Deferred Tax - Expense/(Credit)	1.66	(0.18)	(1.84)	0.85	5.47	4.61	18.44	21.49	3.05
Net Surplus / (Deficit) After Tax	1.91	0.89	1.02	(16.30)	(0.39)	(15.91)	(16.87)	4.58	(21.46)
FFO Ratio				3.55	3.15		3.54	2.94	
Operating EBITDAF	25.81	25.30	0.51	145.07	129.03	16.04	337.99	324.40	13.59
EBITDA	27.57	25.09	2.49	104.91	128.01	(23.11)	294.74	321.40	(26.66)
EBIT	9.58	7.15	2.43	15.97	37.95	(21.98)	77.63	104.28	(26.65)

Month – Total Contribution of \$1.80m - favourable variance to budget of \$0.88m

Total revenue was unfavourable by \$0.20m to budget due to unfavourable IGC revenue of \$2.5m largely offset by vested asset income favourable by \$1.2m and water and wastewater revenue favourable by \$0.8m.

Operating expenses were favourable by \$0.92m to budget with favourable variances for asset operating costs and professional services.

Depreciation was unfavourable by \$0.06m to budget.

Interest expense was \$0.23m favourable to budget.

Year to date – Total Contribution of \$24.72m - favourable variance of \$18.62m

Year to date revenue is \$10.39m favourable to budget primarily due to vested asset income favourable \$8.60m, water and wastewater revenue favourable \$3.63m partially offset by IGC revenue unfavourable \$2.16m. Water and wastewater year to date water volumes are 1.10% over budget.

Operating expenses are \$5.86m favourable to budget with favourable variances for asset operating costs, professional services and general overheads.

Depreciation is favourable \$1.11m to budget.

Interest expense is \$1.27m favourable to budget.

Year to Date – Net Deficit after Tax of \$16.30m – unfavourable variance of \$15.91m

The unfavourable variance of \$15.91m is primarily due to an unfavourable revaluation of financial instruments of \$37.24m resulting from the decrease in medium to long term swap rates since June 2015 partially offset by the \$18.62m favourable operating contribution.

Full year Forecast – Operating Contribution of \$44.82m – favourable variance of \$15.75m

Full year revenue is forecast at \$545.5m, favourable by \$8.3m largely due to expected higher than budgeted vested asset revenue favourable \$8.6m. Water and wastewater revenue forecasts are being held at budgeted levels as we move into the high volume summer months and await the impact of summer weather on water volumes.

Operating expenses are favourable to budget \$5.45m with favourable variances for net labour, professional services and general overheads partially offset by asset operating costs.

Depreciation costs are forecast to be consistent with budget at year end.

Interest expensed through the P&L is expected to be \$2.0m lower than budget at year end; largely due to lower debt than budgeted.

Financial Position

\$million	Actual Oct-15	Actual Nov-15	Monthly Move ment	Budget Nov-15	Var from Budget
Non Current Assets	8,632.9	8,638.7	5.8	8,689.7	(51.0)
Current Assets	81.7	81.8	0.1	77.7	4.1
Total Assets	8,714.6	8,720.5	6.1	8,767.4	(46.9)
Other Liabilities	309.9	307.3	(2.6)	286.8	20.5
Deferred Tax Liability	1,010.3	1,012.0	1.6	1,025.3	(13.3)
Borrowings - Short Term	373.0	373.2	0.2	350.0	23.2
Borrowings - Long Term	1,164.9	1,169.7	4.8	1,239.0	(69.3)
Shareholders Funds	5,856.5	5,858.4	2.0	5,866.3	(8.0)
Total Liabilities and Shareholders Funds	8,714.6	8,720.5	6.1	8,767.4	(46.9)

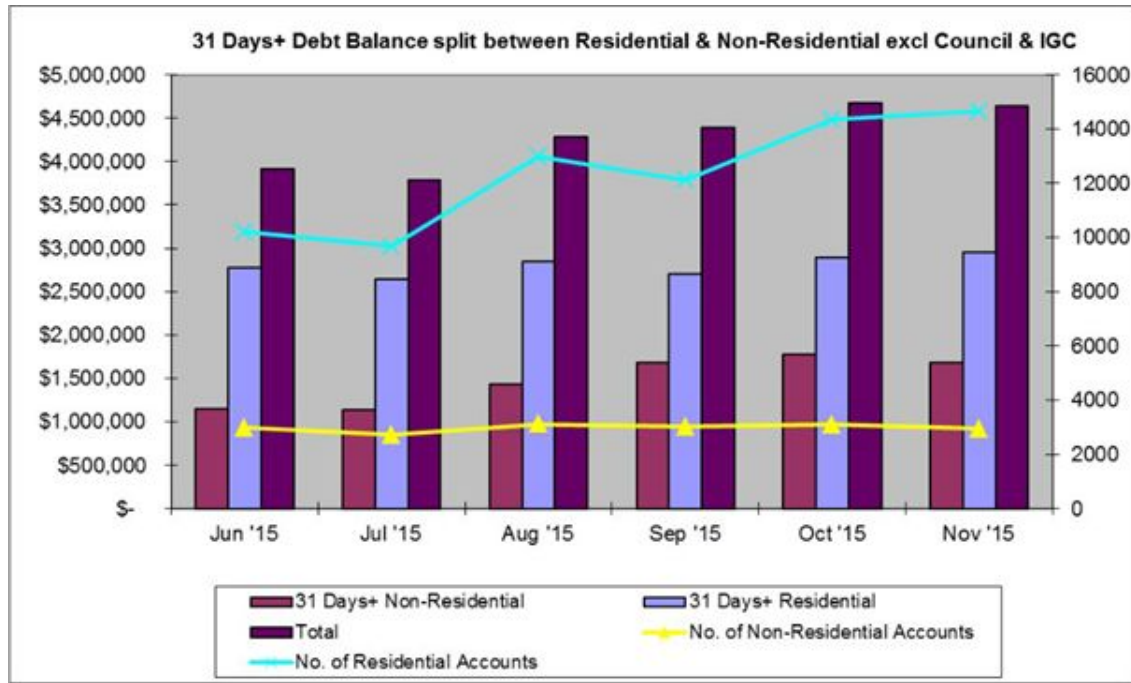
The major movement in the Statement of Financial Position as at 30 November 2015 compared with 31 October 2015 was the increase in non-current assets reflecting capital expenditure net of depreciation in the month.

Compared with budget the material variances are largely in respect of the property, plant and equipment, deferred tax, derivative financial instruments (Other liabilities) and debt. The variances primarily reflect a different opening position on 1 July 2015 than that assumed when the budget was set, including a lower level of revaluation of property, plant and equipment than expected. Net debt at \$1,543m is \$46.1m beneath budget.

Aged Receivables

The 31 days+ debt balance at the end of November was \$4.6m, \$0.04m lower than October 2015.

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



Water Utility Consumer Assistance Trust (WUCAT)

The following tables summarise the results of the Trust:

Nov-15

WUCAT Summary			
Financial year	Trust approved applications (includes WSL additional write offs)		\$000's
Jun-12	33	\$	29
Jun-13	172	\$	196
Jun-14	123	\$	114
(YTD) Jun-15	200	\$	190
Total	528	\$	529

WUCAT Summary last 3 meetings			
Month	Trust approved applications		\$000's
Sep-15	9	\$	7.18
Oct-15	12	\$	11.23
Nov-15	4	\$	7.10
Total	25	\$	26

A total of 528 applicants have successfully completed the budget advisor review process and these applicants have had \$529k of hardship relief approved by the Trust. This has resulted in \$430k being written-off as payment plans have been completed. For various reasons, 44 applicants did not fully complete their agreed payment plans. These applicants have foregone \$38k of approved hardship relief. A further 35 applicants continue with their payment arrangements, with a further \$61k of approved hardship write-offs to be granted once they successfully complete their plan.

The results of the last three WUCAT meetings have seen 25 applicants successfully complete the budget process and have \$26k of hardship relief approved by the Trust.

Restrictions

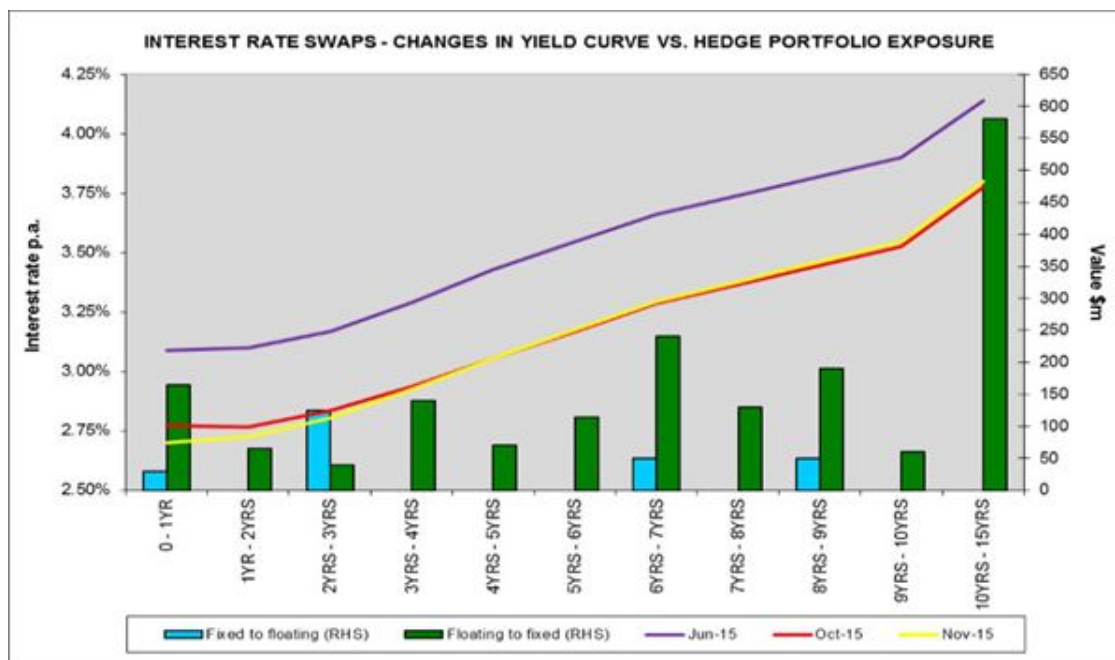
One new water restriction was actioned during the month and two restrictions were removed. The table below summarises the restrictions carried out by Watercare Services Limited.

Restriction Summary Year-ending	Commercial		Residential		Total	
	Restriction	De-restriction	Restriction	De-restriction	Restriction	De-restriction
30-Jun-12	1		5		6	0
30-Jun-13	13	11	6	4	19	15
30-Jun-14	20	20	17	14	37	34
30-Jun-15	31	30	53	39	84	69
(YTD) 30-Jun-16	4	4	14	11	18	15
Total	69	65	95	68	164	133
Restrictions currently	4		27		31	

The following restrictions remain in place:

- Six residential restrictions remain in place on vacant properties. Communications are ongoing with these customers and if the properties are tenanted in future, a resolution will be required.
- A further 21 residential restrictions remain in place on occupied properties and communication continues with these customers.
- Four commercial properties remain restricted at the end of November and communication continues with these customers.

Treasury



Interest Analysis Smillion	Current Month			Year to date			Full Year		
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var
Interest as per Statement of Financial Performance	6.21	6.44	0.23	31.61	32.87	1.27	76.25	78.21	1.96
Capitalised Interest	1.04	1.43	0.39	5.61	6.73	1.12	13.83	18.50	4.67
Gross Interest	7.25	7.87	0.62	37.22	39.61	2.38	90.08	96.71	6.63
Less Interest Income	-	-	-	0.02	-	(0.02)	0.02	-	(0.02)
Net Interest	7.25	7.87	0.62	37.20	39.61	2.40	90.06	96.71	6.65

For the month net interest is favourable to budget \$0.62m; largely due to lower debt than budgeted.

Capital Expenditure

Capital expenditure for the month was \$22.4m against a budget of \$32.6m.

Summary Capital Expenditure (Millions)	Month November 2015			Year to Date			Full Year		
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var
Infrastructure Wastewater Projects	9.5	17.1	7.6	52.8	77.9	25.1	172.2	206.2	34.0
Infrastructure Water Projects	9.7	9.7	0.0	43.7	47.2	3.5	108.3	118.1	9.8
Operations	1.8	3.0	1.2	7.6	17.4	9.8	39.2	47.4	8.2
Maintenance Services	0.2	0.5	0.3	0.8	1.9	1.1	3.9	4.7	0.8
Information Services	0.4	0.9	0.5	3.0	4.4	1.4	6.1	7.4	1.3
Other Projects	0.8	1.4	0.6	3.4	6.0	2.6	8.5	12.9	4.4
TOTAL	22.4	32.6	10.2	111.3	154.8	43.5	338.2	396.7	58.5
Includes:									
Water Projects Capitalised Interest	0.5	0.6	0.1	2.6	3.1	0.5	5.8	8.2	2.4
Wastewater Projects Capitalised Interest	0.5	0.8	0.3	3.0	3.7	0.6	8.1	10.3	2.3
Total Capitalised Interest	1.0	1.4	0.4	5.6	6.7	1.1	13.8	18.5	4.7

6. BOARD CORRESPONDENCE

There was no Board correspondence during November.

7. LETTER OF EXPECTATION AND 2016/19 STATEMENT OF INTENT

It is expected that Watercare will receive the Mayor's Letter of Expectation, which provides guidance for the 2016/19 Statement of Intent (SOI), before Christmas.

The draft 2016/19 SOI will be prepared and will be tabled for approval at the board meeting on 3 February 2016. The approved draft 2016/19 SOI is required to be submitted to Auckland Council by 1 March 2016.

8. EXECUTION OF DOCUMENTS

There were six documents executed during November in accordance with the delegated authority provided to the Chief Executive by the Board in relation to deeds, instruments and other documents. These included three approvals to register easements, two deeds to vary lease terms and an agreement to dispose of infrastructure no longer required by Watercare.

There was one capex approval totaling \$338k 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 – November 2015		
C-12501-03	Autoclaves and Steam Generators	\$338,000

There were nine contracts over \$100,000 awarded during November 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 – November 2015		
2/11/2015	Novo Technical Services	Mangere BNR and Solids ECS support
6/11/2015	HEB Construction	Fred Thomas Drive - Contractor Appointment
10/11/2015	Transfield Services Ltd	Networks control upgrade stage 2
24/11/2015	Pipeline and Civil	Westney watermain network connections
24/11/2015	Pipeline and Civil	Construction of the watermain in Timbery Road

9. COMMUNICATIONS

Media summary

Watercare continues to receive frequent and favourable coverage in suburban papers as a result of proactive engagement. Of particular note this month, articles on the public tours of treatment plants appeared in three publications with high-quality photos supplied by us. Similarly, articles on the commissioning of Hunua 4 in Mangere appeared in two publications as well as an article on a Watercare-led art project involving Mairangi Bay School pupils. We continue to seek ways to celebrate staff achievements. This month, an article acknowledging Wallace McQuarrie's 45 years of service at Watercare appeared in his local paper and online.

Our fifth anniversary as a water retailer received favourable coverage in both the NZ Herald online and in two suburban papers. The in-depth NZ Herald article covered our work to standardise charges, introduce monthly billing and invest in new infrastructure.

The sale of council assets – including Watercare – received significant coverage by broadcast, print, online and social media. Given the high level of interest, Raveen Jaduram sent an email to staff to assure them that the full or partial sale of Watercare was extremely unlikely for a number of legislative and commercial reasons.

In terms of unfavourable coverage, there was a piece in the Gulf News regarding consent breaches at the Owhanake Wastewater Treatment Plant on Waiheke Island as well as a piece in the Howick and Botany Times on a hedge in the Council berm that was pruned by our contractors without communication with the adjacent property owner.

Over the next month, we are expecting a positive profile on Raveen Jaduram to appear in the NZ Herald's "12 Questions" column by Jennifer Dann. We are also expecting the Manukau Courier to run two features on Watercare: one focusing on the Mangere Wastewater Treatment Plant and one focusing on the Watercare Coastal Walkway. We are currently working with a photographer for New Zealand Geographic magazine on a feature on the Mangere Wastewater Treatment Plant.

Customer Communications Programme

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

Month	Activity	Status
September	In November, a customer emailed to say they had seen our September issue of <i>Tapped In</i> and become aware of impact of stormwater entering the wastewater network. They reported a large non-domestic property with stormwater downpipes connecting to our wastewater system. Our operations team are investigating the Mission Bay address.	Feedback received
Early-Nov	Residents in Mangere received a copy of Mangere Matters. This newsletter reminded the community of the benefits of Project Manukau – which was completed 10 years ago – and provided information on current projects.	Distribution complete.

	The primary purpose of the newsletter was to address misinformation spread by a community action group called SOUL. SOUL has been publicly suggesting that fast-tracked housing can be developed on Watercare's odour buffer land. They say the land is a viable alternative to land adjacent to the Otuataua Stonefields that has special housing area (SHA) status. We made it clear the land cannot and will not be used for housing.	
Mid-Nov to mid-Dec	<p>Domestic and non-domestic customers are receiving the summer issue of <i>Tapped In</i> which focuses on using water wisely over the summer months. The front-page story is about a young family that accessed our water advice line and is using the information they were given to consciously lower their water use.</p> <p>The water advice line is delivered by EcoMatters Trust. The Trust has recently reported that the number of people accessing the service has increased three-fold since we began distributing the newsletter. The Trust said they have never seen such a spontaneous increase before and it can be directly attributed to the newsletter, based on customer feedback.</p> <p>The information provided in this newsletter forms part of our ongoing 'waterwise' communications programme which is being peer-reviewed by Dr Jim Bentley of Synergine. The programme is attached as Appendix E.</p>	Being distributed.
Mid-Jan to mid-Feb	<p>Domestic customers will receive a flyer on Watercare's involvement in Round the Bays.</p> <p>Domestic customers in Helensville will receive an update on Watercare's work to secure a new water supply and to upgrade the local wastewater treatment plant.</p>	In development
Mid-Feb to mid-March	Domestic and non-domestic customers will receive the autumn issue of <i>Tapped In</i> which will focus on leaks.	In development

Stakeholder communications

Completed:

- In November, around 170 Aucklanders enjoyed tours of either the Ardmore Water Treatment Plant or the Rosedale Wastewater Treatment Plant. These tours received coverage in three local newspapers.

Planned/underway:

- A videography project is being undertaken to support our third strategic outcome: "We are trusted by our customers who understand our purpose and value our service". The project involves the creation of 10 videos which will be used to engage a variety of stakeholders. The videos include:
 - Welcome to Watercare (external version): this video – which will be played during the board meeting – will seek to breakdown the perception of Watercare as a faceless, money-hungry organisation by showing passionate staff talking about our services and purpose.

- Customers: can watch it on our website or on You Tube.
- Councillors and Local Board members: post-election, incoming local board members and councillors will receive a DVD during their orientation.
- Welcome to Watercare (internal version): the video above will be edited for an internal audience and will be used to inspire and inform new staff participating in the induction programme.
- Day in the life (six videos): externally, these videos will be used as recruitment and education tools. They will be uploaded to the careers section of the website, used at university career expos, provided to recruitment companies and provided to schools as part of their World Water Day pack as the theme for 2016 is 'water and jobs'. Internally, these videos will be used to build staff understanding of different parts of the business and to reinforce the values.
- Water and wastewater treatment (two videos): uploaded to our website and You Tube, these videos will educate our customers and other stakeholders on the treatment process. They will be used as part of the education programme in schools.
- The Hunua 4 project is entering a challenging phase from the stakeholder engagement perspective due to the area that is about to be affected. Stakeholder meetings, project flyers, site signage, media engagement and traffic notices will be closely managed as the pipeline crosses Green Lane West and moves down Waipiti Avenue over the next few months.
- The first community liaison group meeting was held in Waitakere to discuss the process that will be undertaken in order to identify a location for the new Huia Water Treatment Plant.
- Next month, a community liaison group meeting will be held in Ponsonby to discuss the Franklin Road water and wastewater upgrades project.
- Work is underway to update the information at the Mangatangi Visitors Centre.
- Work is underway to produce a book illustrating the water treatment and distribution process, from dam to tap.
- Our education programme continues to be well received by schools in Auckland. Term one and two are close to fully booked.

Internal communications

Completed:

- Your Source was distributed to staff in early December. The cover story was on Faiz Salim, a graduate project engineer who represented New Zealand at the APEC conference in the Philippines as part of the voices of the future forum.
- Homesafe, the informational H&S poster, was distributed to staff. It focused on managing fatigue.

Underway:

- A new intranet will be launched early 2016. Currently, content is being uploaded to the new site.
- Work is underway to prepare for Round the Bays 2016. As per previous years, we expect to have over 400 staff, family and friends participate either as volunteers handing out cups of water or as runners/walkers.

10. WORKING WITH LOCAL BOARDS

Local Board workshop briefings were held with the Franklin and Albert Eden Local Boards on the South-West Wastewater Servicing project and updates to the Central Interceptor project respectively. Watercare also joined the Manukau Harbour Forum, Auckland Council and Mana Whenua for a joint meeting on sharing information about the Manukau Harbour. A new edition of Mangere matters was shared with the Local Boards around the harbour. Landowner approval is currently being sought from the Waitemata Local Board for placement of a pipeline in Victoria Park to service development in the Wynyard quarter.

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

11. STATUTORY PLANNING

Auckland Proposed Unitary Plan

Watercare's hearing on designations was held on 30 November. As virtually all submissions on Watercare's 250 designations were resolved prior to the hearing, the hearing process was straightforward and no issues were raised by the Independent Hearing Panel. Watercare will continue to work with Auckland Council to correct some mapping errors on our designations. The other key topics remaining are the realignment of the Rural Urban Boundary and rezoning/precincts. Watercare is continuing to input into Council's work on the rezoning and precinct topic, and preparing evidence for the Council's case. The Rural Urban Boundary hearing will take place in January 2016 and the rezoning/precincts hearing will start in February and continue through to April 2016.

12. MAORI ENGAGEMENT

Te Toa Takitini Programme

Watercare is a member of the Te Toa Takitini Steering Committee, which has been established by Auckland Council to contribute to Maori wellbeing. The Te Toa Takitini programme aims to significantly lift Maori social and economic wellbeing. The programme comprises five work streams: Maori Economic Wellbeing, Maori Social Wellbeing, Maori Cultural Wellbeing, Effectiveness for Maori, Treaty of Waitangi settlements.

Watercare's contribution falls within the Maori Cultural Wellbeing work stream and is included in the Maori Transformational Shift Activities 2015-2018.

The Council is promoting the development of a Maori Responsiveness Plan from each Department and CCO of the Auckland Council. Watercare staff met with staff of Te Waka Angamua last week to scope the Watercare Plan which we anticipate should be completed by the end of February 2016. The Plan is to be structured so that there are measurable outcomes identified for reporting on. Since its inception in 2010 Watercare has worked with Maori to identify ways to establish and improve:

- Our relationship at a governance level.
- Our relationship with iwi environmental managers across the 19 iwi entities of Auckland.
- The process we have in place for engaging with iwi on our resource consents
- Education and training of Watercare staff in Maori protocols and language
- Marae water and wastewater facilities - pilot project
- Maori economic development where relevant

The above points will be the starters for our Plan but there remains significant opportunity to further enhance our response. The extent to which this occurs will depend on Watercare’s needs analysis and commitment of resources. At present we are well regarded by both iwi and the Council for the initiatives we have in place.

Mana Whenua Kaitiaki Forum

The Kaitiaki Managers Group meeting was held on the 12 November and the next Kaitiaki Forum meeting is scheduled for late January 2016

The principal agenda items discussed at the Managers meeting were:

- Planning for South-West Sub-Regional Wastewater Servicing – discussion followed a presentation by Watercare on the approach it is proposing including engagement with iwi
- Department of Conservation – statutory authorisations process
- Wai Ora Wai Māori – a presentation by the Auckland Council on their approach to the preparation of a Plan Change for Freshwater Management. Watercare is a member of the Councils Steering Group and Project Control Group.

13. “BETTER URBAN PLANNING” INITIATIVE – NZ PRODUCTIVITY COMMISSION

The New Zealand Productivity Commission is undertaking an inquiry to review New Zealand’s urban planning system and to identify, from first principles, the most appropriate system for allocating land use to support desirable social, economic, environmental and cultural outcomes.

The inquiry will look beyond the current resource management and planning system to consider fundamentally different ways of delivering urban planning and development. The scope of the inquiry includes the types of intervention, the funding arrangements, and the governance frameworks that are currently delivered by the Local Government Act 2002, the Resource Management Act 1991, the Land Transport Management Act 2003, and elements of the Building Act 2004, the Reserves Act 1977, and the Conservation Act 1987 that relate to land use.

Questions are put to submitters such as:

- Thinking beyond the current urban planning system how could a new model best deal with the complex and dynamic nature of urban environments?
- How can an urban planning system better integrate land use regulation and infrastructure planning?

Watercare will be submitting on the issues paper by 9 March 2016. The final report will be delivered to Government by 30 November 2016. This work will be aligned with Watercare’s review of and submission on the Resource Legislation Amendment Bill which has the purpose of creating a resource management system that achieves the sustainable management of natural and physical resources in an efficient and equitable way (amending the Resource Management Act 1991, the Environmental Protection Authority Act 2011, the Conservation Act 1987, the Reserves Act 1977, and the Public Works Act 1981).

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R Jaduram
CHIEF EXECUTIVE

WATERCARE SERVICES LIMITED
Management Report

Nov-15

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Section A : Management Report	Page
1 Financial Results	
● Statement of Financial Performance	A1
● Statement of Cash Flows	A2
● Statement of Financial Position	A4
2 Treasury Management	
● Treasury Risks & Interest Rate Performance	A5
● Counterparty Exposures, Debt Concentration & Covenant Compliance	A6
● Foreign Exchange & Commercial Paper Maturity	A7

WATERCARE SERVICES LIMITED

Nov-15

Key Financial Indicators

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

Key to Financial performance, Financial position and cashflow measures



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



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

Key to Treasury policy compliance



Full compliance

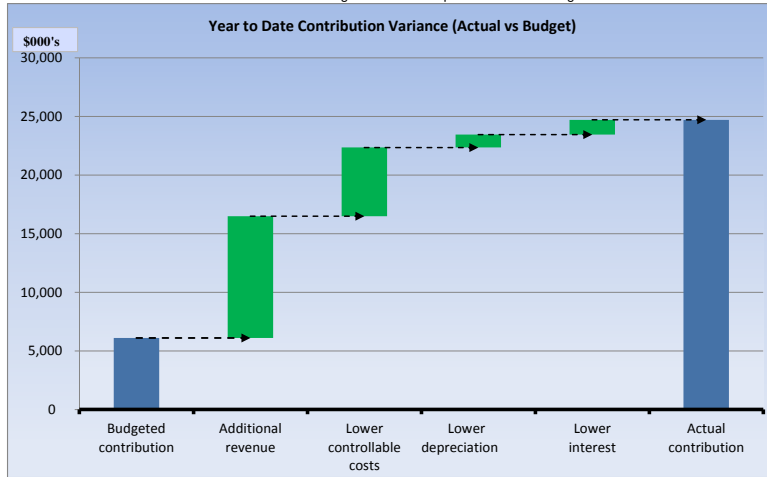


Non compliance

WATERCARE SERVICES LIMITED												Nov-15
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE												(\$000's)
	Current Month				Year to Date				Full Year			
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result	Forecast	Budget	Variance	Result
Wastewater revenue	25,725	25,023	702	✓	126,417	123,146	3,271	✓	303,557	300,286	3,271	✓
Water revenue	11,962	11,852	110	✓	57,840	57,477	363	✓	143,344	142,982	363	✓
Infrastructure growth charge revenue	1,825	4,325	(2,500)	✗	21,209	23,367	(2,158)	✗	53,302	57,520	(4,218)	✗
Other revenue	1,850	1,340	509	✓	10,127	9,584	543	✓	26,581	26,044	536	✓
Revenue from exchange transactions	41,362	42,541	(1,179)	✗	215,593	213,575	2,019	✓	526,784	526,832	(48)	✗
Vested assets revenue	1,845	861	983	✓	12,681	4,307	8,374	✓	18,712	10,338	8,374	✓
Revenue from non-exchange transactions	1,845	861	983	✓	12,681	4,307	8,374	✓	18,712	10,338	8,374	✓
Total revenue	43,207	43,403	(196)	✗	228,275	217,882	10,392	✓	545,495	537,170	8,326	✓
Labour	5,913	6,598	685	✓	30,015	32,186	2,172	✓	75,237	78,478	3,241	✓
Contract labour	140	185	46	✓	712	959	247	✓	2,026	2,274	248	✓
Oncosts	268	309	41	✓	1,266	1,511	245	✓	3,466	3,718	252	✓
Labour recoveries	(2,421)	(3,261)	(840)	✗	(13,659)	(16,319)	(2,660)	✗	(36,314)	(39,436)	(3,122)	✗
Net labour	3,900	3,832	(68)	✗	18,334	18,338	4	✓	44,415	45,035	620	✓
Materials & cost of sales	187	165	(21)	✗	899	872	(27)	✗	2,171	2,106	(65)	✗
Planned maintenance	1,152	1,632	479	✓	5,767	6,584	818	✓	17,520	16,002	(1,518)	✗
Unplanned maintenance	4,091	2,622	(1,469)	✗	15,860	13,847	(2,014)	✗	35,133	32,542	(2,592)	✗
Asset operating costs - chemicals	915	950	35	✓	4,020	4,198	177	✓	11,015	10,653	(363)	✗
Asset operating costs - energy	1,287	1,249	(38)	✗	7,428	7,214	(215)	✗	18,362	17,801	(561)	✗
Operating costs - other	2,448	3,828	1,380	✓	14,964	17,524	2,560	✓	39,800	42,855	3,055	✓
Depreciation and amortisation	18,013	17,939	(74)	✗	88,956	90,062	1,106	✓	217,129	217,122	(7)	✗
Asset operating costs	27,907	28,220	312	✓	136,995	139,427	2,433	✓	338,959	336,975	(1,985)	✗
Communications	58	180	122	✓	716	858	142	✓	1,879	2,019	140	✓
Professional services	772	1,272	500	✓	3,726	6,953	3,227	✓	9,499	14,637	5,138	✓
Interest	6,205	6,437	232	✓	31,607	32,872	1,265	✓	76,250	78,207	1,957	✓
General overheads	2,374	2,373	(1)	✗	11,279	12,463	1,184	✓	27,500	29,117	1,617	✓
Overheads	9,409	10,262	853	✓	47,328	53,147	5,818	✓	115,128	123,980	8,852	✓
Total expenses	41,402	42,478	1,076	✓	203,556	211,784	8,228	✓	500,674	508,096	7,422	✓
Total contribution/(loss)	1,804	924	880	✓	24,719	6,098	18,620	✓	44,821	29,074	15,748	✓
Gain/loss on disposal of fixed assets and other costs	385	215	(170)	✗	2,926	1,020	(1,906)	✗	6,012	3,000	(3,012)	✗
Gain/loss on revaluation of financial instruments	(2,146)	-	2,146	✓	37,239	-	(37,239)	✗	37,239	-	(37,239)	✗
Non operating (costs)/revenue	(1,761)	215	1,976	✓	40,165	1,020	(39,145)	✗	43,251	3,000	(40,251)	✗
Net surplus/(deficit) before tax	3,566	709	2,856	✓	(15,446)	5,078	(20,524)	✗	1,570	26,074	(24,503)	✗
Income Tax Expense/(benefit)	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	1,658	(183)	(1,841)	✗	852	5,467	4,614	✓	18,443	21,490	(3,047)	✗
Net surplus/(deficit) after tax	1,907	892	1,015	✓	(16,298)	(388)	(15,910)	✗	(16,873)	4,584	(21,457)	✗

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



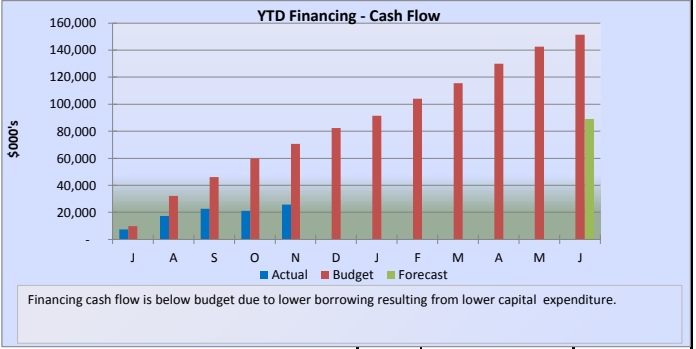
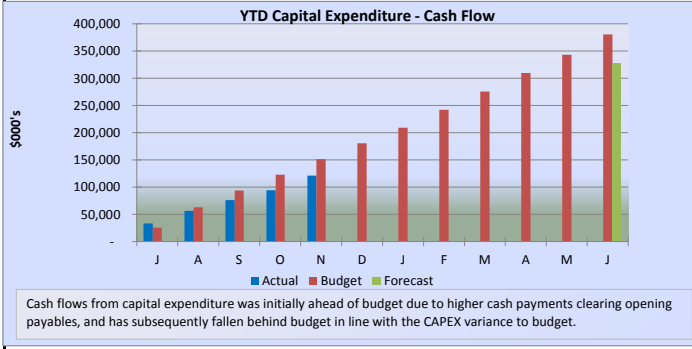
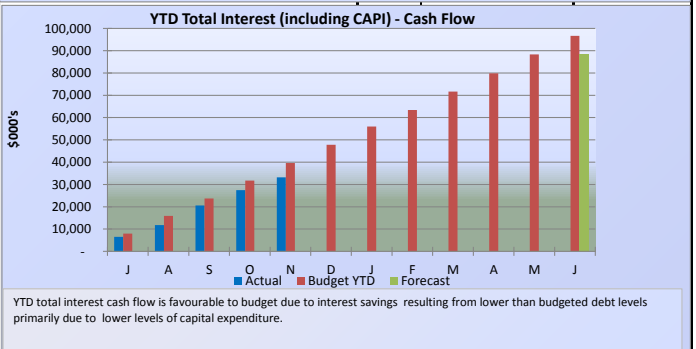
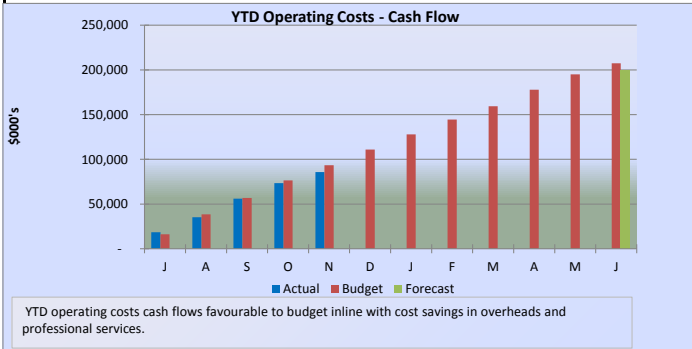
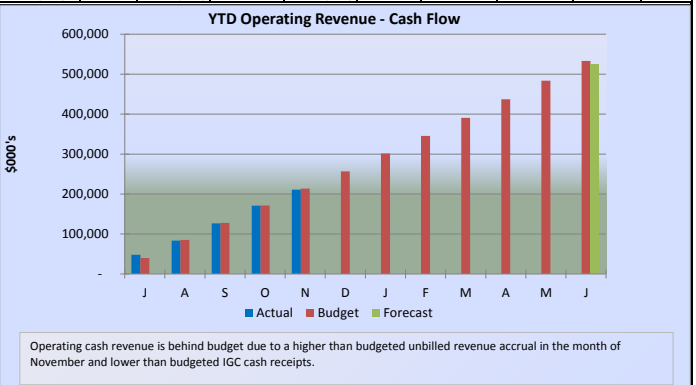
WATERCARE SERVICES LIMITED
STATEMENT OF CASH FLOWS

Nov-15

(\$000's)												
NZ \$000s	Current Month				Year to Date				Full Year			
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result	Forecast	Budget	Variance	Result
Operating Cash flow:												
Operating Revenue	39,994	42,144	(2,150)	*	211,064	213,449	(2,385)	*	524,727	533,286	(8,559)	*
Operating Costs	(12,493)	(16,862)	4,369	✓	(85,800)	(93,340)	7,540	✓	(199,801)	(207,334)	7,533	✓
Interest Paid	(4,641)	(6,437)	1,797	✓	(27,550)	(32,872)	5,322	✓	(74,593)	(78,207)	3,614	✓
OPERATING CASH FLOW	22,860	18,845	4,016	✓	97,714	87,237	10,477	✓	250,333	247,745	2,588	✓
Investing Cash flow:												
Capital Expenditure	(26,815)	(28,258)	1,443	✓	(120,907)	(151,180)	30,273	✓	(328,470)	(380,773)	52,303	✓
Capitalised Interest (CAPI)	(1,042)	(1,429)	387	✓	(5,613)	(6,733)	1,120	✓	(13,827)	(18,501)	4,674	✓
INVESTING CASH FLOW	(27,857)	(29,687)	1,830	✓	(126,520)	(157,913)	31,393	✓	(342,296)	(399,274)	56,978	✓
Financing Cash flow:												
Short Term Advances/(Repaid)	5,000	5,000	-	✓	26,500	26,500	-	✓	26,500	26,500	-	✓
Commercial Paper Issued/(Repaid)	5	5	-	✓	241	241	-	✓	241	241	-	✓
Auckland Council Borrowings/(Repaid)	(199)	5,838	(6,037)	✓	(995)	43,935	(44,930)	✓	62,430	124,788	(62,358)	✓
FINANCING CASH FLOW	4,806	10,843	(6,037)	✓	25,746	70,676	(44,930)	✓	89,171	151,529	(62,358)	✓
Net Increase (Decrease) in Cash and Cash Equivalents	(191)	-	(191)	*	(3,060)	-	(3,060)	*	(2,792)	-	(2,792)	*
Opening Cash Balance/(Overdraft)	(77)	-	(77)	*	2,792	-	2,792	✓	2,792	-	2,792	✓
Ending Cash Balance/(Overdraft)	(268)	-	(268)	*	(268)	-	(268)	*	-	-	-	✓

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

Reconciliation Operating Cashflow (\$000's)					
	Current Month		Year to Date		
	Actual	Budget	Actual	Budget	Variance
Net Surplus (Deficit) After Tax	1,908	892	(16,297)	(388)	(15,909)
Add back non cash items:					
Depreciation and amortisation	17,998	17,939	88,956	90,062	(1,106)
Financial instruments revaluation	(2,146)	-	37,239	-	37,239
Vested assets revenue	(1,845)	(861)	(12,681)	(4,307)	(8,374)
Other non-operating exp/(inc)	385	215	2,818	1,020	1,798
Income Tax Expense/(Benefit)	1,658	(183)	852	5,467	(4,614)
Movements in Working Capital	4,901	842	(3,172)	(4,616)	1,444
OPERATING CASH FLOW	22,860	18,845	97,714	87,237	10,477

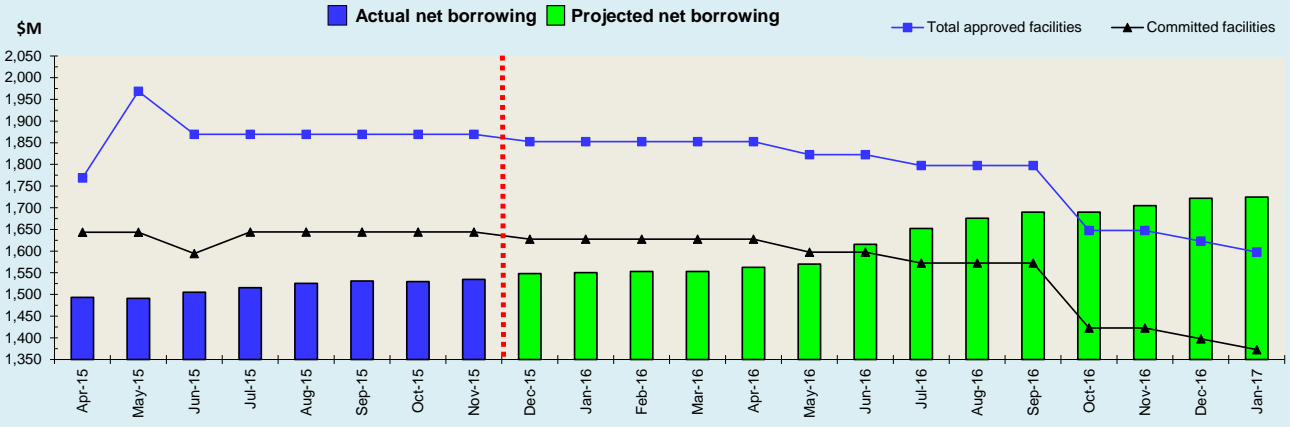


WATERCARE SERVICES LIMITED								Nov-15
STATEMENT OF FINANCIAL POSITION								(\$000's)
June 2015 Actual	October Actual		November			June 2016		
			Actual	Budget	Variance	Forecast	Budget	Variance
		Current assets						
2,792	-	Cash and cash equivalents	-	-	-	-	-	-
47,826	45,183	Trade and other receivables from exchange transactions	46,061	47,533	(1,472)	48,000	51,198	(3,198)
19,524	24,396	Unbilled revenue accrual	23,865	20,951	2,914	19,451	20,044	(593)
3,000	4,267	Prepaid expenses	3,890	2,178	1,712	3,693	2,307	1,386
4,058	4,372	Inventories	4,914	4,539	375	4,914	4,539	375
2,310	3,480	Derivative financial instruments	3,098	2,526	572	3,098	2,526	572
79,511	81,698	Total current assets	81,827	77,727	4,100	79,156	80,614	(1,458)
		Non-current assets						
8,172,155	8,226,679	Property, plant and equipment	8,263,198	8,289,986	(26,788)	8,470,034	8,607,480	(137,446)
383,539	423,648	Construction/work-in-progress	409,767	438,777	(29,010)	432,422	462,687	(30,266)
(27,673)	(94,387)	Provision for depreciation	(110,797)	(117,273)	6,476	(234,648)	(240,925)	6,277
8,528,021	8,555,940	Total property, plant and equipment	8,562,168	8,611,490	(49,322)	8,667,808	8,829,243	(161,435)
40,184	38,941	Intangible assets	38,392	43,359	(4,967)	37,648	42,838	(5,190)
23,692	23,589	Prepaid expenses	23,552	23,532	20	23,293	23,274	19
3,884	4,195	Inventories	4,295	3,504	791	4,295	3,504	791
9,086	10,195	Derivative financial instruments	10,276	7,794	2,482	10,276	7,794	2,482
8,604,867	8,632,860	Total non-current assets	8,638,683	8,689,679	(50,996)	8,743,320	8,906,653	(163,333)
8,684,378	8,714,558	Total assets	8,720,510	8,767,406	(46,896)	8,822,476	8,987,267	(164,791)
		Current liabilities						
-	77	Bank Overdraft	269	-	269	-	-	-
148,693	148,929	Commercial paper	148,934	148,640	294	148,934	148,640	294
30,264	30,269	Bonds (18/05/16)	30,270	30,263	7	30,270	30,263	7
-	150,000	Term loan	150,000	150,000	-	150,000	150,000	-
18,918	43,754	Auckland council loan	43,713	21,103	22,610	43,713	29,328	14,386
197,875	373,029	Total debt current	373,186	350,006	23,180	372,917	358,231	14,687
19,407	13,844	Trade and other payables for exchange transactions	13,668	19,533	(5,865)	19,298	25,228	(5,930)
10,380	12,780	Interest accrued	14,318	16,205	(1,887)	11,918	15,216	(3,297)
58,862	50,716	Other accrued expenses	49,354	50,082	(728)	58,934	50,316	8,618
6,926	6,792	Provision for staff benefits	6,711	4,396	2,315	6,711	4,953	1,758
5,170	4,170	Other provisions	4,170	5,549	(1,379)	3,554	9,149	(5,595)
22,179	26,056	Derivative financial instruments	27,261	19,441	7,820	27,261	19,441	7,820
320,799	487,387	Total current liabilities	488,668	465,212	23,456	500,593	482,533	18,061
		Non-current liabilities						
75,000	75,000	Bonds (26/10/18)	75,000	75,000	-	75,000	75,000	-
50,667	50,579	Bonds (26/10/18)	50,552	50,689	(137)	50,552	50,689	(137)
150,000	-	Term loan (13/10/16)	-	-	-	-	-	-
-	21,500	Bank revolving credit facility	26,500	21,500	5,000	26,500	21,500	5,000
1,043,422	1,017,789	Auckland council loan	1,017,631	1,091,763	(74,132)	1,089,816	1,164,392	(74,576)
1,319,089	1,164,868	Total debt non-current	1,169,683	1,238,952	(69,269)	1,241,868	1,311,581	(69,713)
18,700	17,673	Other accrued expenses	17,614	29,227	(11,613)	18,616	29,684	(11,068)
3,484	3,530	Other Provisions	3,530	3,600	(70)	3,369	-	3,369
1,267	1,284	Provision for staff benefits	1,284	1,568	(284)	1,284	1,751	(466)
135,247	173,033	Derivative financial instruments	169,382	137,203	32,179	169,382	137,203	32,179
1,011,130	1,010,322	Deferred tax liability	1,011,980	1,025,309	(13,329)	1,029,571	1,072,657	(43,087)
2,488,917	2,370,711	Total non-current liabilities	2,373,474	2,435,859	(62,385)	2,464,090	2,552,875	(88,786)
2,809,715	2,858,098	Total liabilities	2,862,142	2,901,071	(38,929)	2,964,683	3,035,408	(70,725)
		Equity						
260,693	260,693	Issued capital	260,693	260,693	-	260,693	260,693	-
1,812,971	1,812,274	Revaluation reserve	1,813,303	1,812,974	329	1,813,303	1,893,526	(80,223)
3,856,351	3,801,699	Retained earnings	3,800,670	3,793,056	7,614	3,800,670	3,793,056	7,614
(55,352)	(18,206)	Current year earnings after tax	(16,298)	(388)	(15,909)	(16,873)	4,584	(21,457)
5,874,663	5,856,460	Total equity	5,858,368	5,866,335	(7,967)	5,857,793	5,951,859	(94,066)
8,684,378	8,714,558	Total equity and liabilities	8,720,510	8,767,406	(46,896)	8,822,476	8,987,267	(164,791)

TREASURY RISKS AND INTEREST RATE PERFORMANCE

Nov-15

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Interest rates

	Actual YTD	Benchmark YTD	Year end forecast
Weighted averages (excl. fees and margins)	4.96%	4.40%	4.93%
Weighted averages (incl. fees and margins)	6.03%	N/A	5.99%

Debt (\$m)

	Actual	Budget	Variance
Short-term borrowings	373.2	350.0	23.2
Long-term borrowings	1,169.7	1,239.0	(69.3)
Total gross debt	1,542.9	1,589.0	(46.1)
Less cash & deposits	-	-	-
Total net borrowing	1,542.9	1,589.0	(46.1)

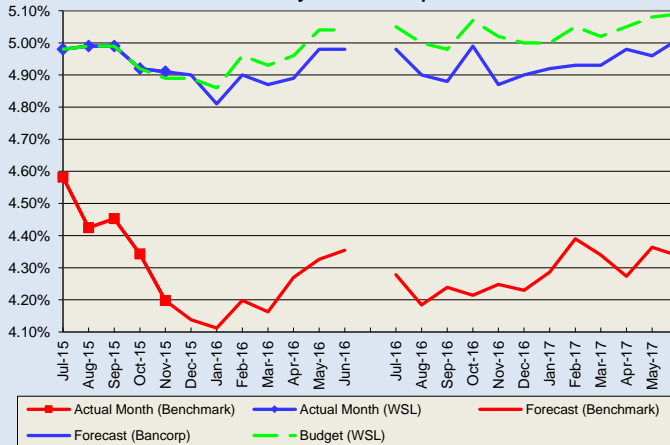
Committed facilities

- Westpac Term Loan facility	\$150 million
- BNZ CP Standby facility	\$175 million
- Westpac Revolving Credit facility	\$60 million
- Medium term notes	\$155 million
- Auckland Council	\$1,104 million
Total committed facilities as at 30 November	\$1,644 million

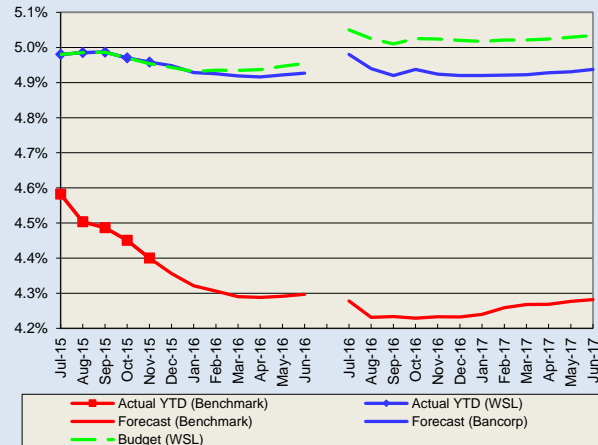
Additional approved facilities

- Approved new funding from Auckland Council	\$150 million
- Approved CP issuance, over and above CP Standby facility	\$75 million
Total approved facilities as at 30 November	\$1,869 million

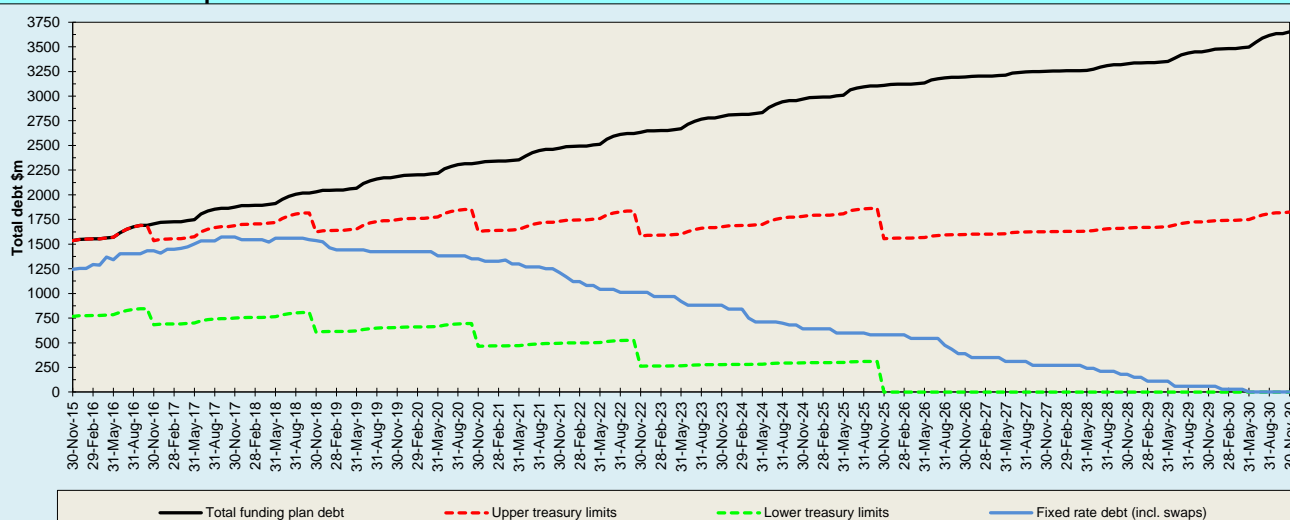
Monthly interest rate performance



Year to date interest rate performance



Forecast total debt profile



COUNTERPARTY EXPOSURES, DEBT CONCENTRATION & COVENANT COMPLIANCE						Nov-15			
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-	700,000	3,408	100,000	Limit OK	✓			
Bank of New Zealand	A1+ / AA-	646,850	17,158	100,000	Limit OK	✓			
Commonwealth Bank of Australia	A1+ / AA-	115,000	1,521	100,000	Limit OK	✓			
Kiwibank	A1 / A+	25,000	656	75,000	Limit OK	✓			
Westpac Institutional Bank	A1+ / AA-	565,299	30	100,000	Limit OK	✓			
		2,052,149	22,772						
<i>Note: Credit exposures are the aggregate of direct exposures, 10% of the 'face' value of forward foreign exchange contracts, 15% of the 'face' value of electricity hedging contracts, and the sum of the MTM value of interest rate derivative contracts plus a 3% 'risk' factor (if this produces a positive value).</i>									
Debt concentration \$000									
Committed debt facilities		Maturity	0-12 months	12-24 months	24-36 months	36-48 months	48-60 months	> 60 months	Total
Westpac Term Loan facility	13/10/16	150,000							150,000
BNZ CP Standby facility	1/07/17		175,000						175,000
Westpac Revolving Credit facility	30/11/18				60,000				60,000
Medium-term notes	Various	30,000			125,000				155,000
Auckland Council	Various	41,692	54,668	78,368	82,243	200,000	647,243		1,104,214
Total committed debt facilities			221,692	229,668	263,368	82,243	200,000	647,243	1,644,214
Approved new funding from Auckland Council								150,000	150,000
Approved CP issuance, over and above CP Standby								75,000	75,000
Total committed and approved debt facilities			221,692	229,668	263,368	82,243	200,000	872,243	1,869,214
Treasury policy - total committed debt facilities			<= 500,000	<= 500,000	<= 500,000	<= 500,000	<= 500,000		
Treasury policy compliance			✓	✓	✓	✓	✓		
Drawn bank facilities		Maturity	0-6 months	6-12 months	12-18 months	18-24 months	24-30 months	> 30 months	Total
Westpac Term Loan facility (\$150m)	13/10/16			150,000					150,000
BNZ CP Standby facility (\$175m)	1/07/17								0
Westpac Revolving Credit facility (\$60m)	30/11/18							26,500	26,500
			0	150,000	0	0	0	26,500	176,500
Treasury policy for drawn bank facilities			<= 250,000	<= 250,000	<= 250,000	<= 250,000	<= 250,000	<= 250,000	
Treasury policy compliance			✓	✓	✓	✓	✓	✓	
Other facilities									
BNZ overdraft	On demand	2,000							2,000
			2,000	0	0	0	0	0	2,000
Counterparty exposure in relation to borrowing facilities		Westpac	BNZ	ANZ	CBA	Kiwibank			
Term loan facility		150,000							
Revolving credit facility		60,000							
CP standby facility			175,000						
		210,000	175,000	0	0	0			
Treasury policy			<= 500,000	<= 500,000	<= 500,000	<= 500,000	<= 500,000		
Treasury policy compliance			✓	✓	✓	✓	✓		
Compliance with financial covenants and ratios under the Negative Pledge Deed and Guarantee Facility Deed									
Covenant / ratio		Benchmark/target measure			Outcome		Compliance		
Security interests / total tangible assets - maximum		5%			0.00%		✓		
Total liabilities / total tangible assets - maximum		60%			32.97%		✓		
Total liabilities (including contingent) / total tangible assets - maximum		65%			32.97%		✓		
Shareholders funds - minimum (\$000)		500,000			5,858,369		✓		
EBITDA : funding costs ratio - minimum		1.75			4.19		✓		
Funds from operations : interest cover ratio - minimum		2.00			3.56		✓		
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%		✓		
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FOREIGN EXCHANGE, COMMERCIAL PAPER & ELECTRICITY HEDGING							Nov-15		
Foreign currency exposures (NZ\$000) including hedging for chemical purchases							USD	EUR	Total
Total exposure to be hedged							1,588	561	2,149
Foreign exchange hedging							1,588	561	2,149
Percentage cover							100%	100%	100%
Treasury policy							100%	100%	100%
Treasury policy compliance							✓	✓	✓
Hedging for chemical purchases (US\$000)					Mar-16	Sep-16	Mar-17	Sep-17	Total
Chemicals forward foreign exchange hedging					250				250
Treasury policy									<= 5,000
Treasury policy compliance									✓
Commercial paper maturities									
Issue #	\$000	BKBM	Interest rate	Bid cover (x)	Term (days)	Maturity date			
284	50,000	2.834%	2.983%	2.16	78	9-Dec-15			
285	50,000	2.960%	3.080%	3.20	91	29-Jan-16			
286	50,000	2.870%	2.941%	3.22	92	25-Feb-16			
150,000		3.001%							
<i>Note: BKBM is the banks' mid-rate for bank bills of a similar term on the CP issue date.</i>									
		Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Beyond May-16	Total
Outstanding CP		50,000	50,000	50,000	0	0	0	0	150,000
Uncommitted short-term debt									0
		50,000	50,000	50,000	0	0	0	0	150,000
Treasury policy for maximum amount of CP outstanding									<= 250,000
Treasury policy compliance									✓
Undrawn committed standby facilities		1 month	1-2 months	2-3 months	3-4 months	4-5 months	5-6 months	> 6 months	
Undrawn committed standby facility - CP facility		175,000	175,000	175,000	175,000	175,000	175,000	175,000	
50% of CP and other short-term debt repayable within 60 days		50,000	50,000	25,000	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			✓						
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WATERCARE SERVICES LIMITED

Management Report

Nov-15

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 - Monthly Statistics Update

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Confidential

Management Report
Monthly Statistics Update

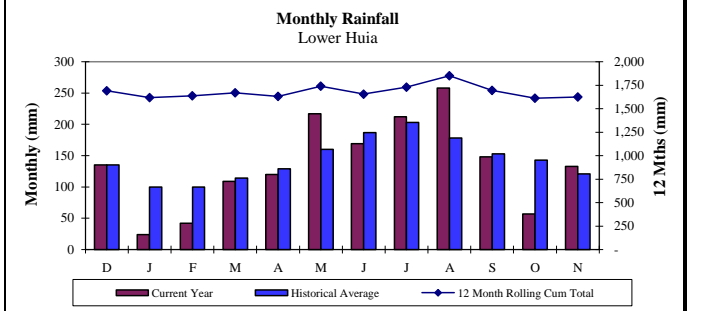
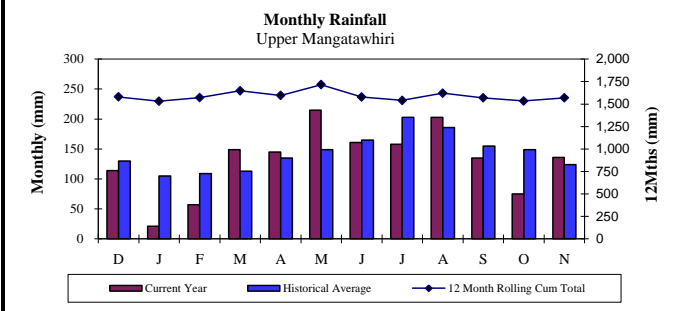
WATERCARE SERVICES LIMITED

Nov-15

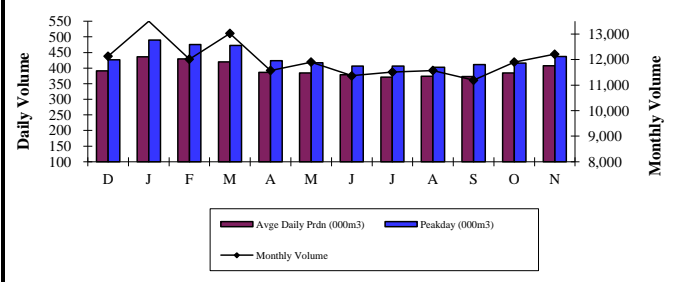
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Rainfall

Rainfall	Current Month	12 Mth Cumulative Rolling	Rainfall	Current Month	12 Mth Cumulative Rolling
Actual - Upper Mangatawhiri	136 mm	1569 mm	Actual - Lower Huia	133 mm	1624 mm



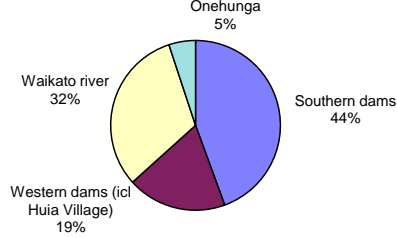
Water Production - Metropolitan Supply



Treated water volumes (000m ³)	Current Month	12 Month Rolling Ave
Monthly Volume	12,212	12,212
Average Daily Production	407	11,992
Peak Day	437	490 ¹

1. Max peak day in past 12 months

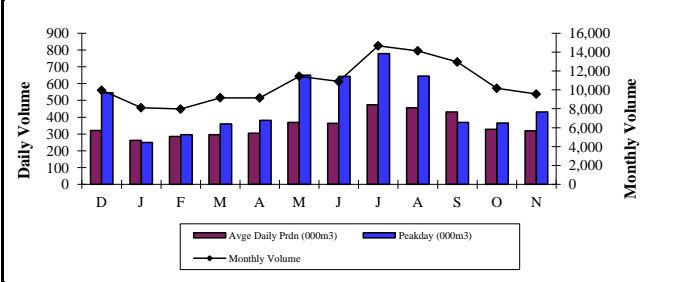
Treated water volumes for the month



Treated water volumes (000m ³)	Current Month		Year to Date		
	Actual	% Budget	Actual	% Budget	Budget
Southern dams	5,423	44%	26,877	46%	39,506
Western dams	2,310	19%	12,798	22%	11,783
Waikato river	3,860	32%	15,751	27%	5,103
Onehunga aquifer	619	5%	2,964	5%	1,443
Total	12,212	100%	58,389	100%	57,835

By utilising the Waikato river and Onehunga above budget, total dam storage level achieved at 83%

Wastewater Treatment - Metropolitan Treatment



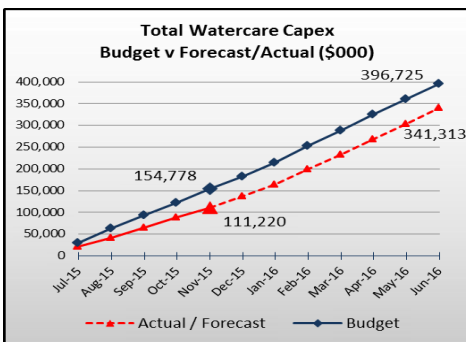
	Current Month	12 Month Rolling Ave
Monthly Volume (000m ³)	9,565	10,680
Average Daily Production	319	351
Peak Day Mangere WWTP	431	779 ²

2. Max peak day in past 12 months

WATERCARE PUBLIC REPORT CAPITAL EXPENDITURE



TOTAL WATERCARE EXPENDITURE	Year to Date		Annual Performance	
	Actual	Budget	Actual + Forecast	Budget
Strategy & Planning	1,708	7,332	19,279	35,355
Infrastructure Delivery	89,052	111,324	243,861	269,001
Service Delivery	8,101	18,128	43,201	52,143
Retail	2,622	4,052	6,784	8,150
Information Services	2,974	4,387	6,092	7,380
Other	1,149	2,822	4,715	6,195
Capitalised Interest	5,613	6,733	17,381	18,501
Watercare Total	111,220	154,778	341,313	396,725



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

Water Projects >\$15 Million

Hunua No 4 Programme	385,372	385,372	52,215	50,514		
North Harbour Watermain Duplication	240,000	239,983	7,242	7,265		
Waikato 175MLD Expansion Stage Ultimate	48,880	48,011	11,173	12,000		
Huia No 1 Watermain Replacement	42,103	42,162	2,738	4,423		
Ardmore WTP Treated Water Resilience	32,120	32,118	706	1,503		

Wastewater Projects >\$15 Million

Central Interceptor Feasibility Design	960,470	960,498	13,478	14,471		
Northern Interceptor - Stage 1	148,200	147,545	3,120	4,414		
Mangere WWTP BNR Capacity	141,040	141,040	51,215	51,500		
Mangere WWTP Solids Stream Upgrade	74,800	74,800	10,247	11,960		
Rosedale WWTP Expansion Project	63,954	63,954	2,541	2,985		
Pukekohe WWTP Upgrade	59,000	59,000	5,332	5,422		
Pukekohe Trunk Sewer Upgrade	37,000	37,000	8,102	4,755		
Puketutu Island Rehabilitation	29,385	29,385	8,470	10,000		
Pond 2 Landfill Development	29,234	27,414	(166)	0		
Army Bay WWTP Outfall Upgrade	27,500	27,512	892	758		
Fred Thomas Drive WW PS & Storage Tank	27,741	27,741	4,834	6,976		
Glendowie Branch Sewer Upgrade	17,845	17,835	968	880		

Shared Services >\$15 Million

Networks Controls Upgrade	19,944	19,932	2,716	3,500		
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Capex Programme (Design / Execution)

>\$15 Million	2,384,588	2,381,301	185,823	193,325
>\$2 Million <\$15 Million	190,601	197,864	40,888	52,820
<\$2 Million	70,404	83,070	32,640	35,842
TOTAL	2,645,592	2,662,236	259,352	281,988

Watercare Services Ltd
Financial Summary 2015-16
Report Period November 2015
Infrastructure Related Projects: Strategy & Planning / Infrastructure Delivery / Service Delivery

Traffic light Key:
On target / No adverse Service Delivery impact
Short to medium term issues that may impact on outcomes or targets / Minor Service Delivery Impacts
Medium to long term issues that are impacting on outcomes or targets / Risk of significant Service Delivery Impact
Underspend on the capex variance (-10%)
No approved capex or the project is "in-service" indicating the issue is not critical

Local Board Interaction

Local Board	Chair	Deputy Chair	September-15	October-15	November-15
Albert - Eden	Peter Haynes	Glenda Fryer	Site visit to Auckland University Engineering school to observe model of the drop-shaft tunnel (8 Sept).	Update on Hunua 4 watermain project (also sent to Ward Councillors) (29 Oct). Photos of work at Mt Albert Reservoir (29 Oct).	'Tapped In' newsletter (17 Nov). Local Board Workshop on Central Interceptor (17 Nov).
Devonport - Takapuna	Joseph Bergen Watercare Rep (5 May 2015 to end of the 2013-2016 term)	Grant Gillion (5 May 2015 to end of the 2013-2016 term)	Information on fats, oils and grease disposal (2 Sept).	Notification of works in Domain Road Devonport (12 Oct).	'Tapped In' newsletter (17 Nov).
Franklin	Andy Baker	Jill Naysmith	Information on fats, oils and grease disposal (2 Sept). Information regarding landowner approval for installation of bulk water meter at Hill Road Reserve (8 Sept). Runciman Reservoirs open evening (24 Sept). Information on developer query sent to Local Board Chair (28 Sept)	Information on wastewater servicing and Whitford landfill leachate (5 Oct). Information on South western wastewater servicing to Alan Cole (8 Oct). Escalated issue regarding water leak in Waiuku (22 Oct). Flyer on South Western Wastewater Servicing Strategy (22 Oct). Notification of public plant tours (23 Oct). Escalation from the Chair regarding a Campervan Dump Station application (29 Oct).	Notice of Runciman Reservoir Resource Consent Notification (2 Nov). Ongoing communication regarding campervan dump Station application (2 Nov). Meeting with Malcolm Bell and Angela Fulljames regarding Clevedon wastewater servicing (13 Nov). 'Tapped In' newsletter (17 Nov). Mangere Matters (20 Nov). Local Board Briefing (24 Nov). Update on Pukekohe pipeline works (26 Nov).
Great Barrier	Izzy Fordham	Susan Daly			'Tapped In' newsletter (17 Nov).
Henderson - Massey	Vanessa Neeson	Shane Henderson	Local Board visit to Watercare to hear more about inflow and infiltration programmes and to see the Control Room (30 Sept).	Notice of Northern Interceptor Stage 3 discussions with parks (16 Oct).	'Tapped In' newsletter (17 Nov).
Hibiscus and Bays	Julia Parfitt	Greg Sayers		Local Board Briefing (14 Oct). Army Bay wastewater outfall replacement flyer (29 Oct).	'Tapped In' newsletter (17 Nov).
Howick	David Collings	Adele White	Flyer on wastewater works in Studfall Street and Hope Farm Avenue (10 Sept). Tamaki Estuary Environment Forum (16 Sept).		Information on works in Larne Ave Pakuranga Heights (3 Nov). 'Tapped In' newsletter (17 Nov).
Kaipatiki	Kay McIntyre	Ann Hartley	Presentation to infrastructure committee on Wairau Road project (16 Sept). Information on Trunk Sewer 8 Project (17 Sept). Update on Maunganui Storage Tank works (18 Sept).		'Tapped In' newsletter (17 Nov).
Mangere - Otahuhu	Lydia Sosene	Carrol Elliott	Site visit to Auckland University Engineering school to observe model of the drop-shaft tunnel (10 Sept). Flyer on works at Ascot and Montgomerie Roads (10 Sept).	Local Board Briefing (14 Oct).	'Tapped In' newsletter (17 Nov). Mangere Matters (20 Nov).

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

Local Board	Chair	Deputy Chair	September-15	October-15	November-15
Manurewa	Angela Dalton	Simeon Brown	Escalated complaint response regarding completion of works in Wattle Farm Road (7 Sept).		Mangere Matters (20 Nov).
Maungakiekie - Tamaki	Simon Randall	Chris Makoare	Site visit regarding Van Dammes Lagoon work sign off (1 Sept). Notice of works in Queens Road Panmure (14 Sept). Tamaki Estuary Environment Forum (16 Sept).	Letter to the chairman regarding works at Van Dammes Lagoon (5 Oct). Information on the Glen Innes wastewater project and effect on the Adult Literary Centre Lease (7 Oct). Information on Fluoridation and the Onehunga water supply (15 Oct). Letter seeking approval to move structures at Van Dammes lagoon (22 Oct). Update on Hunua 4 watermain project (also sent to Ward Councillors) (29 Oct).	'Tapped In' newsletter (17 Nov). Mangere Matters (20 Nov).
Orakei	Desley Simpson	Kit Parkinson, Colin Davis (Watercare Rep)	Update to Local Board on St Heliers Bay Wastewater Project deferral (1 Sept). St Heliers Residents and Ratepayers and Orakei Local Board presentation (8 Sept). Response to query about water leaks in Paritai Drive (14 Sept). Tamaki Estuary Environment Forum (16 Sept).		Information on reinstatement at Madills Farm Park (10 Nov 15). 'Tapped In' newsletter (17 Nov). Information for Kit Parkinson and parks staff on a private connection and easements in Michaels Ave Reserve (20 Nov).
Otara - Papatoetoe	Fa'anānā Efeso (Efeso) Collins	Ross Robertson	Otara Waterways and Lakes Steering Group Presentation (16 Sept).		'Tapped In' newsletter (17 Nov).
Papakura	Bill McEntee	Michael Turner			'Tapped In' newsletter (17 Nov). Mangere Matters (20 Nov).
Puketapapa	Julie Fairey	Harry Doig	Notification of local pipeline renewal works in Hillsborough (3 Sept). Site visit to Auckland University Engineering school to observe model of the drop-shaft tunnel (8 Sept). Information on local watermain upgrade in Herd Road sent to Harry Doig (18 Sept).		'Tapped In' newsletter (17 Nov). Mangere Matters (20 Nov).
Rodney	Brenda Steele	Stephen Garner		Local Board Briefing (19 Oct). Update on works at Huapai (28 Oct).	'Tapped In' newsletter (17 Nov).
Upper Harbour	Lisa Whyte (5 May 2015 to end of the 2013-2016 term)	Brian Neeson (5 May 2015 to end of the 2013-2016 term)		Local Board Briefing (6 Oct). Greenhithe Residents and Ratepayers meeting re Northern Interceptor project (6 Oct). Update on proposed works in Centorian Reserve (20 Oct).	'Tapped In' newsletter (17 Nov).
Waiheke	Paul Walden	Shirin Brown			Media information on Waiheke Wastewater sent to Chairman (17 Nov). 'Tapped In' newsletter (17 Nov).
Waitakere Ranges	Sandra Coney	Denise Yates		Local Board Briefing (15 Oct)	Invitation to Huia Water Treatment Plant Stakeholder meeting (9 Nov). 'Tapped In'

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

Local Board	Chair	Deputy Chair	September-15	October-15	November-15
					newsletter (17 Nov). Stakeholder meeting re Huia Water Treatment Plant Upgrade (18 Nov). Mangere Matters (20 Nov).
Waitemata	Shale Chambers	Pippa Coom	Information on fats, oils and grease disposal (2 Sept). Notice of works in Ardmore Road Ponsonby (28 Sept). Workshop for landowner approval of pipe works in Victoria Park (29 Sept).		Information on the Central Interceptor and pump station development in Wynyard quarter (4 Nov). 'Tapped In' newsletter (17 Nov).
Whau	Catherine Farmer	Susan Zhu		Information on investigation works at Browns Bay roundabout for the Huia No. 1 watermain project (6 Oct).	'Tapped In' newsletter (17 Nov).
Manukau Harbour Forum	Jill Naysmith		Information on fats, oils and grease disposal (2 Sept).	Proposal for presentation on South Western Wastewater Servicing (15 Oct).	'Tapped In' newsletter (17 Nov). Mangere Matters (20 Nov). Auckland Council Watercare and Manawhenua Hui (27 Nov).

Waterwise communications programme

Updated December 2015

Introduction

Auckland's population is increasing by the day and so too is the demand for water. Our response is two-fold: we are working with our customers to reduce per-person demand and we are pursuing new water sources so that Auckland can continue to enjoy a safe and reliable water supply in the future.

Aucklanders are the most efficient water users in the country. The volume of water consumed on a per-person-per-day basis has been falling steadily over the past 25 years, with the introduction of water meters and the drought in the first half of the 1990s both having major impacts.

This fall in demand is an impressive feat. However, our aim is to reduce consumption even further. In 2011, we adopted a demand management target of reducing gross per capita consumption by 15 per cent by 2025, compared with 2004 consumption levels. We are currently on track to achieve our target.

Communications during normal conditions

We communicate waterwise messages to customers year round using a variety of channels. The type of message and its depth is seasonally adjusted. For example, in winter messaging focuses on saving water indoors whereas in summer messaging focuses on saving water outdoors.

Our primary channel is bill inserts, including our customer newsletter *Tapped In*. This channel was identified as best-practice by the Water Research Foundation in the United States. In 2010, they carried out in-depth research regarding customer behaviour and effective communications with respect to water conservation. As part of the research, they asked 1,890 water utility customers: "What would be the most effective way to reach you with information about water conservation that you will use?" Bills inserts were identified as the most effective way by a significant margin. However, our programme incorporates a range of channels – as outlined in the tactics below – that ensure our waterwise messages reach a wide range of stakeholders including people who do not receive our bills but do enjoy our services.

Communications during drought conditions

In a drought situation, the emphasis placed on communications needs to increase proportionately to the seriousness of the situation. Specifically, the situation should not be over-communicated or over-stated in a way that causes unnecessary alarm. Over-stating the seriousness of the situation early on makes it harder to increase the importance of water conservation messages later on. This is well known within the industry. For example, Anglian Water's drought communications plan emphasises "we need to be able to escalate the severity of the situation so customers understand that this isn't a 'normal' dry year..."

In a drought situation, the communications approach needs to be flexible and dynamic. As it would be based on an uncontrollable factor – rain – it would not be possible to outline the

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actions Watercare would take on a month-by-month basis. Rather, the communications team would work closely with the service delivery team to ensure the messages/tactics evolve appropriately according to the situation. Our strategy is best expressed as:

Establish customer belief that we are working on the problem	→	Build trust
Reiterate that we are all in this together, and all need to take action.	→	Show action
Highlight the severity of the drought, and be clear that we must take action to save water	→	Sustain behaviour change

In a drought situation, we would create an over-arching and unifying message theme around which all communications on water efficiency and drought can coalesce. For example, we may set a target that customers can seek to achieve. Anglian Water found this was an effective approach during their drought of 2011/12.

It is vital to avoid a blanket approach to communications activity in the face of a drought. This is because the impact of any communications activity is significantly reduced if the message or the medium is not felt by the recipient to be appropriate, timely or targeted.

Benefits of minimising consumption

For the customer:

1. Smaller monthly water bills.

For Watercare:

2. We are able to delay the need for a new water source and additional water and wastewater treatment capacity.

For the environment:

3. We are able to reduce environmental impacts: less abstraction means more water for the environment and less infrastructure construction. Less wastewater is produced, treated and discharged into the sea. Less energy is used for treating and pumping water and wastewater, resulting in a lower carbon footprint.

Risks

If we overstate the need to be waterwise under normal conditions, it will be harder to achieve savings in a drought situation.

Timeline

The programme runs year round however the emphasis and key messages change depending on the season and weather conditions.

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Objectives

1. To support the company target of reducing gross per capita consumption by 15 per cent by 2025 compared with 2004 consumption levels by consistently communicating waterwise information to stakeholders using a range of mediums.
2. To show leadership and build trust in our ability to deliver a reliable water supply.
3. To shift customer behaviour so that they use less water.

Key messages

1. Auckland's population is increasing by the day and so too is the demand for water. Our response is two-fold: we are working with our customers to reduce per-person demand and we are pursuing new water sources so that Auckland can continue to enjoy a safe and reliable water supply in the future.
2. By reducing your water consumption, you will enjoy smaller monthly bills. Your energy bills may also go down if you use less hot water.
3. By reducing your water consumption, you will help us to keep prices down in the longer term as we will be able to delay the need for a new water source and additional water and wastewater treatment capacity.
4. By reducing your water consumption, you are doing your bit for the environment by reducing the resources and energy required to deliver water and wastewater services, including the construction of new infrastructure.
5. We have a range of waterwise information and tips. These tips are framed around the idea that it is not about going without, it is about reducing wastage.

Tactics

Below is a month-by-month overview of the communications activities.

Year	Month	Stakeholder	Delivery method	Details	Status Report
Ongoing		Public	Website	The website features comprehensive information on how domestic and non-domestic customers can reduce their water usage. Also features the Auckland Regional Demand Management Plan and copies of the customer newsletters.	This information is live on the website. In 2016, a new website will be launched with enhanced waterwise content.
		Public	Events	On our behalf, EcoMatters Environment Trust attends eight events per year such as the Home Show, the Green Living Show and Ambury Farm Day. Visitors to our stand have the opportunity to find out about water-efficient devices, rainwater harvesting and waterwise tips.	In 2014/15 financial year, EcoMatters recorded 2,405 visitor interactions at events.

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		Public (children)	Education programme	The Watercare Education Programme has waterwise messages incorporated into its lessons. In 2016, an illustrated book on the water treatment process will feature waterwise messaging. It will be sent to over 400 primary schools in Auckland as well as public libraries.	Each year, approximately 7,000 pupils from across Auckland participate in this programme.
		Domestic customers	Waterwise advice line	Watercare provides a free water advice service to households in Auckland. Delivered on our behalf by the EcoMatters Environment Trust, households receive a tailored report on their consumption and ways to reduce wastage.	Since its free water audit service inception, over 300 households have received advice through this service. In the summer 2015/16 edition of Tapped In, there is a case-study on a family benefiting from this service. EcoMatters have reported a three-fold increase in enquires since the publication entered circulation.
		Domestic customers	Graphic on monthly bills	A usage comparison graphic shows how a household's consumption compares with average households.	This graphic has been on the bill since integration in November 2010.
		Domestic customers	Be Waterwise booklet	This booklet features comprehensive information on how domestic customers can reduce their water consumption.	This booklet was launched in 2014 and is promoted through the website, the water advice line, events and the customer newsletter.
		Non-domestic customers	Be Waterwise for businesses and organisations booklet	This booklet features comprehensive information on how non-domestic customers can reduce their water consumption.	This booklet was launched in 2015 and is promoted through the website and industry newsletters.
2015	Jun	Domestic and non-domestic customers	Winter edition of customer newsletter	Key messages: <ul style="list-style-type: none"> • Winter is a good time to think about reducing water consumption inside the home. • Wash full loads of washing to save water and energy. • Find out more about being waterwise by visiting 'Be Waterwise' on our website. 	Distributed to 350,000 customers by post and a further 100,000 customers by email.
	Oct	Domestic customers	Bill insert	Key message: <ul style="list-style-type: none"> • Look for the water rating label when buying new appliances. • Find out more about being waterwise by visiting 'Be Waterwise' on our website. 	Distributed to 309,227 customers by post and 73,652 customers by email.

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	Nov	Domestic and non-domestic customers	Summer edition of customer newsletter	<p>Key messages:</p> <ul style="list-style-type: none"> Watercare offers a free water advice service to households to help them understand their water usage and reduce wastage. Aucklanders are the most efficient water users in the country and yet there are still ways to cut down on unnecessary water usage. Staff shared their waterwise tips. This was presented on a two-page infographic. Find out more about being waterwise by visiting 'Be Waterwise' on our website. 	<p>Was distributed to 350,000 customers by post and a further 100,000 customers by email.</p> <p>Resulted in a three-fold increase in calls to the water advice service.</p>
	Nov	Community sports clubs	Water conservation blueprint	<p>Watercare is working with a trust called Project Litefoot to create a blueprint for best practise water efficiency in sports clubs. To create the blueprint, one community sports club will be upgraded with water-efficient plumbing and appliances. Watercare will promote this project through its newsletter, website and social media. We will also seek coverage in local, national and environmentally-focused media.</p>	<p>In planning. A sports club has been identified.</p>
2016	Summer	Public	Suburban newspaper advertising campaign	<p>In the event the dry summer shows signs of extending in to autumn, a water wise campaign will be run through the community newspapers, combined with a media engagement programme. Below is an example of an advert.</p>	<p>Campaign being prepared.</p>
2016	Feb Mar	Domestic and non-domestic customers	Autumn edition of customer newsletter	<p>This newsletter will focus on identifying and repairing leaks. Late summer is when there is the highest frequency of leaks, both in private and public networks.</p>	<p>Will be distributed to 350,000 customers by post and a further 100,000 customers by email.</p>

DON'T LET YOUR HOSE RUN WILD THIS SUMMER



Kiwis love green lawns and clean cars. We do too. But we also know it's easy for your hose to run wild and for thousands of litres of water to be wasted. Here are a few tips to tame it...

Teach your hose not to chase leaves down the driveway. Use a broom

Exercise your hose in the evening to reduce the volume of water lost through evaporation

Train your hose to heel while you wash your car with a bucket and sponge. Reward it at the end by giving your car a quick splash

Let your hose off-leash on the lawn once a week. Your grass will stay greener if you give it a good soak once a week rather than a light sprinkle every day



www.watercare.co.nz

