

WATERCARE SERVICES LIMITED

AGENDA | Board meeting | 26/01/2017

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 13 December 2016 	Minutes 13 December 2016
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. General Business	Chair		

Date of next Meeting – 1 March 2017

Location – Watercare Newmarket, 73 Remuera Road, Newmarket

MINUTES

SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Watercare Services Limited, 73 Remuera Road, Remuera, Auckland
DATE	13 December 2016
TIME	11:00
STATUS	Open Session

	Present:	In Attendance:	Public in Attendance:
	J Hoare (Chair of Meeting) N Crauford C Harland T Lanigan B Green D Thomas I Cronin-Knight (Board Observer)	M Bridge M Smith R Chenery R Fisher A Miller S Webster S Cunis R O'Connor (from 11:20) D Hawkins J Simperingham	None
1.	Apologies: <ul style="list-style-type: none"> • M Devlin) • R Jaduram) Requested to attend Auckland Council Finance & Performance Committee meeting • B Monk) 		
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 14 November at 10:30 be confirmed as correct. 		
3.	Directors Corporate Governance Items <ul style="list-style-type: none"> • Corporate Planner and Work Plan 2016 The corporate planner and work plan were noted. • The dates for the quarterly management meetings on health and safety will be added to the corporate planner. Board members are invited to attend. • Disclosure of Interests The reports on the Disclosures of Interest were reviewed. 		
4.	Chief Executive's Report and Scorecard <ul style="list-style-type: none"> • Health & Safety The Board commended management and the Fulton Hogan John Holland Joint Venture on being awarded the Kensington Swan Safety Leadership Award for the Hunua 4 Project. The judges commended the team for their dedication to creating a strong safety culture on the Hunua 4 Watermain project, where they fostered a zero-harm culture with a number of initiatives including individual start cards, a spotter competency programme and the establishment of the "Golden Rules". There were no lost time injuries to Watercare employees during November. The rolling 12 month lost-time injury frequency rate (LTIFR) is 1.26 per million hours worked, well below the target maximum of 5 per million hours worked. • Customer Focus Watercare continues to see a decrease in the number of complaints from customers. This is primarily due to customer calls being managed through specialist teams as Watercare no longer operates a general call centre. Customer surveys have consistently indicated that customers wish to speak directly to informed and 		

	<p>knowledgeable staff who understand their issues in the context of the services provided. Resolution via specialist teams has demonstrated that customer issues are solved in a more timely and efficient manner.</p> <p>Customer satisfaction at November was 83.6% for the previous 12 months. The rolling 12 month average for customer satisfaction is above the 80% target for all three areas.</p> <ul style="list-style-type: none"> • Service Delivery <p>Year-to-date water demand is above budgeted levels by 2% with the Franklin, former Auckland City and Manukau areas having the highest level of increased demand, reflecting new builds in those areas.</p> <p>The Board was advised that the review of the Water Demand Management Plan will look closely at population projections and actual growth.</p> <ul style="list-style-type: none"> • Proposed Auckland Unitary Plan <p>The Board was advised that management were not experiencing significant issues dealing with the Unitary Plan which is operative in parts only, meaning that the District Plans of the former Councils also remain operative.</p> <ul style="list-style-type: none"> • Finance <p>Management will prepare a report for the Audit and Risk Committee on interest rate projections and tax subvention payments.</p> <ul style="list-style-type: none"> • Working with Local Boards <p>The local board chairs and members have now begun focusing on general business including the development of the new local board plans. A letter of congratulations and introduction was sent to the local board chairs from the Chief Executive along with information on Watercare and a summary of future investment identified in the water and wastewater asset management plan. A copy of Watercare's local board Engagement Plan was also included. This plan outlines the way in which we work proactively with local boards and our commitment to provide information in the interest of no surprises.</p> <p>The Board noted the use of flyer material sent to Local Boards in respect to specific projects, upgrades, consent renewals, in addition to the quarterly editions of 'Tapped In'.</p> <ul style="list-style-type: none"> • Statement of Intent 2016-2019 <p>The Council confirmed in November that the Watercare Statement of Intent for 2016 to 2019 has been accepted.</p> <p>Watercare has recently received the Letter of Expectation from the Mayor and will commence drafting the response.</p>
5.	<p>Audit Engagement Letter</p> <ul style="list-style-type: none"> • The Board resolved to appoint Deloitte as Watercare's Auditor for the financial years ending 30 June 2017, 2018 and 2019, and to approve the audit engagement letter for the financial year ending 30 June 2017.
6.	<p>General Business</p> <ul style="list-style-type: none"> • There was no general business. • The meeting was closed at 11:40.

CERTIFIED AS A TRUE AND CORRECT RECORD

Julia Hoare
Chair of Meeting

Board - Public Session - Directors' Corporate Governance Items

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 reviews				Risk report		Risk report			Risk report			
	Compliance	Statutory compliance			Statutory compliance		Statutory compliance			Statutory compliance			
	Shareholder interaction		27 Feb - CCO quarterly report due	21 Mar - Q2 briefing to F&P Committee		12 May - CCO quarterly report due			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 Training	Board training & development		H&S Due Diligence refresher - TBC										
Business strategy	Strategic planning												
	Strategic programme updates			Non-revenue water		Customer focus	Business excellence / People & capability		Financial responsibility		Customer focus		
Business planning	Key finance 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				a) approve 2016/17 accounts, b) delegate final sign off of 2016/17 Annual Report					
	Statement of intent		Approval of Draft 2017-2020 SOI	1 March Draft SOI to shareholder		Present shareholder SOI feedback at public meeting	Final 2017-2020 SOI issued to shareholder					2018/19 Letter of Expectation to be received	
	Business planning approvals						28 June Approval of 2017/18 Budget				Auckland Council LTP - review Watercare input >	Auckland Council LTP - approve Watercare input >	

* 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: 19 January 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
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 - Member, Local Government Risk Management Agency Establishment Board - Chairman, GNS Science International Limited - Deputy Chairman, Fire Services Commission

David Thomas	<ul style="list-style-type: none">- Chairman, Ngati Whakaue Tribal Lands Inc- 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: 19 January 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
Brian Monk	Deputy Chairman - MIT Chairman Audit and Compliance Committee - MIT Trustee - Watercare Harbour Clean Up Trust Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust Director – EnterpriseMIT Ltd
Steve Webster	Director – Howick Swimgym Limited
Marlon Bridge	Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust
Martin Smith	Director – Heatley Smith Limited
Shayne Cunis	Board Member – Water New Zealand
David Hawkins	Nil
Adrienne Miller	Nil
David Sellars	Nil
Rebecca Chenery	Nil

RECOMMENDATION

That the report be received.

Approved by:



R Jaduram
Chief Executive

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

WATERCARE SCORECARD 2016/17																							
On budget, on time, within		Unfavourable but within parameter		Major issue, needs attention		SOI	2016/17 Target	Amber Threshold	Red Threshold	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
1 Safe and Reliable Water																							
1a	The extent to which the local authority's drinking water supply complies with part 4 of the drinking water standards (bacteria compliance criteria)	<input checked="" type="checkbox"/>	100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1b	The extent to which the local authority's drinking water supply complies with part 5 of the drinking water standards (protozoal compliance criteria)	<input checked="" type="checkbox"/>	100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1c	Percentage compliance with MoH drinking water standards		100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1d	Percentage of metropolitan water treatment plants achieving Grade A (annual measure)		100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1e	Percentage of metropolitan water supply reticulation achieving Grade A (annual measure)		100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1f	Percentage of non-metropolitan water treatment plants achieving Grade A (annual measure)		50%	n/a	<45%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1g	Percentage of non-metropolitan water supply reticulation achieving Grade A (annual measure)		50%	n/a	<25%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1h	Percentage of unplanned water shutdowns restored within five hours (12 mth rolling average)		≥95%	93% to <95%	<93%	96%	96%	96%	96%	96%	96%	96%	96%	95%	95%	95%	95%	95%	94%	94%	94%	94%	95%
1i	Number of unplanned water interruptions per 1000 connected properties (12 mth rolling average)		≤10	>10 to 12	>12	5.6	5.5	5.4	5.4	4.9	4.8	4.7	4.6	4.5	4.6	4.7	4.8	5.0	5.1				
1j	Unrestricted demand - metropolitan		Unrestricted	Subjective	Restrictions apply	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted
1k	Unrestricted demand - non-metropolitan		Unrestricted	Subjective	Restrictions apply	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted
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	1.99	1.99	2.14	2.21	2.16	2.16	2.20	2.29	2.26	2.26	2.26	1.99	1.86	1.78				
2b	Average number of wet weather overflows per discharge location	<input checked="" type="checkbox"/>	≤ 2 overflows per year per engineered overflow point	Low risk non-compliance	High risk non-compliance										0.69	Projected	Projected	Projected	Projected	Projected			
2c	The number of dry weather overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system	<input checked="" type="checkbox"/>	≤10	>10 - ≤15	>15	0.05	0.05	0.03	0.03	0.03	0.03	0.03	0.03	0.04	0.4	0.4	0.4	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	<input checked="" type="checkbox"/>	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	0	0
2e	Number of sewer bursts and chokes per 1000 properties (12 mth rolling average)		≤10	>10 to ≤12	>12	6.70	6.60	6.50	6.30	6.40	6.40	6.00	5.80	6.10	6.40	6.60	6.80	6.90	7.20				
2f	Percentage of wastewater discharged that is compliant with consent discharge requirements for metropolitan areas		100%	98 to <100%	<98%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	97%
2g	Percentage of wastewater discharged that is compliant with consent discharge requirements for non-metropolitan areas		35%	n/a	<35%	88%	88%	88%	89%	88%	88%	88%	88%	89%	94%	90%	87%	85%	86%				
3 Customer Satisfaction																							
3a	Median response time for attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site.	<input checked="" type="checkbox"/>	≤ 60 mins	>60 - ≤90 mins	>90 mins	36 mins	37 mins	37 mins	39 mins	41 mins	42 mins	43 mins	44 mins	44 mins	43 mins	43 mins	43 mins	43 mins	42 mins	42 mins			
3b	Median response time for resolution of urgent calls-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	<input checked="" type="checkbox"/>	≤ 5 hours	>5 - ≤ 8 hours	>8 hours	1.7 hours	1.8 hours	1.9 hours	2.1 hours	2.4 hours	2.7 hours	2.8 hours	3.0 hours	3.0 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours
3c	Median response time for attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	<input checked="" type="checkbox"/>	≤ 3 days	>3 - ≤ 5 days	>5 days	1.9 days	2.1 days	2.1 days	2.2 days	2.6 days	2.8 days	2.9 days	3.0 days	3.0 days	2.9 days	2.9 days	2.7 days	2.1 days	1.9 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 the resolution of the fault or interruption	<input checked="" type="checkbox"/>	≤ 6 days	>6 - ≤ 8 days	>8 days	3.0 days	3.1 days	3.1 days	3.2 days	3.6 days	3.9 days	4.1 days	4.8 days	4.3 days	4.3 days	4.4 days	4.2 days	4.0 days	3.6 days				
3e	Percentage of customers surveyed satisfied with Watercare's delivery of water and wastewater services (12 mth rolling average)	<input checked="" type="checkbox"/>	≥80%	≥75% to <80%	<75%	85.1%	85.0%	84.8%	84.7%	84.9%	84.4%	84.2%	84.3%	80.8%	80.9%	81.4%	81.4%	81.4%					
3f	The total number of complaints received by the local authority about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply f) the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation	<input checked="" type="checkbox"/>	≤ 10	>10 - ≤15	>15	6.5	6.3	6.0	5.8	5.7	5.6	5.6	5.6	5.6	5.6	5.6	5.8	5.9					
3g	Attendance at sewerage overflows resulting from blockages or other faults: median response time for attendance - from the time that the territorial authority receives notification to the time that service personnel reach the site	<input checked="" type="checkbox"/>	≤ 60 mins	>60 - ≤ 90 mins	>90 mins	41 mins	42 mins	42 mins	42 mins	44 mins	44 mins	45 mins	46 mins	47 mins	47 mins	48 mins	48 mins	48 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	<input checked="" type="checkbox"/>	≤ 5 hours	>5 - ≤ 8 hours	>8 hours	2.4 hours	2.4 hours	2.4 hours	2.5 hours	2.7 hours	2.7 hours	2.8 hours	2.9 hours	2.9 hours	3.0 hours	3.0 hours	3.0 hours	3.0 hours	3.0 hours				
3i	The total number of complaints received by the territorial authority about any of the following: a) sewerage odour b) sewerage system faults c) sewerage system blockages d) the territorial authority's response to issues with its sewerage system expressed per 1000 connections to the territorial authority's sewerage system	<input checked="" type="checkbox"/>	≤ 50	>50 - ≤75	>75	20.8	20.8	20.8	20.8	20.8	20.9	21.1	20.8	21.3	21.7	21.7	21.8	22.0	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	4.60	4.40	4.10	3.90	3.80	3.80	3.70	3.60	3.64	3.32	3.31	3.42	3.51					
3k	Percentage of complaints being 'closed and resolved' within 10 working days (12 mth rolling average)	<input checked="" type="checkbox"/>	≥95%	≥90% to <95%	<90%	97.4%	97.1%	96.8%	97.0%	96.2%	95.6%	95.1%	93.50%	92.80%	92.20%	92.90%	92.90%	93.90%	94.10%				
3l	Percentage of the 19 lwi groups throughout Auckland that Watercare have entered into a Memorandum of Understanding with (target for end of FY16/17)	<input checked="" type="checkbox"/>	≥60%												15.70%	15.70%	15.70%	15.70%	15.70%	15.70%	15.70%	15.70%	

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

WATERCARE SCORECARD 2016/17																														
On budget, on time, within		Unfavourable but within parameter		Major issue, needs attention		SOI		2016/17 Target		Amber Threshold		Red Threshold		Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16			
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			3.55	2.99	3.03	3.06	3.73	3.75	2.51	1.92	1.9	1.25	1.25	1.25	1.26	1.24									
4b	Percentage of total hours absent due to illness (12 mth rolling average)	<input checked="" type="checkbox"/>	≤2.5%	>2.5 to 3.5%	>3.5%			2.15%	2.16%	2.14%	2.12%	2.12%	2.11%	2.14%	2.18%	2.19%	2.15%	2.18%	2.19%	1.97%	2.08%									
4c	Percentage of voluntary leavers relative to number of permanent staff (12 mth rolling average)	<input checked="" type="checkbox"/>	≤12%	>12 to 14%	>14%			11.72%	12.30%	12.01%	12.45%	11.92%	12.32%	12.74%	12.92%	12.15%	12.54%	12.18%	11.19%	10.66%	10.70%									
4d	Total recordable injury frequency rate per million hours worked (12 month rolling average)	<input checked="" type="checkbox"/>	<30	>30 to <33	>33			17.05	15.53	15.73	15.90	18.02	16.90	14.42	23.02	23.48	22.85	18.35	16.94	14.45	14.3									
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			3.56	3.63	3.71	3.65	3.69	3.69	3.71	3.71	3.89	3.94	3.92	3.91	3.98	3.92									
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			0.84%	0.84%	0.85%	0.85%	0.85%	0.85%	0.86%	0.86%	0.86%	0.87%	0.87%	0.87%	0.87%	0.88%									
5c	Water & wastewater revenue against budget YTD %		≥100%	≥98% to <100%	<98%			102%	102%	102%	102%	102%	102%	102%	102%	101%	101%	101%	101%	100%	101%									
5d	Infrastructure growth charge revenue against budget YTD %		≥100%	≥95% to <100%	<95%			91%	94%	103%	105%	104%	102%	105%	108%	115%	125%	113%	110%	116%	122%									
5e	Controllable costs against budget YTD %		≤100%	>100 to ≤102%	>102%			94%	95%	94%	95%	95%	95%	97%	99%	94%	97%	95%	95%	94%	95%									
5f	Total contribution against budget YTD (\$ millions)		+	-\$0.1m to -\$2m	> -\$2m			18.62	22.06	30.99	30.11	31.35	33.40	35.65	37.55	4.80	6.64	7.88	11.86	15.88	17.5									
5g	Net surplus / deficit before tax against budget YTD (\$ millions)		+	-\$0.1m to -\$2m	> -\$2m			-20.52	4.06	-24.71	-64.68	-73.74	-73.92	-77.60	-108.02	-21.05	-23.37	-15.53	36.58	92.07	118.33									
5h	Total net borrowing against budget YTD (\$ millions)		Negative	\$0.1m to \$10m	> \$10m			-46.10	-51.30	-52.70	-72.00	-89.10	-92.70	-105.30	-92.00	10.60	14.70	9.80	6.70	4.10	1.60									
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	273	272	272	272	272	273	272	272	273	273	273	272	272									
6b	Per capita consumption (litres / person / day) - Residential Monthly PCC		Information only					161	165	168	169	164	158	155	153	151	152	152	157											
6c	Non-Domestic Monthly Water Volume		Information only					3,134,161	3,191,872	3,174,802	3,244,017	3,305,826	3,081,359	3,137,157	2,970,236	2,910,688	2,911,727	2,906,628	2,984,463											
6d	Non-Revenue Water Percentage		Information only					16.7%	17.0%	16.7%	16.9%	16.7%	16.6%	16.6%	16.6%	16.6%	16.6%	16.7%	16.9%											
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			12.7%	13.0%	12.7%	12.8%	12.8%	12.9%	13.0%	13.0%	12.9% *	13.0% *	13.1% *	13.2% *											
6f	Percentage of annual potable water transmission system losses (12 month rolling average)		No specific target - information only					1.8%	1.8%	1.7%	1.8%	1.8%	1.9%	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					10.5%	10.8%	10.6%	10.6%	10.6%	10.7%	10.6%	10.6%	10.7%	10.8%	10.9%												
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%	0.42%	0.41%	0.42%	0.40%	0.39%	0.38%	0.38%	0.37%	0.36%	0.35%	0.35%											
6i	Percentage of annual potable water network losses (12 mth rolling average) - Rural as a percentage of rural volume		No specific target - information only					26.5%	26.7%	26.4%	26.5%	25.7%	25.0%	25.0%	24.9%	24.3%	24.0%	23.6%	23.3%											
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									

* Transmission system losses corrected to 2%

Watercare Services Limited

Subject: Chief Executive Report – December 2016

Date: 19 January 2017

1. HEALTH AND SAFETY

There were no lost-time injuries related to Watercare employees during December. The rolling 12 month lost-time injury frequency rate (LTIFR) is 1.24 per million hours, below the target maximum of 5.

The total recordable injury frequency rate (TRIFR) is 14.3 per million hours.

2. 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 94.1% against a target of 95%. Although Watercare did not meet the rolling 12 month target, 100% of complaints in December were resolved within 10 working days.

Customer satisfaction in December was 81.4% for the previous 12 months.

3. INFRASTRUCTURE PROGRAMME

The infrastructure capital programme has delivered year to date \$148m against a budget of \$156m. The forecast to year end is to deliver \$284m 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 December was well below average across the Auckland region.

Waitakere Ranges	42% of average
Hunua Ranges	34% of average
Northern Non-metropolitan	39% of average
Southern Non-metropolitan	54% of average

Metropolitan Total System Storage at month end was 89.0%, which is above the historical average storage for this time of year (81.8%).



Water demand during December was 2% above budgeted levels, due to the below average rainfall. Within the month, there was a one day production demand of 481MLD, which is the largest recorded in December, and was the 11th highest production day on record.

The remainder of summer will have normal or below normal rainfall, along with average or above average temperatures. The soil moisture levels are well below average for this time of year, and therefore will take significant rainfall to occur before recharge of the storage lakes occurs in the coming winter.

Mangere Wastewater Treatment Plant Nitrogen Consent Transgression

There was a low level transgression of the total nitrogen limit (9.8 mg/L v 9.5mg/L) for effluent from the Mangere Wastewater Treatment Plant. There was no environmental impact following this transgression. The transgression was a result of the reduced effectiveness of the reactor-clarifiers over the low carbon period that occurs as industry shuts down over Christmas, coupled with a failure of the supplementary carbon dosing system. The commissioning of the new BNR units in 2017 will resolve this issue, as they are configured to remove nitrogen under these lower carbon conditions.

Water System Real Losses

The water system real losses continues to slowly increase, with the year to date level to the end of October 2016 being 13.2%, against a target of 13%. Significant efforts are going into reducing the level of real losses through the use of new leak detection technology and completion of leak detection surveys in a number of pressure zones. Additionally a review of the level of unbilled unmetered consumption in new subdivisions in is progress.

5. AUCKLAND UNITARY PLAN

The Auckland Unitary Plan became operative in part on 15 November 2016. The parts that are not operative are those that are subject to appeals and those that require approval from the Minister of Conservation (the regional coastal plan). There are a total of 106 appeals, 39 of which are to the High Court (decisions made by the Independent Hearing Panel that were not changed by the Council). There are three categories of appeals to the High Court: 1) those that are subject to settlement discussions; 2) issues of zoning and scope, and 3) issue-specific appeals. The High Court is currently hearing the key appeals on issues of zoning and scope as that is pivotal to resolving a significant number of the appeals. The hearing commenced in November. The balance of the appeals are to the Environment Court. Hearings on appeals to the Environment Court are being postponed until the High Court has made its ruling on key issues. In the meantime, however, Environment Court mediation is proceeding on a number of matters. Watercare is involved in several mediations. In particular, we are involved in the appeals on the Residential zones (related to assessment criteria for water and wastewater services) and the appeals to urban growth. These mediations are currently scheduled for the 18th and 25th of January 2017.

6. FINANCE

Financial Performance

	Current Month			Year to Date			Full Year		
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var
Figures (\$millions)									
Revenue	50.0	48.0	2.0	294.1	281.9	12.3	585.9	578.5	7.4
Operating Expenses	17.4	17.5	0.1	101.5	107.2	5.6	210.0	215.5	5.5
Depreciation	19.5	19.1	(0.4)	114.2	113.4	(0.8)	227.3	226.9	(0.4)
Interest expense	7.1	6.9	(0.2)	40.6	41.0	0.4	81.5	80.7	(0.8)
Total Contribution	6.1	4.4	1.6	37.7	20.2	17.5	67.2	55.5	11.7
Non-operating costs/(income)	1.4	0.6	(0.7)	5.1	3.8	(1.3)	8.8	8.0	(0.8)
Financial instruments revaluation - loss/(gain)	(24.7)	-	24.7	(100.5)	-	100.5	(100.5)	-	100.5
Operating Surplus / (Deficit) Before Tax	29.3	3.8	25.6	133.1	16.4	116.7	158.9	47.5	111.4
Deferred Tax - Expense/(Credit)	3.1	3.1	0.0	35.7	8.9	(26.8)	46.6	21.7	(24.9)
Net Surplus / (Deficit) After Tax	26.2	0.7	25.6	97.4	7.5	89.9	112.3	25.8	86.5
FFO Ratio				3.92	3.55		3.82	3.69	
EBITDA	28.5	28.8	(0.3)	176.6	164.7	11.9	349.9	343.0	6.9
EBIT	36.5	10.7	25.8	173.7	57.4	116.3	240.4	128.2	112.2
Leakage Allowance Granted	0.3	0.3	0.0	2.6	2.2	(0.4)	5.7	5.3	(0.4)

Month – Total Contribution of \$6.1m - favourable variance to budget of \$1.6m

Total revenue was favourable \$2.0m to budget due to favourable IGC and new developments revenue (\$2.5m), asset revenue (\$2.5m) and water and wastewater revenue (\$0.8m) with water volumes 1.6% higher than budget. The higher than budgeted water volumes are largely due to higher than expected non-domestic demand in the Manukau area. This higher revenue is partly offset by a reduction in the subvention revenue from Auckland Council relating to FY16 of \$4.0m.

Operating expenses were favourable to budget \$0.1m with lower asset operating costs and general overheads offset by higher net labour and professional services.

Depreciation was \$0.4m unfavourable to budget and interest expense unfavourable by \$0.2m.

Net surplus after tax was favourable \$25.6m due to the favourable revaluation of financial instruments of \$24.7m resulting from the increase in medium to long term swap rates in December and the favourable operating contribution variance of \$1.6m, partially offset by higher non-operating costs of \$0.7m.

Year to date – Total Contribution of \$37.7m - favourable variance to budget of \$17.5m

Year to date revenue is \$12.3m favourable to budget with IGC revenue favourable \$6.8m. The IGC charges paid year to date are higher than budget by 22% 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 \$6.0m; new developments revenue favourable \$1.0m. Water and wastewater revenue is favourable \$1.2m, with water volumes 0.8% higher than budget. Volumes can be volatile from month to month largely due to weather and non-domestic usage, and it is expected that water revenue will be on budget for the full year. Other revenue is unfavourable \$2.7m due to the reduction in FY16 subvention revenue from Auckland Council.

Operating expenses are \$5.6m 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 \$0.8m and interest expense is favourable \$0.4m.

Net surplus after tax year to date is \$97.4m a favourable variance to budget of \$89.9m primarily due to; the favourable revaluation of financial instruments of \$100.5m resulting from the increase in medium to long term swap rates between September and December 2016 and the favourable total contribution variance of \$17.5m partly offset by higher tax expense of \$26.8m.

Full year Forecast – Total Contribution of \$67.2m – favourable variance of \$11.7m

Full year revenue is forecast at \$585.9m, favourable by \$7.4m largely due to higher than budgeted, vested asset revenue favourable \$6.0m. New development revenues are expected to be favourable \$1.0m and water and wastewater revenue favourable \$2.9m partly offset by other revenues which are unfavourable \$2.6m.

Operating expenses are expected to be favourable to budget \$5.5m with favourable variances for asset operating costs, professional services and general overheads partially offset by higher net labour due to lower labour capitalised to capital projects.

Depreciation costs are forecast to be unfavourable to budget by \$0.4m at year end.

Interest expense is expected to be unfavourable to budget at year end by \$0.8m due to lower capitalised interest than budgeted. Gross interest is expected to be \$1.3m beneath budget

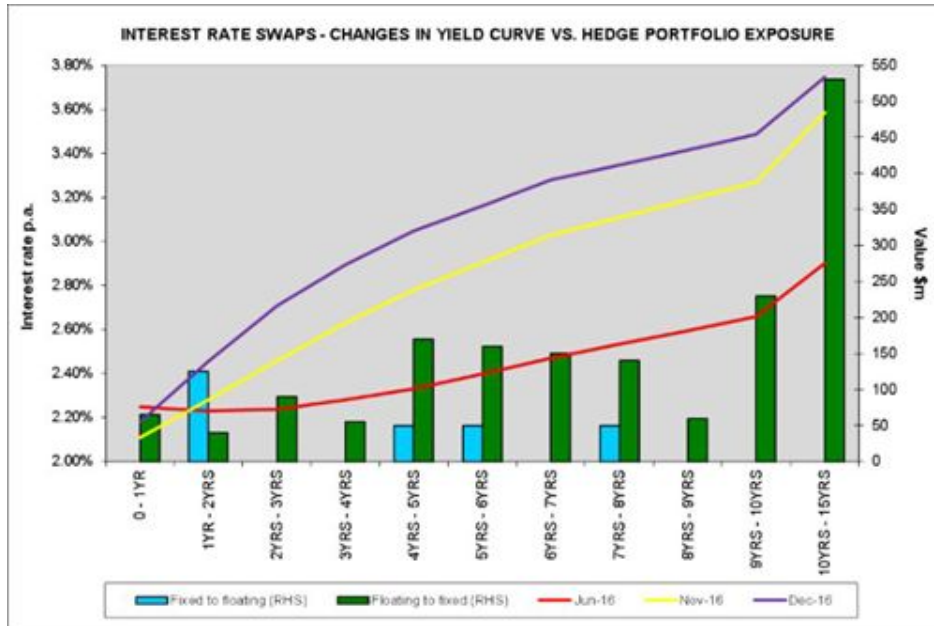
Financial Position

\$million	Actual Nov-16	Actual Dec-16	Monthly Movement	Budget Dec-16	Var from Budget
Non Current Assets	8,778.1	8,781.4	3.3	8,804.9	(23.5)
Current Assets	100.3	90.6	(9.7)	81.8	8.8
Total Assets	8,878.4	8,872.0	(6.4)	8,886.7	(14.6)
Other Liabilities	320.4	293.6	(26.8)	388.1	(94.5)
Deferred Tax Liability	1,030.8	1,033.9	3.1	1,016.8	17.2
Borrowings - Short Term	246.8	302.0	55.2	261.8	40.2
Borrowings - Long Term	1,375.6	1,311.5	(64.2)	1,350.1	(38.7)
Shareholders Funds	5,904.8	5,931.0	26.2	5,869.9	61.1
Total Liabilities and Shareholders Funds	8,878.4	8,872.0	(6.4)	8,886.7	(14.6)

The major movements in the Statement of Financial Position as at 31st December 2016 compared with 30th November 2016 were; the increase in noncurrent assets due to capital spend net of depreciation of \$3.3m, the increase in net debt of \$5.2m, the increase in deferred tax liability of \$3.1m and the downward movement on other liabilities due to the revaluation of derivative financial instruments.

Compared with budget the material variances are largely in respect of, derivative financial instruments revaluations since July 2016 and a different opening position on 1 July 2016 than that assumed when the budget was set, including a lower level of revaluation of land and buildings than expected, lower retained earnings and revaluation of financial instruments. Net debt at \$1,613.5m is \$1.6m above budget due to the actual opening debt position being higher than budgeted.

Treasury



As at December 2016 the fixed interest rate risk is within Treasury policy limits.

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	7.1	6.9	(0.2)	40.6	41.0	0.4	81.5	80.7	(0.8)
Capitalised Interest	0.8	1.0	0.2	4.5	5.4	0.9	10.1	12.2	2.1
Gross Interest	7.9	7.9	(0.0)	45.1	46.4	1.3	91.6	92.9	1.3
Less Interest Income	0.0	-	(0.0)	0.0	-	(0.0)	0.0	-	(0.0)
Net Interest	7.9	7.9	0.0	45.1	46.4	1.3	91.6	92.9	1.3

For the month of December, gross interest was on budget and capitalised interest was unfavourable \$0.2m, resulting in interest charged to the Statement of Financial Performance being unfavourable to budget. Capitalised interest has been forecast at \$2.1m unfavourable to budget for the year, due to lower interest rates.

Capital Expenditure

Summary Capital Expenditure (Smillions)	Dec-16			Year to Date			Full Year			
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var	Prior Month Forecast
Wastewater Projects										
Strategy & Planning	0.3	1.2	0.9	1.2	4.7	3.5	4.5	13.9	9.4	5.1
Infrastructure Delivery (excl Labs/MS)	13.1	15.0	1.9	92.2	94.1	1.9	180.1	179.4	(0.7)	179.6
Water Projects										
Strategy & Planning	0.1	0.7	0.5	3.8	2.9	(0.9)	5.8	8.5	2.7	5.7
Infrastructure Delivery (excl Labs/MS)	0.9	2.1	1.2	16.4	19.2	2.8	28.5	31.3	2.8	28.6
Service Delivery	4.6	5.6	1.0	27.0	32.1	5.1	60.9	63.9	3.0	59.7
Retail	1.1	0.6	(0.5)	5.4	6.2	0.9	12.9	11.8	(1.1)	12.1
Information Services	0.0	0.4	0.4	1.0	4.2	3.2	4.5	7.9	3.4	5.0
Other Projects	0.0	0.0	0.0	0.0	0.0	0.0	12.7	12.0	(0.7)	10.7
TOTAL	20.1	25.5	5.4	147.0	163.5	16.5	309.9	328.8	18.9	306.6
Includes Capitalised Interest of:										
Water Projects Capitalised Interest	0.1	0.2	0.1	0.9	1.4	0.4	1.8	2.7	0.9	1.8
Wastewater Projects Capitalised Interest	0.7	0.8	0.1	3.6	4.1	0.5	8.3	9.6	1.2	8.3
Total Capitalised Interest	0.8	1.0	0.2	4.5	5.4	0.9	10.1	12.2	2.1	10.1

Capital expenditure for the month was \$20.1m against a budget of \$25.5m. The full year forecast expenditure at \$309.9m is \$18.9 below budget primarily due to projects being deferred or delayed. Further explanation of the variance to budget is provided on the Capital Expenditure dashboard.

7. BOARD CORRESPONDENCE

There was no correspondence during the month.

8. EXECUTION OF DOCUMENTS

There were 12 documents executed during December in accordance with the delegated authority provided to the Chief Executive by the Board for deeds, instruments and other documents.

These included one vesting of land for roading, three new water supply easements in favour of Watercare, three approvals for entry agreements, two vesting of land in Watercare, one agreement for sale and purchase of land, one removal of limitations of parcels from land and one renewal of licence to occupy.

There was three Capex approvals totaling \$20.023m 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 – December 2016		
C-11457	Massey and Swanson Wastewater Siphon Replacement and Upgrade Project	\$7,700,000
C-11781	Warkworth Wells WTP	\$12,200,000
C-12714-01-02-02	Tirimoana Road, Te Atatu South - Watermain Renewal	\$123,000

There was one contract over \$100,000 approved during December 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 – December 2016		
02/12/2016	Wells Instrument & Electrical Services Limited	Mangere Wastewater Treatment Plant Screening Area Control Cabinets

9. COMMUNICATIONS

Media summary

In December, Brian Rudman – a columnist for the New Zealand Herald – published an article on the need for newly-elected Mayor to “rein in the cats” [CCOs], ensuring all CCOs represent themselves to ratepayers as part of the Auckland Council family. He focused on the proliferation of operational logos that have come about since the formation of the super city. Watercare was identified as a “shining exception” as we have not developed an operational logo and use our CCO logo on our website and bills. We were not approached for direct comment.

Also in December, the New Zealand Herald ran an article on the police testing untreated wastewater to identify the prevalence of drug use in the community. It identified that the samples are being taken from the Rosedale Wastewater Treatment Plant as well as from a plant in Christchurch. This was also picked up by the Mahurangi Matters, a publication serving communities from Puhoi to Waipu.

In mid-January, Watercare temporarily closed three water tanker filling stations in Rodney for up to 20 hours due high demand on the local networks at the time and the need to maintain a reliable service to our customers. Water tanker operators were directed to an alternative filling station in Silverdale. This led the water tanker operators to complain to the media - including the New Zealand Herald, Radio New Zealand and Rodney Times – saying this affected their ability to provide timely services to their customers, many of whom live the Kaipara District. Our key message was clearly conveyed in all coverage: “Our first priority is to ensure homes and businesses connected to our networks within Auckland enjoy unrestricted access to water. This means from time-to-time we have to temporarily close water tanker filling stations that ultimately service people who are not our customers.”

Interestingly, the Mahurangi Matters ran an article in mid-January regarding how water tanker operators were struggling to keep up with demand for their services, with many of their customers waiting weeks for their tanks to be topped up. This article was written prior to us temporarily closing our filling stations. Coincidentally, alongside the article was a full-page advertisement by Watercare encouraging the Mahurangi community to use water wisely.

Mahurangi Matters also ran an article on our plan to install a wastewater pipe to connect Warkworth to a new plant in Snells Beach along Sandspit Road rather than along the Mahurangi River. The Mahurangi Action Group are lobbying for the river route however, as noted in the article, it would be more expensive to build and extremely difficult to maintain over the long term.

The Ardmore Water Treatment Plant open day, held in November, received positive coverage in the Papakura Courier in late December. Visitor Alex Spence, who brought along her two

daughters, told the paper: “You take water for granted when it comes out of the tap but when you see what goes into making it drinkable, it’s so impressive.

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
December	Domestic customers received a bill insert on how to correctly dispose of fat, oil and grease during the holidays.	Complete
January	Domestic customers are receiving a bill insert on our support of Round the Bays.	Currently underway
February	Domestic and non-domestic customers will receive a bill insert on a new payment channel, the Pushpay mobile app. Residents in Franklin will receive a Franklin Matters newsletter about our investment in the area as well as the Pushpay mobile app payment option.	Currently being designed
March	Domestic and non-domestic customers will receive the autumn 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. This will be accompanied by a media campaign and the Mangere Wastewater Treatment Plant tours.	Planned
April	Domestic customers will receive a flyer on what not to flush down your toilet in order to reinforce the messages from the previous month.	Planned
May	Domestic and non-domestic customers will receive a flyer on the price changes.	Planned
June	Tapped In (winter 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.	Planned

Stakeholder communications

Underway:

- Franklin Road
 - Weekly project and stakeholder team meetings and Community Liaison Group meetings ongoing.
 - Works in Franklin Road stopped for Christmas Lights over December. Construction effort diverted to Collingwood Street. Work begins again on 9 January.
 - Liaison and collaboration between Watercare, Auckland Transport, Vector and Northpower to enable future works by AT working very well.
- Glen Eden
 - Community open day planned for 12 March.
 - Third caisson concrete pour completed prior to Christmas.
 - Site visit held with Councillor Ross Clow.
 - Traffic management and diversions working well with minimal complaints received.
 - Articles on the project published on Stuff and shared on LinkedIn.
- Huia Water Treatment Plant
 - A further meeting was held with the community liaison group on 6 December.
 - Public open days are planned for early February in both Titirangi and Oratia to socialise the various options for a future plant.
- Wynyard Quarter
 - The rising main project along Halsey Street has restarted. Consultation with directly affected stakeholders is underway.
 - Rising main construction across Fanshawe Street and Victoria Street West set to begin on the 26 December. All local businesses have been notified of the works and associated traffic management.
 - Halsey Street businesses are opposed to the Halsey Street works planned for May 2017 and have escalated the issue to the Mayor. Watercare is maintaining a good working relationship with the businesses in spite of their opposition.
 - Auckland Transport's stakeholder advisor has been assisting with notifications to businesses north of Fanshawe Street.

Coming Up:

- Ponsonby Reservoir Upgrade – Works proposed to start after Christmas – letters to be sent to affected residents and businesses.
- Mt Hobson Water Upgrade – works due to start Dec 2016. Letters have been sent to affected residents.
- Network Discharge consent – engagement with local boards and key stakeholders planned for early 2017.

Internal communications

Completed:

- OurPlace now has 98 stories and 45 leadership blogs.
- An end-of-the-year cultural festival was held for staff with performances from different groups across the company.

Underway:

- Communications planning for the launch of H&S Toolkit in February
- Preparation for a quarterly YourSource to be distributed in February.
- Preparation for a CEO roadshow in February.
- Preparation for Round the Bays.

10. WORKING WITH LOCAL BOARDS

During December, invitations were sent to the Albert Eden and Waitemata Local Boards for representation on the Meola Community Liaison Group. This group was established as part of the Central Interceptor project's stakeholder communications.

Residents of Browns Bay in the area of Bushglen Reserve worked with the Hibiscus and Bays Local Board, Watercare and Auckland Council in response to a broken wastewater main.

Rodney and Hibiscus and Bays local boards held a workshop with Auckland Council and CCO staff in preparation for the development of their Local Board Plans. Other local boards will hold similar workshops in the new year. Watercare is working with the Local Board services staff to input to these plans as required.

A number of issues escalated to Rodney and Waitemata Local Board were clarified or responded to. This included information on SHA's and resource consent applications for Warkworth Snells Algies wastewater servicing.

A full schedule of local board interactions over the month is attached as Appendix D and a copy of the Local Board Engagement Plan as Appendix E.

11. OFFICE OF THE AUDITOR GENERAL (OAG) – SERVICE PERFORMANCE REVIEW

As reported at the October 2016 Board meeting, the Office of the Auditor General (OAG) completed a review of Watercare's service performance which reflected positively on the improvements made in key customer related processes over the past two years. The OAG report provided positive comment on Watercare's improved customer communications processes, and the quality and timeliness of information provided on tariff regimes and price changes. It also provided positive feedback on improvements in communication on meter readings processes; the Debt Management Code of Practice, and the enhanced customer satisfaction surveys achieved under the Voice of the Customer process. The

recommendations made in the 2016 report are relatively minor and are being addressed by Watercare as part of its ongoing improvements.

After the OAG report was tabled with Parliament on the 11th of October, the OAG was called to present to the Local Government and Environment Select Committee on the 8th of December 2016 on the follow up report on Watercare. The Local Government and Environment Select Committee were comfortable that there was nothing in the report of any concern. The OAG advised Watercare that it is highly unlikely that the Select Committee will call Watercare to attend the Select Committee.

12. PROCESS FOR CHARTER REVIEW

As discussed at the Audit and Risk Committee Meeting on the 28th of October 2016, the sub-committee charters have been revised. These will be reviewed by each sub-committee before being recommended to the Board for approval.

13. NIWA SECONDMENT

NIWA has provided, at nil cost, a climate scientist to work with Watercare on secondment. Watercare will obtain updated climate information within the main catchments and NIWA will be able to demonstrate practical use of some of their theories. Having done so, NIWA may be able to secure additional research funding to develop new products to take to the market.

The secondment will be over the period March to May and will:

- Report on Watercare's current use of weather and climate information to allow better forward planning of water supply augmentation projects.
- Provide a presentation on research into climatic drivers which will demonstrate what weather and climate patterns drive wet and dry spells for Auckland.
- Provide a summary of key case studies of how past events may have disrupted or impacted Watercare's operations (with further emphasis on how outlooks and forecasting could have potentially minimised impacts).














The intention is to highlight the linkages between weather and climate variability and water demand, water supply and water quality. This will help to jointly develop a plan for new prediction tools in the future if required.





R Jaduram

CHIEF EXECUTIVE


WATERCARE SERVICES LIMITED**Dec-16****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 \$1.6m 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 \$13.7m under budget.

Key to Treasury policy compliance

-  Full compliance
-  Non compliance

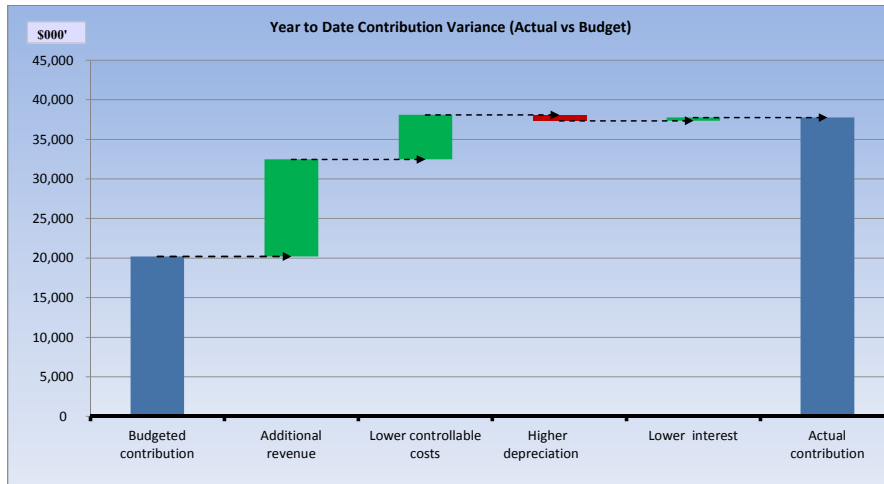
WATERCARE SERVICES LIMITED
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Dec-16
(\$000's)

	Current Month				Year to Date				Full Year			
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result	Forecast	Budget	Variance	Result
Wastewater revenue	27,722	27,243	479	✓	156,511	156,521	(10)	✗	319,016	316,025	2,990	✓
Water revenue	13,254	12,894	359	✓	73,874	72,612	1,262	✓	147,682	147,682	-	↔
Infrastructure growth charge revenue	5,866	3,476	2,390	✓	37,434	30,657	6,777	✓	70,282	70,282	-	↔
Other revenue	(960)	2,698	(3,658)	✗	10,275	12,064	(1,789)	✗	22,922	24,543	(1,621)	✗
Revenue from exchange transactions	45,882	46,311	(429)	✗	278,093	271,853	6,240	✓	559,903	558,533	1,369	✓
Vested assets revenue	4,144	1,667	2,477	✓	16,025	10,000	6,025	✓	26,025	20,000	6,025	✓
Revenue from non-exchange transactions	4,144	1,667	2,477	✓	16,025	10,000	6,025	✓	26,025	20,000	6,025	✓
Total revenue	50,026	47,978	2,048	✓	294,119	281,853	12,265	✓	585,928	578,533	7,395	✓
Labour	7,454	6,516	(938)	✗	40,205	39,401	(804)	✗	81,745	81,489	(256)	✗
Contract labour	220	227	7	✓	1,218	1,505	287	✓	2,342	2,717	375	✓
Oncosts	281	309	28	✓	1,252	1,786	534	✓	3,117	3,653	535	✓
Labour recoveries	(2,617)	(3,243)	(626)	✗	(17,115)	(19,212)	(2,097)	✓	(36,421)	(39,186)	(2,765)	✗
Net labour	5,337	3,809	(1,528)	✗	25,559	23,479	(2,080)	✗	50,783	48,673	(2,111)	✗
Materials & cost of sales	183	188	5	✓	1,017	1,093	76	✓	2,129	2,196	67	✓
Planned maintenance	1,040	1,570	529	✓	7,849	8,962	1,113	✓	16,835	17,348	512	✓
Unplanned maintenance	1,876	2,607	731	✓	15,312	15,813	501	✓	31,489	31,505	16	✓
Asset operating costs - chemicals	862	1,035	173	✓	5,055	5,480	426	✓	10,324	11,202	878	✓
Asset operating costs - energy	1,123	1,336	213	✓	8,150	8,622	471	✓	17,068	18,175	1,106	✓
Operating costs - other	3,300	3,406	106	✓	17,844	21,338	3,494	✓	40,043	42,015	1,972	✓
Depreciation and amortisation	19,491	19,136	(354)	✗	114,246	113,445	(801)	✗	227,255	226,852	(404)	✗
Asset operating costs	27,693	29,090	1,398	✓	168,456	173,660	5,204	✓	343,014	347,096	4,081	✓
Communications	132	179	47	✓	933	1,083	149	✓	1,868	2,082	215	✓
Professional services	1,258	875	(383)	✗	6,425	6,503	78	✓	11,706	12,992	1,285	✓
Interest	7,121	6,917	(204)	✗	40,602	41,013	412	✓	81,466	80,663	(804)	✗
General overheads	2,241	2,496	255	✓	13,398	14,790	1,392	✓	27,738	29,311	1,574	✓
Overheads	10,752	10,466	(286)	✗	61,357	63,389	2,032	✓	122,778	125,048	2,270	✓
Total expenses	43,964	43,554	(411)	✗	256,390	261,621	5,231	✓	518,705	523,013	4,307	✓
Total contribution/(loss)	6,062	4,424	1,637	✓	37,729	20,232	17,496	✓	67,223	55,520	11,702	✓
Gain/loss on disposal of fixed assets and other costs	1,383	636	(747)	✗	5,112	3,818	(1,295)	✗	8,825	8,000	(825)	✗
Gain/loss on revaluation of financial instruments	(24,663)	-	24,663	✓	(100,527)	-	100,527	✓	(100,527)	-	100,527	✓
Non operating costs/(revenue)	(23,280)	636	23,916	✓	(95,415)	3,818	99,232	✓	(91,702)	8,000	99,702	✓
Net surplus/(deficit) before tax	29,341	3,788	25,553	✓	133,144	16,415	116,729	✓	158,925	47,520	111,404	✓
Income Tax Expense/(benefit)	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	3,124	3,132	7	✓	35,725	8,946	(26,779)	✗	46,608	21,698	24,910	✓
Net surplus/(deficit) after tax	26,217	657	25,561	✓	97,418	7,469	89,949	✓	112,317	25,822	86,494	✓

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



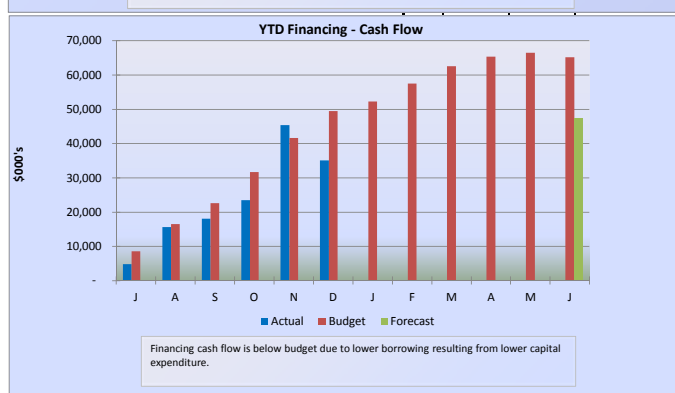
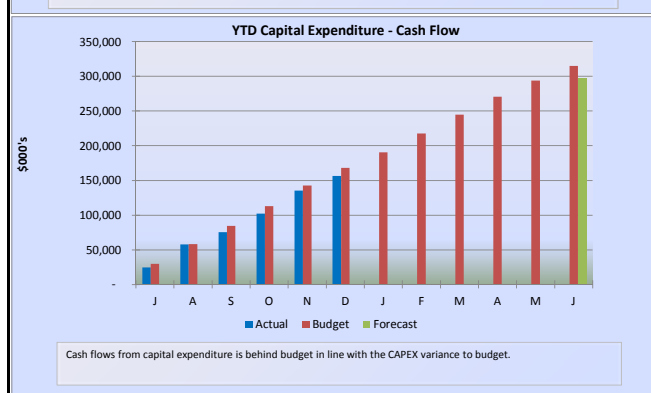
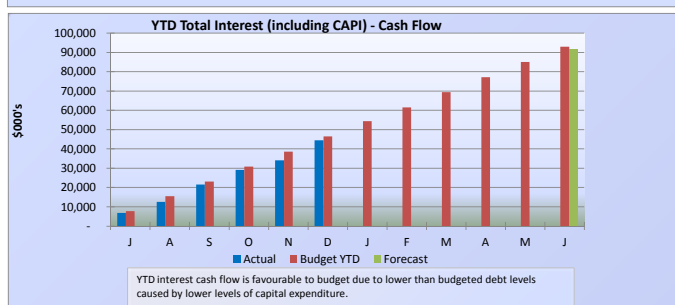
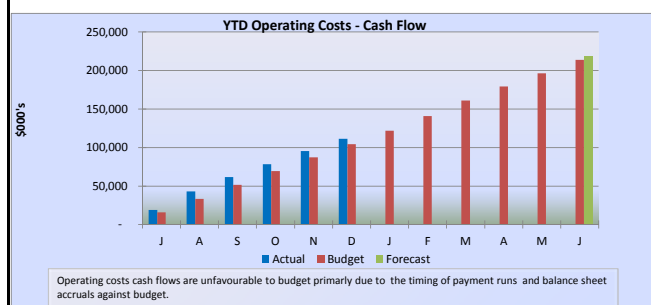
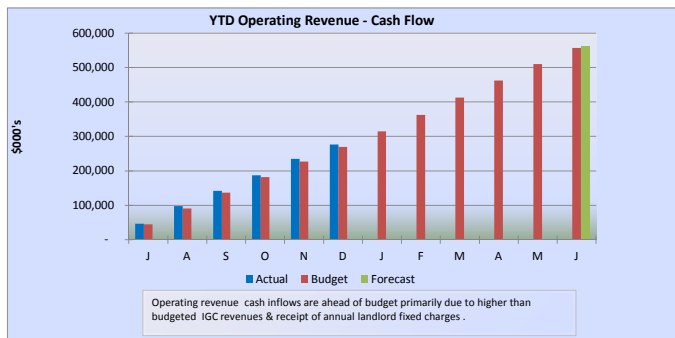
WATERCARE SERVICES LIMITED
STATEMENT OF CASH FLOWS

Dec-16
(\$000's)

NZ \$000s	Current Month				Year To Date				Full Year			
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result	Forecast	Budget	Variance	Result
Operating Cash flow:												
Operating Revenue	42,254	42,579	(325)	✘	276,325	269,327	6,998	✔	560,843	556,737	4,106	✔
Operating Costs	(15,884)	(17,301)	1,417	✔	(111,195)	(104,393)	(6,802)	✘	(218,096)	(213,925)	(4,171)	✘
Interest Paid	(9,540)	(6,917)	(2,623)	✘	(39,964)	(41,013)	1,049	✔	(81,649)	(80,663)	(986)	✘
OPERATING CASH FLOW	16,830	18,361	(1,531)	✘	125,166	123,921	1,246	✔	261,099	262,149	(1,050)	✘
Investing Cash flow:												
Capital Expenditure	(21,276)	(25,230)	3,954	✔	(156,543)	(167,982)	11,439	✔	(297,980)	(315,057)	17,077	✔
Capitalised Interest	(785)	(981)	196	✔	(4,520)	(5,411)	891	✔	(10,137)	(12,243)	2,106	✔
INVESTING CASH FLOW	(22,061)	(26,211)	4,150	✔	(161,063)	(173,393)	12,330	✔	(308,117)	(327,300)	19,183	✔
Financing Cash flow:												
Bonds/Term Debt Issued/(Repaid)	-	-	-	✔	(150,000)	(150,000)	-	✔	(150,000)	(150,000)	-	✔
Short Term Advances/(Repaid)	14,500	14,500	-	✔	(4,500)	(4,500)	-	✔	(4,500)	(4,500)	-	✔
Commercial Paper Issued/(Repaid)	21	21	-	✔	(9,784)	(9,784)	-	✔	(9,784)	(9,784)	-	✔
Auckland Council Borrowings/(Repaid)	(24,826)	(6,671)	(18,155)	✔	199,383	213,756	(14,373)	✔	211,887	229,435	(17,548)	✔
FINANCING CASH FLOW	(10,305)	7,850	(18,155)	✔	35,099	49,472	(14,373)	✔	47,603	65,151	(17,548)	✔
Net Increase (Decrease) in Cash and Cash Equivalents	(15,536)	-	(15,536)	✔	(799)	-	(799)	✘	584	-	584	✔
Opening Cash Balance/(Overdraft)	14,153	-	14,153	✔	(584)	-	(584)	✘	(584)	-	(584)	✘
Ending Cash Balance/(Overdraft)	(1,383)	-	(1,383)	✘	(1,383)	-	(1,383)	✘	-	-	-	✔

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

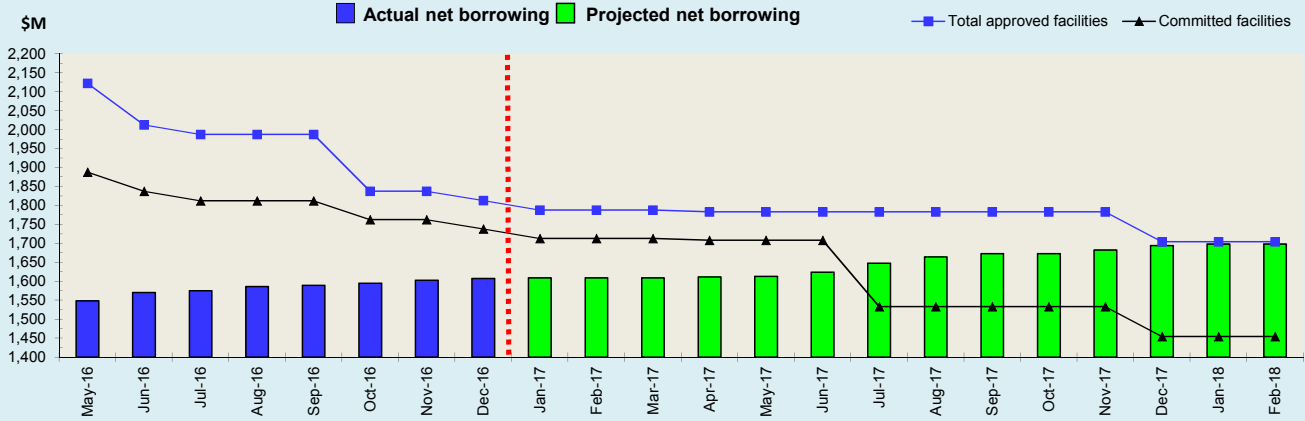
Reconciliation Operating Cashflow (\$000's)					
	Current Month		Year To Date		
	Actual	Budget	Actual	Budget	Variance
Net Surplus (Deficit) After Tax	26,217	657	97,418	7,469	89,949
Add back non cash items:					
Depreciation and amortisation	19,491	19,136	114,246	113,445	801
Financial instruments revaluation	(24,663)	-	(100,527)	-	(100,527)
Vested assets revenue	(4,144)	(1,667)	(15,903)	(10,000)	(5,903)
Other non-operating exp/(inc)	1,383	636	4,922	3,818	1,104
Income Tax Expense/(Benefit)	3,124	3,132	35,725	8,946	26,779
Movements in Working Capital	(4,578)	(3,533)	(10,715)	244	(10,959)
OPERATING CASH FLOW	16,830	18,361	125,166	123,921	1,246



		WATERCARE SERVICES LIMITED						Dec-16	
		STATEMENT OF FINANCIAL POSITION						(\$000's)	
June 2016	November 2016		December			June 2017			
			Actual	Budget	Variance	Forecast	Budget	Variance	
		Current assets							
-	153	Cash and cash equivalents	-	-	-	-	-	-	
-	14,000	Short term deposits	-	-	-	-	-	-	
47,137	45,251	Trade and other receivables from exchange transactions	47,844	48,500	(656)	47,137	49,500	(2,363)	
20,871	22,755	Unbilled revenue accrual	23,592	21,551	2,041	21,590	19,822	1,768	
3,332	4,416	Prepaid expenses	5,655	2,217	3,437	4,820	3,415	1,406	
5,895	8,908	Inventories	9,525	5,736	3,789	9,525	5,818	3,707	
3,206	4,824	Derivative financial instruments	4,009	3,793	216	4,009	3,793	216	
80,440	100,307	Total current assets	90,625	81,797	8,828	87,081	82,348	4,734	
		Non-current assets							
8,430,699	8,641,931	Property, plant and equipment	8,655,071	8,617,605	37,466	8,802,044	8,827,174	(25,130)	
454,247	380,346	Construction/work-in-progress	390,225	448,465	(58,240)	405,857	455,852	(49,994)	
(230,843)	(320,690)	Provision for depreciation	(339,040)	(345,791)	6,751	(448,429)	(60,603)	(387,825)	
8,654,103	8,701,587	Total property, plant and equipment	8,706,257	8,720,279	(14,022)	8,759,472	9,222,422	(462,949)	
42,714	39,764	Intangible assets	39,180	44,385	(5,205)	39,760	44,659	(4,899)	
23,244	23,058	Prepaid expenses	23,019	23,245	(226)	22,797	23,245	(448)	
4,373	4,217	Inventories	4,231	4,356	(125)	4,231	4,356	(125)	
15,138	9,472	Derivative financial instruments	8,699	12,590	(3,891)	8,699	12,590	(3,891)	
8,739,572	8,778,098	Total non-current assets	8,781,386	8,804,855	(23,469)	8,834,959	9,307,272	(472,312)	
8,820,012	8,878,404	Total assets	8,872,010	8,886,652	(14,642)	8,922,040	9,389,620	(467,578)	
		Current liabilities							
582	-	Bank Overdraft	1,383	-	1,383	-	-	-	
149,067	139,262	Commercial paper	139,283	149,071	(9,788)	139,283	149,071	(9,788)	
-	284	Bonds	285	279	6	285	279	6	
150,000	-	Term loan	-	-	-	-	-	-	
81,883	107,260	Auckland council loan	161,091	112,447	48,644	161,091	57,013	104,078	
381,532	246,805	Total debt current	302,041	261,797	40,244	300,658	206,363	94,296	
17,047	12,826	Trade and other payables for exchange transactions	17,712	17,099	613	19,750	20,398	(647)	
10,614	13,667	Interest accrued	11,345	11,255	90	10,525	11,337	(812)	
52,582	43,959	Other accrued expenses	40,521	59,747	(19,226)	52,582	59,747	(7,165)	
8,314	8,268	Provision for staff benefits	8,813	7,463	1,350	8,813	7,463	1,350	
906	166	Other provisions	166	545	(379)	166	545	(379)	
33,276	34,618	Derivative financial instruments	35,853	31,189	4,665	35,853	31,189	4,665	
504,271	360,308	Total current liabilities	416,451	389,094	27,357	428,347	337,042	91,309	
		Non-current liabilities							
75,000	75,000	Bonds (26/10/18)	75,000	75,000	-	75,000	75,000	-	
50,389	50,269	Bonds (26/10/18)	50,244	50,297	(53)	50,244	50,365	(121)	
19,000	-	Bank revolving credit facility	14,500	28,000	(13,500)	14,500	-	14,500	
1,051,816	1,250,371	Auckland council loan	1,171,714	1,196,813	(25,099)	1,184,098	1,295,859	(111,761)	
1,196,205	1,375,640	Total debt non-current	1,311,458	1,350,110	(38,652)	1,323,842	1,421,224	(97,382)	
14,301	14,622	Other accrued expenses	14,333	18,165	(3,832)	14,301	18,165	(3,864)	
3,470	3,520	Other Provisions	3,569	3,520	49	3,569	3,520	49	
1,291	1,291	Provision for staff benefits	1,321	1,532	(211)	1,321	1,532	(211)	
268,697	187,444	Derivative financial instruments	159,958	237,552	(77,595)	159,958	237,552	(77,595)	
998,200	1,030,802	Deferred tax liability	1,033,926	1,016,752	17,173	1,044,809	1,156,289	(111,480)	
2,482,165	2,613,319	Total non-current liabilities	2,524,565	2,627,632	(103,067)	2,547,799	2,838,282	(290,483)	
2,986,436	2,973,627	Total liabilities	2,941,016	3,016,726	(75,710)	2,976,147	3,175,324	(199,174)	
		Equity							
260,693	260,693	Issued capital	260,693	260,693	-	260,693	260,693	-	
1,839,927	1,838,572	Revaluation reserve	1,838,141	1,851,332	(13,191)	1,838,141	2,177,348	(339,207)	
3,800,122	3,734,311	Retained earnings	3,734,742	3,750,433	(15,691)	3,734,742	3,750,433	(15,691)	
(67,166)	71,201	Current year earnings after tax	97,418	7,469	89,949	112,317	25,822	86,495	
5,833,576	5,904,777	Total equity	5,930,994	5,869,926	61,068	5,945,893	6,214,296	(268,403)	
8,820,012	8,878,404	Total equity and liabilities	8,872,010	8,886,652	(14,642)	8,922,040	9,389,620	(467,578)	

TREASURY RISKS AND INTEREST RATE PERFORMANCE

Dec-16



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	5.84%

Committed facilities

- BNZ CP Standby facility	\$175 million
- Westpac Revolving Credit facility	\$60 million
- Medium term notes	\$125 million
- Auckland Council	\$1,378 million
Total committed facilities as at 31 December	\$1,738 million

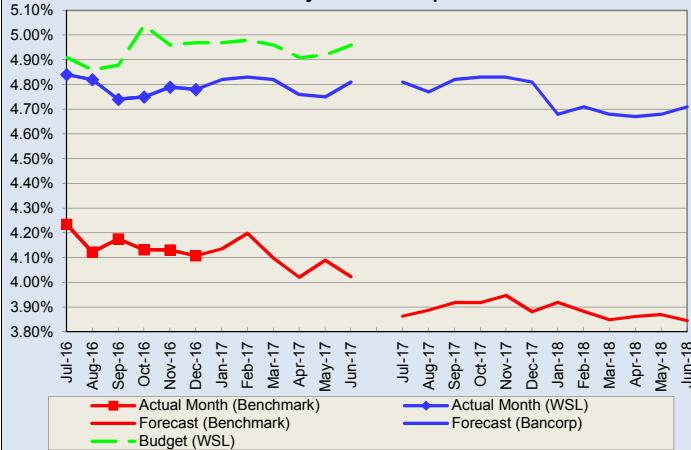
Debt (\$m)

	Actual	Budget	Variance
Short-term borrowings	300.7	261.8	38.9
Long-term borrowings	1,311.4	1,350.1	(38.7)
Total gross debt	1,612.1	1,611.9	0.2
Bank overdraft / (cash & deposits)	1.4	-	1.4
Total net borrowing	1,613.5	1,611.9	1.6

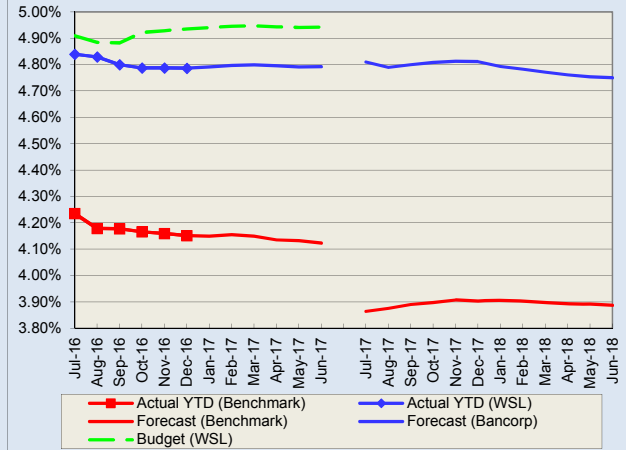
Additional approved facilities

- Approved CP issuance, over and above CP Standby facility	\$75 million
Total approved facilities as at 31 December	\$1,813 million

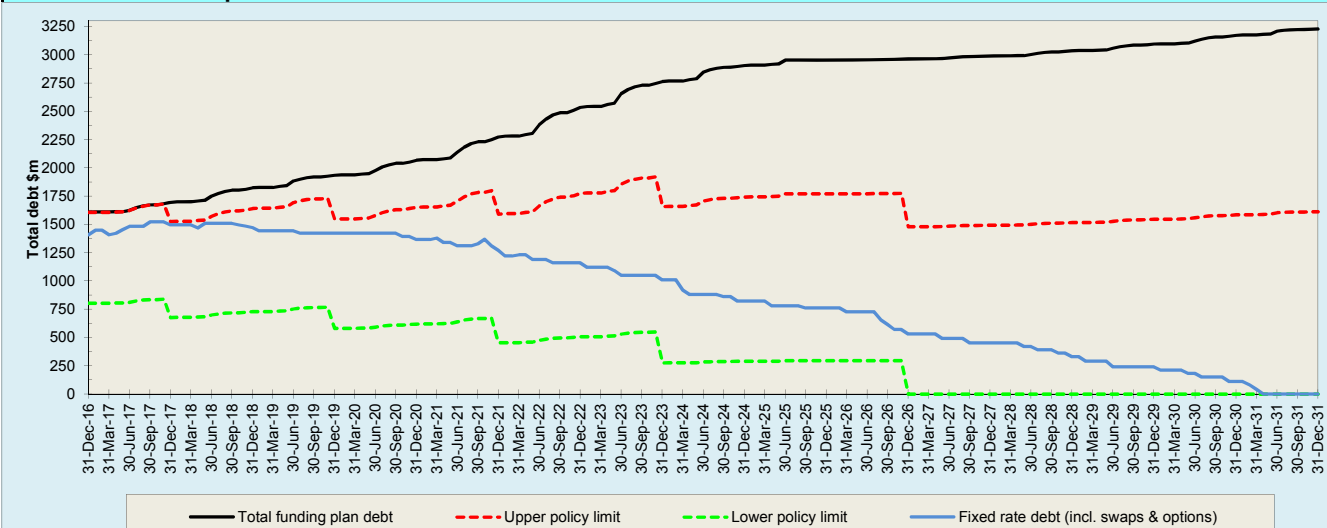
Monthly interest rate performance



Year to date interest rate performance



Forecast total debt profile



COUNTERPARTY EXPOSURES, DEBT CONCENTRATION & COVENANT COMPLIANCE						Dec-16		
Counterparty exposures	S&P credit rating Short / long term	Face value \$000	Credit exposures \$000	Limit \$000	Limit OK / exceeded			
Obligations of registered banks								
ANZ Bank	A1+ / AA-	580,000	0	100,000	Limit OK	✓		
Bank of New Zealand	A1+ / AA-	655,121	16,652	100,000	Limit OK	✓		
Commonwealth Bank of Australia	A1+ / AA-	90,000	866	100,000	Limit OK	✓		
Kiwibank	A1 / A+	75,000	472	75,000	Limit OK	✓		
Westpac Institutional Bank	A1+ / AA-	565,000	0	100,000	Limit OK	✓		
		1,965,121	17,990					
<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
BNZ CP Standby facility	1/07/17	175,000						175,000
Westpac Revolving Credit facility	30/11/18		60,000					60,000
Medium-term notes	26/10/18		125,000					125,000
Auckland Council	Various	158,368	2,243	230,000	52,243	130,000	805,000	1,377,854
Total committed debt facilities		333,368	187,243	230,000	52,243	130,000	805,000	1,737,854
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							75,000	75,000
Total committed and approved debt facilities		333,368	187,243	230,000	52,243	130,000	880,000	1,812,854
Drawn bank facilities	Maturity	0-6 months	6-12 months	12-18 months	18-24 months	24-30 months	> 30 months	Total
BNZ CP Standby facility (\$175m)	1/07/17							0
Westpac Revolving Credit facility (\$60m)	30/11/18				14,500			14,500
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		
Revolving credit facility		60,000						
CP standby facility			175,000					
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%	33.30%	✓					
Total liabilities (including contingent) / total tangible assets - maximum	65%	33.30%	✓					
Shareholders funds - minimum (\$000)	500,000	5,930,994	✓					
EBITDA : funding costs ratio - minimum	1.75	4.35	✓					
Funds from operations : interest cover ratio - minimum	2.00	3.92	✓					
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							Dec-16		
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									0
Treasury policy compliance									≤ 5,000
									✓
Commercial paper maturities									
Issue #	\$000	BKBM	Interest rate	Bid cover (x)	Term (days)	Maturity date			
297	40,000	2.135%	2.176%	0.89	92	31-Jan-17			
298	50,000	2.030%	2.087%	1.63	87	20-Feb-17			
299	50,000	2.035%	2.097%	1.62	88	10-Mar-17			
	140,000		2.116%						
<i>Note: BKBM is the banks' mid-rate for bank bills of a similar term on the CP issue date.</i>									
	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Beyond Jun-17	Total	
Outstanding CP	40,000	50,000	50,000	0	0	0	0	140,000	
Uncommitted short-term debt								0	
	40,000	50,000	50,000	0	0	0	0	140,000	
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	45,000	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									✓

WATERCARE SERVICES LIMITED

Management Report

Dec-16

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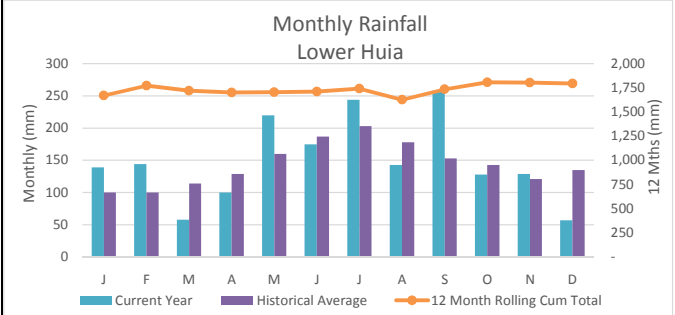
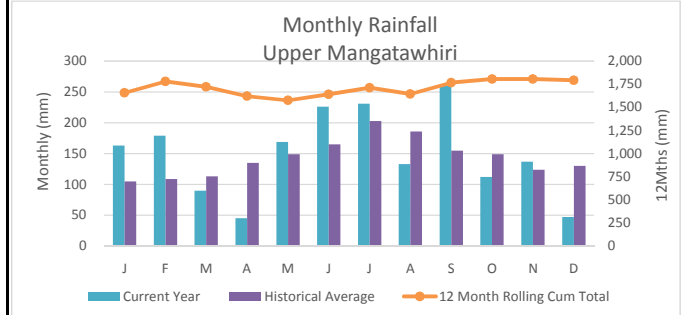
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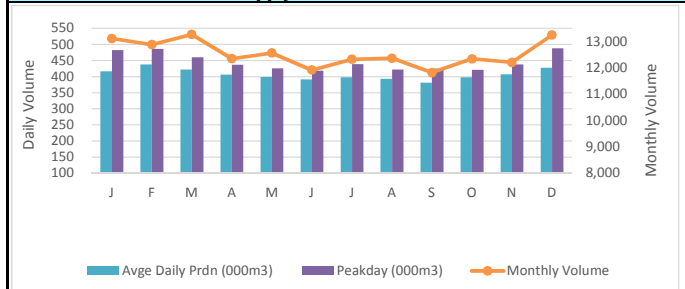
Management Report **WATERCARE SERVICES LIMITED** **Dec-16**
Monthly Statistics Update

Rainfall

Rainfall	Current Month	12 Mth Cumulative Rolling	Rainfall	Current Month	12 Mth Cumulative Rolling
Actual - Upper Mangatawhiri	47 mm	1792 mm	Actual - Lower Huia	57 mm	1794 mm



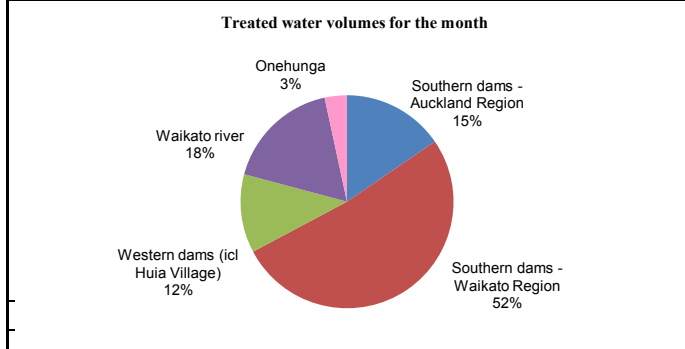
Water Production - Total Supply



Treated water volumes (000m ³)	Current Month	12 Month Rolling Ave
Monthly Volume	13,247	12,534
- Metro	13,038	12,346
- Non-metro	209 ¹	188
Average Daily Production	427	411
Peak Day	488	488 ²

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

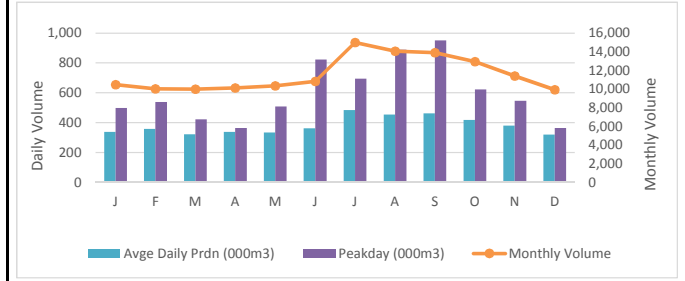
2. Max peak day in past 12 months



Treated water volumes (000m ³)	Year to Date					
	Current Month		Year to Date			
	Actual	%	Budget	Actual	%	Budget
Southern dams - Auckland Region	2,010	15%	1,192	12,471	17%	7,203
Southern dams - Waikato Region	6,756	51%	5,390	36,628	49%	28,204
Western dams	1,558	12%	2,251	12,791	17%	13,278
Waikato river	2,276	17%	2,387	10,274	14%	19,800
Onehunga aquifer	440	3%	560	1,746	2%	3,588
Rodney	128	1.0%	103	674	0.9%	634
Franklin	80	0.6%	81	421	0.6%	502
Total	13,247	100%	11,965	75,006	100%	73,208

Lake levels at month end was 89%

Wastewater Treatment - Metropolitan Treatment



	Current Month	12 Month Rolling Ave
Monthly Volume (000m³)	9,935	11,587
Average Daily Production	320	381
Peak Day	364	952 ²

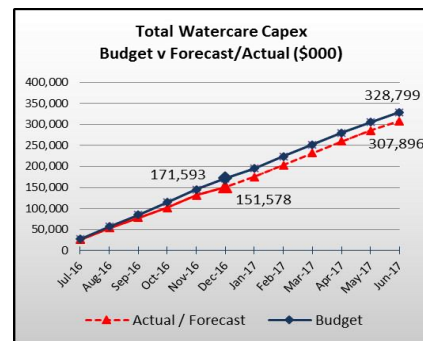
2. Max peak day in past 12 months

WATERCARE PUBLIC REPORT

CAPITAL EXPENDITURE



TOTAL WATERCARE EXPENDITURE	Year to Date		Annual Performance	
	Actual	Budget	Actual + Forecast	Budget
Strategy & Planning	5,003	7,631	10,247	22,667
Infrastructure Delivery	106,516	110,456	202,691	202,775
Service Delivery	27,046	32,148	60,911	63,936
Retail	5,383	6,241	12,874	11,808
Information Services	960	4,173	4,496	7,943
Other	2,150	5,534	6,539	7,428
Capitalised Interest	4,520	5,411	10,137	12,243
Watercare Total	151,578	171,593	307,896	328,799



Project / Programme Infrastructure Related Projects (Phase: Design / Execution)	Project	Annual Performance		Status	
	Current Forecast	Forecast	Budget	Time	Cost
Water Projects >\$15 Million					
Hunua No 4 Programme	375,861	13,487	12,427		
North Harbour Watermain Duplication	54,300	2,901	4,651		
Waikato 175MLD Expansion Stage Ultimate	31,505	14,729	16,240		
Ardmore WTP Treated Water Resilience	27,611	2,919	3,840		
Albany Pinehill WM & PS	14,299	1,702	2,258		
Wastewater Projects >\$15 Million					
Central Interceptor Feasibility Design	60,880	9,936	7,654		
Mangere WWTP BNR Capacity	141,029	47,155	48,000		
Northern Interceptor - Stage 1	107,961	2,826	3,541		
Pukekohe WWTP Upgrade	66,000	1,348	2,040		
Rosedale WWTP Expansion Project	62,500	(370)	3,966		
Mangere WWTP Solids Stream Upgrade	53,383	12,865	12,900		
Pukekohe Trunk Sewer Upgrade	47,141	28,295	27,854		
Army Bay WWTP Outfall Upgrade	38,483	2,981	3,824		
Wairau Wastewater Pump Station	21,400	278	1,250		
Snells Algies WWTP Ocean Outfall	3,995	342	22		
East Coast Bays Link Sewer Upgrade Prjct	27,200	3,062	0		
Puketutu Island Rehabilitation	16,295	8,350	10,000		
Glendowie Branch Sewer Upgrade	28,761	1,121	805		
Fred Thomas Drive WW PS & Storage Tank	27,721	14,702	10,310		
Glen Eden Storage & Pipe Upgrade	17,398	10,127	10,131		
Shared Services >\$15 Million					
Networks Controls Upgrade	19,944	3,516	3,900		
Capex Programme (Design / Execution)					
>\$15 Million	1,243,667	182,271	185,613		
>\$2 Million <\$15 Million	112,928	31,746	36,955		
<\$2 Million	51,622	14,211	12,422		
TOTAL	1,408,216	228,228	234,990		

Watercare Services Ltd
Financial Summary 2016-17
Report Period December 2016
Infrastructure Related Projects: Strategy & Planning / Infrastructure Delivery / Service Delivery

Traffic light Key:

On target / No adverse Service Delivery impact

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

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

Underspend on the capex variance (-10%)

Local Board Interaction (As at 23 Dec 2016)

Local Board	Chair	Deputy Chair	Oct 16 <i>(Local Govt. elections October 16)</i>	Nov 16	Dec 16
Albert - Eden	Peter Haynes	Glenda Fryer		Letter of congratulation and supporting material sent to current Local Board Chair from Watercare Chief Executive - Electronic copy send to Local Board services staff (10 Nov).	Invitation to the Meola Community Liaison Group meeting for the Central Interceptor project (8 Dec).
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)	Local Board sent link to article on Fred Thomas Drive Pump Station (2 Oct).	Notification of public plant tours (3 Nov). Letter of congratulation and supporting material sent to current Local Board Chair from Watercare Chief Executive - Electronic copy send to Local Board services staff (10 Nov). Notification of wastewater overflow in Takapuna and media response (16 Nov)	
Franklin	Angela Fulljames	Andy Baker	Discussions with local board regarding land Watercare access, mountain bike and Pony Club (21 Oct)	Notification of public plant tours (3 Nov). Resolution of escalated discoloured water issue (9 Nov). Letter of congratulation and supporting material sent to current Local Board Chair from Watercare Chief Executive - Electronic copy send to Local Board services staff (10 Nov). Update on Sth West Wastewater servicing (21 Nov).	
Great Barrier	Izzy Fordham	Luke Coles		Copy of book, the Story of the Hauraki Gulf send to Chair.	
Henderson - Massey	Shane Henderson	Peter Chan	Information on North Harbour No. 2 route and proposed removal of a Pin Oak Tree (31 Oct).	Letter of congratulation and supporting material sent to current Local Board Chair from Watercare Chief Executive - Electronic copy send to Local Board services staff (10 Nov).	
Hibiscus and Bays	Julia Parfitt	Janet Fitzgerald	Resolution of Torbay Sailing Club redevelopment water supply issue in prep for 2016 world youth sailing championship (21 Oct).	Notification of public plant tours (3 Nov). Letter of congratulation and supporting material sent to current Local Board Chair from Watercare Chief Executive - Electronic copy send to Local Board services staff (10 Nov).	Information on new water connections for public facilities (5 Dec). Information shared with local board and residents in response to an overflow issue in Bushglen Reserve Browns Bay (8 Dec). Draft Local Board Plan input workshop (14 Dec). Local Board business meeting to respond to Mairangi Bay Surf Club deputation (14 Dec).
Howick	David Collings	Katrina Bungard	Information provided on Howick wastewater diversion for next Local Board Plan (31 Oct)	Notification of public plant tours (3 Nov). Letter of congratulation and supporting material sent to current Local Board Chair from Watercare Chief Executive - Electronic	Information on IGC's sent to John Spiller (1 Dec).

Local Board	Chair	Deputy Chair	Oct 16 <i>(Local Govt. elections October 16)</i>	Nov 16	Dec 16
				copy send to Local Board services staff (10 Nov).	
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)		Notification of public plant tours (3 Nov). Letter of congratulation and supporting material sent to current Local Board Chair from Watercare Chief Executive - Electronic copy send to Local Board services staff (10 Nov).	Notification of works on Lake Road in January to March 2017 (14 Dec)
Mangere - Otahuhu	Lydia Sosene	Walter Togiamua		Shared information within Watercare on the proposed Norana pathway – Mangere (8 Nov). Letter of congratulation and supporting material sent to current Local Board Chair from Watercare Chief Executive - Electronic copy send to Local Board services staff (10 Nov).	
Manurewa	Angela Dalton	Rangi McLean		Notification of public plant tours (3 Nov). Letter of congratulation and supporting material sent to current Local Board Chair from Watercare Chief Executive - Electronic copy send to Local Board services staff (10 Nov).	
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.		Notification of public plant tours (3 Nov); Letter of congratulation and supporting material sent to current Local Board Chair from Watercare Chief Executive - Electronic copy send to Local Board services staff (10 Nov). Site blessing at Van Dammes Lagoon with At and Local Board (15 Nov).	
Orakei	Colin Davis - After 18 months Kit Parkinson will Chair.	Kit Parkinson - After 18 months Carmel Claridge will be Deputy Chair		Letter of congratulation and supporting material sent to current Local Board Chair from Watercare Chief Executive - Electronic copy send to Local Board services staff (10 Nov). Notification of works on Mt Hobson watermains and reservoirs (11 Nov). Information shared on wastewater regarding SHA at 10 St Marks (30 Nov)	
Otara - Papatoetoe	Lotu Fuli	Ross Robertson		Notification of public plant tours (3 Nov). Letter of congratulation and supporting material sent to current Local Board Chair from Watercare Chief Executive - Electronic copy send to Local Board services staff (10 Nov).	

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

Local Board	Chair	Deputy Chair	Oct 16 <i>(Local Govt. elections October 16)</i>	Nov 16	Dec 16
Papakura	Brent Catchpole	Felicity Auva'a		Notification of public plant tours (3 Nov). Letter of congratulation and supporting material sent to current Local Board Chair from Watercare Chief Executive - Electronic copy send to Local Board services staff (10 Nov).	
Puketapapa	Harry Doig	Julie Fairey		Notification of public plant tours (3 Nov). Letter of congratulation and supporting material sent to current Local Board Chair from Watercare Chief Executive - Electronic copy send to Local Board services staff (10 Nov).	
Rodney	Beth Houlbrooke	Phelan Pirrie	Flyer regarding Wellsford wastewater consent renewal process and public drop-in session in Wellsford (5 Oct).	Respond to escalation related to IGC and Helensville Laundromat (9 Nov). Letter of congratulation and supporting material sent to current Local Board Chair from Watercare Chief Executive - Electronic copy send to Local Board services staff (10 Nov). Information for the Chair on Wellsford water and wastewater servicing in preparation for a local meeting (15 Nov). Information on alternative pipeline route for Snells Algies wastewater upgrades in preparation for public deputation (21 Nov).	Draft Local Board Plan input workshop (14 Dec). responded to enquiry from Chair after escalation from Sandpit R&R regarding North East wastewater servicing project (14 Dec). Response to IGC escalation for laundromat in Helensville (15 Dec). Information on Omaha Airfield and LIL cutting rights for the Eucalyptus trees (21 Dec)
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)		Notification of public plant tours (3 Nov). Letter of congratulation and supporting material sent to current Local Board Chair from Watercare Chief Executive - Electronic copy send to Local Board services staff (10 Nov). Local Board member Uzra Balouch joined plant tour at Rosedale (20 Nov)	
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)		Letter of congratulation and supporting material sent to current Local Board Chair from Watercare Chief Executive - Electronic copy send to Local Board services staff (10 Nov). Matiatia visioning workshop – Watercare joined AT, the Local Board and other stakeholders for a half day workshop (10 Nov).	
Waitakere Ranges	Greg Presland	Saffron Toms	Flyer update on the Glen Eden wastewater upgrades (5 Oct).	Shared imagery of Western Dams taken by aerial drone operator (8 Nov). Letter of congratulation and supporting material sent to current Local Board Chair from Watercare	Notice of media item on the Glen Eden wastewater storage tank (7 Dec)

Local Board	Chair	Deputy Chair	Oct 16 <i>(Local Govt. elections October 16)</i>	Nov 16	Dec 16
				Chief Executive - Electronic copy send to Local Board services staff (10 Nov). Update on Parker Rd property purchase (25 Nov)	
Waitemata	Pippa Coom	Shale Chambers		Update on the Wynyard Quarter wastewater servicing works (1 Nov). Invitation to dawn blessing of pump station in Wynyard quarter (7 Nov). Letter of congratulation and supporting material sent to current Local Board Chair from Watercare Chief Executive - Electronic copy send to Local Board services staff (10 Nov). Liaison regarding art work on Khyber Reservoir (23 Nov). Notification of wastewater overflow to Civic building and media enquiry (24 Nov). Information in preparation for Local Board plan (24 Nov.)	Invitation to the Meola Community Liaison Group meeting for the Central Interceptor project (8 Dec). Discussion with relationship manager regarding works in Halsey Street (8 Dec). Further information on Kelmarna Ave and Meola Liaison group (12 Dec). Information provided on the use of operational assets such as reservoirs roofs for public recreation (20 Dec).
Whau	Tracey Mulholland	Susan Zhu		Letter of congratulation and supporting material sent to current Local Board Chair from Watercare Chief Executive - Electronic copy send to Local Board services staff (10 Nov).	
Manukau Harbour Forum					

Watercare Services Limited

Local Board Engagement Plan

Revised: October 2016

1. Introduction

Watercare Services Limited (Watercare) is required to prepare a local board engagement plan (LBEP) as outlined in the Governance Manual for Substantive CCOs. The purpose of the LBEP is to provide an overarching framework to help guide engagement between Watercare and the Local Boards.

This guidance comprises five sections:

1. Roles and responsibilities
2. Principles for working together
3. Local Board liaison
4. Nature of engagement and interaction with local boards
5. Schedule of projects/activities that require local board engagement

2. Roles and responsibilities

Local boards and the decision-making framework

Auckland's governance arrangements comprise a model of local government, designed to strengthen regional leadership, while providing effective local and community democracy. The Auckland Council is one organisation and one legal entity, with two complementary decision-making parts:

- the governing body, consisting of a mayor elected by all Aucklanders and 20 councillors elected on a ward basis; and
- 21 local boards, with between five and nine initial members elected by local board area. There are currently 149 local board members in total.

The governing body and the local boards share the decision-making responsibilities of Auckland Council:

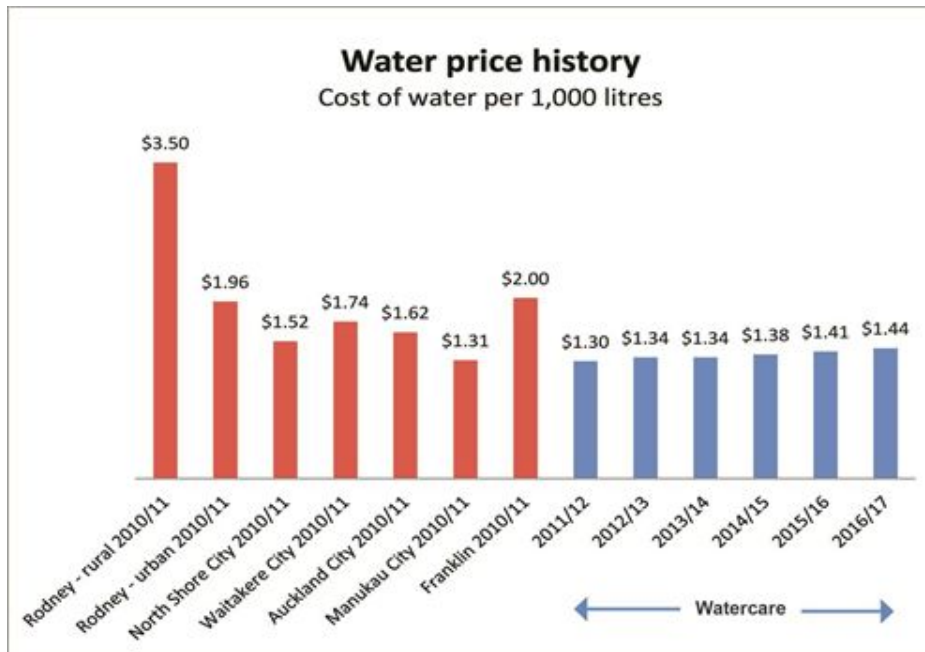
- the governing body focuses on the big picture and region-wide strategic decisions; and
- local boards represent their local communities, provide local leadership and make decisions on local issues, activities and facilities.

In total, the 21 local boards are responsible for over \$300 million in annual operating expenditure and over \$150 million in annual capital expenditure.

Watercare's roles and responsibilities

Watercare has been the provider of bulk water and wastewater services to the Auckland region since 1991. On 1 November 2010, as a result of Auckland regional governance reforms, Watercare took over ownership and management of all the water and wastewater assets within the Auckland Council region and began retailing services directly to the people of Auckland. The exception was the Papakura district where retail services are managed via a franchise agreement with United Water. The integrated Watercare now has assets worth \$8.8 billion and annual revenue greater than \$570 million.

Water prices were also standardised across the region at this time and in many cases remain below those prior to integration (refer figure below)



The integrated company's main services include:

- **The collection, treatment, and distribution of drinking water** from 12 dams, 14 bores and springs and three river sources. A total of 140 billion litres of water is treated annually at 21 plants and distributed through 9,064 kilometres of water pipes through 73 reservoirs and 92 pump stations to 423,000 households.
- **The collection, treatment, and disposal of wastewater** at 18 treatment plants. The two main Wastewater plants servicing the majority of the region are located at Mangere on the Manukau Harbour and Rosedale on the North Shore. Wastewater is conveyed through 7,981 kilometres of sewers before treatment. The regional network includes 504 Wastewater pump stations and 167,000 manholes.
- **The transfer, treatment, and disposal of trade waste.** Watercare works with approximately 1,700 customers in administering the trade waste bylaw to protect the Wastewater network and assist in ensuring that Wastewater treatment plant discharges meet consent-requirements. As the regulator, Watercare is also responsible for enforcing trade waste compliance.
- **The provision of commercial laboratory services** in support of the business. The independently accredited laboratory provides a full range of testing and sampling services for water, Wastewater, biota and air quality and also works with a wide customer base across a range of industries to provide first-class laboratory analysis and sampling services.

Watercare's responsibilities for the supply of drinking water and treatment and disposal of wastewater mean the company is a major contributor to the health, prosperity, and well-being of the regional community. The company has a sound record as a good corporate citizen, committed to the delivery of high quality cost-effective services.

Legislation related to the delivery of Water and Wastewater services

Watercare is a Council Controlled Organisation (CCO) with a single shareholder, the Auckland Council. The company's obligations to deliver water and Wastewater services for Auckland, are established under Part 5 section 57(1) of the Local Government (Auckland Council) Act 2010 which stipulates that an Auckland water organisation:

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

Watercare Strategic Framework



Watercare's new strategic framework was launched across the company in April 2015. The framework outlines our vision, mission, strategic priorities and related outcomes. In order to realise our vision, and continue to achieve our mission, we have four core strategic priorities. Each of these has specific outcomes that set the agenda for our organisation and complement the goals specified in our Statement of Intent.

Strategic Priorities:

- Customer Focus – Putting customers at the heart of our business by aligning processes, people and systems to deliver exceptional performance at minimum cost.
- Business Excellence - We deliver positive customer outcomes by being a commercially-savvy, performance-based organisation that prioritises the development and well-being of our people and the long-term resilience of our assets.

- Financial Responsibility - We are a financially responsible, efficient business, balancing our long-term financial obligations with our requirement to be a minimum cost service provider.
- Fully Sustainable - As custodians of the environment, and responsible members of the community, we effectively manage and minimise the impact of our operations on the environment and embed sustainability into all aspects of our business.

Statement of Intent (SOI)

The SOI represents Watercare's public and legislative expression of accountability to its shareholder the Auckland Council¹ and establishes the agreement between the Watercare Board and the Auckland Council setting out the objectives, nature and scope of activities undertaken and performance targets by which Watercare will be measured.

The SOI recognises the important partnership that exists between Watercare and the Auckland Council, and that the success of each is dependent on the actions of the other. In particular, Watercare's ability to successfully undertake its business and meet performance targets set out in the SOI relies on the Auckland Council providing a supportive policy and regulatory environment that enables necessary water and Wastewater investments and actions to be undertaken in a timely manner.

The SOI has been prepared in accordance with Section 64 and Schedule 8 of the Local Government Act 2002 and covers a three year term from 1 July 2016. The document will be reviewed and updated annually in consultation with the Auckland Council.

Watercare reporting

As a Council Controlled Organisation, Watercare Board meetings are open to members of the public consistent with the guidelines for public meetings provided by the Mayor and pursuant to Section 96 of the Local Government (Auckland Council) Act 2009. A summary of Local Board interaction is included in the monthly Chief Executive report to the Watercare Board.

Management reports are prepared for the governing body within one month of the end of the September and March quarters and within two months of the end of the December and June quarters. These reports can be made available to those Local Boards who express an interest.

Watercare also meets with the Auckland Council governing body or relevant council committee on a 4 monthly basis to formally present its quarterly reports.

Watercare has received numerous Australasian awards for the quality and transparency of its company reporting and an Annual Report is produced by 30 September each year that covers sustainability performance together with the audited financial and service performance statements. Copies of the report are sent to Councillors and Local Board Chairs with additional copies available on request. An electronic version is also available at www.watercare.co.nz.

Details of Local Board engagement are included in Section 5 below.

¹ All references to the "Auckland Council" or the "Council" mean the governing body and local boards.

3. Principles for working together

Success factors

A successful working relationship between local boards and Watercare is founded on:

- A shared understanding of and mutual respect for the roles, responsibilities and decision-making authority of local boards, the governing body and Watercare;
- Transparent and timely communication with no surprises;
- An understanding and acknowledgment of shared responsibilities between the parties;
- A commitment to a timely response to and resolution of issues raised by local board members;
- A commitment to early inclusion in the planning and decision making process where issues have specific relevance to a Local Board;
- A commitment to flexibility in terms of engagement, recognising differing levels of interest and local relevance across the Auckland region.

4. Local Board liaison

Watercare has a manager responsible for local board liaison, who is the first point of contact in addressing local board members' enquiries, requests for information, complaints and requests for service. Enquiries can be directed to:

Brent Evans
 Manager Local Board and Stakeholder Liaison
 brent.evans@water.co.nz
 Ph. 539 7403 or 021 221 7403

Any enquiries related to network faults or issues such as watermain breaks should continue to be reported directly to Watercare by calling 09 442 2222 as they can be immediately logged for service response.

5. Nature of engagement and interaction with local boards

Watercare recognises the important role of local boards' in community representation, leadership and decision making and has worked proactively to develop relationships based on flexible, transparent and timely communication. Watercare also recognises that the nature of relationship with different local boards varies due to the range of issues, local priorities and varying levels of community interest. The majority of active local board engagement continues to focus on areas where there is significant activity or public interest in Watercare projects.

Watercare is committed to the free flow of information with local boards regarding issues of mutual interest consistent with a no-surprises approach. The company will maintain constructive engagement with local boards on major issues, projects and activities within their respective areas, particularly where they may affect members of the public and local constituents.

In general, Watercare will engage with local boards in the following ways:

- Briefings of local board Chairpersons and relevant members on issues related to the local board's area and interests, as appropriate.

- Working collaboratively with local boards, other CCOs and Council departments to ensure, where appropriate, opportunities for good community outcomes are maximised.
- Presentations and updates on significant Watercare projects of regional and local interest.
- Presentations and updates on local Watercare projects of relevance and interest to the local boards.
- Liaison with local boards and parks where landowner approvals are required for Watercare works in local parks.
- The provision of timely information in response to escalated issues.
- The provision of information consistent with a no-surprises approach e.g. Information on significant water main breaks or service disruptions.
- Attendance and participation in local board workshops and meetings as appropriate;
- Consultation on statutory consenting processes.
- Local board members will also be invited to participate in community liaison groups that may be established to maintain local communication associated with large localised construction works or oversight of treatment plants required by conditions of resource consent.

Watercare will continue to remain flexible and responsive in working with local boards to best meet their individual needs.

Objectives and activities outlined in local board plans and agreements, to the extent that Watercare is responsible for their delivery, will also be considered. A timely response will be given to questions from local boards and the public that arise through such processes.

When a media statement is to be released Watercare will make every endeavour to give prior notification to the Chair of the specific local board and engage with them in the release as appropriate.

6. Schedule of projects/activities that require local board engagement

Over the next 10 years Watercare will invest \$4.9 billion upgrading and expanding our infrastructure to meet the needs of a growing Auckland region.

Watercare recently completed an Asset Management Plan for the period 2016 to 2036. This plan incorporates Watercare's response to regional growth including the Auckland Unitary Plan. A summary of the water and wastewater plans and investment can be found on Watercare website's www.watercare.co.nz by searching for "Wastewater Asset Strategy" and "Water Asset Strategy".

A schedule of projects/activities currently underway or approved for the current financial year will be included and updated as information changes. The schedule will continue to evolve over time as projects are completed and new projects are approved. It may also include items signalled in Local Board Plans and Local Board agreements for discussion between Local Boards and Watercare.

Appendix A covers major projects that are likely to be of interest to the local boards. This list will be updated regularly. The engagement on major projects in no way limits the local board's ability to request project/activity updates from Watercare. Watercare will ensure communication occurs on a no-surprises basis.

Appendix A - Watercare Schedule of Major Projects in the Watercare Amp and relevance to Local Boards.

The following information outlines the major regional works planned over the next 10 to 20 years and the potential relevance to local boards based on Watercare's most recent AMP. A number of local projects in planning or underway across the local board areas in 2015 / 16 have also been singled out. The information is primarily based on significant projects of greater than \$2 million. Not all projects will be of relevance and discretion will be used when selecting projects for reporting. Smaller projects, local works, including work in local parks will continue to be communicated on a case by case basis.

Projects likely to be of specific local Interest – Local Board engagement and reporting will be provided as necessary or as requested.	
Local and regional projects / activities where the benefit is received regionally or across several Local Board areas – Local Board engagement and reporting will be provided for interest or on request.	

Watercare Asset Management Plan Project		Albert-Eden	Devonport-Takapuna	Franklin	Henderson-Massey	Hibiscus and Bays	Howick	Kaipatiki	Mangere-Otahuhu	Manurewa	Maungakiekie-Tamaki	Orakei	Otara-Papatoetoe	Papakura	Puketapapa	Rodney	Upper Harbour	Waiheke	Waitakere Ranges	Waitemata	Whau	
Water Treatment Plant Renewals	Water																					
Ardmore Water Treatment Upgrades	Water																					
Huia Water Treatment Plant Upgrades	Water																					
Waikato Water Treatment Plant Upgrades	Water																					
Local Water Network Renewals	Water																					
Mt Hobson watermain upgrades	Water																					
Local Network Meter Replacements	Water																					
Local Water Network Renewals - Non-metro	Water																					
Transmission Watermain Renewals	Water																					
Huia 2 Watermain Replacement	Water																					
Hunua 1 Watermain Replacement	Water																					

Watercare Asset Management Plan Project		Albert-Eden	Devonport-Takapuna	Franklin	Henderson-Massey	Hibiscus and Bays	Howick	Kaipatiki	Mangere-Otahuhu	Manurewa	Maungakiekie-Tamaki	Orakei	Otara-Papatoetoe	Papakura	Puketapapa	Rodney	Upper Harbour	Waiheke	Waitakere Ranges	Waitemata	Whau	
Orewa 1 Watermain Replacement	Water																					
Huia 1 Watermain Replacement	Water																					
Nihotupu 1 Watermain Replacement	Water																					
Hydraulic Network Modelling	Water																					
Bulk Watermain Upgrades Non-metropolitan	Water																					
New Watermains - North Harbour No. 2	Water																					
Boost Pumping - New Infrastructure	Water																					
New Reservoir - Pukekohe East	Water																					
New Waitemata Harbour Crossing	Water																					
New Reservoir - Woodlands Park	Water																					
Network Expansion - Watermains - Metropolitan	Water																					
New Service Connections - Metropolitan	Water																					
Reservoir - Redoubt Complex Expansion	Water																					
Hunua 4 watermain Final Stage - Epsom to Khyber	Water																					
Electrical Control Systems Wastewater Replacements	Wastewater																					
Transmission Rising Main (Wastewater) Renewals	Wastewater																					
Transmission Sewer Renewals	Wastewater																					
Wynyard Quarter wastewater upgrades	Wastewater																					
Glendowie Wastewater storage, network and pump station upgrade	Wastewater																					

Watercare Asset Management Plan Project		Albert-Eden	Devonport-Takapuna	Franklin	Henderson-Massey	Hibiscus and Bays	Howick	Kaipatiki	Mangere-Otahuhu	Manurewa	Maungakiekie-Tamaki	Orakei	Otara-Papatoetoe	Papakura	Puketapapa	Rodney	Upper Harbour	Waiheke	Waitakere Ranges	Waitemata	Whau	
Trunk Pump Station Planned Replacements (Mangere)	Wastewater																					
Wastewater Siphon (submerged pipelines) – Chelsea Wastewater Siphon replacement	Wastewater																					
Local Sewer Network Renewals	Wastewater																					
Newmarket Gully Wastewater Storage Tunnel	Wastewater																					
Wastewater Network Modelling	Wastewater																					
Wastewater Storage Tanks e.g. Mairangi Bay	Wastewater																					
Inflow and Infiltration Programme	Wastewater																					
Sewer separation works – Franklin Rd underway	Wastewater																					
Hibiscus Coast Wastewater Servicing	Wastewater																					
North West Growth Area Wastewater Servicing	Wastewater																					
Wastewater Transmission Upgrades - South	Wastewater																					
Wastewater Transmission Upgrades - Central	Wastewater																					
Otara Wastewater Catchment Upgrades	Wastewater																					
Wastewater Transmission Upgrades - West	Wastewater																					
Wastewater Transmission Upgrades - Rosedale	Wastewater																					
East Coast Bays Branch Sewer Upgrades																						
Wastewater Servicing Clevedon Village																						
Upgrade of North Shore Trunk Sewer 8																						

Watercare Asset Management Plan Project		Albert-Eden	Devonport- Takapuna	Franklin	Henderson-Massey	Hibiscus and Bays	Howick	Kaipatiki	Mangere-Otahuhu	Manurewa	Maungakiekie-Tamaki	Orakei	Otara-Papatoetoe	Papakura	Puketapapa	Rodney	Upper Harbour	Waikeke	Waitakere Ranges	Waitemata	Whau	
Howick Wastewater Diversion	Wastewater						■															
Central Interceptor - Spine	Wastewater	■			■		■				■	■			■					■	■	■
Central Interceptor - Consolidation Pipes	Wastewater	■			■		■				■	■			■					■	■	■
Central Interceptor - Wet Weather Treatment	Wastewater	■			■		■				■	■			■					■	■	■
Waterfront Interceptor	Wastewater																				■	
Northern Interceptor	Wastewater				■												■					■
Southern Interceptor Augmentation	Wastewater								■	■			■	■								
Rosedale Wastewater Treatment Plant Renewals	Wastewater		■					■									■					
Mangere Wastewater Treatment Plant Renewals – BNR project	Wastewater	■			■				■	■					■					■	■	■
Biosolids - Puketutu Rehabilitation	Wastewater	■							■						■					■	■	■
Pukekohe Wastewater Treatment Plant Upgrade	Wastewater			■																		
South West Sub-regional Wastewater Servicing (Clarks, Kingseat and Waiuku)	Wastewater			■																		
North East Sub-regional Wastewater Servicing (Warkworth, Snells, Algies)	Wastewater															■						
Wellsford Wastewater Treatment Plant Upgrade	Wastewater															■						
Mangere Wastewater Treatment Plant Solids Stream Upgrade	Wastewater	■			■		■		■	■				■	■					■	■	■
Rosedale Wastewater Treatment Plant Upgrades	Wastewater		■			■		■									■					
Army Bay Wastewater Treatment Plant Upgrades	Wastewater					■																