

WATERCARE SERVICES LIMITED

AGENDA | Board meeting | 1/8/2016

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

Open Public Meeting

Item	Spokesperson	Action sought at governance meeting	Supporting Material
1. Apologies	Chair	<ul style="list-style-type: none"> Record Apologies 	
2. Minutes of Meeting	Chair	<ul style="list-style-type: none"> Approve Board Meeting Minutes 27 June 2016 	Minutes 27 June 2016
3. Directors' Corporate Governance Items	Chair	<ul style="list-style-type: none"> Corporate Planner and Work Plan Review Disclosure of Interests (Directors & Executive Management) 	Corporate Planner and Work Plan Disclosure of Interests
4. Chief Executive's Report and Scorecard	R Fisher	<ul style="list-style-type: none"> Receive report 	Chief Executive's Report
5. Customer Survey Results	M Bridge (P Colmar)	<ul style="list-style-type: none"> Receive presentation 	(No pack content)
6. General Business	Chair		

Date of next Meeting – 31 August 2016

Location – Watercare Newmarket, 73 Remuera Road, Newmarket

MINUTES

SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Watercare Services Limited, 73 Remuera Road, Remuera, Auckland
DATE	27 June 2016
TIME	11:00
STATUS	Open Session

	Present:	In Attendance:	Public in Attendance:
	N Crauford P Drummond (Acting Chairman) J Hoare T Lanigan D Thomas C Harland	M Bridge S Cunis R Fisher R Jaduram A Miller B Monk M Smith T Munro S Morgan	None
1.	Apologies <ul style="list-style-type: none"> D Clarke (Chairman) M Allen (Deputy Chairman) M Kingi (Board Observer) 		
2.	Minutes of Previous Meeting <ul style="list-style-type: none"> The Board resolved that the Minutes of the public section of the Board meeting held on 24 May 2016 at 11:00 be confirmed as correct. 		
3.	Directors Corporate Governance Items <ul style="list-style-type: none"> Corporate Planner 2016 The corporate planner was noted. Disclosure of Interests The Disclosure of Interests was reviewed with the addition of Catherine Harland's membership of the Water Allocation Technical Advisory Group. 		
4.	Chief Executive's Report and Scorecard <ul style="list-style-type: none"> Health and Safety The Chief Executive advised that there had been no lost time injuries (LTIs) related to employees in May 2016. The rolling 12 month LTI is half the stated target maximum. Customer Focus The Board noted that the rolling 12 month average for customer satisfaction is above (positive) the 80% target for customer satisfaction, fault management, billing and general enquires. Catherine Harland advised the Board that she had attended the recent Developers' Forum which had also been attended by Dean Kimpton and Barry Potter from Auckland Council and Don Munro from Auckland Transport. She said the Watercare presentations were well received. Cameron Wilson of Oyster Capital spoke positively of his experiences with Watercare in respect of the SHA development at Whenuapai. John Maplesden gave a vote of thanks to Watercare at the conclusion of the Forum. 		

	<ul style="list-style-type: none"> • Service Delivery <p><u>Wairoa Dam</u></p> <p>Shayne Cunis advised that routine monitoring recently had shown traces of glyphosate in the Wairoa Dam. The herbicide was believed to be the result from recent spraying undertaken on behalf of the forest operator. The dam will be back in production within a few weeks and there has been no effect on production overall. Council senior staff and the Mayor's Office were advised of the precautions taken. There is no risk to public health.</p> <p><u>Huia Water Treatment Plant</u></p> <p>Work is underway on an upgrade of the plant which will provide a lift in sustainable capacity from 65 to 125MLD.</p> <ul style="list-style-type: none"> • Unplanned Maintenance Expenditure <p>Watercare took over maintenance of large pump stations on the North Shore from an external contractor. The costs of this maintenance had not been budgeted for but has been included in the 2016/17 Annual Budget.</p> <ul style="list-style-type: none"> • Finance <p>Brian Monk advised that the financial year was finishing on a strong financial note.</p> <p>IGC revenue will be ahead of budget reflecting an increase in construction of dwelling units.</p> <p>Operating expenses will be less than budgeted by some \$5.1m due to favourable variances for professional services and general overheads.</p> <ul style="list-style-type: none"> • Board Correspondence <p>The Chairman had received correspondence from his counterpart at Panuku regarding stormwater overflows into St Marys Bay.</p> <p>Watercare is working with Auckland Council which has a plan to deal with the stormwater issues which result in overflows following periods of heavy rain.</p> <ul style="list-style-type: none"> • Communications <p>The results of the recent customer survey will be reported to the 1 August Board meeting.</p> <ul style="list-style-type: none"> • Manukau Harbour Centre of Excellence <p>The Chief Executive advised that there had been significant positive public comment on Watercare funding a three year research programme by NIWA into the Manukau Harbour.</p> <ul style="list-style-type: none"> • Australasian Reporting Awards – Sustainability Award <p>The Board noted, with approval, the continued success of Watercare at the Australasian Reporting Awards; on this occasion Watercare receiving the Sustainability Award.</p>
5.	<p>Waikato River Water Quality</p> <ul style="list-style-type: none"> • Shayne Cunis spoke to the report. He advised that regular monitoring of the water quality of the Waikato River was showing slight signs of improvement over the last 14 years, although nitrogen levels were increasing.
6.	<p>IGC Objection Process and Charter for Commissioners</p> <ul style="list-style-type: none"> • The Board at its meeting on 1 April 2016, approved in principle, the adoption of a voluntary objection process for Infrastructure Growth Charges (IGCs). The process will be closely modelled on that provided for in the Local Government Act 2002 for Reconsideration and Objections to Development Contributions charged by Councils. <p>The Charter for Commissioners had been amended following input from Board members and was now</p>

	<p>presented for approval.</p> <p>The Board resolved to approve the Charter for Commissioners noting the intention to place the Charter on the Watercare website.</p>
7.	<p>Thermal Hydrolysis</p> <ul style="list-style-type: none"> The Board received a presentation from Shane Morgan. Thermal hydrolysis is a process akin to a pressure cooker before the digester in the wastewater treatment process. This improves the quality of biosolids and enhances the ability to generate electricity from the biogas. <p>Watercare is aiming to be energy neutral at Rosedale WWTP by 2020 and, in the longer term, energy neutral at Mangere WWTP by 2025.</p>
8.	<p>General Business</p> <ul style="list-style-type: none"> Peter Drummond noted that Mere Kingi had now completed her term as a Board Observer. He thanked Mere for the contribution she had made over the past year and wished her well for her future. The meeting closed at 12:10.

CERTIFIED AS A TRUE AND CORRECT RECORD

Peter Drummond
Acting Chairman

WATERCARE BOARD PLANNER 2016

	2016											
	January	February	March	April	May	June	July	August	September	October	November	December
Board Meeting		3 Feb Newmarket	3 March - Workshop Newmarket 1 April Rosedale WWTP	20 April Newmarket	24 May Newmarket*	27 June Newmarket	1 August Newmarket	31 Aug Newmarket	29 Sept Newmarket	18 Oct Newmarket*	14 November Newmarket	13 December Huia WTP
Health and Safety Committee Workshops			14 March Newmarket			28 June Ardmore WTP 2pm		26 August Newmarket 11am			1 November Mangere WWTP	
Health and Safety Site Visits			1 April Rosedale WWTP			28 June Ardmore WTP		26 August Hunua 4			1 November Mangere WWTP BNR Project	13 December Huia WTP
Audit and Risk Committee Meeting		3 Feb Newmarket (before Board meeting)			5 May Newmarket		11 August Newmarket (before Board meeting)	22 Aug Newmarket			8 Nov Newmarket	
Capital Projects Working Group		3 Feb Newmarket (after Board meeting)			23 May Newmarket			31 Aug Newmarket (after Board meeting)			14 Nov Newmarket (after Board meeting)	
Remuneration and Appointments Committee		5 Feb Newmarket		20 April Newmarket (before Board meeting)		27 June Newmarket (before Board meeting)		24 August Newmarket 4 - 6pm		18 October Newmarket (before Board meeting)		
Statement of Intent		Approval of Draft 2016-2019 SOI	1 March Draft SOI to shareholder		Present shareholder SOI feedback at public meeting	Final 2016-2019 SOI issued to shareholder				Work on 2017-2020 SOI Key dates yet to be advised by Auckland Council		
Shareholder Interaction			1 March - Quarterly Briefing to CCO Governance & Monitoring Committee		31 May 2016 - Replaces quarterly briefing				6 Sept - Quarterly Briefing to CCO Governance & Monitoring Committee			
Key Finance Decisions						27 June Approval of 2016/17 Budget						
Other		Qtr Statutory Compliance Reporting		Qtr Statutory Compliance Reporting			Qtr Statutory Compliance Reporting			Qtr Statutory Compliance Reporting		

* Statutory public Board meeting - deputations invited

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

Board Work Plan 2016

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

Report to the Board of Watercare Services Limited

Subject: Disclosure of Interests

Date: 24 July 2016

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


<i>Director</i>	<i>Interest</i>
David Clarke	<ul style="list-style-type: none"> – Chairman, TRG Group Ltd – Radiology Services – Chairman, Skin Institute Limited – Director, Hynds Ltd – Chairman, Health Alliance NZ Limited – Chairman, Jucy Group Limited – Chairman, Predictive Medical Data Analytics Limited
Peter Drummond	<ul style="list-style-type: none"> – Chairman, Appliance Connexion Ltd – Chairman, Watercare Harbour Clean Up Trust – Chairman, Variety Medical Missions South Pacific – Director, NARTA New Zealand Ltd – Director, NARTA International PTY Ltd – Director, Fire Services Commission – Director, Port Marlborough New Zealand Limited – Director, Ngati Awa Group Holdings Limited
Catherine Harland	<ul style="list-style-type: none"> – Director, McHar Investments Ltd – Director, Interface Partners Ltd – Trustee, One Tree Hill Jubilee Educational Trust – Member, Auckland Regional Amenities Funding Board – 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
Mike Allen	<ul style="list-style-type: none"> – Director, Coats Group PLC – Director, Godfrey Hirst Australia and related companies – Shareholder, Innoflow – Director, Tainui Group Holdings Limited – Director, Breakwater Consulting Limited – Director, China Construction Bank (New Zealand) Limited – Chairman, Investore Properties Limited – Director, Taumata Forests Limited

Julia Hoare	<ul style="list-style-type: none"> - Director, AWF Madison Group Limited - Director, New Zealand Post Limited - Deputy Chairman, The A2 Milk Company Limited - Member, Auckland Committee, Institute of Directors - Member, External Reporting Advisory Board - Member, Institute of Directors National Council - Director, Port of Tauranga Limited
Nicola Crauford	<ul style="list-style-type: none"> - Director, Environmental Protection Authority - Member of Electoral Authority - Cooperative Bank Limited - Senior Consultant - WorleyParsons New Zealand Ltd - Director and Shareholder - Riposte Consulting Limited - Director and Shareholder - Crauford Robertson Consulting - Director and Shareholder - Martin Crauford Limited - Director, Wellington Water Limited - Director, Orion New Zealand Limited - Member, Local Government Risk Management Agency Establishment Board - Chairman, GNS Science International Limited - Deputy Chairman, Fire Services Commission
David Thomas	<ul style="list-style-type: none"> - Chairman, Ngati Whakaue Tribal Lands Inc - Council Member, Business New Zealand - Board Member, EMA (Northern) - Chairman, Gypsum Board Manufacturers of Australasia - Shareholder / Employee, Fletcher Building Limited - Director, New Zealand Ceiling & Drywall Supplies Limited

RECOMMENDATION

That the report be received.

Approved by:



R Fisher
Acting Chief Executive

Report to the Board of Watercare Services Limited

Subject: Disclosure of Interests – Executive Management

Date: 25 July 2016

<i>Executive</i>	<i>Interest</i>
Raveen Jaduram	Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust Steering Committee Member – Business Leaders' Health and Safety Forum
Rob Fisher	Deputy Chairman - Middlemore Foundation President - Auckland University Rugby Football Club Trustee - Watercare Harbour Clean Up Trust Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust
Brian Monk	Deputy Chairman - MIT Chairman Audit and Compliance Committee - MIT Trustee - Watercare Harbour Clean Up Trust Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust 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	Nil
David Hawkins	Nil
Adrienne Miller	Nil
David Sellars	Nil
Rebecca Chenery	Nil

RECOMMENDATION

That the report be received.

Approved by:



R Fisher
Acting Chief Executive

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

WATERCARE SCORECARD 2015/16

On budget, on time, within parameters

Unfavourable but within parameters

Major issue, needs attention

	SOI	2015/16 Target	Amber Threshold	Red Threshold	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
1 Safe and Reliable Water																	
1a	☑	100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1b	☑	100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1c		100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1d		100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1e		100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1f		50%	n/a	<45%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1g		50%	n/a	<25%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1h		≥95%	93% to <95%	<93%	96%	96%	96%	96%	96%	96%	96%	96%	96%	95%	95%	95%	95%
1i		≤10	>10 to 12	>12	6.6	6.6	6.4	6.2	5.9	5.6	5.5	5.4	5.4	4.9	4.8	4.7	4.6
1j		Unrestricted	Subjective	Restrictions apply	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted
1k		Unrestricted	Subjective	Restrictions apply	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted
2 Healthy Waterways																	
2a		≤5	>5 to 7	>7	1.86	1.82	1.91	1.91	1.81	1.99	1.99	2.14	2.21	2.16	2.16	2.20	2.29
2b	☑	≤2 overflows per year per engineered overflow point	Low risk non-compliance	High risk non-compliance													
2c	☑	≤10	>10 - ≤15	>15		0.03	0.03	0.04	0.03	0.05	0.05	0.03	0.03	0.03	0.03	0.03	0.04
2d	☑	a) ≤2 b) ≤2 c) ≤2 d) ≤2	n/a	>2 (for any)		0	0	0	0	0	0	0	0	0	0	0	0
2e		≤10	>10 to ≤12	>12	7.30	7.10	7.00	7.00	6.60	6.70	6.60	6.50	6.30	6.40	6.40	6.00	5.80
2f		100%	98 to <100%	<98%	99.22%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2g		35%	n/a	<35%	77%	84%	84%	88%	87%	88%	88%	88%	89%	88%	88%	88%	88%
3 Customer Satisfaction																	
3a	☑	≤ 60 mins	>60 - ≤90 mins	>90 mins		33 mins	34 mins	35 mins	35 mins	36 mins	37 mins	37 mins	39 mins	41 mins	42 mins	43 mins	44 mins
3b	☑	≤ 5 hours	>5 - ≤ 8 hours	>8 hours		1.5 hours	1.5 hours	1.6 hours	1.6 hours	1.7 hours	1.8 hours	1.9 hours	2.1 hours	2.4 hours	2.7 hours	2.8 hours	3.0 hours
3c	☑	≤ 3 days	>3 - ≤ 5 days	>5 days		1.2 days	1.2 days	1.3 days	1.8 days	1.9 days	2.1 days	2.1 days	2.2 days	2.6 days	2.8 days	2.9 days	3.0 days
3d	☑	≤ 6 days	>6 - ≤ 8 days	>8 days		2.2 days	2.3 days	2.7 days	2.9 days	3.0 days	3.1 days	3.1 days	3.2 days	3.6 days	3.9 days	4.1 days	4.8 days
3e	☑	≥80%	≥75% to <80%	<75%	88.2%	84.6%	87.0%	86.0%	85.3%	85.1%	85.0%	84.8%	84.7%	84.9%	84.4%	84.4%	84.2%
3f	☑	≤ 10	>10 - ≤ 15	>15		7	7	6.9	6.7	6.5	6.3	6.0	5.8	5.7	5.6	5.6	5.6
3g	☑	≤ 60 mins	>60 - ≤ 90 mins	>90 mins		40 mins	40 mins	41 mins	41 mins	41 mins	42 mins	42 mins	42 mins	44 mins	44 mins	45 mins	46 mins
3h	☑	≤ 5 hours	>5 - ≤ 8 hours	>8 hours		2.3 hours	2.3 hours	2.3 hours	2.4 hours	2.4 hours	2.4 hours	2.4 hours	2.5 hours	2.7 hours	2.7 hours	2.8 hours	2.9 hours
3i	☑	≤ 50	>50 - ≤ 75	>75		20.7	20.7	20.7	20.7	20.8	20.8	20.8	20.8	20.8	20.9	21.1	20.8
3j		≤5	>5 to ≤5.5	>5.5	4.70	4.70	4.60	4.90	4.70	4.60	4.40	4.10	3.90	3.80	3.80	3.70	3.70
3k	☑	≥95%	≥90% to <95%	<90%	98.5%	98.3%	98.9%	98.2%	97.4%	97.4%	97.1%	96.8%	97.0%	96.2%	95.6%	95.1%	93.50%
3l	☑	100%			100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

4

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

WATERCARE SCORECARD 2015/16

On budget, on time, within parameters

Unfavourable but within parameters

Major issue, needs attention

	SOI	2015/16 Target	Amber Threshold	Red Threshold	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
4 Health, Safety and Wellbeing																	
4a	☑	≤5	5 - 7	>7	6.42	6.4	5.8	5.23	4.63	3.55	2.99	3.03	3.06	3.73	3.75	2.51	1.92
4b		≤2.5%	>2.5 to 3.5%	>3.5%	2.09%	2.10%	2.09%	2.15%	2.14%	2.15%	2.16%	2.14%	2.12%	2.12%	2.11%	2.14%	2.18%
4c	☑	≤12%	>12 to 14%	>14%	10.84%	11.16%	10.86%	11.45%	11.28%	11.72%	12.30%	12.01%	12.45%	11.92%	12.32%	12.74%	12.92%
4d	☑	<30	>30 to <33	>33	19.84	18.65	19.13	16.86	16.80	17.05	15.53	15.73	15.90	18.02	16.90	14.42	23.02
5 Financial Responsibility																	
5a	☑	≥2.5	2.4 to <2.5	<2.4	3.32	3.69	3.51	3.62	3.62	3.56	3.63	3.71	3.65	3.69	3.69	3.71	3.71
5b	☑	≤1.5%	1.2 to <1.5	>1.5	0.87%	0.83%	0.83%	0.83%	0.83%	0.84%	0.84%	0.85%	0.85%	0.85%	0.85%	0.86%	0.86%
5c		≥100%	≥98% to <100%	<98%	100%	101%	101%	101%	102%	102%	102%	102%	102%	102%	102%	102%	102%
5d		≥100%	≥95% to <100%	<95%	147%	102%	108%	114%	102%	91%	94%	103%	105%	104%	102%	105%	108%
5e		≤100%	>100 to ≤102%	>102%	101%	94%	95%	93%	93%	94%	95%	94%	95%	95%	95%	97%	99%
5f		+	-\$0.1m to -\$2m	> -\$2m	26.13	3.09	8.30	13.72	17.74	18.62	22.06	30.99	30.11	31.35	33.40	35.65	37.55
5g		+	-\$0.1m to -\$2m	> -\$2m	-66.59	-21.81	-16.16	-27.62	-21.55	-20.52	4.06	-24.71	-64.68	-73.74	-73.92	-77.60	-108.02
5h		Negative	\$0.1m to \$10m	> \$10m	-79.40	-22.40	-15.20	-21.90	-40.20	-46.10	-51.30	-52.70	-72.00	-89.10	-92.70	-105.30	-92.00
6 Fully Sustainable																	
6a	☑	272 +/- 2.5%			271	271	271	271	271	272	273	272	272	272	272	273	272
6b		Information only			149	148	148	151	156	161	165	168	169	164	158		Reporting lag - data sourced from meter readings
6c		Information only			2,913,178	2,845,386	2,863,774	2,846,259	3,117,438	3,134,161	3,191,872	3,174,802	3,244,017	3,305,826	3,081,359		Reporting lag - data sourced from meter readings
6d		Information only				16.7%	16.8%	16.8%	16.8%	16.7%	17.0%	16.7%	16.9%	16.7%	16.6%	16.6%	16.6%
6e	☑	≤13%	>13 to 13.2%	>13.2	13.0%	12.8%	12.9%	12.8%	12.7%	12.7%	13.0%	12.7%	12.8%	12.8%	12.9%	13.0%	13.0%
6f		No specific target - information only				1.7%	1.9%	1.8%	1.9%	1.8%	1.8%	1.7%	1.8%	1.8%	1.9%	2.0%	2.0%
6g		No specific target - information only			12.9%	10.7%	10.6%	10.5%	10.5%	10.5%	10.8%	10.6%	10.6%	10.6%	10.7%	10.6%	10.7%
6h		No specific target - information only				0.44%	0.44%	0.43%	0.42%	0.41%	0.41%	0.41%	0.41%	0.39%	0.38%	0.37%	0.36%
6i		No specific target - information only			19.1%	27.5%	27.3%	26.9%	26.4%	26.0%	26.2%	25.8%	25.9%	25.2%	24.6%	24.1%	23.6%
7 Policy Compliance																	
7a		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

4

Watercare Services Limited

Subject: Chief Executive Report – June 2016

Date: 25 July 2016

1. HEALTH AND SAFETY

There were no lost-time injuries related to Watercare employees or contractors during June. The rolling 12 month lost-time injury frequency rate (LTIFR) is 0.38 (stated target max 1.0) per 200,000 hours. This equates to 1.92 per million hours, below the target maximum of 5.

The total recordable injury frequency rate (TRIFR) is 4.6 per 200,000 hours (23.02 per million hours). The increase in the total recordable injury frequency rate is related to ongoing improvements in data completeness (capture and quality) than being reflection of an increasing number of injuries.

2. CUSTOMER FOCUS

Performance against Statement of Intent measures for June 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 93.9% against a target of 95%. Customers are contacted in a timely manner, however the resolution is taking longer than the 10 day service level. Customer satisfaction in June was in line with the 12 month average with satisfaction at 85.6% for fault management, 81.7% for the maintenance field crews and 85.1% for billing and general enquires. The rolling 12 month average for customer satisfaction is above the 80% target for all three areas.

Developer Forum

On the 23rd of June, Watercare held a forum for developers. Approximately 60 developers and other interested parties attended the afternoon session, including representatives from Auckland Council and Auckland Transport. After a welcome address by the Chief Executive, the forum featured presentations on growth in Auckland, Watercare's plans to cater for growth over the next 30 years, infrastructure planning for growth area with a focus on Whenuapai (Auckland Council's first area targeted for land release) and on infrastructure funding. Developer Cameron Wilson from Oyster Capital also presented his Whenuapai SHA development (the first SHA to have titled sections) and his experience working with Watercare. The feedback from the development community has been very positive.

3. INFRASTRUCTURE PROGRAMME

The infrastructure capital programme has delivered at year end \$278.09m against a budget of \$375m.

Project financial performance

The table below summarises the financial performance of projects that were completed during the financial year. The total of 98 projects were completed with the actual completion cost being \$4.6m lower than the spend forecast in June 2015.

Project Value	Number of projects	Forecast cost to complete (June 2015)	Actual cost to complete (June 2016)	Variance
≤2million	20	\$29,964,115	\$28,724,214	\$1,239,901
> 2million	78	\$130,098,770	\$126,686,551	\$3,412,219
Totals	98	\$160,062,885	\$155,410,765	\$4,652,120

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

4. PROPOSED AUCKLAND UNITARY PLAN

The Independent Hearing Panel will release its recommendations on the Unitary Plan at 5pm on the 22nd of July. These recommendations will be confidential until the Unitary Plan team has presented the recommendations to the Councillors on the 27th of July. At this point, the recommendations will become publicly available.

During the confidentiality period of 22 to 27 July, the recommendations on the Unitary Plan made by the Independent Hearing Panel are only accessible by a limited group of people. Watercare has one representative included in this group. This group is expected to start their review on 23 July. The review will focus on understanding the key changes to the Unitary Plan that have been recommended by the Independent Hearing Panel. Watercare understands that the Independent Hearing Panel's recommendations on the Unitary Plan may include a re-write of the Regional Policy Statement, and a restructuring of the Unitary Plan.

Watercare's review will focus on the water allocation, wastewater discharges, network utilities, and growth sections of the recommendations made by the Independent Hearing Panel.

Following the confidentiality period, the Auckland Council teams will be doing a rapid review of the Independent Hearing Panel's recommendations. The Auckland Council teams will then prepare recommendations on whether to accept or reject the changes. The Council has set up a process which includes the CCOs, and there is an escalation process of any issue where the CCO's position differs from the Council planner's position. The Auckland Council Unitary Plan team will then make their recommendations to the Auckland Development Committee from 12-18 August. Auckland Council will then publicly notify its decision in relation to the Independent Hearing Panel's recommendations on the Unitary Plan on 19 August. There is a one month appeal process closing on 16 September.

5. ASSET MANAGEMENT PLAN 2016 TO 2036

The Asset Management Plan 2016 to 2036 was published on Watercare's website on 1 July 2016. Separate documents summarising the water asset strategy and wastewater asset strategy are also available on the website.

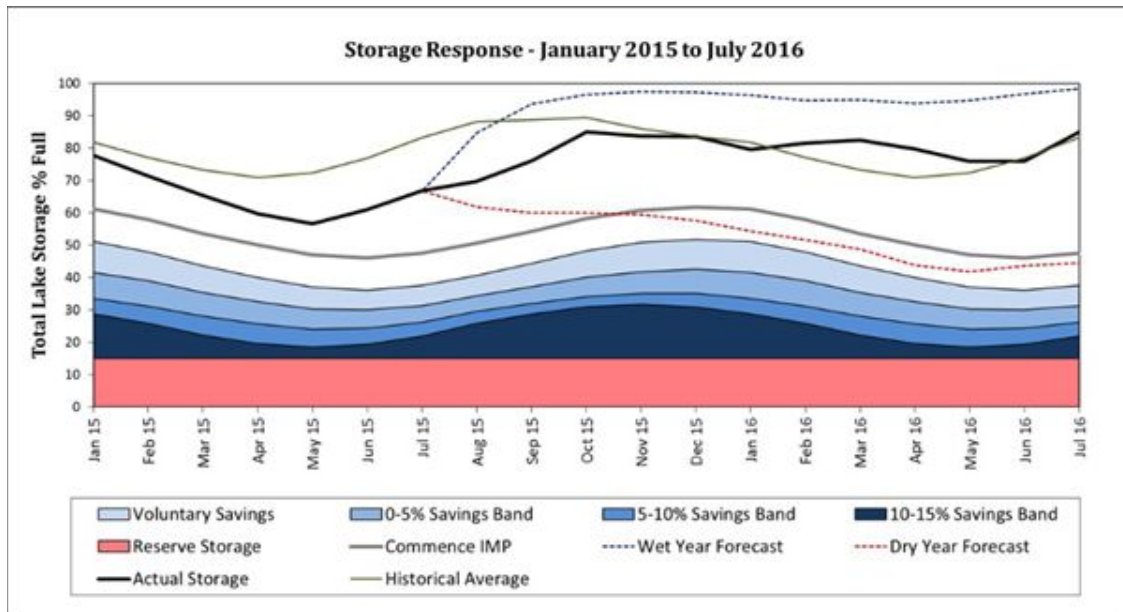
6. SERVICE DELIVERY

Rainfall and Water Resources

Rainfall in June was essentially average across the Auckland region, with the exception of the Hunua Ranges where it was significantly above average.

Waitakere Ranges	94% of average
Hunua Ranges	137% of average
Northern Non-metropolitan	90% of average
Southern Non-metropolitan	99% of average

This rain, particularly in the Southern lakes, resulted in a significant increase in metropolitan total system storage. At the end of June it had reached 84.9%, which is slightly above the historical average storage for this time of year (83.4%). Total system storage has continued to increase through the start of July, which has enabled a reduction in the utilisation of the Waikato WTP.



The current short range forecasts indicate that there will be near or above normal levels of rain within Auckland for July to September. Soil moisture content levels are now near normal for this time of year and are not forecast to reduce in the coming months. Therefore we can expect normal inflows to continue to the lakes for the next three months.

Forestry Herbicide Application in Wairoa Dam Catchment

Wairoa Dam was proactively removed from service following confirmation from Waytemore Forests Limited’s intent to aerially apply herbicide in the Wairoa Dam catchment on 3 June 2016. Watercare formally objected to this application to Auckland Council, highlighting our concerns over application during this period of unsettled weather. Pre-application testing confirmed that Glyphosate, AMPA and Metsulfuron (the herbicides to be applied) were not present in Wairoa Dam. Several post-operation samples confirmed the presence of these herbicides in a tributary of the Wairoa reservoir (closest to the operational area). No positive results had been returned for samples collected since 26 June 2016, and the lake was expected to be returned to service in early July. However, a recent routine sample of a tributary detected glyphosate, 41 days after the east aerial spraying. Accordingly, the dam is still out of service. Monitoring continues.

Huia WTP Capacity Restoration Update and Impact on System Resilience

As reported at the May Board meeting, works to restore the sustainable capacity of the Huia WTP to 110MLD (from 65MLD), and enable short term peak flows of 126MLD have commenced and are scheduled to be completed by September 2017. These works will improve source yield utilisation,

increase the ability to meet three-day peak demands and respond to system outage events until the scheduled upgrades of the Waikato WTP from 150MLD to 175MLD in 2018 and the new Huia WTP in 2022 are completed.

Wet Weather Event 29 June 2016

A significant wet weather event on 29 June resulted in 290 calls to Watercare's Customer Contact Centre over three 3 hours. Most calls were related to wastewater overflows and property flooding. The Maintenance Contractors (Downers, MSN and City Care) responded to 158 wastewater jobs in this time compared to an average of 20 jobs per day. Due to resource availability, the clean-up for a number of properties was deferred to the following day. Investigations are continuing at a number of locations to assess options to prevent future overflows on these properties.

Wellsford Water Treatment Plan

On July 14, the Wellsford Water Treatment Plant was taken out of service after MCPA herbicide was detected at low levels during routine testing. MCPA is a herbicide that is often applied to farmland to control broad leaved weeds. Watercare immediately notified the Medical Officer of Health, the Mayor's office, the local board chairperson and the local councillor. In addition, and in order to be open and transparent with the community, Watercare issued a press release to local media on the issue that afternoon. The press release was posted to Watercare's website and was regularly updated over the three-day period until the plant returned to service. The MCPA result was reported by the two local media: Mahurangi Matters and Rodney Times.

7. FINANCE

Financial Performance

Figures (\$millions)	Current Month			Full Year		
	Actual	Budget	Var	Actual	Budget	Var
Revenue	52.88	45.81	7.06	570.42	537.17	33.25
Operating Expenses	20.68	17.07	(3.60)	209.88	212.77	2.89
Depreciation	18.88	18.10	(0.78)	216.24	217.12	0.88
Interest expense	7.30	6.52	(0.78)	77.68	78.21	0.52
Total Contribution	6.02	4.12	1.90	66.62	29.07	37.55
Non-operating costs/(income)	1.28	0.24	(1.04)	10.97	3.00	(7.97)
Financial instruments revaluation - loss/(gain)	31.27	-	(31.27)	137.60	-	(137.60)
Operating Surplus / (Deficit) Before Tax	(26.54)	3.88	(30.42)	(81.95)	26.07	(108.02)
Deferred Tax - Expense/(Credit)	(5.33)	4.98	10.31	(14.78)	21.49	36.27
Net Surplus / (Deficit) After Tax	(21.21)	(1.10)	(20.11)	(67.17)	4.58	(71.75)
FFO Ratio				3.67	3.25	
Operating EBITDAF	32.20	28.74	3.46	360.55	324.40	36.14
EBITDA	(0.36)	28.50	(28.86)	211.98	321.40	(109.43)
EBIT	(19.24)	10.40	(29.64)	(4.26)	104.28	(108.54)
Leakage Allowance Granted	0.60	0.36	(0.24)	5.04	4.35	(0.69)

Month – Total Contribution of \$6.0m - favourable variance to budget of \$1.9m

Total revenue was favourable \$7.1m to budget due to; wastewater revenue favourable \$0.8m, water revenue favourable by \$0.2m, vested asset revenue favourable by \$4.7m and IGC revenue favourable by \$2.0m.

Operating expenses were unfavourable to budget \$3.6m with higher labour costs, higher maintenance spend, higher professional services and other overheads.

Depreciation was unfavourable \$0.8m to budget.

Interest expense was \$0.8m unfavourable to budget.

Full Year – Total Contribution of \$66.6m - favourable variance of \$37.6m

Full year revenue is \$33.3m favourable to budget primarily due to; vested asset income favourable \$21.3m, IGC revenue favourable \$4.5m. Water and wastewater revenue is favourable \$9.7m, with water volumes 1.3% over budget.

Full year water and waste water leakage allowances granted are \$0.7m unfavourable to budget.

Operating expenses are \$2.9m favourable to budget with favourable variances for professional services and general overheads partially offset by unfavourable asset operating costs and net labour.

Depreciation is favourable \$0.9m to budget. Interest expense is \$0.5m favourable to budget.

Full Year – Net Deficit after Tax of \$67.2m – unfavourable variance of \$71.8m

The unfavourable variance of \$71.8m is primarily due to the unfavourable revaluation of financial instruments of \$137.6m resulting from the decrease in medium to long term swap rates since June 2015 partially offset by a favourable operating contribution variance of \$37.6m and lower tax expense \$36.3m.

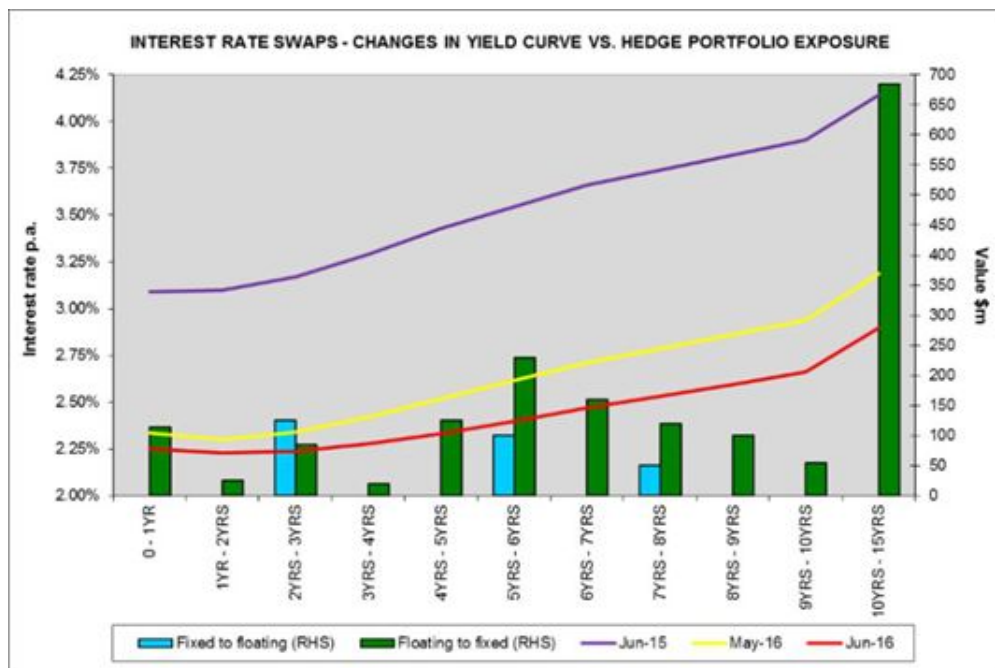
Financial Position

Million	Actual May-16	Actual Jun-16	Monthly Movement	Budget Jun-16	Var from Budget
Non Current Assets	8,689.0	8,739.6	50.6	8,794.8	(55.2)
Current Assets	79.7	80.4	0.7	80.6	(0.2)
Total Assets	8,768.7	8,820.0	51.4	8,875.4	(55.4)
Other Liabilities	382.9	410.5	27.6	292.9	117.6
Deferred Tax Liability	1,001.7	998.2	(3.6)	1,041.3	(43.1)
Borrowings - Short Term	381.1	381.5	0.5	358.2	23.3
Borrowings - Long Term	1,174.4	1,196.2	21.8	1,311.6	(115.4)
Shareholders Funds	5,828.7	5,833.6	5.0	5,871.3	(37.7)
Total Liabilities and Shareholders Funds	8,768.7	8,820.0	51.4	8,875.4	(55.4)

The major movements in the Statement of Financial Position as at 30 June 2016 compared with 31 May 2016 were; the increase in non-current assets reflecting capital expenditure net of depreciation in the month, the revaluation of land and buildings and the movement on other liabilities due to derivative financial instruments.

Compared with budget the material variances are largely in respect of property, plant and equipment, deferred tax, derivative financial instruments and debt. In addition to the impact of lower than budgeted capex spend the variances primarily reflect a different opening position on 1 July 2015 than that assumed when the budget was set, including a lower level of revaluation of property, plant and equipment than expected. Net debt at \$1,578m is \$92.1m beneath budget.

Treasury



Interest Analysis \$million	Current Month			Full Year		
	Actual	Budget	Var	Actual	Budget	Var
Interest as per Statement of Financial Performance	7.30	6.52	(0.78)	77.68	78.21	0.53
Capitalised Interest	(0.01)	1.82	1.83	11.05	18.50	7.45
Gross Interest	7.29	8.34	1.05	88.73	96.71	7.98
Less Interest Income	0.00	-	(0.00)	0.03	-	(0.03)
Net Interest	7.29	8.34	1.05	88.70	96.71	8.01

For the year net interest is favourable to budget by \$8.0m, due to a combination of lower than budgeted debt and lower than forecast cost of funds. June capitalised interest includes a rate wash up for the full year which has reduced capitalised interest by \$0.8m.

Capital Expenditure

Summary Capital Expenditure (\$millions)	Month June 2016			Full Year			Prior Month Forecast
	Actual	Budget	Var	Actual	Budget	Var	
Wastewater Projects							
Strategy & Planning	1.2	2.7	1.6	5.4	15.2	9.9	5.3
Infrastructure Delivery (excl Labs/MS)	14.5	17.2	2.8	141.7	192.5	50.8	139.2
Water Projects							
Strategy & Planning	0.4	2.2	1.8	4.0	15.5	11.5	3.7
Infrastructure Delivery (excl Labs/MS)	6.0	6.1	0.1	86.6	90.5	3.9	87.0
Service Delivery	9.5	5.2	(4.4)	34.7	52.6	17.9	32.7
Retail	0.7	0.7	(0.0)	6.7	8.1	1.4	6.7
Information Services	0.7	0.3	(0.3)	6.6	7.4	0.8	7.1
Other Projects	1.3	1.1	(0.1)	9.0	15.0	6.0	9.0
TOTAL	34.3	35.6	1.3	294.7	396.7	102.1	290.7
Includes Capitalised Interest of:							
Water Projects Capitalised Interest	0.1	0.8	0.7	5.2	8.2	3.0	5.4
Wastewater Projects Capitalised Interest	(0.1)	1.0	1.1	5.9	10.3	4.5	6.5
Total Capitalised Interest	0.0	1.8	1.8	11.1	18.5	7.5	11.9

Capital expenditure for the month was \$34.3m against a budget of \$35.6m. The full year expenditure is \$102.1m behind budget. The main contributors to this variance, as discussed in the previous Board meeting are:

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

8. BOARD CORRESPONDENCE

There was no correspondence during the month.

9. EXECUTION OF DOCUMENTS

There were 11 documents executed during June in accordance with the delegated authority provided to the Chief Executive by the Board in relation to deeds, instruments and other documents. These included two open market acquisition of land approvals, and nine approvals to register water or right of way easements.

There were twelve Capex approvals totaling \$15.822m signed in accordance with the delegated authority provided to the Chief Executive by the Board in relation to Capex approvals below a threshold of \$15m.

Summary of Capital Projects Approved by the Chief Executive – June 2016		
C-11635a	Albany Highway Rooding Upgrades (Water) – extension	\$540,000
C-12163A	Hobbs Bay Pump Station Electrical Upgrade – extension	\$386,000
C-12356a	Mangere WWTP Screenings Area Control Cabinets - extension	\$530,000
C-12438a	Franklin Road, Collingwood Street - Targeted Wastewater separation extension	\$412,000
C-12486a	Franklin Road - Watermains replacement – extension	\$923,000
C-12510	DTMAN Electrical Reticulation Upgrade Project	\$4,640,000
C-12597	Waikato WTP Membrane and granulated activated carbon media replacement	\$2,186,732
C-12598a	Army Bay Wastewater Network - Flow Monitoring and Model Calibration extension	\$63,000
C-12640	Electrical Infrastructure Upgrade at Rosedale Wastewater Treatment Plant	\$5,570,000
C-12663-04	Replacement truck	\$122,000
C-12663-05	Replacement vehicle for tip-truck	\$75,000
D-10028	Demolition of Cornwall Park Reservoir	\$375,000

There were six contracts over \$100,000 awarded during June 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 – June 2016		
1/06/16	CH2M Beca	MWWTP Digester 8 Construction Supervision Claim Closeout
16/06/16	Panuku Development Auckland	Wynyard Quarter Rising Main - Entrusted Works Agreement
17/06/16	Pipeline and Civil Ltd	Local Wastewater Network Renewals 2016 Northern Area
17/06/16	Pipeline and Civil Ltd	Local Wastewater Network Renewals 2016 Southern Area
17/06/16	Broadspectrum Limited	NCU Phase 2 Site Installation Packages 2 & 3
24/06/16	Brian Perry Civil	Franklin Road and Collingwood Street Water Supply and Wastewater Upgrade

10. COMMUNICATIONS

Media summary

A variety of media outlets picked up on two major Watercare announcements over the past four weeks; the Manukau Harbour study, and the release of our Asset Management Plan.

The story of how Watercare plans to stay ahead of Auckland population growth was picked up by the New Zealand Herald and Radio New Zealand following the offer of an interview with the Chief Executive. The Herald piece ran on page 3 of the business pages. All coverage included the key message being that Watercare is planning to spend \$4.9 billion on infrastructure projects over the next 10 years to provide capacity in its network for 195,000 new Auckland homes.

Stephen Selwood of the NZ Council for Infrastructure Development issued a press release in support of our new Asset Management Plan saying: "Watercare's new asset management plan released this week demonstrates the value of having a strategically capable specialist infrastructure provider with the ability to set prices to fund growth." A copy of the press release is attached as Appendix D.

This messaging has also been picked up in coverage about the Government's proposed \$1bn infrastructure fund. Political commentators Mike Williams and Matthew Hooton were on Radio NZ calling the government's policy 'nonsense' and the amount of money 'tiny' compared with what Watercare spends. It was also included in the Trans-Tasman Political Alert, a popular publication among politicians, which cited 'transport, not water, holding Auckland housing back'.

Coverage of the Chief Executive's announcement that Watercare will fund a hydraulic model of the Manukau Harbour continued to receive coverage through June. The news was picked up by the majority of the suburban newspapers and community papers. Drawing from our media release, the Chief Executive was routinely quoted as saying the model will establish an understanding of the various factors that affect the health of the Manukau Harbour: "Finally we will have a sound, scientific basis for collaborative decision making in the harbour. This will ensure planning decisions and debate is based on facts, not opinions."

Upcoming media coverage

Later this month, Water NZ magazine will run a profile on the Chief Executive, explaining how his focus is on ensuring the future resilience of Auckland's infrastructure.

Next month, IPENZ Engineering Insights magazine will run a feature on how the Chief Executive is actively working to change the culture of Watercare; reorienting the business towards the customer and developing a workplace that supports and encourages diversity.

In October, there will be a story on our stakeholder management initiatives in Local Government NZ. This will feature Hunua 4 as a case study.

A Hunua 4 update covering the awarding of the next phase contract will also feature in Contractor Magazine in October.

Customer communications programme

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

Month	Activity	Status
July	Domestic and non-domestic customers are receiving a bill insert on the changes to the customer contract. The customer contract and charges were updated on the website on 1 July.	In distribution
August	Domestic customers will receive a bill insert on the water ratings labelling scheme.	To be distributed
September	Domestic and non-domestic customers will receive the Spring issue of <i>Tapped In</i> . The main focus for this issue will be on creating a water-efficient garden.	Planned
October	Domestic customers will receive a bill insert on the Watercare Coastal Walkway.	Planned
November	First two weeks: Domestic customers will receive a bill insert on the Rosedale and Ardmore treatment plant tours. Mid-November to Mid-December: domestic and non-domestic customers will receive the summer issue of <i>Tapped In</i> .	Planned

Stakeholder communications

Completed:

- During the 2015/16 financial year, our education coordinator delivered 316 lessons to approximately 7,800 pupils from 36 schools, one play centre and one home school. A teacher from Manurewa Central School, which participated in the programme in June, gave the following feedback: "The [water cycle] drama was particularly powerful and really hit home that fact that water is a very old resource. Water conservation is also important and I know many of the children went home and encouraged their families to turn the tap off."
- The final public information sessions for the South West and North East wastewater servicing were completed over the past month. Information continues to be shared as requested and staff will join Warkworth Rotary Club for a presentation in August.
- A public open day was held for the Pukekohe Wastewater Treatment Scheme to inform the public about proposed changes to the discharge consent application.
- Construction of the Glen Eden wastewater upgrades, including work in Harold Moody Reserve is due to begin late July. Watercare has engaged with the local school to produce art work for the project which will be printed and displayed around work perimeter fence. The contractor McConnell Dowell's communications team will run stakeholder engagement on the ground in liaison with Watercare.

Ongoing:

- Franklin Road: Community Liaison Group meetings continue in preparation for Watercare's establishment on site late July. An introduction BBQ is planned for the community to meet Watercare, AT and the contractor.

Internal communications

Completed:

- Since the launch of the new intranet on 18 May, 35 stories and 15 leadership blogs have been added to OurPlace. Staff are continuing to engage with the new medium by adding comments to stories and blogs, and starting threads in discussion forums.

Underway:

- Communications plans are being developed for health and safety as well as the rollout of Microsoft Office 365.
- Work on the annual report is underway.

11. WORKING WITH LOCAL BOARDS

Over the past month a workshop briefing was held with the Mangere Otahuhu Local Board. Discussions also continue with affected local boards on the Central Interceptor works focusing on Puketapapa and Albert Eden. The Waitakere Ranges Local Board was notified of the start of public communication around the Glen Eden wastewater upgrade project and feedback from a stakeholder liaison meeting involving the contractor, sports club and Watercare. The latest flyer on the South West Wastewater servicing project was also shared with the Franklin Local Board.

On 10 June Watercare joined a diverse range of stakeholders and the public at the inaugural Manukau Harbour Forum Symposium. Watercare's commitment to develop the hydrodynamic model for the benefits of the harbour was announced at the meeting.

At the end of June, Watercare's Asset Management Plan summary documents were shared with the local boards prior to public release.

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









12. WAIKATO WATER AND WASTEWATER CCO

The Hamilton City, Waikato and Waipa District Councils have agreed in principle to form a ratepayer owned CCO. It is proposed that the CCO would manage water and wastewater services on behalf of the three Councils and to manage stormwater services under contract. There would be an independent Board and a Shareholders Council. The three Councils will begin public consultation after the triennial Council elections.



R Fisher
ACTING CHIEF EXECUTIVE

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

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

Key to Financial performance, Financial position and cashflow measures

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



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

Key to Treasury policy compliance

Full compliance



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

The size of the breach is relatively small when compared to total forecast debt (peaking at \$31 million on \$1,636 million of debt). Management could resolve this issue by restructuring parts of the hedging profile, pushing the hedges further into the future, but we are reluctant to this now, as we feel that interest rates are likely to move lower in the near term. In the meantime, we recommend running with the out-of-policy position.

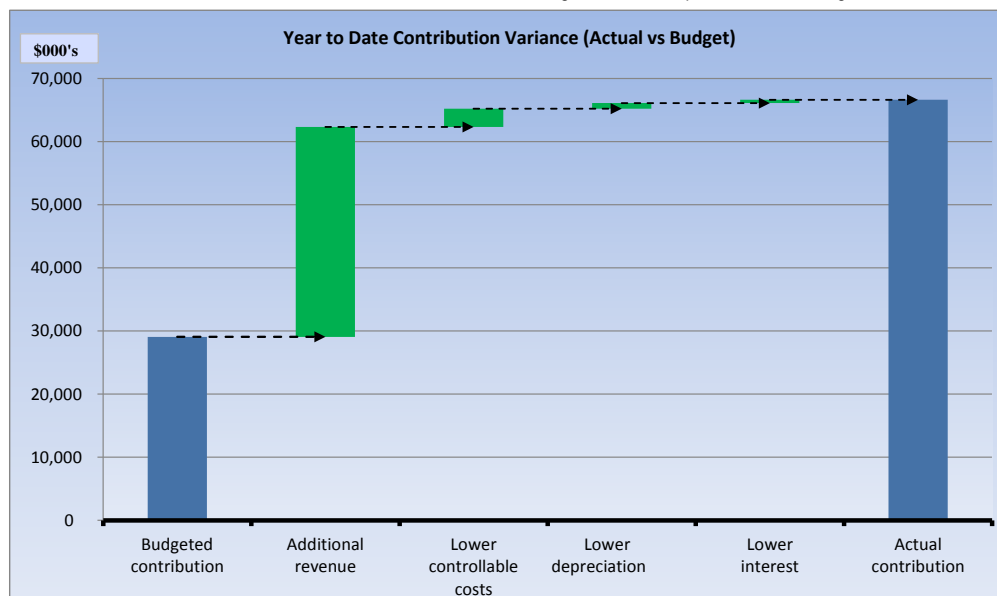
WATERCARE SERVICES LIMITED
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Jun-16
(\$000's)

	Current Month				Year to Date			
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result
Wastewater revenue	24,938	24,236	702	✓	309,501	300,286	9,215	✓
Water revenue	11,350	11,122	228	✓	143,252	142,982	270	✓
Infrastructure growth charge revenue	7,822	5,858	1,964	✓	62,059	57,520	4,540	✓
Other revenue	3,209	3,735	(526)	✗	24,016	26,044	(2,029)	✗
Revenue from exchange transactions	47,319	44,951	2,368	✓	538,828	526,832	11,996	✓
Vested assets revenue	5,558	861	4,697	✓	31,594	10,338	21,256	✓
Revenue from non-exchange transactions	5,558	861	4,697	✓	31,594	10,338	21,256	✓
Total revenue	52,877	45,813	7,065	✓	570,422	537,170	33,252	✓
Labour	7,533	6,848	(686)	✗	74,477	78,478	4,001	✓
Contract labour	427	162	(265)	✗	2,783	2,274	(508)	✗
Oncosts	265	314	50	✓	3,138	3,718	581	✓
Labour recoveries	(2,906)	(3,405)	(499)	✗	(32,145)	(39,436)	(7,291)	✗
Net labour	5,319	3,919	(1,399)	✗	48,252	45,035	(3,217)	✗
Materials & cost of sales	326	176	(150)	✗	2,347	2,106	(241)	✗
Planned maintenance	2,162	1,027	(1,135)	✗	16,100	16,002	(98)	✗
Unplanned maintenance	2,362	2,530	168	✓	34,026	32,542	(1,484)	✗
Asset operating costs - chemicals	943	897	(46)	✗	10,943	10,653	(290)	✗
Asset operating costs - energy	1,771	1,710	(61)	✗	17,936	17,801	(135)	✗
Operating costs - other	3,241	3,426	185	✓	41,547	42,855	1,308	✓
Depreciation and amortisation	18,883	18,102	(781)	✗	216,239	217,122	883	✓
Asset operating costs	29,363	27,692	(1,671)	✗	336,792	336,975	184	✓
Communications	207	163	(44)	✗	1,680	2,019	339	✓
Professional services	1,628	979	(649)	✗	9,780	14,637	4,857	✓
Interest	7,298	6,518	(780)	✗	77,684	78,207	523	✓
General overheads	2,720	2,248	(472)	✗	27,265	29,117	1,852	✓
Overheads	11,853	9,907	(1,946)	✗	116,410	123,980	7,571	✓
Total expenses	46,861	41,695	(5,165)	✗	503,800	508,096	4,296	✓
Total contribution/(loss)	6,017	4,117	1,899	✓	66,622	29,074	37,548	✓
Gain/loss on disposal of fixed assets and other costs	1,284	240	(1,044)	✗	10,968	3,000	(7,968)	✗
Gain/loss on revaluation of financial instruments	31,272	-	(31,272)	✗	137,600	-	(137,600)	✗
Non operating (costs)/revenue	-	240	(32,316)	✗	148,568	3,000	(145,568)	✗
Net surplus/(deficit) before tax	(26,539)	3,877	(30,417)	✗	(81,946)	26,074	(108,020)	✗
Income Tax Expense/(benefit)	-	-	-	-	-	-	-	-
Deferred tax	(5,332)	4,975	10,307	✓	(14,780)	21,490	36,270	✓
Net surplus/(deficit) after tax	(21,208)	(1,098)	(20,110)	✗	(67,166)	4,585	(71,750)	✗

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



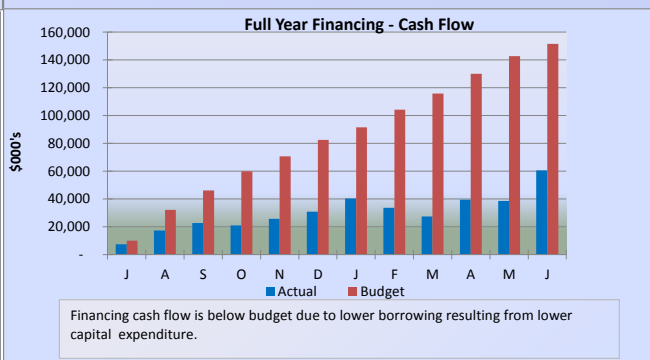
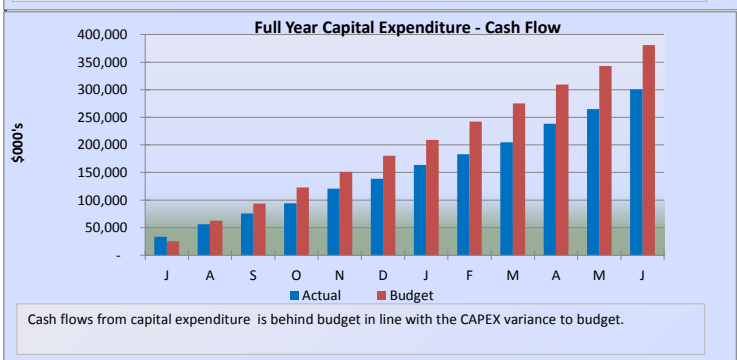
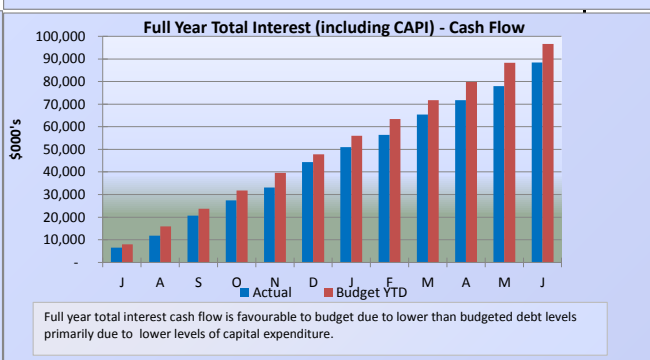
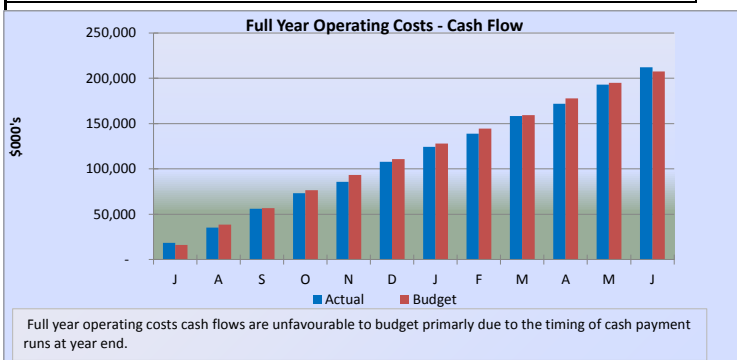
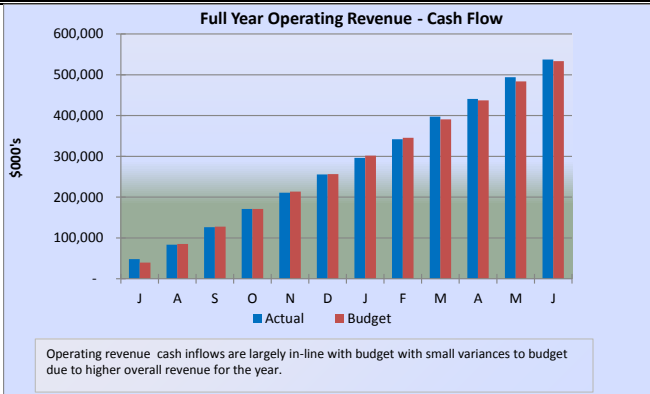
WATERCARE SERVICES LIMITED
STATEMENT OF CASH FLOWS

Jun-16
(\$000's)

(\$000's)								
NZ \$000s	Current Month				Full Year			
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result
Operating Cash flow:								
Operating Revenue	43,082	49,544	(6,462)	*	537,168	533,286	3,882	✓
Operating Costs	(19,084)	(12,322)	(6,762)	*	(212,036)	(207,334)	(4,702)	*
Interest Paid	(10,405)	(6,518)	(3,886)	*	(77,375)	(78,207)	833	✓
OPERATING CASH FLOW	13,593	30,704	(17,110)	*	247,757	247,745	13	✓
Investing Cash flow:								
Capital Expenditure	(35,889)	(37,843)	1,954	✓	(300,541)	(380,773)	80,232	✓
Capitalised Interest (CAPI)	7	(1,818)	1,825	✓	(11,049)	(18,501)	7,452	✓
INVESTING CASH FLOW	(35,882)	(39,661)	3,779	✓	(311,590)	(399,274)	87,684	✓
Financing Cash flow:								
Bonds/Term Debt Issued/(Repaid)	-	-	-	✓	(30,000)	(30,000)	-	✓
Short Term Advances/(Repaid)	(28,000)	(28,000)	-	✓	19,000	19,000	-	✓
Commercial Paper Issued/(Repaid)	(4)	(4)	-	✓	374	374	-	✓
Auckland Council Borrowings/(Repaid)	49,828	36,961	12,867	✓	71,083	162,155	(91,072)	✓
FINANCING CASH FLOW	21,824	8,957	12,867	✓	60,457	151,529	(91,072)	✓
Net Increase (Decrease) in Cash and Cash Equivalents	(465)	-	(465)	*	(3,376)	-	(3,376)	*
Opening Cash Balance/(Overdraft)	(119)	-	(119)	*	2,792	-	2,792	✓
Ending Cash Balance/(Overdraft)	(584)	-	(584)	*	(584)	-	(584)	*

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		Full Year		
	Actual	Budget	Actual	Budget	Variance
Net Surplus (Deficit) After Tax	(21,208)	(1,098)	(67,166)	4,585	(71,750)
Add back non cash items:					
Depreciation and amortisation	18,883	18,102	216,239	217,122	(883)
Financial instruments revaluation	31,272	-	137,600	-	137,600
Vested assets revenue	(5,558)	(861)	(31,341)	(10,338)	(21,003)
Other non-operating exp/(inc)	1,271	240	10,569	3,000	7,569
Income Tax Expense/(Benefit)	(5,332)	4,975	(14,780)	21,490	(36,270)
Movements in Working Capital	(5,735)	9,346	(3,364)	11,886	(15,251)
OPERATING CASH FLOW	13,593	30,704	247,757	247,745	13

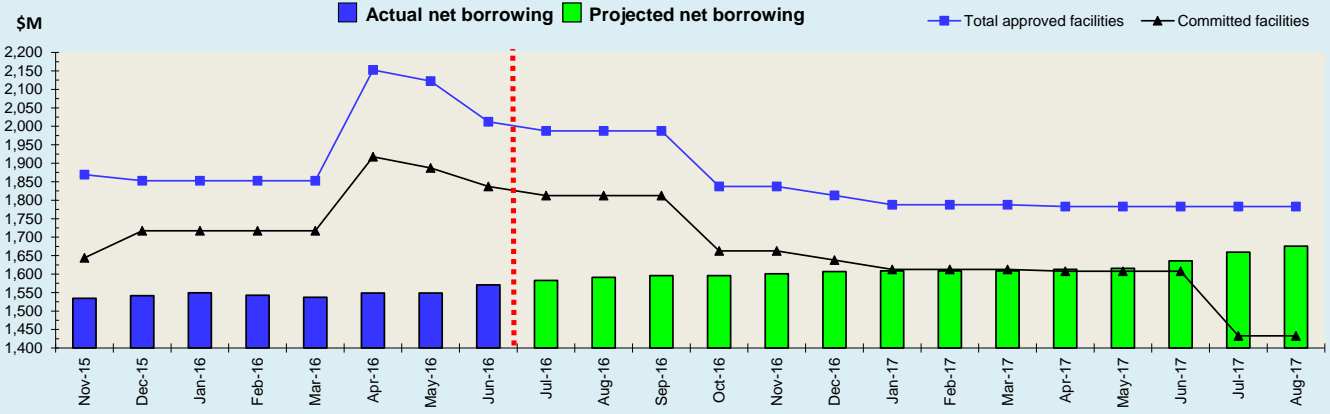


WATERCARE SERVICES LIMITED					Jun-16
STATEMENT OF FINANCIAL POSITION					(\$000's)
June 2015 Actual	May Actual		June		
			Actual	Budget	Variance
		Current assets			
2,792	-	Cash and cash equivalents	-	-	-
47,826	44,293	Trade and other receivables from exchange transactions	47,137	51,198	(4,061)
19,524	22,351	Unbilled revenue accrual	20,871	20,044	827
3,000	3,558	Prepaid expenses	3,332	2,307	1,025
4,058	5,736	Inventories	5,895	4,539	1,356
2,310	3,793	Derivative financial instruments	3,206	2,526	680
79,511	79,732	Total current assets	80,440	80,614	(174)
		Non-current assets			
8,172,155	8,385,530	Property, plant and equipment	8,430,699	8,495,603	(64,904)
383,539	437,354	Construction/work-in-progress	454,247	462,687	(8,440)
(27,673)	(216,823)	Provision for depreciation	(230,843)	(240,925)	10,082
8,528,021	8,606,061	Total property, plant and equipment	8,654,103	8,717,365	(63,262)
40,184	42,708	Intangible assets	42,714	42,838	(124)
23,692	23,282	Prepaid expenses	23,244	23,274	(30)
3,884	4,356	Inventories	4,373	3,504	869
9,086	12,590	Derivative financial instruments	15,138	7,794	7,344
8,604,867	8,688,997	Total non-current assets	8,739,572	8,794,775	(55,203)
8,684,378	8,768,729	Total assets	8,820,012	8,875,389	(55,377)
		Current liabilities			
-	119	Bank Overdraft	582	-	582
148,693	149,071	Commercial paper	149,067	148,640	427
30,264	-	Bonds	-	-	-
-	150,000	Term loan	150,000	150,000	-
18,918	81,890	Auckland council loan	81,883	59,591	22,292
197,875	381,080	Total debt current	381,532	358,230	23,302
19,407	16,749	Trade and other payables for exchange transactions	17,047	25,227	(8,180)
10,380	13,703	Interest accrued	10,614	15,216	(4,602)
58,862	54,029	Other accrued expenses	52,582	50,316	2,266
6,926	7,004	Provision for staff benefits	8,314	4,953	3,361
5,170	633	Other provisions	906	5,679	(4,773)
22,179	31,189	Derivative financial instruments	33,276	19,441	13,835
320,799	504,387	Total current liabilities	504,271	479,062	25,209
		Non-current liabilities			
75,000	75,000	Bonds (26/10/18)	75,000	75,000	-
50,667	50,413	Bonds (26/10/18)	50,389	50,400	(11)
150,000	-	Term loan (13/10/16)	-	-	-
-	47,000	Bank revolving credit facility	19,000	19,000	-
1,043,422	1,001,981	Auckland council loan	1,051,816	1,167,180	(115,364)
1,319,089	1,174,393	Total debt non-current	1,196,205	1,311,580	(115,375)
18,700	17,084	Other accrued expenses	14,301	29,683	(15,382)
3,484	3,624	Other Provisions	3,470	3,470	-
1,267	1,302	Provision for staff benefits	1,291	1,751	(460)
135,247	237,552	Derivative financial instruments	268,697	137,203	131,494
1,011,130	1,001,679	Deferred tax liability	998,200	1,041,332	(43,132)
2,488,917	2,435,635	Total non-current liabilities	2,482,165	2,525,019	(42,854)
2,809,715	2,940,022	Total liabilities	2,986,436	3,004,081	(17,645)
		Equity			
260,693	260,693	Issued capital	260,693	260,693	-
1,812,971	1,814,355	Revaluation reserve	1,839,927	1,812,974	26,953
3,856,351	3,799,617	Retained earnings	3,800,122	3,793,056	7,066
(55,352)	(45,958)	Current year earnings after tax	(67,166)	4,585	(71,750)
5,874,663	5,828,707	Total equity	5,833,576	5,871,308	(37,732)
8,684,378	8,768,729	Total equity and liabilities	8,820,012	8,875,389	(55,377)

TREASURY RISKS AND INTEREST RATE PERFORMANCE

Jun-16

4



Interest rates			
	Actual YTD	Benchmark YTD	Year end forecast
Weighted averages (excl. fees and margins)	4.88%	4.28%	4.88%
Weighted averages (incl. fees and margins)	5.95%	N/A	5.95%

Debt (\$m)			
	Actual	Budget	Variance
Short-term borrowings	381.0	358.2	22.8
Long-term borrowings	1,196.2	1,311.6	(115.4)
Total gross debt	1,577.2	1,669.8	(92.6)
Bank overdraft / (cash & deposits)	0.6	-	0.6
Total net borrowing	1,577.8	1,669.8	(92.0)

Committed facilities

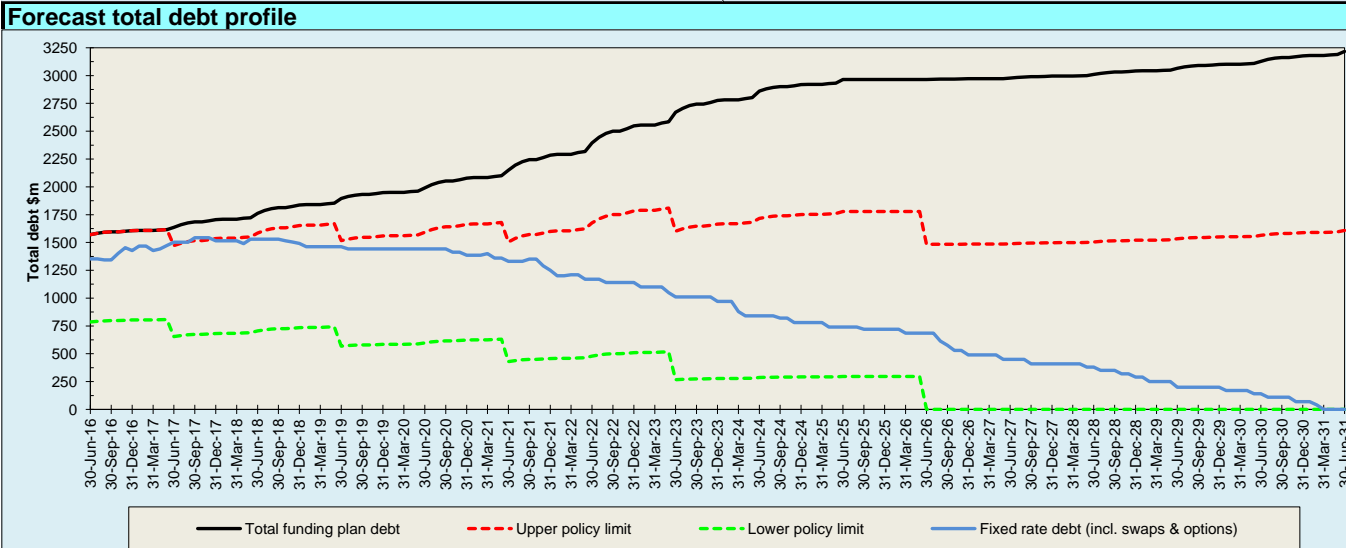
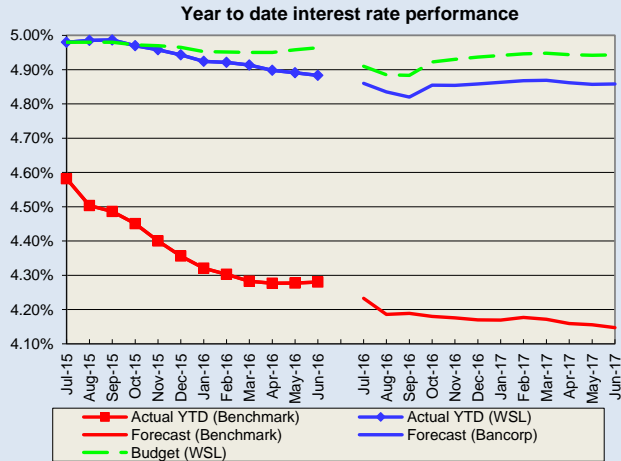
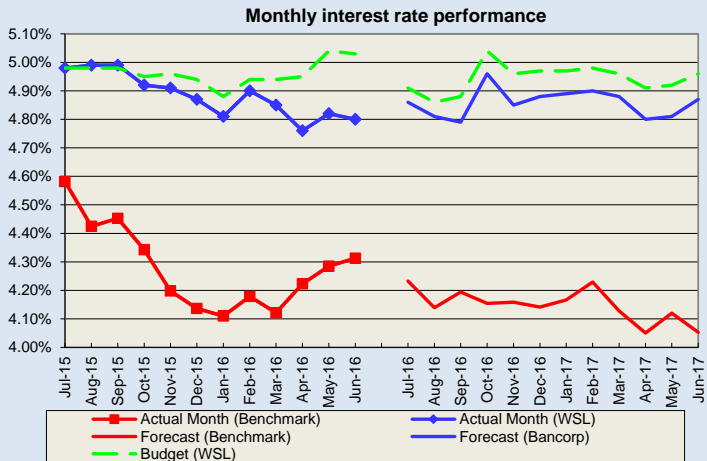
- Westpac Term Loan facility \$150 million
- BNZ CP Standby facility \$175 million
- Westpac Revolving Credit facility \$60 million
- Medium term notes \$125 million
- Auckland Council \$1,328 million

Total committed facilities as at 30 June \$1,838 million

Additional approved facilities

- Approved new funding from Auckland Council \$100 million
- Approved CP issuance, over and above CP Standby facility \$75 million

Total approved facilities as at 30 June \$2,013 million



COUNTERPARTY EXPOSURES, DEBT CONCENTRATION & COVENANT COMPLIANCE						Jun-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-	620,350	720	100,000	Limit OK	✓		
Bank of New Zealand	A1+ / AA-	645,367	21,117	100,000	Limit OK	✓		
Commonwealth Bank of Australia	A1+ / AA-	90,000	614	100,000	Limit OK	✓		
Kiwibank	A1 / A+	75,000	1,707	75,000	Limit OK	✓		
Westpac Institutional Bank	A1+ / AA-	565,350	35	100,000	Limit OK	✓		
		1,996,067	24,194					
<i>Note: Credit exposures are the aggregate of direct exposures, 10% of the 'face' value of forward foreign exchange contracts, 15% of the 'face' value of electricity hedging contracts, and the sum of the MTM value of interest rate derivative contracts plus a 3% 'risk' factor (if this produces a positive value).</i>								
Debt concentration \$000								
Committed debt facilities	Maturity	0-12 months	12-24 months	24-36 months	36-48 months	48-60 months	> 60 months	Total
Westpac Term Loan facility	13/10/16	150,000						150,000
BNZ CP Standby facility	1/07/17		175,000					175,000
Westpac Revolving Credit facility	30/11/18			60,000				60,000
Medium-term notes	26/10/18			125,000				125,000
Auckland Council	Various	79,668	78,368	82,243	200,000	132,243	755,000	1,327,522
Total committed debt facilities		229,668	253,368	267,243	200,000	132,243	755,000	1,837,522
Approved new funding from Auckland Council							100,000	100,000
Approved CP issuance, over and above CP Standby							75,000	75,000
Total committed and approved debt facilities		229,668	253,368	267,243	200,000	132,243	930,000	2,012,522
Treasury policy - total committed debt facilities		<= 500,000	<= 500,000	<= 500,000	<= 500,000	<= 500,000		
Treasury policy compliance		✓	✓	✓	✓	✓		
Drawn bank facilities	Maturity	0-6 months	6-12 months	12-18 months	18-24 months	24-30 months	> 30 months	Total
Westpac Term Loan facility (\$150m)	13/10/16	150,000						150,000
BNZ CP Standby facility (\$175m)	1/07/17							0
Westpac Revolving Credit facility (\$60m)	30/11/18					19,000		19,000
		150,000	0	0	0	19,000	0	169,000
Treasury policy for drawn bank facilities		<= 250,000	<= 250,000	<= 250,000	<= 250,000	<= 250,000	<= 250,000	
Treasury policy compliance		✓	✓	✓	✓	✓	✓	
Other facilities								
BNZ overdraft	On demand	2,000						2,000
		2,000	0	0	0	0	0	2,000
Counterparty exposure in relation to borrowing facilities		Westpac	BNZ	ANZ	CBA	Kiwibank		
Term loan facility		150,000						
Revolving credit facility		60,000						
CP standby facility			175,000					
		210,000	175,000	0	0	0		
Treasury policy		<= 500,000	<= 500,000	<= 500,000	<= 500,000	<= 500,000		
Treasury policy compliance		✓	✓	✓	✓	✓		
Compliance with financial covenants and ratios under the Negative Pledge Deed and Guarantee Facility Deed								
Covenant / ratio	Benchmark/target measure	Outcome	Compliance					
Security interests / total tangible assets - maximum	5%	0.00%	✓					
Total liabilities / total tangible assets - maximum	60%	34.02%	✓					
Total liabilities (including contingent) / total tangible assets - maximum	65%	34.02%	✓					
Shareholders funds - minimum (\$000)	500,000	5,833,576	✓					
EBITDA : funding costs ratio - minimum	1.75	4.23	✓					
Funds from operations : interest cover ratio - minimum	2.00	3.71	✓					
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							Jun-16							
Foreign currency exposures (NZ\$000) including hedging for chemical purchases							USD	EUR	Total					
Total exposure to be hedged							820.6	246.7	1,067.3					
Foreign exchange hedging							820.6	246.7	1,067.3					
Percentage cover							100%	100%	100%					
Treasury policy							100%	100%	100%					
Treasury policy compliance							✓	✓	✓					
Hedging for chemical purchases (US\$000)							Sep-16	Mar-17	Sep-17	Mar-18	Total			
Chemicals forward foreign exchange hedging							500				500			
Treasury policy											0			
Treasury policy compliance											<= 5,000			
											✓			
Commercial paper maturities														
Issue #	\$000	BKBM	Interest rate	Bid cover (x)	Term (days)	Maturity date	CP maturities							
291	50,000	2.400%	2.443%	2.08	91	29-Jul-16								
292	50,000	2.395%	2.443%	2.07	92	25-Aug-16								
293	50,000	2.420%	2.458%	1.83	97	14-Sep-16								
	150,000		2.448%											
<p>Note: BKBM is the banks' mid-rate for bank bills of a similar term on the CP issue date.</p>														
							Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Beyond Dec-16	Total
Outstanding CP							50,000	50,000	50,000	0	0	0	0	150,000
Uncommitted short-term debt														0
							50,000	50,000	50,000	0	0	0	0	150,000
Treasury policy for maximum amount of CP outstanding														<= 250,000
Treasury policy compliance														✓
Undrawn committed standby facilities							1 month	1-2 months	2-3 months	3-4 months	4-5 months	5-6 months	> 6 months	
Undrawn committed standby facility - CP facility							175,000	175,000	175,000	175,000	175,000	175,000	175,000	
50% of CP and other short-term debt repayable within 60 days							50,000	50,000	25,000	0	0	0		
Treasury policy: Undrawn standby facilities >= 50% of outstanding CP and other uncommitted short-term debt repayable within 60 days														
Treasury policy compliance							✓	✓	✓	✓	✓	✓		
Electricity hedging (NZ\$000)							0-6 months	6-12 months	12-18 months	18-24 months	24-30 months	30-36 months	36-42 months	42-48 months
Contract maturity														
Contract length														
Total value of outstanding contracts							0							
Treasury policy for maximum value of outstanding contracts							<= 10,000							
Treasury policy compliance							✓							
													Page A7	

WATERCARE SERVICES LIMITED

Management Report

Jun-16

4

Table of Contents

Section B	Page
1 Statistics	
● Monthly Statistics Update	B9

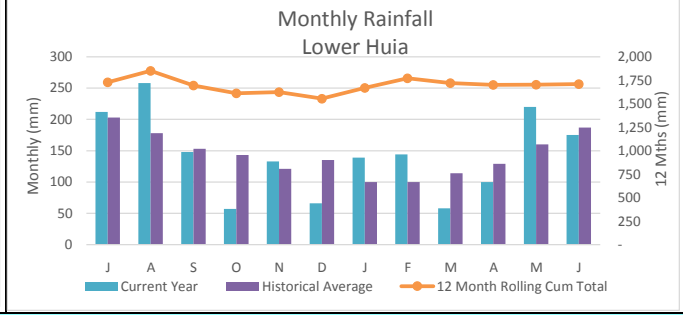
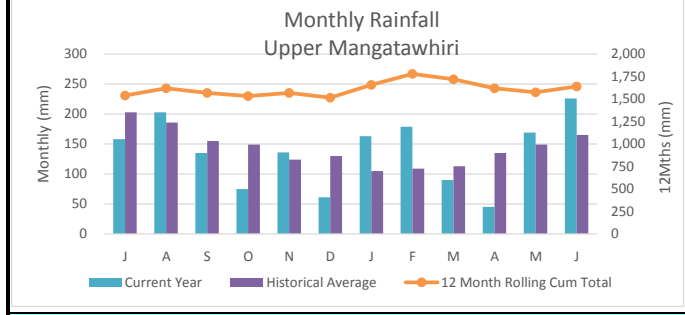
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Management Report **WATERCARE SERVICES LIMITED** **Jun-16**
Monthly Statistics Update

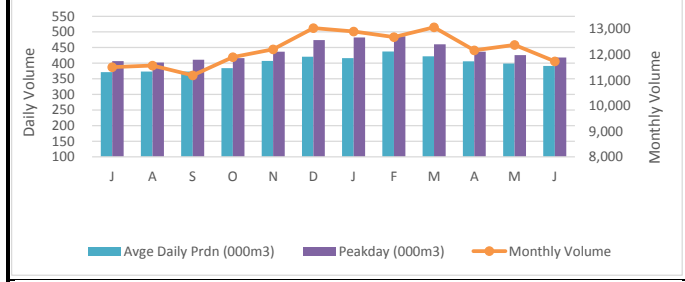
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Rainfall

Rainfall	Current Month	12 Mth Cumulative Rolling	Rainfall	Current Month	12 Mth Cumulative Rolling
Actual - Upper Mangatawhiri	226 mm	1640 mm	Actual - Lower Huia	175 mm	1710 mm

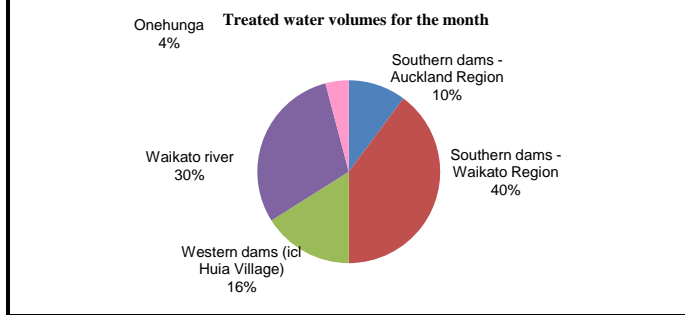


Water Production - Metropolitan Supply



Treated water volumes (000m ³)	Current Month	12 Month Rolling Ave
Monthly Volume	11,740	11,740
Average Daily Production	391	12,199
Peak Day	418	486 ¹

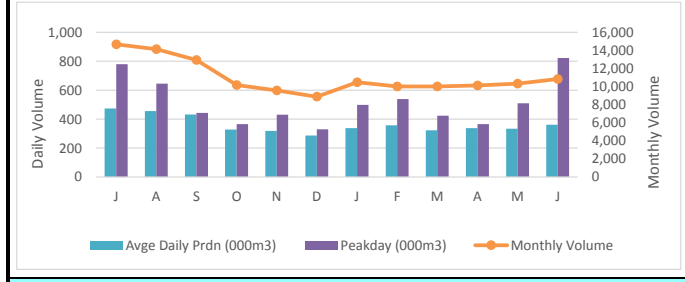
1. Max peak day in past 12 months



Treated water volumes (000m ³)	Current Month			Year to Date		
	Actual	%	Budget	Actual	%	Budget
Southern dams - Auckland Region	1,197	10%	2,080	18,512	13%	30,064
Southern dams - Waikato Region	4,676	40%	5,442	51,377	35%	67,504
Western dams	1,882	16%	2,317	28,318	19%	28,131
Waikato river	3,503	30%	947	41,838	29%	14,991
Onehunga aquifer	483	4%	254	6,372	4%	3,901
Total	11,740	100%	11,040	146,417	100%	144,591

Lake levels at month end was 85%.

Wastewater Treatment - Metropolitan Treatment



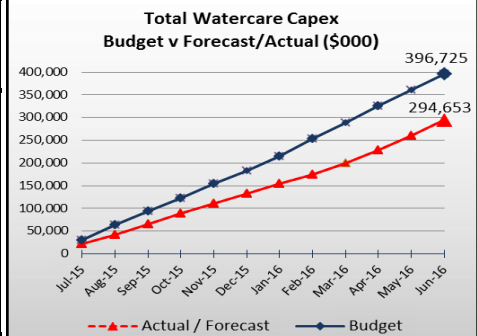
	Current Month	12 Month Rolling Ave
Monthly Volume (000m³)	10,833	11,012
Average Daily Production	361	362
Peak Day	822	822 ²

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	9,330	30,709	9,330	30,709
Infrastructure Delivery	222,989	273,221	222,989	273,221
Service Delivery	34,717	52,569	34,717	52,569
Retail	6,738	8,150	6,738	8,150
Information Services	6,590	7,380	6,590	7,380
Other	3,240	6,195	3,240	6,195
Capitalised Interest	11,050	18,501	11,050	18,501
Watercare Total	294,653	396,725	294,653	396,725



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

Water Projects >\$15 Million

Hunua No 4 Programme	385,372	386,031	63,348	50,514		
North Harbour Watermain Duplication	240,000	239,936	3,542	7,265		
Waikato 175MLD Expansion Stage Ultimate	48,880	48,878	8,520	12,000		
Huia No 1 Watermain Replacement	42,103	42,089	1,205	4,423		
Ardmore WTP Treated Water Resilience	32,120	32,132	492	1,503		

Wastewater Projects >\$15 Million

Central Interceptor Feasibility Design	960,470	960,501	8,694	14,471		
Mangere WWTP BNR Capacity	141,040	141,047	52,127	51,500		
Northern Interceptor - Stage 1	108,000	107,959	3,521	4,414		
Pukekohe WWTP Upgrade	66,000	65,926	3,073	5,422		
Rosedale WWTP Expansion Project	63,954	63,954	2,126	2,985		
Mangere WWTP Solids Stream Upgrade	53,400	53,400	11,867	11,960		
Pukekohe Trunk Sewer Upgrade	53,000	48,347	6,732	4,755		
Snells Algies WWTP Ocean Outfall	34,000	34,000	2,779	2,720		
Puketutu Island Rehabilitation	29,385	29,385	1,030	10,000		
Glendowie Branch Sewer Upgrade	28,775	28,654	894	880		
Fred Thomas Drive WW PS & Storage Tank	27,721	27,984	3,426	6,976		
Army Bay WWTP Outfall Upgrade	27,500	27,535	986	758		
Glen Eden Storage & Pipe Upgrade	17,630	17,577	1,008	4,795		

Shared Services >\$15 Million

Networks Controls Upgrade	19,944	19,888	3,672	3,500		
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Capex Programme (Design / Execution)

>\$15 Million	2,379,294	2,375,223	179,044	200,840		
>\$2 Million <\$15 Million	117,669	132,047	14,531	39,198		
<\$2 Million	56,479	79,893	22,143	25,851		
TOTAL	2,553,441	2,587,164	215,719	265,889		

Watercare Services Ltd
Financial Summary 2015-16
Report Period June 2016
Infrastructure Related Projects: Strategy & Planning / Infrastructure Delivery / Service Delivery

Traffic light Key:

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

<http://www.scoop.co.nz/stories/BU1607/S00039/a-timely-investment-in-infrastructure.htm>

A timely investment in infrastructure

Friday, 1 July 2016, 4:18 pm

Press Release: [NZ Council for Infrastructure Development](#)

Watercare's ability to charge for services enables timely investment in infrastructure

“Watercare's new asset management plan released this week demonstrates the value of having a strategically capable specialist infrastructure provider with the ability to set prices to fund growth,” says Stephen Selwood CEO of the New Zealand Council for Infrastructure Development.

"Auckland's water Council-Controlled Organisation (CCO) 20 year asset management plan details a \$4.9 billion fully funded capital spend over the next decade aligned with the Council's vision for growth. Approximately \$3 billion will be directed towards wastewater provision and \$2 billion towards water supply.

“In addition, some \$2.6 billion will be allocated to operational spending, signalling a total \$7.4 billion spend overall by 2026 and \$18.4 billion over 20 years.

“Investment over the next decade will ensure provision for a further 195,000 dwellings across the region on top of present capacity for 45,000 more dwellings, exceeding population growth projections.

“Timely investment ahead of demand will help unlock developable land and take pressure off house prices.

“The ability to look out 10 and 20 years and produce a fully funded investment programme is made possible by Watercare's consolidation of activities inside a special purpose, non-profit council company resourced by user charges.

“Having the ability to charge customers directly to fund future investment to support growth is fundamental to the success of this model.

“Compare this situation to other publicly owned entities like Auckland Transport and dozens of council funded water programmes where investment decisions are more influenced by politics than by good asset management.

“Auckland faces a transport funding gap of up to \$20 billion over the next 30 years having assumed a legacy of underinvestment that goes back some decades and can't use prices to raise revenue or send price signals to users. The result is congestion.

“Many local authorities across the nation have water renewal and upgrade programmes that remain unfunded. Local politicians are fearful of ratepayer reaction to rates increases so aren't funding investment needed to meet basic levels of service.

Appendix D

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“Although Watercare’s AMP does not contain a detailed investment pipeline, this is something Watercare will no doubt develop over subsequent iterations.

“Comprising one third of New Zealand’s urban water sector, Watercare has the capacity to send strong forward signals to the supply market and drive best value from appropriately scaled business partners.

“This kind of CCO model is worthy of serious consideration by other Councils, many of whom lack the scale, expertise and funding needed to enable timely investment in water infrastructure services,” Selwood says.

[Watercare’s 2016-36 AMP can be found here](#)

END

Local Board Interaction (As at 11 July 2016)

Local Board	Chair	Deputy Chair	May -16	June-16	July-16
Albert - Eden	Peter Haynes	Glenda Fryer	Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)	Watercare AMP Summary Documents (28 June)	
Devonport - Takapuna	Joseph Bergen Watercare Rep (5 May 2015 to end of the 2013-2016 term)	Grant Gillion (5 May 2015 to end of the 2013-2016 term)	Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)	Information on Watercare videos (17 June). Watercare AMP Summary Documents (28 June)	
Franklin	Andy Baker	Jill Naysmith	Mangere Matters (4 May). Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May). Update on Waiuku fire hydrant replacement (16 May). Local Board workshop update on South West Wastewater Servicing (31 May).	South West Wastewater Flyer (9 June). Manukau Harbour Forum Symposium (10 June). Open evening on South West Wastewater Servicing (14 June). Watercare AMP Summary Documents (28 June)	Notification of final decision on South West Wastewater Servicing (1 July). Presentation to Councils Rural Advisory Panel on South West wastewater servicing (8 July)
Great Barrier	Izzy Fordham	Susan Daly			
Henderson - Massey	Vanessa Neeson	Shane Henderson	Site visit to parks potentially impacted by the NI and NH2 designation (2 May). Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)	Watercare AMP Summary Documents (28 June).	
Hibiscus and Bays	Julia Parfitt	Greg Sayers	Notification of Pine Hill Reservoir works (4 May). Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May). Info on Hobbs Bay pump station odour (May 20). Joint meeting with Parks and Local Board regarding future development of the park and the surf club (26 May)	Information provided on Waiwera Wastewater Servicing (23 June). Response to escalated complaint on debt collection (24 June). Watercare AMP Summary Documents (28 June)	
Howick	David Collings	Adele White	Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)	Watercare AMP Summary Documents (28 June)	
Kaipatiki	Kay McIntyre	Ann Hartley	Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)	Watercare AMP Summary Documents (28 June)	
Mangere - Otahuhu	Lydia Sosene	Carrol Elliott	Mangere Matters (4 May). Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)	Local Board workshop briefing (1 June). Manukau Harbour Forum Symposium (10 June). Watercare AMP Summary Documents (28 June)	
Manurewa	Angela Dalton	Simeon Brown	Mangere Matters (4 May). Annual Plan Update – Watercare presentation to	Manukau Harbour Forum Symposium (10 June). Information on Local Board	

Local Board	Chair	Deputy Chair	May -16	June-16	July-16
			Governing Body forwarded to Chair (4 May)	support for the local mare in dealing with the homeless (14 June). Watercare AMP Summary Documents (28 June)	
Maungakiekie - Tamaki	Simon Randall	Chris Makoare	Mangere Matters (4 May). Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May). Local Board workshop with parks on Glendowie wastewater upgrades (10 May)	Manukau Harbour Forum Symposium (10 June). Update on Hunua 4 Campbell Rd works (28 June). Watercare AMP Summary Documents (28 June)	
Orakei	Desley Simpson	Kit Parkinson, Colin Davis (Watercare Rep)	Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May). Information for the Chair on managing growth in Remuera (9 May)	Watercare AMP Summary Documents (28 June)	
Otara - Papatoetoe	Fa'anānā Efeso (Efeso) Collins	Ross Robertson	Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)	Manukau Harbour Forum Symposium (10 June). Watercare AMP Summary Documents (28 June)	
Papakura	Bill McEntee	Michael Turner	Mangere Matters (4 May). Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)	Manukau Harbour Forum Symposium (10 June). Watercare AMP Summary Documents (28 June)	
Puketapapa	Julie Fairey	Harry Doig	Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May). Update on CI works in local parks (17 May).	Discussions on CI works in local parks (17 June). Watercare AMP Summary Documents (28 June)	Media release shared on leaking Hillsborough pipeline (6 July)
Rodney	Brenda Steele	Stephen Garner	Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)	Open evening on North East Wastewater Servicing (14 June). Watercare AMP Summary Documents (28 June)	
Upper Harbour	Lisa Whyte (5 May 2015 to end of the 2013-2016 term)	Brian Neeson (5 May 2015 to end of the 2013-2016 term)	Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May). Information on Whenuapai wastewater servicing (16 May)	Watercare AMP Summary Documents (28 June)	
Waiheke	Paul Walden	Shirin Brown	Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)	Watercare AMP Summary Documents (28 June)	
Waitakere Ranges	Sandra Coney	Denise Yates	Mangere Matters (4 May). Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May)	Manukau Harbour Forum Symposium (10 June). Notice of Glen Eden wastewater upgrades project start (28 June). Watercare AMP Summary Documents (28 June).	
Waitemata	Shale Chambers	Pippa Coom	Annual Plan Update – Watercare presentation to Governing Body forwarded to Chair (4 May). Information on Water	Watercare AMP Summary Documents (28 June).	

Local Board	Chair	Deputy Chair	May -16	June-16	July-16
			Quality in St Mary Bay (26 May)		
Whau	Catherine Farmer	Susan Zhu	Mangere Matters (4 May)	Local Board workshop on detailed design of CI works in parks (2 June). Manukau Harbour Forum Symposium (10 June). Information on network discharge consent (14 June). Watercare AMP Summary Documents (28 June).	
Manukau Harbour Forum	Jill Naysmith		Mangere Matters (4 May)	Full day public symposium (10 June) South West Wastewater Servicing Update (13 June)	Notification of final decision on South West Wastewater Servicing (1 July). Media release shared on leaking Hillsborough pipeline (6 July)