

WATERCARE SERVICES LIMITED

AGENDA | Board meeting | 30/05/2017

Venue	Hobson Room, Jubilee Building, Parnell Trust, 545 Parnell Road, Parnell
Time	11:30am

Open Public Meeting

Item	Spokesperson	Action sought at governance meeting	Supporting Material
1. Apologies	Chair	<ul style="list-style-type: none"> Record Apologies 	
2. Minutes of Meeting	Chair	<ul style="list-style-type: none"> Approve Board Meeting Minutes 20 April 2017 	Minutes 20 April 2017
3. Directors' Corporate Governance Items	Chair	<ul style="list-style-type: none"> Review Board Planner Review Disclosure of Interests (Directors & Executive Management) Review Director Appointments and Terms 	Board Planner Disclosure of Interests
4. Approvals			Reports
a) Huia Water Treatment Plant Replacement	M Bourne	<ul style="list-style-type: none"> For approval (no pack content) 	
b) Statement of Intent 2017-2020	R Fisher	<ul style="list-style-type: none"> For approval 	
c) Chief Executive Delegations	R Fisher	<ul style="list-style-type: none"> For approval 	
5. For information			Reports
a) Health & Safety Report	R Jaduram	<ul style="list-style-type: none"> Receive report 	
b) Chief Executive's Report and Scorecard	R Jaduram	<ul style="list-style-type: none"> Receive report 	
6. General Business	Chair		

Date of next Meeting – 28 June 2017

Location – Watercare Newmarket, 73 Remuera Road, Newmarket

MINUTES

SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Watercare Services Limited, 73 Remuera Road, Remuera, Auckland
DATE	20 April 2017
TIME	11:30
STATUS	Open Session

	Present:	In Attendance:	Public in Attendance:
	M Devlin (Chair) J Hoare (Deputy Chair) (by teleconference) N Crauford C Harland T Lanigan B Green D Thomas I Cronin-Knight (Board Observer)	R Jaduram R Fisher B Monk J Simperingham	P Goldsmith) M Mason) S Schlaepfer) Oratia Heritage Society J Hepburn) L Walker) Customer
1.	Apologies: <ul style="list-style-type: none"> There were no apologies. 		
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 27 March 2017 be confirmed as correct. 		
3.	Directors Corporate Governance Items <ul style="list-style-type: none"> Board Planner 2017 The Chair noted that the process of finalising dates for meetings in 2018 was underway. Management to add the dates of appointment and terms for Board members. Disclosure of Interests The reports on the disclosure of interests were noted. No additional conflicts of interest were declared. Delegation The Board received a delegation from the Oratia Heritage Society represented by Paul Goldsmith, Michael Mason, Shay Schlaepfer and Jane Hepburn. They thanked the Board for the second opportunity given to address the Board and reiterated their concern at the shortlisting of sites in Parker Road, Oratia, as a possible site for the new water treatment plant to replace the ageing Huia plant. Mr Goldsmith presented the Board with a petition from the Oratia community. The Chair thanked Mr Goldsmith for his presentation and reiterated that a process was being followed and no decision had yet been made on the preferred site. 		
4.	Chief Executive's Report and Scorecard <ul style="list-style-type: none"> Health & Safety The Board noted that the rolling 12 month lost-time injury frequency rate (LTIFR) is 1.82 per million hours, below (favourable) the Statement of Intent target maximum of 5 per million hours. 		

- Customer Focus

The Board noted the customer satisfaction rate is 82.6% against the target of 80%.

- Service Delivery

The Board noted the extraordinary level of rainfall in March across the Auckland region, particularly in the Hunua Ranges as follows:

Waitakere Ranges	284% of average
Hunua Ranges	417% of average
Northern Non-metropolitan	295% of average
Southern Non-metropolitan	363% of average.

As a result of the rainfall, Metropolitan Total System Storage is 98.5%, well above the historical average storage for this time of the year, namely 70.9%.

There was an increase of approximately 20% over the 5 day period of the Tasman Tempest which delivered unprecedented levels of silt into the water storage facilities.

The average water demand during March was 420MLD, which was 20MLD below budgeted levels. This is attributable to the Watercare campaign for voluntary demand reductions following the issues experienced at the Water Treatment Plants post the Tasman Tempest.

Recovery from Tasman Tempest

The impact of the Tasman Tempest on Watercare's operation was detailed at the Board meeting on 27 March 2017. The request for voluntary water savings was lifted on 3 April 2017, as the sustainable water treatment production had been progressively increased to 500MLD, which provided sufficient buffer to meet typical demands for this time of year (400MLD). Immediately after this, a further weather bomb hit the region. The impacts of this event were primarily limited to the wastewater system, with a significant number of wet weather overflows recorded, which placed significant workload on Watercare employees.

- Huia Water Treatment Plant Tours

The Board noted that Watercare held public open days at the Huia Water Treatment Plant on 8 and 9 April as part of its community consultation process in relation to the Huia Water Treatment Plant replacement.

More than 320 people took the chance for a close-up look at Watercare's ageing Huia Water Treatment Plant and to talk to staff about options to replace the facility.

Feedback forms from the event were overwhelmingly positive.

- Compliance with the Holidays Act 2003

The Board noted that all arrears due to current employees were paid in February and early March following recalculation of Watercare's obligations under the Holidays Act 2003.

The Mayor's Office, Stephen Town and the Chief Executives of all of the CCO's were advised on 31 March 2017 of Watercare's intention to contact former employees and place an advertisement in the New Zealand Herald in respect of monies due to former employees as a result of recalculations of leave entitlements under the Holidays Act.

Management have received about 60 responses. Work is underway to verify the claims. 32 former employees have already received the payments due to them. The response from former employees has been very positive and one of thanks to Watercare for dealing with the matter fairly and expeditiously.

- Central Auckland Network Optimisation Programme

The Board noted the report and the reporting date of August 2017. Management will provide the report from the International Review Group into the recommendations in the context of their earlier report "Review of the Central Interceptor and Combined Sewerage Areas" (September 2016).

- Office of the Auditor General's Draft 2017/18 Annual Plan

The Board noted the significant task being undertaken by the Office of the Auditor General (OAG) namely:

- Security of drinking water supply sources
- Optimising demand and supply for drinking water
- Progress of freshwater quality management since 2011
- Management of stormwater networks to reduce the effect of flooding.

	<p>The Board were advised that the OAG had decided on the areas of focus before the events with drinking water at Havelock North and the "Tasman Tempest". So the review was timely.</p> <p>The OAG is aware that stormwater is the responsibility of Council.</p> <ul style="list-style-type: none"> • Finance <p>Brian Monk advised that revenue is down about \$2M for the month of March largely as a result of the voluntary reduction in demand for water by customers.</p> <p>Water demand has remained lower than at the same time last year which may indicate that some of the restraint shown by customers may become the new norm.</p> <p>The additional costs incurred as a result of the Tasman Tempest are in the order of \$1.7M which may increase.</p> <p>There will be a net surplus after tax in the order of \$112m primarily due to the favourable revaluation of financial instruments of \$97.2m resulting from the increase in medium to long term swap rates between September 2016 and January 2017.</p> <ul style="list-style-type: none"> • Communications <p>Management to provide a plan showing location of overflows.</p> <ul style="list-style-type: none"> • Working with Local Boards <p>The Board noted the report.</p>
5.	<p>General Business</p> <ul style="list-style-type: none"> • There was no general business. • The meeting was closed at 12:20.

CERTIFIED AS A TRUE AND CORRECT RECORD

Margaret Devlin
Chair

Board Planner 2017

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

* Statutory public Board meeting - deputations invited

> Timetable/Plan not yet available

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

Report to the Board of Watercare Services Limited

Subject: Disclosure of Interests

Date: 23 May 2017

Section 140 of the Companies Act 1993 requires disclosure of interests of a director to the Board.

Set out below are the disclosures of interests received as at the date of this report.

Director	Interest
Margaret Devlin	<ul style="list-style-type: none"> – Chairman, Harrison Grierson Limited – Chairman, WEL Networks – Director, City Care Limited – Director, Meteorological Services of NZ – Director, Waikato Regional Airport – Director, IT Partners Group – Independent Chair of Audit and Risk Committee, Waikato District Council – Chairman, Women in Infrastructure Network
Catherine Harland	<ul style="list-style-type: none"> – Director, McHar Investments Ltd – Director, Interface Partners Ltd – Trustee, One Tree Hill Jubilee Educational Trust – Member, Auckland Regional Amenities Funding Board – Member, Water Allocation Technical Advisory Group
Tony Lanigan	<ul style="list-style-type: none"> – Director and Shareholder, A G Lanigan & Associates (2007) Limited – Director, Habitat for Humanity New Zealand Limited – Director and Shareholder, Lanigan Trustee Limited – Director and Chair, New Zealand Housing Foundation Limited – Director, Tamaki Makaurau Community Housing Limited – Member, Ministry of Health Hospital Redevelopment Partnership Group for Canterbury – Member, Ministry of Health Southern Partnership
Julia Hoare	<ul style="list-style-type: none"> – Director, AWF Madison Group Limited – Director, New Zealand Post Limited – Deputy Chairman, The a2 Milk Company Limited – Director, The a2 Milk Company (New Zealand) 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, Wellington Water Limited – Director, Orion New Zealand Limited – Chairman, GNS Science 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

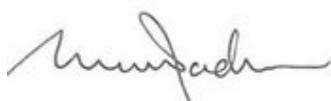
Date: 23 May 2017

Executive	Interest
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 Director – J N Jaduram Corporation Limited (Fiji)
Rob Fisher	Deputy Chairman - Middlemore Foundation President - Auckland University Rugby Football Club Trustee - Watercare Harbour Clean Up Trust Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust Director – Hunua Forests Ltd
Brian Monk	Deputy Chairman - MIT Chairman Audit and Compliance Committee - MIT Trustee - Watercare Harbour Clean Up Trust Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust Director – EnterpriseMIT Ltd Director – Hunua Forests Ltd
Steve Webster	Director – Howick Swimgym Limited
Marlon Bridge	Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust
Martin Smith	Director – Heatley Smith Limited
Shayne Cunis	Board Member – Water New Zealand
Adrienne Miller	Advisory Board Member – Women In Infrastructure Health & Safety Committee Member – Water New Zealand
Rebecca Chenery	Nil
David Hawkins	Nil
David Sellars	Nil

RECOMMENDATION

That the report be received.

Approved by:



R Jaduram
Chief Executive

Report to the Board of Watercare Services Limited

Subject: Watercare Director Appointment Terms

Date: 23 May 2017

Set out below is the end date of the current appointment term for the Watercare Board of Directors. Dates are current as at the date of this report.

Director	End of Term
Margaret Devlin (Chair)	31 October 2019 (1)*
Julia Hoare (Deputy Chair)	31 October 2019 (2)*
Catherine Harland	31 October 2019 (2)* (1)^
Tony Lanigan	31 October 2017 (2)*
Nicola Crauford	31 October 2019 (2)*
David Thomas	31 October 2020 (2)*
Brendon Green	31 October 2019 (1)*

* Denotes the number of three year terms

^ Denotes the number of two year terms

RECOMMENDATION

That the report be received.

Approved by:



R Jaduram
Chief Executive

Report to the Board of Watercare Services Limited

Subject: Auckland Council Feedback on Draft Statement of Intent 2017-20

Date: 23 May 2017

1. INTRODUCTION

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

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

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

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

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

2. TIMETABLE FOR COMPLETION

The SOI process begins with the Mayor's Letter of Expectation which was received by Watercare in December 2016 and distributed to the Board in December board papers.

Following receipt of the Mayor's Letter of Expectation, a draft 2017/20 SOI was prepared, approved by the Board and submitted to Auckland Council.

Watercare has now received feedback from Auckland Council on the draft 2017/20 SOI and is required to provide an opportunity for the public to comment on the amended document at the public board meeting on 30 May 2017. Following that, the document is to be approved by the Board for submission to Auckland Council by 30 June 2017.

The approved SOI will then be formally adopted by Auckland Council in August 2017.

3. SHAREHOLDER COMMENTS

The Mayor wrote to the Chair on 28 April setting out in considerable detail the shareholder's comments on the draft SOI. A copy of the letter is appended as Appendix 1. It is acknowledged that in some cases the shareholder's comments are generic to all CCO's and not specific or relevant to Watercare.

Watercare has considered the shareholder's comments and Watercare's proposed responses are detailed in the table below. If approved by the Board, the proposed changes will be incorporated in the draft SOI and an amended version of the document will be submitted to Auckland Council by the required deadline.

General Shareholder Comments		Proposed Watercare Response:
You must ensure that:		
1	Information contained in the final Statement of Intent is consistent with the 2017/18 Annual Plan.	Requirement met – no action required.
2	Financial information is provided for 2016/2017 (current) year, and the three subsequent years.	Requirement met – no action required.
3	Agreed non-strategic asset sale targets are included where appropriate.	Requirement met – no action required (no non-strategic asset sale targets)
4	Performance measures and targets are worded exactly as in the 2015-2025 LTP	Requirement met – no action required.
5	The Statement of Intent includes 2015/16 actual performance, 2016/2017 (current year) targets and targets for the 2017-2020 years.	Requirement met – no action required.
Specific Shareholder Comments		Proposed Watercare Response:
The following matters, outlined in the Letter of Expectation, have not been included sufficiently in the SOI and require amendment:		
6	The introductory statements to the Statement of Intent mention the priority set out in the Statement of Intent for Watercare to work more collaboratively as part of the Council group. Specific examples, as in the Letter of Expectation, need to be mentioned.	<p>Insert new section 'Working Together with the Council Group.'</p> <p>Refer Appendix A, Amendment 1 for proposed wording.</p> <p>-----</p> <p>Additionally, insert following additional wording in 'Message from the Chair':</p> <p><i>"The SOI highlights the various initiatives that we are collaborating on with the Council group and reaffirms our continued commitment to working with Council and other infrastructure providers to enable the region's sustainable growth and development."</i></p>
7the reference to balancing Watercare's operational needs should be deleted, as Watercare's growth requirements should be aligned with Council's, not balanced against them.	Delete reference to balancing Watercare's operational needs.
8	In addition, collaboration should also be committed to at an operational level, both with elected members and staff of Council, other Council-controlled organisations, and local boards. In particular, a commitment to improved early engagement over proposed projects is required.	<p>Insert new section 'Working Together with the Council Group.'</p> <p>Refer Appendix A, Amendment 1 for proposed wording.</p> <p>-----</p> <p>Additionally, insert additional wording regarding engagement with local boards and infrastructure providers.</p> <p>Refer Appendix A, Amendment 6 for proposed wording.</p>

9	A stated commitment to working on the Housing Infrastructure Fund process needs to be given.	Insert additional wording. Refer Appendix A, Amendment 6 for proposed wording.
10	State a commitment to actively support Council's value for money agenda.	Insert additional wording. Refer Appendix A, Amendment 1 for proposed wording.
11	State a commitment to contributing to a three waters strategy.	Insert additional wording. Refer Appendix A, Amendment 6 for proposed wording.
12	Include a reference to out of sequence urban development and working with Council on this issue. This is crucial for alignment with the Future Urban Land Supply Strategy (FULSS).	Amended 'Enabling Growth' section and insert additional wording. Refer Appendix A, Amendment 3 for proposed wording.
13	Watercare's planned activities for the year in respect of demand management should be discussed, including pricing strategies (if relevant) and a nuanced view of targets (e.g. difference between commercial and residential). It would also be useful for Watercare's current demand management activities to be outlined to enhance public understanding of what is already being done in this regard.	Insert additional wording. Refer Appendix A, Amendment 2 for proposed wording.
14	Commit to a Maori Responsiveness Plan in 2017/18.	Insert additional wording in the 'Engaging with our Communities' section as below: <i>"Watercare is committed to completing a Maori Responsiveness Plan in 2017/18. Watercare meets bi-monthly with representatives of the 19 mandated Mana Whenua entities."</i>
As a more general comment, the 'enabling growth' section (which is effectively the work plan) needs to have a better strategic frame, and more detail, so readers can see the relative importance of different projects. In particular:		
15	The Statement of Intent should signal the expected completion date for these projects.	Insert amended table. Refer Appendix A, Amendment 4 for proposed wording.
16	Projects needed to service greenfields areas intended to be released in the first decade of the FULSS should be identified.	Amended 'Enabling Growth' section and insert additional wording. Refer Appendix A, Amendment 3 for proposed wording.

17	A commitment to joint decision-making on CANOPy (Central Auckland Network Optimisation Project) should be given to address Auckland’s needs and achieve growth and environmental outcomes.	Insert additional wording. Refer Appendix A, Amendment 6 for proposed wording.
Given the recent heavy rain events, reference should be made to:		
18	How Watercare’s planned programme of investment will enhance resilience to extreme weather overall.	Insert new section ‘Ensuring Resilience of Water Systems.’ Refer Appendix A, Amendment 5 for proposed wording.
19	Any other specific work Watercare is doing or planning to do to enhance climate change resilience.	Insert new section ‘Ensuring Resilience of Water Systems.’ Refer Appendix A, Amendment 5 for proposed wording.
20	Information about how Watercare plans to improve its ability to respond to extreme weather events in future, including reference to emergency demand management plans.	Insert new section ‘Ensuring Resilience of Water Systems.’ Refer Appendix A, Amendment 5 for proposed wording.
21	In respect of measures, explanation should be given as to why several targets (e.g. sewerage overflow response time, complaints, wet-weather overflows) are significantly above achieved actuals for 2015/2016.	Insert amended wording. Refer Appendix A, Amendment 7 for proposed wording.

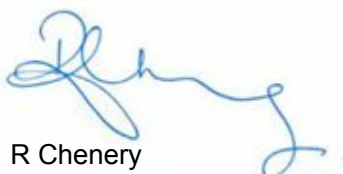
4. RECOMMENDATION

It is recommended that:

- The proposed response to the shareholders comments and the related proposed additions or amendments be approved; and
- The Board approves the submission of the amended SOI to Auckland Council by the deadline of 30 June.

Report prepared for submission by:

Recommended by:

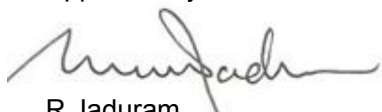


R Chenery
Manager, Business Transformation



R Fisher
Company Secretary

Approved by:



R Jaduram
Chief Executive

Amendment 1 - Collaboration

Insert new section – “Working together with the Council Group”. Proposed wording is as follows:

1. Watercare is actively participating in the ‘value for money’ review being undertaken by Council as required by S17A of the Local Government Act 2002
2. Watercare actively participates in Group procurement initiatives. We recently led electricity procurement and have participated in a number of IS initiatives and insurance brokerage services. We are currently involved in group procurement for security, uniforms and PPE, and mobile voice and data contracts.
3. Watercare has recently acquired the company which undertook forestry operations on Council-owned land in the Hunuas, in the catchment of the water storage reservoirs. Watercare is working closely with Council officers on plans to progressively restore the land back to native forest. Around 200,000 natives will be planted over the next two years.
4. Watercare regularly contributes to the Council’s “Consenting Made Easy” project
5. Watercare is working in collaboration with Auckland Transport and other utilities on the upgrading of infrastructure in Franklin Road, Freemans Bay and will continue with that practice.
6. Watercare worked collaboratively with Auckland Council and Auckland Transport in developing the bid for the Housing Infrastructure Fund (HIF) and will continue to do so.
7. In 2016 Watercare announced the funding of a major ecological health initiative in partnership with NIWA. The programme will establish a coupled hydrodynamic and water quality model for the Manukau Harbour. The model is a collective resource and harbour stakeholders and local organisations, Council and the Local Board are encouraged to participate and provide expertise and funding.
8. Watercare will continue to collaborate with Auckland Council on submissions relating to Bills, Policy Statements, Regional Plan and similar documents and consult with the council before making own submissions in cases where Watercare has a specialist need to submit. Recent examples are:
 - Submission in 2016 to the Local Government and Environment Committee on the Local Government Act 2002 Amendment Bill (no. 2)
 - Submission to Ministry for the Environment “Managing Microbeads in Personal Care Products”
 - Submission to Water NZ’s “Beneficial Use of Organic Waste Products on Land”
 - Submission to the Urban Development Authority Discussion document. (Note MBIE requested a separate submission from Watercare)
 - Submission on the “Clean Water Package 2017”
 - The Draft Waikato Plan
 - Waikato Regional Councils “Healthy Rivers” proposed Plan Change No.1 and the "Let’s Talk Water" discussion paper in 2016.
9. Watercare will continue to collaborate with Local Boards in the manner set out in Amendment 6.

Amendment 2 – Demand management

Watercare has also been working with customers to reduce per-person demand through a range of initiatives:

- As part of our BeWaterwise programme, we offer a free advice line and water audit service for residential customers in partnership with EcoMatters Trust. This helps customers understand their water usage and the ways they can reduce wastage of water and improve the water efficiency of their household.
- As part of the Be Waterwise initiative for non-domestic customers, businesses participate in a programme to understand how water is managed in their organisation and the five critical actions to achieve water efficiency.
- Watercare engages with Aucklanders by participating in home and garden shows to provide information on water efficiency and promote waterwise behaviours

Watercare is currently updating the Auckland Regional Water Demand Management Plan which will outline our strategy for managing demand over the next three years (2017 – 2020). The plan will propose strategies to manage demand based on the type of consumer (e.g. domestic, commercial, industrial etc.) as well as specific initiatives such as smart-metering, consumer education, and water efficiency services to support the demand management plan.

The plan will include:

- a strategy for reducing non-revenue water and a three year programme
- specific water efficiency initiatives for our large water users
- a review of the water efficiency gains achieved through our customer programmes over the past three years, including the deferral of new infrastructure since 2004 (the baseline year for per capita reduction)
- benchmarking against international water utilities

Amendment 3 – Enabling growth

Insert proposed amended wording for this section as follows. (Amended or new text is in italics and bold.)

“We acknowledge that when planning for growth, size and location matter. Watercare has been working closely with the Council Group to identify areas where there is sufficient capacity to support growth in the short term. We have also been aligning the planning of new or upgraded infrastructure to meet Council’s spatial development priorities and give effect to the Long Term Plan. ***We have been collaborating on the development of Council’s Future Urban Land Supply Strategy (FULSS) revision, particularly around the sequencing of the land release.***

Linear infrastructure, such as water and wastewater pipes, can have long lead times for construction. Out of sequence development requires interim or temporary service provision, which generally leads to inefficient provision of the services and increased costs for the community, most of whom do not benefit from individual development. The alignment of service provision with the FULSS, and vice versa, allows Watercare to plan, consent and construct bulk services efficiently to enable Council’s growth requirements. That means our infrastructure will enable growth in the areas

identified for development by Council. We also ensure our decision making is influenced by Council's local place making and urban regeneration priorities.

Watercare funds all of its operating costs and capital projects through water and wastewater service charges, infrastructure growth charges and borrowings. That means we self-fund what we deliver and do not receive rates money from Auckland Council. Our financial position enables us to fulfil the \$4.9 billion commitment we have made to the Auckland community in our Asset Management Plan. Watercare's funding envelope has been aligned for the provision of service identified in the FULSS.

The map below sets out the major projects we will undertake over the next three years in order to: increase the capacity of our networks to support future growth; improve the levels of service for customers; and renew ageing assets.

There are a number of initiatives underway to identify the water and wastewater infrastructure requirements to support the FULSS land release sequencing. Concept plans have already been prepared for greenfield areas including the Redhills, Whenuapai and Drury/Opaheke areas to align with the live zoning, structure planning and imminent structure planning, respectively. Efforts are ongoing to prepare more detailed concept plans for the Pukekohe and Warkworth areas to align with the FULSS. These initiatives will build on and connect to the enabling infrastructure shown below. Together these projects will ensure the continued safety and reliability of our services as well as deliver environmental improvements.

Amendment 4 – Projects table

Insert amended table as follows:

Major project	Description	Work to be carried out over the next three years
Water		
Hunua 4 watermain	Construction of a 32-kilometre-long watermain that will run from Manukau to central Auckland	Construction of the sections from Redoubt Road in Manukau City to Market Road in Epsom are now complete. The contract has been let for the construction from Market Road to the Khyber Pass Reservoir. Ninety percent of the construction will be tunnelled, therefore avoiding significant congestion down Manukau Road and through to the Khyber Pass Reservoir. Completion December 2020.
North Harbour Watermain Duplication	Construction of the North Harbour no.2 Watermain which will run for 33 kilometres from Titirangi to Albany	Duplication of watermain over Upper Waitemata Harbour at Greenhithe to be completed in 2018/19. The section from Upper Harbour to Albany to be constructed over the next three years, with the remainder to be completed progressively by 2026.
Pukekohe East Reservoirs	Construction of two additional water storage reservoirs to maintain security of supply and cater to growth	Consent has been granted. Design and construction to progress with completion in June 2021.
Waikato Water Treatment Plant Expansion	Expansion of the capacity of the existing water treatment plant to cater for additional demand arising from growth	Complete the upgrade from 150 MLD to 175 MLD by December 2018.
Waikato Water Treatment Plant	Provision of additional water abstraction, treatment and conveyance capacity from the Waikato River to cater for	Consent for an additional take from the Waikato River filed with Waikato Regional Council in December 2013. The application is in a queue awaiting public notification. Not expected before mid-2017.

Major project	Description	Work to be carried out over the next three years
	additional demand arising from growth	
Nihotupu No.1 and Huia No. 1 Watermains replacement	Replacement of two critical watermains which are nearing the end of their design lives	Construction to commence in 2018 and expected to be complete by December 2021.
Huia Water Treatment Plant Upgrade	Replacement of the Huia Water Treatment Plan which is reaching the end of its design life and the provision of improved treatment processes which will maintain supply and improve levels of service	Consent process to be completed and detailed design commenced during this period.
Wastewater		
Central Interceptor	Construction of a new wastewater conveyance and storage pipeline to service central Auckland as well as the isthmus, east and south	Design is 95 percent complete. Procurement to be undertaken and completed, contract let and construction planned to commence in 2019 and completed by December 2025.
Northern Interceptor: Hobsonville to Rosedale Phase	Construction of a new wastewater pipeline which will divert flows from Mangere Wastewater Treatment Plant to Rosedale Wastewater Treatment Plant	Construction to be tendered and delivered with project to be completed by December 2020.
Northern Interceptor: Westgate to Hobsonville Phase	Construction of the second stage of Northern Interceptor to divert wastewater flows from Swanson, Massey and Glen Eden catchments to the Rosedale Wastewater Treatment Plant. This project is dependent on the delivery of the Northern Interceptor from Hobsonville to Rosedale	Obtaining the necessary consents and land owner approvals during this period with completion by 2025.
Rosedale Wastewater Treatment Plant Upgrade	Provision of additional treatment capacity to cater for population growth on the North Shore and treat diverted wastewater flows from West Auckland, which are currently served by the Mangere Wastewater Treatment Plant	Design and construction to be completed by December 2019.
Pukekohe Wastewater Treatment Plant Upgrade	Construction of additional trunk network and treatment capacity to cater for population growth in the Pukekohe Wastewater Treatment Plant catchment	Application for discharge to Waikato River to be filed shortly with consenting, design and construction completed by September 2020.
Mangere Wastewater Treatment Plant Biological Nutrient	Provision of additional biological nutrient removal	The BNR plant will be complete and commissioned by December 2018.

Major project	Description	Work to be carried out over the next three years
Removal	capacity to cater for projected growth in population	
Puketutu Island	Restoration of Puketutu Island using treated biosolids from the adjacent Mangere Wastewater Treatment Plant	Continue the monofill operation to rehabilitate Puketutu Island.
Warkworth-Snells-Algies Wastewater services	Construction of a new wastewater treatment plant, new wastewater pipeline, pump stations and ocean outfall at Snells Beach	Strategic consents have been obtained. Design and construction to progress with completion by June 2020.

Amendment 5 – Ensuring resilience of water systems

Insert new section as follows:

Ensuring resilience of water systems

The “Tasman Tempest” brought extreme rainfall across the region from 7-12 March 2017 and had a significant impact on the operation of the Ardmore Water Treatment Plant. This was due to the very significant volumes of clay sediment that washed into three of the water storage reservoirs in the Hunua Ranges.

The performance of the Waikato Water Treatment Plant was also affected by the very high level of organics in the Waikato River from upstream activities.

Watercare made a call for voluntary water savings from Aucklanders and they took heed and reduced their water use. This, together with increased production at other water treatment plants and system changes within the water distribution network, meant Watercare was able to continue delivering ‘Aa’ grade water to all of its residential, commercial and industrial customers, thereby demonstrating the resilience of our water supply system despite the effects of extreme weather on Auckland’s largest and second largest water treatment plants.

Watercare has identified a range of options to further strengthen the resilience of the Ardmore and Waikato plants. At Ardmore, these include sludge dewatering and thickening improvements, Ultra Violet treatment for Protozoal Compliance, installation of a pilot process simulator which will enable faster assessment of process changes, new filter manager software, enhanced solids removal from clarifiers, and for the Waikato WTP, installation of UV peroxide post membrane filtration.

We will undertake feasibility studies for these options, with a view to presenting business cases on the selected improvement initiatives to the Watercare Board in 2017.

Watercare, in collaboration with Auckland Council as landowner, will shortly commence the planting of over 200,000 native plants in the catchments above the water storage facilities, replacing the existing pine trees which are used for harvesting.

In May 2017, Watercare will select a site for the replacement of the Huia Water Treatment Plant which will provide an additional peak capacity of 14 Million Litres Day (MLD) over the existing production capacity.

An application for a second take of water from the Waikato River was lodged with Waikato Regional Council in December 2013 and is expected to come up for hearing in 2018.

Construction of the final section of Hunua No 4 watermain is planned to commence in June 2018 and be completed by June 2020. This 31-km-long watermain from Ardmore to Khyber Pass will ensure security of supply and cater for growth for Auckland.

Resource consents have been granted for the construction of North Harbour 2 Watermain and two reservoirs at Pukekohe East. Once complete, these projects will ensure security of supply and cater for growth on the North Shore and in the Franklin region, respectively.

Emergency demand management

Watercare has a comprehensive Water Conservation Plan that designates actions at various trigger levels should a major incident occur that requires a demand reduction.

Climate change resilience

NIWA has provided a climate scientist to work with Watercare on secondment. The objective of the secondment is to highlight the linkages between weather and climate variability and water demand, water supply and water quality. This will assist in jointly developing a plan for new prediction tools in the future.

Watercare is currently preparing a climate change strategy, and continues to incorporate climate change considerations in its decisions. We are committed to work with the Auckland Council group to ensure alignment of objectives and programmes with this climate change strategy.

Amendment 6 – Engaging with our communities

Insert additional text as follows:

Local Boards

- Watercare and Auckland Council Sports, Parks and Recreation have developed standard operating procedures for landowner approvals and work closely with the Local Boards to ensure multiple community objectives and good open space outcomes can be met.
- Collaboration with the local boards along the route of the Central Interceptor project has resulted in good outcomes. Watercare's design engineers undertook some redesign and were able to remove the tunnel shaft and vent conceived for Kiwi Esplanade. This outcome was, in part, due to the long-term proactive relationship between Watercare and the Mangere-Otahuhu Local Board.
- Watercare is also engaging with Local Boards by responding to their feedback and preparing information newsletters addressing specific local issues. For example, newsletters for Te Atatu, Glen Innes and Mellons Bay communities were distributed in response to local wastewater issues. Local Board members helped to reinforce the key messages and shared the information via their community networks.
- The new 'Magma' mural on Watercare's Khyber reservoirs was the result of collaboration between the local business association, Watercare and the Waitemata Local Board.
- We also collaborated with Local Boards and community for gathering input into future projects such as the Warkworth/Snells Wastewater Treatment Plant, Clarks Beach/Waiuku Wastewater Treatment Plant, Pukekohe Wastewater Treatment Plant and the Huia Water Treatment Plant

Infrastructure providers

- Watercare recognises the importance of integrated planning to achieve the efficiencies expected envisioned by Auckland Council and is committed to working closely with Auckland Council and Healthy Waters on the Three Waters review which is expected to inform the 2018 Long Term Plan process.
- Watercare is committed to working with the Council group on the Housing Infrastructure Fund (HIF) bid to central government and the Central Auckland Network Optimisation Project (CANOPY).

Amendment 7 – Measuring our performance

Insert proposed amended wording for this section as follows. (Amended or new text is in italics and bold.)

“We have an agreed set of performance measures and targets which form the basis for accountability to delivering on Council’s strategic direction, priorities and targets. These are reported on a quarterly basis in accord with the CCO governance manual.

The measures and targets include the Department of Internal Affairs-mandated measures and those that were agreed with Council as part of the Long Term Plan 2015–2025. ***Watercare is benchmarking our performance and metrics with Australian water companies of similar scale.*** Our performance measures are included in the Appendix B (page 16).

While Watercare is meeting some of the targets at present, Auckland is expecting an extended period of unprecedented growth which may significantly impact our performance in the future. For example, one of the performance measures for wastewater is the median response time for attendance and resolution of urgent call-outs. This is already seeing an impact in the form of longer travel times caused by increased traffic.

Watercare is committed to contributing to the development of new metrics and indicators which will measure our impact and align with the refreshed Auckland Plan and the Long Term Plan 2018–2028.”

28 April 2017

Margaret Devlin
 Chair
 Watercare Services Limited

By email

Dear Margaret

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

The Governing Body considered Watercare's draft Statement of Intent 2017-2020 at its 27 April meeting.

At the meeting, the committee resolved to convey a number of general shareholder comments that relate to all CCOs and some specific comments that are specific to Watercare. Each CCO is asked to work with Council staff to ensure that these comments and any minor editorial changes are reflected in your final SOI.

General shareholder comments

As you know, the final Statement of Intent must align to the decisions made as part of the Council's 2017/2018 Annual Plan and meet legislative requirements. You must ensure that:

- a. information contained in the final Statements of Intent are consistent with the 2017/2018 Annual Plan
- b. financial information is provided for 2016/2017 (current) year, and the three subsequent years
- c. agreed non-strategic asset sale targets are included where appropriate
- d. performance measures and targets are worded exactly as in the 2015-2025 LTP, and
- e. the Statements of Intent include 2015/2016 actual performance, 2016/2017 (current year) targets and targets for the 2017-2020 years.

We expect that your staff will work with Council staff to ensure that the legislative requirements are met and that all financial and non-financial information is well aligned between these documents as they are finalised.

Specific shareholder comments

The following matters, outlined in the Letter of Expectation, have not been sufficiently included in the draft Statement of Intent, and require amendment.

The introductory statements to the Statement of Intent mention the priority set out in the Statement of Intent for Watercare to work more collaboratively as part of the Council group. Specific examples, as in the Letter of Expectation, need to be mentioned.

There is reference to Watercare collaborating at a strategic level. However, the reference to balancing Watercare's operational needs should be deleted, as Watercare's growth requirements should be aligned with Council's, not balanced against them.

In addition, collaboration should also be committed to at an operational level, both with elected members and staff of Council, other Council-controlled organisations, and local boards. In particular, a commitment to improved and early engagement over proposed projects is required.

Several other matters in the Letter of Expectation have not been addressed and they need to be. These include:

- a stated commitment to working on the Housing Infrastructure Fund process need to be given
- state a commitment to actively support Council's value for money agenda
- state a commitment to contributing to a three waters strategy
- include reference to out of sequence urban development and working with Council on this issue. This is crucial for alignment with the Future Urban Land Supply Strategy (FULSS)
- Watercare's planned activities for the year in respect of demand management should be discussed, including pricing strategies (if relevant) and a nuanced view of targets (e.g. difference between commercial and residential). It would also be useful for Watercare's current demand management activities to be outlined, to enhance public understanding of what is already being done in this regard.
- commit to a Māori responsiveness plan in 2017/2018.

As a more general comment, the 'enabling growth' section (which is effectively the work plan) needs to have a better strategic frame, and more detail, so readers can see the relative importance of different projects. In particular:

- the Statement of Intent should signal the expected completion date for these projects
- projects needed to service greenfield areas intended to be released in the first decade of the FULSS should be identified. Although these may not be constructed immediately, planning will likely need to begin, and given their strategic importance to achieving Council's growth outcomes, should be mentioned in the Statement of Intent.
- a commitment to joint decision-making on CANOPY (Central Auckland Network Optimisation Project) should be given, to address Auckland's needs and achieve growth and environmental outcomes.

Given the recent heavy rain events, reference should be made to:

- how Watercare's planned programme of investment will enhance resilience to extreme weather overall
- any other specific work Watercare is doing or planning to do to enhance climate change resilience
- information about how Watercare plans to improve its ability to respond to extreme weather events in future, including reference to emergency demand management plans.

In respect of measures, explanation should be given as to why several targets (e.g. sewerage overflow response time, complaints, wet-weather overflows) are significantly above achieved actuals for 2015/2016.

I look forward to receiving the final SOI by 30 June 2017

Kind regards



Phil Goff
MAYOR OF AUCKLAND

Copy to: Councillor Ross Clow, Chair, Finance and Performance Committee
Stephen Town, Chief Executive, Auckland Council
Raveen Jaduram, Chief Executive, Watercare Services Ltd.

Report to the Board of Watercare Services Limited

Subject: Board delegations to the Chief Executive

Date: 23 May 2017

1. INTRODUCTION

The draft policy setting out the delegations from the Board to the Chief Executive was tabled at the Audit and Risk Committee on 26 April 2017.

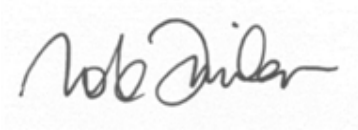
The revised policy, incorporating revisions requested at the Audit & Risk Committee meeting, is now attached (Attachment 1) for final approval by the Board.

2. RECOMMENDATION

That the Board approves the Board delegations to the Chief Executive attached as Attachment 1.

Report prepared by:

Approved for submission by:



R Fisher
Company Secretary

.....
R Jaduram
Chief Executive

Attachment A



Board Delegations to the Chief Executive

This policy sets out the financial and non-financial delegations from the Board of Directors of Watercare Services Limited (Watercare) to the Chief Executive of Watercare. Delegations are a key element in effective governance and management of Watercare, and provide formal authority to the Chief Executive of Watercare to act on behalf of Watercare.

The purpose of this policy is to outline the delegations from the Board of Directors of Watercare to the Chief Executive of Watercare.

Application of Policy

This Board Delegations to the Chief Executive policy (**Policy**) covers the Chief Executive of Watercare, and any person that has been appointed as the “Acting Chief Executive” by the Chief Executive.

Objectives

The objective of this Policy is to ensure that delegations to the Chief Executive are appropriate so as to enable the Chief Executive to run the business in an efficient and effective manner.

Policy

The delegations from the Board of Directors of Watercare to the Chief Executive of Watercare are set out in Appendix 1.

Authorities

Action	Action/Approval by
Exceptions or amendments to Policy	Board of Directors of Watercare

General Matters

This Policy has been approved by the Chair of the Board of Directors of Watercare and will next be reviewed in May 2018.

Signed: _____
 Margaret Devlin
Chair

Date: _____

Appendix 1 – Board delegations to the Chief Executive

1. Financial Authority

4

Authority to:	Delegation to CEO
Spend budgeted operating expenditure	Unlimited within overall annual budget for the Company
Spend non-budgeted operating expenditure	As appropriate within the performance objectives of the Company and where included in the latest forecast reviewed by Board
Write-off bad debt or issue credit notes to settle claims	Unlimited within the overall annual budget for the Company – maximum of \$250,000 for any one adjustment
Issue credit notes for IGC customer account adjustments	maximum of \$1 million net for any one adjustment or group of related adjustment
Establish operating expenditure contracts	Unlimited within the overall annual budget for the Company
Approve capital expenditure	<ul style="list-style-type: none"> - Up to \$15 million for projects in budget or approved Asset Management Plan; and - Up to \$3 million for projects not in budget or approved Asset Management Plan
Approve sale/lease of land and buildings	<ul style="list-style-type: none"> - Up to \$15 million within budget or approved Asset Management Plan; and - Up to \$3 million within budget or approved Asset Management Plan
Asset disposal/write off/impairment (excluding land and buildings)	Up to \$1 million

2. Non-financial Authority

Authority to:	Delegation
Execute agreements, deeds, instruments and other documents	<ul style="list-style-type: none"> – For operating and capital expenditure within the delegated authority of the Chief Executive; – Unlimited for specific capital receipt or expenditure approved by the Capital Projects Working Group or the Board; – Unlimited for revenue receipt or operating expenditure which falls within a category for which prior approval has been given by the Board (notwithstanding that the contract or commitment might extend beyond the period covered by the approved budget); – The grant, receipt, protection or surrender of rights where the consideration falls within any one or more of the limits specified above.
Approve employment of additional permanent staff, making staff redundant	Unlimited within the overall annual budget for the Company. ¹

Authority to:	Delegation
Replace staff - same job, same grade and on standard contract and within budget	Unlimited within the overall annual budget for the Company. ¹
Select and employ permanent staff, within written approval and on standard contract	Unlimited within the overall annual budget for the Company. ¹
Employ temporary staff on the Watercare payroll	Unlimited within the overall annual budget for the Company
Increase salary or make other changes to benefits, including taking a company vehicle home	Unlimited within the overall annual budget for the Company
Increase wages or make other changes to benefits, including taking a company vehicle home	Unlimited within the overall annual budget for the Company
Use temporary contractors from employment agencies	Unlimited within the overall annual budget for the Company
Approve attendance at conferences and courses - (single day, single attendance, and within New Zealand) - Other	Unlimited within the overall annual budget for the Company Unlimited within the overall annual budget for the Company
Approve overseas travel for management and staff	Unlimited within the overall annual budget for the Company
Hire professional advisors/ consultants	Unlimited within the overall annual budget for the Company
Advertise	Unlimited within the overall annual budget for the Company
Issue media releases, press interviews, or comments	Unlimited
Designations, planning requests, objections, submissions to local, national or regional regulatory agencies	Unlimited
Court action	Unlimited

¹The People, Remuneration & Appointments Committee (PRAC) will participate (in conjunction with the Chief Executive) in the recruitment of his/her direct reports, including involvement by the Board Chair, PRAC Chair or relevant Board Member, in the final selection process and/or panel.

Report to the Board of Watercare Services Limited

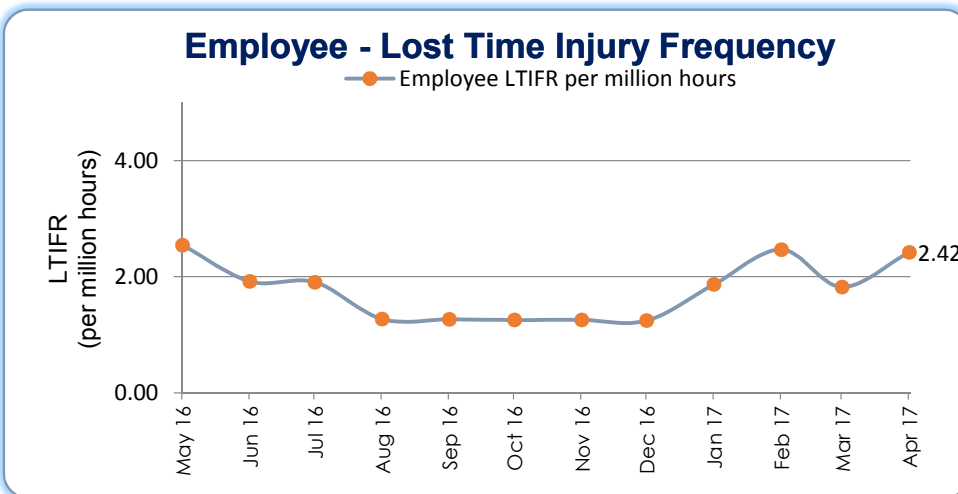
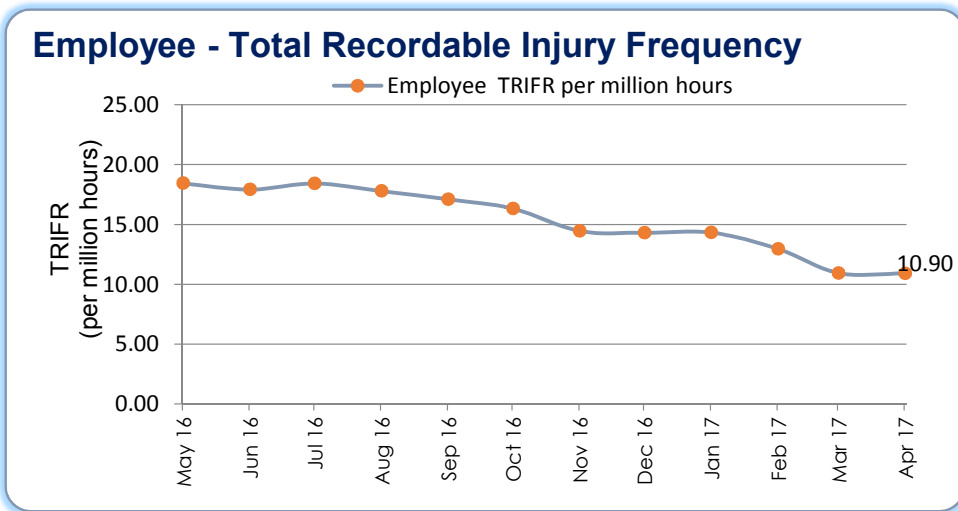
Subject: Health and Safety Report – April 2017

Date: 23 May 2017

1. LAG INDICATORS

There was one Lost-Time Injury (LTI) involving a Watercare employee during April which increased the rolling 12 month Lost-Time Injury Frequency Rate (LTIFR) for employees to 2.42 per million hours.

There were no Watercare employee Restricted Duties Injuries (RDI) or Medical Treatment Injuries (MTI) in April. The Watercare employee Total Recordable Injury Frequency Rate (TRIFR) continues its downwards trend to 10.90 per million hours at the end of April.



(Note - the Business Leaders Forum comparator line has been removed due to data errors. The comparator line will be shown once the data anomalies are corrected.)

2. WATERCARE EMPLOYEE INJURIES

There was one LTI involving a Watercare employee which occurred when a maintenance worker strained his back while loading material onto a truck. The worker was unfit for work for 3 days. His return to work was managed with necessary assessments, and workload management. A manual handling refresher training has been arranged for the worker. The need for caution when lifting has been communicated to all MSN teams.

3. CONTRACTOR WORKER INJURIES

There were two Restricted Duties Injuries (RDI) and a Medical Treatment Injury (MTI) in April.

- A worker sustained a minor fracture to his wrist when inattention to his surroundings caused him to trip down some steps at the Rosedale plant. The worker did not realise the extent of the injury at the time, but a subsequent visit to the doctor and an x-ray the following day diagnosed a minor fracture. The worker was on light duties for 5 days, and we have issued reminders to staff concerning ongoing vigilance in the workplace.
- A worker applied an incorrect technique when lifting a concrete saw and sustained a minor muscle strain. The worker did not realise the extent of the injury at the time. The following day he saw the company doctor and was placed on light duties for 5 days. The worker was sent on a refresher manual handling/lifting training course. A reminder to workers on the importance of timely reporting of such incidents has been communicated, to avoid even minor strains resulting in more serious injuries.
- While reading a meter in a customer's overgrown garden a worker's finger was pierced by a strand of wire. Medical treatment with antibiotics was required to prevent infection. Workers were reminded to take care when working in overgrown and unfamiliar areas.

4. SIGNIFICANT HAZARD/NEAR MISSES

Cable strike by digger: A contractor failed to follow permit to work conditions when using a mechanical digger to excavate a trench within 500mm of known services. The excavator cut the earth cable for the adjacent 11Kv power source. Although under normal conditions an earth wire presents no hazard, had there been a fault there could have been an 11Kv current running through the cable. The consequences would also have been serious had the digger cut a live power cable. The area was cordoned off and a safe repair of the broken cable was effected. The contractor subsequently reinforced requirements for better planning of excavations, and the need to follow prescribed procedures via site toolbox meetings.

Lifting chain separation: A contractor used an excavator to move a sheet pile within a demarcated and controlled exclusion zone. When the sheet pile was being lowered, the lifting chain separated from the lifting hook and the sheet pile fell to the ground. There was no one in the exclusion zone, and thus no danger to persons present. The site was secured and the uncontrolled release was reported to Watercare and WorkSafe NZ as a near miss. A site wide toolbox meeting was held to communicate the incident.

Watercare has identified the following root causes from the investigation;

- Untrained workers undertaking high risk tasks (excavator operator not trained in lifting)
- Inadequate pre-use checks being done (hook was certified but not fit for use).

Watercare has recently issued a Safety Alert to reinforce good practice when lifting plates. The contractor is required to confirm to Watercare the actions taken to prevent a recurrence, including providing adequate supervision for such activities. We will schedule a follow up site inspection to ensure the contractor remains on task regarding health and safety.

Rigging bolt snap: A re-usable rigging bolt snapped and a drill and motor fell onto scaffolding and then onto the floor below. The incident occurred when sub-contractors were mounting a drill rig to the wall of a dry well. The incident was notifiable, but WorkSafe has advised that the matter will not be investigated further. Watercare has identified the following:

- The bolt had been over tightened causing it to snap
- The use of an uncertified scaffold structure
- Exclusion zone not demarcated

The contractor has agreed to use new bolts on each occasion and has been requested to provide details on the issues identified, supplying proof of remedial actions undertaken.

Vehicle brake issues: A Watercare MSN vehicle experienced a brake failure at a job site. An investigation is underway to determine whether the scheduled maintenance had been carried out on time, and the cause of the failure of the brakes.

Pile driver mast incident: An overhead telecom cable was broken by a sub-contractor's mobile plant. The contractor failed to use a spotter when operating near overhead services, and a lapse of situational awareness by the driver contributed to the incident. Chorus was contacted to undertake the repair. Watercare has issued a recent Safety Alert on working around overhead lines. The incident was communicated to the worksite team via toolbox meeting focusing on the requirement to use spotters at all times when operating or travelling near overhead cables. These measures are to be documented in the pre-start meetings.

Angle grinder disc fragmentation: A contractor was cutting a vertical pipe with a grinder when the pipe moved against the disc causing it to disintegrate. The worker operating the grinder was wearing the correct PPE including gloves and face shield and was not injured. Learnings included:

- Shortfall in competence of the worker using a grinder – although the worker had been trained, he was not sufficiently experienced to carry out the cut required
- Poor job planning and supervision.

Watercare has issued a Safety Alert to reinforce the safe use of angle grinders. The contractor arranged refresher angle grinder training for its workers and the training was extended to cover the particular circumstance of this incident. This near miss highlights the importance of operator competence as well as training when planning for safe work, and allocating resources. This has been recognised by the contractor who has also undertaken to improve supervision on sites. We will ensure that our inspections (which will include evidence of operator competence) are increased to evidence the improvement.

Update on Hydrofluorosilicic Acid (hfa) leak into bund – We previously reported the failure of a pipe connection that caused Hydrofluorosilicic Acid (HFA) to leak into the dosing pump bund. There is a process underway now to review all bund materials to ensure their integrity. Service Delivery asset owners will verify that all materials used in bunds and other containment systems are appropriate.

5. INSPECTIONS

A table setting out Watercare business unit targeted and completed inspections for April is appended as Appendix A.

Watercare is implementing improvements that have been identified by these inspections. To date there are no trends of significance arising from of these inspections.

6. HEALTH AND SAFETY WORKSHOP FOR MANAGERS

The Safety Leadership Workshops which had commenced in March wrapped up with the final scheduled session being held at the EMA premises on 6-7 April. 141 staff have attended the training workshops to date, and a further 39 will be trained by the end of September.

7. WATER SERVICES ASSOCIATION OF AUSTRALIA (WSAA) HEALTH AND SAFETY BENCHMARKING PROGRAMME

Watercare recently participated in a WSAA project which sought to benchmark various health and safety lead and lag indicators. The intention was to allow participants to identify areas where their performance on health and safety measures could be improved, and to promote sharing of data and ultimately good practice, across the water industry.

The output of the project was a report which we have received and are now reviewing. We note that there are disclaimers in the report, principally concerning accuracy, reliability and completeness of data provided by participants. Our initial review of the report also indicates a need for further engagement with WSAA to clarify the basis on which certain measures have been reported by other participants, and how benchmarks offered by WSAA have been determined. Until this work is complete it will be difficult to draw any meaningful conclusions from the report.

We will engage with WSAA over the coming weeks and provide commentary on the report at the next Board meeting.

8. PERSONAL PROTECTIVE EQUIPMENT POLICY IMPLEMENTATION

All vendors and suppliers have been informed of the new Watercare PPE standard which is mandatory from 1st of June 2017.

9. INDEPENDENT AUDIT

During April, an independent audit was undertaken by Advisian at the Rosedale Waste Water Treatment Plant. The review focused on Confined Space and Traffic Management. Watercare is awaiting the audit report.

The focus for independent assurance in the coming period will be on project sites and will review issues which have been identified in root cause analyses of recent incidents.

10. RECOMMENDATION

That the Board receives this report.

Report prepared by:

Approved for submission by:



.....
S Walthew
**Corporate Health and Safety
Manager**

.....
R Jaduram
Chief Executive

APPENDIX A

5

Inspections – Targets were set with business units for Health and Safety Inspections for the 2016-2017 financial year. In part this was done to identify new hazards and risk, but also as a way of embedding a culture of enquiry and vigilance around safety. The information below reflects a level of activity that indicates a positive ongoing culture of monitoring of activities and equipment.

	Business unit	Target for Inspections in April	Actual completed	% Complete
Infrastructure Delivery	<i>Construction Delivery</i>	<i>19</i>	<i>19</i>	<i>100</i>
	<i>Lab Services</i>	<i>8</i>	<i>8</i>	<i>100</i>
	<i>MSO</i>	<i>16</i>	<i>0</i>	<i>0</i>
	<i>MSN</i>	<i>14</i>	<i>14</i>	<i>100</i>
	<i>Total</i>	<i>57</i>	<i>41</i>	<i>72</i>
Service Delivery	<i>Networks</i>	<i>13</i>	<i>10</i>	<i>77</i>
	<i>Asset Protection & Engineering Performance</i>	<i>3</i>	<i>17</i>	<i>567</i>
	<i>Water Supply</i>	<i>15</i>	<i>10</i>	<i>67</i>
	<i>Wastewater</i>	<i>18</i>	<i>18</i>	<i>100</i>
	<i>Total</i>	<i>49</i>	<i>55</i>	<i>112</i>
Watercare Total for Inspections		107	96	90

Business units are implementing any improvements they have identified and have not reported any trends of significance coming out of these inspections. The improved system categorisation options for those completing inspections (enabling those inputting data to pre-categorise matters so as to improve the granularity of automated reporting has not yet been fully implemented).

WATERCARE SCORECARD 2016/17																								
On budget, on time, within parameters		Unfavourable but within parameters			Major issue, needs attention		SOI	2016/17 Target	Amber Threshold	Red Threshold	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	
1 Safe and Reliable Water																								
1a	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	☑	100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1b	The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	☑	100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	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%	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%	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%	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%	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%	100%
1h	Percentage of unplanned water shutdowns restored within five hours (12 mth rolling average)		≥95%	93% to <95%	<93%	95%	95%	95%	95%	94%	94%	94%	94%	94%	94%	94%	94%	95%	95%	96%	96%	96%	96%	96%
1i	Number of unplanned water interruptions per 1000 connected properties (12 mth rolling average)		≤10	>10 to 12	>12	4.8	4.7	4.6	4.5	4.6	4.7	4.8	5.0	5.1	5.3	5.4	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7
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	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	Unrestricted
2 Healthy Waterways																								
2a	Number of dry weather sewer overflows per 100km of wastewater pipe length per year (12 mth rolling average)		≤5	>5 to 7	>7	2.16	2.20	2.29	2.26	2.26	2.26	1.99	1.86	1.78	1.60	1.60	1.86	1.89	1.89	1.89	1.89	1.89	1.89	1.89
2b	Average number of wet weather overflows per discharge location (transmission system)	☑	≤2 overflows per year per engineered overflow point	Low risk non-compliance	High risk non-compliance			0.69	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
2c	The number of dry weather overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system	☑	≤10	>10 - ≤15	>15	0.03	0.03	0.04	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
2d	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by the territorial authority in relation to those resource consents	☑	a) ≤2 b) ≤2 c) ≤2 d) 0	n/a	>2 (for any)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2e	Number of sewer bursts and chokes per 1000 properties (12 mth rolling average)		≤10	>10 to ≤12	>12	6.40	6.00	5.80	6.10	6.40	6.60	6.80	6.90	7.20	7.60	8.00	8.40	9.00	9.00	9.00	9.00	9.00	9.00	9.00
2f	Percentage of wastewater discharged that is compliant with consent discharge requirements for metropolitan areas		100%	98 to <100%	<98%	100%	100%	100%	100%	100%	100%	100%	100%	97%	100%	99%	100%	100%	100%	100%	100%	100%	100%	100%
2g	Percentage of wastewater discharged that is compliant with consent discharge requirements for non-metropolitan areas		35%	n/a	<35%	88%	88%	88%	89%	94%	90%	87%	85%	86%	85%	85%	87%	86%	86%	86%	86%	86%	86%	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.	☑	≤60 mins	>60 - ≤90 mins	>90 mins	42 mins	43 mins	44 mins	44 mins	43 mins	43 mins	43 mins	42 mins	42 mins	42 mins	42 mins	41 mins	41 mins	41 mins	41 mins	41 mins	41 mins	41 mins	41 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	☑	≤5 hours	>5 - ≤8 hours	>8 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	3.0 hours	2.9 hours	2.9 hours	2.9 hours	2.9 hours	2.9 hours	2.9 hours	2.9 hours	2.9 hours
3c	Median response time for attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	☑	≤3 days	>3 - ≤5 days	>5 days	2.8 days	2.9 days	3.0 days	3.0 days	2.9 days	2.9 days	2.7 days	2.1 days	1.9 days	1.4 days	1.2 days	1.1 days	1.0 days	1.0 days	1.0 days	1.0 days	1.0 days	1.0 days	1.0 days
3d	Median response time for resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	☑	≤6 days	>6 - ≤8 days	>8 days	3.9 days	4.1 days	4.8 days	4.3 days	4.3 days	4.4 days	4.2 days	4.0 days	3.6 days	3.1 days	2.9 days	2.3 days	2.1 days	2.1 days	2.1 days	2.1 days	2.1 days	2.1 days	2.1 days
3e	Percentage of customers surveyed satisfied with Watercare's delivery of water and wastewater services (12 mth rolling average)	☑	≥80%	≥75% to <80%	<75%	84.4%	84.4%	84.2%	84.3%	80.8%	80.9%	81.4%	81.4%	81.4%	81.8%	82.1%	82.2%	82.2%	82.2%	82.2%	82.2%	82.2%	82.2%	82.2%
3f	The total number of complaints received by the local authority about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply f) the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system	☑	≤10	>10 - ≤15	>15	5.6	5.6	5.6	5.6	5.6	5.6	5.8	5.9	6.1	6.0	5.8	5.9	5.9	5.9	5.9	5.9	5.9	5.9	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	☑	≤60 mins	>60 - ≤90 mins	>90 mins	44 mins	45 mins	46 mins	47 mins	47 mins	48 mins	48 mins	48 mins	49 mins	49 mins	49 mins	49 mins	49 mins	49 mins	49 mins	49 mins	49 mins	49 mins	50 mins
3h	Attendance at sewerage overflows resulting from blockages or other faults: median response time for resolution - from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault	☑	≤5 hours	>5 - ≤8 hours	>8 hours	2.7 hours	2.8 hours	2.9 hours	2.9 hours	2.9 hours	3.0 hours	3.0 hours	3.0 hours	3.0 hours	3.0 hours	3.0 hours	3.0 hours	3.0 hours	3.0 hours	3.0 hours	3.0 hours	3.0 hours	3.1 hours	3.2 hours
3i	The total number of complaints received by the territorial authority about any of the following: a) sewerage odour b) sewerage system faults c) sewerage system blockages d) the territorial authority's response to issues with its sewerage system expressed per 1000 connections to the territorial authority's sewerage system	☑	≤50	>50 - ≤75	>75	20.9	21.1	20.8	21.3	21.7	21.7	21.8	22.0	22.1	22.1	22.1	23.2	24.5	24.5	24.5	24.5	24.5	24.5	24.5
3j	Number of water quality complaints (taste, odour, appearance) per 1,000 water supply connections (12 mth rolling average)		≤5	>5 to ≤5.5	>5.5	3.80	3.70	3.70	3.60	3.64	3.32	3.31	3.42	3.51	3.70	3.50	3.37	3.27	3.27	3.27	3.27	3.27	3.27	3.27
3k	Percentage of complaints being 'closed and resolved' within 10 working days (12 mth rolling average)	☑	≥95%	≥90% to <95%	<90%	95.6%	95.1%	93.50%	92.80%	92.20%	92.90%	92.90%	93.90%	94.10%	94.60%	95.9%	96.9%	97.6%	97.6%	97.6%	97.6%	97.6%	97.6%	97.6%
3l	Percentage of the 19 Iwi groups throughout Auckland that Watercare have entered into a Memorandum of Understanding with (target for end of FY16/17)	☑	≥60%						15.70%	15.70%	15.70%	15.70%	15.70%	15.70%	15.70%	15.70%	15.70%	15.70%	15.70%	15.70%	15.70%	15.70%	15.70%	15.70%
3m	Percentage attendance at the quarterly meetings of the Mana Whenua Kaitiaki Forum	☑	100%			100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

5

Board - Public Session - For Information

WATERCARE SCORECARD 2016/17																		
On budget, on time, within parameters		Unfavourable but within parameters			Major issue, needs attention													
	SOI	2016/17 Target	Amber Threshold	Red Threshold	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	
4 Health, Safety and Wellbeing																		
4a	Lost-time injury frequency rate per million hours worked (12 month rolling average)	≤5	5 - 7	>7	3.75	2.51	1.92	1.9	1.25	1.25	1.25	1.26	1.24	1.87	2.47	1.82	2.42	
4b	Percentage of total hours absent due to illness (12 mth rolling average)	≤2.5%	>2.5 to 3.5%	>3.5%	2.11%	2.14%	2.18%	2.19%	2.15%	2.18%	2.19%	1.97%	2.08%	2.21%	2.19%	2.23%	2.28%	
4c	Percentage of voluntary leavers relative to number of permanent staff (12 mth rolling average)	≤12%	>12 to 14%	>14%	12.32%	12.74%	12.92%	12.15%	12.54%	12.18%	11.19%	10.66%	10.70%	11.31%	10.67%	10.04%	10.76%	
4d	Total recordable injury frequency rate per million hours worked (12 month rolling average)	<20	>20 to <23	>23	16.90	14.42	23.02	23.48	22.85	18.35	16.94	14.45	14.3	14.31	12.95	10.93	10.9	
5 Financial Responsibility																		
5a	Minimum funds flow from operations to interest cover (FFO) before any price adjustment	≥2.5	2.4 to <2.5	<2.4	3.69	3.71	3.71	3.89	3.94	3.92	3.91	3.98	3.92	3.95	4.02	3.99	3.92	
5b	Percentage of household expenditure on water supply services relative to the average household income	≤1.5%	1.2 to <1.5	>1.5	0.85%	0.86%	0.86%	0.86%	0.87%	0.87%	0.87%	0.87%	0.88%	0.88%	0.89%	0.89%	0.89%	
5c	Water & wastewater revenue against budget YTD %	≥100%	≥98% to <100%	<98%	102%	102%	102%	101%	101%	101%	101%	100%	101%	101%	101%	100%	100%	
5d	Infrastructure growth charge revenue against budget YTD %	≥100%	≥95% to <100%	<95%	102%	105%	108%	115%	125%	113%	110%	116%	122%	121%	127%	120%	112%	
5e	Controllable costs against budget YTD %	≤100%	>100 to ≤102%	>102%	95%	97%	99%	94%	97%	95%	95%	94%	95%	95%	94%	96%	97%	
5f	Total contribution against budget YTD (\$ millions)	+	-\$0.1m to -\$2m	> -\$2m	33.40	35.65	37.55	4.80	6.84	7.88	11.88	15.86	17.5	23.34	32.39	31.39	29.7	
5g	Net surplus / deficit before tax against budget YTD (\$ millions)	+	-\$0.1m to -\$2m	> -\$2m	-74.92	-77.60	-108.02	-21.05	-23.37	-15.53	36.58	92.07	118.33	134.22	131.4	129.31	120.4	
5h	Total net borrowing against budget YTD (\$ millions)	Negative	\$0.1m to \$10m	> \$10m	-92.70	-105.30	-92.00	10.60	14.70	9.80	6.70	4.10	1.60	14.20	0.70	-11.30	-20.70	
6 Fully Sustainable																		
6a	The average consumption of drinking water per day per resident (gross PCC) (12 month rolling average)	270 +/- 2.5%			272	273	272	272	273	273	273	272	272	272	271	271	272	
6b	Per capita consumption (litres / person / day) - Residential Monthly PCC	Information only			158	155	153	151	152	152	157	162	168	171	168	Accurate meter reading based calculations are only able to be done on a 2 month lag basis.		
6c	Non-Domestic Monthly Water Volume	Information only			3,081,359	3,137,157	2,970,236	2,910,688	2,911,727	2,906,628	2,984,463	3,044,237	3,152,566	3,267,842	3,091,670			
6d	Non-Revenue Water Percentage	Information only			16.6%	16.6%	16.6%	16.6%	16.6%	16.7%	16.8%	16.8%	16.7%	16.8%	16.9%			
6e	The percentage of real water loss from the local authority's networked reticulation system (rolling 12 mth average)	≤13%	>13 to 13.2%	>13.2	12.9%	13.0%	13.0%	12.9% *	13.0% *	13.1% *	13.2% *	13.2%	13.1%	13.2%	13.4%			
6f	Percentage of annual potable water transmission system losses (12 month rolling average)	No specific target - information only			1.9%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
6g	Percentage of annual potable water network losses (12 mth rolling average) - Urban as a percentage of total volume	No specific target - information only			10.7%	10.6%	10.6%	10.6%	10.7%	10.8%	10.9%	10.9%	10.8%	10.9%	11.1%	Accurate meter reading based calculations are only able to be done on a 2 month lag basis.		
6h	Percentage of annual potable water network losses (12 mth rolling average) - Rural as a percentage of total volume	No specific target - information only			0.39%	0.38%	0.38%	0.37%	0.36%	0.35%	0.35%	0.34%	0.34%	0.34%	0.34%			
6i	Percentage of annual potable water network losses (12 mth rolling average) - Rural as a percentage of rural volume	No specific target - information only			25.0%	25.0%	24.9%	24.3%	24.0%	23.6%	23.3%	22.8%	22.6%	22.8%	22.4%			
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	

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Watercare Services Limited

Subject: Chief Executive Report – April 2017

Date: 23 May 2017

1. HEALTH AND SAFETY

There was one lost-time injury involving a Watercare employee during April. The rolling 12 month lost-time injury frequency rate (LTIFR) is 2.42 per million hours, below the Statement of Intent target maximum of 5.

The total recordable injury frequency rate (TRIFR) is 10.90 per million hours.

2. CUSTOMER FOCUS

Performance Measures

Performance against Statement of Intent measures for April was good. All customer service performance metrics were above target for the month, despite the extreme weather and resulting water incident. The customer satisfaction score in April was 81.5% and the rolling 12 month average is 82.2%, against a target of 80%.

Complaint resolution was 100% for the eighth consecutive month. The rolling 12 month average is 97.6%, against a target of 95%.

Customer Communications Survey

During April Watercare conducted a survey to seek feedback from key commercial customers regarding the timing and adequacy of Watercare's communications to them immediately following the 'Tasman Tempest' weather event. The feedback indicated that customers responded positively to the communications they received. The frequency of communications was felt to be appropriate and the content was useful and provided the required information. Customers understood key messages regarding the impact of the weather event and the need to conserve water. Most customers were able to make some water savings and the crisis prompted many to review their business continuity plan. In addition to communications received throughout the water crisis, customers identified that the issuing of a formal 'closure notice' would have been useful at the end of the 'Save 20' campaign.

Developer Relationships

Watercare was recently visited by representatives from Chorus who were interested to understand how Watercare manages relationships with the developer community. The visit was prompted by feedback Chorus had received directly from developers, where Watercare was held up as providing a level of service to which Chorus should aspire. Particularly positive feedback from developers related to the establishment of a dedicated role (Key Account and Developer Liaison) to provide a contact point for complex issues as well as the regular information-sharing developer forums.

3. INFRASTRUCTURE PROGRAMME

The infrastructure capital programme has delivered year to date \$228m against a budget of \$256m. The forecast to year end is to deliver \$270m against a budget of \$302m.

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

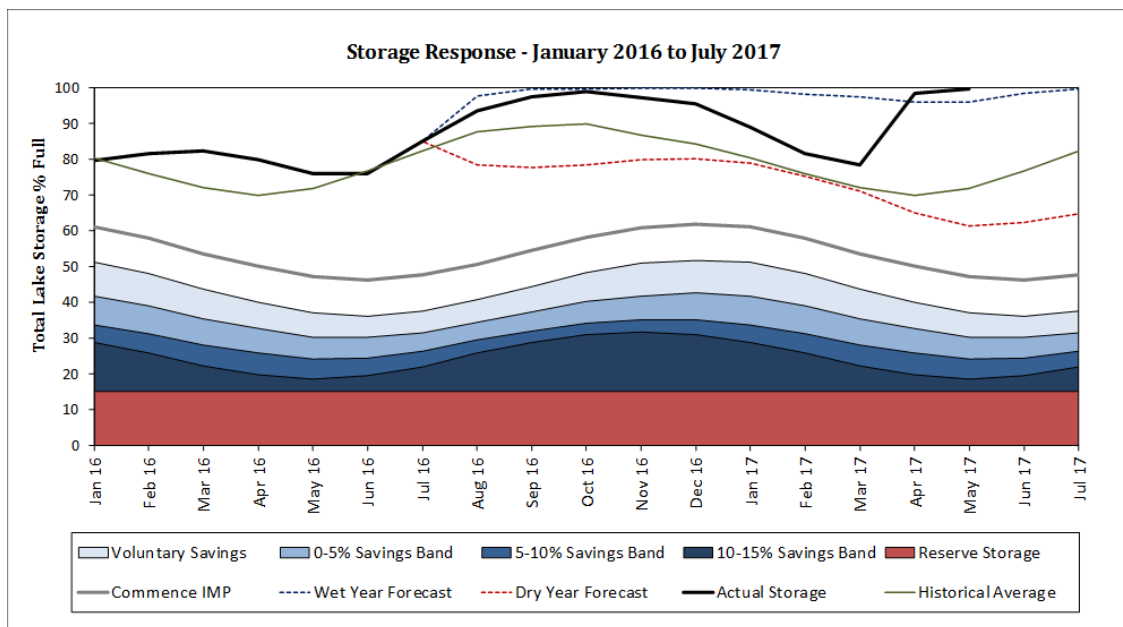
4. SERVICE DELIVERY

Rainfall and Water Resources

Rainfall in April across the Auckland region was as follows:

Waitakere Ranges	219% of average
Hunua Ranges	228% of average
Northern Non-metropolitan	294% of average
Southern Non-metropolitan	200 % of average

Metropolitan Total System Storage at month end was 99.8%, which is well above the historical average storage for this time of year (72.5%).



The average water demand during April was 388MLD, which was 5% below budgeted levels. This is attributable to the tail end of the Watercare campaign for voluntary demand reductions following the issues experienced at the WTPs post the Tasman Tempest, coupled with the ongoing bad weather in the month. For the coming months, rainfall is likely to be near normal.

Update on Recovery from Tasman Tempest

The raw water quality in the Hunua lakes has slowly improved, but remains vulnerable to degradation with the continued occurrences of heavy rain. Hydro seeding of 5 hectares of the worst landslips has been completed in the Cosseys catchment to provide some ground

stability. We are working with Auckland Council on longer term options to rehabilitate the landslips, while meeting our long term objective of returning the catchment to native forest. The production capacity of Ardmore WTP has been increased to 255MLD, with extended staffing hours required to process the large quantity of solids entering the WTP. The installation of a containerised dewatering unit in May will enable the capacity to be raised, once commissioned. Longer term, the installation of a second new filter press will improve the system resilience. A business case for this will be submitted to the Chief Executive in May. Work continues on assessing the feasibility of installing UV Dosing system at Ardmore WTP and a UV / Peroxide dosing system at Waikato WTP. These will provide greater system resilience over a wider range in raw water quality conditions.

5. FINANCE

Financial Performance

Figures (\$millions)	Current Month			Year to Date			Full Year		
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var
Revenue	47.0	48.2	(1.2)	503.9	479.3	24.7	596.4	578.5	17.9
Operating Expenses	18.7	18.3	(0.4)	174.8	180.4	5.6	211.7	215.5	3.8
Depreciation	18.8	18.8	(0.0)	189.6	188.8	(0.8)	227.2	226.9	(0.4)
Interest expense	6.6	6.5	(0.1)	67.2	67.4	0.2	81.2	80.7	(0.5)
Total Contribution	2.8	4.5	(1.7)	72.3	42.6	29.7	76.3	55.5	20.8
Non-operating costs/(income)	0.2	0.6	0.5	7.1	6.7	(0.4)	12.1	8.0	(4.1)
Financial instruments revaluation - loss/(gain)	7.7	-	(7.7)	(89.5)	-	89.5	(89.5)	-	89.5
Operating Surplus / (Deficit) Before Tax	(5.0)	3.9	(8.9)	154.7	35.9	118.8	153.7	47.5	106.2
Deferred Tax - Expense/(Credit)	(1.9)	1.1	2.9	45.5	16.4	(29.1)	48.2	21.7	(26.5)
Net Surplus / (Deficit) After Tax	(3.2)	2.8	(6.0)	109.2	19.5	89.7	105.5	25.8	79.7
FFO Ratio				3.92	3.66		3.81	3.69	
EBITDA	24.6	28.2	(3.6)	293.7	282.2	11.5	345.9	343.0	2.9
EBIT	1.6	10.4	(8.8)	221.9	103.3	118.6	234.9	128.2	106.7
Leakage Allowance Granted	0.4	0.6	0.2	4.2	4.3	0.0	5.3	5.3	0.0

Month – Total Contribution of \$2.8m - unfavourable variance to budget of \$1.7m

Total revenue was unfavourable \$1.2m to budget due to; vested asset revenue favourable \$2.0m, offset by, IGC and new developments revenue unfavourable \$3.1m, water and wastewater revenue unfavourable \$0.2m. The lower volumes due to the Save 20 campaign continued to impact revenues, with water volumes at an average of 388mld, 5.4% lower than March and 4.7% lower than budget. This caused an unfavourable variance of \$0.7m which was partially offset by higher wholesale wastewater revenue.

Operating expenses were unfavourable to budget \$0.4m in part due to ongoing higher Ardmore and Waikato costs including above budget chemical and energy costs of \$0.3m.

Depreciation was on budget and interest expense was \$0.1m unfavourable to budget.

Net surplus after tax was unfavourable \$6.0m due to; the unfavourable revaluation of financial instruments of \$7.7m resulting from the decrease in medium to long term swap rates in April and the unfavourable operating contribution variance of \$1.7m, partly offset by favourable tax expense of \$2.9m and beneath budget non-operating costs of \$0.5m.

Year to date – Total Contribution of \$72.3m - favourable variance to budget of \$29.7m

Year to date revenue is \$24.7m favourable to budget with IGC revenue favourable \$6.7m. The IGC charges paid year to date are higher than budget by 12% 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 \$18.8m; new developments revenue favourable \$1.1m. Water and wastewater revenue is favourable \$0.3m, with water volumes 0.35% lower than budget. Other revenue is unfavourable \$2.2m 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 \$0.2m.

Net surplus after tax year to date is \$109.2m a favourable variance to budget of \$89.7m primarily due to; the favourable revaluation of financial instruments of \$89.5m resulting from the increase in medium to long term swap rates between September 2016 and January 2017 and the favourable total contribution variance of \$29.7m partly offset by higher tax expense of \$29.1m.

Full year Forecast – Total Contribution of \$76.3m – favourable variance of \$20.8m

Full year revenue is forecast at \$596.4m, favourable by \$17.9m largely due to higher than budgeted vested asset revenue favourable \$18.8m. New development revenues are expected to be favourable \$1.1m and water and wastewater revenue favourable \$1.2m partly offset by other revenue which is unfavourable \$3.0m primarily as a result of lower subvention revenue.

Operating expenses are expected to be favourable to budget \$3.8m with favourable variances for asset operating costs, professional services and general overheads partially offset by higher net labour due to lower labour capitalisation. The full year forecast includes \$2.1m of additional cost due to the extreme weather events in March.

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

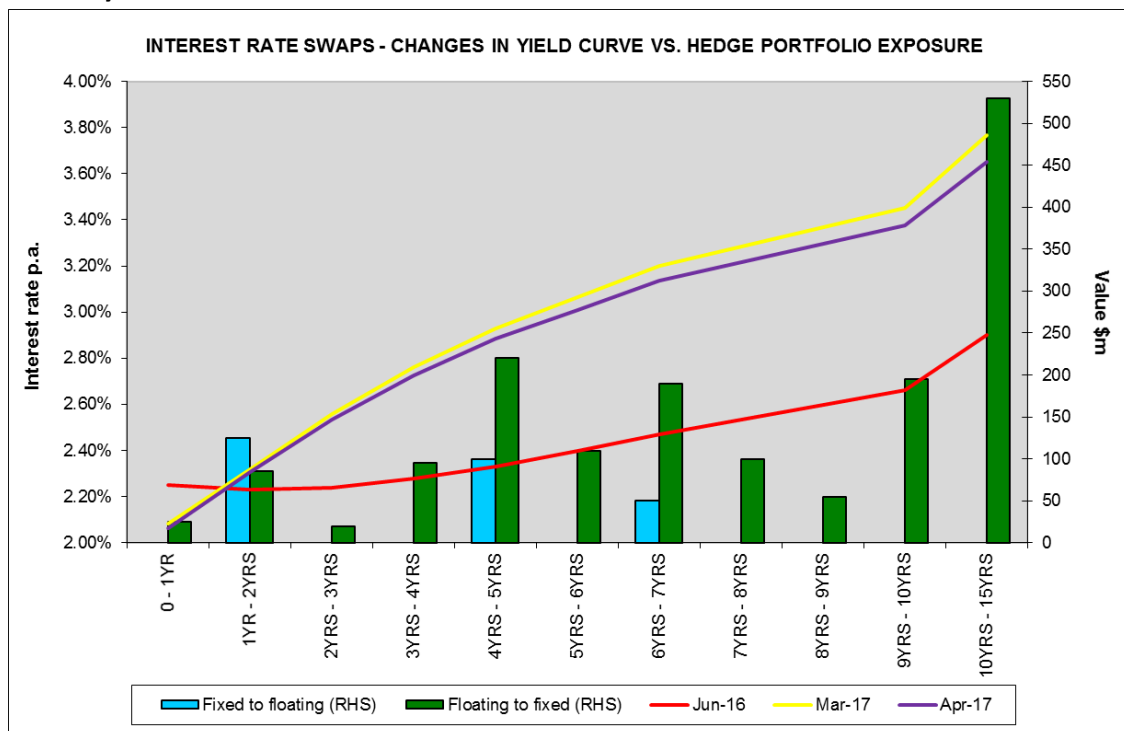
Interest expense is expected to be unfavourable to budget at year end by \$0.5m due to lower capitalised interest than budgeted. Gross interest is expected to be \$2.2m beneath budget.

Financial Position

\$million	Actual Mar-17	Actual Apr-17	Monthly Movement	Budget Apr-17	Var from Budget
Non Current Assets	8,834.0	8,820.8	(13.2)	8,841.5	(20.7)
Current Assets	76.6	78.4	1.7	81.8	(3.4)
Total Assets	8,910.6	8,899.1	(11.5)	8,923.3	(24.2)
Other Liabilities	304.5	305.4	0.9	389.3	(83.8)
Deferred Tax Liability	1,045.6	1,043.7	(1.9)	1,024.2	19.5
Borrowings - Short Term	285.5	231.3	(54.2)	240.0	(8.7)
Borrowings - Long Term	1,329.0	1,375.9	46.9	1,387.8	(12.0)
Shareholders Funds	5,946.0	5,942.8	(3.2)	5,882.0	60.8
Total Liabilities and Shareholders Funds	8,910.6	8,899.1	(11.5)	8,923.3	(24.2)

The major movements in the Statement of Financial Position as at 30th April 2017 compared with 31st March 2017 were; the reduction in non-current assets due to the sale in April of Matariki of forestry rights pertaining to four forests, and the reduction in net debt of \$7.4m. Compared with budget the material variances are largely in respect of, derivative financial instrument revaluations since July 2016, higher retained earnings and a different opening position on 1 July 2016 than that assumed when the budget was set. Lower non-current assets due to the forestry rights sale and the impact of lower capital expenditure than budgeted. Net debt at \$1,607.2m is \$20.6m below budget.

Treasury



Interest Analysis \$million	Current Month			Year to date			Full Year		
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var
Interest as per Statement of Financial Performance	6.6	6.5	(0.1)	67.2	67.4	0.2	81.2	80.7	(0.5)
Capitalised Interest	0.9	1.2	0.3	7.8	9.8	2.0	9.6	12.2	2.7
Gross Interest	7.5	7.7	0.2	75.0	77.2	2.2	90.7	92.9	2.2
Less Interest Income	0.0	-	(0.0)	0.0	-	(0.0)	0.0	-	(0.0)
Net Interest	7.5	7.7	0.2	75.0	77.2	2.2	90.7	92.9	2.2

For the month of April, gross interest was \$0.2m favourable to budget and capitalised interest was unfavourable \$0.3m, resulting in interest charged to the Statement of Financial Performance being \$0.1m unfavourable to budget. Capitalised interest has been forecast at \$2.7m unfavourable to budget for the year, due to a combination of lower interest rates and lower capital spend.

Treasury activities and metrics are fully compliant with the Treasury Policy.

Capital Expenditure

Summary Capital Expenditure (\$millions)	Apr-17			Year to Date			Full Year			Prior Month Forecast
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var	
Wastewater Projects										
Strategy & Planning	0.5	0.9	0.4	2.7	7.5	4.8	3.4	9.4	6.0	4.1
Infrastructure Delivery (excl Labs/MS)	13.3	16.0	2.7	149.6	156.8	7.1	174.9	183.9	8.9	176.2
Water Projects										
Strategy & Planning	0.1	0.8	0.6	4.3	6.2	1.9	5.0	8.1	3.0	8.1
Infrastructure Delivery (excl Labs/MS)	1.5	2.2	0.6	22.6	27.4	4.8	27.4	31.5	4.1	27.8
Service Delivery	2.8	5.6	2.8	45.6	54.7	9.2	54.9	63.9	9.1	59.5
Retail	1.8	0.9	(0.9)	10.7	10.0	(0.6)	13.5	11.8	(1.7)	12.5
Information Services	0.4	0.6	0.3	2.0	6.4	4.4	3.6	7.9	4.4	4.2
Other Projects	0.4	0.7	0.3	6.3	10.9	4.6	8.8	12.3	3.5	9.6
TOTAL	20.7	27.7	7.0	243.7	279.8	36.1	291.5	328.8	37.3	302.0
Includes Capitalised Interest of:										
Water Projects Capitalised Interest	0.1	0.2	0.1	1.4	2.2	0.8	1.6	2.7	1.1	1.7
Wastewater Projects Capitalised Interest	0.7	0.9	0.2	6.4	7.6	1.2	7.9	9.6	1.7	8.0
Total Capitalised Interest	0.9	1.2	0.3	7.7	9.8	2.0	9.5	12.2	2.7	9.6

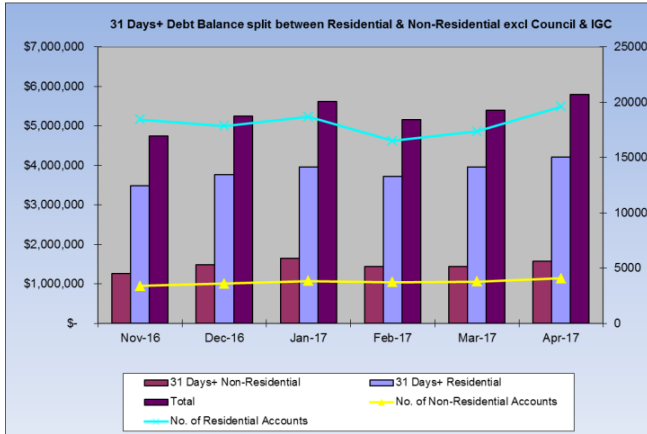
Capital expenditure for the month was \$20.7m against a budget of \$27.7m. The full year forecast expenditure at \$291.5m is \$37.3m below budget primarily due to;

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

Aged Receivables

The 31 days+ debt balance at the end of April was \$5.80m, \$0.40m higher than March 2017.

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



Water Utility Consumer Assistance Trust (WUCAT)

WUCAT Summary		
Financial year	Trust approved applications (includes WSL additional write offs)	\$000's
Jun-12	33	\$ 29
Jun-13	172	\$ 196
Jun-14	123	\$ 114
Jun-15	150	\$ 149
Jun-16	118	\$ 90
(YTD) Jun-17	93	\$ 84
Total	689	\$ 661

When the Trust approves hardship relief, it enters into an understanding with the customer as to how the customer will “earn” the relief. Often this might be that the customer agrees to pay their monthly bill for (say) six months, at the end of which all outstanding debt or arrears at the date the arrangement was entered into is agreed to be written off.

Most customers satisfy their obligation and the old debt is written off. Some customers, however, do not meet their obligations and therefore no write off occurs. At any point in time there will be a number of customers in the process of satisfying their side of the arrangement.

Summary of WUCAT Arrangement Approvals			
No. of Arrangements Entered Into	No. of Arrangements Fully Satisfied	No. of Arrangements Still Being Met	No. of Arrangements Lapsed Unfulfilled
689	521	82	86

Amount of Relief Approved \$	Amount of Relief Fully Earned \$	Relief Yet to be Fully Earned \$	Relief Voided due to Lapsed Unfulfilled Arrangement \$
\$661k	\$540k	\$61K	\$60k

The results of the last 3 WUCAT meetings have seen 39 applicants successfully complete the budget process and have \$36k of hardship relief approved by the Trust.

WUCAT Summary last 3 meetings		
Month	Trust approved applications	\$000's
Feb-17	17	\$ 15.68
Mar-17	9	\$ 4.81
Apr-17	13	\$ 15.73
Total	39	\$ 36

Restrictions

Three water restrictions were performed in the month of April. The table below summarizes the restrictions carried out by Watercare Services Limited.

Restriction Summary Year-ending	Commercial		Residential		Total	
	Restriction	De-restriction	Restriction	De-restriction	Restriction	De-restriction
30-Jun-12	1		5		6	0
30-Jun-13	13	11	6	4	19	15
30-Jun-14	20	20	17	14	37	34
30-Jun-15	31	30	53	39	84	69
30-Jun-16	8	9	16	17	24	26
(YTD) 30-Jun-17	8	4	16	9	24	13
Total	81	74	113	83	194	157
Restrictions currently	7		30		37	

The following restrictions remain in place:

- Nine residential restrictions remain in place on vacant properties. Communications are ongoing with these customers and if the properties are tenanted in future, a resolution will be required.
- A further 21 residential Domestic remains in place on occupied properties and communication continues with these customers.
- Seven Non Domestic properties remain restricted at the end of April and communication continues with these customers.

6. BOARD CORRESPONDENCE

During April the Board received an invitation to the opening of the Save Oratia shop.

7. EXECUTION OF DOCUMENTS

There were five documents executed during April in accordance with the delegated authority provided to the Chief Executive by the Board in relation to deeds, instruments and other documents.

These included one licence to occupy a private property by Watercare, one agreement for the conditional sale and purchase of private land, one withdrawal of a conditional agreement for sale and purchase of private land, and two easements in favour of Watercare.

There were nine Capex approvals totaling \$3.055m 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 – April 2017		
C-12038 CR1	Pukekohe WWTP Resource Consents CR	\$500,000
C-12212 CR7	Mangere Solids Stream Upgrade CR7	\$140,000
C-12598b	Extension for Army Bay Strategic Management Area Wastewater Flow Monitoring and Network Model Build and Calibration and System Performance	\$83,750
C-12686 CR1	Huia WTP 110MLD Capacity Restoration Upgrade Change Request	\$605,094
C-12705-17	DTMAN Splitter Box #2 Stairs	\$186,645
C-12729-08	Replacement Vehicle - Van	\$36,000
C-12729-09	Replacement 4x4 Vehicle	\$45,000
C-12752	WWTP Pond Structures and Ancillary Consents	\$650,000
C-12850-01	Wastewater Pipe Upsizing - 1 Ockleston Landing (SHA)	\$808,838

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

Summary of Contract Awards – April 2017		
24/4/17	Northern Electrical Services Ltd	Wellsford Wastewater Treatment Plant Motor Control Centre (MCC) Replacement

8. COMMUNICATIONS

Media summary

Watercare has continued to receive a high level of media interest over the past six weeks. Since early April, wet-weather overflows have received several pieces of coverage in suburban newspapers and online. Typically, the incidences reported on took place during the Tasman Tempest, Cyclone Debbie or Cyclone Cook.

Pleasingly, Watercare's efforts to proactively address wet-weather overflows have been positively received by councillors, local boards and media. In early May, elected officials and

media joined Watercare staff as they carried out inflow and infiltration inspections in Mellons Bay, east Auckland. This resulted in favourable coverage in the Howick Pakuranga Times and in the Eastern Courier, with further coverage expected on Radio NZ. See the stakeholder communications section for more information on these inspections.

In mid-April, public tours of the Huia Water Treatment Plant – undertaken as part of the plant replacement project consultation process – received favourable coverage in the Western Leader which noted the high attendance. Coverage of the public meeting focused on comments made by Deputy Prime Minister Paula Bennett.

Our commitment to providing reliable services and resilient infrastructure was conveyed in a variety of coverage over the month, including:

- Articles on our purchasing of the pine forest in the Hunua Ranges and intention to regenerate the land with natives (suburban newspapers and NZ Herald)
- Articles on the start of our project to construct a new water treatment plant in Warkworth (suburban newspapers)
- An article on our plans to construct two large reservoirs in Pukekohe (suburban newspaper)
- Articles on the Central Interceptor project (a suburban newspaper and NZ Herald).

The June/July issue of IPENZ Engineering Insight magazine will feature an in-depth article on our response to the Tasman Tempest, based on an interview with water supply manager Priyan Perera.

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
April	An insert was sent out with all bills thanking customers for their support during the Save 20 campaign.	Complete
	Tapped In (autumn 2017) was distributed in the final week of April. It had also been distributed in the first week of March, ahead of the Tasman Tempest.	Complete
May	An insert on how landlords can manage their rental properties more easily, such as by paying the fixed wastewater charge annually, is being sent to domestic customers. Customers that can be identified as landlords are also receiving targeted letters on the option to pay the fixed charge upfront.	On-going
		On-going
June	Price changes will be communicated to customers via direct mail, paid advertising and the website.	Planned
		Planned

	Residents in Franklin will receive a Franklin Matters newsletter about our investment in the area.	
July	Domestic and non-domestic customers will receive the winter issue of <i>Tapped In</i> . 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 supported by a media campaign that will run at the same time. Also reiterates price changes.	Planned
August	Insert to domestic customers about water-efficient appliances.	Planned
September	Tapped In (spring 2016) – outlining our energy efficiency strategy (Mangere and Rosedale plants to be energy neutral by 2025, gravity feeding for water network). Also featuring an updated 'our projects' spread for 2017.	Planned
October	Insert to domestic customers about the Watercare Coastal Walkway.	Planned
November	Insert to all customers with water saving tips	Planned
December	Tapped In – summer 2017 with a focus on water savings	Planned
Mid-December	Insert – put fats, oils and grease in the bin this Christmas holiday season	Planned

Stakeholder Communications

Underway:

- Watercare education programme continues to be delivered. Term two is fully booked.
- Franklin Road sewer/stormwater separation project
 - Collaboration between Watercare, Auckland Transport (AT), Vector and Northpower continues. Work will enable AT to undertake future upgrades.
 - Weekly project and stakeholder team meetings and Community Liaison Group meetings continue to be productive.
 - Watermain construction on Franklin Road between Wellington Street and Victoria Street West is now complete.
- Glen Eden wastewater storage tank and network upgrades project
 - Traffic management along Glendale Road changed in April. A flyer detailing the change was provided to local residents and the local board. VMS boards have been put up on the roadside to advise motorists.
 - Traffic management and diversions are working well with few complaints received.

- Huia Water Treatment Plant replacement project
 - Tours of the treatment plant were held on 8 and 9 April to show residents of Oratia and Titirangi the plant and give the community the chance to ask questions about the plant relocation.
 - The deadline for feedback on the options closed on 12 May.
- Wynyard Quarter wastewater network upgrade project
 - Watercare is working closely with Panuku and AT to create artwork to be displayed on the pump station construction fence.
 - Meeting will take place with ATOC around traffic management for the next section of works along Halsey Street. With other major AT projects ongoing in the CBD finding a workable traffic management solution has been very difficult.
- Fred Thomas Drive wastewater storage tank and local network upgrade project
 - As the project progresses, temporary road layout changes are being modified. Notifications continue to be provided to local residents, schools and businesses.
 - Rising main works have now moved into Taharoto Road. The contractor will be working closely with affected residents to minimise disruption.
- Mellons Bay: inflow and infiltration project and watermain replacement project
 - Inflow inspections to identify illegal stormwater connections into the wastewater network are underway in the Mellons Bay area. All households within the Mellons Bay catchment will have been tested by early June.
 - Watermain replacement is underway in Beach Road to prevent future pipe breaks. Pipe work will be completed in June 2017.
- Ponsonby pipeline upgrades
 - Upgrades to the pipe network surrounding Ponsonby Reservoir has started. The section of work within Ponsonby Road is due to start in mid-2017.
 - Arch Hill water trial shutdown was undertaken on the 5 May. Residents in the affected area were notified that they may experience water discolouration. Minimal complaints were received. The shutdown will be undertaken again later in the year during the work in Ponsonby Road.
- Army Bay wastewater treatment plant outfall project
 - Pre-construction meeting has been held and planning is underway to notify key stakeholders.
- Albany/Pinehill watermain and reservoir project
 - Meeting held with the NZTA communications team to put together a joint engagement strategy regarding the Spencer Road Bridge construction.
 - Construction works are due to begin September 2017.

Coming Up:

- Huia Water Treatment Plant replacement project
 - o The Watercare Board will make a decision on the preferred site on 30 May.
- Network Discharge Consent – information has been sent to the local boards on the development of the wastewater network strategy and presentations are underway.
- Replacement of the Wairau Road wastewater pipeline due to commence mid-2017.
- Hunua 4 commissioning will be undertaken on 16 May. There is a low risk that Eastern suburb residents may experience water discolouration.
- Triangle Road pump station commissioning in August. There is a possibility of water discolouration for residents in supply area.
- Huia 1 Watermain Upgrades
 - Planning underway for the most suitable pipeline route, taking into account social impact and construction methodology.
- Joint Northern Interceptor and Greenhithe Bridge Watermain Duplication poster being developed.

Internal communications**Completed:**

- Information for former employees about the company's compliance with the Holidays Act was published in the NZ Herald and on the website.
- A quarterly *YourSource* newsletter was published, focusing on "Weathering the Tasman Tempest" and the contributions of various teams in successfully managing the crisis
- The Build Better Business expo was supported with communication collateral
- The 'Refer a Friend' scheme was supported with communication collateral
- Promotion of the Health and Safety Toolkit at the Build Better Business Expo was supported with communication collateral

Underway:

- The rescheduled executive roadshows at Huia and Ardmore have been confirmed for May 25
- Ongoing communications support for the launch of compliance statements
- Ongoing communications support for the launch of the H&S toolkit at the end of May
- Communications support for the rollout of ERoad Telematics for Watercare's fleet
- Communications support for the Girls in Hi-Viz event planned for June 15
- Planning and identifying theme and content for the 2017 Annual Report

9. WORKING WITH LOCAL BOARDS

Over the past month, Landowner approval was obtained from the Hibiscus and Bays Local Board for works in Hauraki Heights Park associated with the Albany to Pine Hill watermain renewal.

Good news was shared with the Mangere Otahuhu Local Board regarding the Central Interceptor design team's ability to remove the Kiwi Esplanade access and vent shaft from the

detailed design. Watercare worked with the Local Board to communicate this to the Mangere community.

Information was shared with the Howick Local Board on the inflow inspections underway in Mellons Bay. Local Board representatives also visited the site as part of a media briefing on the work underway to smoke test drains for illegal or faulty connections. Information was also shared on the Waytemore Forest Group purchase by Watercare aimed at improving forestry management and effects on the Hunua Dam catchments.

Watercare's latest "Your Source" staff newsletter was shared with the local boards and local board services staff. The newsletter provided interesting information on the response to the Tasman Tempest weather event and other interesting facts about Watercare staff and the business. Good feedback was received on the quality of the production.

The Rodney Local Board chair attended a site blessing for the start of construction at the new Warkworth water treatment plant. The Rodney Local Board was also briefed on the Wellsford water and wastewater treatment plant consent renewals.

Watercare continued to work with NZTA and Auckland Council on the Northern Corridor Improvements project resulting in the Local Board decision on community leases in favour of the project. This was an important milestone in the works affecting not only NZTA but also Auckland Council and Watercare. The process involved excellent collaboration among the Auckland Council group and NZTA.

A full schedule of Local Board interactions over the month is appended as Appendix D.

10. SAFESWIM PROGRAMME

Auckland Council has commenced the development of a safeswim forecast model for implementation by 1 November 2017. Watercare is providing specific input and working with Council on the programme.

Auckland Council currently has a weekly water quality monitoring programme for selected Auckland bathing beaches, which operates between November and March. The programme was designed to comply with the Ministry of Health Microbiological Water Quality Guidelines for Marine and Freshwater Recreational Areas to provide the public with information on the quality of the bathing beach. The information is then made available on the Council's website.

Whilst compliant with the relevant Guidelines, a review of the programme identified a number of limitations, this includes the results being published 24hrs after the sample was taken, hence not providing a true reflection on the real quality of the water. In order to provide a better real time view, a trial of the safeswim forecast model is being developed which will provide live predictions on the quality of the water across the selected bathing beaches. The trial will initially focus on the bathing beaches along the Waitemata, from Point Chevalier to St Heliers and will be implemented by 1 November 2017.

The model will be calibrated using real event based samples taken from the bathing beach areas. The aim is to have the model available via phone app and the Auckland council website. This may also extend to signage at specific locations.

Our current focus with Council is to ensure the quality of any Watercare inputs into the model is correct and providing communication guidance to Council that beach water quality is also influenced by sources other than Watercare.

11. NETWORK DISCHARGE CONSENT

Watercare's Auckland-wide Wastewater Network Discharge Consent (NDC) was granted in June 2014 for a term of 35 years. It authorises the discharge of wastewater from existing and identified future public wastewater networks to land, freshwater and coastal receiving environments during times of dry and wet weather flow. The Wastewater Network Strategy (WWNS) is the key compliance mechanism of this consent, and is required to be updated and re-submitted every six years. The WWNS describes:

- The current performance of the network, and changes to wet weather overflow frequencies from completed projects and new information;
- The principles underpinning prioritisation of future works;
- The works proposed to be undertaken in the next six years and beyond, and the outcomes expected; and
- The consultation undertaken during the development of the WWNS.

The WWNS is aligned to the Asset Management Plan and will guide capital and operational investment so that Auckland's wastewater is managed and treated to protect public health and the environment, in accordance with community and cultural aspirations. The work described over the coming six years is predominately projects that are already approved. Over the next 20 years, Watercare proposes to invest in the order of \$3 billion in wastewater networks to improve performance and service growth. This is the first WWNS that has been prepared by Watercare and is required to be submitted to Auckland Council by 30 June.

The primary purpose of the WWNS is to demonstrate compliance with the requirements of the NDC and Central Interceptor Catchment Network Discharge Consent. This is achieved through demonstrating that Watercare is developing and implementing suitable processes, practices and improvement works to progress towards achieving compliance with the NDC target of two wet weather overflows per annum per Engineered Overflow Point or an alternative discharge frequency justified by a best practicable option assessment.

The key considerations underpinning the development of the WWNS include:

- A wastewater system is not static. Much like the communities it serves, it continues to grow and age. To accommodate the dynamic nature of a wastewater system, the NDC is based on processes rather than static performance measures. Every six years, the WWNS is updated to show how Watercare complies with the processes set out in the NDC.

- Wastewater systems affect and are affected by changes to communities. Urban communities cannot continue to expand without the services supplied by a wastewater network. Protecting the value of Auckland’s water bodies and land through managing discharges to those environments, and recognising how those characteristics change over time are accommodated in the cycle of developing the WWNS.
- Network improvements must be prioritised. Watercare must manage capital works and operational expenditure as necessary to address growth, levels of service and renewals. Prioritisation of works and tasks is needed, and must consider the wastewater system as a whole to be effective.
- Network management must be linked to wastewater treatment. Although this WWNS primarily addresses the management of the wastewater network, the operation of the wastewater treatment plants that receive the flows has a significant impact on the connected network, especially in the satellite communities.

12. AUCKLAND REGIONAL WATER DEMAND MANGAEMENT PLAN

The 2017-20 issue of the Auckland Regional Water Demand Management Plan will be released in July 2017. The document will be structured around the strategy adopted for each segment of water user (e.g. domestic, key accounts, Council and CCOs) and specific initiatives e.g. metering, education, and water efficiency services to customers.

The plan will include:

- the non-revenue water strategy and three year programme, including leakage and international benchmarking,
- specific water efficiency initiatives with our large water users, and
- a review of the water efficiency gains achieved through our customer programmes over the past three years, including the deferral of new infrastructure since 2004 (the baseline year for per capita reduction).

The Statement of Intent KPIs for real losses and demand management are based on percentages (percentage of real water loss and percentage reduction in per capita consumption). The use of percentages is no longer considered suitable by many international organisations including IWA and WSAA. Volume-based KPIs give more accurate information on actual performance. The new plan will recommend a portfolio of KPIs to complement the current performance measures.



.....
R Jaduram
CHIEF EXECUTIVE

WATERCARE SERVICES LIMITED

Apr-17

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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.

Key to Treasury policy compliance

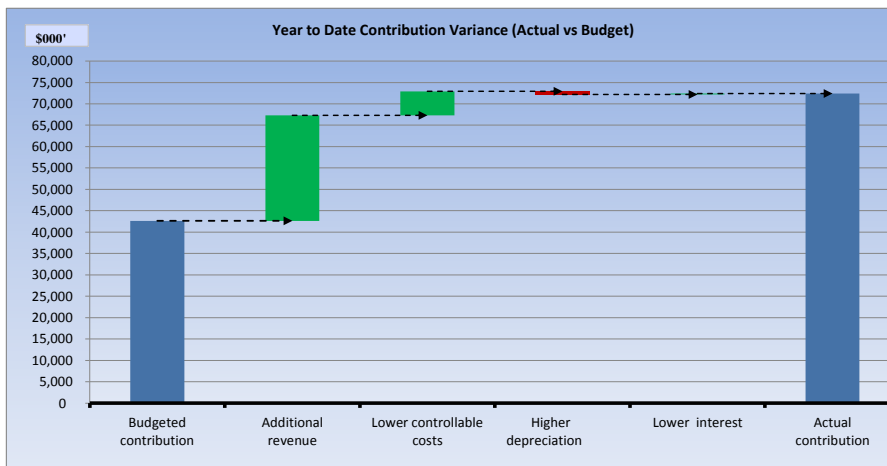
- Full compliance
- Non compliance

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

	Current Month				Year to Date				Full Year			
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result	Forecast	Budget	Variance	Result
Wastewater revenue	25,897	25,803	94	✓	265,014	264,736	278	✓	317,226	316,025	1,201	✓
Water revenue	11,742	12,046	(304)	✗	124,159	123,989	170	✓	147,682	147,682	0	✓
Infrastructure growth charge revenue	4,034	6,952	(2,918)	✗	61,033	54,293	6,740	✓	70,283	70,282	0	✓
Other revenue	1,626	1,757	(130)	✗	18,265	19,590	(1,325)	✗	22,396	24,543	(2,147)	✗
Revenue from exchange transactions	43,299	46,557	(3,258)	✗	468,472	462,609	5,863	✓	557,587	558,533	(946)	✗
Vested assets revenue	3,687	1,667	2,020	✓	35,471	16,667	18,805	✓	38,805	20,000	18,805	✓
Revenue from non-exchange transactions	3,687	1,667	2,020	✓	35,471	16,667	18,805	✓	38,805	20,000	18,805	✓
Total revenue	46,986	48,223	(1,238)	✗	503,943	479,276	24,667	✓	596,392	578,533	17,859	✓
Labour	7,264	7,107	(157)	✗	68,303	67,324	(979)	✗	82,477	81,489	(988)	✗
Contract labour	181	200	19	✓	1,575	2,337	762	✓	2,212	2,717	505	✓
Oncosts	383	311	(72)	✗	2,536	3,030	494	✓	3,157	3,653	496	✓
Labour recoveries	(2,763)	(3,213)	(450)	✗	(29,372)	(32,241)	(2,869)	✗	(35,813)	(39,186)	(3,373)	✗
Net labour	5,065	4,404	(661)	✗	43,041	40,450	(2,592)	✗	52,033	48,673	(3,360)	✗
Materials & cost of sales	131	187	56	✓	1,717	1,830	113	✓	2,073	2,196	123	✓
Planned maintenance	1,058	1,384	326	✓	13,097	15,191	2,094	✓	15,272	17,348	2,075	✓
Unplanned maintenance	3,215	2,624	(592)	✗	27,875	26,309	(1,566)	✗	33,744	31,505	(2,239)	✗
Asset operating costs - chemicals	1,020	893	(127)	✗	9,008	9,502	494	✓	11,006	11,202	196	✓
Asset operating costs - energy	1,843	1,643	(200)	✗	14,371	14,667	296	✓	17,758	18,175	417	✓
Operating costs - other	2,896	3,365	468	✓	31,477	35,128	3,650	✓	38,573	42,015	3,442	✓
Depreciation and amortisation	18,844	18,838	(6)	✗	189,607	188,802	(805)	✗	227,241	226,852	(389)	✗
Asset operating costs	28,877	28,747	(130)	✗	285,436	289,599	4,163	✓	343,593	347,096	3,502	✓
Communications	160	166	6	✓	1,514	1,750	235	✓	1,817	2,082	265	✓
Professional services	1,018	1,111	93	✓	9,874	11,012	1,138	✓	12,004	12,992	988	✓
Interest	6,617	6,546	(71)	✗	67,188	67,409	221	✓	81,157	80,663	(494)	✗
General overheads	2,276	2,539	263	✓	22,824	24,584	1,760	✓	27,414	29,311	1,897	✓
Overheads	10,071	10,363	291	✓	101,401	104,754	3,353	✓	122,391	125,048	2,657	✓
Total expenses	44,145	43,701	(443)	✗	431,595	436,633	5,038	✓	520,091	523,013	2,922	✓
Total contribution/(loss)	2,841	4,522	(1,681)	✗	72,348	42,642	29,706	✓	76,301	55,520	20,781	✓
Gain/loss on disposal of fixed assets and other costs	185	646	461	✓	7,087	6,708	(380)	✗	12,068	8,000	(4,068)	✗
Gain/loss on revaluation of financial instruments	7,689	-	(7,689)	✗	(89,479)	-	89,479	✓	(89,479)	-	89,479	✓
Non operating costs/(revenue)	7,874	646	(7,228)	✗	(82,392)	6,708	89,099	✓	(77,411)	8,000	85,411	✓
Net surplus/(deficit) before tax	(5,033)	3,876	(8,910)	✗	154,740	35,935	118,805	✓	153,712	47,520	106,192	✓
Income Tax Expense/(benefit)	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	(1,871)	1,061	2,932	✓	45,500	16,394	(29,106)	✗	48,320	21,698	26,622	✓
Net surplus/(deficit) after tax	(3,162)	2,815	(5,977)	✗	109,239	19,540	89,699	✓	105,492	25,822	79,670	✓

Key: Financial performance result

- ✓ Favourable variance - actual income on or above budget and actual expenditure on or below budget
- ✗ Unfavourable variance - actual income below budget and actual expenditure above budget



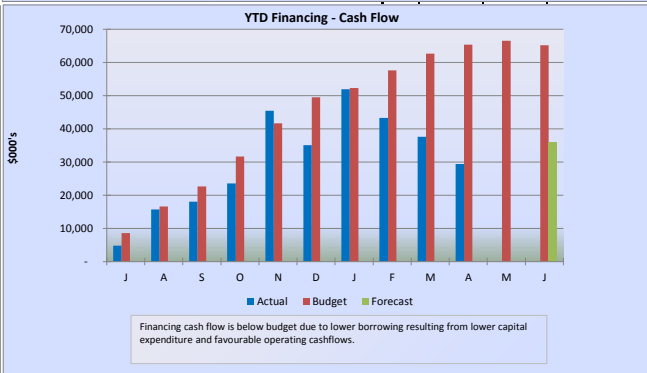
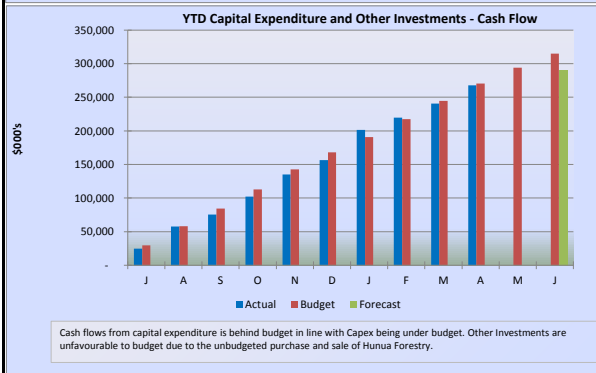
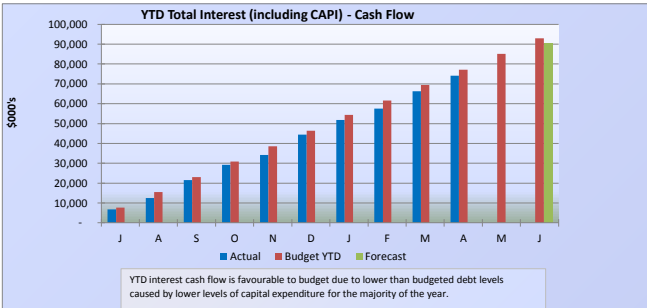
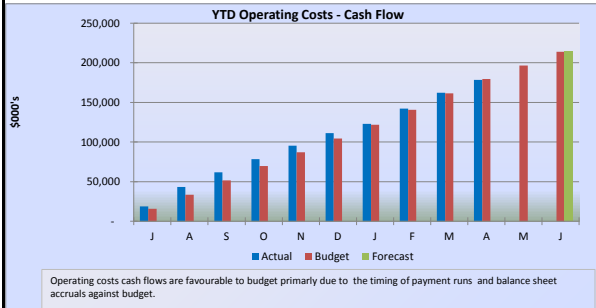
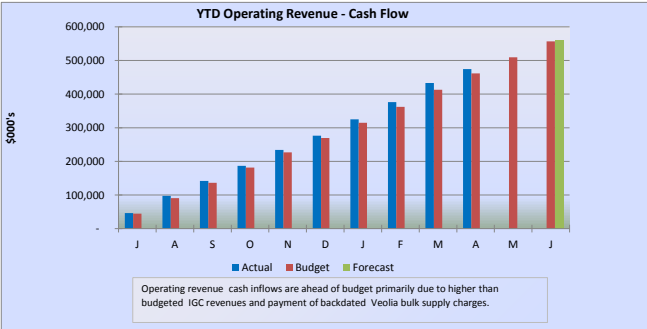
WATERCARE SERVICES LIMITED
STATEMENT OF CASH FLOWS

Apr-17
(\$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	41,152	48,995	(7,843)	*	474,233	461,731	12,502	✓	561,162	556,737	4,425	✓
Operating Costs	(16,244)	(18,104)	1,861	✓	(178,412)	(179,295)	883	✓	(214,295)	(213,925)	(370)	*
Interest Paid	(6,857)	(6,546)	(311)	*	(66,220)	(67,409)	1,189	✓	(81,008)	(80,663)	(345)	*
OPERATING CASH FLOW	18,051	24,344	(6,293)	*	229,601	215,027	14,574	✓	265,859	262,149	3,710	✓
Investing Cash flow:												
Capital Expenditure	(27,138)	(25,930)	(1,208)	*	(249,929)	(270,620)	20,691	✓	(290,159)	(315,057)	24,898	✓
Other Investments	16,500	-	16,500	✓	(1,500)	-	(1,500)	*	(1,500)	-	(1,500)	*
Capitalised Interest	(868)	(1,175)	307	✓	(7,812)	(9,774)	1,962	✓	(9,566)	(12,243)	2,677	✓
INVESTING CASH FLOW	(11,506)	(27,105)	15,599	✓	(259,241)	(280,394)	21,153	✓	(301,225)	(327,300)	26,075	✓
Financing Cash flow:												
Bonds/Term Debt Issued/(Repaid)	-	-	-	✓	(150,000)	(150,000)	-	✓	(150,000)	(150,000)	-	✓
Short Term Advances/(Repaid)	(3,000)	(3,000)	-	✓	10,500	10,500	-	✓	10,500	10,500	-	✓
Commercial Paper Issued/(Repaid)	(18)	(18)	-	✓	167	167	-	✓	167	167	-	✓
Auckland Council Borrowings/(Repaid)	(5,165)	5,779	(10,944)	✓	168,723	204,701	(35,978)	✓	175,283	204,484	(29,201)	✓
FINANCING CASH FLOW	(8,183)	2,761	(10,944)	✓	29,390	65,368	(35,978)	✓	35,950	65,151	(29,201)	✓
Net Increase (Decrease) in Cash and Cash Equivalents	(1,637)	-	(1,637)	*	(249)	-	(249)	*	584	-	584	*
Opening Cash Balance/(Overdraft)	804	-	804	✓	(584)	-	(584)	*	(584)	-	(584)	*
Ending Cash Balance/(Overdraft)	(833)	-	(833)	*	(833)	-	(833)	*	-	-	-	✓

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	(3,162)	2,815	109,239	19,540	89,699
Add back non cash items:					
Depreciation and amortisation	18,844	18,838	189,607	188,802	805
Financial instruments revaluation	7,689	-	(89,479)	-	(89,479)
Vested assets revenue	(3,687)	(1,667)	(35,344)	(16,667)	(18,677)
Other non-operating exp/(inc)	176	646	6,888	6,708	180
Income Tax Expense/(Benefit)	(1,871)	1,061	45,500	16,394	29,106
Movements in Working Capital	62	2,650	3,189	249	2,940
OPERATING CASH FLOW	18,051	24,344	229,601	215,027	14,574

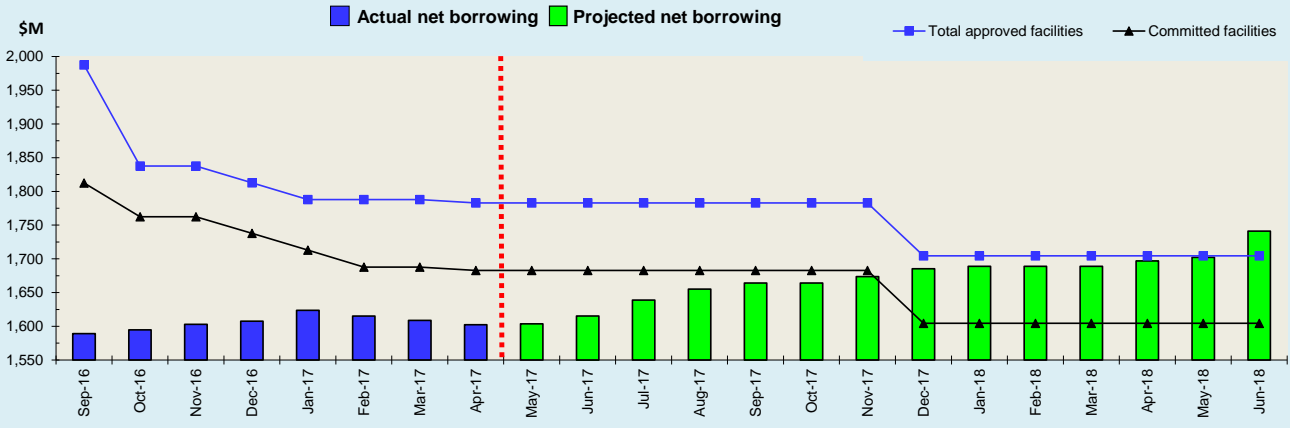


		WATERCARE SERVICES LIMITED						Apr-17
		STATEMENT OF FINANCIAL POSITION						(\$000's)
June 2016	March 2017		April			June 2017		
Actual	Actual		Actual	Budget	Variance	Forecast	Budget	Variance
		Current assets						
-	804	Cash and cash equivalents	-	-	-	-	-	-
47,137	42,426	Trade and other receivables from exchange transactions	41,275	48,000	(6,725)	44,137	49,500	(5,363)
20,871	20,302	Unbilled revenue accrual	22,181	20,403	1,779	21,505	19,822	1,683
3,332	3,313	Prepaid expenses	3,159	3,861	(702)	2,855	3,415	(559)
5,895	6,174	Inventories	6,102	5,736	366	7,331	5,818	1,513
3,206	3,595	Derivative financial instruments	5,634	3,793	1,840	5,634	3,793	1,840
80,440	76,614	Total current assets	78,351	81,793	(3,442)	81,463	82,348	(886)
		Non-current assets						
8,430,699	8,702,664	Property, plant and equipment	8,691,868	8,722,713	(30,845)	8,733,259	8,827,174	(93,915)
454,247	440,157	Construction/work-in-progress	458,621	453,569	5,052	463,403	455,852	7,552
(230,843)	(393,632)	Provision for depreciation	(411,759)	(419,563)	7,805	(448,234)	(60,603)	(387,631)
8,654,103	8,749,190	Total property, plant and equipment	8,738,731	8,756,718	(17,988)	8,748,428	9,222,422	(473,994)
42,714	43,965	Intangible assets	43,158	44,566	(1,408)	43,400	44,659	(1,259)
23,244	22,907	Prepaid expenses	22,870	23,245	(375)	22,796	23,245	(449)
4,373	8,496	Inventories	8,515	4,356	4,159	8,515	4,356	4,159
15,138	9,407	Derivative financial instruments	7,485	12,590	(5,105)	7,485	12,590	(5,105)
8,739,572	8,833,965	Total non-current assets	8,820,760	8,841,475	(20,715)	8,830,625	9,307,272	(476,647)
8,820,012	8,910,579	Total assets	8,899,110	8,923,268	(24,158)	8,912,088	9,389,620	(477,533)
		Current liabilities						
582	-	Bank Overdraft	833	-	833	-	-	-
149,067	149,252	Commercial paper	149,234	149,071	163	149,234	149,071	163
-	288	Bonds	289	279	10	289	279	10
150,000	-	Term loan	-	-	-	-	-	-
81,883	135,965	Auckland council loan	80,923	90,611	(9,688)	80,923	95,431	(14,507)
381,532	285,505	Total debt current	231,280	239,961	(8,681)	230,447	244,780	(14,334)
17,047	15,025	Trade and other payables for exchange transactions	11,527	18,298	(6,771)	14,394	20,398	(6,004)
10,614	12,874	Interest accrued	11,546	11,255	290	10,726	11,337	(611)
52,582	49,764	Other accrued expenses	47,772	59,747	(11,975)	54,386	59,747	(5,361)
8,314	7,587	Provision for staff benefits	7,593	7,463	130	7,593	7,463	130
906	166	Other provisions	166	545	(379)	166	545	(379)
33,276	37,267	Derivative financial instruments	37,536	31,189	6,347	37,536	31,189	6,347
504,271	408,187	Total current liabilities	347,419	368,458	(21,039)	355,248	375,459	(20,212)
		Non-current liabilities						
75,000	75,000	Bonds (26/10/18)	75,000	75,000	-	75,000	75,075	(75)
50,389	50,172	Bonds (26/10/18)	50,151	50,297	(146)	50,151	50,290	(139)
19,000	32,500	Bank revolving credit facility	29,500	29,500	-	29,500	-	29,500
1,051,816	1,171,345	Auckland council loan	1,221,222	1,233,045	(11,823)	1,227,742	1,257,442	(29,700)
1,196,205	1,329,017	Total debt non-current	1,375,873	1,387,842	(11,969)	1,382,393	1,382,807	(414)
14,301	14,704	Other accrued expenses	14,644	18,066	(3,422)	14,301	18,116	(3,815)
3,470	3,619	Other Provisions	3,619	3,619	-	3,619	3,569	50
1,291	1,304	Provision for staff benefits	1,304	1,532	(228)	1,304	1,532	(228)
268,697	162,197	Derivative financial instruments	169,734	237,552	(67,819)	169,734	237,552	(67,819)
998,200	1,045,572	Deferred tax liability	1,043,701	1,024,201	19,500	1,046,421	1,156,289	(109,868)
2,482,165	2,556,413	Total non-current liabilities	2,608,875	2,672,812	(63,937)	2,617,771	2,799,865	(182,094)
2,986,436	2,964,600	Total liabilities	2,956,294	3,041,270	(84,976)	2,973,019	3,175,324	(202,306)
		Equity						
260,693	260,693	Issued capital	260,693	260,693	-	260,693	260,693	-
1,839,927	1,837,264	Revaluation reserve	1,837,356	1,851,332	(13,976)	1,837,356	2,177,348	(339,992)
3,800,122	3,735,620	Retained earnings	3,735,528	3,750,433	(14,905)	3,735,528	3,750,433	(14,905)
(67,166)	112,402	Current year earnings after tax	109,239	19,540	89,699	105,492	25,822	79,670
5,833,576	5,945,979	Total equity	5,942,816	5,881,998	60,818	5,939,069	6,214,296	(275,227)
8,820,012	8,910,579	Total equity and liabilities	8,899,110	8,923,268	(24,158)	8,912,088	9,389,620	(477,533)

TREASURY RISKS AND INTEREST RATE PERFORMANCE

Apr-17

5



Interest rates

	Actual YTD	Benchmark YTD	Year end forecast
Weighted averages (excl. fees and margins)	4.79%	4.13%	4.79%
Weighted averages (incl. fees and margins)	5.80%	N/A	5.82%

Debt (\$m)

	Actual	Budget	Variance
Short-term borrowings	230.4	240.0	(9.6)
Long-term borrowings	1,375.9	1,387.8	(11.9)
Total gross debt	1,606.3	1,627.8	(21.5)
Bank overdraft / (cash & deposits)	0.8	-	0.8
Total net borrowing	1,607.1	1,627.8	(20.7)

Committed facilities

- Westpac Revolving Credit facility \$60 million
- Medium term notes \$125 million
- Auckland Council CP Standby facility \$150 million
- Auckland Council loans \$1,348 million

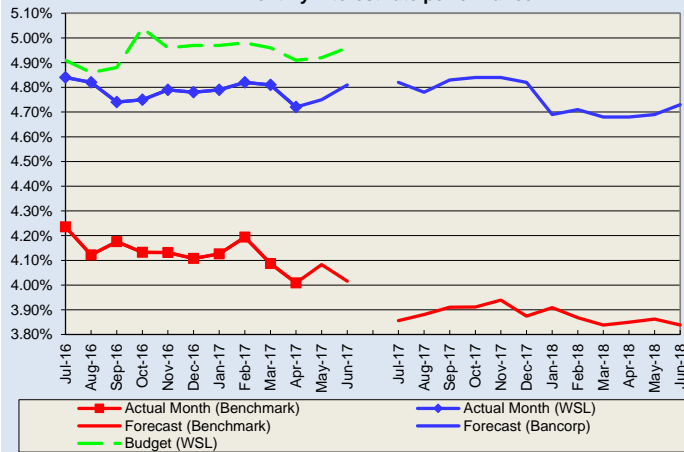
Total committed facilities as at 30 April \$1,683 million

Additional approved facilities

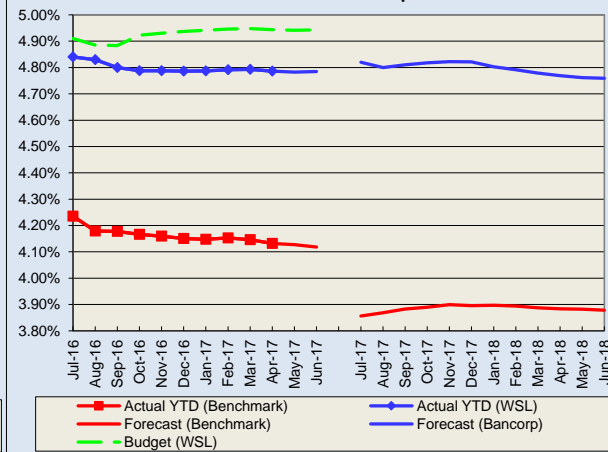
- Approved CP issuance, over and above CP Standby facility \$100 million

Total approved facilities as at 30 April \$1,783 million

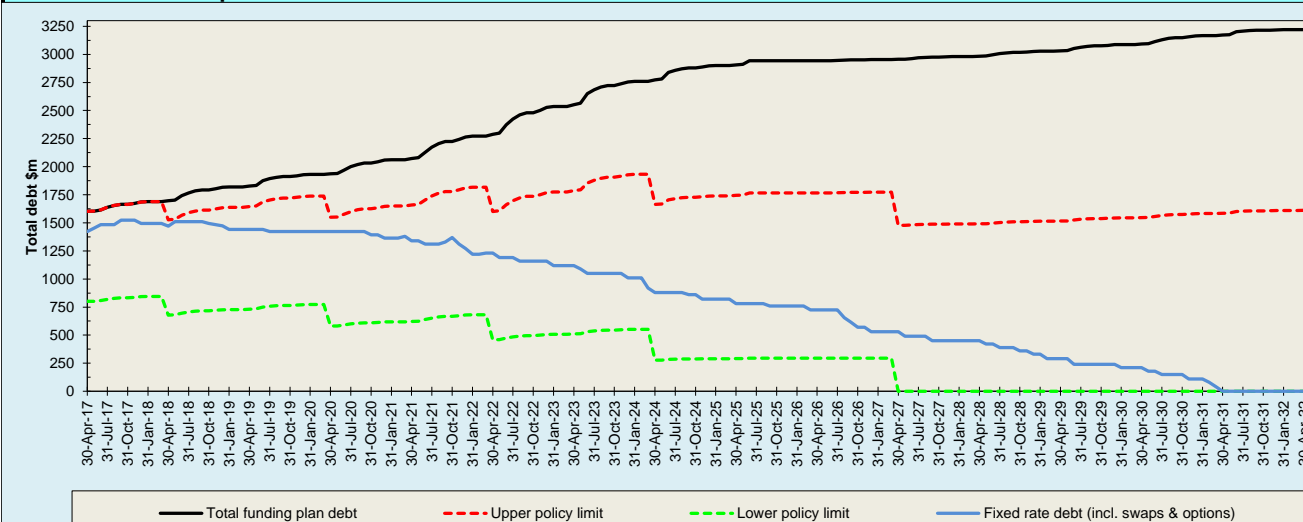
Monthly interest rate performance



Year to date interest rate performance



Forecast total debt profile



COUNTERPARTY EXPOSURES, DEBT CONCENTRATION & COVENANT COMPLIANCE							Apr-17	
Counterparty exposures		S&P credit rating Short / long term	Face value \$000	Credit exposures \$000	Limit \$000	Limit OK / exceeded		
Obligations of registered banks								
ANZ Bank	A1+ / AA-		580,354	354	100,000	Limit OK		✓
Bank of New Zealand	A1+ / AA-		615,011	16,856	100,000	Limit OK		✓
Commonwealth Bank of Australia	A1+ / AA-		65,000	295	100,000	Limit OK		✓
Kiwibank	A1 / A		75,000	776	50,000	Limit OK		✓
Westpac Institutional Bank	A1+ / AA-		565,000	0	100,000	Limit OK		✓
			1,900,365	18,282				
<i>Note: Credit exposures are the aggregate of direct exposures, 10% of the 'face' value of forward foreign exchange contracts, 15% of the 'face' value of electricity hedging contracts, and the sum of the MTM value of interest rate derivative contracts plus a 3% 'risk' factor (if this produces a positive value).</i>								
Debt concentration		\$000						
Committed debt facilities	Maturity	0-12 months	12-24 months	24-36 months	36-48 months	48-60 months	> 60 months	Total
Westpac Revolving Credit facility	30/11/18		60,000					60,000
Medium-term notes	26/10/18		125,000					125,000
Auckland Council CP Standby facility	30/06/20				150,000			150,000
Auckland Council loans	Various	78,368	82,243	200,000	2,243	135,000	850,000	1,347,854
Total committed debt facilities		78,368	267,243	200,000	152,243	135,000	850,000	1,682,854
Treasury policy - total committed debt facilities		<= 500,000	<= 500,000	<= 500,000	<= 500,000	<= 500,000		
Treasury policy compliance		✓	✓	✓	✓	✓		
Approved CP issuance, over and above CP Standby							100,000	100,000
Total committed and approved debt facilities		78,368	267,243	200,000	152,243	135,000	950,000	1,782,854
Drawn bank facilities	Maturity	0-6 months	6-12 months	12-18 months	18-24 months	24-30 months	> 30 months	Total
Westpac Revolving Credit facility (\$60m)	30/11/18				29,500			29,500
		0	0	0	29,500	0	0	29,500
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						
		60,000	0	0	0	0		
Treasury policy		<= 500,000	<= 500,000	<= 500,000	<= 500,000	<= 500,000		
Treasury policy compliance		✓	✓	✓	✓	✓		
Compliance with financial covenants and ratios under the Negative Pledge Deed and Guarantee Facility Deed								
Covenant / ratio	Benchmark/target measure			Outcome		Compliance		
Security interests / total tangible assets - maximum	5%			0.00%		✓		
Total liabilities / total tangible assets - maximum	60%			33.38%		✓		
Total liabilities (including contingent) / total tangible assets - maximum	65%			33.38%		✓		
Shareholders funds - minimum (\$000)	500,000			5,942,816		✓		
EBITDA : funding costs ratio - minimum	1.75			4.37		✓		
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							Apr-17					
Foreign currency exposures (NZ\$000) including hedging for chemical purchases							USD	Total				
Total exposure to be hedged							8.7	8.7				
Foreign exchange hedging							8.7	8.7				
Percentage cover							100%	100%				
Treasury policy							100%	100%				
Treasury policy compliance							✓	✓				
Hedging for chemical purchases (US\$000)					Sep-17	Mar-18	Sep-18	Mar-19	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						
301	50,000	2.030%	2.090%	1.33	87	18-May-17						
302	50,000	1.960%	2.013%	2.94	94	12-Jun-17						
303	50,000	1.978%	2.032%	1.47	94	31-Jul-17						
	150,000		2.045%									
<p>Note: BKBM is the banks' mid-rate for bank bills of a similar term on the CP issue date.</p>												
					May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Beyond Oct-17	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				150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	
50% of CP and other short-term debt repayable within 60 days				50,000	50,000	25,000	0	0	0	0	0	
Treasury policy: Undrawn standby facilities >= 50% of outstanding CP and other uncommitted short-term debt repayable within 60 days												
Treasury policy compliance											✓	
Electricity hedging (NZ\$000)				0-6 months	6-12 months	12-18 months	18-24 months	24-30 months	30-36 months	36-42 months	42-48 months	
Contract maturity												
Contract length												
Total value of outstanding contracts				0								
Treasury policy for maximum value of outstanding contracts				<= 10,000								
Treasury policy compliance				✓								

Management Report
Monthly Statistics Update

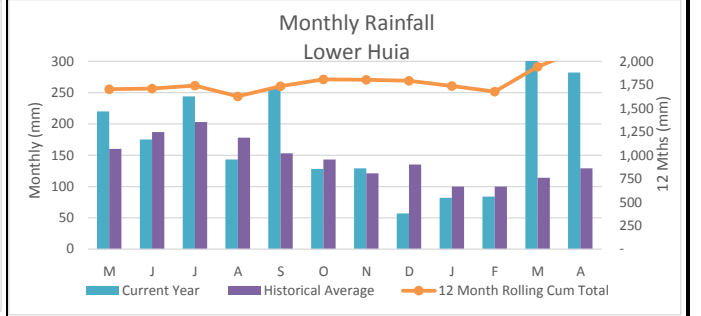
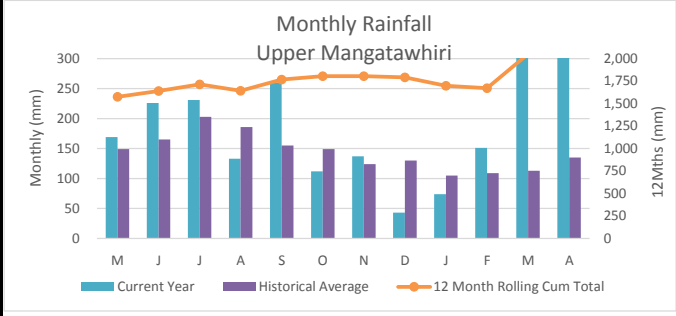
WATERCARE SERVICES LIMITED

Apr-17

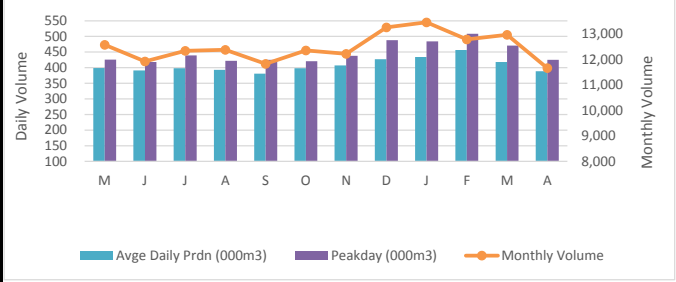
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Rainfall

Rainfall	Current Month	12 Mth Cumulative Rolling	Rainfall	Current Month	12 Mth Cumulative Rolling
Actual - Upper Mangatawhiri	308 mm	2315 mm	Actual - Lower Huia	282 mm	2125 mm



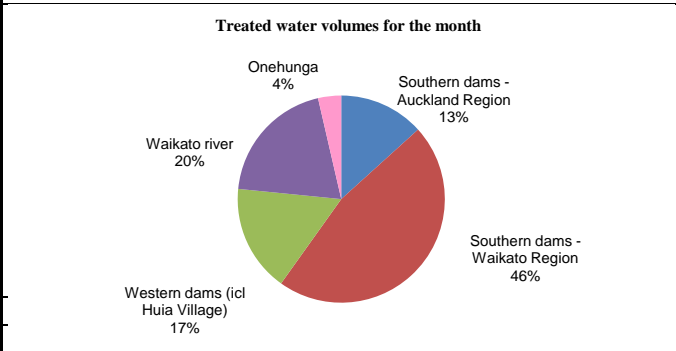
Water Production - Total Supply



Treated water volumes (000m ³)	Current Month	12 Month Rolling Ave
Monthly Volume	11,652	12,468
- Metro	11,465	12,275
- Non-metro	186 ¹	193
Average Daily Production	388	409
Peak Day	425	508 ²

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

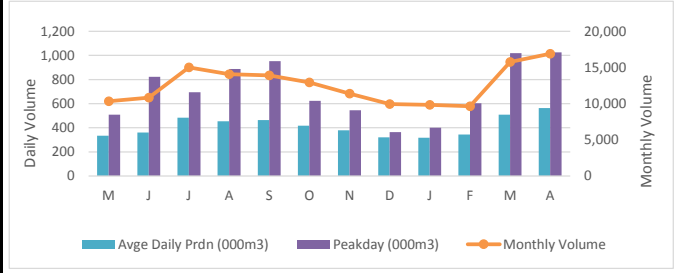
2. Max peak day in past 12 months



Treated water volumes (000m ³)	Current Month		Year to Date			
	Actual	%	Budget	Actual	%	Budget
Southern dams - Auckland Region	1,524	13%	1,192	19,880	16%	14,023
Southern dams - Waikato Region	5,340	46%	5,390	58,523	46%	47,949
Western dams	1,915	16%	2,251	21,698	17%	21,917
Waikato river	2,273	20%	2,387	20,506	16%	33,760
Onehunga aquifer	414	4%	560	3,575	3%	5,540
Rodney	113	1.0%	103	1,173	0.9%	1,119
Franklin	74	0.6%	81	729	0.6%	866
Total	11,652	100%	11,965	126,085	100%	125,175

Lake levels at month end was 99.8%

Wastewater Treatment - Metropolitan Treatment



	Current Month	12 Month Rolling Ave
Monthly Volume (000m³)	16,901	12,547
Average Daily Production	563	412
Peak Day	1,025	1,025 ²

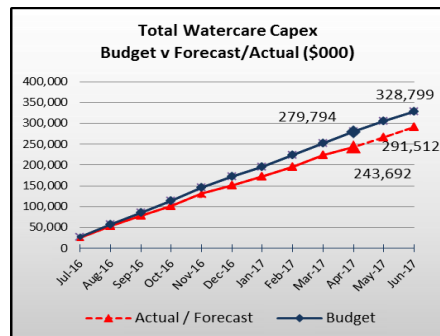
2. Max peak day in past 12 months

WATERCARE PUBLIC REPORT

CAPITAL EXPENDITURE



TOTAL WATERCARE EXPENDITURE	Year to Date		Annual Performance	
	Actual	Budget	Actual + Forecast	Budget
Strategy & Planning	6,426	13,479	7,574	17,435
Infrastructure Delivery	168,539	178,443	197,639	208,007
Service Delivery	45,568	54,742	54,869	63,936
Retail	10,681	10,046	13,470	11,808
Information Services	1,993	6,409	3,580	7,943
Other	2,738	6,901	4,878	7,428
Capitalised Interest	7,747	9,774	9,502	12,243
Watercare Total	243,692	279,794	291,512	328,799



5

Project / Programme Infrastructure Related Projects (Phase: Design / Execution)	Project	Annual Performance		Status	
	Current Forecast	Forecast	Budget	Time	Cost
Water Projects >\$15 Million					
Ardmore WTP Treated Water Resilience	30,600	2,933	3,840		
North Harbour Watermain Duplication	54,300	2,192	4,651		
Albany Pinehill WM & PS	15,700	955	2,258		
Hunua No 4 Programme	370,966	13,526	12,427		
Waikato 175MLD Expansion Stage Ultimate	31,505	12,233	16,240		
Wastewater Projects >\$15 Million					
Mangere WWTP BNR Capacity	141,040	48,147	48,000		
Mangere WWTP Solids Stream Upgrade	48,758	13,055	12,900		
Central Interceptor Feasibility Design	60,880	9,719	7,654		
Northern Interceptor - Stage 1	107,853	3,528	3,541		
Pukekohe WWTP Upgrade	65,848	1,291	2,040		
Pukekohe Trunk Sewer Upgrade	46,307	30,736	27,854		
Rosedale WWTP Expansion Project	62,356	(263)	3,966		
East Coast Bays Link Sewer Upgrade Prjct	27,200	2,271	0		
Army Bay WWTP Outfall Upgrade	38,618	310	3,824		
Wairau Wastewater Pump Station	21,400	099	480		
Fred Thomas Drive WW PS & Storage Tank	27,721	14,992	10,310		
Snells Algies WWTP Ocean Outfall	3,995	514	22		
Glendowie Branch Sewer Upgrade	27,250	1,213	805		
Glen Eden Storage & Pipe Upgrade	16,179	9,658	10,131		
Shared Services >\$15 Million					
Networks Controls Upgrade	19,944	3,262	3,900		
Capex Programme (Design / Execution)					
>\$15 Million	1,218,420	170,373	174,843		
>\$2 Million <\$15 Million	147,818	33,661	42,133		
<\$2 Million	43,746	8,621	11,868		
TOTAL	1,409,984	212,654	228,844		

Watercare Services Ltd
Financial Summary 2016-17
Report Period April 2017
Infrastructure Related Projects: Strategy & Planning / Infrastructure Delivery / Service Delivery

Traffic light Key:

On target / No adverse Service Delivery impact
 Short to medium term issues that may impact on outcomes or targets / Minor Service Delivery Impacts
 Medium to long term issues that are impacting on outcomes or targets / Risk of significant Service Delivery Impact
 Underspend on the project approval (-10%)

Local Board Interaction (As at 18 May 2017)

Local Board	Chair	Deputy Chair	Mar 17	Apr 17	May 17
Albert - Eden	Peter Haynes	Glenda Fryer	Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar to 3 April).	Notice of works in Ponsonby and potential for discoloured water (27 Apr).	Shared "Your Source" Watercare's staff newsletter with interesting stories (18 May)
Devonport - Takapuna	Grant Gillon (26 October 2016 to 22 April 2018) George Wood (23 April 2018 to the end of the 2016-2019 political term)	George Wood (26 October 2016 to 22 April 2018) Grant Gillon (23 April 2018 to the end of the 2016-2019 political term)	Response to escalated water leak complaint at the Strand Takapuna (3 Mar). Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar to 3 April). Update on works in Esmonde Road (28 Mar). Work with AC Healthy Waters to reline a broken wastewater pipe in Takapuna that may be contributing to beach contamination (30 Mar).		Shared "Your Source" Watercare's staff newsletter with interesting stories (18 May). Response to question on Watercare's response to watermain breaks on the north shore.
Franklin	Angela Fulljames	Andy Baker	Liaison with Local Board chair regarding extreme wet weather event including information on dam levels and problems with the plant at Kawakawa Bay (8 Mar). Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar to 3 April). Respond to queries regarding TePuru pump station overflow and clean up (17 Mar).	Update on wastewater main break at Omana (3 Apr). Meeting at Town Hall regarding wastewater servicing in Beachlands and Maraetai (10 Apr). Notice of Waytemore Forest Group Purchase by Watercare (27 April)	Shared "Your Source" Watercare's staff newsletter with interesting stories (18 May)
Great Barrier	Izzy Fordham	Luke Coles			Shared "Your Source" Watercare's staff newsletter with interesting stories (18 May)
Henderson - Massey	Shane Henderson	Peter Chan	Property owner notification regarding Local Boards landowner approval for a biofilter to control odours from the Royal Rd Siphon (3 Mar). Invite to Glen Eden Community Open Day (6 Mar). Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar to 3 April). Local Board briefing water and Network Discharge Consent (14 Mar). Response to escalation on wet weather overflows on the Te Atatu Peninsula (21 Mar)		Information shared with Phil Twyford on Te Atatu wastewater overflows was also sent to the Local Board for information (8 May). Shared "Your Source" Watercare's staff newsletter with interesting stories (18 May)
Hibiscus and Bays	Julia Parfitt	Janet Fitzgerald	Local Board workshop regarding landowner approval for works in Hibiscus Heights reserve (2 Mar). Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar to 3 April). Discussion re tanker filling during water shortage (15 Mar)	Local Board landowner approval granted for works in Hauraki Heights Park (3 Apr). Shared information on land encroachment notices sent to private property owners on Pine Hill (27 Apr).	Shared "Your Source" Watercare's staff newsletter with interesting stories (18 May)

Board - Public Session - For Information

Local Board	Chair	Deputy Chair	Mar 17	Apr 17	May 17
Howick	David Collings	Katrina Bungard	Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar to 3 April). response to question on Waikato Water take and Auckland's future water supply (23 Mar)	Update on wastewater main break flowing in Howick following storm event (6 Apr). Notification of inflow inspections about to get underway in Mellons Bay (27 April)	John Spiller joined staff and media to view smoke testing underway in Mellons Bay (5 May). Shared "Your Source" Watercare's staff newsletter with interesting stories (18 May)
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)	Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar to 3 April).		Feedback on Lake Road works (10 May). Shared "Your Source" Watercare's staff newsletter with interesting stories (18 May)
Mangere - Otahuhu	Lydia Sosene	Walter Togiamua	Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar to 3 April).		Photo opportunity for article on Central interceptor (8 May). Media release shared with the Local Board including quotes (9 May). Shared "Your Source" Watercare's staff newsletter with interesting stories (18 May)
Manurewa	Angela Dalton	Rangi McLean	Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar to 3 April).		Shared "Your Source" Watercare's staff newsletter with interesting stories (18 May)
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.	Local Board workshop consultation on the Network Discharge Consent (7 Mar). Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar to 3 April).		Shared "Your Source" Watercare's staff newsletter with interesting stories (18 May)
Orakei	Colin Davis - After 18 months Kit Parkinson will Chair.	Kit Parkinson - After 18 months Carmel Claridge will be Deputy Chair	Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar to 3 April).		Shared "Your Source" Watercare's staff newsletter with interesting stories (18 May)
Otara - Papatoetoe	Lotu Fuli	Ross Robertson	Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar to 3 April). Workshop on the regional network discharge consent and update on the current water situation (28 Mar).		Shared "Your Source" Watercare's staff newsletter with interesting stories (18 May)
Papakura	Brent Catchpole	Felicity Auva'a	Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar to 3 April).		Shared "Your Source" Watercare's staff newsletter with interesting stories (18 May)
Puketapapa	Harry Doig	Julie Fairey	Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar to 3 April).		Shared "Your Source" Watercare's staff newsletter with interesting stories (18 May)
Rodney	Beth Houlbrooke	Phelan Pirrie	Wellsford flyer and copy of "Tapped In" newsletter shared with the Local Board (1	Response to questions from Local Board on Rodney water and wastewater (11 April).	Sanderson Road site blessing – chair attending (1 May). Local Board briefing on

Board - Public Session - For Information

Local Board	Chair	Deputy Chair	Mar 17	Apr 17	May 17
			Mar). Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar to 3 April).	Invitation to site blessing for Warkworth water treatment plant (26 April)	Wellsford water and wastewater consents (4 May). Shared "Your Source" Watercare's staff newsletter with interesting stories (18 May)
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)	Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar to 3 April).	Response to enquiry on forestry operations in dam catchments (13 Apr). Joint presentation with NZTA, Parks and Watercare regarding Northern Corridor Development (27 April)	Joint presentation with NZTA, Parks and Watercare regarding Northern Corridor Development (4 May). Shared "Your Source" Watercare's staff newsletter with interesting stories (18 May). Local Board meeting on NZTA Northern Corridor project and local board leases (18 May).
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)	Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar to 3 April).		Shared "Your Source" Watercare's staff newsletter with interesting stories (18 May)
Waitakere Ranges	Greg Presland	Saffron Toms	Debrief with the Local Board on the community meetings regarding the replacement of the Huia Water Treatment Plant (2 Mar). Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar to 3 April).	Update on Plant Open Days and temporary closure of Exhibition Drive (11 Apr)	Shared "Your Source" Watercare's staff newsletter with interesting stories (18 May)
Waitemata	Pippa Coom	Shale Chambers	Response to Chair regarding weed control in Newmarket Gully (7 Mar). Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar to 3 April).	Notice of works in Ponsonby and potential for discoloured water (27 Apr).	Shared "Your Source" Watercare's staff newsletter with interesting stories (18 May)
Whau	Tracey Mulholland	Susan Zhu	Invite to Glen Eden Community Open Day (6 Mar) – cancelled due to weather. Notice of water savings requirement in response to wet weather effects on Ardmore Water Treatment Plant (9 Mar to 3 April). Briefing on the Central interceptor and Network Discharge Consent (15 Mar). Letter to customer on behalf of Local Board re wastewater overflows in the Manukau Harbour (20 Mar)		Shared "Your Source" Watercare's staff newsletter with interesting stories (18 May)