

WATERCARE SERVICES LIMITED

AGENDA	BOARD MEETING	Wednesday 20 December 2017
Venue	Watercare Services Limited, Level 3, 73 Remuera Road, Newmarket	
Time	11am	

Open Public Meeting

Item	Spokesperson	Action sought at governance meeting	Supporting Material
1 Apologies	Chair	Record apologies	
2 Minutes of Meeting	Chair	Approve Board Meeting Minutes 28 November 2017	Board Minutes 28 November 2017
3 Directors Corporate Governance Items			
3a Board Planner	Chair	For approval	Board Planner
3b Review Directors' Disclosure of Interests	Chair	For approval	Disclosure of Interests
3c Review Executive Management Disclosure of Interests	Chair	For approval	Disclosure of Interests
3d Review Director Appointment Terms	Chair	For approval	Appointment Terms
4 For Information			
4a Health & Safety Report	R Jaduram	Receive Report	Report
4b Chief Executive's Report	R Jaduram	Receive the Chief Executive's report	Report
5 Award Acknowledgements	R Jaduram	Presentation	No report
6 General Business	Chair		

Date of next meeting	Tuesday 30 January 2018
Venue	Watercare Services Limited, Level 3, 73 Remuera Road, Newmarket

MINUTES

SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Watercare Services Limited, 73 Remuera Road, Newmarket
DATE	28 November 2017
TIME	12.20pm
STATUS	Open Session

	Present: M Devlin (Chair) J Hoare (Deputy Chair) N Crauford B Green C Harland Hon A King D Thomas	In Attendance: R Jaduram (Chief Executive) B Monk R Fisher R Chenery E McBride A Miller M Bridge – Left meeting at 12.40 R Young – Left meeting at 12.40	Public in Attendance: Nil
1.	Apologies Nil		
2.	Minutes of Previous Meeting The Board resolved that the minutes of the public section of the Board meeting held on 26 October 2017 be confirmed as correct.		
3.	Directors Corporate Governance Items 3a Board Planner <ul style="list-style-type: none"> - October to be noted as the SOI public meeting. - The Chair and Deputy Chair will discuss some possible date clashes. - PRAC Charter review is to be moved to October 2018. 3b Disclosure of Interests <ul style="list-style-type: none"> - The Chair has retired from City Care Limited - The Deputy Chair has been appointed a director of Auckland Airport International Ltd - B Green has been appointed a representative of Waipapa Marae, Kawhia to Whakakitenga o Waikato Tainui. E McBride confirmed she would update the register and website accordingly.		
	3c Director Appointments and Terms The report was taken as read.		

4	<p>For Information</p> <p>4a Health & Safety Report</p> <p>The report was taken as read. The CE and A Miller answered questions from the Board regarding the Ladies Mile incident. Key points of discussion included:</p> <ul style="list-style-type: none"> - The site where the incident happened was extremely complex. Photos will be provided to the Board so they can see how complicated the cabling was underground. - The CE noted that the contractor was sent to do a certain job (Job A), but then the nature of the job changed, and they were asked to do the first job (Job A), plus another job (Job B). While the contractor was qualified to do the first job (Job A), they were not qualified to do the additional job (Job B), and they should never have accepted to do the combined Job A and B. - Watercare’s investigation discovered that the contractors had inadequate risk management systems in place for the identification and safe working controls of underground services. - The Deputy Chair noted that we would have had some learnings from this event. The Chair asked Management to come back to the Board at the next meeting with an update on actions taken and process improvements. - On page 15, the Chair noted that some YTD Targets are lagging (% of Inspections Completed). The CE confirmed that he had already followed up with Management regarding this but at the same time, he noted he wants them to do a thorough job, and not just tick the boxes. - On page 13, in relation to the Telarc Audits, C Harland asked for an update on the quarantine areas. A Miller noted that as an interim step, Watercare has moved these off site, so there is no temptation to use items in quarantine. <p>4b Chief Executive’s Report</p> <p>The report was taken as read.</p> <p>Treasury</p> <ul style="list-style-type: none"> - B Monk noted that Watercare will work with Auckland Council Treasury to develop the Centralised Treasury Implementation Plan, including the process to novate to Auckland Council Watercare’s derivate portfolio. The proposed start date for Group Treasury is 1 July 2018. <p>Capital Expenditure</p> <ul style="list-style-type: none"> - C Harland questioned the Helensville WWTP improvements on page 22. The Company Secretary explained that Watercare has changed the monitoring point as it is in the wrong place. <p>Presentations by the Public</p> <ul style="list-style-type: none"> - C Harland asked whether Watercare uses glyphosate. The Company Secretary noted that Watercare does not. Watercare removes weeds by hand and uses the pest control trap recommended by Ms Cheel.
5.	<p>Strategy</p> <p>5a Organisation and Culture</p> <p>A Miller provided a presentation on recent developments and achievements relating to Organisation and Culture. In relation to the Leadership Programme, it is currently being rolled out for employees. It will be adapted for contractors, with a H&S perspective, longer term.</p> <p>The Board remarked on the dramatic transformation for the better, which had been achieved over the last 2 years and were pleased with the progress made to date.</p>

6.	<p>New Website Launch Update</p> <p>The paper was taken as read.</p> <p>M Bridge and R Young presented the new website to the Board. Key features that were highlighted included the following:</p> <ul style="list-style-type: none"> - The website is mobile phone friendly. - The front page shows the six most popular parts of the website. - The aim of the new website was to have any page only 4 clicks away, 80% of the time. - The website has been refreshed, uses Plain English and has more graphics/photos. - PWC has checked the security of the website. - Since launch, there has been a 20% lift in visits. - Visitor are staying on the website for twice as long. - There remains a few glitches to iron out. - The STP project will help the website become even more customer driven. - Reporting of faults will be coming online soon. - Overall feedback has been positive. <p>The Chair thanked the team for their work.</p>
6.	<p>General Business</p> <p>Nil.</p> <p>The meeting closed at 1.15pm .</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

M Devlin
Chair

Board - Public Session - Directors' Corporate Governance Items

Board Planner 2017/ 2018

	November	December	January	February	March	April	May	June	July	August	September	October	November	December
Board	28-Nov Newmarket	20-Dec Newmarket	30-Jan Newmarket	27-Feb	27-Mar	24-Apr	29-May Newmarket*	19-Jun	31-Jul	22-Aug	26-Sep	30-Oct Newmarket*	27-Nov	19-Dec
Meetings			30-Jan (before Board Meeting)			18-Apr			31 Jul (before Board meeting)	17-Aug		TBA - either Oct or Nov		
Audit and risk committee														
People Remuneration and appointments committee			30-Jan (after Board meeting)			24-Apr (after Board Meeting)	29-May (after Board Meeting)	19-June (after Board Meeting)		22-Aug (after Board Meeting)		30-Oct (after Board meeting)		
Governance				Corporate Governance Charter		A&R Charter						PRAC charter		
Charter reviews														
Policy reviews	Our commitment to H&S Policy	Fraud Policy			Infrastructure Growth Charges Policy	Risk Management Policy						Treasury policy review (via A&R)		
Delegations							Annual review of board delegations to CE							
Quarterly risk reviews			Risk Report			Risk report			Risk report			Risk report		
Compliance			Statutory compliance			Statutory compliance			Statutory compliance			Statutory compliance		
Shareholder interaction	Q1 Quarterly report due 8 Nov. Briefing to F&P on 24 Nov (M Devlin)			Q2 quarterly report due 21 Feb	Q2 briefing to F&P Committee 12 March (J Hoare)		Q3 quarterly report due 18 May	Q3 briefing to F&P Committee 6 June (M Devlin)		Q4 quarterly report due 31 August	Q4 briefing to F&P Committee 19 Sept (M Devlin) Auckland Council's A&R Committee Date TBC	Q1 quarterly report due 26 Oct	Q1 briefing to F&P Committee 14 Nov (M Devlin)	
Site Visits	Site Visit (after Board Meeting)		Site Visit - 31 January - All Day		Site Visit (after Board Meeting)		Site Visit (after Board Meeting)		Site Visit (after Board Meeting)		Site Visit (after Board Meeting)	Date TBC	Site Visit (after Board Meeting)	
H&S Quarterly report			Oct-Dec 17 Report			Jan-Mar 18 Report			Apr-Jun 18 Report			Jul-Sept 18 Report		
Board Training						H&S Due diligence refresher. Date TBC.								
Business strategy					Strategy Workshop									
Strategic planning	27 Nov - Asset Management Plan internal workshop													
Strategy updates	Organisation and Culture		New Ventures	Financing & Funding - Options for large capital projects.	The Value of Water (Non-Revenue Water)	Organisation and Culture	Technology, Innovation and Digital transformation - Beneficial Reuse	New Ventures	Demand Management Plan update (Theme: Value of Water)	Voice of the Customer (Theme: Technology, Innovation and Digital Transformation)	Options for large capital projects (Theme: Financing and Funding)	Faults and New Connections (Theme: Technology, Innovation and Digital Transformation)	Smart Infrastructure (Theme: Technology, Innovation and Digital Transformation)	Organisation and Culture
Business planning		Auckland Council LTP - approve Watercare input*	Approve half year accounts	a) approve financials for Draft SOI including projected 18/19 price increases, b) approve long term financials for Auckland Council modelling				Approval of 2018/19 Budget		a) approve 2017/18 accounts, b) delegate final sign off of 2017/18 Annual Report	Update from WUCAT			
Statement of intent		2018/19 Letter of Expectation to be received		Approval of Draft 2018-2021 SOI			Present shareholder SOI feedback at public meeting	Final 2018-2021 SOI issued to shareholder						2019/20 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: 13 December 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 – Director, Meteorological Services of NZ – Director, Waikato Regional Airport – Chair, Titanium Park (wholly owned subsidiary of Waikato Regional Airport) – Director, IT Partners Group – Director, Aurora Energy – Independent Chair of Audit and Risk Committee, Waikato District Council – Chairman, Women in Infrastructure Network – Member, Wintec Council – Member, The University of Waikato Council
Catherine Harland	<ul style="list-style-type: none"> – Director, McHar Investments Ltd – Director, Interface Partners Ltd – Trustee, One Tree Hill Jubilee Educational Trust – Member, Auckland Regional Amenities Funding Board – Member, Water Allocation Technical Advisory Group
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 – Director, Auckland International Airport 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 – Specialist Advisor, 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 and Emergency New Zealand
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 - Director, Peak2Peak - Executive Director, Bay Dairy Limited - Executive Director, Advanced Biotech NZ - Executive, Te Runanganui o Ngati Hikairo - Management contract, Tainui Kawhia Minerals - Representative of Waipapa Marae, Kawhia, Te Whakakitenga o Waikato Tainui.
Hon Annette King	<ul style="list-style-type: none"> - Chair, Life Flight Trust Wellington.

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: 13 November 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 – 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 Environment and Reuse Foundation
Adrienne Miller	Advisory Board Member – WIN Advisory Board, Infrastructure NZ Trustee – Diversity Works New Zealand
Rebecca Chenery	Director, Chenery Consulting Services Limited
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: 13 December 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	Original Appointment Date	End of Term
Margaret Devlin (Chair)	01 November 2016	31 October 2019
Julia Hoare (Deputy Chair)	01 November 2013	31 October 2019
Catherine Harland	21 April 2011	31 October 2019
Nicola Crauford	01 April 2014	31 October 2019
David Thomas	01 November 2014	31 October 2020
Brendon Green	01 November 2016	31 October 2019
Hon Annette King	01 November 2017	31 October 2020

RECOMMENDATION

That the report be received.

Approved by:



R Jaduram
Chief Executive

Report to the Board of Watercare Services Limited

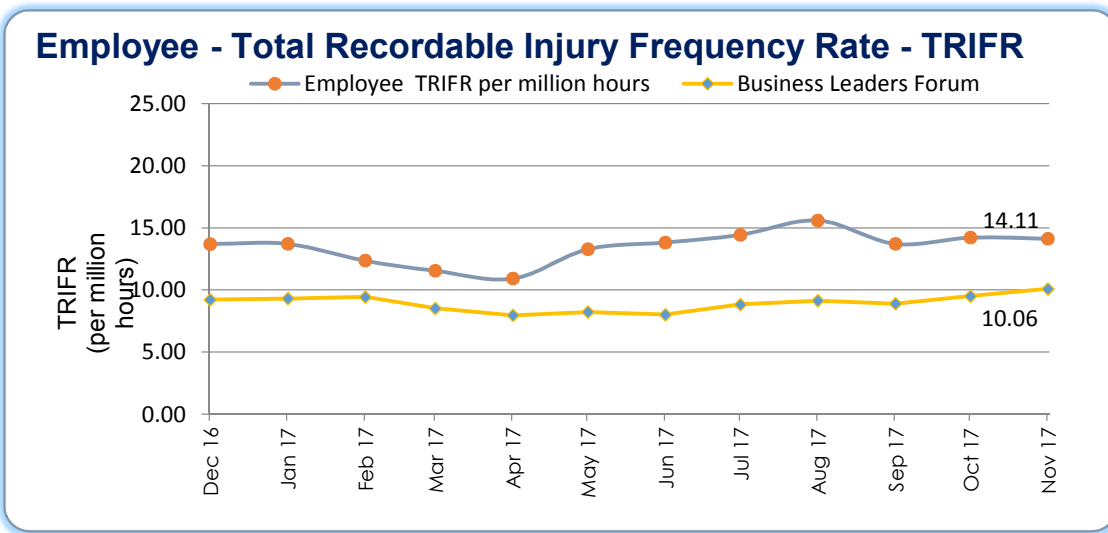
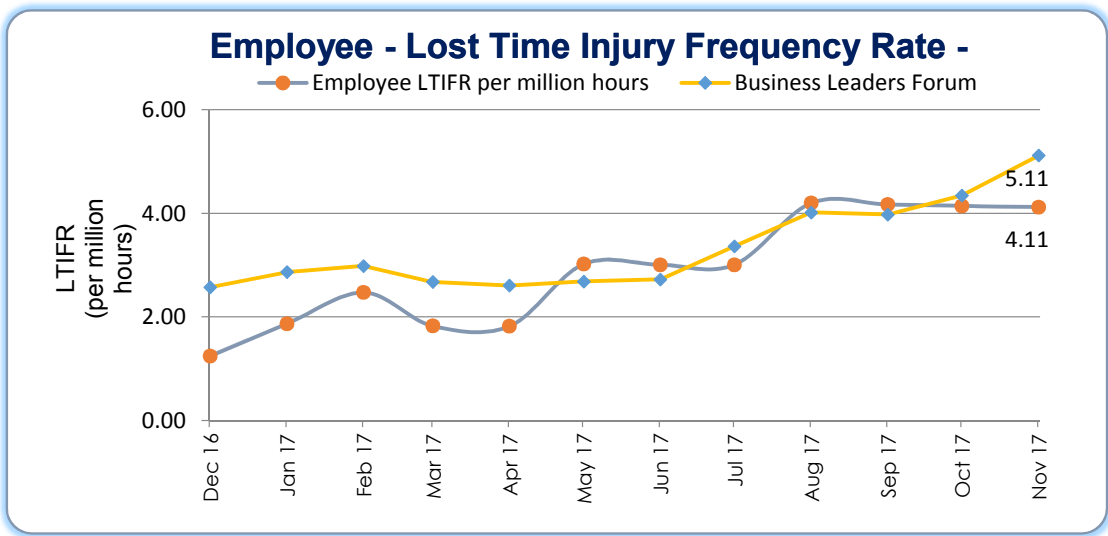
Subject: Health and Safety Report – November 2017

Date: 13 December 2017

1. LAG INDICATORS

There were no Lost Time Injuries (LTI), Restricted Duties Injuries (RDI) or Medical Treatment Injuries (MTI) involving Watercare employees during November. As a result the rolling 12 month Lost Time Injury Frequency Rate (LTIFR) for employees remains below the Statement of Intent target of ≤ 5 having moved to 4.11 per million hours.

The rolling 12 month Total Recordable Injury Frequency Rate (TRIFR) is 14.11 per million hours, also below the Statement of Intent target of ≤ 20 .



(Note - Discussions in the context of the previous Business Leaders Forum comparator anomalies we had identified suggests that some members are not entering data monthly thereby leading to historical aggregated results changing over time).

2. CONTRACTOR WORKER INJURIES

There was one Lost Time Injury (LTI) for contractors recorded for the month of November.

Whilst hitting a wooden peg into the ground the peg broke and the worker sustained a pinch injury to his finger which resulted in tendon damage. He was declared unfit for work for a period of 14 days and has subsequently returned to work on restricted duties. Management have communicated the importance of checking tools and equipment prior to use (including items such as the wooden pegs used in construction works).

3. SIGNIFICANT INCIDENTS/HAZARDS/NEAR MISSES

As previously advised, in October 2017, a contractor worker was injured in a flashover incident in Ladies Mile, Ellerslie sustaining partial thickness burns to his arm and face. The worker is subsequently back to full health, undertaking his normal work duties.

The Watercare investigation determined that the immediate cause of the accident was that the work crew did not properly identify the underground services prior to commencing work.

The contractor was found to have inadequate risk management systems in place for the identification and safe working controls for underground services, and the onsite crew were found not to have been in possession of a 'Before-U-Dig' service plan at the time work commenced (although they did subsequently produce one). The investigation also highlighted the need for Watercare to ensure that the checks conducted around safety systems at the outset of a contractor's engagement are repeated when we use a contractor for a different class of work, as occurred here. Similarly there is a need to ensure that contractors have robust health and safety management systems and are using workers with requisite experience and expertise for all classes of work they may be asked to perform.

The tables below provide an update on remedial actions:

Contractor actions

Action	Comments	Completion date
Conduct in-house training for all workers to the Utilities Guideline for Safe Working in the Road Corridor	Toolbox meeting held to discuss the incident and reiterate safe operations and procedures during excavation work.	29 Sept
	Training conducted and included safe working in the road corridor, the use of service plans and the use of detection equipment. The contractor has provided their training register for all internal and external training, to confirm that training systems are in place and workers have undergone training.	07 Nov
Amend internal process to clarify that 'Before-U-Dig' service plans must be on site prior to work commencing	The particular contractor now has processes in place to ensure service plans are available on site and have been reviewed prior to work commencing.	27 Nov
Engage 3 rd party experts for service mark outs of complex sites	Additional resources such as the services owners (Chorus, North	Had been implemented and is

	Power, Vector) will also be engaged for complex work sites	ongoing. MSN to audit and monitor
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Additional actions by contractor:

The contractor approached Worksafe to request an audit review. Worksafe provided a documented Duty Holder Review (DHR) of the incident. Recommendations included:

- Reviewing processes for supervisors not to leave workers who are not suitably trained unattended on site
- To allow for two workers per job site to be first aid qualified. Only four out of thirteen of this particular contractor's workers have had first aid training
- Pre-start documentation to allow for free text input and not be generically pre-printed, allowing emergency responses to be manually written specific to the site location.
- Arranging industry experts to attend toolbox meetings (since then North Power, Chorus and Vector have been engaged to provide presentations on working safely around their services).

Watercare actions

Action	Comments	Completion date
Temporarily require the contractor to have a Watercare staff member present when undertaking excavation works	A MSN staff member is present on site when any excavation works are carried out by the contractor	Ongoing
Develop a schedule for review of the contractor's health and safety management systems by an independent auditor to verify H&S improvements, with a monitoring plan to ensure the contractor meets its post audit and recommendation requirements	An Independent auditor was engaged and a review of the contractor's health and safety management systems and operations was undertaken. We await the formal report. Once this is received a formal monitoring plan will be implemented. In the short term MSN staff have been conducting inspections and observations on this particular contractor's work sites, reviewing documentation and practices.	30 Nov – 01 Dec
Revise MSN work procedures and pre-start forms to include Utilities Advisory requirements for safe working in the road corridor	MSN are now developing an electronic pre-start form that will include requirements for working in a road corridor, and that will include a 'stand over' prompt.	TBA
Undertake a review of the practices of all other Watercare contractors working for MSN on similar type of work	MSN management have undertaken observations and inspections at various contractor work sites. Feedback has been provided to the responsible general manager and the health and safety team	21-24 November and is ongoing

Additional Watercare actions:

- MSN engaged utility providers Chorus and North Power to provide presentations on safety awareness around services for MSN and contractors. Chorus have since conducted a presentation for MSN and contractors. Controls presented are aligned with documented MSN procedures.
- A North Power presentation will be conducted shortly based on availability of their staff member.

- Vector have provided industry documentation for working safely around electrical cables. These were reviewed and found to mirror Watercare Services/MSN systems and procedures. Contractors have been given access to this information.



The images above depict the complexity of the underground services, and the location of the site on the road verge. Notably the Road opening notice issued for the work did not allow for an extended period of traffic management because of the arterial nature of the intersection.

4. INSPECTIONS

A table setting out Watercare business unit targeted versus completed inspections for the current reporting period is appended as Appendix A. Watercare is implementing any improvements that have been identified by these inspections and have not reported any trends of significance arising from these inspections.

Also included is a table reflecting contractor indicator statistics for the previous three months on a selection of four Watercare construction project sites. Overall this indicates a positive culture of monitoring of activities and equipment.

5. INDEPENDENT AUDIT REVIEWS

The report for the audit conducted at the Wairau Road Pumping Station project in October has now been received. The audit included a review of the following work activities:

- Working at Height
- Lifting and Suspended Loads
- Trenches and Excavations

There were no non-conformances and the auditor noted that working at heights, excavations, and suspended loads appeared to be well managed at the project site. The use of the Pipe Jack has reduced the length of open excavations and the risks associated with them.

Watercare and the contractor were commended for taking this approach to undertake the work. The impact has been to significantly reduce exposure (workers and members of the public) to risks associated with traditional open trench pipe installation. Watercare and contractor representatives were observed to display good knowledge of health and safety risks at the site. The contractor's emergency response plans were reviewed and found to be appropriate and specific to the project. A Traffic Management Plan and Works Access Permit was in place and approved by Auckland Transport for works undertaken in the road carriageway. There was evidence of regularly attended project meetings and on-site observations and inspections, and engagement with workers.

Recommendations included:

- Reviewing the Watercare Key Requirements to ensure all relevant legislated requirements, industry good practice, and internal procedures are referred to and considered. A list of recommended legislated and industry guidelines is included in the report. The health and safety team have scheduled a review of the key requirements.
- Undertaking a consultative approach with industry stakeholders to ensuring the integrity of scaffolding components as a guardrail around excavations. Worksafe have been consulted and they have responded with guidance on how to manage scaffold component guardrails around excavations. This information has been shared with the project team and the contractor.
- Sharing learnings from this report with project managers, particularly in relation to ensuring planning requirements and specific risks in the key requirements are covered in contract documents. This has been highlighted to the projects team and a copy of the report provided.

The next audit scheduled is to review the Major Hazard facilities (MHF) Safety Case Hazard Controls at the Ardmore Treatment Plant in February 2018.

6. HEALTH AND SAFETY TRAINING

In-house training was scheduled for 14-15 December covering Contractor Management and Incident Management, and will be followed by deep dive training on other Health and Safety Toolkit elements. All of these sessions have been designed to be more in depth than previous introductions to the Toolkit and expected to improve people managers' understanding and capability, and better equip them to apply learnings practically in the workplace.

7. CONTRACTOR MANAGEMENT AND ENGAGEMENT

In our efforts to enhance contractor management and engagement, Watercare management and the health and safety function are reviewing the current contractor forum, and a meeting will be scheduled in early 2018.

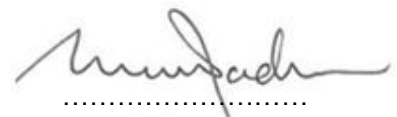
8. RECOMMENDATION

That the Board receives this report.

Prepared by:

Reviewed by:

Approved by:



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S Walthew
**Corporate Health and Safety
Manager**

.....
A Miller
**General Manager
Corporate Services**

.....
R Jaduram
Chief Executive

Appendix A

Inspections – Targets were set with business units for Health and Safety Inspections for the 2017-2018 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	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Total	Target for 2017-18	% Complete
Watercare House	0	0	0	1	1								2	6	33
Retail	20	17	18	15	22								92	130	71
Infrastructure Delivery															
Construction Delivery	13	13	13	27	23								89	230	39
Laboratory Services	9	13	15	10	6								53	104	51
MSO	10	14	4	16	16								60	138	43
MSN	30	40	47	60	46								223	180	124
Total	62	80	79	113	91								425	652	65
Service Delivery															
Networks	12	10	13	10	9								54	150	36
Asset Protection & Engineering Performance	4	4	7	5	5								25	40	63
Water Supply	19	30	27	23	20								119	192	62
Wastewater	21	20	21	25	29								116	232	50
Total	56	64	68	63	63								314	614	51
Watercare Total	138	161	165	192	177								833	1414	59

Business units are implementing any improvements they have identified and there have not been any trends of significance coming out of these inspections. The improved system categorisation options for those completing inspections is under ongoing monitoring and review (enabling those inputting data to pre-categorise matters so as to improve the granularity of automated reporting available to us).

Contractor lead indicator statistics

The table below is a reflection of contractor statistics for the previous three months on a selection of four construction project sites. This indicates a positive culture of monitoring of activities and equipment. Contractors are reviewing hazards to ensure controls remain adequate and implementing actions where required. Safe behavioural observations indicate that contractors are also looking at 'what is going right' at site operational level. No significant trends have been identified.

2017	Audits	Inspections	Safe Behaviour Observation	Hazards Identified	Safety Meetings held	Corrective Actions completed
Mangere WWTP BNR Upgrade						
September	0	12	47	156	4	161
October	4	13	45	109	5	97
November	0	11	24	93	9	90
Pukekohe Trunk Sewer Upgrade						
September	2	11	53	98	88	21
October	1	11	38	35	46	9
November	0	2	29	7	48	4
Glen Eden Wastewater Storage Tank						
September	0	3	1	41	4	0
October	0	4	9	22	3	0
November	0	4	2	37	5	0
Army Bay						
November	0	0	6	101	4	0

Board - Public Session - For Information

WATERCARE SCORECARD 2017/2018																			
On budget, on time, within parameters			Unfavourable but within parameters			Major issue, needs attention													
	SOI	2017/18 Target	Amber Threshold	Red Threshold	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17		
1 Safe and Reliable Water																			
1a	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%	
1b	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%	
1c	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%	
1d	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%	
1e	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%	
1f	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%	
1g	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%	
1h	1h	Percentage of unplanned water shutdowns restored within five hours (12 mth rolling average)	>95%	93% to <95%	<93%	94%	95%	95%	96%	96%	95%	95%	95%	93%	94%	93%	92%		
1i	1i	Number of unplanned water interruptions per 1000 connected properties (12 mth rolling average)	≤10	>10 to 12	>12	5.0	5.1	5.3	5.4	5.7	5.7	5.9	6.0	6.0	6.0	6.1	6.0		
1j	1j	Unrestricted demand - metropolitan	Unrestricted	Subjective	Restrictions apply	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Subjective	Subjective	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted		
1k	1k	Unrestricted demand - non-metropolitan	Unrestricted	Subjective	Restrictions apply	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted		
2 Healthy Waterways																			
2a	2a	Number of dry weather sewer overflows per 100km of wastewater pipe length per year (12 mth rolling average)	≤5	>5 to 7	>7	1.86	1.78	1.60	1.60	1.86	1.89	1.90	1.92	2.09	2.28	2.37	2.37	2.42	
2b	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	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	
2c	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	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.5	0.5	0.5	0.5	
2d	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	
2e	2e	Number of sewer bursts and chokes per 1000 properties (12 mth rolling average)	≤10	>10 to ≤12	>12	6.90	7.20	7.60	8.00	8.40	9.00	9.20	9.28	9.36	9.26	9.17	9.20	9.07	
2f	2f	Percentage of wastewater discharged that is compliant with consent discharge requirements for metropolitan areas	100%	98 to <100%	<98%	100%	97%	100%	99%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
2g	2g	Percentage of wastewater discharged that is compliant with consent discharge requirements for non-metropolitan areas	35%	n/a	<35%	85%	86%	85%	85%	87%	86%	80%	87%	76%	76%	79%	88%	83%	
3 Customer Satisfaction																			
3a	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	42 mins	42 mins	41 mins	41 mins	41 mins	41 mins	41 mins	44 mins	45 min	46 min	49 min		
3b	3b	Median response time for resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	≤ 5 hours	>5 - ≤8 hours	>8 hours	3.2 hours	3.2 hours	3.2 hours	3.0 hours	2.9 hours	2.9 hours	2.8 hours	2.8 hours	2.7 hours	2.7 hours	2.8 hours	2.8 hours		
3c	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	2.1 days	1.9 days	1.4 days	1.2 days	1.1 days	1.0 days	1.0 days	1.0 days	1.1 days	1.1 days	1.2 days	1.9 days		
3d	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	4.0 days	3.6 days	3.1 days	2.9 days	2.3 days	2.1 days	2.0 days	2.1 days	2.0 days	2.1 days	2.1 days	2.8 days		
3e	3e	Percentage of customers surveyed satisfied with Watercare's delivery of water and wastewater services (12 mth rolling average)	≥80%	≥75% to <80%	<75%	81.4%	81.4%	81.8%	82.1%	82.2%	82.2%	82.4%	82.4%	82.8%	83.4%	83.7%	83.5%		
3f	3f	The total number of complaints received by the local authority about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply f) the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system	≤10	>10 - ≤15	>15	5.8	5.9	6.1	6.0	5.8	5.9	5.7	5.6	5.4	5.3	5.1	5.1	5.1	
3g	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	48 mins	49 mins	49 mins	49 mins	49 mins	50 mins	50 mins	50 mins	51 mins	51 min	51 min	52 min		
3h	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	3.0 hours	3.0 hours	3.0 hours	3.0 hours	3.1 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours		
3i	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	22.0	22.1	22.1	22.1	23.2	24.5	24.4	24.1	23.5	23.1	22.6	22.4	22.4	
3j	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	3.42	3.51	3.70	3.50	3.37	3.30	3.50	3.46	3.48	3.50	3.46	3.47	3.56	
3k	3k	Percentage of complaints being 'closed and resolved' within 10 working days (12 mth rolling average)	≥95%	≥90% to <95%	<90%	93.90%	94.10%	94.60%	95.9%	96.9%	97.6%	97.9%	98.1%	98.9%	99.9%	99.4%	99.4%		
3l	3l	Net Promoter Score (year to date score)	>30	26-29	≤ 25	New scorecard measure as at Oct 17											30	27	
3m	3m	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%			Annual measure					16.00%	21.05%	21.05%	21.05%	26.32%	26.32%			

4.2

Board - Public Session - For Information

WATERCARE SCORECARD 2017/2018																			
On budget, on time, within parameters		Unfavourable but within parameters			Major issue, needs attention														
	SOI	2017/18 Target	Amber Threshold	Red Threshold	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17		
4	4	Health, Safety and Wellbeing																	
4a	4a	Lost-time injury frequency rate per million hours worked (12 month rolling average)	☑	≤5	5 - 7	>7	1.26	1.24	1.87	2.47	1.82	2.42	2.41	2.4	2.4	4.19	4.17	4.14	4.11
4b	4b	Percentage of total hours absent due to illness (12 mth rolling average)		≤2.5%	>2.5 to 3.5%	>3.5%	1.97%	2.08%	2.21%	2.19%	2.23%	2.28%	2.28%	2.29%	2.29%	2.37%	2.35%	2.37%	2.91%
4c	4c	Percentage of voluntary leavers relative to number of permanent staff (12 mth rolling average)	☑	≤12%	>12 to 14%	>14%	10.66%	10.70%	11.31%	10.67%	10.04%	10.76%	11.15%	12.00%	12.38%	11.88%	11.19%	12.90%	12.78%
4d	4d	Total recordable injury frequency rate per million hours worked (12 month rolling average)	☑	<20	>20 to <23	>23	14.45	14.3	14.31	12.95	10.93	10.9	12.06	13.2	13.81	15.44	13.69	14.19	14.11
5	5	Financial Responsibility																	
5a	5a	Minimum funds flow from operations to interest cover (FFO) before any price adjustment	☑	≥2.5	2.4 to <2.5	<2.4	3.98	3.92	3.95	4.02	3.99	3.92	3.91	3.94	4.53	4.10	4.05	3.97	4.00
5b	5b	Percentage of household expenditure on water supply services relative to the average household income	☑	≤1.5%	1.2 to <1.5	>1.5	0.84%	0.84%	0.85%	0.86%	0.86%	0.87%	0.86%	0.86%	0.89%	0.85%	0.85%	0.86%	0.87%
5c	5c	Water & wastewater revenue against budget YTD %		≥100%	≥98% to <100%	<98%	100%	101%	101%	101%	100%	100%	101%	101%	102%	101%	101%	101%	101%
5d	5d	Infrastructure growth charge revenue against budget YTD %		≥100%	≥95% to <100%	<95%	116%	122%	121%	127%	120%	112%	111%	113%	162%	118%	113%	107%	108%
5e	5e	Controllable costs against budget YTD %		≤100%	>100 to ≤102%	>102%	94%	95%	95%	94%	96%	97%	98%	99%	101%	105%	104%	102%	101%
5f	5f	Total contribution against budget YTD (\$ millions)		+	-\$0.1m to -\$2m	> -\$2m	15.86	17.5	23.34	32.39	31.39	29.7	38.2	53.1	8.59	7.11	8.97	9.54	12.02
5g	5g	Net surplus / deficit before tax against budget YTD (\$ millions)		+	-\$0.1m to -\$2m	> -\$2m	92.07	118.33	134.22	131.4	129.31	120.4	109.99	141.84	0.08	-11.9	0.7	-9.9	-12.0
5h	5h	Total net borrowing against budget YTD (\$ millions)		Negative	\$0.1m to \$10m	> \$10m	4.10	1.60	14.20	0.70	-11.30	-20.70	-26.60	-23.50	-6.80	-7.50	-8.30	-14.50	-15.90
6	6	Fully Sustainable																	
6a	6a	The average consumption of drinking water per day per resident (gross PCC) (12 month rolling average)	☑	268 +/- 2.5%	≥274.7		272	272	272	271	271	272	272	272	272	273	273	274	
6b	6b	Per capita consumption (litres / person / day) - Residential Monthly PCC		Information only			162	168	171	168	162	154	152	152	150	147	149		
6c	6c	Non-Domestic Monthly Water Volume		Information only			3,044,237	3,152,566	3,267,842	3,091,670	3,223,550	2,905,975	2,948,602	2,887,411	2,869,036	2,953,759	2,850,758		
6d	6d	Non-Revenue Water Percentage		Information only			16.8%	16.7%	16.8%	16.9%	16.9%	17.1%	17.0%	17.1%	17.2%	17.2%	17.3%		
6e	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	11.5%	11.4%	11.5%	11.7%	11.7%	11.9%	11.8%	11.9%	12.0%	12.0%	12.1%		
6f	6f	Percentage of annual potable water transmission system losses (12 month rolling average)		No specific target - information only			2.0%	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	6g	Percentage of annual potable water network losses (12 mth rolling average) - Urban as a percentage of total volume		No specific target - information only			10.9%	10.8%	10.9%	11.1%	11.1%	9.7%	9.5%	9.6%	9.7%	9.7%	9.8%		
6h	6h	Percentage of annual potable water network losses (12 mth rolling average) - Rural as a percentage of total volume		No specific target - information only			0.34%	0.34%	0.34%	0.34%	0.34%	0.33%	0.31%	0.31%	0.32%	0.33%	0.34%		
6i	6i	Percentage of annual potable water network losses (12 mth rolling average) - Rural as a percentage of rural volume		No specific target - information only			22.8%	22.6%	22.8%	22.4%	22.4%	21.8%	20.7%	20.8%	21.3%	21.7%	22.3%		
7	7	Policy Compliance																	
7a	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

4.2

Watercare Services Limited**Subject: Chief Executive Report – November 2017****Date: 13 December 2017**

1. HEALTH AND SAFETY

There were no Lost Time Injuries (LTI), Restricted Duties Injuries (RDI) or Medical Treatment Injuries (MTI) involving Watercare employees during November. As a result, the rolling 12 month Lost Time Injury Frequency Rate (LTIFR) for employees remains below the Statement of Intent target of ≤ 5 , having moved to 4.11 per million hours.

The rolling 12 month Total Recordable Injury Frequency Rate (TRIFR) is 14.11 per million hours, also below the Statement of Intent target of ≤ 20 .

2. CUSTOMER FOCUS

In November, the customer satisfaction was 79.9%. The rolling 12 month average is 83.5%, against a target of 80%. The year to date Net Promoter Score (NPS) is 27, against a target of >30 .

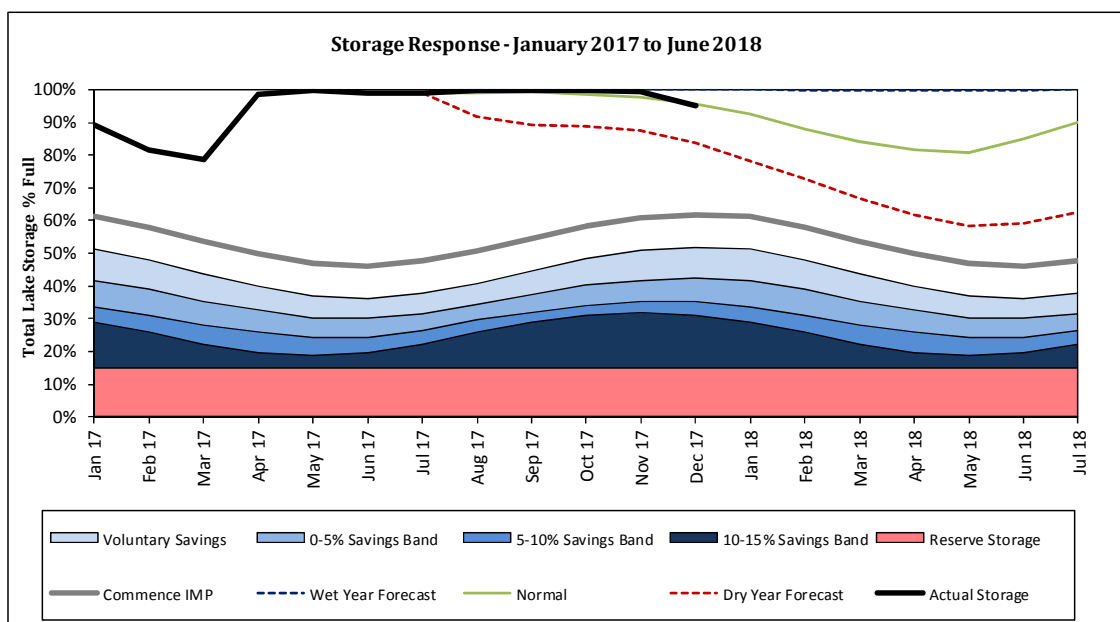
The decrease in customer satisfaction for November largely relates to teething problems when the new Watercare website launched. A further website release is planned before Christmas. This release should resolve a number of minor issues, which appear to be causing frustration for customers.

Complaint resolution was 100% for November. The rolling 12 month average is 99.4%, against a target of 95%.

3. SERVICE DELIVERY**Rainfall and Water Resources**

Rainfall in November was below average across the Auckland region, resulting in average daily demand being 2% over budget for the month. Over November, the 12 month rolling average daily demand rose from 273 to 274.5 litres per person per day. This was due to higher water demand during November (26MLD higher than the same month last year). As reported below, the Communications team is taking proactive steps to advise customers and stakeholders of the need to use water wisely, especially as we move into the warmer months.

Total System Storage at month end was 95%, well above the historical average storage for this time of year (87.6%).



For the coming three months, rainfall is forecast to be normal or above normal and temperature to be above average. Despite the above average levels of rainfall experienced, soils are much drier in the region than typical for this time of the year. However, this is unlikely to create an adverse impact as system storage levels remain well above average.

The Ardmore WTP is now operating at flows of up to 330 MLD, as water demand is steadily increasing. Cosseys Dam is being utilised more, as its water quality continues to improve.

4. FINANCE

Financial Performance

Figures (\$millions)	Current Month			Year to Date			Full Year		
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var
Revenue	51.2	48.8	2.4	261.1	250.0	11.1	623.1	617.5	5.7
Operating Expenses	17.7	17.8	0.1	91.2	90.1	(1.1)	215.6	213.6	(2.0)
Depreciation	19.0	19.0	(0.0)	89.7	92.5	2.8	230.0	230.0	0.0
Interest expense	6.6	6.6	0.0	33.4	32.6	(0.8)	82.7	82.0	(0.7)
Total Contribution	7.9	5.4	2.5	46.9	34.9	12.0	94.9	91.9	3.0
Non-operating costs/(income)	0.6	0.7	0.1	4.1	3.3	(0.8)	8.8	8.0	(0.8)
Financial instruments revaluation -	4.5	-	(4.5)	23.2	-	(23.2)	23.2	-	(23.2)
Operating Surplus / (Deficit) Before Tax	2.8	4.8	(2.0)	19.6	31.6	(12.1)	62.9	83.9	(21.0)
Deferred Tax - Expense/(Credit)	0.8	1.4	0.6	8.8	11.0	2.2	29.9	35.6	5.7
Net Surplus / (Deficit) After Tax	1.9	3.4	(1.5)	10.8	20.5	(9.7)	33.0	48.3	(15.3)
FFO Ratio				4.00	3.89		4.04	4.06	
EBITDA	31.9	29.3	2.5	155.7	151.5	4.2	381.6	383.9	(2.2)
EBIT	9.3	11.4	(2.1)	52.9	64.1	(11.1)	145.6	165.9	(20.3)
Leakage Allowance Granted	0.6	0.4	(0.2)	2.5	2.1	(0.4)	6.1	5.6	(0.5)

Month – Total Contribution of \$7.9m - favourable variance to budget of \$2.5m

Total revenue was favourable \$2.4m to budget due to; infrastructure growth charge revenue favourable \$0.9m, sundry customer charges favourable \$0.2m and water and wastewater revenue favourable \$1.3m, with water volumes at an average of 427 mld, 3.1% higher than budget.

Operating expenses were favourable to budget \$0.1m with higher net labour costs, unplanned maintenance and professional services costs offset by lower planned maintenance.

Depreciation and interest expense were in line with budget.

Net deficit after tax was unfavourable \$1.5m due to; the unfavourable revaluation of financial instruments of \$4.5m resulting from the decrease in medium to long term swap rates in November (refer section 3 forward curve graph), partly offset by lower tax expense favourable \$0.6m and the favourable total contribution of \$2.5m.

Year to date – Total Contribution of \$46.9m - favourable variance to budget of \$12.0m

Year to date revenue is \$11.1m favourable to budget with; IGC revenue favourable \$2.8m, vested asset income favourable \$5.9m, water and wastewater revenue favourable \$2.5m with volumes 0.8% higher than budget, partly offset by unfavourable new developments revenue.

Operating expenses are \$1.1m unfavourable to budget with unfavourable variances for; asset operating costs, professional services and net labour due to beneath budget labour capitalisation/recoveries and higher contract labour.

Depreciation is favourable \$2.8m and interest expense unfavourable \$0.8m.

Net surplus after tax year to date is \$10.8m an unfavourable variance to budget of \$9.7m primarily due to; the unfavourable revaluation of financial instruments of \$23.2m resulting from the decrease in medium to long term swap rates over this financial year (refer section 3 forward curve graph) partly offset by a favourable total contribution of \$12.0m and lower tax expense of \$2.2m.

Full year Forecast – Total Contribution of \$94.9m – favourable variance of \$3.0m

Full year revenue is forecast at \$623.1m, favourable by \$5.7m largely due to higher than budgeted vested asset revenue favourable \$5.9m. Water and wastewater revenues and infrastructure growth charge revenue are at this stage forecast to be on budget for the year.

Operating expenses are expected to be unfavourable to budget \$2.0m with unfavourable variances for asset operating costs, professional services, general overheads and net labour due to lower labour capitalisation and higher contract labour.

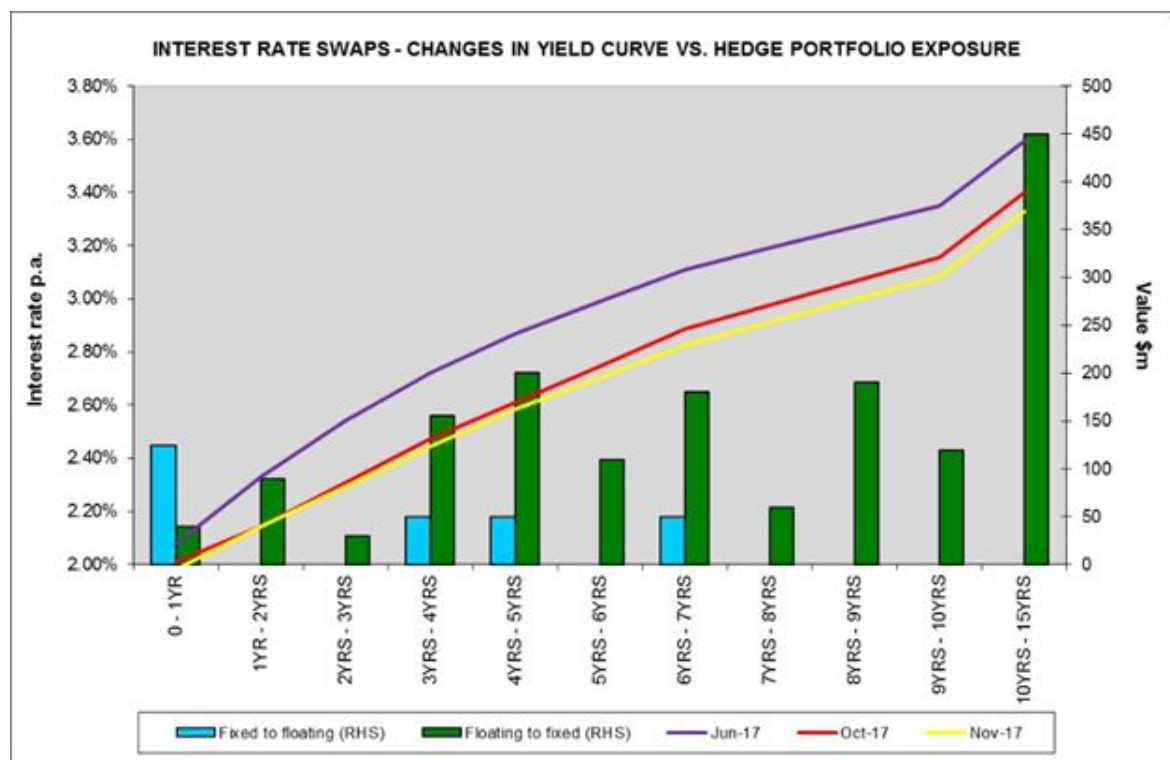
Depreciation costs are forecast to be on budget and interest expense is expected to be unfavourable to budget at year end by \$0.7m due to lower capitalised interest than budgeted.

Financial Position

Smillion	Actual Oct-17	Actual Nov-17	Monthly Movement	Budget Nov-17	Var from Budget
Non Current Assets	8,905.7	8,914.0	8.3	8,894.0	20.0
Current Assets	86.8	88.1	1.3	82.8	5.3
Total Assets	8,992.6	9,002.1	9.5	8,976.8	25.3
Other Liabilities	337.0	334.1	(2.9)	314.1	20.0
Deferred Tax Liability	1,068.3	1,069.1	0.8	1,057.3	11.8
Borrowings - Short Term	354.7	359.5	4.8	359.0	0.5
Borrowings - Long Term	1,265.5	1,270.4	4.9	1,286.8	(16.4)
Shareholders Funds	5,967.1	5,969.0	1.9	5,959.6	9.4
Total Liabilities and Shareholders Funds	8,992.6	9,002.1	9.5	8,976.8	25.3

The major movements in the Statement of Financial Position as at 30 November 2017 compared with 31 October 2017 were the increase in non-current assets reflecting capital expenditure net of depreciation in the month, the movement on other liabilities due to the revaluation of derivative financial instruments and the increase in borrowings. Compared with budget the material variances were largely in respect of; derivative financial instrument revaluations since July 2017 and a different opening position than assumed when the budget was set including higher retained earnings, higher property plant and equipment, higher deferred tax liability and a lower level of debt than assumed. Net debt at \$1,629.8m was \$16.0m below budget.

Treasury



As at the end of November Watercare was compliant with all requirements of the Treasury Policy.

Interest Analysis Smillion	Current Month			Year to date			Full Year		
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var
Interest as per Statement of Financial Performance	6.6	6.6	0.0	33.4	32.6	(0.8)	82.7	82.0	(0.7)
Capitalised Interest	1.2	1.2	-	5.5	6.4	0.9	11.8	12.6	0.8
Gross Interest	7.8	7.8	0.0	38.9	39.0	0.1	94.5	94.6	0.1
Less Interest Income	0.0	-	(0.0)	0.0	-	(0.0)	0.0	-	(0.0)
Net Interest	7.8	7.8	0.0	38.9	39.0	0.1	94.5	94.6	0.1

For the month of November gross interest and capitalised interest were on budget. For the full year forecast gross interest is below budget with the higher than budgeted average interest rate being offset by a lower than budgeted level of borrowings.

Capital Expenditure

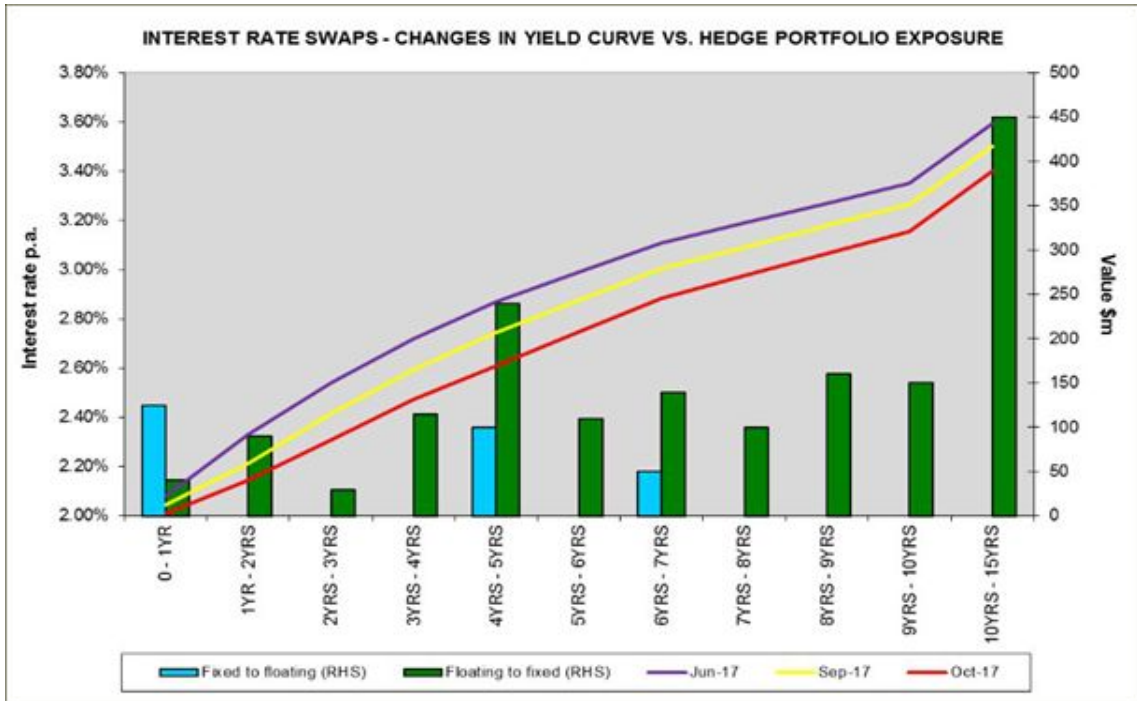
Summary Capital Expenditure (Smillions)	Oct-17			Year to Date			Full Year			Previous Forecast
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var	
Wastewater Projects										
Strategy & Planning	0.7	1.7	1.1	1.9	5.1	3.1	10.6	23.8	13.2	14.0
Infrastructure Delivery (excl Labs/MS)	13.3	12.2	(1.0)	63.6	68.1	4.5	150.8	153.7	2.9	149.5
Service Delivery	2.8	3.2	0.4	10.7	11.9	1.2	32.1	34.5	2.4	32.6
Water Projects										
Strategy & Planning	0.3	1.8	1.5	1.0	5.2	4.2	4.9	17.6	12.8	11.5
Infrastructure Delivery (excl Labs/MS)	3.1	4.1	1.0	19.7	22.9	3.2	52.1	46.9	(5.2)	52.6
Service Delivery	3.4	6.3	2.9	20.9	21.6	0.7	47.9	48.9	1.0	51.5
Retail	1.1	1.2	0.2	5.0	6.0	1.0	18.3	17.3	(1.0)	19.3
Information Services	0.3	0.7	0.4	0.8	3.7	2.9	5.7	7.6	1.9	7.0
Other Projects	0.7	1.6	0.9	4.3	6.2	1.9	25.6	20.9	(4.7)	18.2
TOTAL	25.7	33.0	7.3	128.0	150.6	22.7	348.0	371.1	23.1	356.2
Includes Capitalised Interest of:										
Water Projects Capitalised Interest	0.2	0.2	0.0	1.0	1.0	0.0	2.6	2.6	(0.0)	2.6
Wastewater Projects Capitalised Interest	1.0	1.0	0.1	4.5	5.3	0.8	9.2	10.0	0.8	9.1
Total Capitalised Interest	1.2	1.2	0.0	5.5	6.4	0.9	11.8	12.6	0.8	11.7

The full year forecast at \$348.0m is \$23.1m below budget primarily due to:

- Consenting delays or purchase deferrals (\$11.7M) on Waitakere North Western strategy, Huia Water Treatment Plant, Huia and Nihotupu No. 1 Replacement Stage 2, Helensville WWTP improvements and Mangere Wastewater Strategic Model Area;
- Procurement deferrals to gain bundling and cost efficiencies (\$17M) on the Snells Algies WWTP Outfall, Local SCADA Networks, three package waste water treatment plants and Mangere Digester Electrical Upgrades;
- Orewa No.1 Watermain replacement (\$1.5M) has been deferred to future years to align with growth requirements;
- Redoubt Road Reservoir Expansion, (\$1.1M), design occurring in FY19; and

- Forecast reduction resulting from reprioritisation of works and design/construction delays at Ardmore, Waikato 175MLD, Puketutu Island, Glendowie Branch Sewer, Rosedale WWTP and Snells Wastewater Upgrades (\$18M).

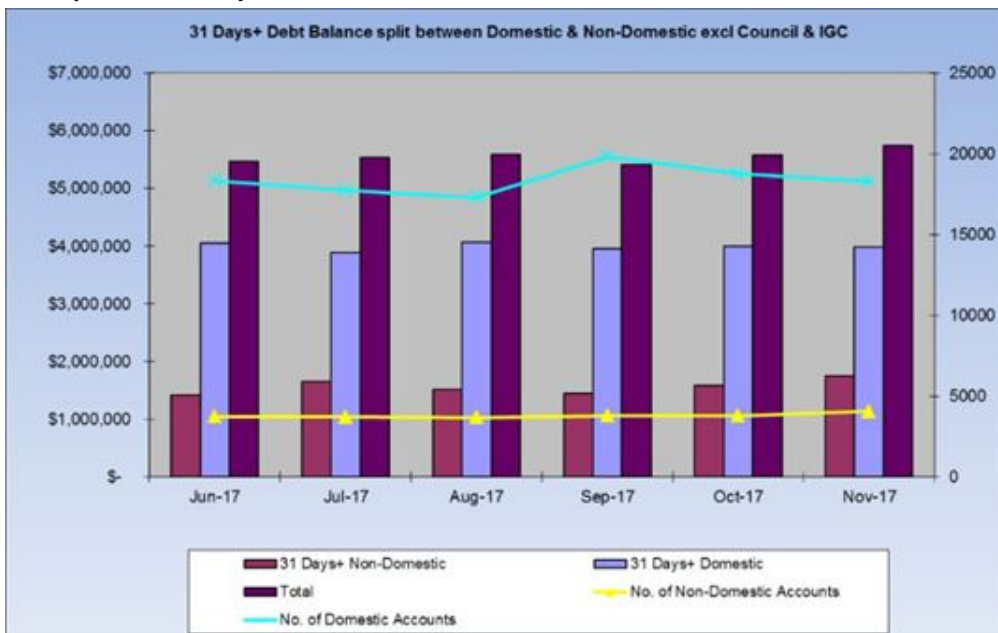
These have been partially offset by higher spend on a Hunua 4 Section 11 land purchase (\$3.7M), the acceleration of the Army Bay WWTP Outfall (\$14.7M) and a revised forecast for the Strategic Transformation Programme, STP, (\$7M).



Aged Receivables

The 31 days+ debt balance at the end of November was \$5.7m, \$0.16m higher than October 2017.

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



5. INFRASTRUCTURE PROGRAMME

The infrastructure capital programme has delivered year to date \$119m against a budget of \$135m. The year-end forecast is \$302m against a budget of \$332m.

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

The following table provides an October 2017 update for significant projects.

North Harbour Watermain Duplication – GBWD and Northern Interceptor Stage 1.	These projects have been combined for procurement and delivery efficiency. The request for tenders will be released to the market in February 2018 with contract award in June 2018. Target completion is scheduled for December 2018 (on target), at a forecast of \$161m (under budget). These are the first stages of the entire North Harbour Watermain and Northern Interceptor Projects.
Hunua 4 Section 11	Design is 70% complete. Property purchases are complete and land access agreements are under negotiation. Drilling to commence in August 2018. Completion is forecast for June 2020 (ahead of budgeted completion by 6 months). Forecast costs are on budget.
Mangere Waste Water Treatment Plant Solid Stream Upgrade	The project is 65% complete. The final construction package has been bid and targeted to be let in December 2017. Project completion is June 2020 (on target) and the forecast cost to complete is on budget.
Glendowie Branch Sewer Upgrade	Construction tenders have closed and are under evaluation. Award is targeted for March 2018 with construction starting in April 2018 (on target).
Army Bay Waste Water Treatment Outfall Upgrade	Design is 90% complete for this design build project. The launch pit construction is 80% complete, with the drill arriving late December 2017. Drilling to commence in February 2018. Forecast cost to complete and time to complete on target.

6. BOARD CORRESPONDENCE

The Chair received a letter from the Mayor dated 21 November 2017 outlining the principles for the No Surprises Engagement to help facilitate the timely and appropriate two-way flow of information between the Mayor, the Chair and Elected Members. A copy of the letter is appended as **Appendix D**.

7. DEALINGS AND CORRESPONDENCE WITH AUCKLAND COUNCIL

Quarterly Report to Auckland Council

Watercare's Quarterly Report, for the period 1 July 2017 to 30 September 2017, was presented to Auckland Council's Finance and Performance Committee on 24 November 2017.

Mayor's Proposal – Ten Year Budget 2018-2028

On 29 November 2017, the Mayor released his proposal for the 10-year budget. In relation to water, it included a focus on improving water quality and water infrastructure, and the \$17A Value for Money Reviews.

Letter of Expectation

The Mayor provided Watercare with a copy of his draft Letter of Expectation. This letter is intended to inform the development of the CCO's Statements of Intent for the 2018/2019 year. A copy of the draft Letter of Expectation, as it relates to Watercare, is attached as **Appendix E**.

The Finance and Performance Committee considered the draft Letter of Expectation on Tuesday, 12 December 2017 and we expect to receive the formal Letter of Expectation from the Mayor shortly.

8. EXECUTION OF DOCUMENTS

In November, Watercare processed the following 24 documents, which were executed with the delegated authority provided to the Chief Executive by the Board in relation to deeds, instruments and other documents:

- Two agreements to create an easement in favour of Watercare over private land
- Three agreements to acquire land for Watercare
- Two section 40 Public Works Act exemptions and approvals to dispose of Watercare land
- An agreement to sell a Watercare asset (pipeline) to a private property owner & surrender an easement
- Two memorandums of agreement over private land in favour of Watercare
- Two works agreements in favour of Watercare
- Three A&Is for the transfer of rights in land in favour of Watercare
- A temporary easement in favour of Watercare
- Two deeds of grant in favour of Watercare
- Four IGC agreements by developers for land required
- A compensation agreement
- A sub-tenancy agreement for Watercare House.

There were six Capex approvals totalling \$21,259m signed in accordance with the delegated authority provided to the Chief Executive by the Board in relation to Capex approvals below a threshold of \$15m.

Summary of Capital Projects approved by Chief Executive – November 2017	
2 x Additional MSO 4X4 Vehicle Purchase	\$90,000
North Shore Transmission Control Upgrade	\$4,368,000
Central Watermain renewals 17/18 Group 1	\$2,986,200
Network Watermain Renewals - Jan18 - Jun18	\$7,750,000
LABUP (LIMS LabWare Upgrade)	\$500,000
Drury West and Drury South Wastewater Servicing	\$5,565,000

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

Contract	Contractor
Pipeline and Pump Station from Albany to Pinehill Reservoir	Pipeline & Civil Limited

9. COMMUNICATIONS

Summer water savings

Auckland is currently experiencing a period of warm and dry weather, and recent weeks have seen a spike in water use as a result. In one day, 4 December, we recorded the highest daily water use on record.

While water storage is currently at 94 per cent, it is prudent in dry weather conditions to advise customers and stakeholders of the need to use water wisely:

- Householders are urged to save water in the home and in their gardens
- Large water users are encouraged to manage their water use
- Rural residents on tank water are encouraged to clean and then fill their tanks now, rather than wait until the tanks are empty
- Water tanker operators have been advised that filling stations may be restricted, in order to manage demand.

Actions taken included the following:

Type of communication	Action underway or complete
Website information	Water wise tips Watercare Water Efficiency Plan
IVR message	Water wise information available on website
Radio editorial coverage	ZB – Roseline Klein interview RNZ Checkpoint – Josaphatt Ip interview
TV coverage	TV3 Josaphatt Ip in Warkworth
Local newspaper editorial	Rodney Times Waiuku Post
Local newspaper advertising	Mahurangi matters Rodney Times Pohutukawa Coast Times
Social media	Water wise tips Water wise video
Signage in rural towns selected areas	Warkworth, Wellsford, Snells Beach, Helensville, Muriwai, Waiuku, Bombay
Bill bubble message	Use water wisely message
High water use customers	Manage water use
Water tanker operators restrictions notification	Txt and email
Councillor / Local Board notification	Links to website Water wise tips to upload to FB pages

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
November	Tapped In – summer 2017 (mid-November to mid-December) - Watercare’s water saving work with the Manukau Rugby Football Club and Litefoot (see also the related News story: https://www.watercare.co.nz/About-us/News-media/Manukau-RFC%E2%80%99s-massive-water-savings)	Currently being distributed (mid-Nov to mid-Dec)

Month	Activity	Status
	<ul style="list-style-type: none"> - Facts about wastewater (to tie in with World Toilet Day on 19 November) - Features of the new website - Reminder about the Water Utility Consumer Assistance Trust - Summer water-saving tips - Introduction to customer panel 	
	On-website uploading	On-going
	e-billing redesign – getting quotes from vendors	On-going
	Working with Customer Experience Lead to develop collateral for customer panel	On-going
December	Website uploading (phase 2) and adjustment	Planned
January	Round the Bays – collateral (Watercare events Facebook page, Neighbourly)	
March	Tapped In – autumn 2018. Updating Aucklanders on our major projects underway and planned.	Planned

Education

Bookings are being taken for Terms 1 and 2, 2018.

Work continues on a new illustrated children's book and educational videos to support Watercare's in-school education programme. Watercare is also preparing for 2018 World Water Day in March 2018.

Relationship meeting with Ngāti Pāoa

In early November 2017, the Chief Executive, Company Secretary and others from Management attended a relationship meeting with Ngāti Pāoa. Ngāti Pāoa has interests in Point England, as well as the Hunua Ranges. Amongst other things, Hauauru Rawiri (a tribal leader from Ngāti Pāoa) acknowledged a change in culture at Watercare and also an increased level of transparency.

Appendix F sets out:

- Media summary for November
- YouTube video uploads for November
- Internal communications in November
- Stakeholder Project Communications in November

10. WORKING WITH LOCAL BOARDS

During November, Watercare staff joined Hibiscus and Bays Local Board representatives for a site visit to Sidmouth Street pump station to discuss proposals for the pump station upgrade as well as local issues with the reserve redevelopment and surf club development proposals. The site visit was followed the next day with a joint workshop with the Local Board and parks to discuss details of the proposal and agree in principal on a concept allowing Watercare can start the detailed design process.

A workshop was held with the Manurewa Local Board on wastewater services and the central interceptor and was well received.

The Chair of the Mangere Otahuhu Local Board liaised with Watercare over our response to a household wastewater spill. Watercare was thanked for being proactive in response and for being supportive of the local family.

Watercare joined other interest groups for a joint workshop with the Maungakiekie Tamaki Local Board on response to improve water quality in Omaru Creek in the Tamaki Catchment. Information was shared on local wastewater upgrades and inflow investigations.

Tradewaste staff visited the Papakura Local Board to discuss the Tradewaste Bylaw review.

Watercare management joined the Mayor and other local politicians at Mission Bay for the successful launch of the Safeswim programme.

A full schedule of local board interactions over the month is appended as **Appendix G**.

11. CENTRAL INTERCEPTOR PROGRESS UPDATE

Following the Board approval in May 2017 the delivery team has continued to develop the project. Key progress items include the following:

- The detailed design is complete.
- A work stream has been formed to determine the characteristics of the main tunnel extension from Western Springs (the original end-point) to Grey Lynn. This extension is a requirement of the Western Isthmus Water Quality Improvement Programme (WIWQIP).
- Seven high quality and comprehensive responses have been received for the Expression of Interest. The evaluation team is in place and reviewing the submitted responses. EY is the probity auditor.
- The official close out of the section 181 landowner approval process, (where the tunnel passes under their property), has resulted in five objections out of 1,085 property owners. The five objectors are being responded to during December.
- Discussions are ongoing with Auckland Council regarding the realignment consent for the main tunnel. Discussions will determine whether this consent is notified or non-notified.
- Request for Proposal and contract documents and are being developed, in advance of being issued in May 2018.

- The key milestones for the coming months are:
 - o December 2017: Continue evaluation of the EOI
 - o January 2018: EOI respondent interviews/presentations
 - The first newly formed Project Governance Group meeting to be held
 - o February 2018: Evaluation continues
 - o March 2018: Successful EOI respondents advised
 - Commercial terms provided to the successful respondents
 - o May 2018: Request for Proposal issued.

12. AUCKLAND'S WATERS STRATEGY

Watercare's involvement has continued on the Auckland Council project to develop an Auckland's Waters Strategic Plan. This plan will cover the "six waters": drinking water, wastewater, stormwater, estuarine and marine water, natural water bodies (streams and lakes), and groundwater/aquifers. This Strategy references statutory plans such as the Auckland Plan and Unitary Plan.

13. THE INFLOW AND INFILTRATION PROGRAMME

The Inflow and Infiltration programme is continuing. Updates on the three areas investigated to date are below:

Area	No. properties inspected	No. defects identified	No. Defects fixed by end of October 2017
Mellons Bay	1,560	44	26
Pukekohe	1,300	13	1
Te Atatu Peninsula:	3,500	65	5

The investigations in the above three areas are now complete. Watercare is continuing to monitor progress in these areas, and is working together with Auckland Council, who are following up with property owners to ensure the defects are fixed.

Investigation of 78 properties in Oneroa is also complete. While no private drainage defects were identified, the fieldwork identified the local public network as being a source of infiltration, and repair work is planned.

14. WESTERN ISTHMUS WATER QUALITY IMPROVEMENT PROGRAMME

Work is progressing with Council's Healthy Waters team on developing a detailed joint programme of works. The programme is being developed for the eleven (11) catchments within the Western Isthmus area. Initial investigations has commenced in the Herne Bay catchment.

15. HUIA WATER TREATMENT PLANT REPLACEMENT PROJECT

As reported previously, the Titirangi Protection Society and others have lodged an appeal against the Environment Court decision that ruled in favour of Watercare. The High Court appeal hearing has been scheduled for 8 May 2018.

16. SUSTAINABILITY INITIATIVES

Manukau Harbour Centre of Excellence

The Manukau Harbour hydrodynamic model with NIWA, Healthy Waters and RIMU is progressing well, with an efficient project team across Watercare and Auckland Council. This is a successful example of coordination in the Auckland Council family.

The land use model was calibrated in November, modelling the hydrology and nutrient loads from the land going into the Harbour. The harbour model will now be calibrated.

Energy efficiency and neutrality

The 2017 Watercare Energy Week is scheduled for 11-15 December 2017. This will build on the success of the 2016 Energy Week, present results from progress at the Mangere and Rosedale WWTPs, and include site visits and activities for staff to be involved in the energy efficiency initiatives.

17. GENDER EQUITABLE ENGAGEMENT AND BRIEFING POLICY

Watercare has committed to the Gender Equitable Engagement and Briefing Policy, a major initiative launched by the New Zealand Law Society and the New Zealand Bar Association, to drive diversity and inclusion in the legal profession. Launched at Russell McVeagh, the Policy focuses on lifting the participation of women in leading commercial disputes. Watercare joins other leading New Zealand companies that have also adopted the Policy, including Westpac, Spark, Fonterra, Countdown, Stuff, Meridian, Lion, Auckland Airport, and ANZ.

18. RECENT AWARDS

Tohu Reo Māori Awards

On 24 November 2017, Watercare won the Kāwanatanga / Government section of the Tohu Reo Māori Awards. Run by the Māori Language Commission, this event is the preeminent language celebration in te ao Māori. Presented by Hon Peeni Henare, MP for Tamaki Makaurau, Watercare's award recognised the company's efforts to support te reo. This has included Māori and marae protocol workshops, and events held during te wiki o te reo Māori, including the Waiata-Off evening where Watercare hosted other organisations that are also striving to incorporate te reo Māori and waiata tautoko into everyday business.

Young at Heart Awards

In November, Watercare won the Māori and Pasifika Diversity award at the Young at Heart Awards. Watercare was also a finalist in the School Engagement and Work Experience Award. The awards are hosted by ATEED, and recognise businesses' commitment to youth employment in Auckland. The nominations acknowledged Watercare's deliberate attempts to improve its employment brand over the past 18 months with a number of key demographic groups, including in this case:

- **Youth** –our involvement in Youth Pledge, #BuildAKL campaign, Job Fests, the Connexis Girls with Hi Vis initiatives, Smart Seeds and Engineering Week.
- **Māori and Pasifika young people** –the Waiata-Off, Watercare’s Māori Protocol workshops and Māori Language Week events, the Mark Ford Ngā Tapuwae Scholarship and, more generally, cultural days such as Dilwali that celebrate diversity.

Auckland Council Project Excellence Awards.

At the 2017 Auckland Council Project Excellence Awards, presented by the mayor Phil Goff, Watercare’s Hunua 4 project was the recipient of three of the eight awards. The awards are for projects delivered by either the Council or a CCO. The awards won were:

- Physical Works award
- Project of the year – integration
- Project excellence supreme award

There were 37 entries for awards; Watercare entered four. In addition to the success of Hunua 4, Watercare came third in the Business Transformation award for the Professional Engineering Services Panel implementation and third in the Physical Works category for the Mt Hobson Water Supply project. Overall, it was a great result for Watercare and deserved recognition for all the people involved in these projects.



.....
R Jaduram

CHIEF EXECUTIVE

WATERCARE SERVICES LIMITED

Nov-17

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		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

Operating costs - operating costs were \$1.1m over budget principally due to unplanned maintenance (\$1.8m) and unfavourable labour recoveries (\$0.4m). These were partially offset by other operating costs (\$0.7m) and planned maintenance (\$0.3m) being favourable to budget.

Interest expense - interest expense was \$833k unfavourable to budget due to lower capitalised interest than expected.

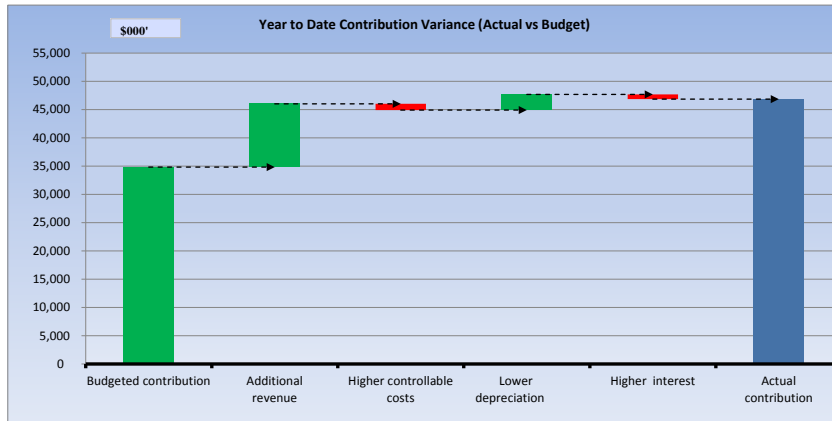
Operating cashflow - operating cashflow was unfavourable to budget by \$5.7m partially due to higher payment of trade payables and partially due to higher operating expenses in this financial year.

Key to Treasury policy compliance

- Full compliance
- Non compliance

WATERCARE SERVICES LIMITED												Nov-17	
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE												(\$000's)	
	Current Month				Year to Date				Full Year	Full Year			
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result	Forecast	Budget	Variance	Result	
Wastewater revenue	28,024	27,236	788	✓	136,085	135,188	897	✓	328,889	328,928	(39)	✗	
Water revenue	13,281	12,739	542	✓	63,438	61,827	1,611	✓	153,499	153,499	(0)	✗	
Infrastructure growth charge revenue	5,830	4,916	914	✓	36,336	33,532	2,804	✓	86,487	86,487	-	↔	
Other revenue	2,540	2,253	287	✓	10,989	11,052	(63)	✗	28,328	28,541	(213)	✗	
Revenue from exchange transactions	49,675	47,144	2,531	✓	246,848	241,598	5,250	✓	597,203	597,455	(253)	✗	
Vested assets revenue	1,535	1,667	(132)	✗	14,273	8,333	5,940	✓	25,940	20,000	5,940	✓	
Revenue from non-exchange transactions	1,535	1,667	(132)	✗	14,273	8,333	5,940	✓	25,940	20,000	5,940	✓	
Total revenue	51,210	48,810	2,400	✓	261,122	249,932	11,189	✓	623,143	617,455	5,687	✓	
Labour	7,026	7,051	25	✓	34,632	34,883	252	✓	84,187	84,284	98	✓	
Contract labour	260	77	(183)	✗	905	379	(526)	✗	1,406	865	(541)	✗	
Oncosts	296	312	16	✓	1,411	1,546	135	✓	3,542	3,755	213	✓	
Labour recoveries	(3,462)	(3,449)	13	✓	(16,029)	(16,421)	(391)	✗	(40,429)	(40,746)	(317)	✗	
Net labour	4,119	3,991	(128)	✗	20,919	20,388	(531)	✗	48,706	48,158	(547)	✗	
Materials & cost of sales	166	186	21	✓	829	801	(28)	✗	2,088	2,094	5	✓	
Planned maintenance	1,195	1,723	528	✓	7,829	8,144	315	✓	18,849	18,905	56	✓	
Unplanned maintenance	3,196	2,870	(326)	✗	16,251	14,468	(1,783)	✗	35,786	34,525	(1,262)	✗	
Asset operating costs - chemicals	925	1,037	112	✓	4,469	4,783	314	✓	11,772	12,222	449	✓	
Asset operating costs - energy	1,216	1,156	(60)	✗	7,440	7,230	(211)	✗	17,491	17,545	53	✓	
Operating costs - other	3,589	3,592	3	✓	16,476	17,213	737	✓	41,007	41,036	29	✓	
Depreciation and amortisation	18,956	18,966	10	✓	89,703	92,468	2,765	✓	229,996	230,000	4	✓	
Asset operating costs	29,077	29,343	266	✓	142,168	144,306	2,138	✓	354,901	354,231	(669)	✗	
Communications	103	131	28	✓	409	652	243	✓	1,280	1,563	283	✓	
Professional services	1,105	916	(189)	✗	5,152	5,003	(149)	✗	11,178	10,685	(493)	✗	
Interest	6,548	6,621	73	✓	33,387	32,555	(833)	✗	82,719	81,963	(755)	✗	
General overheads	2,181	2,194	13	✓	11,400	11,394	(6)	✗	27,419	26,860	(559)	✗	
Overheads	9,937	9,862	(75)	✗	50,349	49,604	(744)	✗	122,596	121,071	(1,525)	✗	
Total expenses	43,298	43,382	84	✓	214,264	215,098	834	✓	528,290	525,554	(2,736)	✗	
Total contribution(loss)	7,911	5,428	2,483	✓	46,857	34,833	12,024	✓	94,853	91,902	2,951	✓	
(Gain)/loss on disposal of fixed assets and other costs	635	667	32	✓	4,085	3,333	(751)	✗	8,751	8,000	(751)	✗	
(Gain)/loss on revaluation of financial instruments	4,537	-	(4,537)	✗	23,221	-	(23,221)	✗	23,221	-	(23,221)	✗	
Non operating costs/(revenue)	5,173	667	(4,506)	✗	27,306	3,333	(23,973)	✗	31,973	8,000	(23,973)	✗	
Net surplus/(deficit) before tax	2,739	4,761	(2,022)	✗	19,552	31,500	(11,949)	✗	62,880	83,902	(21,022)	✗	
Income Tax Expense/(benefit)	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred tax	781	1,364	582	✓	8,763	11,003	2,240	✓	29,927	35,591	(5,663)	✗	
Net surplus/(deficit) after tax	1,957	3,398	(1,440)	✗	10,788	20,497	(9,708)	✗	32,953	48,311	(15,358)	✗	

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



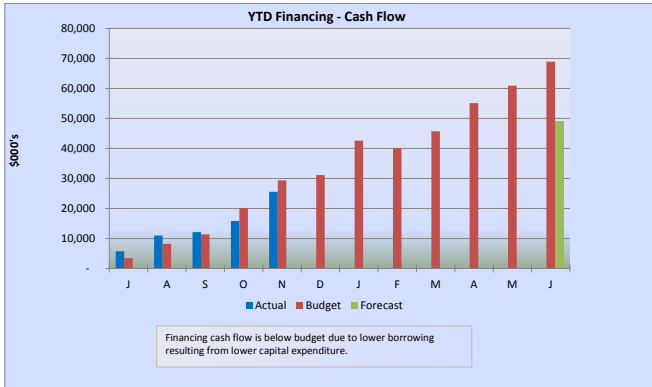
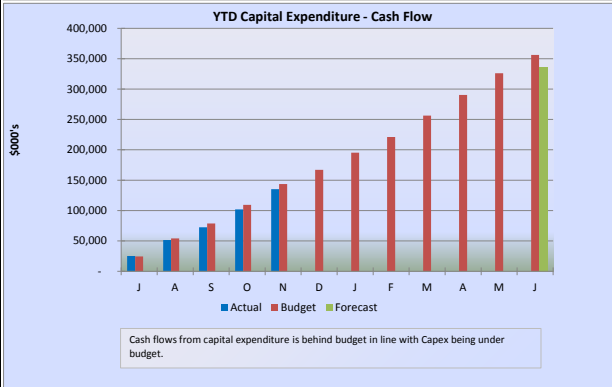
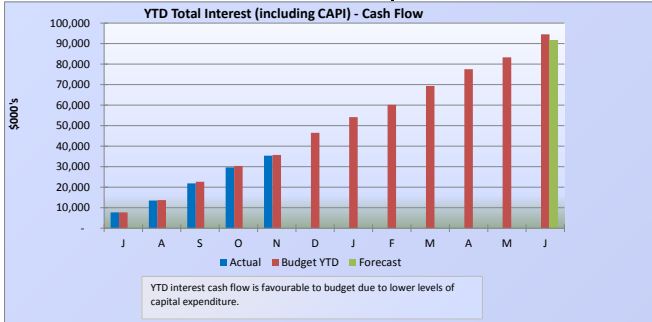
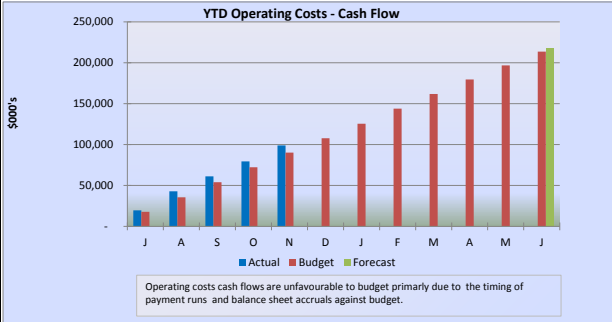
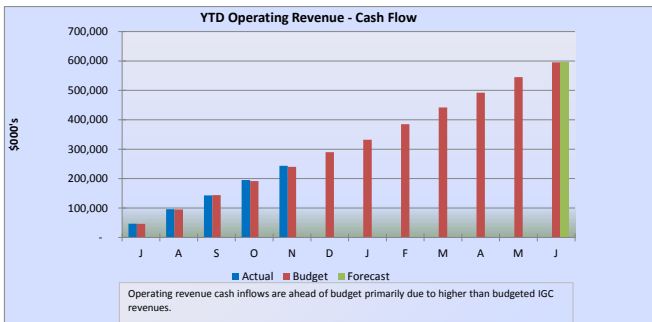
WATERCARE SERVICES LIMITED
STATEMENT OF CASH FLOWS

Nov-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	48,420	48,255	164	✓	243,791	240,188	3,602	✓	596,458	595,509	949	✓
Operating Costs	(19,547)	(17,795)	(1,751)	✗	(98,933)	(90,101)	(8,832)	✗	(217,842)	(213,591)	(4,251)	✗
Interest Paid	(4,579)	(4,154)	(425)	✗	(29,859)	(29,379)	(480)	✗	(80,010)	(81,963)	1,953	✓
OPERATING CASH FLOW	24,294	26,306	(2,012)	✗	114,999	120,708	(5,709)	✗	298,607	299,955	(1,348)	✗
Investing Cash flow:												
Capital Expenditure	(33,341)	(34,278)	937	✓	(135,315)	(143,701)	8,386	✓	(336,218)	(356,328)	20,110	✓
Capitalised Interest	(1,168)	(1,241)	73	✓	(5,522)	(6,353)	831	✓	(11,816)	(12,572)	756	✓
INVESTING CASH FLOW	(34,509)	(35,519)	1,010	✓	(140,837)	(150,055)	9,218	✓	(348,034)	(368,900)	20,866	✓
Financing Cash flow:												
Bonds/Term Debt Issued/(Repaid)	-	-	-	✓	-	-	-	✓	-	-	-	✓
Short Term Advances/(Repaid)	(40,000)	(40,000)	-	✓	(23,000)	(23,000)	-	✓	(23,000)	(23,000)	-	✓
Commercial Paper Issued/(Repaid)	13	13	-	✓	22	22	-	✓	22	22	-	✓
Auckland Council Borrowings/(Repaid)	49,711	49,200	511	✗	48,556	52,325	(3,769)	✗	72,032	91,923	(19,891)	✗
FINANCING CASH FLOW	9,724	9,213	511	✗	25,578	29,347	(3,769)	✗	49,054	68,945	(19,891)	✗
Net Increase (Decrease) in Cash and Cash Equivalents	(491)	-	(491)	✗	(260)	-	(260)	✗	(373)	-	(373)	✗
Opening Cash Balance/(Overdraft)	604	-	604	✓	373	-	373	✓	373	-	373	✓
Ending Cash Balance/(Overdraft)	113	-	113	✓	113	-	113	✓	-	-	-	✓

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

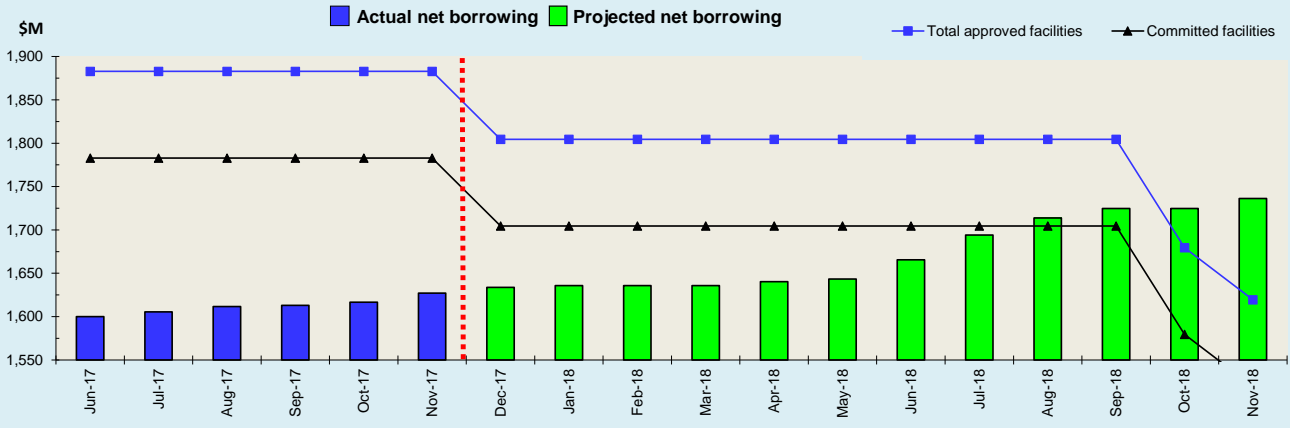
Reconciliation Operating Cashflow (\$000's)					
	Current Month		Year To Date		
	Actual	Budget	Actual	Budget	Variance
Net Surplus (Deficit) After Tax	1,957	3,398	10,788	20,497	(9,708)
Add back non cash items:					
Depreciation and amortisation	18,956	18,966	89,703	92,468	(2,765)
Financial instruments revaluation	4,537	-	23,221	-	23,221
Vested assets revenue	(1,535)	(1,667)	(14,187)	(8,333)	(5,854)
Other non-operating exp/(inc)	635	667	4,085	3,333	751
Income Tax Expense/(Benefit)	781	1,364	8,763	11,003	(2,240)
Movements in Working Capital	(1,039)	3,578	(7,375)	1,740	(9,115)
OPERATING CASH FLOW	24,294	26,306	114,999	120,708	(5,709)



WATERCARE SERVICES LIMITED								Nov-17
STATEMENT OF FINANCIAL POSITION								(\$000's)
June 2017 Actual	Oct 2017 Actual		November			June 2018		
			Actual	Budget	Variance	Forecast	Budget	Variance
		Current assets						
373	604	Cash and cash equivalents	113	-	113	-	-	-
47,293	46,926	Trade and other receivables from exchange transactions	47,902	47,104	798	48,104	48,104	-
19,405	21,804	Unbilled revenue accrual	22,577	19,948	2,629	20,063	19,485	578
2,237	5,614	Prepaid expenses	5,408	2,855	2,553	4,280	2,855	1,424
8,934	6,708	Inventories	6,825	7,251	(426)	6,936	7,131	(195)
4,207	5,187	Derivative financial instruments	5,237	5,634	(396)	5,237	5,634	(396)
82,449	86,843	Total current assets	88,063	82,793	5,270	84,620	83,210	1,411
		Non-current assets						
8,746,296	8,792,216	Property, plant and equipment	8,803,257	8,878,177	(74,920)	9,278,006	9,361,358	(83,351)
473,328	536,860	Construction/work-in-progress	549,903	470,433	79,470	560,639	480,954	79,685
(442,750)	(509,806)	Provision for depreciation	(526,349)	(538,439)	12,090	(255,008)	(265,981)	10,972
8,776,874	8,819,271	Total property, plant and equipment	8,826,811	8,810,171	16,640	9,583,637	9,576,332	7,306
45,564	44,998	Intangible assets	45,133	45,056	77	52,710	46,315	6,395
23,641	23,529	Prepaid expenses	23,492	22,796	696	23,233	22,796	437
8,443	10,925	Inventories	11,355	8,515	2,839	11,991	8,515	3,475
8,227	7,025	Derivative financial instruments	7,259	7,485	(226)	7,259	7,485	(226)
8,862,749	8,905,749	Total non-current assets	8,914,049	8,894,023	20,026	9,678,830	9,661,444	17,387
8,945,198	8,992,592	Total assets	9,002,113	8,976,816	25,297	9,763,450	9,744,654	18,798
		Current liabilities						
-	-	Bank Overdraft	-	-	-	-	-	-
149,236	149,245	Commercial paper	149,258	149,234	24	149,258	149,234	24
-	-	Bank revolving credit facility	5,000	-	-	5,000	-	5,000
-	75,000	Bonds (26/10/18)	75,000	75,000	-	75,000	75,000	-
292	50,297	Bonds	50,269	50,364	(95)	50,269	50,365	(96)
80,839	80,164	Auckland council loan	79,995	84,385	(4,390)	79,995	80,920	(925)
230,368	354,706	Total debt current	359,522	358,983	539	359,522	355,519	4,003
14,035	13,890	Trade and other payables for exchange transactions	10,128	14,893	(4,765)	15,615	16,393	(778)
11,501	12,337	Interest accrued	14,314	10,726	3,589	13,494	10,726	2,769
57,446	53,187	Other accrued expenses	47,744	54,386	(6,642)	59,646	54,386	5,259
7,844	8,074	Provision for staff benefits	7,627	7,593	34	7,627	7,593	34
881	838	Other provisions	838	166	672	838	166	672
38,618	38,809	Derivative financial instruments	39,048	37,536	1,512	39,048	37,536	1,512
360,693	481,841	Total current liabilities	479,221	484,283	(5,062)	495,790	482,319	13,471
		Non-current liabilities						
75,000	-	Bonds (26/10/18)	-	-	-	-	-	-
50,097	-	Bonds (26/10/18)	-	-	-	-	-	-
28,000	45,000	Bank revolving credit facility	-	-	-	-	-	-
1,220,976	1,220,497	Auckland council loan	1,270,376	1,286,757	(16,381)	1,293,713	1,326,266	(32,553)
1,374,073	1,265,497	Total debt non-current	1,270,376	1,286,757	(16,380)	1,293,713	1,326,266	(32,553)
14,902	14,577	Other accrued expenses	14,518	14,301	217	14,902	14,301	601
5,270	5,331	Other Provisions	5,331	3,619	1,712	5,331	3,619	1,712
1,744	1,746	Provision for staff benefits	1,746	1,304	442	1,746	1,304	442
169,900	188,171	Derivative financial instruments	192,754	169,734	23,020	192,754	169,734	23,020
1,060,363	1,068,345	Deferred tax liability	1,069,127	1,057,252	11,875	1,280,052	1,271,773	8,280
2,626,253	2,543,668	Total non-current liabilities	2,553,852	2,532,967	20,885	2,788,497	2,786,997	1,502
2,986,946	3,025,509	Total liabilities	3,033,073	3,017,250	15,823	3,284,287	3,269,316	14,973
		Equity						
260,693	260,693	Issued capital	260,693	260,693	-	260,693	260,693	-
1,830,195	1,830,002	Revaluation reserve	1,829,648	1,837,356	(7,708)	2,317,606	2,325,314	(7,708)
3,742,688	3,867,557	Retained earnings	3,867,911	3,841,020	26,891	3,867,911	3,841,020	26,891
124,676	8,831	Current year earnings after tax	10,788	20,497	(9,708)	32,953	48,311	(15,358)
5,958,252	5,967,083	Total equity	5,969,040	5,959,566	9,474	6,479,163	6,475,338	3,825
8,945,198	8,992,592	Total equity and liabilities	9,002,113	8,976,816	25,297	9,763,450	9,744,654	18,798

TREASURY RISKS AND INTEREST RATE PERFORMANCE

Nov-17



Interest rates

	Actual YTD	Benchmark YTD	Year end forecast
Weighted averages (excl. fees and margins)	4.89%	3.89%	4.84%
Weighted averages (incl. fees and margins)	6.02%	N/A	5.99%

Debt (\$m)

	Actual	Budget	Variance
Short-term borrowings	359.5	359.0	0.5
Long-term borrowings	1,270.4	1,286.7	(16.3)
Total gross debt	1,629.9	1,645.7	(15.8)
Bank overdraft / (cash & deposits)	(0.1)	-	(0.1)
Total net borrowing	1,629.8	1,645.7	(15.9)

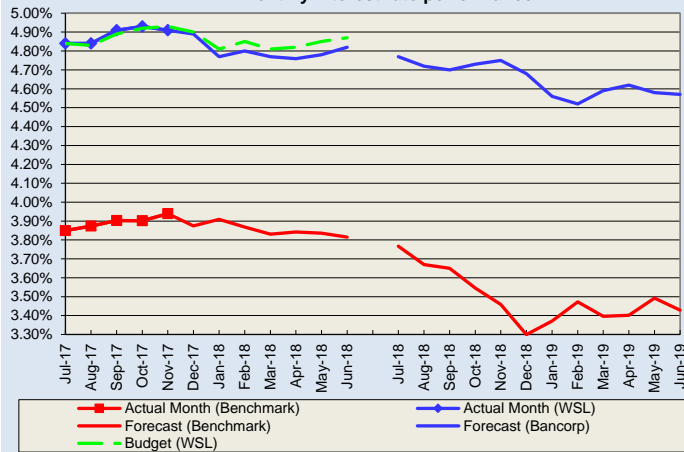
Committed facilities

- Westpac Revolving Credit facility	\$60 million
- Medium term notes	\$125 million
- Auckland Council CP Standby facility	\$150 million
- Auckland Council loans	\$1,448 million
Total committed facilities as at 30 November	\$1,783 million

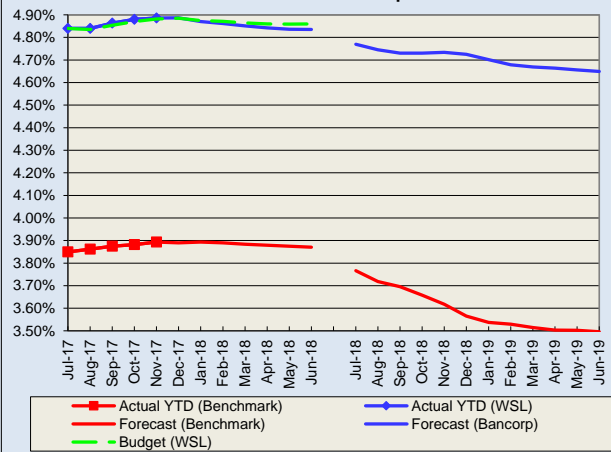
Additional approved facilities

- Approved CP issuance, over and above CP Standby facility	\$100 million
Total approved facilities as at 30 November	\$1,883 million

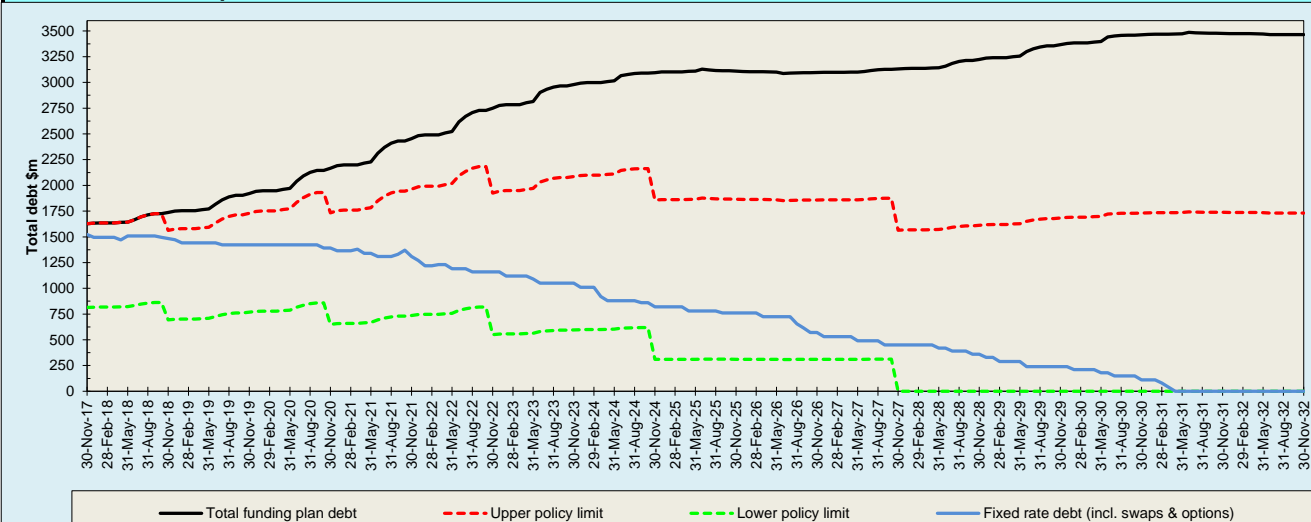
Monthly interest rate performance



Year to date interest rate performance



Forecast total debt profile



COUNTERPARTY EXPOSURES, DEBT CONCENTRATION & COVENANT COMPLIANCE						Nov-17		
Counterparty exposures		S&P credit rating Short / long term	Face value \$000	Credit exposures \$000	Limit \$000	Limit OK / exceeded		
Obligations of registered banks								
ANZ Bank	A1+ / AA-		580,000	0	100,000	Limit OK	✓	
Bank of New Zealand	A1+ / AA-		615,592	14,869	100,000	Limit OK	✓	
Commonwealth Bank of Australia	A1+ / AA-		65,000	553	100,000	Limit OK	✓	
Kiwibank	A1 / A		75,000	1,565	50,000	Limit OK	✓	
Westpac Institutional Bank	A1+ / AA-		565,000	0	100,000	Limit OK	✓	
			1,900,592	16,987				
<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	132,243	15,000	940,000	1,447,854
Total committed debt facilities		263,368	82,243	350,000	132,243	15,000	940,000	1,782,854
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		263,368	82,243	350,000	132,243	15,000	1,040,000	1,882,854
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		5,000					5,000
		0	5,000	0	0	0	0	5,000
Treasury policy for drawn bank facilities		<= 250,000	<= 250,000	<= 250,000	<= 250,000	<= 250,000	<= 250,000	
Treasury policy compliance		✓	✓	✓	✓	✓	✓	
Other facilities								
BNZ overdraft	On demand	2,000						2,000
		2,000	0	0	0	0	0	2,000
Counterparty exposure in relation to borrowing facilities		ANZ	BNZ	CBA	Kiwibank	Westpac		
Revolving credit facility						60,000		
		0	0	0	0	60,000		
Treasury policy		<= 500,000	<= 500,000	<= 500,000	<= 500,000	<= 500,000		
Treasury policy compliance		✓	✓	✓	✓	✓		
Compliance with financial covenants and ratios under the Negative Pledge Deed and Guarantee Facility Deed								
Covenant / ratio	Benchmark/target measure			Outcome		Compliance		
Security interests / total tangible assets - maximum	5%			0.00%		✓		
Total liabilities / total tangible assets - maximum	60%			33.86%		✓		
Total liabilities (including contingent) / total tangible assets - maximum	65%			33.86%		✓		
Shareholders funds - minimum (\$000)	500,000			5,969,040		✓		
EBITDA : funding costs ratio - minimum	1.75			4.66		✓		
Funds from operations : interest cover ratio - minimum	2.00			4.00		✓		
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							Nov-17		
Foreign currency exposures (NZ\$000) including hedging for chemical purchases									
							AUS		
							Total		
Total exposure to be hedged							484.0		
Foreign exchange hedging							484.0		
Percentage cover							100%		
Treasury policy							100%		
Treasury policy compliance							✓		
Hedging for chemical purchases (US\$000)					Mar-18	Sep-18	Mar-19	Sep-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			
308	50,000	1.940%	2.002%	1.40	91	11-Dec-17			
309	50,000	1.935%	1.995%	1.68	92	30-Jan-18			
310	50,000	1.915%	1.959%	2.20	91	19-Feb-18			
150,000			1.985%						
<p>Note: BKBM is the banks' mid-rate for bank bills of a similar term on the CP issue date.</p>									
		Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Beyond May-18	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	
50% of CP and other short-term debt repayable within 60 days		50,000	50,000	25,000	0	0	0		
Treasury policy: Undrawn standby facilities >= 50% of outstanding CP and other uncommitted short-term debt repayable within 60 days									
Treasury policy compliance		✓	✓	✓	✓	✓	✓		
Electricity hedging (NZ\$000)		0-6 months	6-12 months	12-18 months	18-24 months	24-30 months	30-36 months	36-42 months	42-48 months
Contract maturity									
Contract length									
Total value of outstanding contracts				0					
Treasury policy for maximum value of outstanding contracts			<= 10,000						
Treasury policy compliance			✓						

WATERCARE SERVICES LIMITED

Management Report

Nov-17

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Section B

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- Statistics**
 - Monthly Statistics Update

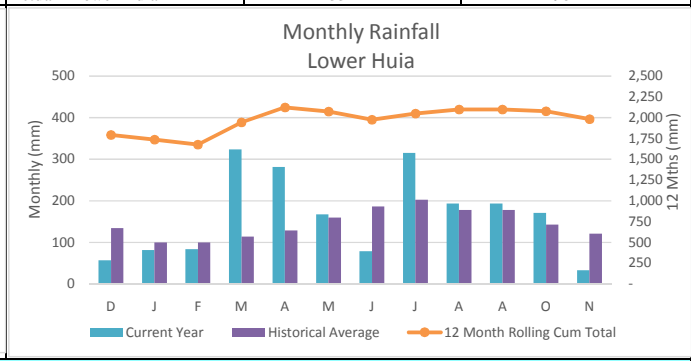
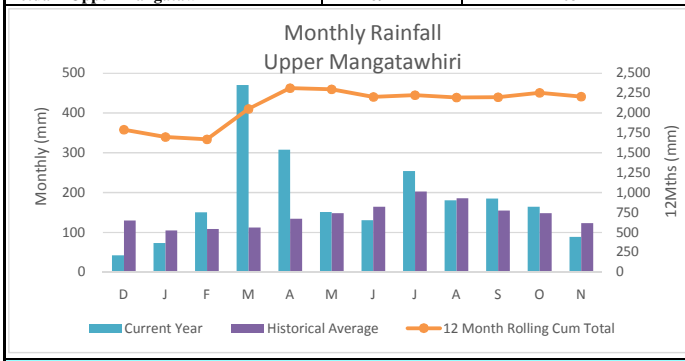
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Confidential

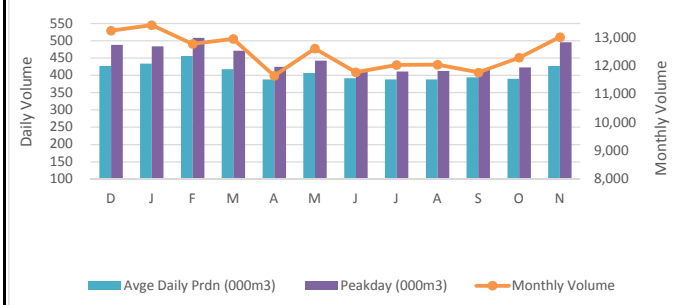
Management Report **WATERCARE SERVICES LIMITED** **Nov-17**
Monthly Statistics Update

Rainfall

Rainfall	Current Month	12 Mth Cumulative Rolling	Rainfall	Current Month	12 Mth Cumulative Rolling
Actual - Upper Mangatawhiri	89 mm	2205 mm	Actual - Lower Huia	33 mm	1982 mm



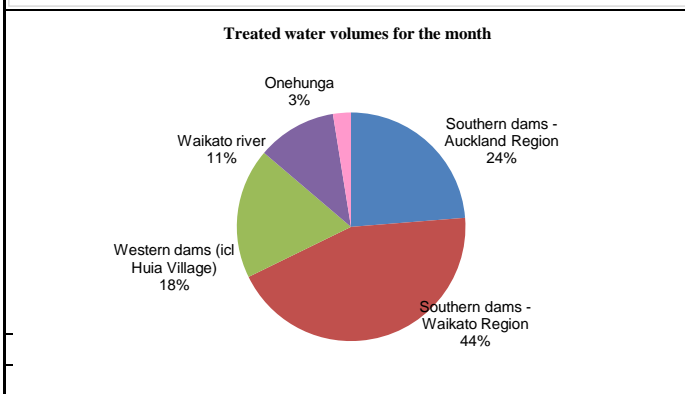
Water Production - Total Supply



Treated water volumes (000m ³)	Current Month	12 Month Rolling Ave
Monthly Volume	13,022	12,468
- Metro	12,824	12,269
- Non-metro	198 ¹	199
Average Daily Production	427	409
Peak Day	496	508 ²

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

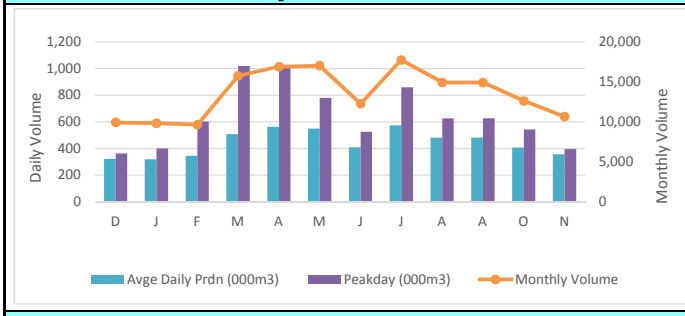
2. Max peak day in past 12 months



Treated water volumes (000m ³)	Year to Date					
	Current Month		Year to Date			
	Actual	%	Budget	Actual	%	Budget
Southern dams - Auckland Region	3,093	24%	1,767	8,481	14%	10,151
Southern dams - Waikato Region	5,731	44%	5,496	31,418	52%	27,068
Western dams	2,401	18%	2,741	10,623	17%	13,560
Waikato river	1,466	11%	1,705	8,058	13%	8,415
Onehunga aquifer	331	3%	372	1,380	2%	1,836
Rodney	117	0.9%	116	566	0.9%	586
Franklin	78	0.6%	68	374	0.6%	341
Total	13,217	102%	12,265	60,901	100%	61,956

Lake levels at month end was 99.9%

Wastewater Treatment - Metropolitan Treatment



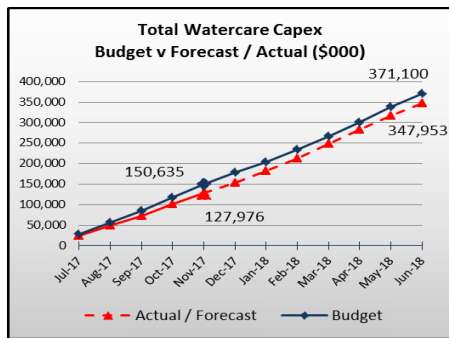
Treated water volumes (000m ³)	Current Month	12 Month Rolling Ave
Monthly Volume (000m³)	10,664	13,524
Average Daily Production	355	443
Peak Day	395	1,025 ²

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	2,989	10,754	15,838	45,966
Infrastructure Delivery	79,061	85,139	194,190	189,768
Service Delivery	31,544	33,437	79,992	83,364
Retail	5,032	5,986	18,328	17,322
Information Services	821	3,747	5,661	7,575
Other	3,008	5,219	22,131	14,533
Capitalised Interest	5,521	6,353	11,815	12,572
Watercare Total	127,976	150,635	347,953	371,100



Project / Programme Infrastructure Related Projects (Phase: Design / Execution)	Project	Annual Performance		Status	
	Current Forecast	Forecast	Budget	Time	Cost
Water Projects >\$15 Million					
Albany Pinehill WM & PS	19,787	7,380	11,976		
North Harbour WM Duplication - GBWD	54,300	4,975	5,544		
Hunua 4 Section 11	73,900	7,069	3,110		
Huia 1 and Nihotupu 1 Replacement	139,067	573	1,840		
Ardmore WTP Treated Water Resilience	27,600	4,378	5,640		
Pukekohe East Reservoir	55,300	5,862	6,091		
Waikato 175MLD Expansion Stage Ultimate	31,505	9,490	13,050		
Wastewater Projects >\$15 Million					
Mangere WWTP BNR Capacity	141,040	7,473	7,357		
Mangere WWTP Solids Stream Upgrade	53,340	12,694	13,950		
Snells Algies WWTP Ocean Outfall	34,000	490	11,180		
Snells WWTP Upgrade	63,907	1,467	4,050		
Warkworth to Snells Transfer Pipeline	69,613	1,026	1,117		
Army Bay WWTP Outfall Upgrade	38,850	25,289	10,518		
Rosedale WWTP Expansion Project	62,300	6,183	11,400		
East Coast Bays Link Sewer Upgrade	27,200	533	600		
Fred Thomas Drive WW PS & Storage Tank	28,772	6,744	6,858		
Wairau Wastewater Pump Station	21,400	1,520	1,910		
Northern Interceptor - Stage 1	106,574	4,213	4,626		
Central Interceptor	1,180,900	4,745	2,017		
Glendowie Branch Sewer Upgrade	28,728	4,452	6,650		
Glen Eden Storage & Pipe Upgrade	16,133	3,996	4,500		
Pukekohe WWTP Upgrade	66,000	3,295	2,507		
Pukekohe Trunk Sewer Upgrade	44,418	6,440	8,328		
Shared Services >\$15 Million					
Networks Controls Upgrade	18,380	1,291	220		
Capex Programme (Design / Execution)					
>\$15 Million	2,403,013	131,578	145,038		
>\$2 Million <\$15 Million	201,471	84,759	72,777		
<\$2 Million	29,921	10,285	7,634		
TOTAL	2,634,405	226,622	225,450		

Watercare Services Ltd
Financial Summary 2017-18
Report Period November 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%)

21 November 2017

Margaret Devlin
Chair
Watercare

BY EMAIL

Dear Margaret

No Surprises Protocol

As I have raised with the Council Controlled Organisations previously a clear, agreed no surprises approach will help facilitate the timely and appropriate two-way flow of information between me and you, and Elected Members. With this shared objective in mind, I outline below the principles for no surprises engagement.

The below approach has been implemented in the Council parent and cascaded throughout the leadership.

General principles

In terms of general principles, I believe that our approach should be underpinned by:

- Proactive leadership by senior managers in identifying issues, actions or decisions that will likely be of high public, media or political interest, and bringing these to the attention of the Mayor (or my office), Deputy Mayor and senior Councillors in a timely and appropriate manner.
- If possible, this advice should be provided far enough in advance to ensure that appropriate issues are discussed, decisions are made as required and agreed public messages are developed.
- The provision of appropriate advice as early as possible to the Mayor (or Mayor's Office), Councillors or Governing Body on key issues or decisions, which are likely to generate an expectation of a response from the Mayor, Council and/or elected representatives or impact on the Council's group's performance or reputation.
- Early identification of issues of concern to the Mayor, Councillors and their advisors for discussion, where there is an expectation of a response from the organisation.

Substantive political contact

With the formation of the new Government, there will be a period of intensified engagement with Ministers and other stakeholders, it is timely also to outline my expectations in terms of substantive political engagement at senior levels:

- Political engagement with the Prime Minister and Ministers on substantive policy or Council issues should be undertaken by, or cleared with, the Mayor or the Deputy Mayor in the first instance.

- Watercare will, of course, come into contact with the Minister or Ministers' offices in the course of their normal business.
- I would want me (or my office) to be advised appropriately of discussions between your staff and Ministers, or with central government officials on significant or substantive issues of political sensitivity, and media or public interest.

I believe the above approach will help bring a greater level of unity on engagement and also help ensure that there is consistency of approach across the Council Group on a "no surprises" approach.

Yours sincerely



Phil Goff
MAYOR OF AUCKLAND

Copied to: Raveen Jaduram, Chief Executive, Watercare
Stephen Town, Chief Executive, Auckland Council

Watercare Services Limited

Key strategic priorities

Expectation	Discussion
<p>1. Active leadership and participation in implementing the three waters value for money (s17A) review</p>	
<ul style="list-style-type: none"> Active leadership and participation in the preparation and subsequent implementation of a report on the feasibility and time frame for implementation of the review recommendations 	<p>The recent s17A value for money review identified that there needs to be further integration of water supply, wastewater and stormwater (the three waters) to deliver the best environmental, social, cultural and economic outcomes for Aucklanders.</p> <p>The Finance and Performance Committee endorsed the specific recommendations and requested Auckland Council's chief executive (in collaboration with council-controlled organisations) to report back to the Committee by 27 February 2018 on the feasibility and time frames for implementing them (FIN/2017/157).</p> <p>Watercare has an important leadership role to play in developing and implementing the recommendations arising from this work. This will need to be exercised in partnership with the council; a flexible approach will be required by all involved.</p> <p>The board will need to give careful consideration to the organisational culture changes that may be needed in Watercare to successfully implement the recommendations.</p>
<p>2. Participate in the integrated governance of urban regeneration priorities</p>	
<ul style="list-style-type: none"> Actively participate in the integrated governance of urban regeneration priority areas 	<p>Panuku has a mandate from the council to facilitate urban regeneration and place-making activities of the Auckland Council group.</p> <p>Urban regeneration involves a mix of town centre redevelopment, transport projects, new housing, economic development, community facilities upgrades and three waters. It needs to create places which Aucklanders feel proud of.</p> <p>The successful implementation of urban regeneration projects requires close collaboration across all council business units, CCOs and local boards - each CCO has unique attributes to bring to the table through its specific capability, resources and mandate.</p> <p>In light of this, the council group needs to move to an integrated governance model for all of its urban</p>

	development priority areas. All CCOs with a role in this need to actively participate in the development of fit-for-purpose decision-making models for each area. One of the practical implications of this new approach is that participating agencies will be expected to reallocate existing budgets to urban regeneration priorities.
3. The Western Isthmus Water Quality Improvement Programme	
<ul style="list-style-type: none"> Continue to collaborate on the optimal solution for the Western Isthmus Water Quality Programme (including consideration of a new entity to deliver it) 	<p>The joint agreement by the council and Watercare of a programme to address water quality issues in the western isthmus represents a significant milestone on a long-standing issue.</p> <p>Watercare will need to continue to work closely with the council to progress funding and governance arrangements (including consideration of a new entity) for the Western Isthmus Water Quality Programme through the development of the Long-term Plan 2018-2028.</p>
4. New vehicles to develop infrastructure for growth	
<ul style="list-style-type: none"> Be flexible in the development of new entities to provide infrastructure for growth 	<p>The council is considering working with the government on funding new infrastructure through Crown Infrastructure Partners and other special purpose vehicles (SPVs).</p> <p>The current focus is the development of greenfield developments in the north and south, and in due course the Central Interceptor project may be assessed for inclusion in an SPV.</p> <p>Watercare should support the use of fit-for-purpose SPVs as a mechanism for financing infrastructure for growth. The board should ensure that its planning and procurement for the Central Interceptor can accommodate its inclusion in an SPV.</p>

Additional priorities for Watercare

Separate from the SOI process, Watercare needs to make significant progress on other immediate issues of importance, as set out below.

- a) Provide excellent customer service into the resource consenting process:

Watercare also needs to make sure that it is providing excellent customer service into the resource consenting process. Auckland Council's performance in meeting its statutory timeframes depends on Watercare's input into consent applications.

Appendix F – Communications Summary

Media summary

Date	Media	Headline	Summary
1 Nov	NZ Herald	Mayor Phil Goff finds nearly \$400m possible savings over next decade	Auckland Mayor Phil Goff plans to take the knife to the council's ... The biggest potential savings are in water where the council-controlled organisation Watercare...
1 Nov	RadioNZ	Auckland Council finds potential \$30m savings	Combining the Auckland Council's water company with its in-house drainage operation could save \$30 million a year.
1 Nov	The Spinoff	The council cuts its spending – but it's not what the mayor expected	Mayor Phil Goff has announced the results of his first round of spending cuts... He is going to undo and reorganise the way Watercare works
2 Nov	Newshub	Fatbergs 'a big problem' for NZ's sewers - Watercare	Watercare say build-ups of fat, grease and oil known as 'fatbergs' are "a constant battle" to keep under control in New Zealand's sewage systems.
2 Nov	TVNZ Breakfast	Fatbergs cause 'substantial' problems for sewerage systems, after Dannevirke blockage sees rat infestation	Wastewater manager Shane Morgan tells the Breakfast team what not to flush, and a few interesting stories of what has been found in the pipes
2 Nov	Radio Ilve	Clogged with fat and rat-infested - nightmare sewer stories	It's tough, dirty and often thankless work - but someone has to do it. Peter Rogers, Watercare Manager Asset Protection, looks after the sewers of Auckland
9 Nov	Gulf News	Smoking out illegal connections	Five contractors from CCO Watercare performed tests behind Oceanview Road using smoke machines designed to expose any stormwater pipes illegally connected to household wastewater pipes
14 Nov	Stuff, North Shore Times	Rosedale's \$62 million slice of \$1 billion North Shore investment	Toilet users of the North Shore might not like to give much thought as to what happens after pressing "flush".
19 Nov	Radio Live	Water savings tips	Sustainability Manager Roseline Klein discusses water savings tips
23 Nov	Western Leader	Too filthy for a swim	Auckland Council would invest \$6 billion for Watercare over the next 20 years for wastewater infrastructure
23 Nov	NZ Herald, Greymouth Star	Watercare fixes huge pipe blockage at Newmarket's Olympic pool	Lumps of wood and a soggy mess of wet wipes and hair balls was plucked out of pipes at Auckland's Olympic pool where blockages forced the centre to close.

Date	Media	Headline	Summary
24 Nov	NBR	NBR summary	Auckland Council has revised its treasury management policy to bring council controlled organisation (CCO) Watercare under group treasury policy
24 Nov	Western Leader	Water treatment plant opponents head back to court over 'dangerous precedent'	A group fighting to save an area of protected native bush from a new water treatment plant says it will appeal to the High Court.
24 Nov	Maori Television	Māori Language Award Winners 2017	Tonight the Ngā Tohu Reo Māori (Māori Language Awards) hosted by Te Taura Whiri I te reo Māori celebrated the country's Māori language champions

Watercare YouTube Video Uploads

Story	Brief
Watercare's Ardmore WTP Open Day	More than 120 visitors poured into Ardmore Water Treatment Plant recently to enjoy a free guided tour and find out how Watercare treats drinking water to the highest standard https://www.youtube.com/watch?v=HDI66FZ0t2c
Watercare Executives' Roadshow	Our executive roadshow visited all the sites in November, but with a twist. The 'build better business' expo preceded and followed the presentation and as a result, staff got up close and personal with many of the cool things we are doing in the business. https://www.youtube.com/watch?v=CgP2x2XGG80
Watercare's MSN Truck Winch Operation Demonstration	Watercare staff at the Penrose depot show how to operate a winch effectively and safely https://www.youtube.com/watch?v=QqfpuMQB0W8
Watercare gives Waiheke Island a health check	The township of Oneroa has major wastewater woes. Staff recently went to Waiheke Island to talk to cafes and restaurants about the dangers of pouring hot fats, grease and oils down the sink and to tackle the issue of illegal downpipes and connections https://www.youtube.com/watch?v=eJs8_e7_aAs&t=13s
Watercare takes part in Safeswim launch	Deciding when and where to take a dip in the sea will now be a whole lot easier following the launch of the new Safeswim programme. Watercare staff spent a year working alongside Auckland Council on the project, helping to compile data. https://www.youtube.com/watch?v=DgDU7eIZ59A&t=6s
Watercare's Central Interceptor Procurement Briefing	Around 100 contractors and suppliers attended a Watercare briefing yesterday at Ellerslie Event Centre ahead of formal tendering for the \$1 billion Central Interceptor (C.I.) tunnel, link sewers and pump station. https://www.youtube.com/watch?v=NcLuVY-y8r8

Internal and other communications

Communication	Status
Website launch communication	Completed
Website promotion communications plan	Ongoing
October Your Source	Completed
Comms assistance for Energy Week	Underway
Public plant tours organisation and promotion	Completed (Mangere, Rosedale, Ardmore)
Internal roadshows	Completed
Comms support for Expo	Completed
Developing value story, business model frameworks for Integrated reporting	Underway
Communications for company cars procurement processes	Underway
Communication plan and summary document for Water Efficiency Strategy	Underway
Communications for the launch of ERoad vehicle booking tool and Electric Vehicles	Underway
NewsBuzz, Directions stories on Our Place	Ongoing

Franklin Road wastewater/stormwater pipe separation project	The works have now been completed and a from the Chief Executive seeking feedback via the Voice of the Customer Channel has been sent to all affected customers.
Glen Eden wastewater storage tank and network upgrades project	The project is nearing completion with the majority of works expected to be finished by year end. Any delays in the opening of the Harold Moody car park will be communicated to local residents mid-November.
Huia Water Treatment Plant replacement project	Community liaison group meetings continue on a fortnightly basis; minutes and information continue to be placed on the Watercare website when confirmed as correct.
Army Bay Wastewater Treatment Plant Consent Renewal Project	A project flyer has been distributed to stakeholders. The project team will meet in December to discuss short, medium and long term serving options. Initial mana whenua and public engagement has started and public open days are planned for early next year.
Fred Thomas Drive wastewater storage tank and local network upgrade project	Good progress is being made on the pump station and storage tank. Work is underway on the final connections in Esmonde Road – Stakeholders including schools have been notified.

Ponsonby pipeline upgrades	Letter sent to stakeholders notifying that work will start again in January 2018.
Wairau Road wastewater upgrade works	Works are progressing well and the view Road section is likely to be finished earlier than expected. Project benefit (scrim) signage is displayed on construction fences.
Northcote Wastewater Upgrades – TS8	Engagement with local business has been completed. Meetings have been held with key stakeholders to mitigate against potential project concerns.
Army Bay	Construction is underway and project boards have been installed. Local media item planned for arrival of the tunnelling machine early in 2018.
SafeSwim	Watercare management joined the Mayor and local politicians at Mission bay for the successful launch of the programme.
Albany / Pinehill watermain and reservoir project	Contract awarded and project flyer developed. A site blessing will be held 16 October for the joint NZTA /Watercare /Auckland Transport Spencer Road bridge work.
Wynyard Quarter wastewater network upgrade project	Halsey Street works have been completed.

Stakeholder Communications for November 2017

Project	Communications
Franklin Road wastewater/stormwater pipe separation project	The works have now been completed and an email from the Chief Executive seeking feedback via the Voice of the Customer Channel has been sent to all affected customers.
Glen Eden wastewater storage tank and network upgrades project	The project is nearing completion with the majority of works expected to be finished by the end of the year.
Huia Water Treatment Plant replacement project	Community liaison group meetings continue on a fortnightly basis; minutes and information continue to be placed on the Watercare website when confirmed as correct.

Army Bay Wastewater Treatment Plant Consent Renewal Project	A project flyer has been distributed to stakeholders. The project team will meet in December to discuss short, medium and long term serving options. Initial mana whenua and public engagement has started and public open days are planned for early next year.
Fred Thomas Drive wastewater storage tank and local network upgrade project	Good progress is being made on the pump station and storage tank. Work is underway on the final connections in Esmonde Road – Stakeholders including schools have been notified.
Ponsonby pipeline upgrades	Letter sent to stakeholders notifying that work will start again in January 2018.
Wairau Road wastewater upgrade works	Works are progressing well and the view Road section is likely to be finished earlier than expected. Project benefit (scrim) signage is displayed on construction fences.
Northcote Wastewater Upgrades – TS8	Engagement with local business has been completed. Meetings have been held with key stakeholders to mitigate against potential project concerns.
Army Bay	Construction is underway and project boards have been installed. Local media item planned for arrival of the tunnelling machine early in 2018.
SafeSwim	Watercare management joined the Mayor and local politicians at Mission Bay for the successful launch of the programme.
Albany / Pinehill watermain and reservoir project	Contract awarded and project flyer developed.
Wynyard Quarter wastewater network upgrade project	Halsey Street works are complete.

Appendix G - Local Board Interaction (As at 6 December 2017)

Local Board	Chair	Deputy Chair	October 17	November 17	Dec 17
Albert - Eden	Peter Haynes	Glenda Fryer	Shared advertisement for Mangere Wastewater Treatment Plant Public Open Days – posted onto LB Facebook page (10 Oct). Joint presentation from Watercare and Healthy Waters on the Proposed Western Isthmus Water Quality Improvement Programme (10 Oct). Information on Local Govt. S.181 notices to property owners above the Central Interceptor (12 Oct). Public workshop on Western Isthmus water quality programme (16 Oct). Hunua 4 workshop briefing (18 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). Response to escalated complaint regarding a water main break in Moa Road (19 Oct). YourSource staff newsletter distributed (27 Oct).	Notice of upgraded driveway to Rawalpindi Reserve – future location of a CI shaft site (7 Nov). Tapped in and notice of new website (22 Nov).	
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)	Notice of works on Esmonde Road over November-December 2017 (11 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	Response to customer discoloured water issue (20 Nov). Tapped in and notice of new website (22 Nov).	
Franklin	Angela Fulljames	Andy Baker	Notification that resource consents were granted for the Pukekohe Wastewater Treatment Plant (4 Oct). Shared advertisement for Mangere Wastewater Treatment Plant Public Open Days – posted onto LB Facebook page (10 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	Assisted the Chair with response to Franklin farmer in relation to the Pukekohe pump station engineered outfall point (6 Nov). Tapped in and notice of new website (22 Nov).	
Great Barrier	Izzy Fordham	Luke Coles			
Henderson - Massey	Shane Henderson	Peter Chan	Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	Summary of local projects (16 Nov). Update on Royal Road Siphon biofilter (20 Nov). Tapped in and notice of new website (22 Nov).	
Hibiscus and Bays	Julia Parfitt	Janet Fitzgerald	Email seeking feedback on the Trade Waste Bylaw review (19 Oct). Local Board workshop on Army Bay resource consent renewals (25 Oct). YourSource staff newsletter distributed (27 Oct).	Tapped in and notice of new website (22 Nov). Invitation to 14 Dec dawn blessing for Albany to Pine Hill watermain on project (27 Nov). Site visit to Sidmouth Street Pump Station Mairangi Bay (29 Nov). Workshop on	

Local Board	Chair	Deputy Chair	October 17	November 17	Dec 17
				Sidmouth Street Pump Station upgrade, Mairangi Bay (30 Nov).	
Howick	David Collings	Katrina Bungard	Shared advertisement for Mangere Wastewater Treatment Plant Public Open Days – posted onto LB Facebook page (10 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	Tapped in and notice of new website (22 Nov).	
Kaipatiki	Danielle Grant (2 Nov 2016 to 28 Feb 2018) John Gillon (1 March 2018 to the end of the 2016-2019 political term)	John Gillon (2 Nov 2016 to 28 Feb 2018) Danielle Grant (1 March 2018 to the end of the 2016-2019 political term)	YourSource staff newsletter distributed (27 Oct).	Tapped in and notice of new website (22 Nov).	
Mangere - Otahuhu	Lydia Sosene	Walter Togiama	Information on Local Govt. S.181 notices to property owners above the Central Interceptor (12 Oct). Joint presentation from Watercare and Healthy Waters on the Proposed Western Isthmus Water Quality Improvement Programme (19 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	Tapped in and notice of new website (22 Nov). Update on wastewater spill onto private property (29 Nov.)	Update on wastewater spill onto private property (1 Dec.)
Manurewa	Angela Dalton	Rangi McLean	Shared advertisement for Mangere Wastewater Treatment Plant Public Open Days – posted onto LB Facebook page (10 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	Local Board workshop (9 Nov). Tapped in and notice of new website (22 Nov).	
Maungakiekie - Tamaki	Josephine Bartley - until 22 April 2018, to be replaced by Chris Makoare on 23 April 2018.	Don Allan - until 29 October 2017. Debbie Burrows - 30 October 2017 to 28 October 2018. Bernie Driver – 29 October 2018 until end of the term.	Shared advertisement for Mangere Wastewater Treatment Plant Public Open Days – posted onto LB Facebook page (10 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	Workshop on Omaru Creek waterway (14 Nov). Tapped in and notice of new website (22 Nov). Response to investigation into overflow at Onehunga Lagoon following customer escalation (27 Nov).	
Orakei	Colin Davis - After 18 months Kit Parkinson will Chair.	Kit Parkinson - After 18 months Carmel Claridge will be Deputy Chair	Notification of watermain break in Kepa Road (16 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	Launch of the Safeswim programme at Mission Bay (4 Nov). Tapped in and notice of new website (22 Nov).	
Otara - Papatoetoe	Lotu Fuli	Ross Robertson	Shared advertisement for Mangere Wastewater Treatment Plant Public Open Days – posted onto LB Facebook page (10 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource	Tapped in and notice of new website (22 Nov).	

Local Board	Chair	Deputy Chair	October 17	November 17	Dec 17
			staff newsletter distributed (27 Oct).		
Papakura	Brent Catchpole	Felicity Auva'a	Shared advertisement for Mangere Wastewater Treatment Plant Public Open Days – posted onto LB Facebook page (10 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	Trade Waste Bylaw discussion (8 Nov). Tapped in and notice of new website (22 Nov). Response to escalation regarding grazing issue on Watercare land (30 June)	
Puketapapa	Harry Doig	Julie Fairey	Shared advertisement for Mangere Wastewater Treatment Plant Public Open Days (10 Oct). Joint presentation from Watercare and Healthy Waters on the Proposed Western Isthmus Water Quality Improvement Programme (11 Oct). Information on Local Govt. S.181 notices to property owners above the Central Interceptor (12 Oct). Public workshop on Western Isthmus water quality programme (16 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	Tapped in and notice of new website (22 Nov).	
Rodney	Beth Houlbrooke	Phelan Pirrie	Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	Tapped in and notice of new website (22 Nov).	
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)	Andre Stuart provided evidence at Local Board hearings for community leases in support of changes proposed for the NZTA northern corridor improvement works (17 Oct). Dawn blessing of Spenser Road bridge project with Local Board members and NZTA (16 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	Tapped in and notice of new website (22 Nov). Invitation to 14 Dec dawn blessing for Albany to Pine Hill watermain on project (27 Nov)	
Waiheke	Paul Walden (26 October 2016 to Sunday, 22 April 2018) Cath Handley (23 April 2018 to the end of the 2016-2019 political term)	Cath Handley (26 October 2016 to Sunday, 22 April 2018) Paul Walden (23 April 2018 to the end of the 2016-2019 political term)	Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	Shared video of Waiheke Island wastewater network health check (20 Nov). Tapped in and notice of new website (22 Nov).	
Waitakere Ranges	Greg Presland	Saffron Toms	Update on Huia Water Treatment Plant Replacement CLG meeting (12 Oct). Notice of slip repairs on Exhibition Drive (17 Oct). Glen Eden wastewater update newsletter (17 Oct). Email seeking feedback on the	Summary of local projects (16 Nov). Notice of Nihotupu Filter Station site clean-up (21 Nov). Tapped in and notice of new website (22 Nov).	

Local Board	Chair	Deputy Chair	October 17	November 17	Dec 17
			Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).		
Waitemata	Pippa Coom	Shale Chambers	Joint presentation from Watercare and Healthy Waters on the Proposed Western Isthmus Water Quality Improvement Programme (10 Oct). Information on Local Govt. S.181 notices to property owners above the Central Interceptor (12 Oct). Public workshop on Western Isthmus water quality programme (16 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). Hunua 4 workshop briefing (24 Oct). YourSource staff newsletter distributed (27 Oct).	Tapped in and notice of new website (22 Nov).	
Whau	Tracey Mulholland	Susan Zhu	Workshop with Parks and the Local Board on landowner approvals for the Central interceptor Project (11 Oct). Joint presentation from Watercare and Healthy Waters on the Proposed Western Isthmus Water Quality Improvement Programme (18 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	Summary of local projects (16 Nov). Tapped in and notice of new website (22 Nov). Response to Derek Battersby in response to customer escalation on water usage (27 Nov).	
Manukau Harbour Forum			Shared advertisement for Mangere Wastewater Treatment Plant Public Open Days (10 Oct). YourSource staff newsletter distributed (27 Oct).		