

WATERCARE SERVICES LIMITED

AGENDA	BOARD MEETING	Tuesday, April 24, 2018
Venue	Watercare Services Limited, Level 3, 73 Remuera Road, Newmarket	
Time	9am	

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 27 March 2018	Board Minutes 27 March 2018
3 Review Directors' Disclosure of Interests	Chair	For noting	Report
4 For discussion			
4.1 Safety Moment	All	For sharing	Nil
4.2 Health & Safety Report, including Quarterly Report	R Jaduram	For discussion	Report
4.3 Chief Executive's Report	R Jaduram	For discussion	Report
4.4 Board Committee Updates	Committee Chairs	For discussion	Nil
4.5 Integrated Reporting/Annual Report 2018 Update	B Monk	For discussion	Report
5 Approvals			
5.1 STP Committee Terms of Reference	E McBride	For discussion	Report
6 For information Compliance			
6.1 RMA Compliance	R Fisher	Receive report	Report
Capital Programme			
6.2 Infrastructure Dashboard	R Jaduram	Receive report	Report
7 Strategy			
7.1 Organisation and Culture Update	J Glennon	Presentation	Presentation
8 Directors' Corporate Governance Items			
8.1 Board Planner	Chair	For noting	Report
8.2 Review Executive Management Disclosure of Interests	Chair	For noting	Report
8.3 Director Appointment Terms and Committee Membership	Chair	For noting	Report
9 General Business	Chair		
Date of next meeting	Tuesday 29 May 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	27 March 2018
TIME	9.07 am
STATUS	Open Session

	Present: M Devlin (Chair) J Hoare (Deputy Chair) N Crauford B Green C Harland Hon Dame A King D Thomas	In Attendance: R Jaduram (Chief Executive) B Monk R Fisher R Chenery E McBride M Bourne M Bridge S Webster D Hawkins A Nama	Public in Attendance: Nil
1.	Apologies There were no apologies.		
2.	Minutes of Previous Meeting The Board resolved that the minutes of the public section of the Board meeting held on 27 February 2018 be confirmed as correct.		
3.	Review Directors' Disclosure of Interests The Board noted the report.		
4	<p>For Discussion</p> <p>4a Safety Moment</p> <ul style="list-style-type: none"> - M Bourne, Acting Chief Operations Officer, provided the Board with an update on the need for "management of change" following a vehicle incident on Puketutu Island in March 2018, where the root cause was a simple change in procedure, which was not properly communicated. <p>4b Health & Safety Report</p> <p>The CE spoke to the report.</p> <ul style="list-style-type: none"> - At the February 2018 Board meeting, it was requested that the Total Recordable Injury Frequency Rate (TRIFR) include comparison data from an industry that is more closely aligned with Watercare (e.g. mining). As these figures are only available annually, the CE advised that a comparison will be provided at year end. The CE also advised that further consideration was being undertaken in respect of Safety II, to further understand the reasons for incidents and accidents. - The CE and S Webster, Chief Infrastructure Officer, provided the Board with a detailed update on the contractor who fell three metres into a trench and sustained a neck fracture. Following the incident, Management sent a Safety Alert to all Watercare staff and construction contractors. Watercare also requested assurances from the contractor company regarding safety procedures on all Watercare construction sites. In response to a question, Management confirmed that the contracting company is taking the incident seriously and the CEO of the contractor company has already discussed the 		

incident with Watercare's CE. Watercare has also arranged to meet with two senior leaders of the contractor company to discuss the incident in more detail, including safety on Watercare construction sites in general.

- At the upcoming Contractor Forum, change in work processes and the importance of communicating changes in work processes, will be a discussion topic, with the March 2018 trench incident used as a case-study.
- In response to a question, Management confirmed that the contractor involved in the waratah incident was different to the trench fall contractor. The CE advised that in future Health and Safety reports, Management will note if the same contractor is involved in more than one incident.
- A number of audits and independent reviews are currently underway, including a Major Hazard Facility Safety Case at Ardmore, Waikato water treatment plant audit and Telarc revalidation assessment. Management will continue to report key findings of the audits to the Board.
- In respect to chlorine storage at Ardmore water treatment plant, it was noted that under the new legislation, consultation with the wider neighbourhood is required, not just the immediate neighbours.

4c Chief Executive's Report

Scorecard – pages 14-15

- The scorecard was noted.
- The 12 month rolling average for percentage of unplanned water shutdowns restored within 5 hours is "Amber", 93%, as against the target of 95% or above. This score is due to a number of factors. In particular, a number of faults are under concrete footpath with crews taking more time to locate the fault. Newer concrete footpaths are also thicker than older footpaths, and therefore take longer to cut and dig through. Traffic Management requirements are also affecting response times. Management is looking to implement better process to improve response times.
- The percentage of Iwi groups who have signed Memorandum of Understanding will increase, with a signing by Ngaati Paoa and Watercare scheduled for early April 2018. On a related note, the PWC report commissioned by the Independent Maori Statutory Board (assessing Council's expenditure on projects to achieve Maori Outcomes dated 6 November 2017) recommended a number of improvements. Management has accepted PWC's findings. Watercare CE, other CCO CEO's, and the CE of Auckland Council, are now working together to implement improvements and define 3-4 high level objectives in this area.
- Further information will be provided regarding staff turnover and whether there are issues with any particular department.

CE's report

The report was noted and the CE responded to questions.

Waikato District Council's (WDC) Long Term Plans – Item 5, page 18

- WDC's Long Term Plan, which is currently under public consultation, includes a recommendation for Watercare to supply WDC with water services through a contract of supply. Management do not have details of how any contract would operate. Before entering into any contract, Auckland Council would need to be consulted.

WSAA and Water New Zealand survey results – Item 8, pages 19-23

- Auckland Council's Healthy Waters did not participate in the surveys, as the survey concerned water and wastewater services only.
- The Value for Money results indicate that there is work to be done to emphasise the reasonableness of the price of water given 30% of Watercare customers neither agreed or disagreed that the cost of water is good value for money when compared with other utility services.

- In relation to the results around taste, smell and appearance, it was noted it would be useful to analyse the survey results (if this is possible) to identify if there are particular areas/suburbs experiencing these issues.
- Management confirmed that the WSAA survey results, where Watercare ranked 5 out of 38 water companies across Australasia in the main categories, will be publicised and included in the next Quarterly Report to Auckland Council.

Maori Responsiveness Plan – Item 9, page 23

- The Company Secretary confirmed that Management has prepared a draft Maori Responsiveness Plan. A further update will be provided at the April 2018 Board meeting, and a copy of the draft plan will be circulated to Board Members prior to that meeting.

Whenuapai & Redhills Wastewater Scheme, Housing Infrastructure Fund (HIF) – Item 10, page 23

- An application to the HIF will be made in April 2018. Auckland Council is developing the business case with input from Watercare.

S17A – Value for Money Updates – Item 13, page 24

- In relation to the Three Waters review, the CE noted that Watercare has a good working relationship with Auckland Council on these projects. There is a paper going to the Finance and Performance Committee in mid-April 2018, updating the paper provided in February 2018. Management has started work on the paper that will go to the Finance and Performance Committee in October 2018, regarding the business case for Watercare taking over stormwater operations and maintenance on a contractual basis. Initial work in this area suggests that Auckland Transport could also offer some synergies in the operation and maintenance of stormwater. The CE advised that much of the Healthy Waters costs related to non-pipe, e.g. wetlands, streams and flood control.

Housing New Zealand/Homes.Land.Community (H.L.C.) Redevelopment Project – Item 15, page 25

- The CE advised that this project has formed a CE level working group to address obstacles that could affect the implementation of the Kiwibuild projects. The Unitec project is an area serviced by the combined network, therefore the Central Interceptor project will be beneficial.

Safeswim – Item 17, page 26

- There was a general discussion regarding the Safeswim programme. Watercare is working with Auckland Council to increase communications/education of the public regarding the composition of stormwater overflows. Testing suggests that a significant proportion of the bacteria in the overflows can be traced back to avian waste, rather than human waste. Council is also working to improve the manual and digital displays at beaches. The Board were advised the programme is now being managed by Auckland Council, rather than a contractor.

Finance – Item 19, page 26 to 30

- The Board noted that the Company will be in technical breach of the Treasury Policy at the end of April (refer to page 29).

	<p>Milford Update – Item 22, page 22</p> <ul style="list-style-type: none"> - M Bourne provided the Board with a detailed update and noted that the Planning department is currently undertaking work in the Milford area. - In relation to pipe condition assessments, M Bourne advised that for “High Risk Assets”, Watercare checks the pipes every five years (either with CCTV or laser light profiling). If issues arise, checks are done more regularly. One of the main challenges is monitoring rising mains, as these pipes are always full, and they need to be shut down and flushed before being inspected internally. The only way to do a condition assessment is via potholing. - R Chenery, Chief Digital Officer, reported that Management is working with data scientists and the University of Auckland to assess the data Watercare holds on the Milford rising pipe. They are investigating whether there are any data indicators that could have predicted the incident that occurred in late January 2018. <p>4d Board Committee Updates</p> <ul style="list-style-type: none"> - STP Committee: Committee Chair, A King, provided the Board with a brief update. The Committee received an initial briefing from Management on 22 March 2018. The first meeting of the STP Committee is scheduled for 23 April 2018. - AMP & Major Capex Committee: Committee Chair, N Crauford provided the Board with a brief update. The first meeting of the AMP and Major Capex Committee will be held on 18 April 2018. <p>4d (i) AMP & Major Capex Committee Terms of Reference</p> <p>The Terms of Reference were reviewed. Two amendments were suggested:</p> <ul style="list-style-type: none"> - Meetings will be held not less than four times a year, <i>or as required</i>. - The Term of Reference will be reviewed annually (<i>or as often as conditions dictate</i>). <p>The Board approved the change of name to “AMP and Major Capex Committee”, and subject to the two amendments above being made, approved the Terms of Reference attached as Appendix A.</p>
5.	<p>For Information</p> <p>5a Compliance</p> <p>(i) RMA Compliance</p> <p>The Board noted the report.</p> <p>5b Capital Programme</p> <p>The Board noted the report.</p>
6.	<p>Strategy</p> <p>a) Non-Revenue Water (Theme: The Value of Water)</p> <p>A Nama, Network Efficiency and Strategic Project Manager, made a presentation to the Board on Watercare’s activities in relation to non-revenue water. A copy of the presentation is attached.</p> <p>Following the presentation, there was a general discussion regarding Watercare’s Non-Revenue water reduction programme. It was noted:</p> <ul style="list-style-type: none"> - Aged meters do not record water usage as efficiently as newer meters (meters that are over 15 years of age can under-record by 10-12%). It was noted that there are 110,000 water meters in Auckland,

	<p>which are over 20 years old. Watercare is replacing 20,000 water meters this year, and aims to replace 30,000 next year. Watercare regularly trials different types of meters.</p> <ul style="list-style-type: none"> - Smart meters are being used in conjunction with mechanical meters to try to identify leaks. - Watercare's next area of study will be commercial meters. Commercial use represents a significant proportion of Watercare's revenue. The study will focus on whether these commercial meters are also under-recording as they age.
7.	<p>Directors' Corporate Governance Items</p> <p>a) Board Planner</p> <p>The Board noted the report.</p> <p>b) Review Executive Management Disclosure of Interests</p> <p>The Board noted the report.</p> <p>c) Review Director Appointment Terms and Committee Membership</p> <p>The Board noted the report.</p>
8.	<p>General Business</p> <p>The Company Secretary noted that he had spoken with the DIA regarding their report into the Three Waters. The report said the governance of the water industry using either the Watercare or Wellington Water models was superior to what was occurring throughout the country.</p> <p>The Chair congratulated N Crauford on becoming a Chartered Fellow of the Institute of Directors.</p> <p>The Chair congratulated S Cunis, Executive Programme Director, Central Interceptor, who has been admitted as a Fellow of Engineering New Zealand. The Chair also congratulated S Cunis on successfully completing his first Ironman in Taupo in early March 2018.</p>
	<p>The meeting closed at 10.45am.</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

M Devlin
Chair

Non Revenue Water Update

Watercare Board Presentation

March 2018

Context

United Nations Sustainable Development Goal:

- Ensure available and sustainable management of water and sanitation for all

2008 Auckland Three Waters Strategy & 2013 Auckland Regional Water Demand Management Plan:

- Established a water demand target

2017 Auckland Water Efficiency Strategy:

- Outlines initiatives to reduce gross per capita consumption
- Outlines a plan to reduce non revenue water

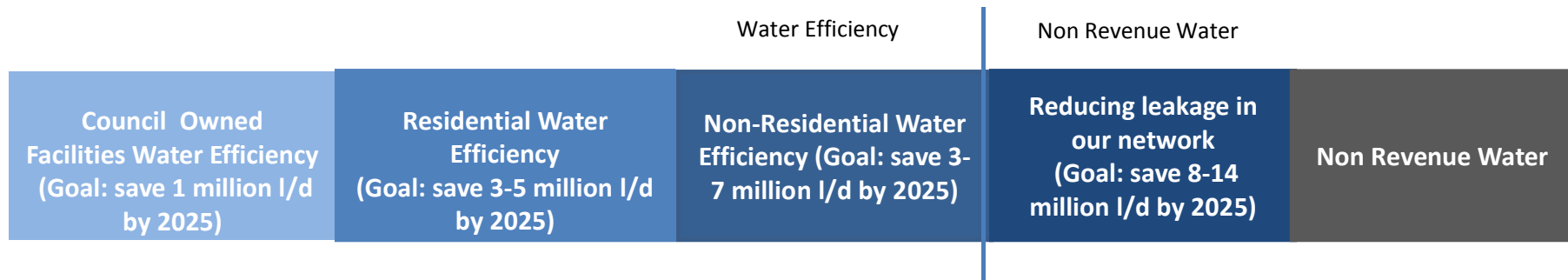
2017 – 2020 Statement of Intent:

- Sets a target of percentage of real water loss from the network at 13%

2017 Mayor's Letter of Expectation:

- Key focus on delivery of the Water Efficiency Strategy outcomes

Auckland Water Efficiency Strategy

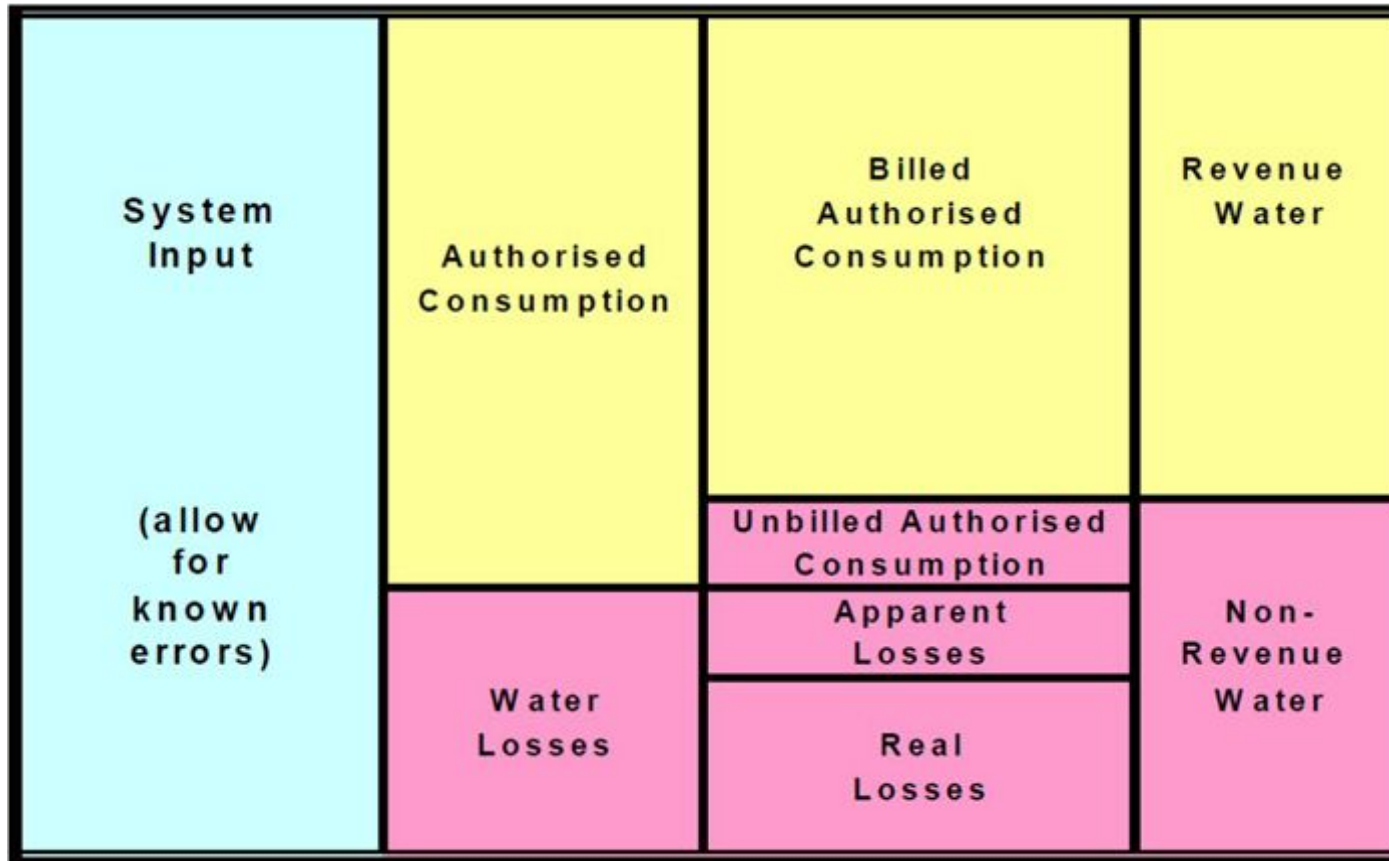


- 2017 – 2020 Auckland Water Efficiency Strategy sets out a number of components aimed to achieve a gross per capita consumption of 252 L/p/d by 2025
- Sets out a programme of works aimed at reducing non revenue water
- We are working collaboratively with: Auckland Council, EcoMatters and BRANZ

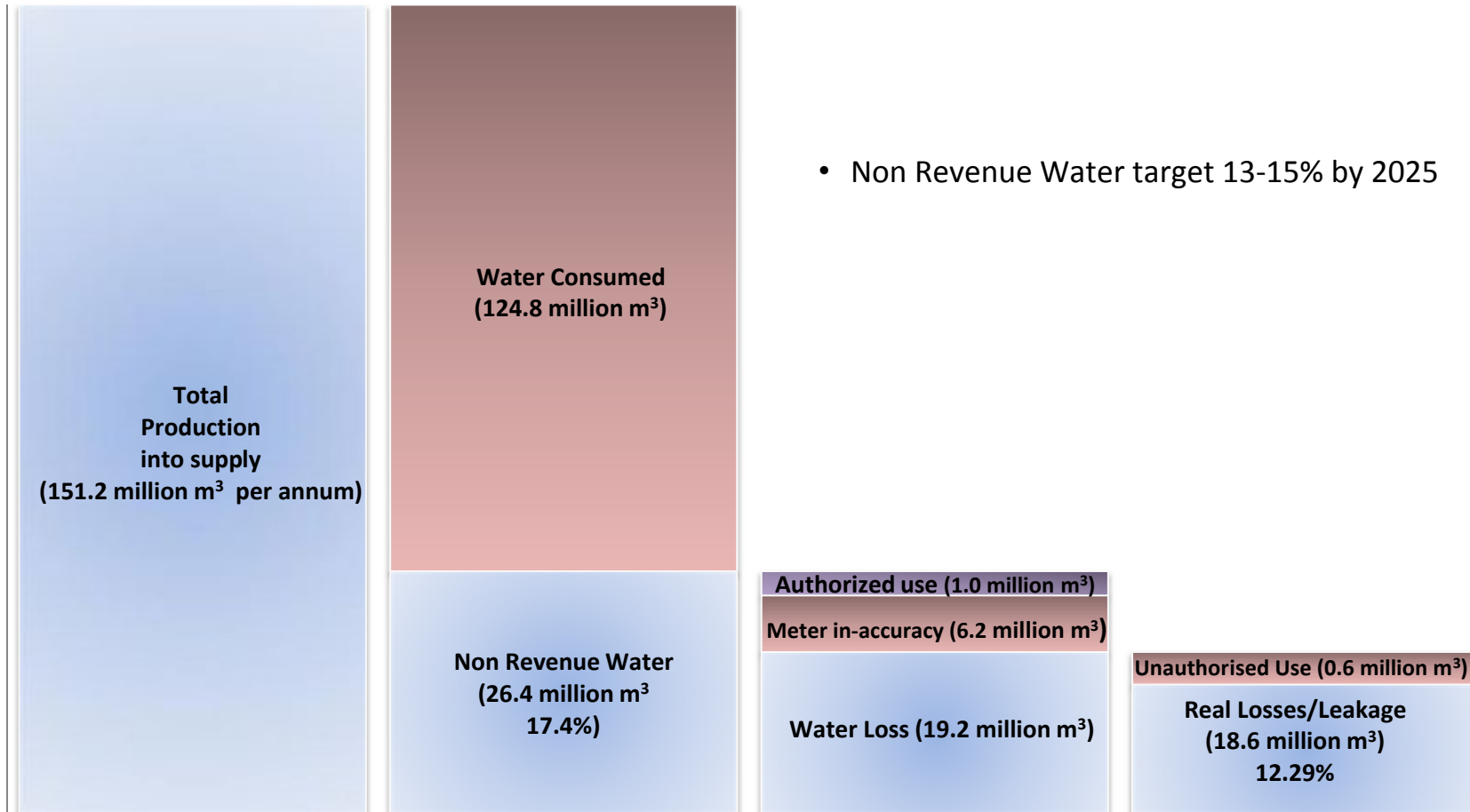
Non Revenue Water Terminology

- Non Revenue Water – Difference between water supplied and water volume sold
- Authorised Use – Not billable, but required for fire fighting and operational use **(0.50%)**
- Meter Inaccuracy – Under recording of consumption as meters age **(5.0%)**
- Unauthorised Use – Illegal usage through hydrants and un-metered supplies **(0.45%)**
- Real Losses – Water leaking from the reticulation system

International Water Loss Methodology



Water Balance Graph



Non Revenue Water Reduction Programme

- Planned Meter Replacement 2016 (2,300 replaced). 2017 (10,000 replaced). 2018 (20,000 planned). 2019 (30,000 year)
2019 – Develop a programme of commercial meter replacements
- Review of reporting metrix 2019 – Investigate and report real losses by L/c/d, infrastructure leakage index (ILI) and develop methodology for determining economic level of leakage (ELL)
2019 - Investigate an internal non revenue water target (13 – 15%)
- Water Balance 2019 - Calculate real losses at smaller district metered areas
Review the findings of the WSAA non revenue water study and apply any lessons learnt
- Investigate unauthorised use
 - Develop a methodology to identify unbilled consumption/theft
 - Continue to investigate meter data to identify consumption anomalies. \$280k recovered (June 17 to February 18)
 - Continue to investigate and identify unbilled supplies. \$110k recovered (June 17 to February 18)
 - Create check meters on new subdivisions to identify illegal usage

Non Revenue Water Reduction Programme

- Smart Network

2018 - Completed Waiuku trial and report a water mass balance by August 18
 - Continue with smart network trial in the CBD

2019 - Develop smart strategy linked to customer user needs and operational network management

2021 - Commence smart metering of all non metropolitan areas

2022 - Implement smart initiatives as outlined in the strategy
- District Managed Areas (DMA's)

2019 - Develop a plan to establish smaller supply DMA's

2019 - 2026 Progressively establish smaller supply DMA's
- Find Leaks

2018 - Continue leak detection in six high water loss zones and monitor repair times

2019 - Monitor DMA zones to find and fix leaks proactively
- Fault Reporting

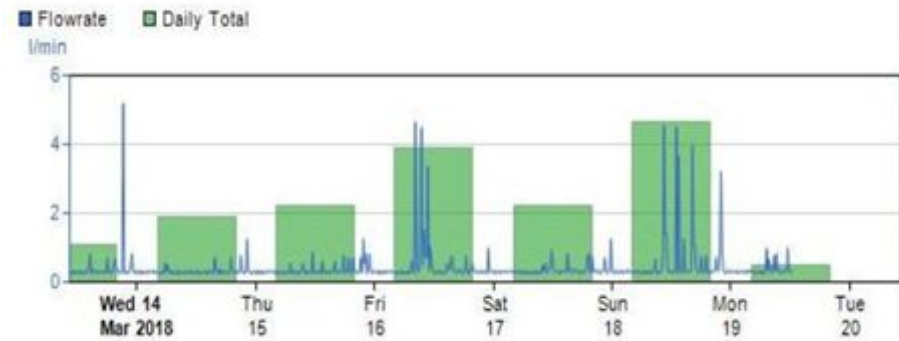
Continue to promote use of the online(website) leak reporting portal

2018 - Review priority of water leak response and repair times
- Pressure Management

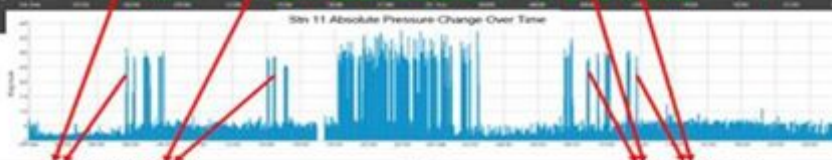
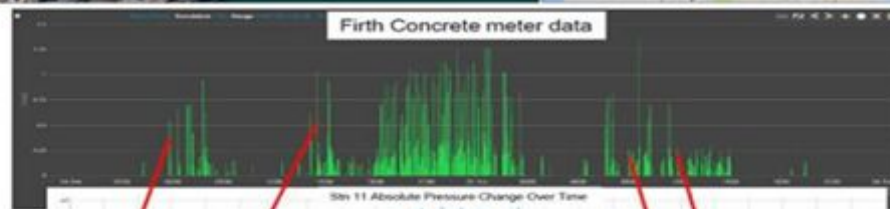
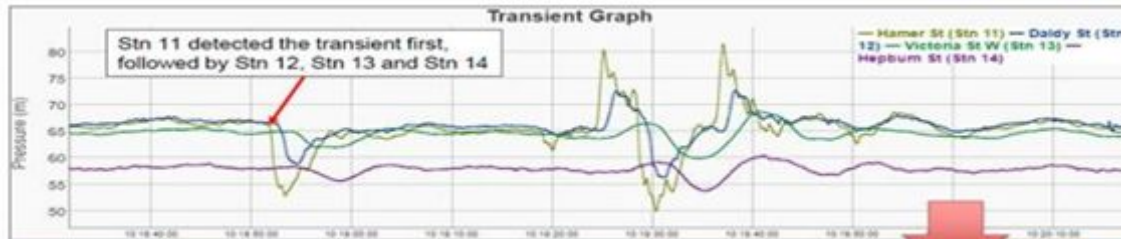
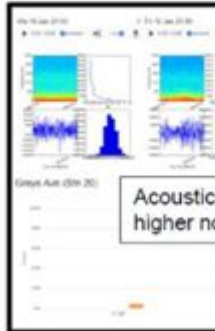
2019 - Develop a pressure management reduction plan
- Watermain renewals

Review effectiveness of find and fix leaks and determine appropriateness of renewals programme

Waiuku Smart Meter Trial



CBD Smart Network



Report to the Board of Watercare Services Limited

Subject: Directors' Disclosure of Interests

Date: 17 April 2018

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.

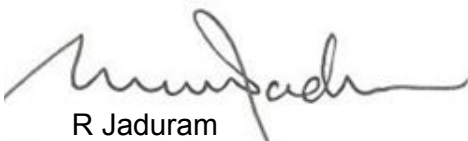
Director	Interest
Margaret Devlin	<ul style="list-style-type: none"> - Chairman, Harrison Grierson Limited - Director, Meteorological Services of NZ Limited - Director, Waikato Regional Airport - Chair, Titanium Park (wholly owned subsidiary of Waikato Regional Airport) - Director, IT Partners Group - Director, Aurora Energy - Independent Chair of Audit and Risk Committee, Waikato District Council - Chairman, Women in Infrastructure Network - Councillor, Wintec Council - Councillor The University of Waikato Council - Member, Audit and Risk Committee of The University of Waikato - Chairman, Waikato Spatial Plan Joint Committee
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 - Chair, 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"> - Chair, Ngati Whakaue Tribal Lands Inc - Chair, Gypsum Board Manufacturers of Australasia - Shareholder / Employee, Fletcher Building Limited - Director, New Zealand Ceiling & Drywall Supplies Limited - Chair, Altus NZ Limited - Director, Delcon Holdings (No.8) Ltd - Director, Fletcher Building Products Ltd - Director, Fletcher Concrete and Infrastructure Ltd - Director, Home&Dry Ltd - Director, Iplex Pipelines NZ Ltd - Director, Pinkfit Ltd - Director, Selwyn Quarries Ltd - Director, Tasman Insulation New Zealand Ltd - Director, Winstone Wallboards Ltd
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 Dame Annette King	<ul style="list-style-type: none"> - Chair, Life Flight Trust Wellington. - Interim Chair, Earthquake Commission (EQC)

RECOMMENDATION

That the report be received.

Approved by:



R Jaduram
Chief Executive

Report to the Board of Watercare Services Limited

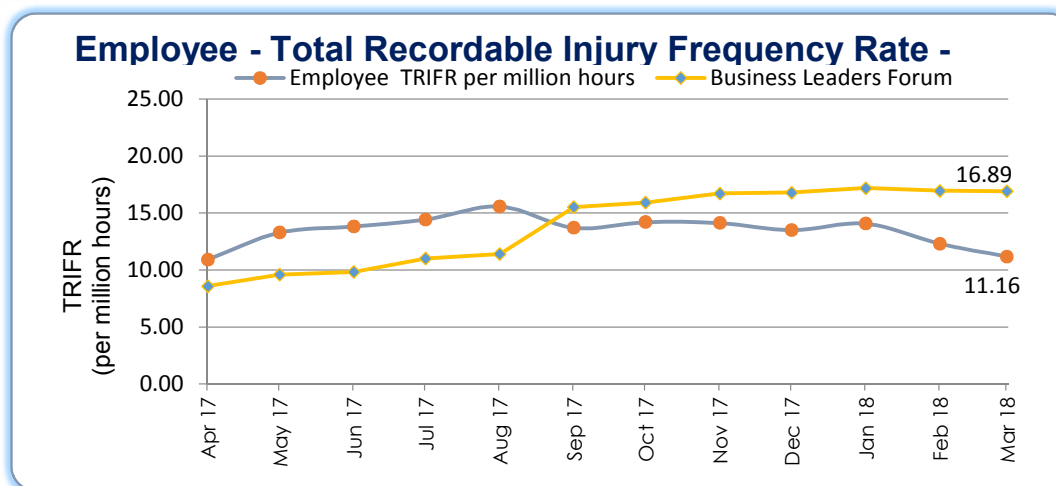
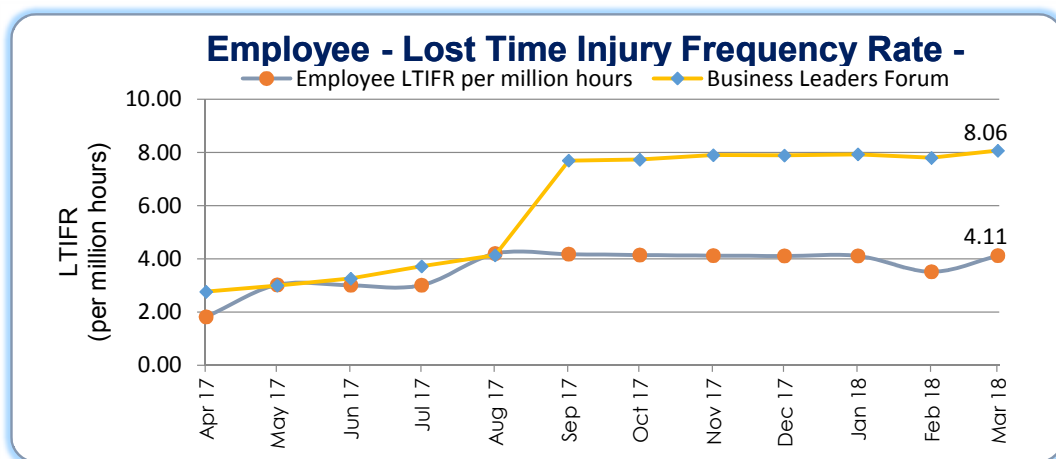
Subject: Health and Safety Report – March 2018

Date: 17 April 2018

1. LAG INDICATORS

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

The rolling 12 month Total Recordable Injury Frequency Rate (TRIFR) has decreased to 11.16 per million hours, and remains below the Statement of Intent target of ≤20.



The Business Leaders Health and Safety Forum have recently updated their records, resulting in the above graphs indicating a substantial difference compared to our report last month. Previous discussions in the context of the Business Leaders Forum comparator anomalies had identified that some members are not entering data monthly thereby leading to historical aggregated results changing over time.

2. WATERCARE WORKER INJURIES

While two MSN servicemen were removing a six metre length of PVC pipe from the storage racking, one of the workers dropped one end of the pipe as he could not endure the weight. This resulted in the other worker bearing the load and sustaining a shoulder sprain. The worker was unfit for a period of two days followed by three days restricted duties while undergoing physiotherapy. Although being trained and experienced workers, this task was inadequately planned with poor hazard management, and with hindsight acknowledge that the pipe should have been lifted using a forklift. The importance of job planning, hazard management and manual handling risks have been reiterated to all staff. In addition, a review of the stores layout has been undertaken to ensure ease of access for the use of a forklift is maintained. Learnings from this event will be shared with other Watercare operational areas to maintain awareness and prevent complacency and a recurrence of such an event.

A MSN worker is being treated for a lumbar sprain and a strained knee ligament which they believe occurred due to the nature of the job. These injuries could possibly be a result from a previous non-work related accident. The worker was declared unfit for a period of two days. Medical records are being reviewed by our consulting doctor in conjunction with ACC. The injury has been recorded as a LTI while we await a decision.

3. CONTRACTOR WORKER INJURIES

A worker was struck in the mouth when a pry bar he was using slipped while levering a pipe. The worker was taken to a dentist for treatment. The learnings from the investigation revealed that the procedure followed had exposed workers to potential harm. The procedure was subsequently revised to change the technique and mitigate that risk. Acknowledging the broad array of contractors conducting such activities and the potential consequences of such events, the incident learnings will be communicated at the upcoming Watercare contractor forum meeting on 3 May 2018.

4. SIGNIFICANT INCIDENTS/HAZARDS/NEAR MISSES

There were no significant incidents/hazards/near misses in March

5. 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 lead indicator statistics for Watercare construction project sites. Overall this indicates a positive culture of monitoring of activities and equipment.

6. INDEPENDENT AUDIT REVIEWS

An independent review of our Major Hazard Facility Safety Case for the Ardmore Water Treatment Plant was conducted in February/March 2018. The aim of the review was to identify any key gaps that could prevent the safety case from being approved by Worksafe. Recommendations have been addressed and the safety case was submitted to the High Hazards Unit at WorkSafe on 04 April 2018.

An independent external audit was conducted at the Waikato Water Treatment Plant to review the following;

- Confined space controls
- Work adjacent to water bodies
- Working at height

The audit report is due by 13 April. Recommendations for improvement and action plans will be provided to management and the board.

The next audit scheduled is the Telarc revalidation assessment which will take place in May.

7. HEALTH AND SAFETY TRAINING

As part of our ongoing in-house health and safety training to improve understanding and capability, Contractor Management training workshops are being prepared and scheduled to commence in April.

8. CONTRACTOR ENGAGEMENT FORUM

The contractor forum has been reviewed, and a meeting scheduled for 03 May 2018. The forum currently comprises a total of eight significant contractors and the four Professional Services Panel Representatives. Learnings and initiatives from this working group will be shared with the broader contractor organisations and feedback will be provided to the senior management team and the board.

9. RECOMMENDATION

That the Board receives this report.

Prepared by:



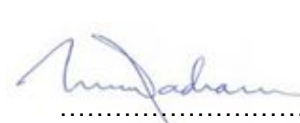
S Walthew
Health and Safety Manager

Reviewed by:



Jason Glennon
Chief People Officer

Approved by:



R Jaduram
Chief Executive

Appendix A

Inspections – Targets were set with business units for Health and Safety Inspections for the 2017-2018 financial year. It identifies hazards and risk, but also as a way of embedding a culture of enquiry and vigilance around safety. The information below 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
Watercare House	0	0	0	1	1	1	0	0	2	
Retail	20	17	18	15	22	12	19	31	8	
Infrastructure Delivery										
Construction Delivery	13	13	13	27	23	23	18	24	25	
Laboratory Services	9	13	15	10	6	10	11	8	11	
MSO	10	14	4	16	16	4	6	18	12	
MSN	30	40	47	60	46	30	35	33	17	
Total	62	80	79	113	91	67	70	83	65	
Service Delivery										
Networks	12	10	13	10	9	2	31	28	27	
Asset Protection & Engineering Performance	4	4	7	5	5	2	2	2	3	
Water Supply	19	30	27	23	22	23	29	29	11	
Wastewater	21	20	21	25	30	13	18	23	18	
Total	56	64	68	63	66	40	80	82	59	
Watercare Total	138	161	165	192	180	120	169	196	134	

Business units are implementing any improvements they have identified and there have not been any trends of significant concern. The improved system categorisation options for those completing inspections is under ongoing monitoring and review (we will continue to 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 followed by a summation of March lead indicators for all contractors.

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. As requested, an additional column for "Corrective Actions Raised" has been added and this information is now being provided by our contractors.

2017 / 2018	Hours Worked	Audits	Inspections	Hazards Identified	Corrective Actions Raised	Corrective Actions completed	Safe Behaviour Observation	Safety Meetings held
North Shore Trunk Sewer 8 Upgrade								
January		4	1	5	-	2	34	54
February	3675	4	6	6	18	16	32	45
March	2629	1	2	1	3	3	8	20
Albany-Pinehill Watermain								
January		2	0	10	-	0	2	20
February	630	1	0	10	31	31	0	17
March	7421	1	0	0	0	0	0	52
Glen Eden Wastewater Storage Tank								
January		3	2	2	-	2	0	48
February	1320	0	2	2	2	2	0	22
March	3518	0	1	2	2	2	0	0
Army Bay WWTP Outfall Upgrade								
January		1	4	79	-	79	6	18
February	8680	1	8	86	6	4	6	57
March	13580	0	4	85	3	3	6	58
Sub-Total of above projects – March								
	27148	2	7	88	8	8	14	130
All projects – March								
	75292	39	137	178	10	130	178	398

HEALTH AND SAFETY QUARTERLY REPORT:

January to March 2018

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HEALTH AND SAFETY QUARTERLY REPORT: January to March 2018

4.2

1. Progress Against Plan

<p><u>Strategic Objective 1</u></p> <p>To enhance Safety Leadership Capabilities among officers and Managers to enable the promotion of a proactive health and safety culture.</p>	<p>● <u>Programme 1: Develop an organisational culture that supports industry-best health and safety performance</u></p> <p>A further corporate programme to supplement training previously delivered to executives and managers is being explored to accommodate the recent organisational structure changes, to ensure all appointed Chief Officers are informed and aware of their proactive health and safety responsibilities.</p> <p>Training workshops for managers on key strands from the Health and Safety Toolkit content such as Incident Management and Contractor Management is ongoing since December 2017 with positive feedback from attendees. As at the end of February a total of 63 managers, supervisors and project managers have attended the training in Incident Management.</p> <p>The next strand of training will be Contractor Management and is scheduled to commence in April. As previously mentioned, all these modules will be tied back into the frameworks delivered in the recent EMA training workshops, with the aim of embedding Watercare expectations and best practice behaviours across our operations and projects.</p> <p>Senior managers are undertaking site visits and engaging with the workforce as part of improving our senior management safety observation system.</p> <p>Effective observations and conversations are key because they give our leaders an opportunity to observe operations first-hand and engage with the workforce, showing commitment. The added value is achieving verification of the effectiveness of systems, processes and resources, or opportunity for improvement and future decision making.</p>
<p><u>Strategic Objective 2</u></p> <p>To manage our operations to reduce the risk of injury with a focus on serious or fatal injuries.</p>	<p>● <u>Programme 1: Improvement of process safety management</u></p> <p>The safety case for our Major Hazard Facility at the Ardmore Water Treatment Plant has been prepared. An independent review of the safety case has been conducted to identify any gaps that could prevent the safety case from being approved by Worksafe. Recommendations have been addressed and the safety case was submitted to the High Hazards Unit at WorkSafe on 04 April 2018.</p>

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HEALTH AND SAFETY QUARTERLY REPORT: January to March 2018

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	<p><u>Programme 2: Reducing Risks from other critical hazards</u></p> <p>The revised Permit To Work system trial was conducted at the Ardmore Water Treatment Plant, MSO and Wastewater Transmission. Feedback has been incorporated and documentation is undergoing a final review with stakeholders before the system is implemented.</p> <p>The existing Confined Space key requirement is still being used across the business in the meantime.</p> <p>The development of the remaining key requirements as outlined in the Health and Safety Plan objectives and programmes for 2017/2018 is being addressed. Some of these may be guidance/fact sheets rather than Key Requirements.</p> <p>The subjects to be addressed are as follows;</p> <ul style="list-style-type: none"> • <u>Exposure to biological hazards</u>; This has been drafted as a guidance document rather than a key requirement. • <u>Exposure to dust</u>; This will be included in the Hazardous Substances Key Requirement. • <u>Exposure to adverse weather conditions</u>; A guidance document will be developed. • <u>Exposure to uncontrolled animals</u>; A guidance document will be developed. <p>Ongoing independent audit reviews are being conducted as set out in the audit schedule appended to the annual plan, focusing on;</p> <ul style="list-style-type: none"> • Working in confined spaces: • Working at height: • Working on or around water bodies: • Working in excavations: and • Working around suspended loads. <p>The audit reviews conducted:</p> <ul style="list-style-type: none"> • February Ardmore (MHF – Safety Case) • March Waikato WWTP <p>Other audits scheduled:</p> <ul style="list-style-type: none"> • May Telarc revalidation • June Ardmore WTP
<p><u>Strategic Objective 3</u></p> <p>To engage with our workers through programmes that reduce health and safety risks and support their physical and psychological</p>	<p>● <u>Programme 1: Reducing safety risks arising from impairment from Fatigue, Drugs and Alcohol</u></p> <p>As previously reported, the implementation of our Fatigue Management Key Requirement for reducing risks from impairment arising from fatigue is complete for our</p>

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<p>health.</p>	<p>waged workers. Focus now remains on our salaried staff operating on call, not all of whom have historically completed timesheets. Managers are now working toward an alternative approach to manage the effects of possible fatigue impairment with the salaried workforce.</p> <p>A Drug and Alcohol Policy has been implemented across the business as part of Watercare’s commitment to providing a safe and healthy workplace. An independent service provider has been engaged to conduct the testing, with random testing of workers commencing in April.</p> <p>Since engaging the services of an Occupational Health and Wellbeing specialist to review and formalise our system for collecting and analysing occupational health data (with the support of our occupational health nurses), a gap analysis has been conducted and an action plan developed. The process also involved an assessment of the associated worker exposures (physical, chemical, biological ergonomic, psychological) to ensure that pre-employment medicals, health monitoring and exit medical procedures address those risks. Additional deliverables, as the project proceeds, will include a risk matrix review, a formal strategy and plan -including appropriate lead and lag metrics.</p> <p>Work is underway to determine areas of critical focus for the Wellbeing program. This is to ensure that the programme operates sustainably to reduce occupational health and lifestyle impairment risks, and to improve physical and emotional health.</p> <p>The Wellbeing program is likely to include information delivery, as well as a calendar of events and activities targeting relevant health and lifestyle issues.</p>
<p><u>Strategic Objective 4</u></p> <p>To implement and further improve systems and resources that enable continual improvement of health and safety performance by enabling leaders, managers and workers to effectively meet their health and safety responsibilities.</p>	<p>● <u>Programme 1: Integrate Health and Safety Responsibilities into the roles of operational staff</u></p> <p>Existing staff contracts to remain unchanged at present. There are however elements of the Health and Safety Toolkit, and other procedures that guide and prescribe health and safety requirements for identified risks.</p> <p><u>Programme 2: Complete and fully implement the Health and Safety Management System</u></p> <p>The revised Permit To Work system trial has been undertaken at the Ardmore Water Treatment Plant, MSO and Wastewater Transmission business units. A combined total of 126 staff have undergone Permit Issuer and Permit Receiver training during the trials.</p>

HEALTH AND SAFETY QUARTERLY REPORT: January to March 2018**4.2**

	<p>Stakeholder consultation is underway for final amendments to documentation, with implementation envisaged for May 2018.</p> <p>The review of hazard registers has been incorporated into the STP workstream. Health and Safety are providing input to support the work done in this space. In the meantime business units will still continue to maintain their hazard registers.</p> <p>There is an ongoing implementation of Synergi across all operations, including training for new users.</p>
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2. Assurance

An independent review the Major Hazard Facilities (MHF) Safety Case Hazard Controls at the Ardmore Water Treatment Plant was conducted in February / March 2018. The aim of the review was to identify any key gaps that could prevent the safety case from being approved by Worksafe. Recommendations have been addressed and the safety case was submitted to Worksafe on 04 April 2018.

An independent audit review by Advisian was conducted at the Waikato Water Treatment Plant in March to review the following activities;

- Working Adjacent to Water
- Working at Height
- Working in Confined Spaces

The audit report is due by 13 April. Recommendations for improvement and action plans will be provided to management and the board.

The next audit scheduled is the Telarc revalidation assessment which will take place in May.

3. Significant Incidents, Near Misses, Hazards

The following significant incidents were recorded and closed out in monthly reports during the 3rd quarter

Jan-18	McConnell Dowell / Hydrotech – Glen Eden Pump Station	Conflicting works by two different contractors on the same asset
Feb-18	Pipeline & Civil – Albany-Pinehill Reservoir	Struck a 50mm underground gas line
	Fulton Hogan – Trunk Sewer 8	A worker fell 3 metres into a trench
	Red Bull (Sub-contractor to Fulton Hogan) – Puketutu Island	Blasting booster cartridge misplaced
	Fulton Hogan – Puketutu Island	ADT load tray fell over onto its side whilst reversing
Mar-18	There were no significant hazards, near misses or incidents recorded for March	

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HEALTH AND SAFETY QUARTERLY REPORT: January to March 2018

Incidents involving members of the public

There have not been any incidents involving members of the public during this quarter.

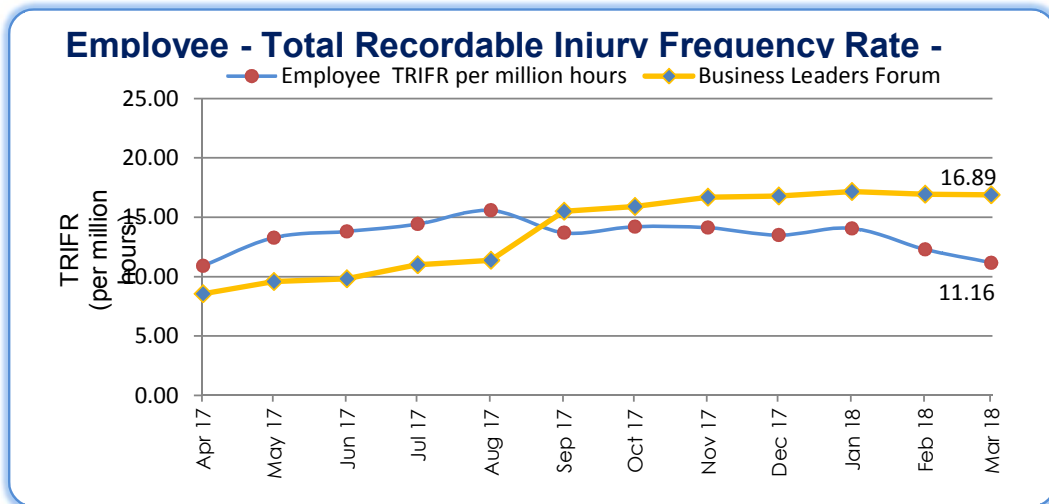
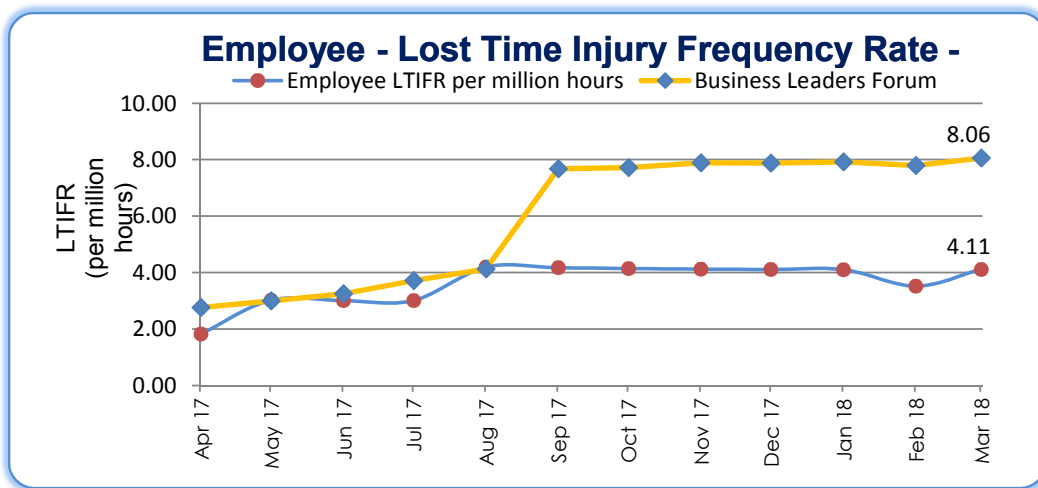
4.2

4. Statistics

Lag Indicators

The rolling 12 month Lost Time Injury Frequency Rate (LTIFR) as at the end of March is 4.11 per million hours, remaining below the Statement of Intent target of ≤ 5 .

The rolling 12 month Total Recordable Injury Frequency Rate (TRIFR) has shown a decrease to 11.16 per million hours as at the end of March, remaining below the SOI target of ≤ 20 .



Note - The Business Leaders Health and Safety Forum have recently updated their records, resulting in the above graphs indicating a substantial difference compared to our previous reporting. Previous discussions in the context of the Business Leaders Forum comparator anomalies had identified that some members are not entering data monthly thereby leading to historical aggregated results changing over time.

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HEALTH AND SAFETY QUARTERLY REPORT: January to March 2018

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Watercare Injuries per Business Unit

Month	Business Unit	Medical Treatment Injury (MTI)	Restricted Duties Injury (RDI)	Lost Time Injury (LTI)	Total Recordable Injuries (MTI+RDI+LTI)
Jan-18	MSN	0	2	0	2
	MSO	0	0	1	1
	Total	0	2	1	3
Feb-18	MSO	0	0	1	1
	Total	0	0	1	1
Mar-18	MSN	0	0	2	2
	Total	0	0	2	2
3rd Quarter Total		0	2	4	6

Contractor Injuries per company

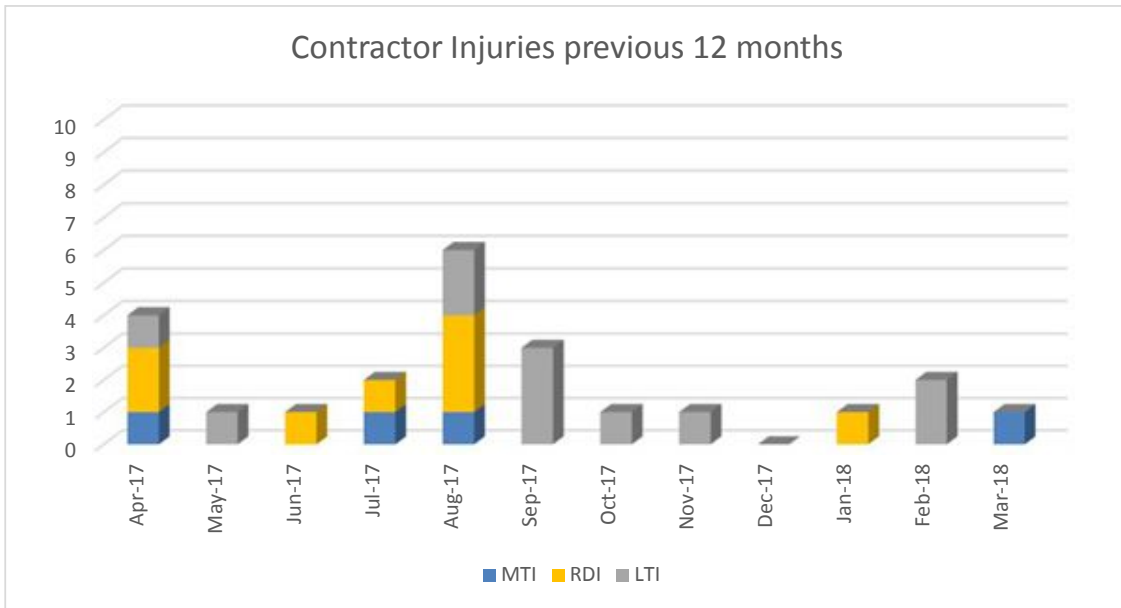
Month	Company	Medical Treatment Injury (MTI)	Restricted Duties Injury (RDI)	Lost Time Injury (LTI)	Total Recordable Injuries (MTI+RDI+LTI)
Jan-18	PIPELINE & CIVIL	0	1	0	1
	Total	0	1	0	1
Feb-18	DATA COL	0	0	1	1
	FULTON HOGAN	0	0	1	1
	Total	0	0	2	2
Mar-18	March Cato	1	0	0	1
	Total	1	1	0	1
3rd Quarter Total (Contractors)		1	1	2	4

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Contractor Recordable Injuries Trend Analysis

The stacked bar graph below displays the contractor safety performance for the previous 12 months



Contractor recordable injuries, (Medical Treatment Injuries (MTI), Restricted Duties Injuries (RDI) and Lost Time Injuries (LTI), while exhibiting a peak in the first quarter of 2017-18, injuries sustained have been of relatively low severity, and efforts to reduce these is evident through the second and third quarter statistics. The contractor engagement forum will further address initiatives to manage and improve contractor management and performance.

HEALTH AND SAFETY QUARTERLY REPORT: January to March 2018

Lead Indicators

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	1	0	0	2				5	6	83
Retail	20	17	18	15	22	12	19	31	8				162	130	125
Infrastructure Delivery															
Construction Delivery	13	13	13	27	23	23	18	24	25				179	230	78
Laboratory Services	9	13	15	10	6	10	11	8	11				93	104	89
MSO	10	14	4	16	16	4	6	18	12				100	138	72
MSN	30	40	47	60	46	30	35	33	17				338	180	188
Total	62	80	79	113	91	67	70	83	65				710	652	109
Service Delivery															
Networks	12	10	13	10	9	2	31	28	27				142	150	95
Asset Protection & Engineering Performance	4	4	7	5	5	2	2	2	3				34	40	85
Water Supply	19	30	27	23	22	23	29	29	11				213	192	111
Wastewater	21	20	21	25	30	13	18	23	18				189	232	81
Total	56	64	68	63	66	40	80	82	59				578	614	94
Watercare Total	138	161	165	192	180	120	169	196	134				1455	1414	103

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).

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HEALTH AND SAFETY QUARTERLY REPORT: January to March 2018**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 followed by a summation of March lead indicators for all contractors.

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 / 2018	Hours Worked	Audits	Inspections	Hazards Identified	Corrective Actions Raised	Corrective Actions completed	Safe Behaviour Observation	Safety Meetings held
North Shore Trunk Sewer 8 Upgrade								
January		4	1	5	-	2	34	54
February	3675	4	6	6	18	16	32	45
March	2629	1	2	1	3	3	8	20
Albany-Pinehill Watermain								
January		2	0	10	-	0	2	20
February	630	1	0	10	31	31	0	17
March	7421	1	0	0	0	0	0	52
Glen Eden Wastewater Storage Tank								
January		3	2	2	-	2	0	48
February	1320	0	2	2	2	2	0	22
March	3518	0	1	2	2	2	0	0
Army Bay WWTP Outfall Upgrade								
January		1	4	79	-	79	6	18
February	8680	1	8	86	6	4	6	57
March	13580	0	4	85	3	3	6	58
Sub-Total of above projects – March								
	27148	2	7	88	8	8	14	130
All projects – March								
	75292	39	137	178	10	130	178	398

WATERCARE SCORECARD 2017/2018																		
On budget, on time, within parameters		Unfa	Major issue, needs attention															
	SOI	2017/18 Target	Amber Threshold	Red Threshold	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	
1 Safe and Reliable Water																		
1a	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	☑	100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
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	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	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	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	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	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	Percentage of unplanned water shutdowns restored within five hours (12 mth rolling average)		≥95%	93% to <95%	<93%	96%	96%	95%	95%	95%	93%	94%	93%	93%	93%	93%	93%	92%
1i	Number of unplanned water interruptions per 1000 connected properties (12 mth rolling average)		≤10	>10 to 12	>12	5.7	5.7	5.9	6.0	6.0	6.0	6.1	6.0	6.2	6.0	5.9	5.9	
1j	Unrestricted demand - metropolitan		Unrestricted	Subjective	restrictions apply	Subjective	Subjective	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted
1k	Unrestricted demand - non-metropolitan		Unrestricted	Subjective	restrictions apply	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Subjective	Unrestricted	Unrestricted	Unrestricted	Unrestricted
2 Healthy Waterways																		
2a	Number of dry weather sewer overflows per 100km of wastewater pipe length per year (12 mth rolling average)		≤5	>5 to 7	>7	1.86	1.89	1.90	1.92	2.09	2.28	2.37	2.37	2.42	2.28	2.25	2.2	2.0
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	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	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
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	Number of sewer bursts and chokes per 1000 properties (12 mth rolling average)		≤10	>10 to ≤ 12	>12	8.40	9.00	9.20	9.28	9.36	9.26	9.17	9.20	9.07	8.83	8.60	8.50	790%
2f	Percentage of wastewater discharged that is compliant with consent discharge requirements for metropolitan areas		100%	98 to <100%	<98%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2g	Percentage of wastewater discharged that is compliant with consent discharge requirements for non-metropolitan areas		35%	n/a	<35%	87%	86%	80%	87%	76%	76%	79%	88%	83%	79%	80%	78%	76%
3 Customer Satisfaction																		
3a	Median response time for attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site.	☑	≤ 60 mins	>60 - ≤90 mins	>90 mins	41 mins	41 mins	41 mins	41 mins	41 mins	44 mins	45 min	46 min	49 min	51 min	53 min	57min	58 min
3b	Median response time for resolution of urgent calls-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	☑	≤ 5 hours	>5 - ≤ 8 hours	>8 hours	2.9 hours	2.9 hours	2.8 hours	2.8 hours	2.7 hours	2.7 hours	2.7 hours	2.8 hours	2.8 hours	2.9 hours	3.0 hours	3.0 hours	3.0 hours
3c	Median response time for attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	☑	≤ 3 days	>3 - ≤ 5 days	>5 days	1.1 days	1.0 days	1.0 days	1.0 days	1.0 days	1.1 days	1.1 days	1.2 days	1.9 days	2.1 days	2.8 days	2.9 days	3.1 days
3d	Median response time for resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	☑	≤ 6 days	>6 - ≤ 8 days	>8 days	2.3 days	2.1 days	2.0 days	2.1 days	2.1 days	2.0 days	2.1 days	2.1 days	2.8 days	3.1 days	3.8 days	4.1 days	4.3 days
3e	Percentage of customers surveyed satisfied with Watercare's delivery of water and wastewater services (12 mth rolling average)	☑	≥80%	≥75% to <80%	<75%	82.2%	82.2%	82.4%	82.4%	82.8%	83.4%	83.7%	83.7%	83.5%	83.4%	80.0%	82.7%	82.4%
3f	The total number of complaints received by the local authority about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply f) the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system	☑	≤ 10	>10 - ≤ 15	>15	5.8	5.9	5.7	5.6	5.4	5.3	5.1	5.1	5.1	5.1	5.1	5.1	5.0
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	49 mins	50 mins	50 mins	50 mins	51 mins	51 mins	51 min	51 min	52 min	51min	51min	51min	51min

4.3

WATERCARE SCORECARD 2017/2018																		
On budget, on time, within parameters		Unfa	Major issue, needs attention															
	SOI	2017/18 Target	Amber Threshold	Red Threshold	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	
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	3.1 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	
3i	The total number of complaints received by the territorial authority about any of the following: a) sewerage odour b) sewerage system faults c) sewerage system blockages d) the territorial authority's response to issues with its sewerage system expressed per 1000 connections to the territorial authority's sewerage system	☑	≤ 50	>50 - ≤ 75	>75	23.2	24.5	24.4	24.1	23.5	23.1	22.6	22.4	22.4	22.3	22.3	23.1	
3j	Number of water quality complaints (taste, odour, appearance) per 1,000 water supply connections (12 mth rolling average)		≤5	>5 to ≤5.5	>5.5	3.37	3.30	3.50	3.46	3.48	3.50	3.46	3.47	3.56	3.55	3.53	3.60	3.80
3k	Percentage of complaints being 'closed and resolved' within 10 working days (12 mth rolling average)	☑	≥95%	≥90% to <95%	<90%	96.9%	97.6%	97.9%	98.1%	98.9%	99.9%	99.4%	99.4%	99.4%	99.3%	99.1%	99.0%	98.6%
3l	Net Promotor Score (12 month rolling average)		>30	26-29	≤ 25	New measure				28	30	32	31	30	30	29	30	29
3m	Percentage of the 19 lwi groups throughout Auckland that Watercare have entered into a Memorandum of Understanding with (target for end of FY16/17)	☑	≥75%			Annual measure			16.00%	21.05%	21.05%	21.05%	26.32%	26.32%	26.32%	26.32%	26.32%	26.32%
4 Health, Safety and Wellbeing																		
4a	Lost-time injury frequency rate per million hours worked (12 month rolling average)	☑	≤5	5 - 7	>7	1.82	2.42	2.41	2.4	2.4	4.19	4.17	4.14	4.11	4.1	4.1	3.51	4.11
4b	Percentage of total hours absent due to illness (12 mth rolling average)		≤2.5%	>2.5 to 3.5%	>3.5%	2.23%	2.28%	2.28%	2.29%	2.29%	2.37%	2.35%	2.37%	2.91%	2.94%	2.97%	2.94%	2.97%
4c	Percentage of voluntary leavers relative to number of permanent staff (12 mth rolling average)	☑	≤12%	>12 to 14%	>14%	10.04%	10.76%	11.15%	12.00%	12.38%	11.88%	11.19%	12.90%	12.78%	13.28%	12.71%	13.54%	13.75%
4d	Total recordable injury frequency rate per million hours worked (12 month rolling average)	☑	<20	>20 to <23	>23	10.93	10.9	12.06	13.2	13.81	15.44	13.69	14.19	14.11	13.48	14.05	12.29	11.16
5 Financial Responsibility																		
5a	Minimum funds flow from operations to interest cover (FFO) before any price adjustment	☑	≥2.5	2.4 to <2.5	<2.4	3.99	3.92	3.91	3.94	4.53	4.10	4.05	3.97	4.00	4.09	4.09	4.12	4.17
5b	Percentage of household expenditure on water supply services relative to the average household income	☑	≤1.5%	1.2 to <1.5	>1.5	0.86%	0.87%	0.86%	0.86%	0.89%	0.85%	0.85%	0.86%	0.87%	0.92%	0.94%	0.95%	0.92%
5c	Water & wastewater revenue against budget YTD %		≥100%	≥98% to <100%	<98%	100%	100%	100%	101%	101%	102%	101%	101%	101%	103%	103%	102%	102%
5d	Infrastructure growth charge revenue against budget YTD %		≥100%	≥95% to <100%	<95%	120%	112%	111%	113%	162%	118%	113%	107%	108%	101%	96%	97%	97%
5e	Controllable costs against budget YTD %		≤100%	>100 to ≤102%	>102%	96%	97%	98%	99%	101%	105%	104%	102%	101%	101%	100%	99%	99%
5f	Total contribution against budget YTD (\$ millions)		+	-\$0.1m to -\$2m	> -\$2m	31.39	29.7	38.2	53.1	8.59	7.11	8.97	9.54	12.02	15.09	14.16	13.37	17.01
5g	Net surplus / deficit before tax against budget YTD (\$ millions)		+	-\$0.1m to -\$2m	> -\$2m	129.31	120.4	109.99	141.84	0.08	-11.9	0.7	-9.9	-12.0	-1.1	7.2	5.40	-4.5
5h	Total net borrowing against budget YTD (\$ millions)		Negative	\$0.1m to \$10m	> \$10m	-11.30	-20.70	-26.60	-23.50	-6.80	-7.50	-8.30	-14.50	-15.90	-10.00	-23.20	-26.20	-40.90
6 Fully Sustainable																		
6a	The average consumption of drinking water per day per resident (gross PCC) (12 month rolling average)	☑	268 +/- 2.5%	≥274.7		271	272	272	272	272	272	273	273	273	276	276	276	277
6b	Per capita consumption (litres / person / day) - Residential Monthly PCC		Information only			162	154	152	152	150	147	149	153	162	169	167	Accurate meter reading based calculations are only able to be done on a 2 month lag basis.	
6c	Non-Domestic Monthly Water Volume		Information only			3,223,550	2,905,975	2,948,602	2,887,411	2,869,036	2,953,759	2,850,758	3,006,935	3,186,122	3,406,703	3,190,594		
6d	Non-Revenue Water Percentage		Information only			16.9%	17.1%	17.0%	17.1%	17.2%	17.2%	17.3%	17.3%	17.4%	17.9%	18.2%		
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	11.7%	11.9%	11.8%	11.9%	12.0%	12.0%	12.1%	12.1%	12.3%	12.8%	13.1%		
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	Percentage of annual potable water network losses (12 mth rolling average) - Urban as a percentage of total volume		No specific target - information only			11.1%	9.7%	9.5%	9.6%	9.7%	9.7%	9.8%	9.8%	10.0%	10.5%	10.8%	Accurate meter reading based calculations are only able to be done on a 2 month lag basis.	
6h	Percentage of annual potable water network losses (12 mth rolling average) - Rural as a percentage of total volume		No specific target - information only			0.34%	0.33%	0.31%	0.31%	0.32%	0.33%	0.34%	0.35%	0.35%	0.37%	0.4%		
6i	Percentage of annual potable water network losses (12 mth rolling average) - Rural as a percentage of rural volume		No specific target - information only			22.4%	21.8%	20.7%	20.8%	21.3%	21.7%	22.3%	22.6%	22.8%	23.9%	23.6%		
7 Policy Compliance																		
7a	Compliance with Treasury Policy		Within policy	Planned outside policy	Unplanned outside policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy

Report to the Board of Watercare Services Limited**Subject: Chief Executive Report – March 2018****Date: 17 April 2018****HEALTH AND SAFETY****1. HEALTH AND SAFETY SNAPSHOT**

There were two Lost Time Injuries (LTI), and no Restricted Duties Injuries (RDI) or Medical Treatment Injuries (MTI) involving Watercare employees during March. Details of the two LTIs are set out in the Health and Safety Report.

The rolling 12 month Lost Time Injury Frequency Rate (LTIFR) for employees is 4.11 per million hours, remaining below the Statement of Intent target of ≤ 5 .

The rolling 12 month Total Recordable Injury Frequency Rate (TRIFR) is 11.16 per million hours, and remains below the Statement of Intent target of ≤ 20 .

STRATEGIC OBJECTIVES**2. DIGITAL AND SELF SERVICE**

Watercare has prioritised the use of digital channels and digital technologies to enhance the customer experience, provide customers with more choice as to how to interact with Watercare, and to more efficiently manage high volume transactions. This approach aligns with the Customer Focus and Business Excellence strategic objectives.

In March 2018, three new digital tools were added to the corporate website, namely:

- New Domestic Connections – Customers can now apply to connect water, wastewater or both via the website. The online self-service tool launched on 27 March and since then, 22% of the total number of applications were being lodged via the on-line tool. Customer feedback has been very positive.
- New “Works Over” process – This tool is for customers who wish to work near Watercare assets, including over or near water and wastewater pipes. They can now seek approval online and submit plans and CCTV footage directly to the connections team for review. Feedback from customers about the user experience of the new on-line tool has been positive. The tool launched on 27 March 2018 and since then, 22% of applications for “Works Over” have been lodged via this tool.
- New “Report a Fault” page– This tool allows customers to report faults online. They can also upload photos and videos of the fault. The tool, including the ability for customers to send us photos and videos, allows the faults team to manage the fault much more easily. After less than a month, 18% of customers are now reporting faults through this online tool.

3. PEOPLE AND CAPABILITIES

Management have been prioritising aligning the organisation to deliver to the customer centric strategy. This has identified opportunities to align the organisation, drive efficiency and reduce duplication. In late April, the Target Operating Model will be moving into the consultation period.

While the company works through this transition, non-essential recruitment remains on “lock down”.

Watercare’s Discrimination, Bullying and Harassment Policy has been updated. The Protected Disclosures (“Whistle-blower”) Policy has also been reviewed and updated to specifically include abuse of authority or bullying and sexual harassment, so that it aligns with the Discrimination, Bullying and Harassment Policy.

CUSTOMER FOCUS

4. ROUND THE BAYS

Watercare continued its involvement with Round the Bays for the 25th year. 115 Watercare staff volunteered at seven water stops and provided water to more than 25,000 runners and walkers during the race on 4 March 2018.

5. CHILDREN’S BOOK/EDUCATION PROGRAMME

On World Water Day, 22 March 2018, Watercare launched Sam and Flo’s Amazing Watery Adventure —an illustrated storybook written by our education co-ordinator Sally Smith. The 20-page, A3-sized book is beautifully illustrated by Auckland artist Emma Scheltema and tells the story of Sam and a water drop called “Flo” as they go on a fantasy quest to find out where their drinking water comes from. The book is aimed at primary school-aged students but will also appeal to pre-schoolers and intermediate students.

Students at Botany Downs Primary School were the first to receive the book and every primary school in the Auckland region will receive two free copies. Other schools will be able to purchase the book from Watercare’s website. This book is a part of Watercare’s free education programme for schools across the region.

6. STRATEGIC TRANSFORMATION PROGRAMME (STP) UPDATE

The discovery phase of the Strategic Transformation Programme continues as planned. The programme is working to a three month release cycle, with the scope of release 1 being foundational capability which is scheduled for release to the production environment in early May 2018.

Release 1 capability includes establishment of the customer model, processing of meter readings and improvements to developer collaboration. While these capabilities will be released to the production environment, they will continue to be used in parallel with existing business systems to ensure the new capability is operating as expected. Improvements to the project management processes and availability of enhanced hazard information at the point of work are also included within the scope of release 1.

Release 2 planning is well underway as we continue to learn and improve on the Release 1 delivery. A deep-dive on project benefits is planned for the STP Committee meeting in May 2018. Work continues towards a council family understanding of future asset capability requirements.

7. CUSTOMER SATISFACTION

In March 2018, the customer satisfaction score was 80.3%. The 12-month rolling average remains above target, with an average score of 82.4%, against a target of 80%.

Complaint resolution was 96.7% for March. The rolling 12-month average is 98.6%, against a target of 95%.

The Net Promoter Score (NPS) 12 month rolling average was 29, against a target of >30.

SHAREHOLDER AND STAKEHOLDERS

8. S17A VALUE FOR MONEY UPDATES

Three Waters

Watercare, Auckland Council and Auckland Transport are due to report back to Appointments, Performance Review and Value for Money Committee (APRVFM) in June 2018. The report will identify programmes of work where Watercare has worked jointly with Council and other CCOs to obtain savings. It will also present future opportunities for collaboration, which could achieve further savings in relation to the “three waters”.

Procurement

The Procurement report and final recommendations are being tabled at the APRVFM Committee meeting in June 2018.

Customer Service Review and Information and Communication Technology Review

The next two s17A reviews are “Customer Service” and “Information and Communication Technology” (ICT). Management has reviewed the proposed Terms of Reference for each review and provided feedback to Council. The proposed Terms of Reference will be reviewed by the APRVFM Committee in May 2018.

9. HUIA WATER TREATMENT PLANT – PUBLIC CONSULTATION UPDATE

Consultation continues with the local community regarding the Huia water treatment plant. In early March 2018, Watercare held two drop-in sessions at Lopdell House, Titirangi. A team of 14 Watercare staff and experts on ecology, plant design, heritage, landscape and traffic attended to answer questions on all aspects of the proposed plant and how it could affect local residents and the environment. Around 140 residents attended the two sessions. Main concerns included the selection of the Manuka Road site in Waima, and the effect on vegetation caused by construction, including management of kauri dieback.

Questions and answers from the drop in sessions were loaded onto the Huia web page date. Since the launch last year, the Huia webpage has been viewed 5,804 times with 9,324 individual “Huia” page views. Watercare has also responded to over 1,600 emails sent to the Huiawtpproject@water.co.nz email.

10. INTERACTION WITH LOCAL BOARDS FOR MARCH 2018

Local Boards have been undertaking public consultation for the Long Term Plan. During this process, Watercare has provided feedback on several questions raised by the public on water and wastewater issues.

Work continues on obtaining Local Board landowner approvals for the Sidmouth Street Pump Station upgrades on Mairangi Bay Reserve in preparation for works starting late 2018.

Updates have been provided to the Takapuna Devonport Local Board on water quality matters in Castor Bay.

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

11. SOUTHWEST SUB-REGIONAL WASTEWATER SERVICING PROJECT

Watercare received a favourable decision for the Southwest Sub-Regional Wastewater Servicing Project with a 35-year term. This is a particularly important decision, with a discharge to the Manukau Harbour providing a strong signal for the future consenting of the Mangere WWTP. A comprehensive appeal has been lodged against the decision by The Manukau Harbour Restoration Society Incorporated and Mr Whyborn, who joined the appeal in February. A Court date has not yet been determined but meetings have been held with the appellant in an attempt to resolve the appeal. This included a formal Court mediation on 10 April 2018, which has resulted in a reduction of the areas of concern down to one item. Expert conferencing is now planned for late April 2018 and a further mediation session is arranged for early May 2018.

12. TRADE WASTE BYLAW REVIEW

Further to the September 2017 Board meeting, the review of the Trade Waste Bylaw is progressing. This review is mandated by the Local Government Act 2002, which requires all bylaws to be reviewed 5 years after introduction, and then every 10 years thereafter. This first 5-year review provides Watercare with an opportunity to clarify some of the definitions in the current bylaw, which should remove areas of confusion. It should also allow Watercare to strengthen controls around greasy waste and reduce unnecessary regulation.

Over the last six months, Watercare has undertaken research and engagement, including with Local Boards, and is currently finalising its Findings Report and Options Report.

A schedule for the year ahead is below.

Date	Action
April 2018	Completion of the Findings Report and Options Reports.
May 2018 Board Meeting	Presentation of the Findings Report and Options Report to the Watercare Board.
June-July 2018	Council Regulatory Committee reviews the two Reports and allows Watercare to address any questions prior to the August 2018 Statutory deadline.
9 August 2018	Deadline for Council Regulatory Committee to decide to either confirm, amend or revoke the Bylaw.
August – May 2019	Assuming Council decide to amend the Bylaw, it is anticipated that Statutory Consultation will be completed by 30 May 2018, with the new Bylaw coming into force after that. It would be during this consultation period that a Board Member (or appointee from Management) could sit as a representative on the Hearings Panel with Council Members. This would enable Watercare to provide input into the final decision report that will go to the Council Governing Body for approval.

13. HAVELOCK NORTH INQUIRY OPTIONS

In late March 2018, Management were provided with a copy of a letter addressed to the Government, jointly written by Infrastructure New Zealand, Water New Zealand and Engineering New Zealand, to the Government. A copy of the letter is attached as **Appendix D**.

These three bodies concurred with the findings and recommendations of the *Report of the Havelock North Drinking Water Enquiry: Stage Two*, including recommendation 32 to “create dedicated and aggregated drinking water suppliers”. The three bodies also:

- highlighted concerns around the provision of wastewater and stormwater;
- agreed with the Inquiry that better regulation of drinking water standards is required to protect the health of the nation;
- noted regulation is essential but not sufficient in itself;
- noted that international experience clearly demonstrates major efficiencies and improved outcomes can be achieved through consolidation and specialisation; and
- noted that change will require strong central government leadership.

BUSINESS UPDATE

14. FINANCE

Financial Performance

Monthly performance – Total Contribution of \$13.1m (\$3.6m favourable to budget)



All revenue categories were favourable for the month against budget apart from IGC revenue, which was \$0.3m unfavourable.



Overall controllable costs were \$0.2m favourable to budget which was principally due to professional services and general overheads being favourable to budget.

Year to date and Full year performance

Figures (\$millions)	Year to Date			Full Year		
	Actual	Budget	Var	Forecast	Budget	Var
Revenue	472.3	461.2	11.1	640.0	617.5	22.6
Operating Expenses	159.7	161.8	2.1	214.0	213.6	(0.4)
Depreciation	165.1	169.6	4.5	228.3	230.0	1.7
Interest expense	60.8	60.1	(0.7)	82.9	82.0	(0.9)
Total Contribution	86.7	69.7	17.0	114.9	91.9	23.0
Non-operating costs/(income)	9.4	6.0	(3.4)	(4.1)	8.0	12.1
Financial instruments revaluation -	18.1	-	(18.1)	18.0	-	(18.0)
Operating Surplus / (Deficit) Before Tax	59.2	63.7	(4.5)	100.9	83.9	17.0
Deferred Tax - Expense/(Credit)	27.5	26.2	(1.3)	42.3	35.6	(6.7)
Net Surplus / (Deficit) After Tax	31.7	37.5	(5.8)	58.6	48.3	10.3

Year to Date

- Year to date revenue is \$11.1m favourable against budget with all revenue categories favourable apart from IGC revenue which is unfavourable \$1.8m.
- Operating expenses are \$2.1m favourable with favourable variances for; planned maintenance costs, chemical costs and other operating costs. These have been offset by unfavourable unplanned maintenance costs, energy costs and net labour due to beneath budget labour capitalisation/recoveries.
- Net surplus after tax year to date is \$31.7m, an unfavourable variance to budget of \$5.8m primarily due to; the unfavourable revaluation of financial instruments of \$18.1m resulting from the decrease in medium to long term swap rates over this financial year (refer section 3 forward curve graph).

Full Year Forecast

- Full year revenue is forecast at \$640.0m, favourable by \$22.6m, largely due to higher than budgeted water and wastewater revenues of \$5.9m, IGC revenue \$9.5m and vested asset revenue \$5.7m.
- Forecast water and wastewater revenues assume an on budget position for the remaining months of the year. Forecast IGC revenue reflects the expected \$14m of additional revenue from Veolia partially offset by a \$4.5m reduction in other IGC revenue.
- Operating expenses are expected to be unfavourable to budget \$0.4m, which is in line with the previous month forecast, with unfavourable variances for unplanned maintenance, professional services, energy and net labour due to lower labour capitalisation.

Financial Position

Smillion	Actual Feb-18	Actual Mar-18	Monthly Movement	Budget Mar-18	Var from Budget
Non Current Assets	8,933.8	8,947.2	13.4	8,936.9	10.3
Current Assets	99.3	90.3	(9.0)	85.7	4.6
Total Assets	9,033.2	9,037.5	4.3	9,022.6	14.9
Other Liabilities	325.6	340.3	14.7	313.7	26.6
Deferred Tax Liability	1,084.1	1,087.9	3.8	1,072.5	15.4
Borrowings - Short Term	310.7	361.4	50.7	356.8	4.6
Borrowings - Long Term	1,318.0	1,257.9	(60.1)	1,303.0	(45.1)
Shareholders Funds	5,994.8	5,990.0	(4.8)	5,976.6	13.4
Total Liabilities and Shareholders Funds	9,033.2	9,037.5	4.3	9,022.6	14.9

The major movements in the Statement of Financial Position as at 31 March 2018 compared with 28th February 2018 were the decrease in current assets reflecting an decrease in trade receivables, the upward movement on other liabilities due to the revaluation of derivative financial instruments and a decrease in borrowings.

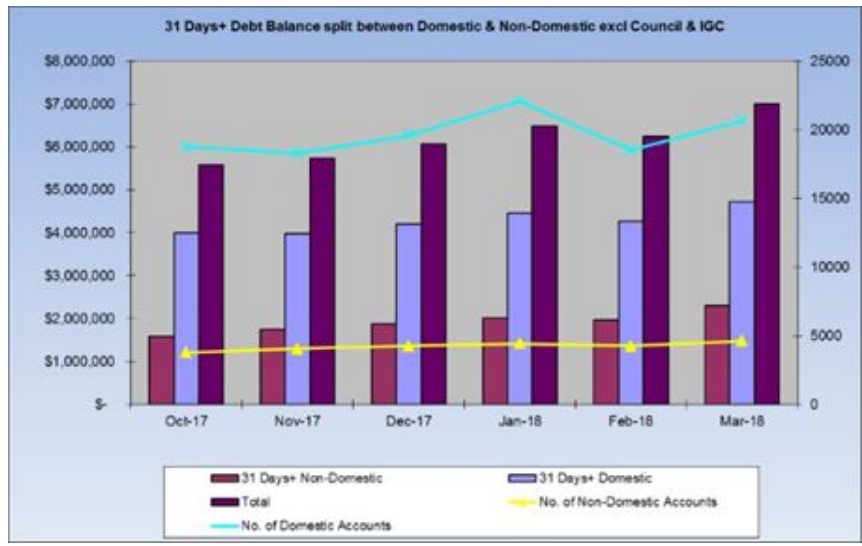
Compared with budget the material variances were largely in respect of a different opening position than assumed when the budget was set including higher retained earnings, higher property plant and equipment, higher deferred tax liability and a lower level of debt than anticipated. Net debt at \$1,619m was \$40m below budget.

Forecast year end debt is now \$1,616m compared with the budgeted \$1,682m. This saving primarily reflects:

- lower debt at 1 July 2017 than expected at the time the budget was set - \$9m
- above budgeted revenues - \$19m
- beneath budget cash spend on capex - \$25m
- unbudgeted land disposals \$15m.

The 31 days+ debt balance at the end of March was \$7.0m, \$0.77m higher than February 2018.

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



Water Utility Consumer Assistance Trust (WUCAT)

WUCAT Summary			
Financial year	Trust approved applications (includes WSL additional write offs)		\$000's
Jun-12	33	\$	29
Jun-13	172	\$	196
Jun-14	123	\$	114
Jun-15	150	\$	149
Jun-16	118	\$	90
Jun-17	115	\$	97
(YTD) Jun-18	107	\$	103
Total	818	\$	778

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

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

Summary of WUCAT Arrangement Approvals			
No. of Arrangements Entered Into	No. of Arrangements Fully Satisfied	No. of Arrangements Still Being Met	No. of Arrangements Lapsed Unfulfilled
818	625	88	105

Amount of Relief Approved \$	Amount of Relief Fully Earned \$	Relief Yet to be Fully Earned \$	Relief Voided due to Lapsed Unfulfilled Arrangement \$
\$778k	\$605k	\$102K	\$71k

The results of the last three WUCAT meetings have seen 20 applicants successfully complete the budget process and have \$23k of hardship relief approved by the Trust.

WUCAT Summary last 3 meetings		
Month	Trust approved applications	\$000's
Jan-18	0	\$ -
Feb-18	13	\$ 6
Mar-18	7	\$ 17
Total	20	\$ 23

Restrictions

Nine water restrictions were performed in March 2018. The table below summarises the restrictions carried out by Watercare Services Limited.

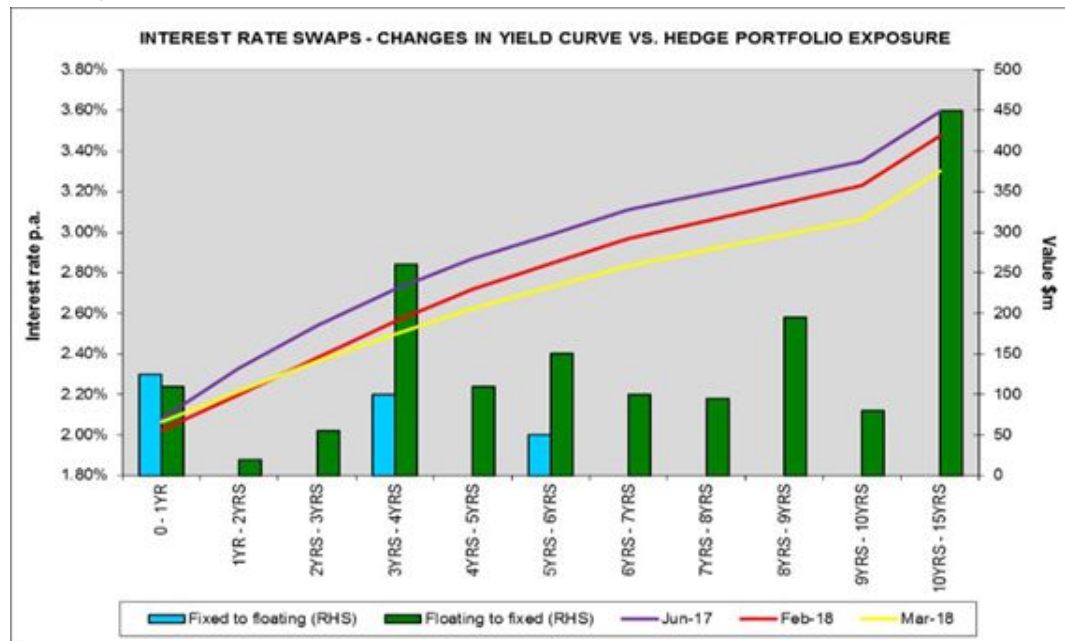
Restriction Summary Year-ending	Non-Domestic		Domestic		Total	
	Restriction	De-restriction	Restriction	De-restriction	Restriction	De-restriction
30-Jun-12	1		5		6	0
30-Jun-13	13	11	6	4	19	15
30-Jun-14	20	20	17	14	37	34
30-Jun-15	31	30	53	39	84	69
30-Jun-16	8	9	16	17	24	26
30-Jun-17	15	11	19	13	34	24
(YTD) 30-Jun-18	14	7	38	23	52	30
Total	102	88	154	110	256	198
Restrictions currently	14		44		58	

The following restrictions remain in place:

- Ten domestic restrictions remain in place on vacant properties. Communications are ongoing with these customers and if the properties are tenanted in future, a resolution will be required.
- A further 34 domestic restrictions remain in place on occupied properties and communication continues with these customers.

- Fourteen no-domestic properties remain restricted at the end of March and communication continues with these customers.

Treasury



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

As noted by the Board at the February meeting, we are going to be in breach of the liquidity risk management parameter (Treasury Policy section 3.2) as at the end of April. The liquidity risk management parameter stipulates that “Watercare will maintain available capacity under its committed facilities to at least cover its total projected debt requirements for the next six month period”. The out-of-policy position is going to arise because at that time it will be less than six months until the maturity of the \$125 million 26/10/18 medium-term note (MTN) issue.

Due to the impending integration of Watercare’s treasury function into Auckland Council, there are no plans to put new committed facilities in place to address this eventuality, so the out-of-policy position will remain in place for the remainder of FY 2017/18. Note that the breach is purely technical in nature (i.e. does not pose immediate risk), as the MTNs mature after Auckland Council assumes Watercare’s treasury functionality, and the Board has previously noted the position.

Interest Analysis Smillion	Current Month			Year to date			Full Year		
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var
Interest as per Statement of Financial Performance	7.3	7.4	0.1	60.8	60.1	(0.7)	82.9	82.0	(0.9)
Capitalised Interest	0.8	0.7	(0.1)	9.2	10.2	1.0	11.7	12.6	0.9
Gross Interest	8.1	8.1	0.0	70.0	70.3	0.3	94.6	94.6	0.0
Less Interest Income	-	-	-	0.0	-	(0.0)	0.0	-	(0.0)
Net Interest	8.1	8.1	0.0	70.0	70.3	0.3	94.6	94.6	(0.0)

For the month of March gross interest was on budget while capitalised interest was unfavourable to budget (\$0.1m). For the full year forecast gross interest is on budget.

Capital Expenditure

Summary Capital Expenditure (Millions)	Mar-18			Year to Date			Full Year			Previous Forecast
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var	
Wastewater Projects										
Strategy & Planning	0.3	2.9	2.6	2.8	10.3	7.5	4.7	19.1	14.4	5.6
Infrastructure Delivery (excl Labs/MS)	11.2	12.7	1.4	100.7	109.8	9.1	142.3	153.3	11.1	148.2
Service Delivery	3.9	4.7	0.8	27.3	26.2	(1.1)	37.7	34.8	(2.9)	37.7
Wastewater Projects Capitalised Interest	0.5	0.4	(0.1)	7.4	8.3	0.9	9.1	10.0	0.9	9.0
Water Projects										
Strategy & Planning	0.1	0.8	0.7	2.0	7.1	5.1	4.4	10.2	5.8	4.2
Infrastructure Delivery (excl Labs/MS)	4.6	4.2	(0.4)	35.3	39.9	4.6	53.7	51.7	(2.0)	50.6
Service Delivery	4.5	3.7	(0.8)	35.8	36.3	0.5	49.4	48.9	(0.5)	50.0
Water Projects Capitalised Interest	0.2	0.2	(0.0)	1.8	1.9	0.1	2.6	2.6	0.0	2.5
Retail	1.8	1.1	(0.7)	9.7	9.2	(0.5)	14.2	12.3	(1.9)	13.2
Information Services	0.9	0.7	(0.2)	2.8	6.3	3.5	5.1	7.6	2.5	5.4
Other Projects	1.4	1.4	(0.0)	12.4	11.3	(1.1)	21.4	20.7	(0.7)	23.6
TOTAL	29.4	32.7	3.3	238.1	266.6	28.5	344.4	371.1	26.7	350.0
Includes Capitalised Interest of:										
Water Projects Capitalised Interest	0.2	0.2	(0.0)	1.8	1.9	0.1	2.6	2.6	0.0	2.5
Wastewater Projects Capitalised Interest	0.5	0.4	(0.1)	7.4	8.3	0.9	9.1	10.0	0.9	9.0
Total Capitalised Interest	0.8	0.7	(0.1)	9.2	10.2	1.0	11.7	12.6	0.9	11.5

The full year forecast at \$344.4m is \$26.7m below budget primarily due to:

- Consenting delays or purchase deferrals (\$12.0m) 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 (\$18.1m) on the Snells Algies WWTP Outfall, Local SCADA Networks, three package waste water treatment plants and Mangere Digester Electrical Upgrades;
- Clevedon Water and Wastewater servicing deferred to FY19 start as a result of developer delays (\$2.4m)
- Orewa No.1 Watermain replacement (\$1.7m) has been deferred to future years to align with growth requirements;
- Reduction in risk allowance on the Pukekohe Trunk Sewer Upgrade (\$1.8m) and contract saving on Siphon Replacement project (\$1.6m);
- Redoubt Road Reservoir Expansion, (\$1.2m), design occurring in FY19; and
- Forecast reduction resulting from reprioritisation of works and design/construction delays at Ardmore, Waikato 175MLD, Glendowie Branch Sewer, Rosedale WWTP and Snells Wastewater Upgrades, Pukekohe East Reservoir and the Albany Pinehill Watermain and Reservoir projects (\$36.4m).

These have been partially offset by higher spend on a Hunua 4 Section 11 land purchase and advanced works (\$4.8m), the acceleration of the Army Bay WWTP Outfall (\$16.3m) and Central Interceptor (\$4.6m), a revised forecast for the Strategic Transformation Programme, STP, (\$5.0m), upgrades to the Warkworth Water Network (\$10.8m) and advancement of the Water Pipeline renewal program (\$7.0m).

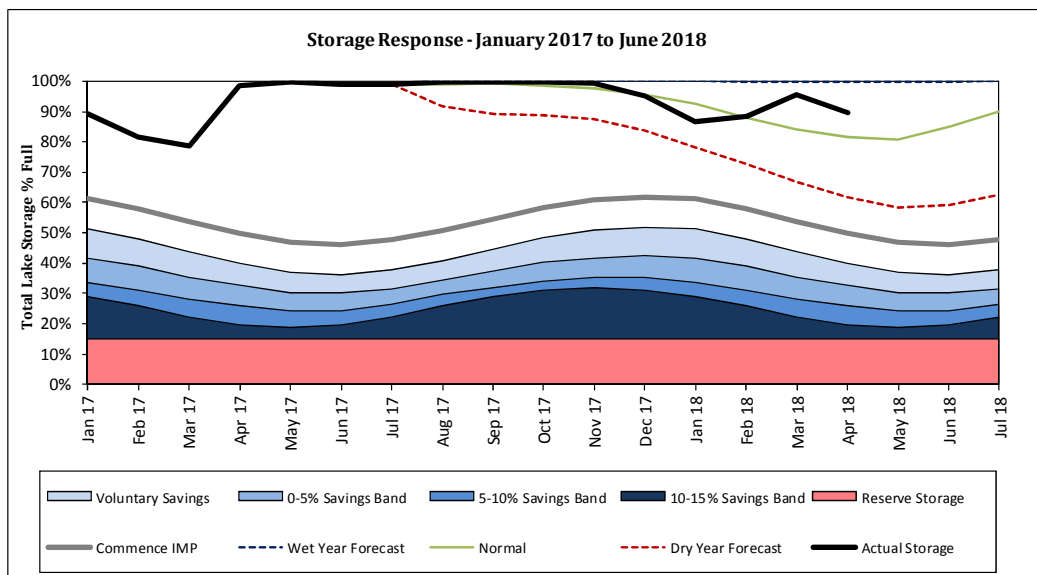
The infrastructure capital programme has delivered year to date \$215m against a budget of \$242m. The year-end forecast is \$306m against a budget of \$337m.

A Capital Expenditure Dashboard Report of all capital expenditure projects over \$15 million is shown in Item 6.2.

15. SERVICE DELIVERY

Rainfall for the month was normal in the Waitakere Ranges and Northern Auckland Region and below normal in the Hunua Ranges and Southern Auckland Region. Waitakere Ranges was 96% of average and the Hunua Ranges was 55% of average. Franklin and Rodney recorded 78% and 119% of average respectively.

Metropolitan total system storage ended March at 89.72%, down from 95.64%. Current storage levels are greater than the historical average due in large part to elevated rainfall levels in February and average levels during March.



Water use in the first quarter of 2018, continued to be extremely high due to the hot weather. In December 2017, January and March 2018, water use repeatedly surpassed a record breaking 13,000,000 m³ /day.

During March, the median response time for attendance of non-urgent call outs exceeded the target of 3 days (3.1 days). Following the Network Efficiency Review, the job KPI targets were extended to provide better planning, which leads to reduced cost per job. This has adversely affected performance against the target of less than 3 days for all non-urgent call outs. This measure was not altered following the review, but will be next year. Customer satisfaction has not been adversely impacted, as evidenced by the NPS result.

The target of 95% or greater for restoration within 5 hours of unplanned shutdowns, was also exceeded in March (92%). This is due to the longer summer peak and an increased number of mains breaks, and there have been complex water main breaks (particularly in the central area), which have resulted in more shutdowns lasting longer.

16. CENTRAL INTERCEPTOR

Watercare is continuing its current procurement and delivery plan for the Central Interceptor.

On 8 March 2018, Watercare announced the appointment of the short-listed construction contractors for the Central Interceptor Project (in alphabetical order):

- CPB Contractors
- Ghella-Abergeldie Harker Joint Venture
- Pacific Networks, comprising McConnell Dowell, Fletcher Construction and Obayashi
- VINCI Joint Venture, comprising VINCI Construction Grands Projects, HEB Construction and Solentache Bachy.

The project is meeting its timeframes. Design and technical documentation was released to the four shortlisted contractors in mid-March. The Request for Proposal and Conditions of Contract are under preparation for release to the shortlisted respondents in May 2018. The contract is expected to be let in early 2019, with construction commencing in 2019 and to be completed in 2025.

17. COMMUNICATIONS UPDATE

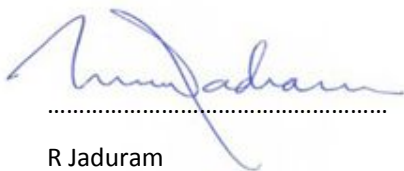
A snapshot of recent and planned communications activity and stakeholder engagement is attached as **Appendix E**.

18. INFRASTRUCTURE PROJECT UPDATES

Appended as **Appendix F** is a summary of significant infrastructure projects.

19. EXECUTION OF DOCUMENTS

Appended as **Appendix G** is a summary of the documents executed in March, including Capital Expenditure and Operational Expenditure approvals.



R Jaduram

CHIEF EXECUTIVE


WATERCARE SERVICES LIMITED


Mar-18


Key Financial Indicators

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


Key to Financial performance, Financial position and cashflow measures


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

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

 **Interest expense** - interest expense was \$697k unfavourable to budget mainly due to lower capitalised interest than expected.

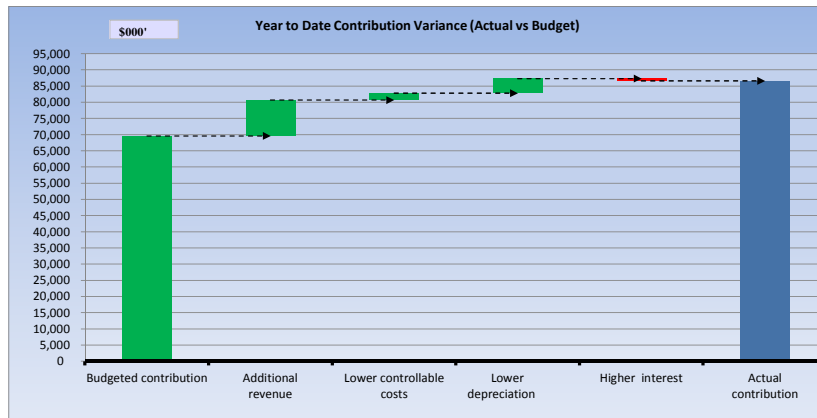
Key to Treasury policy compliance

 Full compliance

 Non compliance

WATERCARE SERVICES LIMITED											Mar-18	
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE											(\$000's)	
	Current Month				Year to Date				Full Year	Full Year	Variance	Result
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result	Forecast	Budget		
Wastewater revenue	28,250	28,230	20	✓	250,255	247,631	2,623	✓	331,552	328,928	2,623	✓
Water revenue	13,876	13,658	218	✓	119,195	115,945	3,250	✓	156,749	153,499	3,249	✓
Infrastructure growth charge revenue	7,371	7,674	(303)	✗	59,882	61,718	(1,836)	✗	96,024	86,487	9,537	✓
Other revenue	4,252	3,452	800	✓	22,249	20,936	1,313	✓	29,959	28,541	1,419	✓
Revenue from exchange transactions	53,749	53,013	735	✓	451,580	446,230	5,350	✓	614,284	597,455	16,829	✓
Vested assets revenue	2,818	1,667	1,152	✓	20,745	15,000	5,745	✓	25,745	20,000	5,745	✓
Revenue from non-exchange transactions	2,818	1,667	1,152	✓	20,745	15,000	5,745	✓	25,745	20,000	5,745	✓
Total revenue	56,567	54,680	1,887	✓	472,326	461,230	11,095	✓	640,029	617,455	22,574	✓
Labour	7,190	7,139	(51)	✗	62,350	62,867	517	✓	83,268	84,284	1,016	✓
Contract labour	181	81	(99)	✗	1,535	629	(906)	✗	2,223	865	(1,358)	✗
Oncosis	297	315	18	✓	2,626	2,811	185	✓	3,540	3,755	215	✓
Labour recoveries	(3,755)	(3,588)	165	✓	(28,814)	(30,050)	(1,237)	✗	(39,793)	(40,746)	(953)	✗
Net labour	3,915	3,948	33	✓	37,697	36,257	(1,440)	✗	49,239	48,158	(1,080)	✗
Materials & cost of sales	300	190	(110)	✗	1,683	1,540	(143)	✗	2,239	2,094	(146)	✗
Planned maintenance	306	1,653	1,346	✓	11,568	15,030	3,462	✓	15,812	18,905	3,092	✓
Unplanned maintenance	4,196	2,887	(1,309)	✗	29,118	25,953	(3,165)	✗	38,584	34,525	(4,060)	✗
Asset operating costs - chemicals	915	1,035	120	✓	8,396	9,196	800	✓	11,380	12,222	841	✓
Asset operating costs - energy	1,663	1,497	(166)	✓	13,194	12,807	(387)	✗	17,836	17,545	(291)	✗
Operating costs - other	3,408	3,369	(40)	✓	28,970	31,190	2,220	✓	39,509	41,036	1,437	✓
Depreciation and amortisation	18,544	19,942	1,398	✓	165,096	169,596	4,500	✓	228,292	230,000	1,708	✓
Asset operating costs	29,032	30,382	1,350	✓	256,343	263,773	7,429	✓	351,504	354,231	2,727	✓
Communications	116	129	13	✓	836	1,172	336	✓	1,169	1,563	394	✓
Professional services	693	905	212	✓	7,958	8,294	337	✓	10,971	10,685	(286)	✗
Interest	7,236	7,411	175	✓	60,829	60,132	(697)	✗	82,865	81,963	(902)	✗
General overheads	2,171	2,248	76	✓	20,283	20,372	89	✓	27,129	26,860	(269)	✗
Overheads	10,217	10,693	476	✓	89,906	89,970	65	✓	122,134	121,071	(1,063)	✗
Total expenses	43,464	45,212	1,749	✓	385,628	391,540	5,911	✓	525,116	525,554	438	✓
Total contribution/(loss)	13,103	9,468	3,635	✓	86,698	69,691	17,007	✓	114,913	91,902	23,012	✓
(Gain)/loss on disposal of fixed assets and other costs	1,057	667	(390)	✗	9,352	6,000	(3,352)	✗	(4,125)	8,000	12,125	✓
(Gain)/loss on revaluation of financial instruments	13,084	-	(13,084)	✗	18,115	-	(18,115)	✗	18,115	-	(18,115)	✗
Non operating costs/(revenue)	14,140	667	(13,474)	✗	27,467	6,000	(21,467)	✗	13,990	8,000	(5,990)	✗
Net surplus/(deficit) before tax	(1,037)	8,801	(9,838)	✗	59,231	63,691	(4,460)	✗	100,924	83,902	17,022	✓
Income Tax Expense/(benefit)	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	3,762	5,671	1,909	✓	27,522	26,194	(1,329)	✗	42,378	35,591	6,787	✓
Net surplus/(deficit) after tax	(4,800)	3,130	(7,930)	✗	31,708	37,497	(5,789)	✗	58,545	48,311	10,235	✓

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

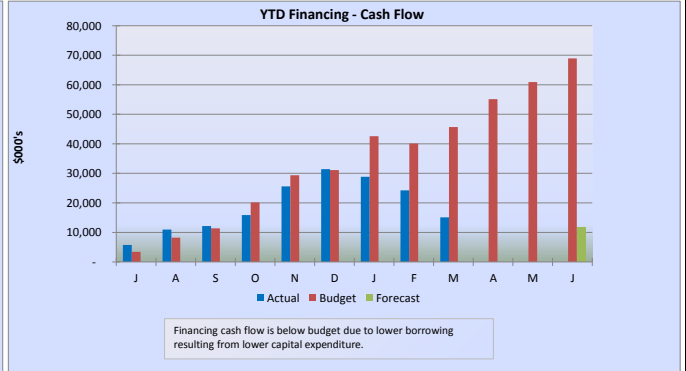
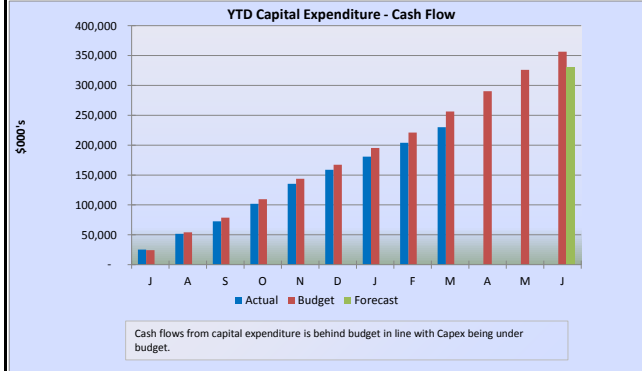
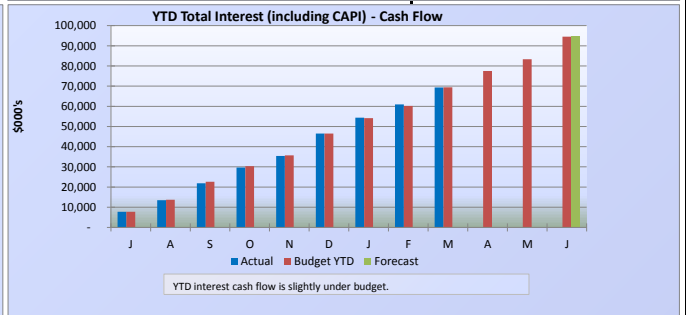
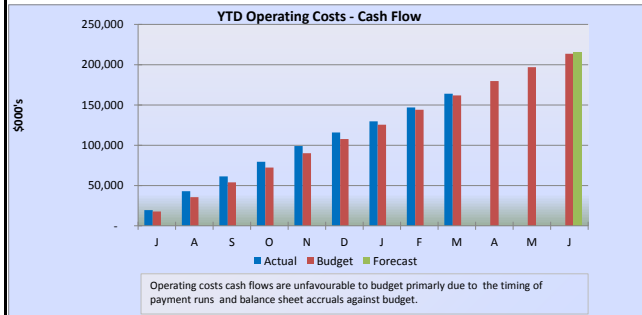
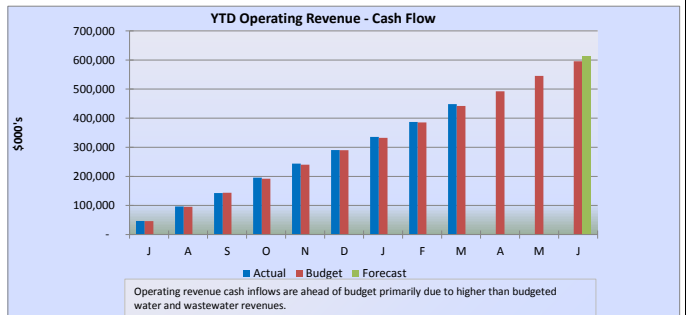
Mar-18
(\$000's)

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	61,166	56,602	4,564	✓	448,247	441,864	6,384	✓	614,551	595,509	19,042	✓
Operating Costs	(17,054)	(17,960)	906	✓	(163,989)	(161,937)	(2,051)	✗	(216,076)	(213,591)	(2,485)	✗
Interest Paid	(7,572)	(8,503)	931	✓	(60,074)	(59,196)	(878)	✗	(82,930)	(81,963)	(967)	✗
OPERATING CASH FLOW	36,540	30,139	6,401	✓	224,185	220,730	3,455	✓	315,545	299,955	15,590	✓
Investing Cash flow:												
Capital Expenditure	(26,000)	(35,016)	9,016	✓	(230,017)	(256,247)	26,230	✓	(331,232)	(356,328)	25,096	✓
Other Investments	-	-	-	↔	-	-	-	↔	15,291	-	15,291	✓
Capitalised Interest	(789)	(719)	(70)	✗	(9,242)	(10,185)	943	✓	(11,670)	(12,572)	902	✓
INVESTING CASH FLOW	(26,789)	(35,734)	8,945	✓	(239,259)	(266,432)	27,173	✓	(327,611)	(368,900)	41,289	✓
Financing Cash flow:												
Bonds/Term Debt Issued/(Repaid)	-	-	-	✓	-	-	-	✓	-	-	-	✓
Short Term Advances/(Repaid)	(9,000)	(9,000)	-	✓	(4,500)	(4,500)	-	✓	(4,500)	(4,500)	-	✓
Commercial Paper Issued/(Repaid)	-	-	-	✓	71	71	-	✓	71	71	-	✓
Auckland Council Borrowings/(Repaid)	(123)	14,596	(14,719)	✗	19,530	50,131	(30,601)	✗	16,121	73,374	(57,253)	✗
FINANCING CASH FLOW	(9,123)	5,596	(14,719)	✗	15,101	45,702	(30,601)	✗	11,692	68,945	(57,253)	✗
Net Increase (Decrease) in Cash and Cash Equivalents	628	-	628	✓	27	-	27	✓	(373)	-	(373)	✗
Opening Cash Balance/(Overdraft)	(228)	-	(228)	✗	373	-	373	✓	373	-	373	✓
Ending Cash Balance/(Overdraft)	400	-	400	✓	400	-	400	✓	-	-	-	✓

Key: Financial performance result

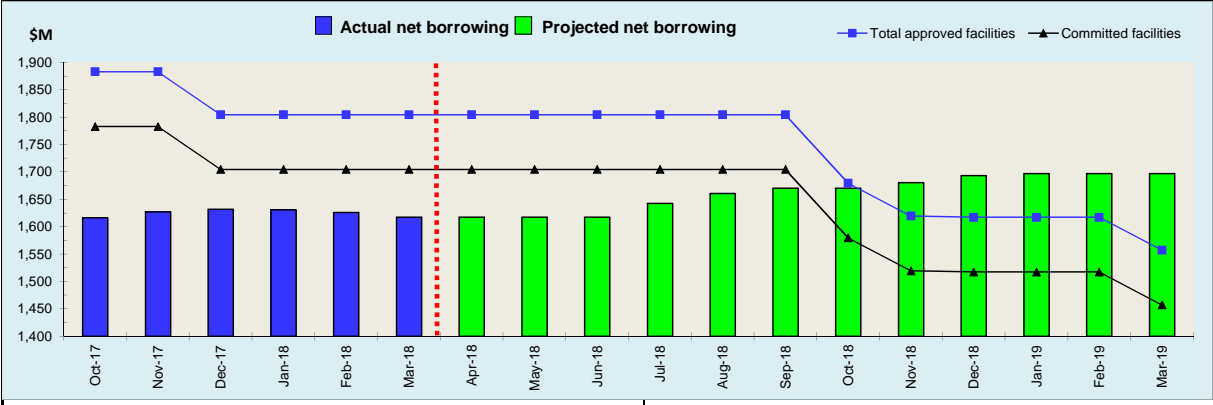
- ✓ Favourable variance - actual income above budget or actual expenditure below budget
- ✗ Unfavourable variance - actual income below budget or actual expenditure above budget

Reconciliation Operating Cashflow (\$000's)					
	Current Month		Year To Date		
	Actual	Budget	Actual	Budget	Variance
Net Surplus (Deficit) After Tax	(4,800)	3,130	31,708	37,497	(5,789)
Add back non cash items:					
Depreciation and amortisation	18,544	19,942	165,096	169,596	(4,500)
Financial instruments revaluation	13,084	-	18,115	-	18,115
Vested assets revenue	(2,046)	(1,667)	(19,887)	(15,000)	(4,887)
Other non-operating exp/(inc)	14,160	667	9,058	6,000	3,058
Income Tax Expense/(Benefit)	3,762	5,671	27,522	26,194	1,329
Movements in Working Capital	(6,164)	2,396	(7,428)	(3,557)	(3,871)
OPERATING CASH FLOW	36,540	30,139	224,185	220,730	3,455



		WATERCARE SERVICES LIMITED						Mar-18	
		STATEMENT OF FINANCIAL POSITION						(\$000's)	
June 2017 Actual	Feb 2018 Actual		March			June 2018			
			Actual	Budget	Variance	Forecast	Budget	Variance	
		Current assets							
373	-	Cash and cash equivalents	400	-	400	-	-	-	
47,293	57,201	Trade and other receivables from exchange transactions	48,886	49,104	(218)	48,104	48,104	-	
19,405	22,667	Unbilled revenue accrual	23,126	20,905	2,221	20,308	19,485	823	
2,237	3,977	Prepaid expenses	3,480	2,855	625	2,996	2,855	141	
8,934	11,691	Inventories	9,617	7,188	2,429	10,686	7,131	3,555	
4,207	3,802	Derivative financial instruments	4,727	5,634	(907)	4,727	5,634	(907)	
82,449	99,338	Total current assets	90,235	85,686	4,549	86,821	83,210	3,611	
		Non-current assets							
8,746,296	9,038,423	Property, plant and equipment	9,044,189	8,990,063	54,126	9,412,698	9,361,358	51,340	
473,328	391,836	Construction/work-in-progress	415,198	475,910	(60,712)	420,212	480,954	(60,742)	
(442,750)	(580,306)	Provision for depreciation	(596,769)	(613,873)	17,104	(250,700)	(265,981)	15,281	
8,776,874	8,849,954	Total property, plant and equipment	8,862,617	8,852,099	10,518	9,582,210	9,576,332	5,878	
45,564	44,362	Intangible assets	43,777	46,031	(2,254)	48,239	46,315	1,924	
23,641	23,266	Prepaid expenses	23,222	22,796	426	23,111	22,796	315	
8,443	8,783	Inventories	11,076	8,515	2,561	11,076	8,515	2,561	
8,227	7,467	Derivative financial instruments	6,479	7,485	(1,006)	6,479	7,485	(1,006)	
8,862,749	8,933,832	Total non-current assets	8,947,171	8,936,927	10,244	9,671,114	9,661,444	9,670	
8,945,198	9,033,170	Total assets	9,037,407	9,022,613	14,794	9,757,935	9,744,654	13,281	
		Current liabilities							
-	228	Bank Overdraft	-	-	-	-	-	-	
149,236	149,307	Commercial paper	149,307	149,234	73	149,307	149,234	73	
-	32,500	Bank revolving credit facility	23,500	-	23,500	23,500	-	23,500	
-	75,000	Bonds (26/10/18)	75,000	75,000	-	75,000	75,000	-	
292	50,196	Bonds	50,172	50,364	(192)	50,172	50,365	(193)	
80,839	3,517	Auckland council loan	63,426	82,181	(18,755)	63,426	80,920	(17,494)	
230,368	310,749	Total debt current	361,405	356,779	4,626	361,405	355,519	5,886	
14,035	12,391	Trade and other payables for exchange transactions	15,956	14,393	1,563	14,250	16,393	(2,143)	
11,501	14,361	Interest accrued	12,506	10,726	1,780	11,686	10,726	960	
57,446	59,265	Other accrued expenses	59,225	54,386	4,839	63,883	54,386	9,497	
7,844	7,224	Provision for staff benefits	7,701	7,593	108	7,701	7,593	108	
881	80	Other provisions	60	166	(106)	60	166	(106)	
38,618	39,552	Derivative financial instruments	38,819	37,536	1,283	38,819	37,536	1,283	
360,693	443,622	Total current liabilities	495,672	481,579	14,093	497,803	482,319	15,484	
		Non-current liabilities							
75,000	-	Bonds (26/10/18)	-	-	-	-	-	-	
50,097	-	Bonds (26/10/18)	-	-	-	-	-	-	
28,000	-	Bank revolving credit facility	-	-	-	-	-	-	
1,220,976	1,317,951	Auckland council loan	1,257,919	1,303,023	(45,104)	1,254,451	1,326,266	(71,815)	
1,374,073	1,317,951	Total debt non-current	1,257,919	1,303,023	(45,104)	1,254,451	1,326,266	(71,815)	
14,902	12,729	Other accrued expenses	12,449	14,301	(1,852)	14,902	14,301	601	
5,270	5,392	Other Provisions	5,453	3,619	1,834	5,453	3,619	1,834	
1,744	1,760	Provision for staff benefits	1,473	1,304	169	1,473	1,304	169	
169,900	172,833	Derivative financial instruments	186,586	169,734	16,852	186,586	169,734	16,852	
1,060,363	1,084,123	Deferred tax liability	1,087,895	1,072,487	15,408	1,292,512	1,271,773	20,739	
2,626,253	2,594,788	Total non-current liabilities	2,551,775	2,564,468	(12,693)	2,755,376	2,786,997	(31,621)	
2,986,946	3,038,410	Total liabilities	3,047,447	3,046,047	1,400	3,253,179	3,269,316	(16,137)	
		Equity							
260,693	260,693	Issued capital	260,693	260,693	-	260,693	260,693	-	
1,830,195	1,836,841	Revaluation reserve	1,836,060	1,837,356	(1,296)	2,324,018	2,325,314	(1,296)	
3,742,688	3,860,718	Retained earnings	3,861,499	3,841,020	20,479	3,861,499	3,841,020	20,479	
124,676	36,508	Current year earnings after tax	31,708	37,497	(5,789)	58,545	48,311	10,234	
5,958,252	5,994,760	Total equity	5,989,960	5,976,566	13,394	6,504,755	6,475,338	29,417	
8,945,198	9,033,170	Total equity and liabilities	9,037,407	9,022,613	14,794	9,757,935	9,744,654	13,281	

TREASURY RISKS AND INTEREST RATE PERFORMANCE Mar-18



Interest rates

	Actual YTD	Benchmark YTD	Year end forecast
Weighted averages (excl. fees and margins)	4.85%	3.89%	4.85%
Weighted averages (incl. fees and margins)	5.98%	N/A	5.98%

Debt (\$m)

	Actual	Budget	Variance
Short-term borrowings	361.4	356.8	4.6
Long-term borrowings	1,257.9	1,303.0	(45.1)
Total gross debt	1,619.3	1,659.8	(40.5)
Bank overdraft / (cash & deposits)	(0.4)	-	(0.4)
Total net borrowing	1,618.9	1,659.8	(40.9)

Committed facilities

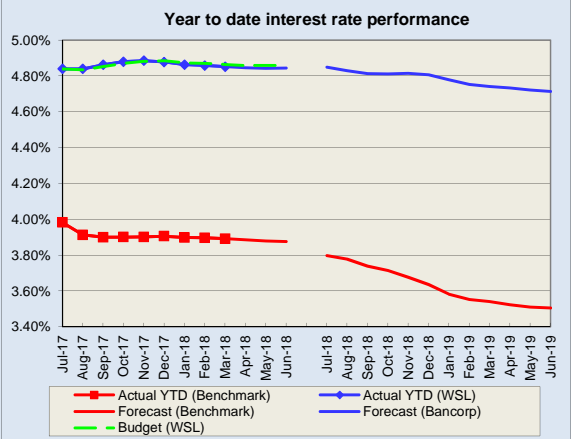
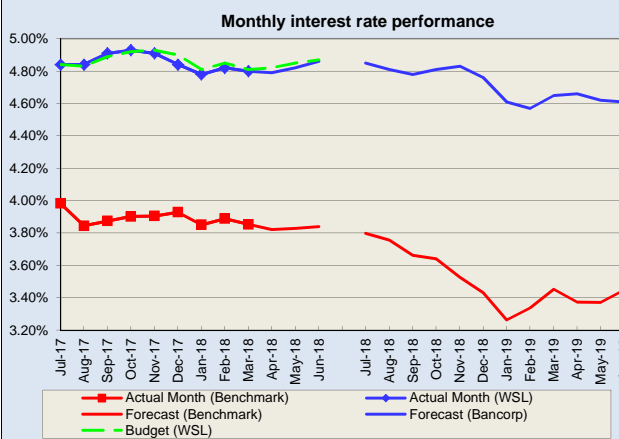
- Westpac Revolving Credit facility \$60 million
- Medium term notes \$125 million
- Auckland Council CP Standby facility \$150 million
- Auckland Council loans \$1,369 million

Total committed facilities as at 31 March \$1,704 million

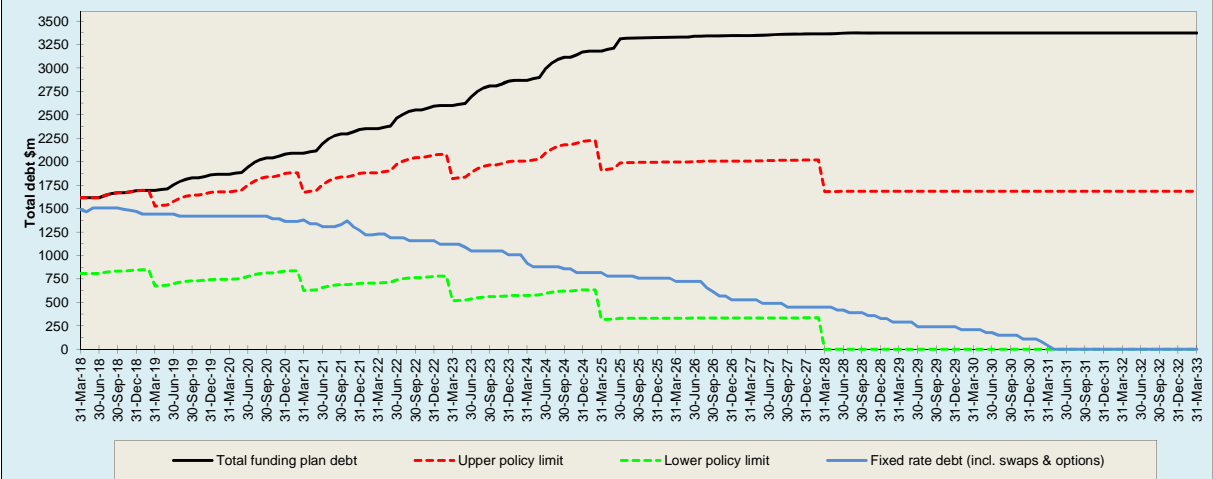
Additional approved facilities

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

Total approved facilities as at 31 March \$1,804 million



Forecast total debt profile



COUNTERPARTY EXPOSURES, DEBT CONCENTRATION & COVENANT COMPLIANCE							Mar-18	
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	34	100,000	Limit OK	✓		
Bank of New Zealand	A1+ / AA-	615,879	15,741	100,000	Limit OK	✓		
Commonwealth Bank of Australia	A1+ / AA-	65,000	760	100,000	Limit OK	✓		
Kiwibank	A1 / A	75,000	1,647	50,000	Limit OK	✓		
Westpac Institutional Bank	A1+ / AA-	565,000	0	100,000	Limit OK	✓		
		1,900,879	18,183					
<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	62,243	170,000	52,243	130,000	15,000	940,000	1,369,486
Total committed debt facilities		247,243	170,000	202,243	130,000	15,000	940,000	1,704,486
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		247,243	170,000	202,243	130,000	15,000	1,040,000	1,804,486
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		23,500					23,500
		0	23,500	0	0	0	0	23,500
Treasury policy for drawn bank facilities		<= 250,000	<= 250,000	<= 250,000	<= 250,000	<= 250,000	<= 250,000	
Treasury policy compliance		✓	✓	✓	✓	✓	✓	
Other facilities								
BNZ overdraft	On demand	2,000						2,000
		2,000	0	0	0	0	0	2,000
Counterparty exposure in relation to borrowing facilities		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%			33.88%		✓		
Total liabilities (including contingent) / total tangible assets - maximum	65%			33.89%		✓		
Shareholders funds - minimum (\$000)	500,000			5,989,960		✓		
EBITDA : funding costs ratio - minimum	1.75			4.80		✓		
Funds from operations : interest cover ratio - minimum	2.00			4.17		✓		
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							Mar-18							
Foreign currency exposures (NZ\$000) including hedging for chemical purchases							AU\$	Total						
Total exposure to be hedged							484.6	484.6						
Foreign exchange hedging							484.6	484.6						
Percentage cover							100%	100%						
Treasury policy							100%	100%						
Treasury policy compliance							✓	✓						
Hedging for chemical purchases (US\$000)							Sep-18	Mar-19	Sep-19	Mar-20	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								
312	50,000	1.880%	1.865%	2.61	90	30-Apr-18								
313	50,000	1.920%	1.910%	2.24	88	18-May-18								
314	50,000	1.895%	1.890%	3.08	91	11-Jun-18								
	150,000		1.888%											
<p>Note: BKBM is the banks' mid-rate for bank bills of a similar term on the CP issue date.</p>														
							Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Beyond Sep-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							✓							
													Page A7	

Management Report
Monthly Statistics Update

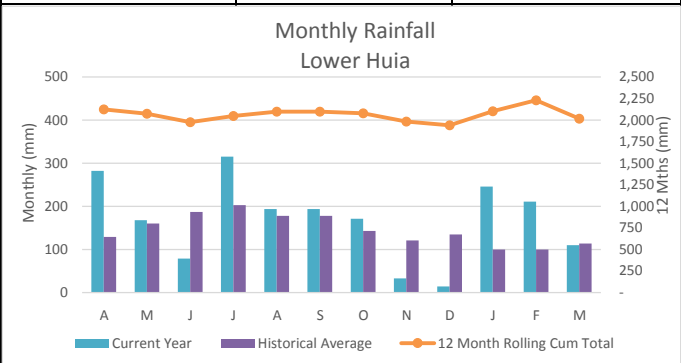
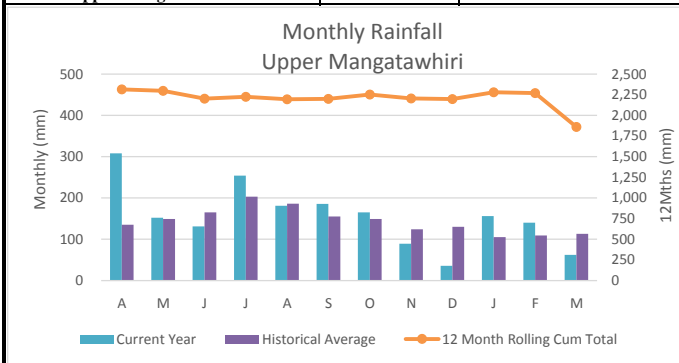
WATERCARE SERVICES LIMITED

Mar-18

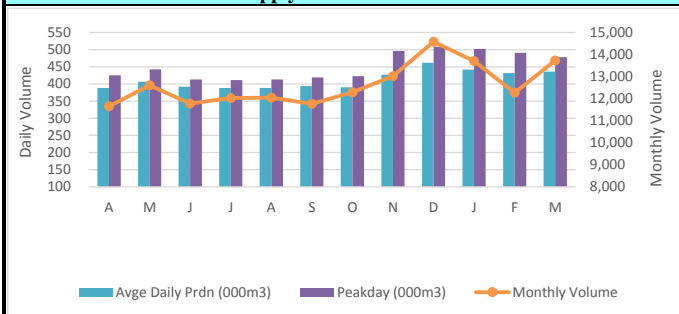
4.3

Rainfall

Rainfall	Current Month	12 Mth Cumulative Rolling	Rainfall	Current Month	12 Mth Cumulative Rolling
Actual - Upper Mangatawhiri	62 mm	1860 mm	Actual - Lower Huia	110 mm	2016 mm



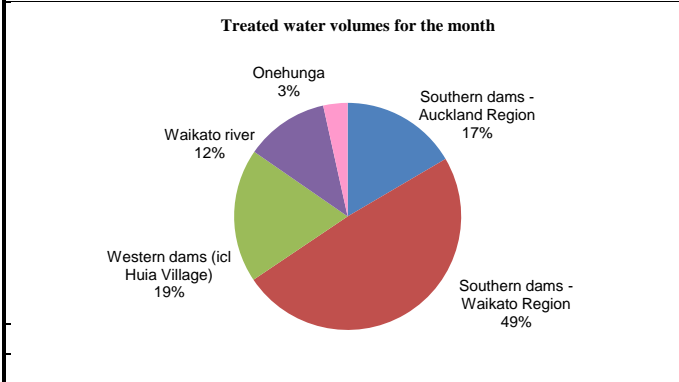
Water Production - Total Supply



Treated water volumes (000m ³)	Current Month	12 Month Rolling Ave
Monthly Volume	13,729	12,624
- Metro	13,521	12,434
- Non-metro	208 ¹	200
Average Daily Production	436	414
Peak Day	478	509 ²

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

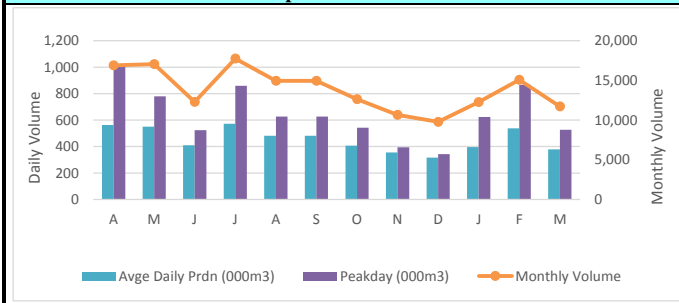
2. Max peak day in past 12 months



Treated water volumes (000m ³)	Current Month		Year to Date			
	Actual	%	Budget	Actual	%	Budget
Southern dams - Auckland Region	2,238	16%	2,086	17,632	15%	19,421
Southern dams - Waikato Region	6,628	48%	4,655	56,392	49%	46,969
Western dams	2,577	19%	2,558	20,638	18%	24,624
Waikato river	1,609	12%	3,090	15,728	14%	19,383
Onehunga aquifer	469	3%	428	3,133	3%	3,521
Rodney	130	0.9%	135	1,108	1.0%	1,144
Franklin	78	0.6%	76	694	0.6%	651
Total	13,729	100%	13,027	115,324	100%	115,714

Lake levels at month end was 91.4%

Wastewater Treatment - Metropolitan Treatment



	Current Month	12 Month Rolling Ave
Monthly Volume (000m³)	11,716	13,826
Average Daily Production	378	454
Peak Day	527	1,025 ²

2. Max peak day in past 12 months

Appendix C - Local Board Interaction (As at 4 April)

Local Board	Chair	Deputy Chair	Feb 2018	Mar 2018	April 2018
Albert - Eden	Peter Haynes	Glenda Fryer			
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)	On-going feedback and updates on the Milford wastewater break in January (1 Feb). Update on response to overflow in Alma Rd (13 Feb). Attendance at Milford Residents meeting with George Wood (27 Feb).	Information provided on the regional network discharge consent in response to a local board meeting resolution DT/2018/17 (1 March). Response to Milford Residents and Ratepayers over water leak – copied to Local Board (7 March). Notification of CI Contractor Short List (8 March). Update on Castor bay wastewater issues (27 March).	
Franklin	Angela Fulljames	Andy Baker	Invitation to Treatment plant site blessing (7 Feb). Residents meeting in Clarks Beach with Local Board (7 Feb). Response to enquiry on works in Cape Hill Rd (7 May). Pukekohe Treatment Plant Site Blessing (9 Feb). Information on Cape Hill Booster Pump Station construction (27 Feb). Information on Waiuku Water Supply including YouTube video (27 Feb)	Notification of CI Contractor Short List (8 March). Responded to escalated question regarding Clevedon servicing agreements (12 March). Follow up enquiry regarding wastewater works for Red Hill school (14 March).	
Great Barrier	Izzy Fordham	Luke Coles			
Henderson - Massey	Shane Henderson	Peter Chan		Notification of CI Contractor Short List (8 March)	
Hibiscus and Bays	Julia Parfitt	Janet Fitzgerald	Invitation for information evenings re Whangaparoa and Surrounding Growth Areas – Wastewater Servicing Project (7 Feb). Update on wet weather overflows and Safeswim as well as media response (13 Feb). Local Board visit to Army Bay and boat trip to Tiri Channel to see location of outfall (19 Feb).	Mildale Wastewater Pipe Tunnel presentation of the project by Fulton Hogan including an explanation of the construction process and timeline (1 March). Notification of CI Contractor Short List (8 March). Received information on seawall erosion at Campbell's Bay beach and risk to infrastructure (12 March).	Notice of media item on the tunnel boring machine 'Blanche' at Army Bay (4 April)
Howick	David Collings	Katrina Bungard		Notification of CI Contractor Short List (8 March)	
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)	Follow up enquiry on drinking fountains (7 Feb). Discussion with Local Board chair regarding pollution incident at Hobsonville Point.	Notification of CI Contractor Short List (8 March)	
Mangere - Otahuhu	Lydia Sosene	Walter Togiama		Notice to Local Board and Councillors regarding water supply for fire fighting the blaze at Simms Pacific Metals in Otahuhu (7	

Local Board	Chair	Deputy Chair	Feb 2018	Mar 2018	April 2018
				March). Notification of CI Contractor Short List (8 March)	
Manurewa	Angela Dalton	Rangi McLean	Update on wastewater overflow in Wattle Downs (13 Feb)	Notification of CI Contractor Short List (8 March)	
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.	Response to escalation regarding water quality issues in Onehunga Lagoon (27,28 Feb).	Notification of CI Contractor Short List (8 March). Notification of Inflow inspections for drainage defects in Omaru Creek catchment (19 March)	
Orakei	Colin Davis - After 18 months Kit Parkinson will Chair.	Kit Parkinson - After 18 months Carmel Claridge will be Deputy Chair		Notification of CI Contractor Short List (8 March)	
Otara - Papatoetoe	Lotu Fuli	Ross Robertson	Local Board workshop on Otara catchment wastewater project (13 Feb).	Notification of CI Contractor Short List (8 March)	
Papakura	Brent Catchpole	Felicity Auva'a	Local Board workshop – also attended by Veolia (7 Feb). Follow up information from workshop with links to further information on the BNR project at Mangere (14 Feb).	Notification of CI Contractor Short List (8 March)	
Puketapapa	Harry Doig	Julie Fairey	Response to overflow escalations at Keith Hay Park (13 Feb).	Notification of CI Contractor Short List (8 March)	
Rodney	Beth Houlbrooke	Phelan Pirrie	Invitation for information evenings re Whangaparoa and Surrounding Growth Areas – Wastewater Servicing Project (7 Feb)	Mildale Wastewater Pipe Tunnel presentation of the project by Fulton Hogan including an explanation of the construction process and timeline (1 March). Notification of CI Contractor Short List (8 March). Response to Local Board question on Warkworth Snells Wastewater Pipeline Pump Stations (8 March). Response to questions arising as part of Local Board's community consultation around the Long Term Plan (23 March).	
Upper Harbour	Lisa Whyte (31 October 2016 to 1 June 2018) Margaret Miles (2 June 2018 to the end of the 2016-2019 political term)	Margaret Miles 31 October 2016 to 1 June 2018) Lisa Whyte (2 June to the end of the 2016-2019 political term)		Notification of CI Contractor Short List (8 March). Meeting with the chair and deputy chair and parks regarding the walkway in Centorian Reserve (9 March)	
Waiheke	Paul Walden (26 October 2016 to Sunday, 22 April 2018)	Cath Handley (26 October 2016 to Sunday, 22 April		Notification of CI Contractor Short List (8 March)	

Local Board	Chair	Deputy Chair	Feb 2018	Mar 2018	April 2018
	Cath Handley (23 April 2018 to the end of the 2016-2019 political term)	2018) Paul Walden (23 April 2018 to the end of the 2016-2019 political term)			
Waitakere Ranges	Greg Presland	Saffron Toms	Feedback on Matiatia Strategic Plan and property issues for local board report (7 Feb)	Updates on Huia Water Treatment Plant Replacement drop in sessions at Lopdell House Titirangi (2, 7 March). Notification of CI Contractor Short List (8 March). Invitation to Lower Huia Dam visit as part of World Water Day (12 May). Response to escalated complaint regarding Watercare works in Harold Moody Reserve and the local Tennis Club (20 March).	
Waitemata	Pippa Coom	Shale Chambers		Notification of geotechnical works in Grey Lynn (2 March). Notification of CI Contractor Short List (8 March)	
Whau	Tracey Mulholland	Susan Zhu		Notification of CI Contractor Short List (8 March)	
Manukau Harbour Forum					



26 March, 2018

Ministers of Health, Local Government and Environment
Parliament Buildings
Wellington

Cc: Prime Minister and Ministers of Finance; Infrastructure and Regional Development; Tourism;
Housing and Urban Development

Dear Ministers

We note that the Government is considering options in response to the Report of the Havelock North Drinking Water Inquiry: Stage Two (the Inquiry).

As professional and peak bodies with direct interest in water in New Zealand, it is our collective view that this is a leadership issue across the sector, and that to address the serious issues we face requires fundamental reform including regulation, institutions and funding.

Systemic failure

The Inquiry correctly identified “a widespread systemic failure among water suppliers to meet the high standards required for the supply of safe drinking water to the public.”ⁱ

And further that: “The industry has demonstrated that it is not capable of itself improving when the standards are not met.”

We fully concur with the findings and recommendations of the Inquiry including recommendation 32 to “create dedicated and aggregated drinking water suppliers.”ⁱⁱ

Wastewater and stormwater also problematic

However, we wish to add our concern that issues are equally as serious in the provision of wastewater and stormwater services.

We draw your attention to successive reports over the last two decades undertaken by a diverse range of agencies and organisations, including the Office of the Auditor General, Water New Zealand, Engineering New Zealand, Infrastructure New Zealand, the Parliamentary Commissioner for the Environment and the Local Government Infrastructure Efficiency Expert Advisory Group, among others. Each investigation has pointed to serious deficiencies across the sector.ⁱⁱⁱ

Between them, these expert bodies have compiled a compelling case for change. Major challenges include:

- lack of information about the state of infrastructure assets – especially in small rural councils
- lack of information or control of the cost of providing water infrastructure and services
- excessive and inefficient water use

- contamination of surface water and groundwater from uncontrolled or poorly managed storm water drainage and wastewater disposal - one in five wastewater treatment plants are operating on expired discharge consents
- poor recreational and bathing water quality
- lack of investment and deferred maintenance, in part through incomplete pricing or small ratepayer base, and political constraints to increases in local authority rates and charges
- institutional and regulatory barriers to improved management
- regular water supply shortages – especially during summer
- high frequency of boil water notices
- a backlog of investment in water infrastructure of up to \$7 billion
- infrastructure failure

The inability to improve outcomes across the three components of the water system not only puts the health and safety of New Zealanders at risk, it also places New Zealand's environment and our tourism brand in jeopardy.

Health, economic and environmental regulation are all required

We agree with the Inquiry that better regulation of drinking water standards is required to protect the health of the nation's population.

However, significant gaps in information about the condition of assets and costs of operation clearly demonstrates the need for economic regulation and performance monitoring.

Continual degradation of water quality caused by illegal water discharges from wastewater and stormwater systems also demonstrates the need for stronger environmental monitoring and enforcement.

Independent environmental regulation operating alongside dedicated economic regulation is established best practice in leading water management systems and should be adopted in New Zealand.

Regulation is essential but not sufficient in itself

A national regulator, while important, will not resolve other critical barriers to effective service delivery within the sector. Capability and capacity issues, inadequate funding, lack of scale, fragmentation of responsibility and accountability and lack of professional governance are at the heart of the challenges facing the sector.

Water agencies not only need better monitoring, guidance and direction, but the skills, tools, funding and capacity to affect real improvement in water services.

Dedicated aggregated water services providers

International experience clearly demonstrates major efficiencies and improved outcomes can be achieved through consolidation and specialisation.

Scottish Water provides a useful comparator. This publicly owned national water service provider delivers drinking and wastewater services to 5 million people across an urban and rural hinterland comparable to New Zealand. Since formation in 2002, Scottish Water has delivered substantial improvement in water quality, environmental performance and customer satisfaction standards whilst reducing operating costs by 40% and capital costs by 20% on an enlarged capital investment programme.^{iv}

We agree with the Inquiry that dedicated aggregated water services providers would enable a major improvement in water service delivery in New Zealand.

Change will require strong central government leadership

We also agree with the Inquiry that there has been “a long history of equivocation”^v on the issue of aggregating water supply and that action from Government is required.

Even when presented with overwhelming evidence that new models of water service will provide permanent, demonstrable net benefits to residents, local authorities have delayed and avoided decisions.

Most recently, Waipa District Council turned down a proposal to share three waters services with Hamilton City and Waikato District, which would have resulted in up to \$388 million of efficiencies over 28 years, or around 7 per cent of total water expenditure.^{vi} This proposal was itself a compromise on a superior peer-reviewed option which indicated up to \$611 million in value could be achieved with an asset owning council-controlled organisation.^{vii}

The benefits of scale are material, but it is difficult for councils to realise these opportunities given understandable concerns about the impact that aggregation may have on their overall viability. There are wider statutory, funding and institutional challenges that must also be addressed in parallel.

As the ultimate guarantor of the health of New Zealanders, their environment and their activities, only central government has the economic, social and environmental view to gauge the net national costs and benefits of improved water service delivery. From an infrastructure perspective, the Inquiry’s recommendations around dedicated and aggregated water providers are in the best interests of New Zealanders, but, in our collective view, should be extended to include all three waters services.

All three organisations are committed to improving water service delivery in New Zealand. We look forward to working together with central and local government to find enduring solutions to improve service outcomes, improve efficiency increase reliance and protect public safety.

Yours sincerely



Stephen Selwood
Chief Executive
Infrastructure New Zealand



John Pfahlert
Chief Executive
Water New Zealand



Susan Freeman-Greene
Chief Executive
Engineering New Zealand

- ¹ Report of the Havelock North Drinking Water Inquiry: Stage Two, paragraph 924, p232
- ² *Ibid*, p229
- ³ Report of the Government Infrastructure Efficiency Expert Advisory Group Department of Internal Affairs 22 March 2013
[https://www.dia.govt.nz/pubforms.nsf/URL/LG-Infrastructure-Efficiency-Expert-Advisory-Group-Final-Report.doc/\\$file/LG-Infrastructure-Efficiency-Expert-Advisory-Group-Final-Report.doc](https://www.dia.govt.nz/pubforms.nsf/URL/LG-Infrastructure-Efficiency-Expert-Advisory-Group-Final-Report.doc/$file/LG-Infrastructure-Efficiency-Expert-Advisory-Group-Final-Report.doc)
- Infrastructure New Zealand, National Water Industry 2008 Report Card and Road Map;
<https://infrastructure.org.nz/resources/Documents/Reports/PWC%20GHD%20NZCID%20Water%20Report%202008%20-%20final.pdf>
- Infrastructure New Zealand 2012 Implementing the National Infrastructure Plan in the Water Industry – A Pilot Study
<https://infrastructure.org.nz/resources/Documents/Reports/PWC%20GHD%20Implementing%20NIP%20in%20water%20-%20Pilot%20Study%20final%20190712.pdf>
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- Water New Zealand: Respective National Performance Reviews available at <https://www.waternz.org.nz/NationalPerformanceReview>
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<https://www.oag.govt.nz/2010/water/index.htm>
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http://www.landandwater.org.nz/land_and_water_forum_report.pdf.
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<http://www.infrastructure.govt.nz/plan/2011>.
- LGNZ Three Waters Project, Local Government New Zealand Stage 2 Submission, 3 July 2017.
- Office of the Parliamentary Commissioner for the Environment. June 2000: *Ageing Pipes and Murky Waters: Urban Water Systems for the 21st Century* <http://www.pce.parliament.nz/publications/archive/1997-2006/ageing-pipes-and-murky-waters-urban-water-system-issues-for-the-21st-century>
- ⁴ Scottish Water presentation to Infrastructure New Zealand Building Nations Symposium October 2017,
https://infrastructure.org.nz/resources/Documents/Presentations/Building%20Nations%202017/1315_Ken%20Hutchison.pptx
- ⁵ Havelock North Inquiry Stage Two, paragraph 33, p228.
- ⁶ Mott MacDonald, Scottish Water International, Shared Waters Management Company Discussion Report, October 2017.
- ⁷ Cranleigh, Mott MacDonald, Martin Jenkins, Business Case for Water Services – Delivery Options, May 2015.

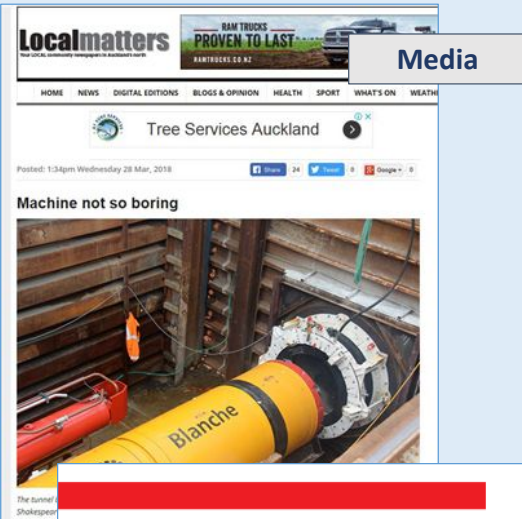
Monthly snapshot of communications and stakeholder engagement

Appendix E

4.3

Delivered

March media highlights include positive coverage in Local Matters about the arrival of the Tunnel Boring Machine for the new Army Bay pipeline project and the coverage in the Fringe on Lower Huia Dam open day. We also arranged radio interviews focusing on our significant investment in infrastructure (Newstalk ZB, RNZ) and our dams (RNZ).

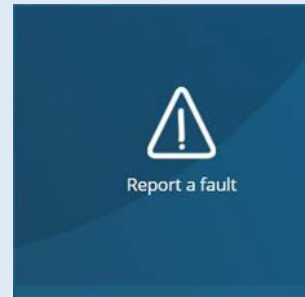


Media

Internally, staff across 7 sites participated in a roadshow and expo where our senior leadership team updated them on the transformation journey at Watercare and initiatives related to the transformation were showcased interactively.

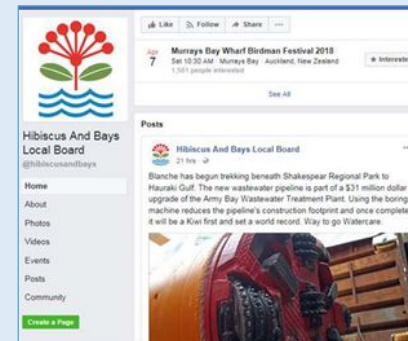


Staff



Customers

We automated the Report a fault function on the website, which allows people to report faults, including uploading photos and videos, through the website. Since its launch, the page has had 3683 page views.



Stakeholders

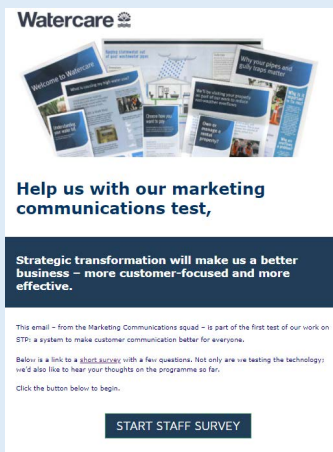
Local Board shares media updates on major project at Army Bay. Includes video link with interesting project information.

World Water Day at Huia



More than 100 visitors enjoyed Watercare's guided tours of Lower Huia Dam in the Waitakere Ranges on World Water Day (March 22). Tours took place every half hour and visitors came from all over Auckland to learn about where their drinking water comes from. Built in 1971, Lower Huia Dam is the newest and biggest of Watercare's five western dams, which together supply about 20 per cent of Auckland's water. The tours showed visitors the spillway and valve tower, the pump station (pumping water to the Huia Water Treatment Plant) and many other aspects of the facility. Watercare headworks manager Joseph Chaloner-Warman says: "The theme for this year's World Water Day was 'Nature for Water'. We

In progress



As part of the strategic transformation programme, we are working on developing and testing a functionality to create communication campaigns and receive feedback from customers and other stakeholders.

March 2018 – Update on Significant infrastructure projects.

Project	Update
North Harbour Watermain Duplication – GBWD and Northern Interceptor Stage 1.	These projects have been combined for procurement and delivery efficiency. The RFT went to market in March 2018 with contract award in August 2018. Target completion is scheduled for December 2020 (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 90% complete. Land access agreements are under negotiation. An additional land purchase (from NZTA) has resulted in an increase in forecast cost of \$2m. Drilling to commence in August 2018. Completion is forecast for June 2020 (ahead of budgeted completion by 6 months), at a forecast of \$69m (under budget).
Mangere Waste Water Treatment Plant Solid Stream Upgrade	The project is 80% complete. The final construction package was awarded 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. Construction contract award will be complete in April 2018. Possession of site in May 2018 (on target). Construction commencing in 2018 (on target).
Army Bay Wastewater Treatment Plant Outfall Upgrade	<p>Design is 98% complete for this design build project. The launch pit construction is fully complete. The TBM is assembled and drilling will commence in April 2018. Forecast cost and time to complete are on target and budget.</p> <p>Collaboration discussions are currently underway between Healthy Waters and Watercare regarding the inclusion of new storm water works in the Watercare contract, in order to minimise stakeholder and customer disruption from construction activities.</p>
Pukekohe East Reservoir	Negotiations for this design build contract are 98% complete, contract to be awarded in April 2018. The forecast cost and time to complete are on target and budget.

Execution of Documents in March 2018

Watercare processed the following eight documents, 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 Easements in favour of Watercare over private land
- An agreement to create an easement over Watercare land
- A renewal of Licence to Occupy Watercare land
- An IGC agreement with a land developer
- A transfer of land from Watercare to Council
- A section 181 notice for Watercare to construct infrastructure over private land
- An agreement to Grant Easement in favour of Watercare including Land Owner Approval to occupy the same

Capex approvals below \$15m, approved by the CE in accordance with his delegated authority

Summary of Capital Projects approved by Chief Executive – March 2018	
Waikato Watermain No.1 175MLD Upgrade	\$1,345,000

Opex/Capex over \$100,000

There was a number of contracts over \$100,000 approved during March 2018, in accordance with the delegated authority provided to the Chief Executive by the Board in relation to Capex and Opex contract approvals, namely:

Contract Description	Supplier
Mangere WWTP Tertiary Filter Valve Installation	Service Engineers Limited
Replacement of the Huia No 1and Nihotupu Watermains	Sub Surface Detection limited
Huia WTP Sludge Miscellaneous Work	Cassidy Constructions Limited
Hunua Road Bulk Supply Point Upgrade	Guaranteed Flow Systems
Gorman Rupp Vs6 Bedplate Sets 110kw Weg	Macewans Pumping Systems Limited
Cape Hill Booster Pump Station	Cassidy Construction Limited
Watermain Upgrade Twomey Dr & Ngahere Rd	Rohits Civil & Infrastructure Limited
Agile Coach	Assurity Consulting Limited
Lead Business Analyst for STP	Davanti Consulting Limited
Pukekohe WWTP Capacity Upgrade - Enabling Works	Fulton Hogan Limited
Pukekohe WWTP Pond 1 Desludging Works	Conhur Limited

APPENDIX G

4.3

Contract Description	Supplier
Preferred Supplier Agreement Maintenance	New Zealand Biosecurity Services Limited

Report to the Board of Watercare Services Limited

SUBJECT: Integrated Reporting and Watercare 2017/2018 Annual Report – Proposed Structure

DATE: 17 April 2018

1. Executive Summary

In 2016, Watercare committed to moving towards integrated thinking and adapting the annual report to meet integrated reporting (<IR>) principles.

A baseline review of the 2015/2016 annual report conducted by Massey University showed it met 65 per cent of <IR> criteria, with most progress to be made in categories related to strategy, value creation and outlook (a more forward-looking report).

To help inform a more integrated way of thinking about our activities and the way we report on those, we undertook materiality and stakeholder assessments in 2017. We then used the findings from those assessments to develop our own value creation model.

Having undertaken this work we are now placed to improve the way we report on the company's activities against <IR> criteria. Our intention is to redesign our annual report to enable us to more effectively describe the Watercare 'story' and highlight our key achievements, clearly showing how the company creates value for its stakeholders.

This paper recommends a proposed new structure for the 2017/2018 annual report.

2. Report Structure

In the past, Watercare's annual report structure has been built around the key performance indicators divided between the four strategic priorities.

Although this approach provided for some organisation of content, a key disadvantage was that it locked us into a predictable format consisting mostly of performance measures explained in a linear fashion. It also caused repetition – each KPI was included in the body of the report, as well as tabulated at the back. In addition, dividing content by the strategic priorities restricted our ability to tell the story of an integrated business.

The <IR> framework advocates for concise, comprehensive, articulated and balanced reporting. And we also want to describe and illustrate the work of our integrated business more effectively.

Accordingly, we propose a report structure and approach that will present the 'story' in the first half of the report, in a comprehensive, transparent and dynamic manner.

Setting a fresh, modern tone – and making the most of high quality photography and illustration – we aim to streamline and de-clutter the narrative content, while also highlighting important achievements. The KPIs and financial statements will be tabulated in the traditional format at the back of the annual report.

This new style will enable us to create a document that not only meets the <IR> criteria, but also excites and engages readers in Watercare and its work.

The proposed new structure follows.

2017/2018 Annual Report Proposed Structure

Order of content / section	Comments/detail
Report theme	Cover title / inside pages (proposed theme “delivering what matters” encompasses both customer-centric and stakeholder expectation objectives)
Overview – joint chair / chief executive’s report	A combined leadership report presents a cohesive and consistent summary of vision and strategy (2017 reports from Spark, Vector, Sanford, Meridian Energy take this approach)
Performance highlights	Snapshots of highlights of performance against customer and stakeholder expectations
Theme in detail	This section describes the effort and initiatives to continue excellent operational performance, while also transforming the organisation to meet changing customer and stakeholder expectations
Stakeholder engagement	Stakeholder engagement highlights, and letters from the Environmental Advisory Group, and the Mana Whenua Kaitiaki Forum
Leadership profiles	Board profiles plus combined Board, and combined Exec team photos
Governance	Legislative, governance, planning, strategic frameworks, audit / assurance
Statement of service performance	<i>Format to be decided</i>
GRI index	<i>Format to be decided</i>
Financial report contents	<i>Same format as last year</i>
Financial commentary	<i>Same format as last year</i>
Report of the Auditor-General	<i>Same format as last year</i>
Financial statements	<i>Same format as last year</i>
Notes to the financial statements	<i>Same format as last year</i>
Statutory information	<i>Same format as last year</i>


3. 2017/2018 Annual Report: Next Steps

Date	Event	Action sought
20 July	Via email	Chair approval of joint Chair/CE statement
July / August	Via email	Draft mock-up of the annual report provided to Board for review and feedback
17 August	A&R Meeting	Agree to recommend financials to the Board Feedback sought on the non-financial section
24 August	Board Pack	Final draft annual report distributed in Board pack for Board review
31 August	Board Meeting	Approve the financials Board approval of final draft annual report, with authority delegated to the Chair and A&R Chair to sign-off final PDF
13 September	Via email	Chair and A&R Chair to provide sign-off of final PDF

4. Recommendation

That the Board receives this report.

Report prepared by:



R Young
Communications Manager

Prepared by:



S Naidoo
Financial Controller

Recommended by:



B Monk
Chief Financial Officer

Approved for submission by:



R Jaduram
Chief Executive

Report to the Board of Watercare Services Limited

Subject: Strategic Transformation Programme Committee Terms of Reference

Date: 17 April 2018

1. INTRODUCTION

On 1 March 2018, a new Committee was formed to oversee all matters relating to the provision of Watercare's Strategic Transformation Programme (STP).

The Strategic Transformation Programme Committee (STPC) will:

- Serve as an independent, objective party to review information presented by senior management relating to the STP; and
- Act as a forum for the free and open exchange of views and information between the Board and internal Managers of the STP.

Proposed Terms of Reference for the STPC is attached as **Appendix A** for the Board's review.

2. RECOMMENDATION

That the Board approve the proposed Terms of Reference attached as **Appendix A**.

Report prepared by:



E McBride
Governance Manger

Report recommended by:



R Chenery
Chief Digital Officer

Approved for submission by:



R Jaduram
Chief Executive

Strategic Transformation Programme Committee (STPC) Terms of Reference

1. Purpose and Composition

The Strategic Transformation Programme Committee (STPC) is a committee established by the Board of Directors of Watercare Services Limited (Watercare).

The primary purpose of the STPC is to assist the Board of Directors of Watercare (Board) to exercise due care, diligence and effective oversight of all matters relating to the provision of Watercare's Strategic Transformation Programme (STP).

The STPC will:

- Serve as an independent, objective party to review information presented by senior management relating to the STP; and
- Act as a forum for the free and open exchange of views and information between the Board and internal managers of the STP.

The STPC shall be independent of management and comprise:

- at least three directors; and
- a non-board External Expert Advisor (if determined necessary by the STPC members).

The Board will appoint, remove or replace the STPC director members and Chair of the STPC (Committee Chair). The Chair of the Board of Directors may be a member of the STPC, but not the Committee Chair of the STPC.

The STPC will appoint, remove or replace the non-board External Expert Advisor.

The STPC will be structured to ensure that, as a collective group, it has the qualifications, skills, experience and knowledge to fulfil its purpose and responsibilities.

The STPC is effective from 1 March 2018. It will be dissolved either:

- once Watercare's STP has been delivered; or
- any time before delivery of the STP, if agreed by Watercare's Board of Directors.

2. Meetings

Meetings of the STPC are held not less than three times a year, or as required

Meetings of the STPC shall be held at the discretion of the Committee Chair at any time or if requested by any STPC member, the Board or the Chief Executive.

A quorum shall be a majority of members. In the case of a 50/50 split, the Committee Chair will hold the deciding vote.

Meeting may be held by teleconference.

A resolution in writing, signed or assented to by more than half of the members of the STPC, is as valid and effective as if it had been passed at a meeting of the STPC duly convened and held. Any such resolution may consist of several documents (including transmissions by email or other similar means of written communication) in like form, each signed or assented to by one or more members of the STPC.

The STPC will appoint an appropriate person to act as Committee Secretary (Secretary) who will be a company employee or advisor as nominated by the STPC from time to time. The Secretary, in conjunction with the Committee Chair shall be responsible for coordination of all STPC business including meeting scheduling, agendas, policy reviews, distribution of papers, minutes, and communication with the Board and management.

Minutes of each meeting shall be taken, circulated promptly in draft form to the Committee Chair, confirmed at the following meeting and signed thereafter by the Committee Chair as a correct record of proceedings of the meeting.

The STPC may have in attendance management (including the Chief Executive and the Chief Digital Officer) and such other persons including external experts and others it deems necessary to provide appropriate information, explanation or assistance.

From time to time the Committee Chair may request that the STPC meet without these persons present.

Directors who are not members of the STPC may attend meetings but may not vote.

3. Authority

The STPC is authorised by the Board to deal with matters relating to Watercare's STP.

The STPC may:

- Make decisions (or submit recommendations for consideration by the Board) on matters where decision-making authority has been delegated to the STPC by the Board [see responsibilities in section 5]; and
- Submit recommendations to the Board on matters for which decision-making authority has not been delegated by the Board.

The STPC will not become involved in day-to-day operations, functions or decision-making by management or employees.

It is the responsibility of Senior Executives¹ to draw the Committee Chair and STPC's immediate attention to any material matter that relates to the STP.

4. Access and Independent Advice

To fulfil its functions, duties and responsibilities the STPC is authorised by the Board to have all necessary access to, and seek any information it requires from, any employee, consultant or advisor to Watercare. All employees are directed by the Board to cooperate with any request made by the STPC.

The STPC is authorised by the Board to have access to external experts without management present, to request additional information or explanations.

Individual members of the STPC are entitled at any time to access Watercare's Senior Executive to request additional information or explanations.

Members of Watercare's Senior Executive have an express right of direct access to the Committee Chair in relation to any matters of material concern that have been raised through normal management processes but have not been advised to the STPC.

The STPC is authorised by the Board to obtain, at the expense of Watercare, independent legal or professional advice it considers necessary to discharge its responsibilities.

5. Responsibilities

The STPC shall provide assistance to the Board in fulfilling its responsibility to the shareholder, and other stakeholders, relating to the provision of Watercare's Strategic Transformation Programme. In carrying out these responsibilities, the STPC does not relieve the Board of its responsibilities and legal obligations.

It is the responsibility of the STPC to maintain communication with the Board and Watercare's Senior Executive.

In carrying out its responsibilities, the STPC's policies and procedures should remain flexible, in order to best react to changing conditions.

The duties and responsibilities of STPC members are additional to those they have as a member of Watercare's Board.

In carrying out its responsibilities, the STPC will:

5.1 Committee Governance

- Establish and review the work plan of the STPC to ensure continual alignment of the programme to the business vision and strategy.
- The STPC will act as approvers of any decisions that are outside the delegations of the Chief Executive, where decision making authority has been delegated to the STPC by the Board.
- Ensure minutes and papers (including documents tabled at meetings) for all STPC meetings are provided to the Board. The Committee Chair will report to the next Board meeting on the outcomes, findings and recommendations of the STPC meeting.
- Investigate any matter brought to its attention within the scope of its responsibilities, retaining independent legal or professional advice for this purpose if, in its judgment, that is appropriate.
- Unless identified in these Terms of Reference, or otherwise directed by the Board, the STPC will have no delegated authority in regard to its findings and recommendations.

5.2 Other Responsibilities

- Examine and report to the Board on any matters referred to the STPC by the Board.

7. Review of the Terms of Reference

The STPC will undertake, with management assistance, an annual review (or as often as conditions dictate) of these Terms of Reference, including whether a Committee is still required. It will advise the Board of the outcome of that review along with any recommended changes.

Any changes to the STPC Terms of Reference must be approved by the Board.

These Terms of Reference were reviewed by the Board in April 2018.

¹ Executive Team and Senior Management Team

Watercare Services Limited

Subject: Resource Management Act (RMA) Compliance for March 2018

Date: 17 April 2018

1. COMPLIANCE PROCEEDINGS

There have been no compliance proceedings during the period.

2. MAJOR ENVIRONMENTAL INCIDENTS OR OTHER NON-COMPLIANCE MATTERS

There are no environmental incidents of any significance to report.

There has been considerable media and public comment on wastewater overflows during and following significant rain events. These overflows are designed to occur and are authorised by the Network Discharge Consent, which requires a programme of upgrading of the network to ensure over time that overflows occur no more frequently than twice per year per location or Best Practicable Option (BPO) is applied.

Watercare has many projects underway and planned to meet this performance level. Examples of work completed are the Kohimarama and Glen Eden Storage Tanks; the separation of stormwater and wastewater systems at Franklin Road. Examples of work planned are the Western Isthmus Strategy and the Central Interceptor.

3. RESOURCE CONSENT COMPLIANCE SUMMARY

Table 1 shows the number of active consents, number of non-compliant consents and the number of non-compliant conditions by Auckland Council compliance rating (1 - 4), compared to the previous months.

Category 1 and 2 relates to a technical non-compliance with a no more than minor potential or actual adverse effect to the environment and are reported only to management to action.

Category 3 and 4 relates to a non-compliance where the result will have or has the potential to have an adverse or significant adverse effect on the environment, or where there has been a repeat of a lower score non-compliance.

Table 1: Compliance Status of Active Consents*

	Oct	Nov	Dec	Jan	Feb	Mar
Number of total active consents	496	505	503	503	499	491
Number of non-compliant consents	18	16	21	22	8	11
Number of non-compliant category 3 or 4 conditions	4	4	5	4	3	2
Number of non-compliant category 1 or 2 conditions	14	12	8	8	8	12

* Note: Excludes unimplemented consents.

Table 2 presents the consents that have conditions that are non-compliant with a self-assessed Council compliance rating of 3 or 4.

Table 2: Consents with self-assessed Category 3 and 4 Non-Compliant Conditions in Month

Facility or Project	Background & Reason for Non-Compliance	Explanation	Action & Target	Current Self-Assessed Council Compliance Rating
Wastewater Treatment				
Helensville WWTP (Rodney)	Exceeded the annual 92 nd percentile for suspended solids and E.coli	Algae grows within the discharge pond and clay particles from unlined pond effect solids; bacteria from bird droppings effect the quality of the final effluent	A mixture of CAPEX upgrades to the tidal ponds, desludging of ponds, and preliminary investigation into I&I will take place over the following year	3
Owhanake WWTP (Waiheke)	Exceeded Phosphorus	Due to exhausted slag beds	Plant to be upgraded	3


6.1

Each of the two consents above are category 3 because of a repeat of lower score non-compliance. There have been no adverse effects on the environment.

4. RECOMMENDATION

That this report be received.

Report prepared by:




 J Harbour
Resource Consents Planner

Recommended by:



 M Bourne
Chief Operations Officer (Acting)

Approved for submission by:



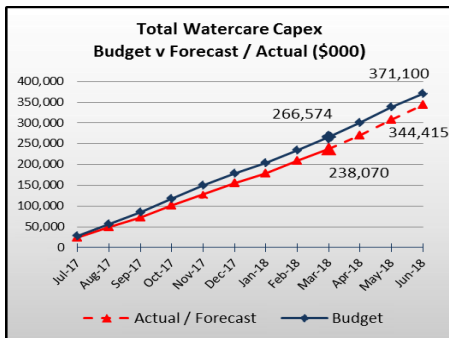
 R Jaduram
Chief Executive

WATERCARE PUBLIC REPORT CAPITAL EXPENDITURE



6.2

TOTAL WATERCARE EXPENDITURE	Year to Date		Annual Performance	
	Actual	Budget	Actual + Forecast	Budget
Strategy & Planning	4,831	18,373	9,072	33,653
Infrastructure Delivery	137,555	150,705	198,670	206,791
Service Delivery	63,127	62,449	87,041	83,654
Retail	9,696	9,225	14,200	12,322
Information Services	2,797	6,334	5,108	7,575
Other	10,823	9,304	18,655	14,533
Capitalised Interest	9,241	10,185	11,668	12,572
Watercare Total	238,070	266,574	344,415	371,100



Project / Programme Infrastructure Related Projects (Phase: Design / Execution)	Project	Annual Performance		Project Status	
	Current Forecast	Forecast	Budget	Time	Cost
Water Projects >\$15 Million					
Albany Pinehill WM & PS	16,938	9,813	11,976		
North Harbour WM Duplication - GBWD	54,300	2,996	5,544		
Hunua 4 Section 11	69,679	7,903	3,110		
Huia 1 and Nihotupu 1 Replacement	137,242	1,144	1,840		
Ardmore WTP Treated Water Resilience	27,600	1,697	5,640		
Pukekohe East Reservoir	55,300	2,095	6,091		
Waikato 175MLD Expansion Stage Ultimate	31,505	6,841	13,050		
Wastewater Projects >\$15 Million					
Mangere WWTP BNR Capacity	143,250	7,924	7,357		
Mangere WWTP Solids Stream Upgrade	53,400	13,409	13,950		
Snells Algies WWTP Ocean Outfall	33,246	410	11,180		
Snells WWTP Upgrade	63,900	1,564	4,050		
Warkworth to Snells Transfer Pipeline	65,033	1,399	1,117		
Army Bay WWTP Outfall Upgrade	37,050	26,898	10,518		
Rosedale WWTP Expansion Project	62,300	3,384	11,400		
East Coast Bays Link Sewer Upgrade	29,200	363	600		
Fred Thomas Drive WW PS & Storage Tank	28,448	6,421	6,858		
Wairau Wastewater Pump Station	21,400	722	1,910		
Northern Interceptor - Stage 1	108,000	4,359	4,626		
Central Interceptor	1,180,900	6,638	2,017		
Glendowie Branch Sewer Upgrade	36,332	1,931	6,650		
Glen Eden Storage & Pipe Upgrade	16,588	4,451	4,500		
Clevedon Wastewater Servicing	20,117	255	1,400		
Pukekohe WWTP Upgrade	66,000	4,341	2,507		
Pukekohe Trunk Sewer Upgrade	44,509	6,531	8,328		
Shared Services >\$15 Million					
Networks Controls Upgrade	18,828	1,439	220		
Capex Programme (Design / Execution)					
>\$15 Million	2,421,064	124,927	146,438		
>\$2 Million <\$15 Million	237,111	87,792	84,659		
<\$2 Million	28,836	11,976	9,814		
TOTAL	2,687,011	224,695	240,912		

Watercare Services Ltd
Financial Summary 2017-18
Report Period March 2018
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%)

Transforming Watercare Organisation and Culture Update

April 2018

Watercare strategic framework

Our vision

Trusted by our communities for exceptional performance every day

Better tomorrow than we are today | Pai ake apōpō atu i tēnei rā

Our mission

Reliable, safe and efficient water and wastewater services

Our values

Respect

Excellence

Make It happen

Accountability

One team

Our strategic priorities



Customer focus



Business excellence



Financial responsibility



Fully sustainable

Our enablers

High-performing team

| Effective processes

| Technology solutions

7.1

Transforming Watercare – Strategic Transformation Programme and Target Operating Model

“Trusted by our communities for exceptional performance every day”



Achieving our vision requires joined-up change

Our Strategic Transformation Programme (STP) will redesign our processes, harness our data, and enable Watercare people with smart digital technology.

The ultimate goals are to serve our customers faster and more effectively and to run our assets in a more efficient, proactive and transparent way.

Our Target Operating Model (TOM) redefines our business capabilities and how we organise ourselves to work as ‘one team’.

Organisational agility, placing our customers at the centre of what we do, reducing touch points and handovers, clarifying roles and responsibilities and building an inclusive, cooperative workforce are our aims.

7.1

The STP delivers smart processes, data and technology to serve our customers

The STP is a major business and digital transformation programme that is required to achieve Watercare's strategy and vision.

The programme covers four domains:

- Customers and workforce
- Process
- Technology
- Data & analytics

The programme is focussed on enhancing our capabilities and processes to better serve Watercare's customers, manage our assets and respond to changing external and internal drivers.



7.1



The TOM delivers organisational readiness, agility and collaboration

The **TOM** and the **leadership programme** will get Watercare into the best shape to accept and run with change, as new systems and processes are delivered through the STP.

Each team has looked at how they need to adapt to change, in order to:

- Place customers at the centre of what they do
- Provide clear roles and responsibilities
- Reduce duplication of effort
- Increased flexibility and responsiveness
- Build an inclusive, cooperative workforce
- Increase the flexibility and responsiveness of the service provided to others.



7.1

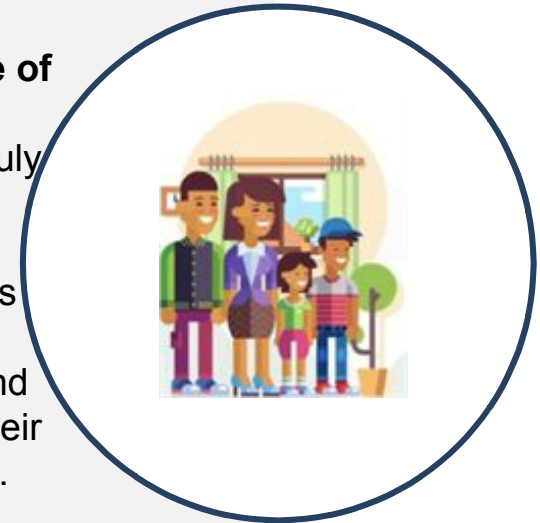


Two TOM 'accelerators' are underway to gain momentum

The Nerve Centre will act a central hub, transforming our ability to monitor in real time, use advanced analytics for data driven operational decisions and use of customer information to provide transparent and timely updates to our customers.



The Customer Centre of Excellence (CoE) will enable Watercare to truly understand who our customers are, the needs of our customers and communities, and better observe, plan and act on how we meet their changing expectations.



7.1

Applying customer and operations analytics, intelligence and insights

Sensing and predicting events before they happen

Listening to our customers and changing how we do things in response to this

Defining the desired customer experience and measuring it

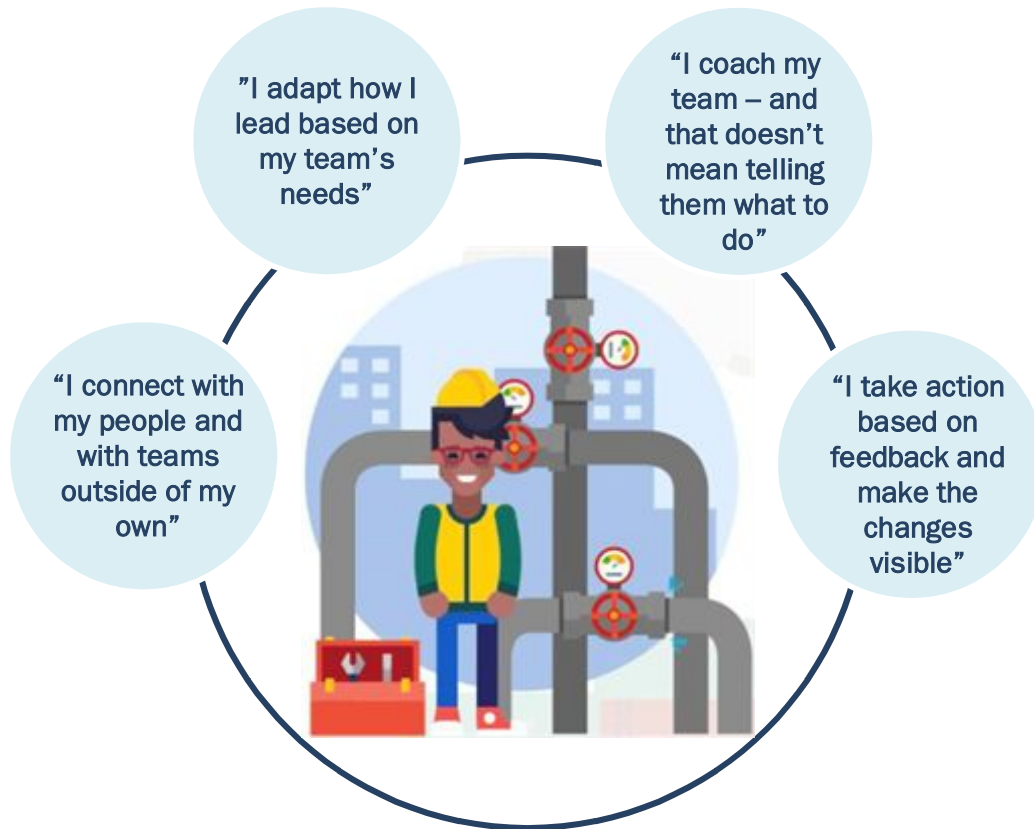
Coordinating all parts of Watercare to take rapid action

Transparent access to information and data for front line and executive decision making

Using the latest customer innovations to deliver our target customer experience

Using best practice customer experience standards and practices

Role modelling the change is the aim of Watercare's Leadership Programme



Our ability to lead through change is a key capability for our future.

Our Developing Leadership Capability programme, run with our 150 people leaders, focuses on role modelling the change needed which will deliver us the right organisation and culture, both for Watercare's people and customers.

The programme:

- Prioritises leadership of people over management of tasks
- Emphasises coaching, feedback and constructive challenge to make needed shifts towards a high performance and customer oriented workplace
- Focuses on the need to connect genuinely with our people, understand who they are, know their motivations and see where they're heading

Everything we do
Every word we say
Every action we take
...impacts others

7.1

Board - Public Session - Directors' Corporate Governance Items

Board Planner 2018

	February	March	April	May	June	July	August	September	October	November	December		
Meetings	Board	27-Feb	27-Mar	24-Apr	29-May Newmarket*	No Board Meeting (Strategy workshop instead on 19 June)	31-Jul	31-Aug	26-Sep	30-Oct Newmarket*	28-Nov	17-Dec (Teleconference)	
	Audit and risk committee				17-May		31-Jul (before Board meeting)	17-Aug (10-12noon)			28-Nov (after Board meeting)		
	People Remuneration and appointments committee			24-Apr (after Board Meeting)	29-May (after Board Meeting)	19-June (before Strategy workshop)		17-Aug (8-10am)		30-Oct (after Board meeting)			
	STP Committee				28-May								
	CI/Major Capex Committee				7-May								
Governance	Charter reviews				A&R Charter		Corporate Governance Charter			PRAC charter			
	Policy reviews				Infrastructure Growth Charges Policy					Treasury policy review (via A&R)	Our commitment to H&S Policy		
	Delegations				Annual review of board delegations to CE								
	Quarterly risk reviews			Risk report			Risk report			Risk report			
	Compliance			Statutory compliance			Statutory compliance			Statutory compliance			
	Shareholder interaction	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) Governing Body/Board workshop 21 June		Q4 quarterly report due 31 August	Q4 briefing to F&P Committee 19 Sept (M Devlin) Auckland Council's A&R Committee Date TBC Governing Body / Board workshop 25 September	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 (after Board Meeting)		Site Visit (after Board Meeting)		Site Visit (after Board Meeting)	Date TBC	Site Visit (after Board Meeting)		
H&S Quarterly report			Jan-Mar 18 Report			Apr-Jun 18 Report			Jul-Sept 18 Report				
Board Training & development					H&S Due diligence refresher. Date TBC.								
						Strategy Workshop 19 June							
Business strategy	Strategic planning												
	Strategy updates	Climate Change (Theme: Value of Water)	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	Key finance and business decisions	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	AMP		Auckland Council LTP - approve Watercare input*	
	Statement of intent	Approval of Draft 2018-2021 SOI			Present shareholder SOI feedback at public meeting. Public Deputations received.	Final 2018-2021 SOI issued to shareholder		Final 2018/2021 SOI adopted by Auckland Council		2017/2018 SOI Results to be presented to Board at Public Meeting. Public Deputations received.		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 – Executive Management

Date: 17 April 2018

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
Rebecca Chenery	Director – Chenery Consulting Services Limited
David Hawkins	Nil
Jason Glennon	Nil
Mark Bourne	Trustee – Watercare Harbour Clean Up Trust

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 and Committee Memberships

Date: 17 April 2018

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
The Hon Dame Annette King	01 November 2017	31 October 2020

Below is a summary of the Membership of the four Board Sub-Committees.

Director	Audit and Risk	People, Remuneration and Appointments	Strategic Transformation Programme	Major Capex
M Devlin	*	*		✓
J Hoare	Committee Chair			✓
C Harland		Committee Chair		✓
A King		✓	Committee Chair	
N Crauford			✓	Committee Chair
B Green	✓		✓	
D Thomas	✓	✓		

**Board Chair attends in ex-officio capacity*

RECOMMENDATION

That the report be received.

Approved by:



R Jaduram
Chief Executive