

## WATERCARE SERVICES LIMITED

<b>AGENDA</b>	<b>BOARD MEETING</b>	<b>Tuesday, 28 November 2017</b>
<b>Venue</b>	Watercare Services Limited, Level 3, 73 Remuera Road, Newmarket	
<b>Time</b>	Noon	

### 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 26 October 2017	<a href="#">Board Minutes 26 October 2017</a>
3 Directors Corporate Governance Items			
3a Board Planner	Chair	For approval	<a href="#">Board Planner</a>
3b Review Directors' Disclosure of Interests	Chair	For approval	<a href="#">Disclosure of Interests</a>
3c Review Executive Management Disclosure of Interests	Chair	For approval	<a href="#">Disclosure of Interests</a>
3d Review Director Appointment Terms	Chair	For approval	<a href="#">Appointment Terms</a>
4 For Information			
4a Health & Safety Report	R Jaduram	Receive Report	<a href="#">Report</a>
4b Chief Executive's Report	R Jaduram	Receive the Chief Executive's report	<a href="#">Report</a>
5 Strategy			
5a Organisation and Culture	A Miller	Presentation	<a href="#">Presentation</a>
6 New Website Launch Update	M Bridge	Report and Presentation	<a href="#">Report</a> and presentation
7 General Business	Chair		

<b>Date of next meeting</b>	Wednesday, December 20, 2017
<b>Venue</b>	Watercare Services Limited, Level 3, 73 Remuera Road, Newmarket

# MINUTES

SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Watercare Services Limited, 73 Remuera Road, Newmarket
DATE	26 October 2017
TIME	12.00pm
STATUS	Open Session

	<b>Present:</b> M Devlin (Chair) N Crauford B Green C Harland T Lanigan (until 1pm)	<b>In Attendance:</b> R Jaduram (Chief Executive) B Monk R Fisher R Chenery E McBride Hon A King (Observer)  J Cain (Materiality Works) - Agenda Item 4 a R O'Connor - Agenda Item 4a R Klein - Agenda Item 4a  R Tinholt (Watercare's Biosolids manager)	<b>Public in Attendance:</b> Three members of the public and one from the Independent Maori Statutory Board.
1.	<b>Apologies</b> J Hoare (Deputy Chair) and D Thomas.		
2.	<b>Minutes of Previous Meeting</b> The Board <b>resolved</b> that the minutes of the public section of the Board meeting held on 21 September 2017 be confirmed as correct.		
3.	<b>Directors Corporate Governance Items</b> <b>Board Planner</b> <ul style="list-style-type: none"> <li>– The Chair noted that Health &amp; Safety visits are now included in the Board Planner, and requested that these visits also include visits to Capex sites.</li> <li>– In April 2018, the Health &amp; Safety visit should be combined with the planned Health &amp; Safety refresher workshop.</li> <li>– In relation to the Policy Review, the Board requested that Management provide an update on the Board approved policies, and when these are due to be next reviewed.</li> <li>– The Board would also like all of the General Managers to attend Board meetings on a 2-3 month rotation.</li> </ul> <b>Disclosure of Interests</b> <ul style="list-style-type: none"> <li>– The report was taken as read.</li> </ul> <b>Director Appointments and Terms</b> <ul style="list-style-type: none"> <li>– The Chair noted that she is working with Council to ensure there is smooth transition in 2019, when a number of director appointments are due to end.</li> </ul>		

### Public Deputations

The Company Secretary advised that this meeting is one of two meetings that Watercare holds annually, where the public are invited to address the Board. This October Board meeting considers Watercare's performance under its Statement of Intent, and the public can address the Board for 5 minutes on matters relating to the Statement of Intent. The Board does not answer questions on the day, but will provide a written response in 7-10 days.

At this meeting, two members of the public addressed the board, first Mr Bob Tait and then Ms Tricha Cheel.

#### Mr Bob Tait – Friends of the Earth

Mr Tait addressed the Board in relation to biosolids. A written report was provided to the Board in advance of the Board meeting. At the meeting, Mr Tait noted:

- There has been movement to update the Biosolids Guidelines through Water New Zealand in relation to their beneficial reuse (Watercare's Rob Tinholt is on the Water New Zealand Committee. Watercare and Auckland Council have made a submission).
- Mr Tait is concerned because in his view, the approach taken in the proposal is not precautionary. In particular:
  - o Cadmium – causes the liver and kidneys of sheep to be inedible when there is uptake at 1 part per million. However, the proposed reuse standard is 12-17 parts per million for urban soils. Mr Tait urged Watercare to reconsider its support for the kind of loads on land.
  - o Lead – the limits are also going up under the standards, even though lead bio-cumulates in plants and humans.
  - o Waste – the word “waste” is being removed from the guidelines. However, the standard will cover “waste”.
- Mr Tait also raised concerns regarding the openness of the process, which is being organised through Water New Zealand.
- He noted that while there have been submissions from industry and the Ministry of Health, there has been no submissions from Iwi.
- The guidelines are due to be brought into place next year.
- In terms of questions for the Board, Mr Tait asked:
  1. Is Watercare aware that the proposals by Water New Zealand are cutting across the considered position of the Unitary Plan? He is concerned that Watercare is in danger of compromising its good reputation as a leader in sustainability.
  2. In the 2017 Annual Report, the list of biosolids only lists 5 elements, and does not include copper and zinc. The report also averages the results across Mangere and Rosedale, and only gives one figure. These plants have different catchments, so in his view there is no transparency on what the Mangere and Rosedale levels are.

#### Ms Tricha Cheel – Friends of Sherwood

Ms Cheel addressed the Board in relation to Huia, Algae, Alternatives to 1080 and climate change. A written report was provided to the Board in advance of the Board meeting.

- Ms Cheel noted she was impressed that Watercare is using ultrasonic technology in the water supply lakes to deal with algae.
- Ms Cheel was also impressed that Watercare had acquired the cutting rights to 1900 hectares in the Hunua Ranges so as to regenerate it with natives and protect the water supply lakes.
- Ms Cheel accepted that the decision to undertake a 1080 drop in the Hunua Ranges was for the Auckland Council and not Watercare. However, Ms Cheel noted that over 60% of the population do not like the use of 1080. Ms Cheel urged Watercare to pilot alternatives to 1080, which are non-toxic.

	<ul style="list-style-type: none"> <li>- She also drew the Board’s attention to the moves in Europe to ban the use of glyphosates for weed control.</li> </ul>
4.	<p><b>Strategy</b></p> <p><b>Integrated Reporting – Materiality Survey Results</b></p> <p>R O’Connor spoke to the paper.</p> <ul style="list-style-type: none"> <li>– The results of the Materiality Survey outcomes will help Watercare re-define some KPIs, and these will be reported to the Board at the November Board meeting.</li> <li>– In the meantime, Watercare has informed Auckland Council that Watercare is completing Integrated Reporting.</li> </ul> <p>R Klein also spoke to the paper and introduced Ms Jo Cain from Materiality Works.</p> <ul style="list-style-type: none"> <li>– The results of the Materiality Survey do not dictate Watercare strategy. However, it does provide a good snapshot of what stakeholders find material.</li> </ul> <p>Ms Cain gave a presentation to the Board, summarising the results of the Materiality Survey, which had involved representatives from Watercare, as well as external stakeholders, including the Council, Local Boards and Treasury. Ms Cain’s Powerpoint presentation was included in the Board papers.</p> <ul style="list-style-type: none"> <li>– Ms Cain works with companies such as NZ Post, Sanford, Commonwealth Bank, KFC, among others, on similar matters.</li> <li>– Her aim was to find out what matters most to Watercare in relation to both financial and non-financial “capitals”. The benefit of the process is that it allows Watercare to prioritise issues with reference to what both internal and external stakeholders find most material.</li> <li>– Ms Cain noted that the sample was quite targeted. She had never seen a Radar Chart where the external stakeholder issues were so well aligned to those of the internal stakeholders.</li> <li>– From here, the results will allow Watercare to complete a “reality check” to ensure their strategy is in line with what stakeholders feel is most material. There is also very good opportunity to use the results for external reporting, including Watercare’s first Integrated Report next year.</li> </ul> <p>The Chair thanked the team for their work and noted it was very positive to have this feedback and information.</p>
5.	<p><b>Annual Performance Against Statement of Intent</b></p> <p>R Chenery spoke to the report. She also gave a presentation to the board.</p> <ul style="list-style-type: none"> <li>– Only two of the 23 measures were not achieved. One related to overflows, which had been significantly increased as a result of the “Tasman Tempest” and the other related to not achieving the number of MOUs signed with the Iwi of Auckland.</li> <li>– A King noted that the results were impressive.</li> <li>– B Green noted in relation to the Iwi measure, which had not been met, that the measure needs to be more reflective of the good health of the relationships Watercare has with Iwi.</li> <li>– R Chenery agreed that the current measure is a blunt instrument, and it does not show all of the work done by Watercare. For next year, Watercare is looking at measuring “trust” and could incorporate Maori engagement/relationships into that measure.</li> <li>– The CE noted that Watercare does not wish to use token measures – instead we are interested in doing things with depth.</li> <li>– The Chair agreed that the measure needs to be relevant, and not just a matter of ticking a box.</li> </ul>

6.	<p><b>For Information</b></p> <p><b>a) Health and Safety Report</b></p> <p>The Chair noted that the Telarc Report had three areas for improvement and the CE noted that some of these are already being actioned.</p> <p>C Harland asked about the availability of the 24/7 phone number. The CE noted that this involved a minor improvement and related to availability for staff and not the wider public.</p> <p>N Crauford asked about the flashover event at Ladies Mile. The CE reported that Worksafe is not investigating the matter. Watercare's investigations are going broader and will have a full update for the Board in November.</p> <p><b>b) Chief Executive's Report</b></p> <p>The Chair requested an update on the E Coli sample found in the Snells-Algies Water Treatment Plant, which draws from two groundwater bores. The CE noted that once a bore is contaminated, barrier treatment is installed. In this case a UV Light disinfection system has been installed. However, it is almost impossible to pinpoint the source of the contamination. The CE confirmed that there had been no risk to human health.</p> <p>C Harland asked about the letter from Council regarding the need for Watercare employees to attend risk meetings at Council together with the other CCOs. C Harland said in her view, this appears to be a matter requiring a governance oversight. The Chair sees the exercise as an information sharing process. However, the Chair asked Management to keep an eye on the process to ensure it does not expand beyond this.</p>
6.	<p><b>General Business</b></p> <p>The Chair thanked T Lanigan for his service as a director and noted that his contributions will be missed.</p> <p>The meeting closed at 1.25pm.</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

M Devlin  
Chair

Board - Public Session - Directors' Corporate Governance Items

Board Planner 2017/ 2018

	November	December	January	February	March	April	May	June	July	August	September	October	November	December
<b>Board</b>	28-Nov Newmarket	20-Dec Newmarket	30-Jan Newmarket	27-Feb	27-Mar	24-Apr	29-May Newmarket*	19-Jun	31-Jul	22-Aug	26-Sep	30-Oct Newmarket*	27-Nov	19-Dec
<b>Meetings</b>			30-Jan (before Board Meeting)			18-Apr			31 Jul (before Board meeting)	17-Aug		TBA - either Oct or Nov		
<b>Audit and risk committee</b>														
<b>People Remuneration and appointments committee</b>			30-Jan (after Board meeting)			24-Apr (after Board Meeting)	29-May (after Board Meeting)	19-June (after Board Meeting)		22-Aug (after Board Meeting)		30-Oct (after Board meeting)		
<b>Governance</b>				Corporate Governance Charter		A&R Charter		PRAC charter						
<b>Charter reviews</b>														
<b>Policy reviews</b>	Our commitment to H&S Policy				Infrastructure Growth Charges Policy	Risk Management Policy						Treasury policy review (via A&R)		Fraud Policy
<b>Delegations</b>							Annual review of board delegations to CE							
<b>Quarterly risk reviews</b>			Risk Report			Risk report			Risk report			Risk report		
<b>Compliance</b>			Statutory compliance			Statutory compliance			Statutory compliance			Statutory compliance		
<b>Shareholder interaction</b>	Q1 Quarterly report due 8 Nov. Briefing to F&P on 24 Nov			Q2 quarterly report due Date TBC	Q2 briefing to F&P Committee Date TBC		Q3 quarterly report due Date TBC	Q3 briefing to F&P Committee Date TBC		Q4 quarterly report Date TBC	Q3 briefing to F&P Committee Date TBC	Auckland Council's A&R Committee Date TBC		
<b>Site Visits</b>	Site Visit (after Board Meeting)		Site Visit (after Board Meeting)		Site Visit (after Board Meeting)		Site Visit (after Board Meeting)		Site Visit (after Board Meeting)		Site Visit (after Board Meeting)		Site Visit (after Board Meeting)	
<b>H&amp;S Quarterly report</b>			Oct-Dec 17 Report			Jan-Mar 18 Report			Apr-Jun 18 Report			Jul-Sept 18 Report		
<b>Board Training</b>						H&S Due diligence refresher. Date TBC.								
<b>Business strategy</b>	27 Nov - Asset Management Plan internal workshop				Strategy Workshop									
<b>Strategy updates</b>	Organisation and Culture	Technology, Innovation and Digital transformation	New Ventures	Financing & Funding - Options for large capital projects.	The Value of Water (Non-Revenue Water)	Organisation and Culture	Technology, Innovation and Digital transformation - Beneficial Reuse	New Ventures	Demand Management Plan update (Theme: Value of Water)	Voice of the Customer (Theme: Technology, Innovation and Digital Transformation)	Options for large capital projects (Theme: Financing and Funding)	Faults and New Connections (Theme: Technology, Innovation and Digital Transformation)	Smart Infrastructure (Theme: Technology, Innovation and Digital Transformation)	Organisation and Culture
<b>Business planning</b>		Auckland Council LTP - approve Watercare input*	Approve half year accounts	a) approve financials for Draft SOI including projected 18/19 price increases, b) approve long term financials for Auckland Council modelling				Approval of 2018/19 Budget		a) approve 2017/18 accounts, b) delegate final sign off of 2017/18 Annual Report	Update from WUCAT			
<b>Statement of intent</b>		2018/19 Letter of Expectation to be received		Approval of Draft 2018-2021 SOI			Present shareholder SOI feedback at public meeting	Final 2018-2021 SOI issued to shareholder						2019/20 Letter of Expectation to be received

\* Statutory public Board meeting - deputations invited

> Timetable/Plan not yet available

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

## Report to the Board of Watercare Services Limited

**Subject:** Disclosure of Interests

**Date:** 21 November 2017

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

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

<b>Director</b>	<b>Interest</b>
Margaret Devlin	<ul style="list-style-type: none"> <li>– Chairman, Harrison Grierson Limited</li> <li>– Director, City Care Limited</li> <li>– Director, Meteorological Services of NZ</li> <li>– Director, Waikato Regional Airport</li> <li>– Chair, Titanium Park (wholly owned subsidiary of Waikato Regional Airport)</li> <li>– Director, IT Partners Group</li> <li>– Director, Aurora Energy</li> <li>– Independent Chair of Audit and Risk Committee, Waikato District Council</li> <li>– Chairman, Women in Infrastructure Network</li> <li>– Member, Wintec Council</li> <li>– Member, The University of Waikato Council</li> </ul>
Catherine Harland	<ul style="list-style-type: none"> <li>– Director, McHar Investments Ltd</li> <li>– Director, Interface Partners Ltd</li> <li>– Trustee, One Tree Hill Jubilee Educational Trust</li> <li>– Member, Auckland Regional Amenities Funding Board</li> <li>– Member, Water Allocation Technical Advisory Group</li> </ul>
Julia Hoare	<ul style="list-style-type: none"> <li>– Director, AWF Madison Group Limited</li> <li>– Director, New Zealand Post Limited</li> <li>– Deputy Chairman, The a2 Milk Company Limited</li> <li>– Director, The a2 Milk Company (New Zealand) Limited</li> <li>– Director, Port of Tauranga Limited</li> <li>– Member, Auckland Committee, Institute of Directors</li> <li>– Member, Advisory Panel to External Reporting Board</li> <li>– Member, Institute of Directors National Council</li> </ul>
Nicola Crauford	<ul style="list-style-type: none"> <li>– Director, Environmental Protection Authority</li> <li>– Member of Electoral Authority, Cooperative Bank Limited</li> <li>– Specialist Advisor, WorleyParsons New Zealand Ltd</li> <li>– Director and Shareholder - Riposte Consulting Limited</li> <li>– Director, Wellington Water Limited</li> <li>– Director, Orion New Zealand Limited</li> <li>– Chairman, GNS Science Limited</li> <li>– Deputy Chairman, Fire and Emergency New Zealand</li> </ul>
David Thomas	<ul style="list-style-type: none"> <li>– Chairman, Ngati Whakaue Tribal Lands Inc</li> <li>– Chairman, Gypsum Board Manufacturers of Australasia</li> <li>– Shareholder / Employee, Fletcher Building Limited</li> <li>– Director, New Zealand Ceiling &amp; Drywall Supplies Limited</li> <li>– Director, Altus NZ Limited</li> </ul>

Brendon Green	<ul style="list-style-type: none"><li>- Director, Kaitiaki Advisory Limited</li><li>- Director, Tainui Kawhia Incorporation</li><li>- Director, Peak2Peak</li><li>- Executive Director, Bay Dairy Limited</li><li>- Executive Director, Advanced Biotech NZ</li><li>- Executive, Te Runanganui o Ngati Hikairo</li><li>- Management contract, Tainui Kawhia Minerals</li></ul>
Hon Annette King	<ul style="list-style-type: none"><li>- Chair, Life Flight Trust Wellington.</li></ul>

## RECOMMENDATION

That the report be received.

Approved by:



R Jaduram  
**Chief Executive**



## Report to the Board of Watercare Services Limited

**Subject:** Disclosure of Interests – Executive Management

**Date:** 21 November 2017

<b>Executive</b>	<b>Interest</b>
Raveen Jaduram	Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust Steering Committee Member – Business Leaders' Health and Safety Forum Chair - Centre for Infrastructure Research at University of Auckland Director – J N Jaduram Corporation Limited (Fiji)
Rob Fisher	Deputy Chairman - Middlemore Foundation President - Auckland University Rugby Football Club Trustee - Watercare Harbour Clean Up Trust Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust Director – Hunua Forests Ltd
Brian Monk	Deputy Chairman - MIT Chairman Audit and Compliance Committee - MIT Trustee - Watercare Harbour Clean Up Trust Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust Director – Hunua Forests Ltd
Steve Webster	Director – Howick Swimgym Limited
Marlon Bridge	Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust
Martin Smith	Director – Heatley Smith Limited
Shayne Cunis	Board Member – Water Environment and Reuse Foundation
Adrienne Miller	Advisory Board Member – Women In Infrastructure Trustee – Diversity Works New Zealand
Rebecca Chenery	Nil
David Hawkins	Nil
David Sellars	Nil

### RECOMMENDATION

That the report be received.

Approved by:



R Jaduram  
Chief Executive

## Report to the Board of Watercare Services Limited

**Subject:** Watercare Director Appointment Terms

**Date:** 21 November 2017

---

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

<b>Director</b>	<b>Original Appointment Date</b>	<b>End of Term</b>
Margaret Devlin (Chair)	01 November 2016	31 October 2019
Julia Hoare (Deputy Chair)	01 November 2013	31 October 2019
Catherine Harland	21 April 2011	31 October 2019
Nicola Crauford	01 April 2014	31 October 2019
David Thomas	01 November 2014	31 October 2020
Brendon Green	01 November 2016	31 October 2019
Hon Annette King	01 November 2017	31 October 2020

### RECOMMENDATION

That the report be received.

Approved by:



R Jaduram  
**Chief Executive**

# Report to the Board of Watercare Services Limited

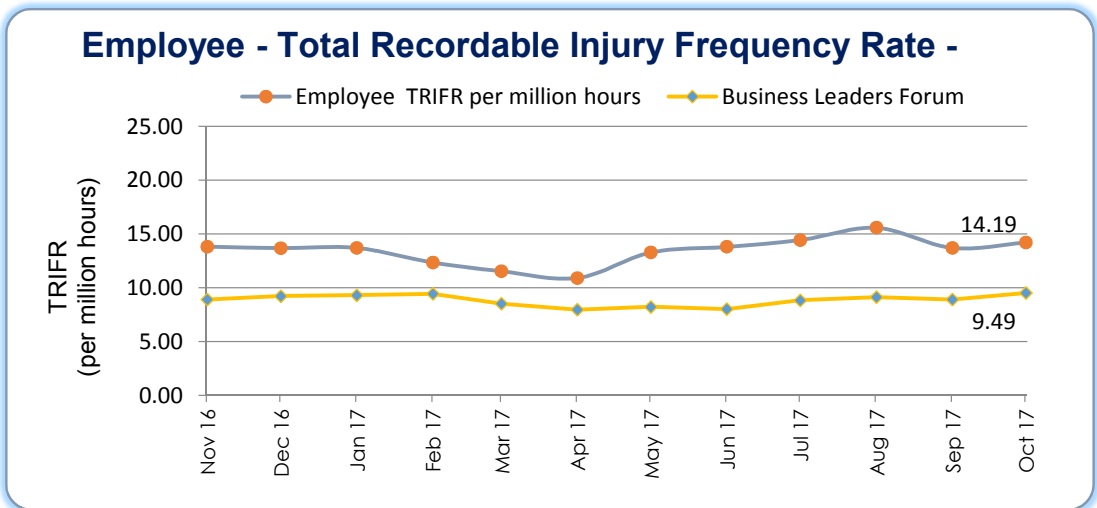
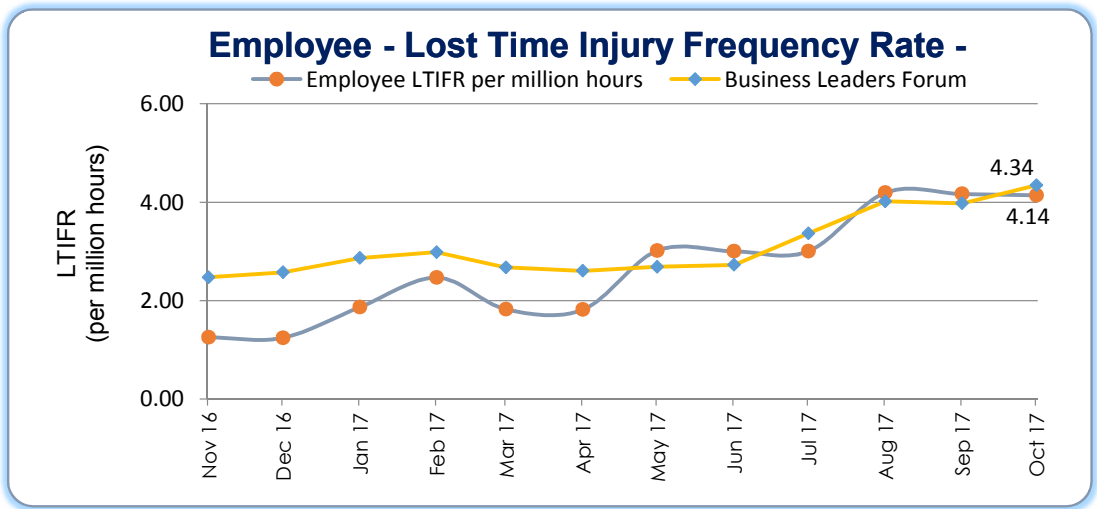
**Subject:** Health and Safety Report – October 2017

**Date:** 21 November 2017

## 1. LAG INDICATORS

There were no Lost Time Injuries (LTI) or Restricted Duties Injuries (RDI) for Watercare employees during the month of October. There was one Medical Treatment Injury (MTI) involving a Watercare employee during October. As a result the rolling 12 month Lost Time Injury Frequency Rate (LTIFR) for employees has moved to 4.14 per million hours, while remaining below the Statement of Intent target of ≤5.

The rolling 12 month Total Recordable Injury Frequency Rate (TRIFR) is 14.19 per million hours, below the Statement of Intent target of ≤20.



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

## 2. WATERCARE EMPLOYEE INJURIES

Whilst working inside a pump station, a maintenance worker bumped his head and sustained a cut that required sutures. Workers have been reminded to adequately assess workplace hazards and ensure they wear head protection with chin straps in such work environments.

## 3. CONTRACTOR WORKER INJURIES

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

A water meter reader tripped over a tree root causing him to fall backwards. He experienced back pain as a result and was declared unfit for work for a period of five days. Management reiterated the importance of workers being vigilant around slip and trip hazards when undertaking their duties.

## 4. SIGNIFICANT INCIDENTS/HAZARDS/NEAR MISSES

As advised, in October 2017, a contractor worker was injured in a flashover incident in Ladies Mile, Ellerslie. The worker sustained partial thickness burns to his arm and face, and was taken to hospital and discharged later the same day. He attended a meeting the following day as investigations into the incident were commenced. The incident was reported to Worksafe, who did not visit the site and have decided not to investigate the incident.

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

The contractor was found to have inadequate risk management systems in place for the identification and safe working controls for underground services. The investigation has further highlighted the need for Watercare to ensure that contractors have robust health and safety management systems and workers with requisite experience and expertise.

Remedial actions:

### Contractor

- Conducted in-house training for all workers to the Utilities Guideline for Safe Working in the Road Corridor.
- Amended internal process to clarify that 'Before-U-Dig' service plans must be on site prior to work commencing.
- 3<sup>rd</sup> party experts have now been engaged for service mark outs of complex sites.

### Watercare

- Temporarily required the contractor to have a Watercare staff member present when undertaking excavation works.
- Developed a schedule for review of the contractor's health and safety management systems by an independent auditor to verify health and safety system improvements, with a monitoring plan to ensure the contractor meets its post audit action and recommendation requirements.
- Revised MSN work procedures and pre-start forms to include Utilities Advisory requirements for safe working in the road corridor.
- Commenced a review of the practices of all other Watercare contractors working for MSN on similar type of work.

## 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 indicator statistics for the previous three months on a selection of four Watercare construction project sites. Overall this indicates a positive culture of monitoring of activities and equipment.

## 6. INDEPENDENT AUDIT REVIEWS

The three recommendations from the Telarc audit report have been reviewed and actioned for close out. These are:

- that management may wish to consider displaying the control room phone number in the first instance as a 24/7 available number: Contact information at the plant has been updated.
- that 'Quarantine Areas' be established at each site where non-compliant equipment may be stored pending their inspection and testing, to ensure that non-compliant equipment is not used in error: The contractor responsible for the equipment has been given a directive to remove all equipment from site when work is complete and to ensure that damaged and unserviceable equipment is tagged/labelled. The option of a quarantine area is being looked at.
- that when planning Site Inspections it is suggested these be risk-based to ensure that areas that pose particular risks are focussed on a more regular basis: This is already in place. Additional monitoring and recording of inspections will be undertaken to ensure compliance.

The independent audit at the Wairau Road Pumping Station project was undertaken in October. Initial feedback from the auditor suggests that the result is largely positive, and a formal detailed report is expected shortly. The audit included a review of the following work activities:

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

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

**7. HEALTH AND SAFETY TRAINING**

Following completion of the manager training workshops conducted with EMA, additional in-house training has been scheduled for the coming months and will commence with Contractor Management and Incident Management, followed by other Health and Safety Toolkit elements. These sessions will be more in depth than previous introductions to the Toolkit and expected to improve people managers' understanding and capability, and enable them to take these learnings practically into the workplace.

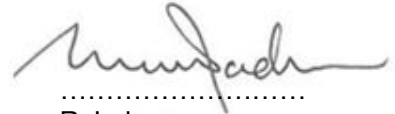
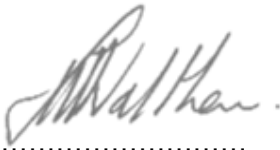
**8. RECOMMENDATION**

That the Board receives this report.

Prepared by:

Reviewed by:

Approved by:



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

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

.....  
R Jaduram  
**Chief Executive**

## Appendix A

**Inspections** – Targets were set with business units for Health and Safety Inspections for the 2017-2018 financial year. In part this was done to identify new hazards and risk, but also as a way of embedding a culture of enquiry and vigilance around safety. The information below reflects a level of activity that indicates a positive ongoing culture of monitoring of activities and equipment.

Business Unit	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Total	Target for 2017-18	% Complete
Watercare House	0	0	0	1									1	6	17
Retail	20	17	18	15									70	130	54
<b>Infrastructure Delivery</b>															
Construction Delivery	13	13	13	27									66	230	29
Laboratory Services	9	13	14	10									47	104	45
MSO	10	14	4	16									44	138	32
MSN	30	40	47	60									177	180	98
<b>Total</b>	<b>60</b>	<b>80</b>	<b>78</b>	<b>113</b>									<b>334</b>	<b>652</b>	<b>51</b>
<b>Service Delivery</b>															
Networks	12	10	13	10									45	150	30
Asset Protection & Engineering Performance	4	4	7	5									20	40	50
Water Supply	15	13	12	7									47	192	24
Wastewater	21	18	15	20									74	232	32
<b>Total</b>	<b>52</b>	<b>45</b>	<b>47</b>	<b>42</b>									<b>186</b>	<b>614</b>	<b>30</b>
<b>Watercare Total</b>	<b>134</b>	<b>142</b>	<b>143</b>	<b>171</b>									<b>591</b>	<b>1402</b>	<b>42</b>

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

### Contractor lead indicator statistics

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

2017	Audits	Inspections	Safe Behaviour Observation	Hazards Identified	Safety Meetings held	Corrective Actions completed
<b>Mangere WWTP BNR Upgrade</b>						
August	0	17	30	163	4	75
Sept	0	12	47	156	4	161
October	4	13	45	109	5	97
<b>Pukekohe Trunk Sewer Upgrade</b>						
August	2	17	54	243	96	16
Sept	2	11	53	98	88	21
October	1	11	38	35	46	9
<b>Glen Eden Wastewater Storage Tank</b>						
August	0	4	2	42	10	36
Sept	0	3	1	41	4	0
October	0	4	9	22	3	0
<b>Waikato 175MLD Upgrade</b>						
August	0	5	0	0	7	0
Sept	0	2	3	0	2	0
October	0	6	3	1	6	0



Board - Public Session - For Information

WATERCARE SCORECARD 2017/2018																									
On budget, on time, within parameters			Unfavourable but within parameters			Major issue, needs attention			SOI	2016/17 Target	Amber Threshold	Red Threshold	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17
<b>1 Safe and Reliable Water</b>																									
1a	1a	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	☑	100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1b	1b	The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	☑	100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1c	1c	Percentage compliance with MoH drinking water standards		100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1d	1d	Percentage of metropolitan water treatment plants achieving Grade A (annual measure)		100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1e	1e	Percentage of metropolitan water supply reticulation achieving Grade A (annual measure)		100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1f	1f	Percentage of non-metropolitan water treatment plants achieving Grade A (annual measure)		50%	n/a	<45%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1g	1g	Percentage of non-metropolitan water supply reticulation achieving Grade A (annual measure)		50%	n/a	<25%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1h	1h	Percentage of unplanned water shutdowns restored within five hours (12 mth rolling average)		≥95%	93% to <95%	<93%	94%	94%	95%	95%	96%	96%	96%	96%	96%	96%	96%	95%	95%	95%	95%	93%	94%	93%	93%
1i	1i	Number of unplanned water interruptions per 1000 connected properties (12 mth rolling average)		≤10	>10 to 12	>12	4.8	5.0	5.1	5.3	5.4	5.7	5.7	5.7	5.9	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.1	6.1
1j	1j	Unrestricted demand - metropolitan		Unrestricted	Subjective	Restrictions apply	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted
1k	1k	Unrestricted demand - non-metropolitan		Unrestricted	Subjective	Restrictions apply	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted
<b>2 Healthy Waterways</b>																									
2a	2a	Number of dry weather sewer overflows per 100km of wastewater pipe length per year (12 mth rolling average)		≤5	>5 to 7	>7	1.99	1.86	1.78	1.60	1.60	1.86	1.89	1.90	1.92	2.09	2.28	2.37	2.37	2.37	2.37	2.37	2.37	2.37	2.37
2b	2b	Average number of wet weather overflows per discharge location (transmission system)	☑	≤ 2 overflows per year per engineered overflow point	Low risk non-compliance	High risk non-compliance	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
2bi	2bi	Average number of wet weather overflows per discharge location (transmission system) (12 month rolling average)		≤ 2 overflows per year per engineered overflow point	Low risk non-compliance	High risk non-compliance															3.41	3.56	3.39	3.05	2.98
2c	2c	The number of dry weather overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system	☑	≤10	>10 - ≤15	>15	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
2d	2d	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by the territorial authority in relation to those resource consents	☑	a) ≤2 b) ≤2 c) ≤2 d) 0	n/a	>2 (for any)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2e	2e	Number of sewer bursts and chokes per 1000 properties (12 mth rolling average)		≤10	>10 to ≤12	>12	6.80	6.90	7.20	7.60	8.00	8.40	9.00	9.20	9.28	9.36	9.26	9.17	9.20	9.20	9.20	9.20	9.20	9.20	9.20
2f	2f	Percentage of wastewater discharged that is compliant with consent discharge requirements for metropolitan areas		100%	98 to <100%	<98%	100%	100%	97%	100%	99%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2g	2g	Percentage of wastewater discharged that is compliant with consent discharge requirements for non-metropolitan areas		35%	n/a	<35%	87%	85%	86%	85%	85%	87%	86%	80%	87%	76%	87%	76%	79%	88%	88%	88%	88%	88%	88%
<b>3 Customer Satisfaction</b>																									
3a	3a	Median response time for attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site.	☑	≤ 60 mins	>60 - ≤90 mins	>90 mins	43 mins	42 mins	42 mins	42 mins	41 mins	41 mins	41 mins	41 mins	41 mins	41 mins	41 mins	41 mins	41 mins	41 mins	44 mins	45 min	46 min	46 min	46 min
3b	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	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.0 hours	2.9 hours	2.9 hours	2.8 hours	2.8 hours	2.7 hours	2.7 hours	2.7 hours	2.7 hours	2.7 hours	2.7 hours	2.7 hours	2.7 hours	2.7 hours	2.8 hours
3c	3c	Median response time for attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	☑	≤ 3 days	>3 - ≤ 5 days	>5 days	2.7 days	2.1 days	1.9 days	1.4 days	1.2 days	1.1 days	1.0 days	1.0 days	1.0 days	1.0 days	1.0 days	1.0 days	1.0 days	1.0 days	1.1 days	1.1 days	1.1 days	1.2 days	
3d	3d	Median response time for resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	☑	≤ 6 days	>6 - ≤ 8 days	>8 days	4.2 days	4.0 days	3.6 days	3.1 days	2.9 days	2.3 days	2.1 days	2.0 days	2.1 days	2.1 days	2.0 days	2.1 days	2.1 days	2.1 days	2.0 days	2.1 days	2.1 days	2.1 days	2.1 days
3e	3e	Percentage of customers surveyed satisfied with Watercare's delivery of water and wastewater services (12 mth rolling average)	☑	≥80%	≥75% to <80%	<75%	81.4%	81.4%	81.4%	81.8%	82.1%	82.2%	82.2%	82.4%	82.4%	82.8%	83.4%	83.7%	83.7%	83.7%	83.7%	83.7%	83.7%	83.7%	83.7%
3f	3f	The total number of complaints received by the local authority about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply f) the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system	☑	≤ 10	>10 - ≤15	>15	5.6	5.8	5.9	6.1	6.0	5.8	5.9	5.7	5.6	5.4	5.3	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
3g	3g	Attendance at sewerage overflows resulting from blockages or other faults: median response time for attendance - from the time that the territorial authority receives notification to the time that service personnel reach the site	☑	≤ 60 mins	>60 - ≤ 90 mins	>90 mins	48 mins	48 mins	49 mins	49 mins	49 mins	49 mins	50 mins	50 mins	50 mins	51 mins	51 mins	51 min	51 min	51 min	51 min	51 min	51 min	51 min	51 min
3h	3h	Attendance at sewerage overflows resulting from blockages or other faults: median response time for resolution - from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault	☑	≤ 5 hours	>5 - ≤ 8 hours	>8 hours	3.0 hours	3.0 hours	3.0 hours	3.0 hours	3.0 hours	3.1 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours
3i	3i	The total number of complaints received by the territorial authority about any of the following: a) sewerage odour b) sewerage system faults c) sewerage system blockages d) the territorial authority's response to issues with its sewerage system expressed per 1000 connections to the territorial authority's sewerage system	☑	≤ 50	>50 - ≤75	>75	21.8	22.0	22.1	22.1	22.1	23.2	24.5	24.4	24.1	23.5	23.1	22.6	22.4	22.4	22.4	22.4	22.4	22.4	22.4
3j	3j	Number of water quality complaints (taste, odour, appearance) per 1,000 water supply connections (12 mth rolling average)		≤5	>5 to ≤5.5	>5.5	3.31	3.42	3.51	3.70	3.50	3.37	3.30	3.50	3.46	3.48	3.50	3.46	3.47	3.47	3.47	3.47	3.47	3.47	3.47
3k	3k	Percentage of complaints being 'closed and resolved' within 10 working days (12 mth rolling average)	☑	≥95%	≥90% to <95%	<90%	92.90%	93.90%	94.10%	94.60%	95.9%	96.9%	97.6%	97.9%	98.1%	98.9%	99.9%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%
3l	3l	Net Promoter Score (year to date score)		>30	26-29	≤ 25	New scorecard measure as at Oct 17															30			
3m	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)	☑	≥60%													Annual measure	16.00%	21.05%	21.05%	21.05%	21.05%	26.32%	26.32%	

4.2

Board - Public Session - For Information

WATERCARE SCORECARD 2017/2018																		
On budget, on time, within parameters		Unfavourable but within parameters		Major issue, needs attention														
	SOI	2016/17 Target	Amber Threshold	Red Threshold	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	
<b>4</b>	<b>4</b>	<b>Health, Safety and Wellbeing</b>																
4a	4a	☑	≤5	5 - 7	>7	1.25	1.26	1.24	1.87	2.47	1.82	2.42	2.41	2.4	4.19	4.17	4.14	
4b	4b		<2.5%	>2.5 to 3.5%	>3.5%	2.19%	1.97%	2.08%	2.21%	2.19%	2.23%	2.28%	2.29%	2.29%	2.37%	2.35%	2.37%	
4c	4c	☑	≤12%	>12 to 14%	>14%	11.19%	10.66%	10.70%	11.31%	10.67%	10.04%	10.76%	11.15%	12.00%	12.38%	11.88%	11.19%	12.90%
4d	4d	☑	<20	>20 to <23	>23	16.94	14.45	14.3	14.31	12.95	10.93	10.9	12.06	13.2	13.81	15.44	13.69	14.19
<b>5</b>	<b>5</b>	<b>Financial Responsibility</b>																
5a	5a	☑	≥2.5	2.4 to <2.5	<2.4	3.91	3.98	3.92	3.95	4.02	3.99	3.92	3.91	3.94	4.53	4.10	4.05	3.97
5b	5b	☑	≤1.5%	1.2 to <1.5	>1.5	0.83%	0.84%	0.84%	0.85%	0.86%	0.86%	0.87%	0.86%	0.86%	0.89%	0.85%	0.85%	0.86%
5c	5c		≥100%	≥98% to <100%	<98%	101%	100%	101%	101%	101%	100%	100%	101%	101%	102%	101%	101%	
5d	5d		≥100%	≥95% to <100%	<95%	110%	116%	122%	121%	127%	120%	112%	111%	113%	162%	118%	113%	107%
5e	5e		≤100%	>100 to <102%	>102%	95%	94%	95%	95%	94%	96%	97%	98%	99%	101%	105%	104%	102%
5f	5f		+	-\$0.1m to -\$2m	> -\$2m	11.86	15.86	17.5	23.34	32.39	31.39	29.7	38.2	53.1	8.59	7.11	8.97	9.54
5g	5g		+	-\$0.1m to -\$2m	> -\$2m	36.58	92.07	118.33	134.22	131.4	129.31	120.4	109.99	141.84	0.08	-11.9	0.7	-9.9
5h	5h		Negative	\$0.1m to \$10m	> \$10m	6.70	4.10	1.60	14.20	0.70	-11.30	-20.70	-26.60	-23.50	-6.80	-7.50	-8.30	-14.50
<b>6</b>	<b>6</b>	<b>Fully Sustainable</b>																
6a	6a	☑	270 +/- 2.5%			273	272	272	272	271	271	272	272	272	272	273	273	
6b	6b		Information only			157	162	168	171	168	162	154	152	152	147	Accurate meter reading based calculations are only able to be done on a 2 month lag basis.		
6c	6c		Information only			2,984,463	3,044,237	3,152,566	3,267,842	3,091,670	3,223,550	2,905,975	2,948,602	2,887,411	2,869,036			2,953,759
6d	6d		Information only			16.8%	16.8%	16.7%	16.8%	16.9%	16.9%	17.1%	17.0%	17.1%	17.2%			17.2%
6e	6e	☑	≤13%	>13 to 13.2%	>13.2	11.5%	11.5%	11.4%	11.5%	11.7%	11.7%	11.9%	11.8%	11.9%	12.0%			12.0%
6f	6f		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%	
6g	6g		No specific target - information only			10.9%	10.9%	10.8%	10.9%	11.1%	11.1%	9.7%	9.5%	9.6%	9.7%	Accurate meter reading based calculations are only able to be done on a 2 month lag basis.		
6h	6h		No specific target - information only			0.35%	0.34%	0.34%	0.34%	0.34%	0.34%	0.33%	0.31%	0.31%	0.32%			0.33%
6i	6i		No specific target - information only			23.3%	22.8%	22.6%	22.8%	22.4%	22.4%	21.8%	20.7%	20.8%	21.3%			21.7%
<b>7</b>	<b>7</b>	<b>Policy Compliance</b>																
7a	7a		Within policy	Planned outside policy	Unplanned outside policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy

4.2

## Watercare Services Limited

**Subject: Chief Executive Report – November 2017**

**Date: 21 November 2017**

### 1. HEALTH AND SAFETY

There were no Lost Time Injuries (LTI) or Restricted Duties Injuries (RDI) for Watercare Employees. There was one Medical Treatment Injury (MTI) involving a Watercare employee during October (full details are included in the Health & Safety Report). As a result, the rolling 12 month Lost Time Injury Frequency Rate (LTIFR) for employees has moved to 4.14 per million hours, below the Statement of Intent target of ≤5.

The rolling 12 month Total Recordable Injury Frequency Rate (TRIFR) has increased to 14.19 per million hours, (which is below the Statement of Intent target maximum of less than 20 per million hours).

As reported in last month's Chief Executive's report, during October, a contractor was injured in a flashover incident in Ladies Mile, Ellerslie. Watercare's internal investigation is now complete and a full update is included in this month's Health & Safety report.

### 2. CUSTOMER FOCUS

Performance against Statement of Intent measures for October was good. All customer service performance metrics were above target for the month.

The customer satisfaction score in October was 83.7% and the rolling 12 month average is 83.7%, against a target of 80%. Complaint resolution was 100% for October. The rolling 12 month average is 99.4%, against a target of 95%.

The Net Promoter Score (NPS) for the financial year to date is 30, against a full-year target of >30. Analysis of 'voice of the customer' data has identified that billing and pricing issues have the highest correlation with customer satisfaction and the most significant impact on Watercare's overall NPS.

### 3. FINANCE

#### Financial Performance

	Current Month			Year to Date			Full Year		
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var
<b>Figures (\$millions)</b>									
Revenue	48.9	50.1	(1.2)	209.9	201.1	8.8	623.0	617.5	5.5
Operating Expenses	17.6	18.4	0.8	73.4	72.3	(1.1)	215.7	213.6	(2.1)
Depreciation	17.7	18.9	1.2	70.7	73.5	2.8	230.0	230.0	0.0
Interest expense	6.8	6.5	(0.3)	26.8	25.9	(0.9)	82.8	82.0	(0.8)
<b>Total Contribution</b>	<b>6.8</b>	<b>6.3</b>	<b>0.5</b>	<b>39.0</b>	<b>29.4</b>	<b>9.6</b>	<b>94.5</b>	<b>91.9</b>	<b>2.6</b>
Non-operating costs/(income)	0.8	0.7	(0.1)	3.5	2.7	(0.8)	8.8	8.0	(0.8)
Financial instruments revaluation - loss/(gain)	11.30	-	(11.3)	18.6	-	(18.6)	18.7	-	(18.7)
<b>Operating Surplus / (Deficit) Before Tax</b>	<b>(5.3)</b>	<b>5.6</b>	<b>(10.9)</b>	<b>16.9</b>	<b>26.7</b>	<b>(9.9)</b>	<b>67.0</b>	<b>83.9</b>	<b>(16.9)</b>
Deferred Tax - Expense/(Credit)	(1.5)	1.5	3.0	8.0	9.6	1.6	31.0	35.6	4.6
<b>Net Surplus / (Deficit) After Tax</b>	<b>(3.8)</b>	<b>4.1</b>	<b>(7.9)</b>	<b>8.8</b>	<b>17.0</b>	<b>(8.2)</b>	<b>36.0</b>	<b>48.3</b>	<b>(12.3)</b>
<b>FFO Ratio</b>				3.97	3.94		4.03	4.06	
<b>EBITDA</b>	29.5	30.1	(0.6)	123.8	122.2	1.6	381.2	383.9	(2.7)
<b>EBIT</b>	1.4	12.1	(10.7)	43.7	52.7	(9.0)	149.8	165.9	(16.0)
Leakage Allowance Granted	0.4	0.4	(0.0)	1.9	1.6	(0.2)	5.8	5.6	(0.2)

**Month – Total Contribution of \$6.8m - favourable variance to budget of \$0.5m**

Total revenue was unfavourable \$1.2m to budget due to; infrastructure growth charge revenue unfavourable \$0.9m, water and wastewater revenue unfavourable \$0.5m, with water volumes at an average of 393 mld, 1.6% lower than budget. These unfavourable variances were partly offset by favourable vested assets revenue of \$0.1m.

Operating expenses were favourable to budget \$0.8m primarily due to; lower net labour costs due to higher labour capitalisation, lower plant operating costs and lower professional services and general overheads.

Depreciation was favourable to budget \$1.2m and interest expense was unfavourable \$0.3m.

Net deficit after tax was unfavourable \$7.9m due to; the unfavourable revaluation of financial instruments of \$11.3m resulting from the decrease in medium to long term swap rates in October (refer section 3 forward curve graph), partly offset by lower tax expense favourable \$3.0m and the favourable total contribution of \$0.5m.

**Year to date – Total Contribution of \$39.0m - favourable variance to budget of \$9.6m**

Year to date revenue is \$8.8m favourable to budget with; IGC revenue favourable \$1.9m, vested asset income favourable \$6.1m, water and wastewater revenue favourable \$1.2m with volumes 0.15% higher than budget, partly offset by new developments revenue unfavourable \$0.5m.

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

Depreciation is favourable \$2.8m and interest expense unfavourable \$0.9m.

Net surplus after tax year to date is \$8.8m, an unfavourable variance to budget of \$8.2m primarily due to; the unfavourable revaluation of financial instruments of \$18.6m resulting from the decrease in medium to long term swap rates over this financial year (refer section 3 forward curve graph) partly offset by a favourable total contribution of \$9.6 m and lower tax expense of \$1.6m.

**Full year Forecast – Total Contribution of \$94.5m – favourable variance of \$2.6m**

Full year revenue is forecast at \$623m, favourable by \$5.5m largely due to higher than budgeted vested asset revenue favourable \$6.1m. Water and wastewater revenues and infrastructure growth charge revenue are at this stage forecast to be on budget for the year.

Operating expenses are expected to be unfavourable to budget \$2.1m with unfavourable variances for asset operating costs, general overheads and net labour due to lower labour capitalisation.

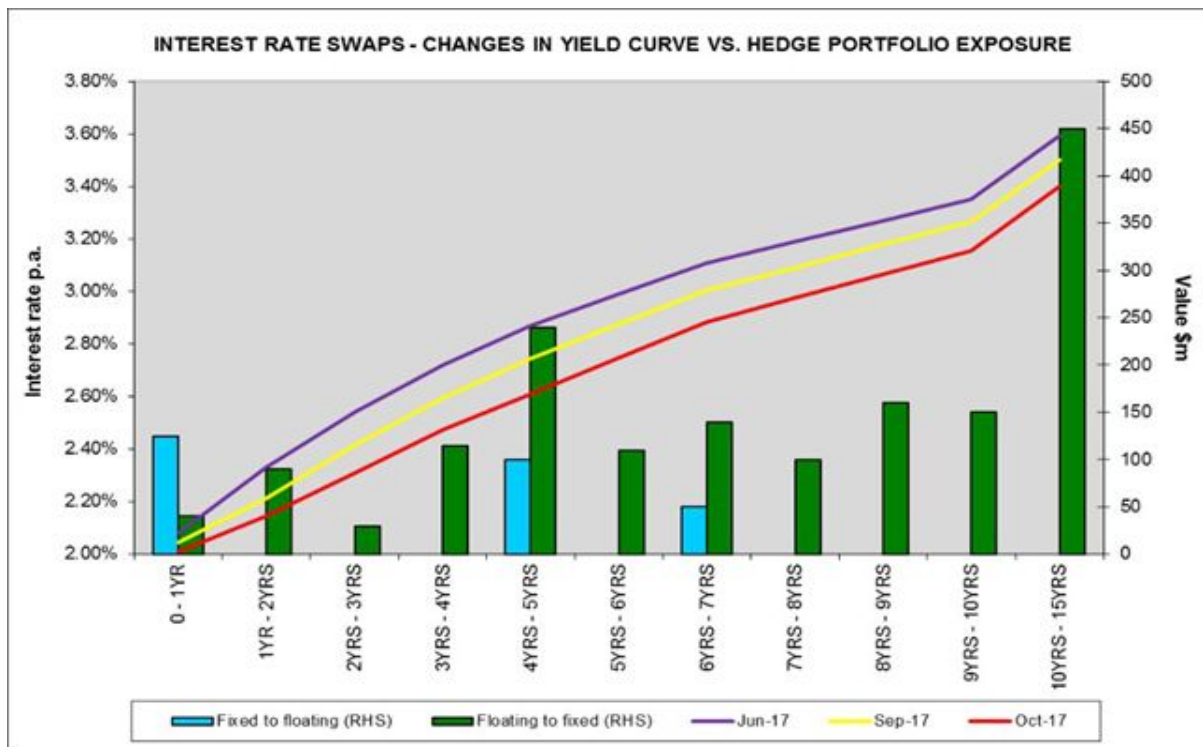
Depreciation costs are forecast to be on budget and interest expense is expected to be unfavourable to budget at year end by \$0.8m due to lower capitalised interest than budgeted.

**Financial Position**

\$million	Actual Sep-17	Actual Oct-17	Monthly Movement	Budget Oct-17	Var from Budget
Non Current Assets	8,891.5	8,905.7	14.2	8,879.0	26.7
Current Assets	88.6	86.9	(1.7)	83.9	3.0
<b>Total Assets</b>	8,980.1	8,992.6	12.5	8,962.9	29.7
Other Liabilities	322.6	337.0	14.4	316.7	20.3
Deferred Tax Liability	1,069.8	1,068.3	(1.5)	1,055.9	12.4
Borrowings - Short Term	230.2	354.7	124.5	356.6	(1.9)
Borrowings - Long Term	1,386.6	1,265.5	(121.1)	1,277.5	(12.0)
Shareholders Funds	5,970.9	5,967.1	(3.8)	5,956.2	10.9
<b>Total Liabilities and Shareholders Funds</b>	8,980.1	8,992.6	12.5	8,962.9	29.7

The major movements in the Statement of Financial Position as at 31st October 2017 compared with 30th September 2017 were the increase in non-current assets reflecting capital expenditure net of depreciation in the month and the movement on other liabilities due to the revaluation of derivative financial instruments. Compared with budget the material variances were largely in respect of; derivative financial instrument revaluations since July 2017 and a different opening position than assumed when the budget was set including higher retained earnings, higher property plant and equipment, higher deferred tax liability and a lower level of debt than assumed. Net debt at \$1,620.2m was \$13.9m below budget.

**Treasury**



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

Interest Analysis Smillion	Current Month			Year to date			Full Year		
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var
Interest as per Statement of Financial Performance	6.7	6.5	(0.2)	26.8	25.9	(0.9)	82.8	82.0	(0.8)
Capitalised Interest	1.2	1.3	0.1	4.4	5.1	0.8	11.7	12.6	0.8
Gross Interest	7.9	7.8	(0.1)	31.2	31.1	(0.1)	94.5	94.6	(0.0)
Less Interest Income	-	-	-	-	-	-	-	-	-
<b>Net Interest</b>	<b>7.9</b>	<b>7.8</b>	<b>(0.1)</b>	<b>31.2</b>	<b>31.1</b>	<b>(0.1)</b>	<b>94.5</b>	<b>94.6</b>	<b>0.1</b>

For the month of October, gross interest was \$0.1m unfavourable, and capitalised interest was \$0.1m unfavourable, resulting in interest charged to the Statement of Financial Performance being \$0.2m unfavourable to budget. Gross interest is above budget as the actual average interest we are paying is marginally higher than the budgeted rate.

### Capital Expenditure

Summary Capital Expenditure (Smillions)	Oct-17			Year to Date			Full Year			
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var	Previous Forecast
<b>Wastewater Projects</b>										
Strategy & Planning	0.2	1.7	1.5	1.3	3.3	2.0	14.0	23.8	9.8	25.2
Infrastructure Delivery (excl Labs/MS)	13.8	12.6	(1.3)	50.4	55.9	5.5	149.5	153.7	4.2	145.8
Service Delivery	2.6	3.5	1.0	7.9	8.6	0.8	32.6	34.5	1.9	33.8
<b>Water Projects</b>										
Strategy & Planning	0.2	1.2	1.0	0.7	3.4	2.7	11.5	17.6	6.2	15.5
Infrastructure Delivery (excl Labs/MS)	6.6	5.0	(1.6)	16.5	18.8	2.2	52.6	46.9	(5.7)	52.0
Service Delivery	4.5	4.2	(0.2)	17.4	15.2	(2.2)	51.5	48.9	(2.7)	49.3
Retail	0.9	1.3	0.4	4.0	4.8	0.8	19.3	17.3	(2.0)	18.4
Information Services	0.3	0.7	0.4	0.5	3.0	2.5	7.0	7.6	0.6	6.7
Other Projects	1.0	1.3	0.3	3.6	4.6	1.0	18.2	20.9	2.7	22.8
<b>TOTAL</b>	<b>30.0</b>	<b>31.5</b>	<b>1.4</b>	<b>102.3</b>	<b>117.6</b>	<b>15.3</b>	<b>356.2</b>	<b>371.1</b>	<b>14.9</b>	<b>369.6</b>
Includes Capitalised Interest of:										
Water Projects Capitalised Interest	0.2	0.2	0.0	0.8	0.8	0.0	2.6	2.6	(0.0)	2.6
Wastewater Projects Capitalised Interest	1.0	1.0	0.1	3.6	4.3	0.7	9.1	10.0	0.9	9.6
<b>Total Capitalised Interest</b>	<b>1.2</b>	<b>1.3</b>	<b>0.1</b>	<b>4.4</b>	<b>5.1</b>	<b>0.8</b>	<b>11.7</b>	<b>12.6</b>	<b>0.8</b>	<b>12.2</b>

The full year forecast at \$356m is \$15m below the budget primarily due to reductions from:

- a programme delay in the Snells Algies WWTP Outfall, (\$7.2M), allowing Watercare to take further time to develop an improved project procurement methodology, which should result in a lower total cost for the project
- Bundling of works to provide procurement efficiencies for Local Networks SCADA, three package waste water treatment plants and Mangere Digester Electrical Upgrades, (totalling \$6.6M), has deferred expenditure into FY19.
- Helensville WWTP improvements, (\$1.3M), feasibility investigations have shown a high likelihood of a resource consent requiring continuous discharge as opposed to previous concept of tidal discharge.
- Mangere Wastewater Strategic Model Area – South, (\$1.1M), the programme for flow gauges in the field (Manukau and Mission Bay) have been adjusted to ensure optimal seasonal data collection, this has deferred the capital expenditure to FY19.
- Redoubt Road Reservoir Expansion, (\$1.1M), the Business Case for this work will be submitted later than budgeted reducing the FY18 forecast.
- Waitakere North Western (\$4.3M) growth area land purchase deferred pending confirmation of pump station locations.

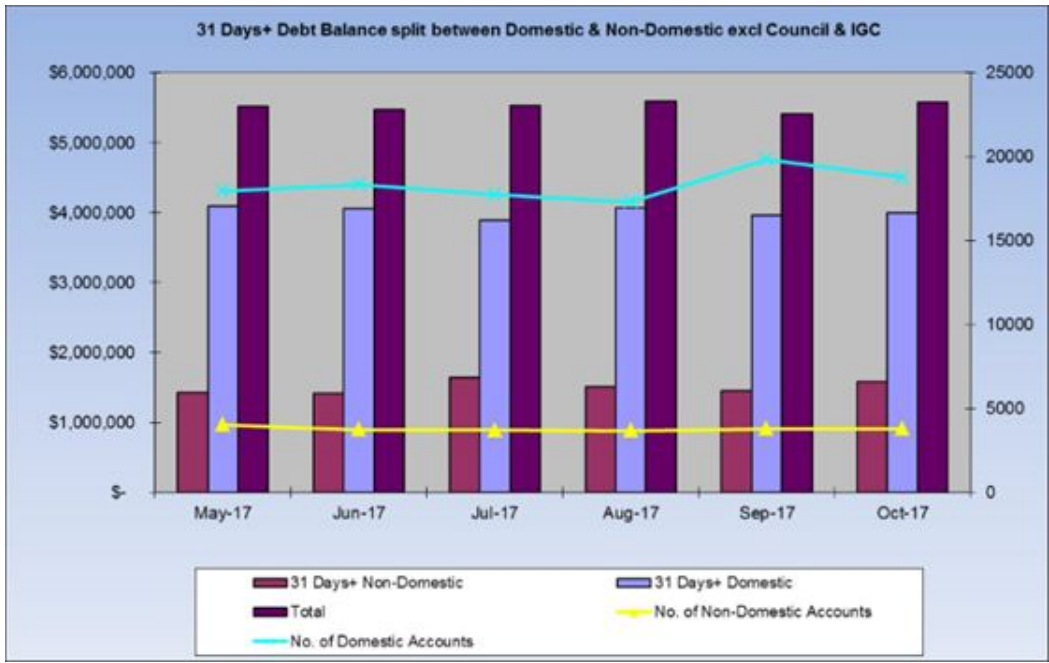
- Huia Water Treatment Plant (\$2.4M) increased level of investigation to support the pending consent application has required deferment of planned expenditure.

These have been partially offset by higher spend on a Hunua 4 Section 11 land purchase, (\$3.7M), and the acceleration of the Army Bay WWTP Outfall, (\$6.5M).

**Aged Receivables**

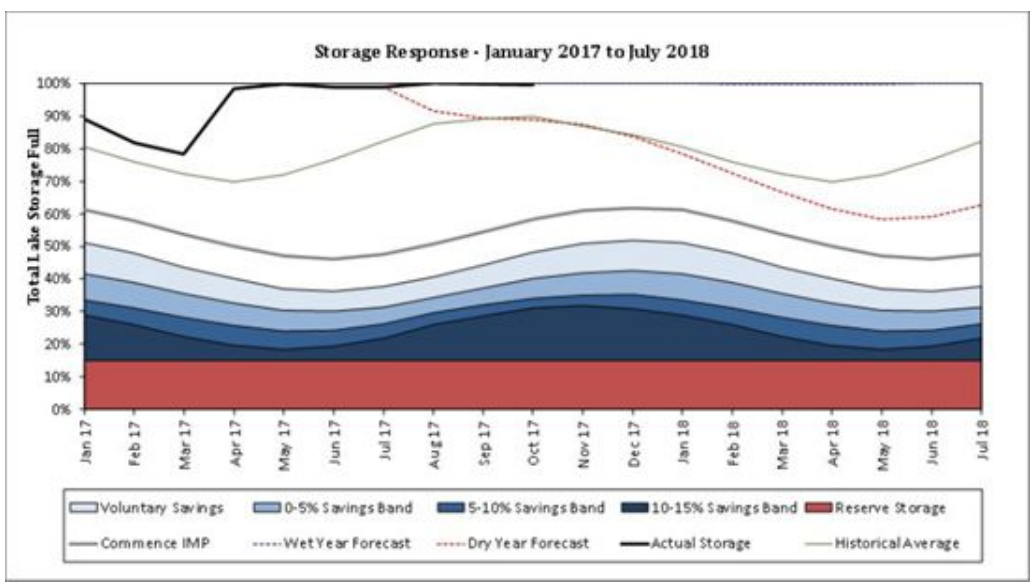
The 31 days+ debt balance at the end of October was \$5.8m, \$0.17m higher than September 2017.

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



**4. SERVICE DELIVERY**

Rainfall in October was above average across most of the Auckland region, which resulted in average daily demand being 4% under budget for the month. Total System Storage at month end was 99.33%, well above the historical average storage for this time of year (86.1%).



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

## 5. INFRASTRUCTURE PROGRAMME

The infrastructure capital programme has delivered year to date \$95m against a budget of \$106m. The year-end forecast is \$315m against a budget of \$332m.

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

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

<b>Fred Thomas Drive</b>	Commissioning works are underway and on track for completion early December 2017.
<b>Wairau Wastewater Rising Main</b>	The micro tunnelling machine is progressing well and the first two tunnelling sections are now complete. Completion is due to occur in December 2021 (on target) for \$35m (within budget)
<b>Mangere BNR Upgrade</b>	Pre-commissioning of all systems is complete and commissioning on water is progressing well. Plant operation will begin in February 2108 (to programme)
<b>Rosedale Expansion Project</b>	Request for Tenders for construction work for the new Primary Settlement Tank and Biological Reactor No.4 has been issued and tenders are due for submission in December 2017. Design commencing for the Thermal Hydrolysis package. Project completion is scheduled for November 2019 (on target).
<b>Waikato 175MLD Expansion</b>	New Clarifier and Membrane Trains commissioned and running to service.

## 6. PRESENTATION BY MEMBERS OF THE PUBLIC AT THE OCTOBER BOARD MEETING

The Company Secretary wrote to two members of the public following their presentations to the Board at the Meeting on 26 October 2017.

In the first response, the Company Secretary:

- gave some further detail on the use of ultrasonic technology in the water supply lakes;
- reiterated that the decision to undertake a 1080 drop in the Hunua Ranges is a decision for the landowner, Auckland Council;
- advised that Watercare uses the Goodnature Trap for pest control; and
- advised that Watercare does not use aerial spraying of glyphosate and currently undertakes weed control by manual means.



In the second response, the Company Secretary:

- gave detail of the process being undertaken to improve the management of biosolids, noting there had been considerable research undertaken worldwide since 2000 Waste Not report provided by Bob Tait;
- advised that the strategic priority for Watercare in relation to biosolids is “fully sustainable” and the submission to Water New Zealand was led by Auckland Council at short notice;
- acknowledgement that the proposed new guidelines do not cut across the provisions of the Unitary Plan; and
- advised that Watercare has published the measured content of both Rosedale and Mangere biosolids respectively on eight metals over three years. The report is on the Watercare website.

## 7. EXECUTION OF DOCUMENTS

In October, Watercare processed the following 14 documents, which were executed with the delegated authority provided to the Chief Executive by the Board in relation to deeds, instruments and other documents:

- Three agreements to create an easement in favour of Watercare over private land
- An agreement to acquire land for Watercare
- A section 40 Public Works Act exemption and approval to dispose of Watercare land
- Approval to dispose of non-surplus land
- Three section 111 Public Works Act notices to access private land to carry out survey and geotechnical investigations
- An Agreement to enter into arbitration on a lease rent review. Watercare as tenant
- An agreement to transfer licensee over Watercare land
- An agreement to sell a Watercare asset (pipeline) to a private property owner
- An early termination of a private leasehold interest over land to be acquired by Watercare
- An early deed of surrender of a Watercare lease over private land.

There were five Capex approvals totaling \$4,921,000 signed in accordance with the delegated authority provided to the Chief Executive by the Board in relation to Capex approvals below a threshold of \$15m.

Summary of Capital Projects approved by Chief Executive – October 2017	
Southwest WWTP- Change Request	\$300,000
Corporate Network Programme-LAN/WAN	\$646,000
Leadership Development Programme	\$271,000
Water Network Modelling	\$1,970,000
Central Wastewater Renewals – numerous sites	\$1,734,000

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

Contract	Contractor
Ardmore Sludge Thickening Project	Broadspectrum (NZ) Ltd
Wairau Wastewater Pump Station Design	Stantec NZ Ltd
Mangere DCS Power Supplies	GHD Ltd
Trust Customer Research Project (Customer Billing Department)	The Research Agency Limited

## 8. COMMUNICATIONS

Appendix D sets out:

- Media summary for October
- YouTube video uploads for October
- Customer and internal communications in October
- Stakeholder communications – Project updates for October

### Customer communications

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

Month	Activity	Status
October	e-billing redesign – go live plan in development	On-going
	Website content uploading	On-going
	Website forms	On-going
	Website PDFs and images	On-going
	Updated collateral for customers (water meter replacement brochure)	Complete
November	Tapped In – Summer 2017 (mid-November to mid-December) <ul style="list-style-type: none"> <li>• our water saving work with the Manukau Rugby Football Club and Litefoot (see also the related News story: <a href="https://www.watercare.co.nz/About-us/News-media/Manukau-RFC%E2%80%99s-massive-water-savings">https://www.watercare.co.nz/About-us/News-media/Manukau-RFC%E2%80%99s-massive-water-savings</a>)</li> <li>• facts about wastewater (to tie in with World Toilet Day on 19 November)</li> <li>• features of the new website</li> <li>• Reminder about the Water Utility Consumer Assistance Trust</li> <li>• Summer water-saving tips</li> <li>• Introduction to customer panel</li> </ul>	Currently being distributed (mid-Nov to mid-Dec)
	On-website uploading	On-going
	e-billing redesign – getting quotes from vendors	On-going
	Updating Customer Contract and IGC objections process	Complete

	Working with Customer Experience Lead to develop collateral for customer panel	On-going
December	Website uploading (phase 2)	Planned
January	Round the Bays – collateral (Watercare events Facebook page, Neighbourly)	
March	Tapped In – autumn 2018. Updating Aucklanders on our major projects underway and planned.	Planned

### Education

Watercare’s Educators Term 4 is fully booked. Bookings are now coming in for Term 1, 2018.

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

### Memorandum of understanding with Te Uri o Hau Settlement Trust

On 10 October 2017, Watercare signed a relationship agreement with Te Uri o Hau Settlement Trust. This Iwi have interests in the northern fringe of the Auckland Region.

## 9. WORKING WITH LOCAL BOARDS

October was a busy month for Local Board interaction. Watercare and Healthy Waters came together to present information on the Western Isthmus Water Quality Improvement Programme to the Albert Eden, Waitemata, Puketapapa and Whau Local Boards.

Albert Eden, Puketapapa, Mangere Otahuhu and Whau Local Boards along the Central Interceptor route were sent advanced notice and information on the Section 181 Local Government Act letters being sent to property owners over the tunnel route.

Waitemata and Albert Eden Local Boards were also briefed on Section 11 of the Hunua 4 Watermain project between Epsom and Khyber Pass.

Watercare’s staff newsletter was shared with the Local Boards and their support staff who were complimentary on the publication - Margi Watson from the Albert Eden Local Board summed it up nicely with “It was awesome (and a bit inspiring too!). Good on the team at Watercare - good to see what’s happening across (and under) our city!”

An email was sent to the local boards seeking feedback on the Tradewaste Bylaw review. Several local boards have requested further information.

A workshop was held with the Hibiscus and Bays Local Board on the Army Bay Wastewater Consent renewals. Work continues with Auckland Council Parks on the Sidmouth Street Pump Station upgrades with a site visit and further workshop planned for late November.

Watercare provided evidence at Upper Harbour Local Board hearings for community leases in support of changes proposed for the NZTA northern corridor improvement works. These changes were initiated by NZTA and are also beneficial for future upgrades at the Rosedale Wastewater Treatment

Plant. Upper Harbour Local Board representatives also joined NZTA and Watercare staff at a dawn blessing for the Spenser Road Bridge project.

Normal work notifications were sent to a number of local boards over the month including Kaipatiki regarding the Wairau Road wastewater upgrade works and Takapuna Devonport in relation to works on Esmonde Road as part of the Fred Thomas Drive Wastewater Pump Station connections.

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

## 10. CENTRAL INTERCEPTOR PROGRESS UPDATE

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

- The detailed design has been completed.
- The Expression of Interest (EOI) responses close on 29 November 2017.
- Expression of Interest potential participant briefing and site visits held on 25 October 2017, attended by 10 potential participants from NZ, Europe, Australia and China (70 people attended in total). Feedback from attendees was very positive – attendees were satisfied with the amount of information requested and Watercare’s commitment to the delivery timeframe.
- Continue to coordinate with WorkSafe regarding the application of the Mining, Tunnelling and Quarrying Regulations 2016.
- Request for Proposal and contract documents and are being developed, in advance of being issued in May 2018.
- Watercare continues to obtain consent under the Local Government Act Section 181 from 1085 property owners (where the tunnel passes under their property). This is on target for completion by 31 December 2017.
- The key milestones for the coming months are:
  - December 2017: Begin evaluation of the EOI
  - January 2018: EOI respondent interviews/presentations
  - February 2018: Evaluation continues
  - March 2018: Successful EOI respondents advised.

## 11. AUCKLAND’S WATERS STRATEGY

Auckland Council has commenced a project to develop an Auckland’s Waters Strategic Plan. This plan will cover the “six waters”: drinking water, wastewater, stormwater, estuarine and marine water, natural water bodies (streams and lakes), and groundwater/aquifers. This strategy will replace the legacy Three Waters Plan led by Watercare in 2008 and be integrated with the natural water environment. This Strategy will reference statutory plans such as the Auckland Plan and Unitary Plan. Watercare is represented on the Project Executive Steering Group by Martin Smith, and on the Project Control Group by Mark Bourne. Progress to date has focused on current situation analysis. The next phase will be developing the plan framework. Auckland Council anticipate publishing the strategy late 2018. As information becomes available it will be reported to the Board.

**12. WATER EFFICIENCY PROGRAMME**

The Water Efficiency Strategy 2017-2020 is now complete and available on the Watercare website. Four main strategies have been developed:

- Council efficiency programme
- Residential efficiency programme
- Non-residential efficiency programme
- Leakage reduction.

**13. ENERGY EFFICIENCY AND NEUTRALITY**

The 2017 Watercare Energy Week is scheduled for the week starting Monday, 11 December 2017. This will build on the success of the 2016 Energy Week, present results for the year and includes workshops to get additional staff involved in energy efficiency, introduce five new electric cars and talk climate change.

**14. SAFESWIM PROGRAMME**

The Mayor officially launched Auckland Council SafeSwim programme on Saturday, 4 November, at Mission Bay beach. Watercare management and staff attended the launch. Watercare will continue to work with Auckland Council and provide wastewater data to enhance the model. The Safeswim programme can be accessed through the Council's website at <https://safeswim.org.nz/>.

**15. THE INFLOW AND INFILTRATION PROGRAMME**

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

Area	No. properties inspected	No. defects identified	No. Defects fixed by end of October 2017
Mellons Bay	1,560	44	20
Pukekohe	1,300	13	1
Te Atatu Peninsula:	3,500	65	5

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

Investigations have been completed in Oneroa on Waiheke Island. The results are currently being collated and an update will be provided at the next Board meeting.

**16. WESTERN ISTHMUS WATER QUALITY IMPROVEMENT PROGRAMME**

Following the endorsement of the Western Isthmus Water Quality Improvement programme by the Environmental and Community Committee, a number of local community groups have expressed interest in understanding the programme.

A series of joint presentations by Healthy Waters and Watercare Management are planned to provide a high-level overview of the programme to these community groups.

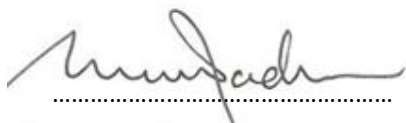
**17. STATUTORY PLANNING**

Watercare is working with Auckland Council lawyers in an effort to understand the potential implications of any Iwi lodged applications that recognise customary marine title or protected customary rights under the Marine and Coastal Area (Takutai Moana) Act 2011 (“MACA Act”). Existing consents and permits are protected under this Act, however future applications for new or upgraded infrastructure, and associated activities, may be impacted.

Watercare made a submission to the Upper Harbour Local Board in August in relation to NZTA’s North Corridor Improvement Proposal. Watercare took this submission opportunity to reinforce its strategic intentions for the area. A Hearing was conducted in October, and a decision is expected in November.

The Waikato Regional Council has almost completed processing public submissions on its Proposed Regional Plan Change (“Healthy Rivers”) Number 1. Watercare made a submission on this plan change, and hearings are expected to commence early to mid-2018. Proposed Plan Change Number 1A (which covers the area of Watercare’s Waikato River take, and the discharge from the Pukekohe WWTP) is expected to be notified later this year. These two proposed plan changes are focused on water quality improvements within the Waikato and Waipa Rivers, and their associated catchment areas, and would require Watercare to continue to improve the quality of its wastewater discharge from the Pukekohe WWTP.

Watercare has worked with Auckland Council to consider the relevant actions that would contribute to the implementation of “Sea Change” - the Hauraki Gulf/Tikapa Moana Marine Spatial Plan. Sea Change is a non-statutory plan that has not been formally adopted by Auckland Council. We have outlined how many of our major wastewater related projects, as stated on our 2016 Asset Management Plan, would contribute to the improvement of water quality within the Hauraki Gulf. A report went to the Environment & Community Committee meeting on 12 September. As a result, a proposed work programme was approved, as well as a terms of reference and the membership of the Auckland Council Sea Change – Tai Timu Tai Hauraki Gulf Political Reference Group.



R Jaduram

**CHIEF EXECUTIVE**

# WATERCARE SERVICES LIMITED

## Oct-17

### Key Financial Indicators

Financial performance	YTD	Page Ref
Total Revenue	●	A1
Operating Costs	●	A1
Interest expense	●	A1
Depreciation	●	A1
Net Contribution	●	A1
Financial position		
Net Borrowings	●	A4
Cashflow		
Operating cashflow	●	A2
Investing cashflow	●	A2
Treasury policy	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

- Operating costs** - operating costs were \$1.1m over budget principally due to planned maintenance (\$0.2m), unplanned maintenance (\$1.46m) and unfavourable labour recoveries (\$0.4m). These were partially offset by other operating costs being favourable to budget (\$0.7m).
- Interest expense** - interest expense was \$905k unfavourable to budget due to lower capitalised interest than expected of \$759k. The remaining unfavourable variance to budget of \$146k was due the actual average interest rate of 5.79% being higher than the average budget interest rate of 5.62%.
- Operating cashflow** - operating cashflow was unfavourable to budget by \$3.7m partially due to higher payment of trade payables and partially due to higher operating expenses in this financial year.

#### Key to Treasury policy compliance

- Full compliance
- Non compliance

<b>WATERCARE SERVICES LIMITED</b>												Oct-17
<b>STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE</b>												(\$000's)
	Current Month				Year to Date				Full Year	Full Year		
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result	Forecast	Budget	Variance	Result
Wastewater revenue	26,970	27,476	(505)	✗	108,061	107,952	109	✓	328,900	328,928	(28)	✗
Water revenue	12,721	12,720	1	✓	50,156	49,087	1,069	✓	153,499	153,499	(0)	✗
Infrastructure growth charge revenue	5,559	6,496	(937)	✗	30,506	28,616	1,890	✓	86,487	86,487	-	↔
Other revenue	1,791	1,743	47	✓	8,449	8,799	(350)	✗	28,008	28,541	(533)	✗
Revenue from exchange transactions	47,042	48,435	(1,393)	✗	197,174	194,455	2,719	✓	596,894	597,455	(561)	✗
Vested assets revenue	1,813	1,667	147	✓	12,738	6,667	6,072	✓	26,072	20,000	6,072	✓
Revenue from non-exchange transactions	1,813	1,667	147	✓	12,738	6,667	6,072	✓	26,072	20,000	6,072	✓
<b>Total revenue</b>	<b>48,855</b>	<b>50,102</b>	<b>(1,247)</b>	<b>✗</b>	<b>209,912</b>	<b>201,122</b>	<b>8,790</b>	<b>✓</b>	<b>622,966</b>	<b>617,455</b>	<b>5,510</b>	<b>✓</b>
Labour	6,968	6,985	17	✓	27,606	27,832	226	✓	83,966	84,284	318	✓
Contract labour	168	76	(92)	✗	645	302	343	✗	1,364	865	499	✓
Oncosts	302	311	9	✓	1,115	1,235	119	✓	3,544	3,755	211	✓
Labour recoveries	(3,504)	(3,332)	172	✓	(12,567)	(12,972)	(405)	✗	(40,159)	(40,746)	(588)	✓
Net labour	3,934	4,041	107	✓	16,799	16,397	(403)	✗	48,715	48,158	(557)	✗
Materials & cost of sales	198	189	(9)	✗	664	615	(49)	✗	2,101	2,094	(7)	✗
Planned maintenance	1,972	1,737	(235)	✗	6,633	6,421	(212)	✗	19,352	18,905	(448)	✗
Unplanned maintenance	3,056	2,974	(81)	✗	13,055	11,598	(1,457)	✗	35,573	34,525	(1,049)	✗
Asset operating costs - chemicals	907	1,052	145	✓	3,544	3,746	202	✓	11,860	12,222	361	✓
Asset operating costs - energy	1,308	1,324	16	✓	6,224	6,074	(151)	✗	17,402	17,545	143	✓
Operating costs - other	3,287	3,508	221	✓	12,887	13,621	734	✓	40,836	41,036	200	✓
Depreciation and amortisation	17,723	18,932	1,209	✓	70,747	73,502	2,755	✓	229,988	230,000	12	✓
Asset operating costs	28,253	29,528	1,275	✓	113,091	114,963	1,872	✓	355,011	354,231	(780)	✗
Communications	(13)	130	143	✓	306	521	215	✓	1,285	1,563	278	✓
Professional services	774	1,102	328	✓	4,047	4,087	40	✓	11,004	10,685	(320)	✗
Interest	6,747	6,544	(203)	✗	26,839	25,934	(905)	✗	82,790	81,963	(826)	✗
General overheads	2,130	2,308	178	✓	9,220	9,201	(19)	✓	27,568	26,860	(708)	✗
Overheads	9,637	10,085	447	✓	40,412	39,742	(669)	✗	122,647	121,071	(1,576)	✗
<b>Total expenses</b>	<b>42,022</b>	<b>43,842</b>	<b>1,819</b>	<b>✓</b>	<b>170,966</b>	<b>171,716</b>	<b>751</b>	<b>✓</b>	<b>528,474</b>	<b>525,554</b>	<b>(2,920)</b>	<b>✗</b>
<b>Total contribution/(loss)</b>	<b>6,833</b>	<b>6,260</b>	<b>573</b>	<b>✓</b>	<b>38,946</b>	<b>29,405</b>	<b>9,541</b>	<b>✓</b>	<b>94,492</b>	<b>91,902</b>	<b>2,590</b>	<b>✓</b>
(Gain)/loss on disposal of fixed assets and other costs	822	667	(156)	✗	3,450	2,667	(783)	✗	8,783	8,000	(783)	✗
(Gain)/loss on revaluation of financial instruments	11,334	-	(11,334)	✗	18,684	-	(18,684)	✗	18,684	-	(18,684)	✗
Non operating costs/(revenue)	12,156	667	(11,490)	✗	22,133	2,667	(19,467)	✗	27,467	8,000	(19,467)	✗
Net surplus/(deficit) before tax	(5,323)	5,593	(10,917)	✗	16,813	26,739	(9,926)	✗	67,025	83,902	(16,876)	✗
Income Tax Expense/(benefit)	(1,470)	1,513	2,983	✓	7,982	9,640	1,658	✓	31,074	35,591	(4,517)	✗
Deferred tax	(1,470)	1,513	2,983	✓	7,982	9,640	1,658	✓	31,074	35,591	(4,517)	✗
Net surplus/(deficit) after tax	(3,853)	4,080	(7,934)	✗	8,831	17,099	(8,268)	✗	35,952	48,311	(12,359)	✗

**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

**Year to Date Contribution Variance (Actual vs Budget)**

Component	Value (\$000)
Budgeted contribution	30,000
Additional revenue	8,000
Higher controllable costs	(2,000)
Lower depreciation	2,000
Higher interest	(2,000)
<b>Actual contribution</b>	<b>38,000</b>



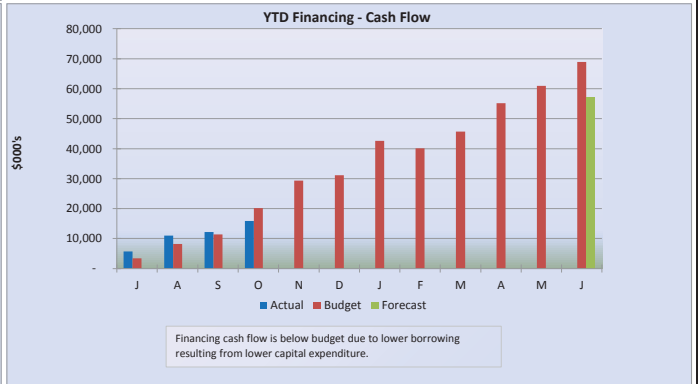
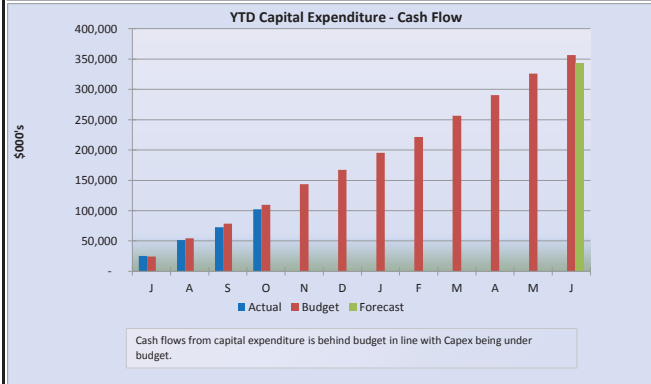
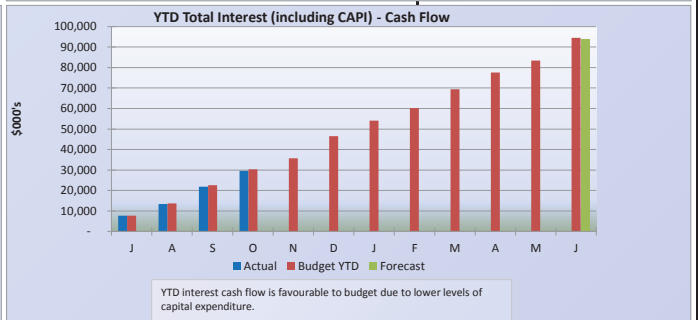
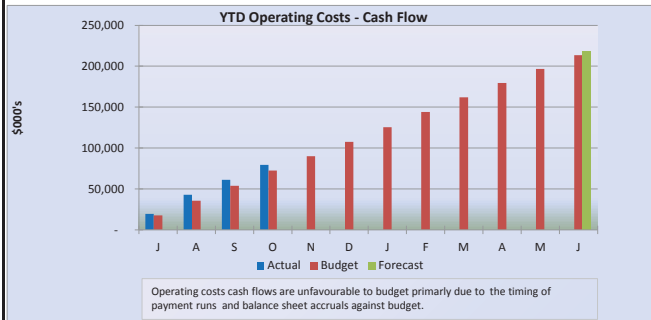
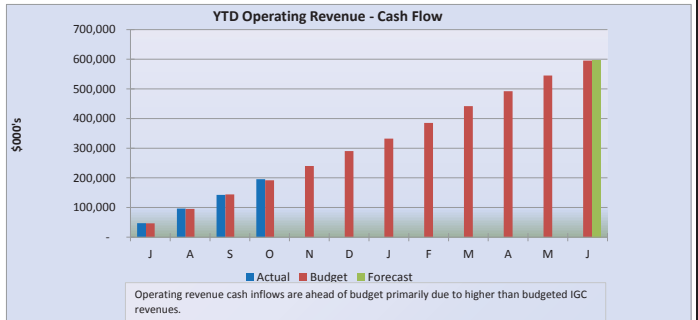
**WATERCARE SERVICES LIMITED**  
**STATEMENT OF CASH FLOWS**

Oct-17  
(\$000's)

NZ \$000s	Current Month				Year To Date				Full Year			
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result	Forecast	Budget	Variance	Result
<b>Operating Cash flow:</b>												
Operating Revenue	52,605	48,078	4,527	✓	195,371	191,933	3,438	✓	597,655	595,509	2,146	✓
Operating Costs	(18,185)	(18,366)	181	✓	(79,387)	(72,306)	(7,081)	✗	(218,751)	(213,591)	(5,160)	✗
Interest Paid	(6,599)	(6,485)	(113)	✗	(25,280)	(25,225)	(55)	✗	(82,050)	(81,963)	(87)	✗
<b>OPERATING CASH FLOW</b>	<b>27,822</b>	<b>23,227</b>	<b>4,595</b>	<b>✓</b>	<b>90,705</b>	<b>94,402</b>	<b>(3,697)</b>	<b>✗</b>	<b>296,855</b>	<b>299,955</b>	<b>(3,100)</b>	<b>✗</b>
<b>Investing Cash flow:</b>												
Capital Expenditure	(29,436)	(30,707)	1,271	✓	(101,974)	(109,423)	7,449	✓	(342,671)	(356,328)	13,657	✓
Capitalised Interest	(1,169)	(1,262)	93	✓	(4,354)	(5,112)	758	✓	(11,746)	(12,572)	826	✓
<b>INVESTING CASH FLOW</b>	<b>(30,605)</b>	<b>(31,970)</b>	<b>1,365</b>	<b>✓</b>	<b>(106,328)</b>	<b>(114,536)</b>	<b>8,208</b>	<b>✓</b>	<b>(354,417)</b>	<b>(368,900)</b>	<b>14,483</b>	<b>✓</b>
<b>Financing Cash flow:</b>												
Bonds/Term Debt Issued/(Repaid)	-	-	-	✓	-	-	-	✓	-	-	-	✓
Short Term Advances/(Repaid)	4,000	4,000	-	✓	17,000	17,000	-	✓	17,000	17,000	-	✓
Commercial Paper Issued/(Repaid)	(1)	(1)	-	✓	9	9	-	✓	9	9	-	✓
Auckland Council Borrowings/(Repaid)	(289)	4,744	(5,033)	✗	(1,155)	3,125	(4,280)	✗	40,180	51,936	(11,756)	✗
<b>FINANCING CASH FLOW</b>	<b>3,710</b>	<b>8,743</b>	<b>(5,033)</b>	<b>✗</b>	<b>15,854</b>	<b>20,134</b>	<b>(4,280)</b>	<b>✗</b>	<b>57,189</b>	<b>68,945</b>	<b>(11,756)</b>	<b>✗</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>927</b>	<b>-</b>	<b>927</b>	<b>✓</b>	<b>231</b>	<b>-</b>	<b>231</b>	<b>✓</b>	<b>(373)</b>	<b>-</b>	<b>(373)</b>	<b>✗</b>
Opening Cash Balance/(Overdraft)	(323)	-	(323)	✗	373	-	373	✓	373	-	373	✓
<b>Ending Cash Balance/(Overdraft)</b>	<b>604</b>	<b>-</b>	<b>604</b>	<b>✓</b>	<b>604</b>	<b>-</b>	<b>604</b>	<b>✓</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>✓</b>

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

Reconciliation Operating Cashflow (\$000's)					
	Current Month		Year To Date		
	Actual	Budget	Actual	Budget	Variance
Net Surplus (Deficit) After Tax	(3,853)	4,080	8,831	17,099	(8,268)
Add back non cash items:					
Depreciation and amortisation	17,723	18,932	70,747	73,502	(2,755)
Financial instruments revaluation	11,334	-	18,684	-	18,684
Vested assets revenue	(1,813)	(1,667)	(12,652)	(6,667)	(5,985)
Other non-operating exp/(inc)	822	667	3,450	2,667	783
Income Tax Expense/(Benefit)	(1,470)	1,513	7,982	9,640	(1,658)
Movements in Working Capital	5,080	(298)	(6,336)	(1,839)	(4,498)
<b>OPERATING CASH FLOW</b>	<b>27,822</b>	<b>23,227</b>	<b>90,705</b>	<b>94,402</b>	<b>(3,697)</b>

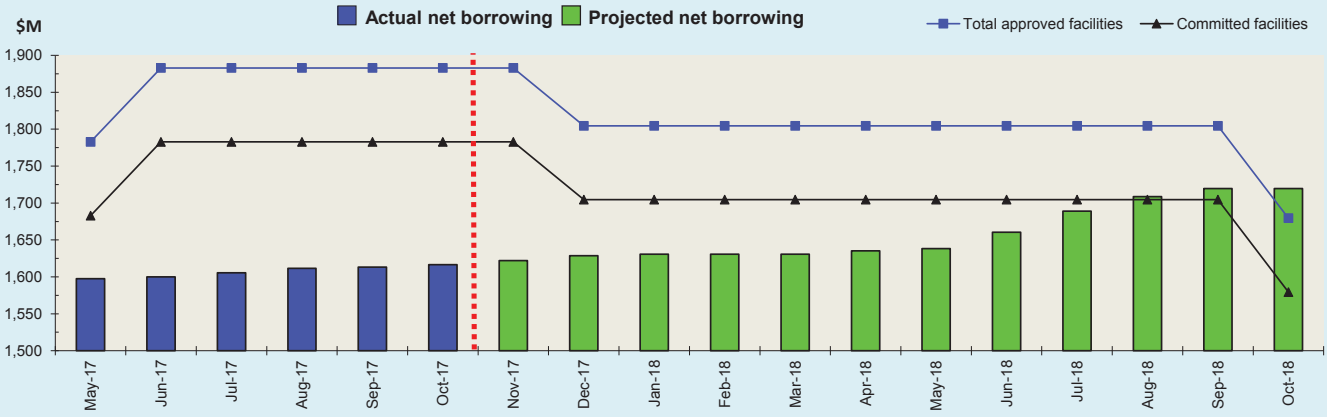


<b>WATERCARE SERVICES LIMITED</b>							<b>Oct-17</b>	
<b>STATEMENT OF FINANCIAL POSITION</b>							<b>(\$000's)</b>	
<b>June 2017 Actual</b>	<b>Sept 2017 Actual</b>		<b>October</b>			<b>June 2018</b>		
			<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Forecast</b>	<b>Budget</b>	<b>Variance</b>
		<b>Current assets</b>						
373	-	Cash and cash equivalents	604	-	604	-	-	-
47,293	49,581	Trade and other receivables from exchange transactions	46,926	48,104	(1,179)	46,104	48,104	(2,000)
19,405	21,648	Unbilled revenue accrual	21,804	20,060	1,744	20,063	19,485	578
2,237	5,463	Prepaid expenses	5,614	2,855	2,758	4,324	2,855	1,469
8,934	8,171	Inventories	6,708	7,269	(561)	6,826	7,131	(305)
4,207	3,709	Derivative financial instruments	5,187	5,634	(447)	5,187	5,634	(447)
82,449	88,573	<b>Total current assets</b>	86,843	83,923	2,920	82,503	83,210	(707)
		<b>Non-current assets</b>						
8,746,296	8,775,490	Property, plant and equipment	8,792,216	8,846,418	(54,202)	9,299,360	9,361,358	(61,998)
473,328	524,526	Construction/work-in-progress	536,860	468,880	67,981	549,307	480,954	68,352
(442,750)	(493,289)	Provision for depreciation	(509,806)	(519,888)	10,082	(256,824)	(265,981)	9,157
8,776,874	8,806,726	<b>Total property, plant and equipment</b>	8,819,271	8,795,410	23,862	9,591,843	9,576,332	15,511
45,564	43,997	Intangible assets	44,998	44,747	251	52,836	46,315	6,521
23,641	23,566	Prepaid expenses	23,529	22,796	733	23,233	22,796	437
8,443	8,478	Inventories	10,925	8,515	2,410	11,973	8,515	3,458
8,227	8,761	Derivative financial instruments	7,025	7,485	(460)	7,025	7,485	(460)
8,862,749	8,891,529	<b>Total non-current assets</b>	8,905,749	8,878,953	26,796	9,686,911	9,661,444	25,467
8,945,198	8,980,101	<b>Total assets</b>	8,992,592	8,962,876	29,716	9,769,414	9,744,654	24,760
		<b>Current liabilities</b>						
-	323	Bank Overdraft	-	-	-	-	-	-
149,236	149,246	Commercial paper	149,245	149,234	11	149,245	149,234	11
-	-	Bonds (26/10/18)	75,000	75,000	-	75,000	75,000	-
292	296	Bonds	50,297	50,365	(68)	50,297	50,365	(68)
80,839	80,333	Auckland council loan	80,164	82,042	(1,878)	80,164	80,920	(756)
230,368	230,198	<b>Total debt current</b>	354,706	356,641	(1,935)	354,706	355,519	(813)
14,035	13,321	Trade and other payables for exchange transactions	13,890	17,393	(3,503)	15,034	16,393	(1,359)
11,501	13,120	Interest accrued	12,337	10,726	1,611	11,517	10,726	791
57,446	49,536	Other accrued expenses	53,187	54,386	(1,199)	60,255	54,386	5,868
7,844	8,080	Provision for staff benefits	8,074	7,593	481	8,074	7,593	481
881	838	Other provisions	838	166	672	838	166	672
38,618	38,845	Derivative financial instruments	38,809	37,536	1,273	38,809	37,536	1,273
360,693	353,938	<b>Total current liabilities</b>	481,841	484,441	(2,600)	489,232	482,319	6,913
		<b>Non-current liabilities</b>						
75,000	75,000	Bonds (26/10/18)	-	-	-	-	-	-
50,097	50,021	Bonds (26/10/18)	-	-	-	-	-	-
28,000	41,000	Bank revolving credit facility	45,000	45,000	-	45,000	-	45,000
1,220,976	1,220,615	Auckland council loan	1,220,497	1,232,455	(11,958)	1,261,672	1,326,266	(64,594)
1,374,073	1,386,637	<b>Total debt non-current</b>	1,265,497	1,277,455	(11,957)	1,306,672	1,326,266	(19,594)
14,902	14,637	Other accrued expenses	14,577	14,301	276	14,901	14,301	600
5,270	5,331	Other Provisions	5,331	3,619	1,712	5,331	3,619	1,712
1,744	1,746	Provision for staff benefits	1,746	1,304	442	1,746	1,304	442
169,900	177,060	Derivative financial instruments	188,171	169,734	18,437	188,171	169,734	18,437
1,060,363	1,069,815	Deferred tax liability	1,068,345	1,055,853	12,492	1,281,198	1,271,773	9,426
2,626,253	2,655,227	<b>Total non-current liabilities</b>	2,543,668	2,522,267	21,401	2,798,020	2,786,997	11,023
2,986,946	3,009,165	<b>Total liabilities</b>	3,025,509	3,006,708	18,801	3,287,252	3,269,316	17,936
		<b>Equity</b>						
260,693	260,693	Issued capital	260,693	260,693	-	260,693	260,693	-
1,830,195	1,830,070	Revaluation reserve	1,830,002	1,837,356	(7,354)	2,317,960	2,325,314	(7,354)
3,742,688	3,867,489	Retained earnings	3,867,557	3,841,020	26,537	3,867,557	3,841,020	26,537
124,676	12,684	Current year earnings after tax	8,831	17,099	(8,268)	35,952	48,311	(12,359)
5,958,252	5,970,936	<b>Total equity</b>	5,967,083	5,956,168	10,915	6,482,162	6,475,338	6,824
8,945,198	8,980,101	<b>Total equity and liabilities</b>	8,992,592	8,962,876	29,716	9,769,414	9,744,654	24,760

# TREASURY RISKS AND INTEREST RATE PERFORMANCE

Oct-17

4.3



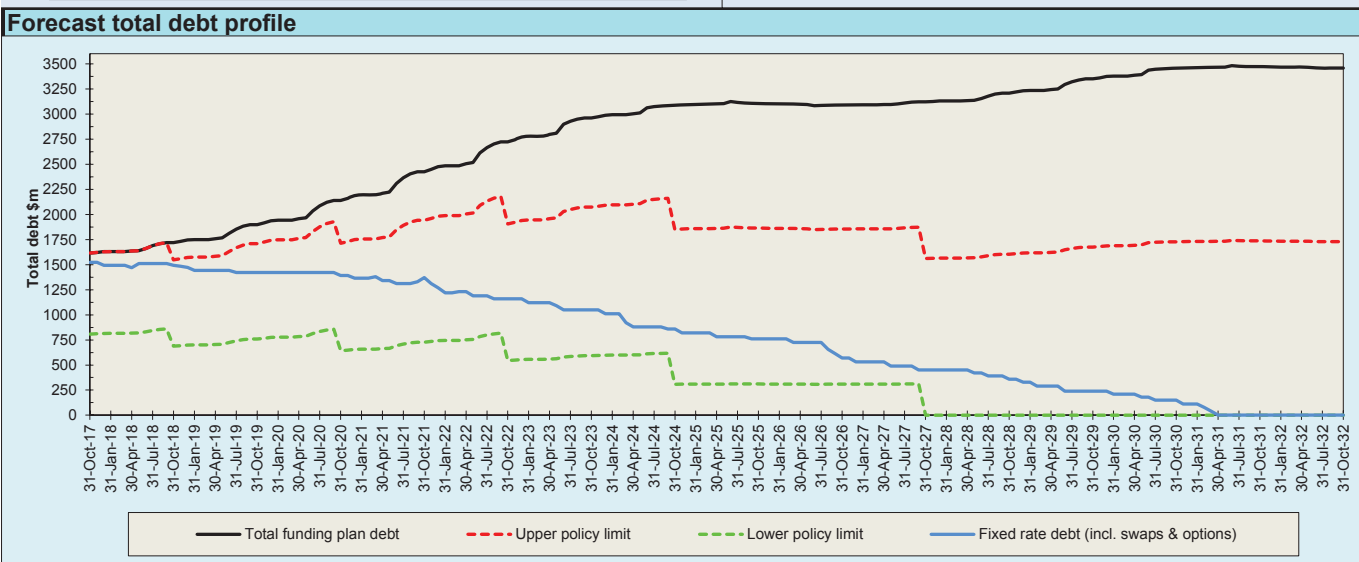
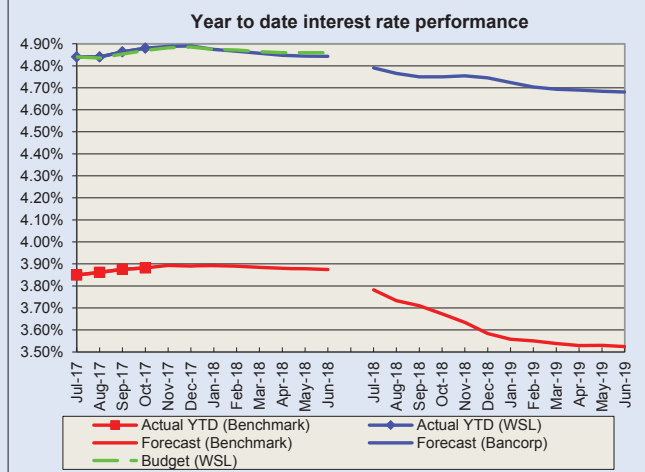
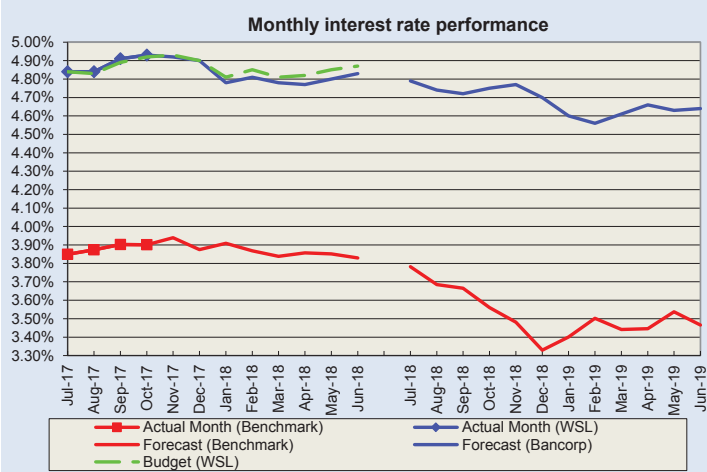
Interest rates				
	Actual YTD	Benchmark YTD	Year end forecast	
Weighted averages (excl. fees and margins)	4.88%	3.88%	4.84%	
Weighted averages (incl. fees and margins)	6.01%	N/A	5.98%	

Committed facilities	
- Westpac Revolving Credit facility	\$60 million
- Medium term notes	\$125 million
- Auckland Council CP Standby facility	\$150 million
- Auckland Council loans	\$1,448 million
<b>Total committed facilities as at 31 October</b>	<b>\$1,783 million</b>

Additional approved facilities	
- Approved CP issuance, over and above CP Standby facility	\$100 million
<b>Total approved facilities as at 31 October</b>	<b>\$1,883 million</b>

Debt (\$m)			
	Actual	Budget	Variance
Short-term borrowings	354.7	356.6	(1.9)
Long-term borrowings	1,265.5	1,277.5	(12.0)
<b>Total gross debt</b>	<b>1,620.2</b>	<b>1,634.1</b>	<b>(13.9)</b>
Bank overdraft / (cash & deposits)	(0.6)	-	(0.6)
<b>Total net borrowing</b>	<b>1,619.6</b>	<b>1,634.1</b>	<b>(14.5)</b>



COUNTERPARTY EXPOSURES, DEBT CONCENTRATION & COVENANT COMPLIANCE							Oct-17	
<b>Counterparty exposures</b>		<b>S&amp;P credit rating Short / long term</b>	<b>Face value \$000</b>	<b>Credit exposures \$000</b>	<b>Limit \$000</b>	<b>Limit OK / exceeded</b>		
<b>Obligations of registered banks</b>								
ANZ Bank	A1+ / AA-	580,000	0	100,000	Limit OK	✓		
Bank of New Zealand	A1+ / AA-	616,084	14,445	100,000	Limit OK	✓		
Commonwealth Bank of Australia	A1+ / AA-	65,000	556	100,000	Limit OK	✓		
Kiwibank	A1 / A	75,000	1,489	50,000	Limit OK	✓		
Westpac Institutional Bank	A1+ / AA-	565,000	0	100,000	Limit OK	✓		
		<b>1,901,084</b>	<b>16,490</b>					
<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>								
<b>Debt concentration</b>		<b>\$000</b>						
<b>Committed debt facilities</b>	<b>Maturity</b>	<b>0-12 months</b>	<b>12-24 months</b>	<b>24-36 months</b>	<b>36-48 months</b>	<b>48-60 months</b>	<b>&gt; 60 months</b>	<b>Total</b>
Westpac Revolving Credit facility	30/11/18		60,000					60,000
Medium-term notes	26/10/18	125,000						125,000
Auckland Council CP Standby facility	30/06/20			150,000				150,000
Auckland Council loans	Various	78,368	82,243	200,000	132,243	15,000	940,000	1,447,854
<b>Total committed debt facilities</b>		<b>203,368</b>	<b>142,243</b>	<b>350,000</b>	<b>132,243</b>	<b>15,000</b>	<b>940,000</b>	<b>1,782,854</b>
<b>Treasury policy - total committed debt facilities</b>		<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>		
Treasury policy compliance		✓	✓	✓	✓	✓		
Approved CP issuance, over and above CP Standby							100,000	100,000
<b>Total committed and approved debt facilities</b>		<b>203,368</b>	<b>142,243</b>	<b>350,000</b>	<b>132,243</b>	<b>15,000</b>	<b>1,040,000</b>	<b>1,882,854</b>
<b>Drawn bank facilities</b>	<b>Maturity</b>	<b>0-6 months</b>	<b>6-12 months</b>	<b>12-18 months</b>	<b>18-24 months</b>	<b>24-30 months</b>	<b>&gt; 30 months</b>	<b>Total</b>
Westpac Revolving Credit facility (\$60m)	30/11/18			45,000				45,000
		0	0	45,000	0	0	0	45,000
<b>Treasury policy for drawn bank facilities</b>		<b>&lt;= 250,000</b>	<b>&lt;= 250,000</b>	<b>&lt;= 250,000</b>	<b>&lt;= 250,000</b>	<b>&lt;= 250,000</b>	<b>&lt;= 250,000</b>	
Treasury policy compliance		✓	✓	✓	✓	✓	✓	
<b>Other facilities</b>								
BNZ overdraft	On demand	2,000						2,000
		2,000	0	0	0	0	0	2,000
<b>Counterparty exposure in relation to borrowing facilities</b>		<b>ANZ</b>	<b>BNZ</b>	<b>CBA</b>	<b>Kiwibank</b>	<b>Westpac</b>		
Revolving credit facility						60,000		
		0	0	0	0	60,000		
<b>Treasury policy</b>		<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>		
Treasury policy compliance		✓	✓	✓	✓	✓		
<b>Compliance with financial covenants and ratios under the Negative Pledge Deed and Guarantee Facility Deed</b>								
<b>Covenant / ratio</b>	<b>Benchmark/target measure</b>			<b>Outcome</b>		<b>Compliance</b>		
Security interests / total tangible assets - maximum	5%			0.00%		✓		
Total liabilities / total tangible assets - maximum	60%			33.81%		✓		
Total liabilities (including contingent) / total tangible assets - maximum	65%			33.81%		✓		
Shareholders funds - minimum (\$000)	500,000			5,967,083		✓		
EBITDA : funding costs ratio - minimum	1.75			4.61		✓		
Funds from operations : interest cover ratio - minimum	2.00			3.97		✓		
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							Oct-17							
<b>Foreign currency exposures (NZ\$000) including hedging for chemical purchases</b>							<b>AUS</b>	<b>Total</b>						
Total exposure to be hedged							483.9	483.9						
Foreign exchange hedging							483.9	483.9						
Percentage cover							100%	100%						
<b>Treasury policy</b>							<b>100%</b>	<b>100%</b>						
Treasury policy compliance							✓	✓						
<b>Hedging for chemical purchases (US\$000)</b>							<b>Mar-18</b>	<b>Sep-18</b>	<b>Mar-19</b>	<b>Sep-19</b>	<b>Total</b>			
Chemicals forward foreign exchange hedging											0			
Treasury policy											0			
Treasury policy compliance											<= 5,000			
✓											✓			
<b>Commercial paper maturities</b>														
<b>Issue #</b>	<b>\$000</b>	<b>BKBM</b>	<b>Interest rate</b>	<b>Bid cover (x)</b>	<b>Term (days)</b>	<b>Maturity date</b>	<b>CP maturities</b>							
307	50,000	1.945%	2.002%	1.46	94	20-Nov-17								
308	50,000	1.940%	2.002%	1.40	91	11-Dec-17								
309	50,000	1.935%	1.995%	1.68	92	30-Jan-18								
	<b>150,000</b>		<b>2.000%</b>											
<i>Note: BKBM is the banks' mid-rate for bank bills of a similar term on the CP issue date.</i>														
							<b>Nov-17</b>	<b>Dec-17</b>	<b>Jan-18</b>	<b>Feb-18</b>	<b>Mar-18</b>	<b>Apr-18</b>	<b>Total</b>	
Outstanding CP							50,000	50,000	50,000	0	0	0	0	150,000
Uncommitted short-term debt														0
							<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150,000</b>
<b>Treasury policy for maximum amount of CP outstanding</b>											<b>&lt;= 250,000</b>			
Treasury policy compliance											✓			
<b>Undrawn committed standby facilities</b>							<b>1 month</b>	<b>1-2 months</b>	<b>2-3 months</b>	<b>3-4 months</b>	<b>4-5 months</b>	<b>5-6 months</b>	<b>&gt; 6 months</b>	
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		
<b>Treasury policy:</b> Undrawn standby facilities >= 50% of outstanding CP and other uncommitted short-term debt repayable within 60 days							✓	✓	✓	✓	✓	✓		
<b>Treasury policy compliance</b>							✓	✓	✓	✓	✓	✓		
<b>Electricity hedging (NZ\$000)</b>							<b>0-6 months</b>	<b>6-12 months</b>	<b>12-18 months</b>	<b>18-24 months</b>	<b>24-30 months</b>	<b>30-36 months</b>	<b>36-42 months</b>	<b>42-48 months</b>
Contract maturity														
Contract length														
<b>Total value of outstanding contracts</b>							0							
<b>Treasury policy for maximum value of outstanding contracts</b>							<= 10,000							
Treasury policy compliance							✓							
											Page A7			

**WATERCARE SERVICES LIMITED**  
Management Report

**Oct-17**

**4.3**

Table of Contents

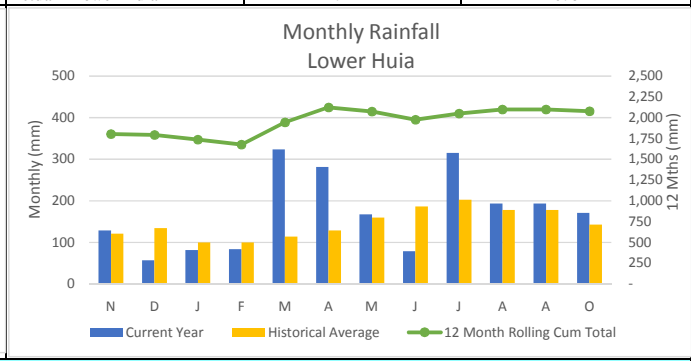
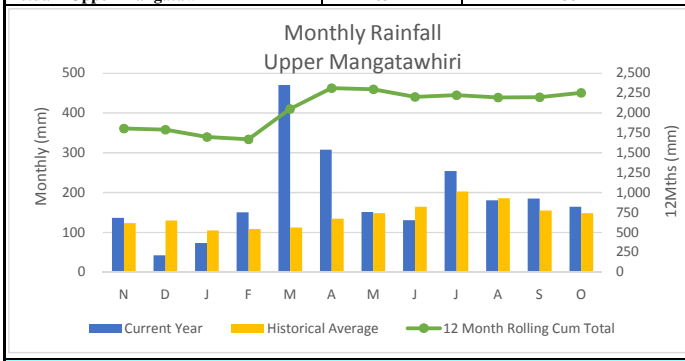
Section B	Page
2 <b>Statistics</b>	
• Monthly Statistics Update	B9

*Confidential*

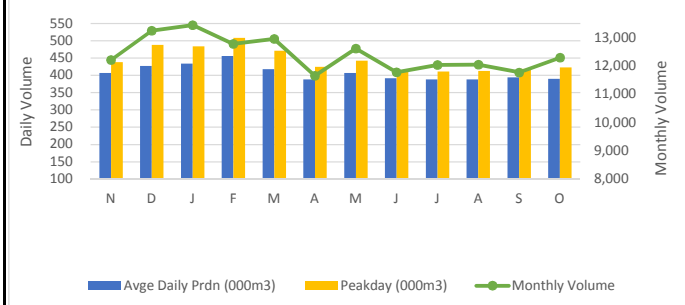
**Management Report** **WATERCARE SERVICES LIMITED** **Oct-17**  
**Monthly Statistics Update**

**Rainfall**

Rainfall	Current Month	12 Mth Cumulative Rolling	Rainfall	Current Month	12 Mth Cumulative Rolling
<b>Actual - Upper Mangatawhiri</b>	165 mm	2253 mm	<b>Actual - Lower Huia</b>	171 mm	2078 mm



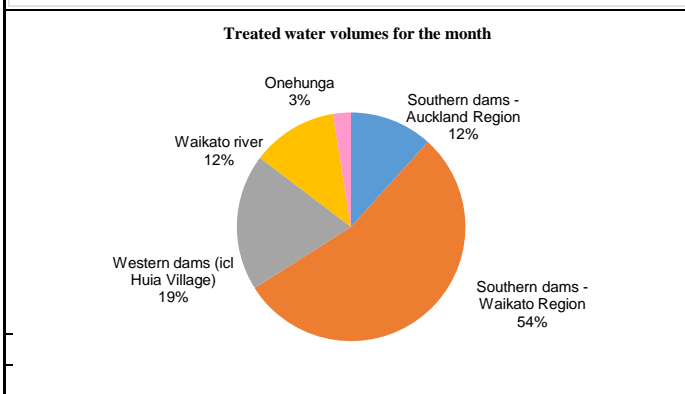
**Water Production - Total Supply**



Treated water volumes (000m <sup>3</sup> )	Current Month	12 Month Rolling Ave
<b>Monthly Volume</b>	12,289	12,400
- Metro	12,093	12,199
- Non-metro	196 <sup>1</sup>	201
<b>Average Daily Production</b>	390	407
<b>Peak Day</b>	423	508 <sup>2</sup>

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

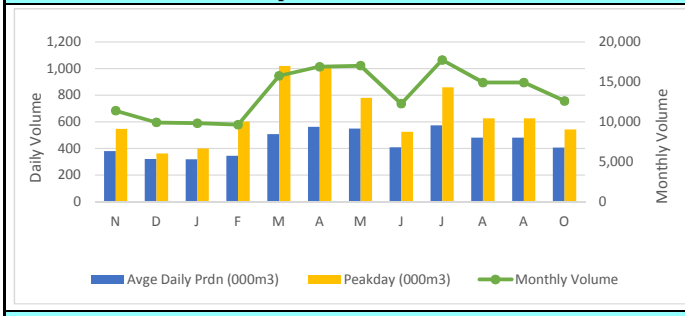
2. Max peak day in past 12 months



Treated water volumes (000m <sup>3</sup> )	Year to Date					
	Current Month		Year to Date			
	Actual	%	Budget	Actual	%	Budget
Southern dams - Auckland Region	1,364	11%	1,767	5,388	11%	7,803
Southern dams - Waikato Region	6,317	51%	5,496	25,688	54%	21,588
Western dams	2,249	18%	2,741	8,222	17%	10,884
Waikato river	1,413	12%	1,705	6,591	14%	6,765
Onehunga aquifer	295	2%	372	1,050	2%	1,476
Rodney	123	1.0%	116	449	0.9%	461
Franklin	74	0.6%	68	296	0.6%	267
<b>Total</b>	<b>11,834</b>	<b>96%</b>	<b>12,265</b>	<b>47,683</b>	<b>100%</b>	<b>49,244</b>

Lake levels at month end was 99.9%

**Wastewater Treatment - Metropolitan Treatment**



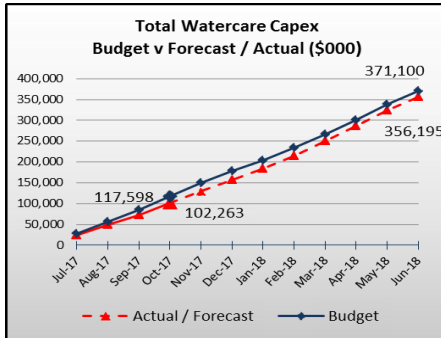
	Current Month	12 Month Rolling Ave
<b>Monthly Volume (000m<sup>3</sup>)</b>	12,616	13,585
<b>Average Daily Production</b>	407	445
<b>Peak Day</b>	543	1,025 <sup>2</sup>

2. Max peak day in past 12 months

# WATERCARE PUBLIC REPORT CAPITAL EXPENDITURE



TOTAL WATERCARE EXPENDITURE	Year to Date		Annual Performance	
	Actual	Budget	Actual + Forecast	Budget
Strategy & Planning	2,002	7,062	25,804	45,966
Infrastructure Delivery	63,634	69,962	193,741	189,768
Service Delivery	25,296	23,870	84,135	83,364
Retail	3,975	4,777	19,298	17,322
Information Services	509	3,013	6,992	7,575
Other	2,494	3,802	14,481	14,533
Capitalised Interest	4,352	5,112	11,744	12,572
<b>Watercare Total</b>	<b>102,263</b>	<b>117,598</b>	<b>356,195</b>	<b>371,100</b>



Project / Programme Infrastructure Related Projects (Phase: Design / Execution)	Project	Annual Performance		Status	
	Current Forecast	Forecast	Budget	Time	Cost
<b>Water Projects &gt;\$15 Million</b>					
Albany Pinehill WM & PS	19,790	7,414	11,976		
North Harbour WM Duplication - GBWD	54,300	4,954	5,544		
Hunua 4 Section 11	69,000	6,958	3,110		
Huia 1 and Nihotupu 1 Replacement	139,094	580	1,840		
Ardmore WTP Treated Water Resilience	27,600	5,690	5,640		
Pukekohe East Reservoir	55,300	6,064	6,091		
Waikato 175MLD Expansion Stage Ultimate	31,505	9,487	13,050		
<b>Wastewater Projects &gt;\$15 Million</b>					
Mangere WWTP BNR Capacity	141,040	7,909	7,357		
Mangere WWTP Solids Stream Upgrade	53,387	12,742	13,950		
Snells Algies WWTP Ocean Outfall	34,000	3,893	11,180		
Snells WWTP Upgrade	66,000	3,800	4,050		
Warkworth to Snells Transfer Pipeline	73,333	1,563	1,117		
Army Bay WWTP Outfall Upgrade	38,850	18,672	10,518		
Rosedale WWTP Expansion Project	62,300	6,184	11,400		
East Coast Bays Link Sewer Upgrade	27,200	553	600		
Fred Thomas Drive WW PS & Storage Tank	28,787	6,760	6,858		
Wairau Wastewater Pump Station	21,400	1,521	1,910		
Northern Interceptor - Stage 1	106,801	4,440	4,626		
Central Interceptor	1,180,900	3,165	2,017		
Glendowie Branch Sewer Upgrade	28,739	4,213	6,650		
Glen Eden Storage & Pipe Upgrade	16,133	3,996	4,500		
Pukekohe WWTP Upgrade	66,000	3,000	2,507		
Pukekohe Trunk Sewer Upgrade	44,319	6,341	8,328		
<b>Shared Services &gt;\$15 Million</b>					
Networks Controls Upgrade	18,607	1,518	220		
<b>Capex Programme (Design / Execution)</b>					
>\$15 Million	2,404,386	131,418	145,038		
>\$2 Million <\$15 Million	173,440	57,586	45,109		
<\$2 Million	30,450	9,612	6,809		
<b>TOTAL</b>	<b>2,608,275</b>	<b>198,615</b>	<b>196,957</b>		

<b>Watercare Services Ltd</b>
<b>Financial Summary</b> 2017-18
<b>Report Period</b> October 2017
<b>Infrastructure Related Projects:</b> 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%)



## Media summary for October 2017

Date	Media	Headline	Summary
29 Sept	Auckland Scoop, 1ZB	Three new directors appointed to AK controlled organisations	<p>Evan Davies and Glenys Coughlan have been appointed to the board of Auckland Tourism, Events and Economic Development and former Cabinet Minister Annette King has been appointed to the board of Watercare.</p> <p>Auckland Council's Appointments and Performance Review Committee approved the appointments of the three new directors at its 25 September meeting following a rigorous and transparent selection process that sought directors with a high-level of governance and financial experience and significant experience in large and complex organisations.</p>
29 Sept	MSN News	Goff not involved in King's Watercare appointment	<p>Auckland mayor Phil Goff was not part of a panel that appointed his friend and former colleague Annette King to the board of a council-controlled organisation, he says.</p> <p>Ms King, a former Labour MP, has been appointed to the board of Watercare after resigning from politics earlier this year.</p> <p>The pair were long-time colleagues in the Labour caucus and Mr Goff said he mentioned to Ms King that she might be a good candidate for the board of directors when the role came up.</p>
29 Sept	Gulf News	Council greasing the wheels-owner	<p>An Oneroa cafe owner has turned the hose back on Watercare after the arms-length council agency blamed local cafes for problems at the Owhanake wastewater treatment plant.</p> <p>Simon Pope, who runs The Local, says Auckland Council should shoulder responsibility for the plant's capacity issues because it continues to approve new developments and allow new food premises in the village.</p> <p>Watercare has announced a crackdown on Oneroa cafes and restaurants to ensure they are not tipping hot fats and oils down sinks and that their grease traps are being regularly cleared.</p>
6 Oct	Stuff	Extraordinary rain causes extraordinary sewage overflows for Auckland in year of Cyclone Debbie and Tasman Tempest	<p>Auckland has had two years' worth of sewage overflow into its natural environment after the worst rainfall in a decade.</p> <p>A pungent mix of raw sewage and stormwater from areas of the city served by a century-old sewerage system is pushed out to sea when it overflows during periods of heavy rain.</p> <p>In the year to July 2017, a period including Cyclone Debbie and the Tasman Tempest, there were more than 373 overflows – more than the previous two years combined.</p>
6 Oct	Valley Voice	Paparimu School digs deep for Hunua farm"	<p>The Tasman Tempest wreaked havoc in the Hunua Ranges earlier this year and Paparimu School did their bit to prevent further soil erosion and slips by planting 600 native plants on a farm in Hunua, as part of the "Trees for Survival' programme.</p>

Date	Media	Headline	Summary
			<p>For more than a decade, Watercare and Rotary members have provided local schools with thousands of trays of seedlings, which the pupils raise and then later plant out at local rural properties....</p> <p><i>N.B. This story was initiated by the Comms team as a way of raising awareness of Watercare's contribution to environmental initiatives and highlighting volunteer work done by Watercare staff.</i></p>

#### Watercare YouTube video uploads for October 2017

Story	Brief
Watercare's Central Interceptor procurement briefing	<p>Around 100 contractors and suppliers attended a Watercare briefing yesterday at Ellerslie Event Centre ahead of formal tendering for the \$1billion Central Interceptor (CI) tunnel, link sewers and pump station. A good mix of domestic and international companies was represented, including delegations from mainland China, France and Australia</p> <p><a href="https://www.youtube.com/watch?v=NcLuVY-y8r8">https://www.youtube.com/watch?v=NcLuVY-y8r8</a></p>
Kelston Boys High Schools gets new water meter	<p>Like many schools, teachers and board members at Kelston Boys have been puzzling how to turn their students away from sugary drinks and onto water. They decided that replacing the old water fountain in the main quad was the first step. The next involved Watercare providing them with a smart device so they could measure how much water the students were drinking</p> <p><a href="https://www.youtube.com/watch?v=UHfK4M7rgaU">https://www.youtube.com/watch?v=UHfK4M7rgaU</a></p>
Watercare celebrates Diwali 2017	<p>Everyone got into the spirit at this year's Diwali's celebration. Great food, fantastic dancing ... so much fun!</p> <p><a href="https://www.youtube.com/watch?v=C0zSmpUAiac&amp;t=8s">https://www.youtube.com/watch?v=C0zSmpUAiac&amp;t=8s</a></p>
Water NZ Conference 2017	<p>Our people and projects were recognised with three awards at the Water New Zealand conference in Hamilton.</p> <p><a href="https://www.youtube.com/watch?v=ncwuj3ueQSM&amp;t=9s">https://www.youtube.com/watch?v=ncwuj3ueQSM&amp;t=9s</a></p>

#### Customer and internal communications for October 2017

Communication	Status
Website launch communication	Completed
Website promotion communications plan	Ongoing
October Your Source	Completed
Comms assistance for Energy Week	Underway
Public plant tours organisation and promotion	Completed (Mangere, Rosedale Ardmore)
Internal roadshows	Completed
Comms support for Expo	Completed

Developing value story, business model frameworks for Integrated reporting	Underway
Communications for company cars procurement processes	Underway
Communication plan and summary document for Water Efficiency Strategy	Underway
Communications for the launch of ERoad vehicle booking tool and Electric Vehicles	Underway
NewsBuzz, Directions stories on Our Place	Ongoing

#### Stakeholder Communications for November 2017

Project	Communications
Franklin Road wastewater/stormwater pipe separation project	Work on Collingwood Street will finish in November. Voice of the customer letters will be sent to affected households on completion seeking feedback on the project works.
Glen Eden wastewater storage tank and network upgrades project	New signage is being created for Scout Club car park closures; traffic management and diversions are working well with few complaints received. A flyer was due distributed in mid-October with an update on progress.
Huia Water Treatment Plant replacement project	Community liaison group meetings continue on a fortnightly basis; minutes and information is being placed on the Watercare website when confirmed as correct.
Wynyard Quarter wastewater network upgrade project	Halsey Street works have been delayed by three weeks due to unforeseen obstructions encountered in the tunnelling. We are continuing to work with Auckland Transport to minimise disruptions.
Fred Thomas Drive wastewater storage tank and local network upgrade project	Good progress is being made on the pump station and storage tank. Work is due to start on the final connections in Esmonde Road – Stakeholders including schools have been notified – the works are also timed to miss the Auckland Marathon.
Ponsonby pipeline upgrades	Initial works have been completed and the road reinstated. Further work is scheduled for January 2018.
Wairau Road wastewater upgrade works	Works are progressing well. Entry to View Road from Wairau Road will be closed from October to February 2018. A public notice was placed in the North Shore Times and a letter drop completed. VMS signs are in place to advise the general public of traffic changes. Project benefit (scrim) signage is displayed on construction fences.
Northcote Wastewater Upgrades – TS8	Engagement with local business has been completed. Meetings have been held with key stakeholders to mitigate against potential project concerns. A project newsletter was distributed to the public informing works are commencing in October.
Army Bay	Construction is underway and project boards have been installed. The media and local Councillors were engaged to promote the works.

SafeSwim	The new Auckland Council SafeSwim programme will be implemented 1 November; Watercare continues to work collaboratively with Auckland Council to assist with delivery of this initiative.
Albany / Pinehill watermain and reservoir project	Construction is due to begin November 2017. Newsletters and project sign boards are being prepared, and communication with stakeholders commenced in October. A dawn blessing will be held 16 October for the joint NZTA /Watercare /Auckland Transport Spencer Road bridge work.

## Local Board Interaction (As at 6 November 2017)

Local Board	Chair	Deputy Chair	September 17	October 17	November 17
Albert - Eden	Peter Haynes	Glenda Fryer	Local Board briefing on the Central Interceptor with Auckland Council Parks (20 Sept)	Shared advertisement for Mangere Wastewater Treatment Plant Public Open Days – posted onto LB Facebook page (10 Oct). Joint presentation from Watercare and Healthy Waters on the Proposed Western Isthmus Water Quality Improvement Programme (10 Oct). Information on Local Govt. S.181 notices to property owners above the Central Interceptor (12 Oct). Public workshop on Western Isthmus water quality programme (16 Oct). Hunua 4 workshop briefing (18 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). Response to escalated complaint regarding a water main break in Moa Road (19 Oct). YourSource staff newsletter distributed (27 Oct).	
Devonport - Takapuna	Grant Gillon (26 October 2016 to 22 April 2018) George Wood (23 April 2018 to the end of the 2016-2019 political term)	George Wood (26 October 2016 to 22 April 2018) Grant Gillon (23 April 2018 to the end of the 2016-2019 political term)		Notice of works on Esmonde Road over November -December 2017 (11 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	
Franklin	Angela Fulljames	Andy Baker	Alan Cole attended the Rural Forum where Watercare presented on the Manukau Harbour Hydrodynamic Model (1 Sept). Information shared on Trees for Survival programme (11 Sept). Advanced notice of survey works in Ville reserve (11 Sept).	Notification that resource consents were granted for the Pukekohe Wastewater Treatment Plant (4 Oct). Shared advertisement for Mangere Wastewater Treatment Plant Public Open Days – posted onto LB Facebook page (10 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	Assisted the Chair with response to Franklin farmer in relation to the Pukekohe pump station engineered outfall point (6 Nov).
Great Barrier	Izzy Fordham	Luke Coles			
Henderson - Massey	Shane Henderson	Peter Chan	Update on biofilter for Massey Siphon (25 Sept). Local Board briefing (26 Sept)	Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	
Hibiscus and Bays	Julia Parfitt	Janet Fitzgerald	Shared media info on lizard relocation at Army Bay as part of outfall project (11 Sept).	Email seeking feedback on the Trade Waste Bylaw review (19 Oct). Local Board workshop on Army Bay resource consent renewals (25 Oct). YourSource staff newsletter distributed (27 Oct).	

Local Board	Chair	Deputy Chair	September 17	October 17	November 17
<b>Howick</b>	David Collings	Katrina Bungard	Local Board Briefing (7 Sept)	Shared advertisement for Mangere Wastewater Treatment Plant Public Open Days – posted onto LB Facebook page (10 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	
<b>Kaipatiki</b>	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)	Local Board briefing (27 Sept). Follow up information for Local Board member on View Rd access (28 Sept).	YourSource staff newsletter distributed (27 Oct).	
<b>Mangere - Otahuhu</b>	Lydia Sosene	Walter Togiama	Shared media article on water savings initiative with local rugby club (6 Sept). Shared story on Watercare staff initiative on Mangere Mountain to launch Maori Language week (13 Sept)	Information on Local Govt. S.181 notices to property owners above the Central Interceptor (12 Oct). Joint presentation from Watercare and Healthy Waters on the Proposed Western Isthmus Water Quality Improvement Programme (19 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	
<b>Manurewa</b>	Angela Dalton	Rangi McLean		Shared advertisement for Mangere Wastewater Treatment Plant Public Open Days – posted onto LB Facebook page (10 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	
<b>Maungakiekie - Tamaki</b>	Josephine Bartley - until 22 April 2018, to be replaced by Chris Makoare on 23 April 2018.	Don Allan - until 29 October 2017. Debbie Burrows - 30 October 2017 to 28 October 2018. Bernie Driver – 29 October 2018 until end of the term.		Shared advertisement for Mangere Wastewater Treatment Plant Public Open Days – posted onto LB Facebook page (10 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	
<b>Orakei</b>	Colin Davis - After 18 months Kit Parkinson will Chair.	Kit Parkinson - After 18 months Carmel Claridge will be Deputy Chair		Notification of watermain break in Kapa Road (16 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	Launch of the Safeswim programme at Mission Bay (4 Nov)
<b>Otara - Papatoetoe</b>	Lotu Fuli	Ross Robertson		Shared advertisement for Mangere Wastewater Treatment Plant Public Open Days – posted onto LB Facebook page (10 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	

Local Board	Chair	Deputy Chair	September 17	October 17	November 17
<b>Papakura</b>	Brent Catchpole	Felicity Auva'a		Shared advertisement for Mangere Wastewater Treatment Plant Public Open Days – posted onto LB Facebook page (10 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	
<b>Puketapapa</b>	Harry Doig	Julie Fairey	Local Board briefing on the Central Interceptor with AC Parks (28 Sept)	Shared advertisement for Mangere Wastewater Treatment Plant Public Open Days (10 Oct). Joint presentation from Watercare and Healthy Waters on the Proposed Western Isthmus Water Quality Improvement Programme (11 Oct). Information on Local Govt. S.181 notices to property owners above the Central Interceptor (12 Oct). Public workshop on Western Isthmus water quality programme (16 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	
<b>Rodney</b>	Beth Houlbrooke	Phelan Pirrie	Local Board Briefing (7 Sept). Follow up to questions raised at Local Board briefing (18 Sept)	Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	
<b>Upper Harbour</b>	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)	Watercare joined Council for a workshop on the sports leases and future land requirements for Rosedale WWTP (7 Sept)	Andre Stuart provided evidence at Local Board hearings for community leases in support of changes proposed for the NZTA northern corridor improvement works (17 Oct). Dawn blessing of Spenser Road bridge project with Local Board members and NZTA (16 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	
<b>Waiheke</b>	Paul Walden (26 October 2016 to Sunday, 22 April 2018) Cath Handley (23 April 2018 to the end of the 2016-2019 political term)	Cath Handley (26 October 2016 to Sunday, 22 April 2018) Paul Walden (23 April 2018 to the end of the 2016-2019 political term)	Local Board briefing (12 Sept). Information provided on Watercare land used for car park at Owhanake (20 Sept).	Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	
<b>Waitakere Ranges</b>	Greg Presland	Saffron Toms	Greg Presland and Sandra Coney attended Huia WTP replacement project community liaison meeting (7 Sept). Local Board update on Glen Eden Wastewater Project (19 Sept)	Update on Huia Water Treatment Plant Replacement CLG meeting (12 Oct). Notice of slip repairs on Exhibition Drive (17 Oct). Glen Eden wastewater update newsletter (17 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct).	

Local Board	Chair	Deputy Chair	September 17	October 17	November 17
				YourSource staff newsletter distributed (27 Oct).	
<b>Waitemata</b>	Pippa Coom	Shale Chambers		Joint presentation from Watercare and Healthy Waters on the Proposed Western Isthmus Water Quality Improvement Programme (10 Oct). Information on Local Govt. S.181 notices to property owners above the Central Interceptor (12 Oct). Public workshop on Western Isthmus water quality programme (16 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). Hunua 4 workshop briefing (24 Oct). YourSource staff newsletter distributed (27 Oct).	
<b>Quiry to healthy Waters</b>	Tracey Mulholland	Susan Zhu	Information provided in response to question raised on quality of contractor reinstatement works (28Sept)	Workshop with Parks and the Local Board on landowner approvals for the Central interceptor Project (11 Oct). Joint presentation from Watercare and Healthy Waters on the Proposed Western Isthmus Water Quality Improvement Programme (18 Oct). Email seeking feedback on the Trade Waste Bylaw review (19 Oct). YourSource staff newsletter distributed (27 Oct).	
<b>Manukau Harbour Forum</b>				Shared advertisement for Mangere Wastewater Treatment Plant Public Open Days (10 Oct). YourSource staff newsletter distributed (27 Oct).	

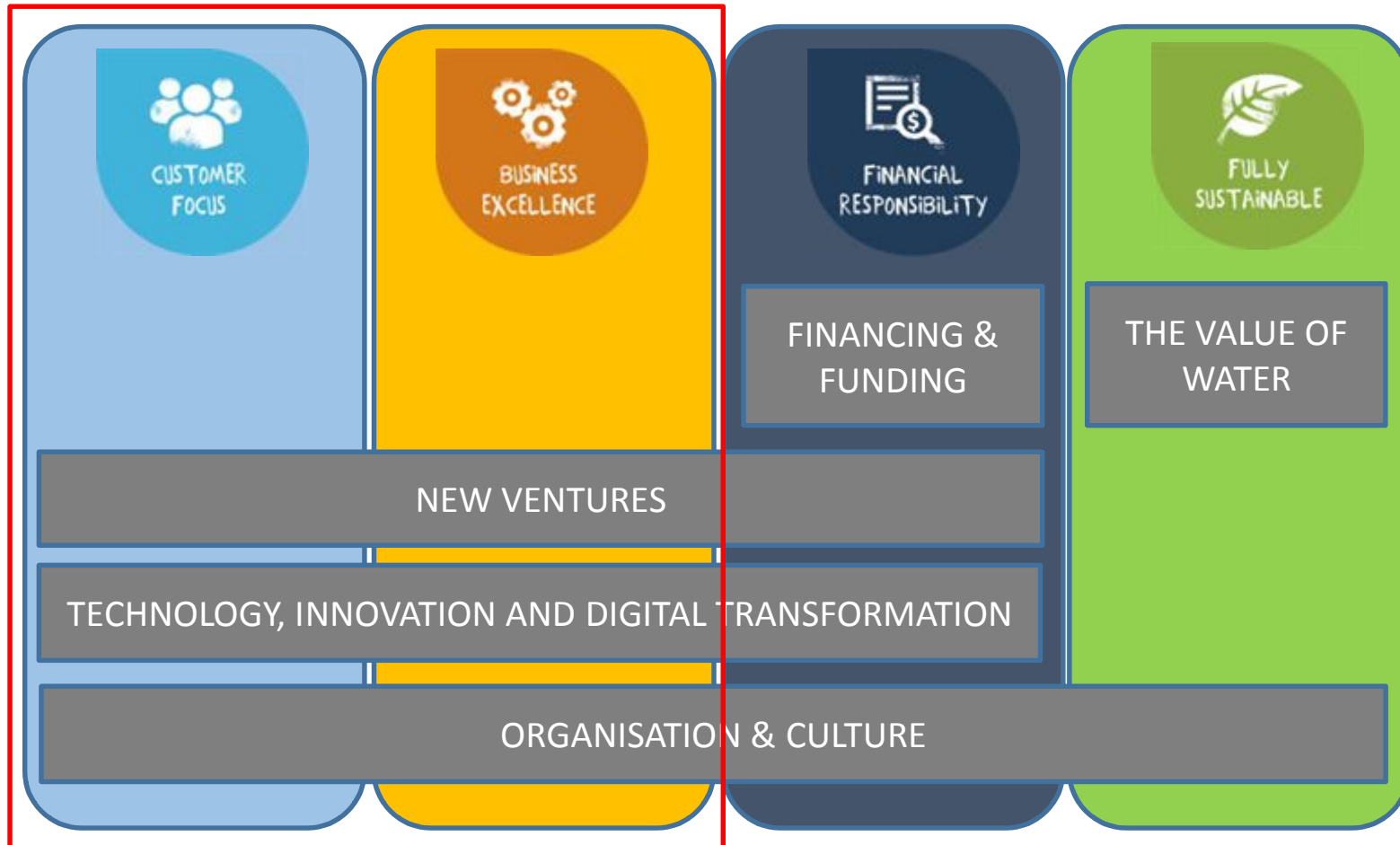


# Organisation and Culture Update

November 2017

Adrienne Miller

# Strategic Themes



5.1

# Proposed Business Outcomes

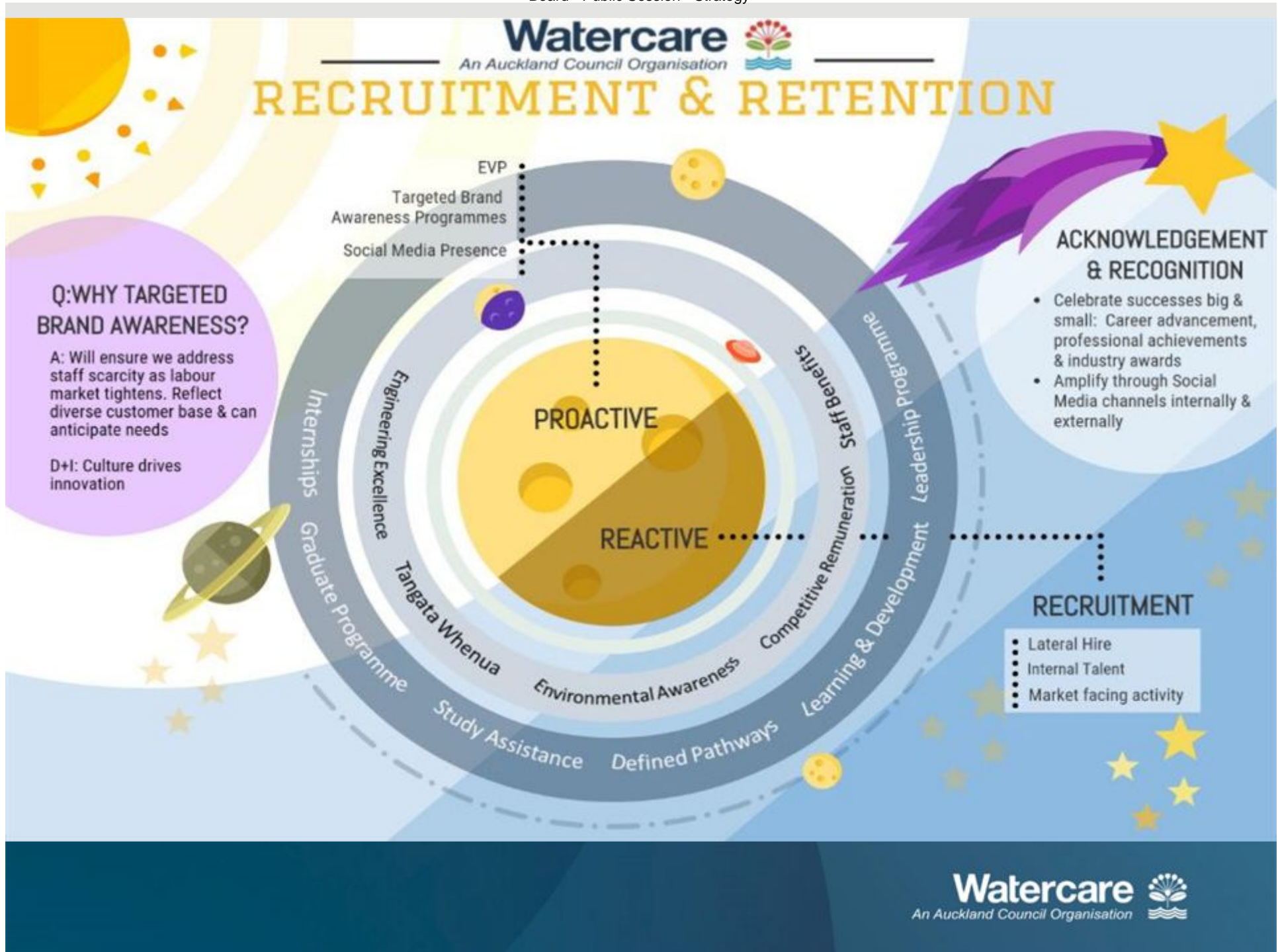
5.1

- A high performing organisation that is agile and responsive to change.
- An organisational culture that supports Watercare to achieve its vision and business objectives.
- Watercare becomes an employer of choice.

## Next steps

5.1

- Implement new **HR team structure**
- Develop and implement **revised remuneration framework**
- Develop and execute **culture/brand implementation plan**
- Develop **recruitment and retention strategy**
- Embed fundamentals of people management and **leadership**
- Develop **target operating model** (future state) to inform people, process and technology requirements



5.1

# Employment Brand & “value proposition”

5.1

Work is well under way to confirm thinking around Employee Value Proposition (or “EVP”): what differentiates us as an employer or in our sector in the market.

Factors under consideration include the following:

- Complexity, scale and engineering excellence
- Generational opportunity on engineering side (projects & aging 1950’s infrastructure necessitating replacement)
- Passionate about public health outcomes (aligns with “value of water” theme)
- A values-aligned organisation with environmental credibility, respect for tangata whenua and other cultures, service ethic and a customer-centric focus
- Employer that looks after, develops its people and celebrates staff achievements
- The sheer variety of different types of roles across the organisation = opportunities for progression

# Raising Brand awareness with target groups

- We are also consciously exploring how, in light of future predicted labour shortages, we are best to “speak to” different demographic groups. We have started to implement plans to raise brand awareness and build relationships with a number of these groups in a targeted fashion.
- In addition to the labour benefits, true diversity and inclusion, will enable us to better understand, and anticipate the needs of customers & other stakeholders. D&I is also a known enabler of innovation.
- We are receiving recognition for this work. We have been:
  - nominated in two categories at the Young at Heart Awards (the School Engagement and Work Experience Award and Māori and Pasifika Diversity Award) - and won an award for the latter.
  - identified as a finalist in the Government category of Ngā Tohu Reo Māori 2017 due to Watercare's Waiata Off and work during Māori language week.

5.1

# Youth: Pledge/#BuildAKL etc

- Youth Pledge commitment made in 2016
- #BuildAKL youth recruitment campaign
- 'Future Ready' Conference (millennials)
- 2017 Week of Engineering site tours (Mangere, Rosedale, Huia, BNR)
- Week of Engineering Expo exhibiter
- Multiple Job Fest career expos
- Connexis' Taste Tester series
- "Big Bus" initiative
- GOTATRADE
- IPENZ PDP refresh
- Scholarships/Interns
- Smart Seeds
- Youth at Heart awards



5.1



# Women

- Formed a Women of Watercare (“WOW”) email group to create an internal support community
- Participated in Connexis’ “Girls with Hi Vis” campaign: a half day careers expo at our Mangere WWTP involving our female staff and secondary school students
- Hosted and participated in WIN Advisory Board activities and co-sponsored the Women in Infrastructure breakfast at Infrastructure NZ’s Building Nation’s conference in October
- Member of exec appointed to Diversity Works Board (old EEO Trust) an organisation focused on all forms of diversity and inclusion



# Maori, Pasifika cultural diversity

- Worked with Whai Maia (a Ngāti Whātua initiative) developing unemployed youth
- Signed an MOU with Auckland Council South Auckland Māori and Pasifika Trades Training
- Run a full Te Wiki o Te Reo Māori (Māori Language Week) program
- Hosted an acclaimed Waiata Off event
- Regularly hold Marae Māori Protocol Workshops for staff to increase cultural awareness and are planning a ten week Te Reo course in upcoming months for interested staff
- Sent a Staff member to the Māori Women's Leadership Summit
- Sent a P&C team member to the Council Family 'Moana Pasifika Annual Fono'
- Run Diwali events and also end of year cultural concerts involving staff



5.1

# Immigrants

- We have started to form stronger relationships with Immigration NZ. Our Immigration Relationship Manager was invited to present to the HR team on current NZ immigration policies and visa requirements and has supported the team in visa applications.
- We were successful in renewing our status as an accredited employer (relative to Talent Work Visas) earlier in the year which is of assistance in the appointment of foreign nationals.
- One of our staff story (from Ireland) was interviewed by the LINKZ magazine and spoke of her immigration and Watercare's pivotal role in providing her with an opportunity to migrate to New Zealand and subsequently become a permanent resident. We also got to outline our view as an organisation on the value of diversity and inclusion



5.1

# Staff benefits offering

5.1



## Working for Watercare

### Employee benefits



Work in an organisation that helps Aucklanders stay healthy, which cares about the environment and about its community.

Get to use your skills and technical expertise to work on complex problems and projects. Work at a scale which really will make a difference.

*Trusted by our communities for exceptional performance every day.  
Active companies that we are today.*



## Employee benefits



### Key financial benefits

- Income protection insurance plan
- Life insurance plan
- Banking discounts
- N3 staff discount scheme: leveraging off our buying power with suppliers and retailers
- Discounted carparking
- Incentive schemes for senior staff



### Health and wellbeing: life balance

- Flexible working practices
- Option to purchase additional leave (salary sacrifice)
- Discounted Southern Cross Group Healthcare Plan
- Occupational nurses delivering annual medical checks and immunisations
- 10 days sick leave entitlement
- Long service leave entitlements
- Access to a free head office gym
- Additional parental leave and partner entitlements
- Employee assistance programs: help when you need it most
- Educative programs around wellbeing and lifestyle issues



### Career progression and development

- Learning and development programs including leadership training
- Study assistance schemes
- Structured and regular feedback
- Professional memberships covered
- The opportunity to mentor others
- Staff development opportunities



# Staff Wellbeing

We have developed our conceptual thinking around a Wellbeing program that seeks to address both:

- **work risks** that could impact the health of staff (the traditional scope of Occupation health including physical, chemical, biological and psychological factors),
- **health risks** that could affect the work staff perform

(these also include lifestyle/"feel good" retention initiatives demonstrably showing that we care about our staff).

We've chosen the "Ripple" as the branding to represent the Wellbeing program as little changes can have a big impact, not only on our staff, but on their family and friends and the community they live in.

We have run seminars and issued guidance around issues such as work/life balance, Financial planning and wellbeing, smoking, nutrition and exercise, mental health, heart health, men's health, prostate and breast cancer etc. Where possible we have aligned this with the to the public health calendar so our messaging is amplified.



5.1



# Learning and development

5.1



# Leadership program

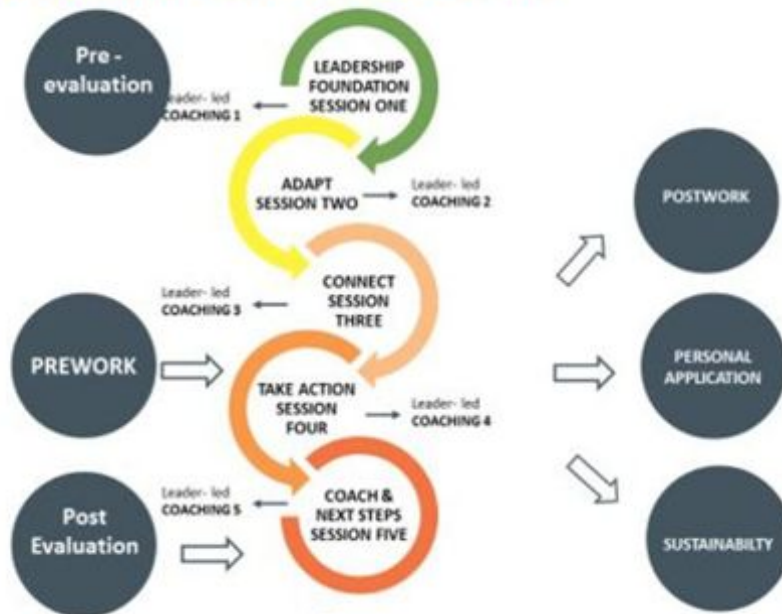
“Better tomorrow than we are today”

5.1

## LEADERSHIP ACROSS WATERCARE INCLUDES...



### SESSION JOURNEY FOR PEOPLE LEADERS



Thank you

5.1

Questions



## Report to the Board of Watercare Services Limited

**SUBJECT:** Watercare Website Update

**DATE:** 21 November 2017

---

### 1. Introduction

Watercare has launched a new, refreshed external website. The address remains the same, [www.watercare.co.nz](http://www.watercare.co.nz).

At the Board meeting, we will present the Board with tour of the website, highlighting the updated features and new functions.

### 2. Background

The old website had not been upgraded since amalgamation in 2010. Watercare customers had been advising us for some time, via Voice of the Customer feedback, that the website was difficult to navigate and at times frustrating.

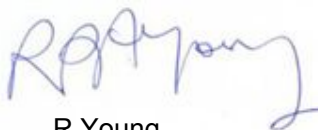
Built on a new content management system (Kentico), the refreshed website is mobile-friendly, easy to navigate and features a number of new functions, such as a new Customer Self-Service zone, which allows customers to make part and full payments online, sign up for e-billing and view their transaction history. Customers can also connect with their online banking system and apply for partial credits if they have fixed a water leak and believe they qualify for an allowance.

A second release in December 2017 will allow Watercare customers to report faults online, apply to connect to Watercare services and check outages in their area.

### 3. Recommendation

That the Board receives this report.

Report prepared by:



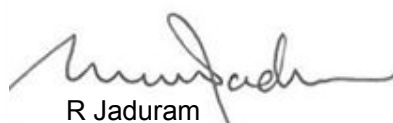
R Young  
Communications Manager

Recommended by:



Marlon Bridge  
General Manager, Retail

Approved for submission by:



R Jaduram  
Chief Executive