

# WATERCARE SERVICES LIMITED

## AGENDA | Board meeting | 30/4/2015

Venue	Watercare, 73 Remuera Road, Newmarket
Time	11am

### Open Public Meeting

Item	Spokesperson	Action sought at governance meeting	Supporting Material
1. Apologies	Chair	<ul style="list-style-type: none"> <li>Record Apologies</li> </ul>	
2. <a href="#">Minutes of Meeting</a>	Chair	<ul style="list-style-type: none"> <li>Approve Board Meeting Minutes               <ul style="list-style-type: none"> <li>19 March 2015</li> </ul> </li> </ul>	Minutes 19 March 2015
3. Directors' Corporate Governance Items	Chair	<ul style="list-style-type: none"> <li><a href="#">Corporate Planner 2015</a></li> <li>Review <a href="#">Disclosure of Interests</a></li> </ul>	Corporate Planner Disclosure of Interests
4. <a href="#">Chief Executive's Report and Scorecard</a>	R Jaduram	<ul style="list-style-type: none"> <li>Note the Chief Executive's report               <ul style="list-style-type: none"> <li>Health and Safety</li> <li>Customer Services</li> <li>Infrastructure and Planning</li> <li>Operations</li> <li>Finance</li> <li>Board Correspondence</li> <li>Execution of Documents</li> <li>Communications</li> <li>Working with Local Boards</li> <li>Statutory Planning</li> <li>Long Term Plan 2015-2025</li> </ul> </li> </ul>	Chief Executive's Report
5. <a href="#">Strategic Direction for Providing Services to Support Urban Growth</a>	D Blow	<ul style="list-style-type: none"> <li>Receive paper</li> </ul>	Paper
6. <a href="#">AMDD Trade Waste Charges</a>	S Cunis	<ul style="list-style-type: none"> <li>Approve paper</li> </ul>	Paper
7. General Business	Chair		

Date of next Meeting – 29 May 2015

Location – Watercare Services, 73 Remuera Road, Newmarket

# MINUTES

SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Mangere Wastewater Treatment Plant, Island Road, Mangere
DATE	19 March 2015
TIME	10:30
STATUS	Open Session

	<b>Present:</b>	<b>In Attendance:</b>	<b>Public in Attendance:</b>
	M Allen D Clarke (Chairman) P Drummond C Harland T Lanigan D Thomas	M Bourne R Chenery S Cunis R Fisher R Jaduram T Langridge B Monk T Munro B Taplin S Vitas	One member of the public
1.	<b>Apologies</b> <ul style="list-style-type: none"> <li>N Crauford</li> <li>J Hoare</li> </ul>		
2.	<b>Minutes of Previous Meeting</b> <ul style="list-style-type: none"> <li>The Board <b>resolved</b> that the Minutes of the public section of the Board meeting held on 4 February 2015 be confirmed as correct.</li> </ul>		
3.	<b>Matters Arising</b> <ul style="list-style-type: none"> <li>Shayne Cunis advised that repairs to the Upper Huia Road would be completed in late May/early June. There has been only minor spilling from the dam and no issues raised to date. The local board have been kept informed as to progress.</li> <li>Shayne Cunis advised that all our water treatment plants are DWSNZ compliant. In June 2015, he expected all plants would qualify for Grade A status.</li> <li>Herbicide and Pest control in the Hunua Ranges</li> </ul> <p>The Board were advised that the Chairman had written to the Mayor, the Chief Executive and Shayne Cunis had met with Dean Kimpton, the Chief Operating Officer for the Auckland Council, and the Chief Executive had also met with Stephen Town, the Chief Executive of Auckland Council, to express concern that protocols for the proposed drop of 1080 on the Council land, leased to Waytemore be undertaken in strict accordance with protocols which are being developed.</p> <p>Shayne Cunis advised that some Council Officers want to undertake a single drop of 1080 rather than on a catchment by catchment basis. Watercare has pushed back and said that no more than two catchments should receive the drop at any one time.</p> <p>It is expected that once the protocol for the application of 1080 is completed, the Council will have to approve the protocol.</p> <p>Shayne Cunis said that management would make more frequent inspections of the lakes and would pick up any carcasses near the lakes.</p>		
4.	<b>Directors Corporate Governance Items</b> <ul style="list-style-type: none"> <li>Corporate Planner 2015</li> </ul> <p>The Corporate Planner for 2015 was noted.</p>		

	<ul style="list-style-type: none"> <li>• Disclosure of Interests The Disclosure of Interests was noted.</li> <li>• Organisational Chart The Organisational Chart was noted.</li> </ul>
5.	<p><b>Chief Executive's Report and Scorecard</b></p> <ul style="list-style-type: none"> <li>• Infrastructure and Planning The Chief Executive reported on the engagement with Auckland Council on Special Housing Areas. Of the more than 80 SHAs, there are only 3 where Watercare has issues with providing service. SHA status was granted notwithstanding those issues being drawn to the attention of the decision makers.</li> <li>• Operations Shayne Cunis advised that lake levels are 7 – 8 % below average for the time of year. Water is being pumped from the Waikato River at the maximum rate. The Mahurangi River levels have recovered with the recent rain, so no restrictions on supply were required at Warkworth. He advised that water losses were 13.66% just above the target of 13%. In dry summers, more water is taken illegally from fire hydrants which increases losses.</li> <li>• Finance Brian Monk advised that year-to-date revenue is favourable to budget by \$27m approximately. A significant contributor to that position is from IGCs which are ahead of budget as a result of a lift in residential construction. Debt levels are approximately \$49m below budget. It was agreed that low interest rates would be the norm for some time yet. Looking ahead to the 2015/16 budget, allowance would be made for growth in population. IGC income is difficult to predict. He said work was being undertaken with demand management from the 100 target customers.</li> <li>• Communications The Chief Executive advised that a communications strategy would be presented to the Board at the April meeting. The Chairman requested the strategy refer to the newsletters sent to customers with the bills.</li> </ul>
6.	<p><b>Negative Pledge Deed Reporting</b></p> <ul style="list-style-type: none"> <li>• Following discussions, the Board approved: <ul style="list-style-type: none"> <li>➢ the compliance report prepared as at 31 December 2014, and</li> <li>➢ authorising a director and the CFO to sign the report.</li> </ul> </li> </ul>
7.	<p><b>Servicing Greenfield Special Housing Areas</b></p> <ul style="list-style-type: none"> <li>• David Blow spoke to the paper. Four more SHAs have just been approved by the Government.</li> <li>• Construction in the housing sector is beginning to accelerate.</li> <li>• The Redhills SHA was discussed. The SHA is located adjacent to the new Westgate Shopping Centre. When the mains were designed and constructed, Redhills was not on the horizon. There is capacity at present because the Westgate Shopping Centre is not fully developed, once it is, there is no capacity to service the population of 4500 predicted for Redhills.</li> </ul>

8.	<p><b>Mangere Wastewater Treatment Plant</b></p> <ul style="list-style-type: none"> <li>• Mark Bourne gave a presentation on the operation of the Mangere Wastewater Treatment Plant.</li> </ul>
9.	<p><b>General Business</b></p> <ul style="list-style-type: none"> <li>• The Chairman commended management for the excellent response to the main breaks at Albany.</li> <li>• The Chairman noted this was the last meeting for Trish Langridge and he thanked her for her excellent work with Customer Services over the past four years.</li> <li>• The public section of the meeting closed at 12 noon.</li> </ul>

CERTIFIED AS A TRUE AND CORRECT RECORD

.....  
Chairman

**WATERCARE BOARD PLANNER 2015**

	2015											
	January	February	March	April	May	June	July	August	September	October	November	December
Board Meeting		4 Feb Newmarket  26 Feb - Workshop Newmarket	19 March Mangere	30 April Newmarket	29 May Newmarket*	26 June Newmarket	31 July Newmarket	20 Aug Newmarket	25 Sept Newmarket	29 Oct Newmarket*	19 Nov Newmarket	16 Dec Newmarket
Health & Safety Committee Meeting			19 March Mangere	30 April Newmarket	29 May Newmarket	26 June Newmarket	31 July Newmarket	20 Aug Newmarket	25 Sept Newmarket	29 Oct Newmarket*	19 Nov Newmarket	16 Dec Newmarket
Health & Safety Committee Workshops		26 Feb Newmarket		2 April Newmarket	6 May Newmarket	4 June Newmarket	2 July Newmarket	6 Aug Newmarket	3 Sept Newmarket	1 Oct Newmarket	5 Nov Newmarket	3 Dec Newmarket
Audit + Risk Committee Meeting		^4 Feb Newmarket			6 May Newmarket		^31 July Newmarket	17 Aug Newmarket			10 Nov Newmarket	
Capital Projects Working Group		4 Feb Newmarket		30 April			15 July Newmarket			21 October Newmarket		
Remuneration Committee		26 Feb Newmarket						31 August Newmarket			19 Nov Newmarket	
Statement of Intent		Approval of Draft 2015-2018 SOI	1 March Draft SOI to shareholder		Present shareholder SOI feedback at public meeting	Final 2015- 2018 SOI issued to shareholder			Work on 2016-2019 Sol Key dates yet to be advised by Auckland Council			
Shareholder Interaction**			3 March CCO Governance & Monitoring Committee		12 May CCO Governance & Monitoring Committee (Q3)			4 August CCO Governance & Monitoring Committee (Tentative)(Q4)				
Key Finance Decisions					29 May Approval of 2015/16 Budget							
Other		Qtr Statutory Compliance Reporting		Qtr Statutory Compliance Reporting			Qtr Statutory Compliance Reporting			Qtr Statutory Compliance Reporting		

\* Statutory public Board meeting - deputations invited

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

\*\* 2015 timetable yet to be confirmed by Auckland Council

## Report to the Board of Watercare Services Limited

**Subject:** Disclosure of Interests

**Date:** 21 April 2015

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

<i>Director</i>	<i>Interest</i>
David Clarke	<ul style="list-style-type: none"> <li>– Chairman, TRGG Ltd – Radiology Services</li> <li>– Chairman, Skin Institute</li> <li>– Director, Hawkins Watts Ltd</li> <li>– Director, FarmIQ Systems Ltd</li> <li>– Director, Hynds Group Ltd</li> <li>– Chairman, Health Alliance Limited</li> <li>– Chairman, Jucy Group Limited</li> </ul>
Peter Drummond	<ul style="list-style-type: none"> <li>– Chairman, Appliance Connection Ltd</li> <li>– Chairman, Watercare Harbour Clean Up Trust</li> <li>– Chairman, Variety Medical Missions South Pacific</li> <li>– Chairman, Ngati Whatua o Orakei Whai Maia</li> <li>– Chairman, Variety International Childrens Charity</li> <li>– Director, NARTA New Zealand Ltd</li> <li>– Director, NARTA International PTY Ltd</li> <li>– Panel member , Fire Review, Dept Internal Affairs</li> <li>– Director – Ports of Marlborough Limited</li> <li>– Director – Ngati Awa Group Holdings Limited</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> </ul>
Tony Lanigan	<ul style="list-style-type: none"> <li>– Director and Shareholder, A G Lanigan &amp; Associates (2007) Limited</li> <li>– Shareholder, Fletcher Building</li> <li>– Director, Habitat for Humanity New Zealand Limited</li> <li>– Director and Shareholder, Lanigan Trustee Limited</li> <li>– Director and Shareholder, Lanison and Associates Limited</li> <li>– Director and Chair, NZ Housing Foundation Limited</li> <li>– Director, Tamaki Makaurau Community Housing Limited</li> <li>– Director, NZ Transport Agency (NZTA)</li> <li>– Member, Ministry of Health Hospital Redevelopment Partnership Group for Canterbury</li> </ul>
Mike Allen	<ul style="list-style-type: none"> <li>– Director, Coats PLC</li> <li>– Director, Guinness Peat Group</li> <li>– Director, Godfrey Hirst Limited</li> <li>– Shareholder, Innoflow</li> <li>– Director, Tainui Group Holdings Limited</li> <li>– Director, Breakwater Consulting Limited</li> </ul>
Julia Hoare	<ul style="list-style-type: none"> <li>– Director, AWF Group Limited</li> <li>– Director, New Zealand Post Limited</li> <li>– Director, The A2 Milk Company Limited</li> </ul>

	– Member, Auckland Committee, Institute of Directors
Nicola Crauford	<ul style="list-style-type: none"> <li>– Chair, Wellington Rural Fire Authority</li> <li>– Director, Environmental Protection Authority</li> <li>– Member of Electoral Authority - Cooperative Bank Limited</li> <li>– Senior Consultant - WorleyParsons New Zealand Ltd</li> <li>– Director and Shareholder - Riposte Consulting Limited</li> <li>– Director and Shareholder - Crauford Robertson Consulting</li> <li>– Director and Shareholder - Martin Crauford Limited</li> <li>– Director, Wellington Water Limited</li> <li>– Director, Orion New Zealand Limited</li> </ul>
David Thomas	<ul style="list-style-type: none"> <li>– Chairman, Ngati Whakaue Tribal Lands Inc</li> <li>– Council Member, Business New Zealand</li> <li>– Board Member, EMA (Northern)</li> <li>– Chairman, Gypsum Board Manufacturers of Australasia</li> <li>– Shareholder / Employee – Fletcher Building Limited</li> </ul>

## RECOMMENDATION

That the report be noted.

Report prepared by:

Approved by:

R Fisher  
**General Counsel**

R Jaduram  
**Chief Executive**





# Board - Public Session - Chief Executives Report and Scorecard

WATERCARE SCORECARD 2014/15																		
On budget, on time, within parameters																		
Unfavourable but within parameters																		
Major issue, needs attention																		
Focus: Performance Measure	SOI	2014/15 Target	Amber Threshold	Red Threshold	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	
2015/25 LTP Measures	SOI	2014/15 Target	Amber Threshold	Red Threshold	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	
<b>9a</b> The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)					Programme of work is underway to develop calculation methodology and commence data collection to commence reporting from early 2015													
<b>9b</b> The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)					Programme of work is underway to develop calculation methodology and commence data collection to commence reporting from early 2015													
<b>9c</b> The percentage of real water loss from the local authority's networked reticulation system (rolling 12 mth average)		≤13%	>13 to 13.2%	>13.2	14.03%	14.10%	14.15%	14.00%	13.97%	13.40%	13.30%	13.45%	13.58%	13.66%	13.89%	13.66%	13.66%	
<b>9d</b> 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.					Programme of work is underway to develop calculation methodology and commence data collection to commence reporting from early 2015													
<b>9e</b> Median response time for resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption					Programme of work is underway to develop calculation methodology and commence data collection to commence reporting from early 2015													
<b>9f</b> 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					Programme of work is underway to develop calculation methodology and commence data collection to commence reporting from early 2015													
<b>9g</b> 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					Programme of work is underway to develop calculation methodology and commence data collection to commence reporting from early 2015													
<b>9h</b> 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					Programme of work is underway to develop calculation methodology and commence data collection to commence reporting from early 2015													
<b>9i</b> The average consumption of drinking water per day per resident within the territorial authority district (rolling 12 mth average)		2784 +/- 5%** (2013/14 target = 280 +/- 5%)	283 to 290	>290	270	270	271	270	270	270	270	269	267	266	273	273	273	
<b>9j</b> The number of dry weather overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system					Programme of work is underway to develop calculation methodology and commence data collection to commence reporting from early 2015													
<b>9k</b> 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					Programme of work is underway to develop calculation methodology and commence data collection to commence reporting from early 2015													
<b>9l</b> 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					Programme of work is underway to develop calculation methodology and commence data collection to commence reporting from early 2015													
<b>9m</b> 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					Programme of work is underway to develop calculation methodology and commence data collection to commence reporting from early 2015													
<b>9n</b> 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					Programme of work is underway to develop calculation methodology and commence data collection to commence reporting from early 2015													

4.1

## Watercare Services Limited

**Subject: Chief Executive Report – March 2015**

**Date: 13 April 2015**

---

4.2

### 1. HEALTH AND SAFETY

On a rolling 12 month basis:

- The lost-time injury frequency rate (LTIFR) was 5.93 against the Statement of Intent (SOI) target of less than or equal to 5 for 12 months.
- The total recordable injury frequency rate was 17.20 against a target of less than 30 for 12 months.
- Sick leave was 2.12% against the SOI maximum of 2.5%.
- Voluntary staff turnover was 11.12% against the SOI maximum of 12%.

### 2. CUSTOMER SERVICES

March's performance against Statement of Intent (SOI) measures was good with all targets met. Telephone service levels exceeded the minimum target with 81.6% of calls answered within 20 seconds, against a target of 80%.

All complaints received were resolved in 10 working days, exceeding the 95% target. There was an increase in the number of complaints received compared to February (21.8%) but a decrease from the same time last year. The overall the number of complaints is extremely low, representing only 0.4% of all customer interactions.

The response time for correspondence to be completed within 10 working days was achieved with 99.8% responded to in within 10 days, against a target is 95%. Customer satisfaction exceeded the target this month with all three metrics (billing, general and faults) exceeding 80%.

### 3. INFRASTRUCTURE AND PLANNING

The capital programme is forecast to be 7% under budget at year end mostly as a result of timing as well as some cost savings. Highlights for the month include the commencement of commissioning checks for the new Triangle Road pump station and the commencement of the detailed design for the Pukekohe Wastewater Treatment Plant upgrade.

Watercare and Auckland Council have undertaken a joint planning exercise in respect of upgrade works planned for Franklin Road, Ponsonby. Auckland Council is intending to undertake significant works to the carriage way and pavements in Franklin Road, commencing in early 2017. Prior to the commencement of the streetscape upgrade, Watercare will replace 1.7km of local watermains and complete the combined sewer separation works at the Ponsonby Road end of Franklin Road. Watercare works are expected to be complete in late 2016.

Watercare’s engagement with Auckland Council on Special Housing Areas, the Unitary Plan and the Long Term Plan continues, with the priority growth areas for Auckland being supported as required.

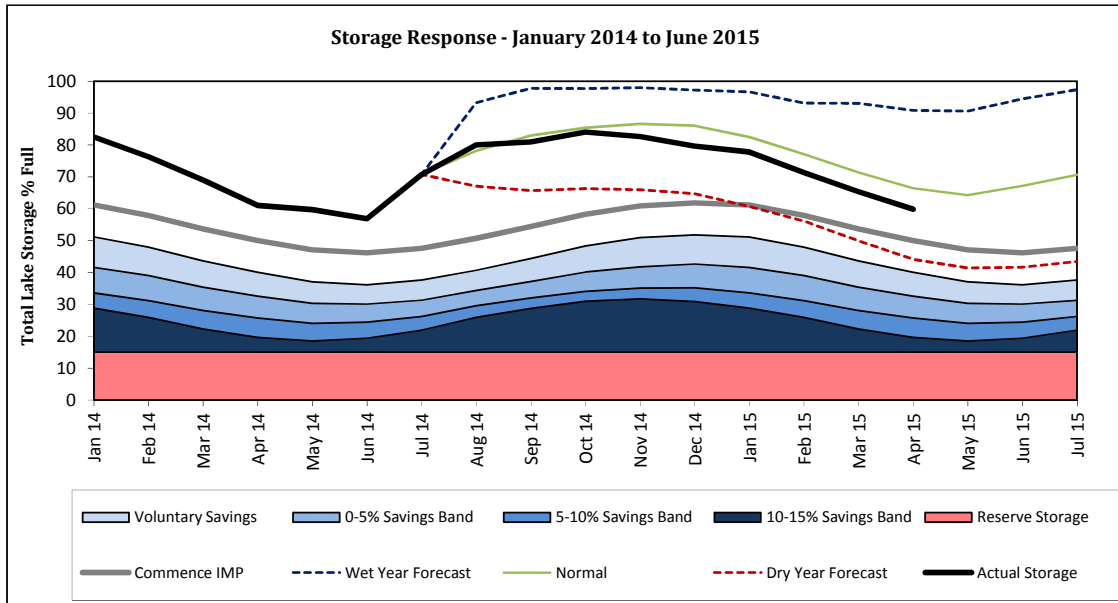
A Capital Expenditure Dashboard Report of all capital expenditure projects over \$2 million is shown as Appendix C.

**4. OPERATIONS**

The Auckland region experienced near average rainfall in March:

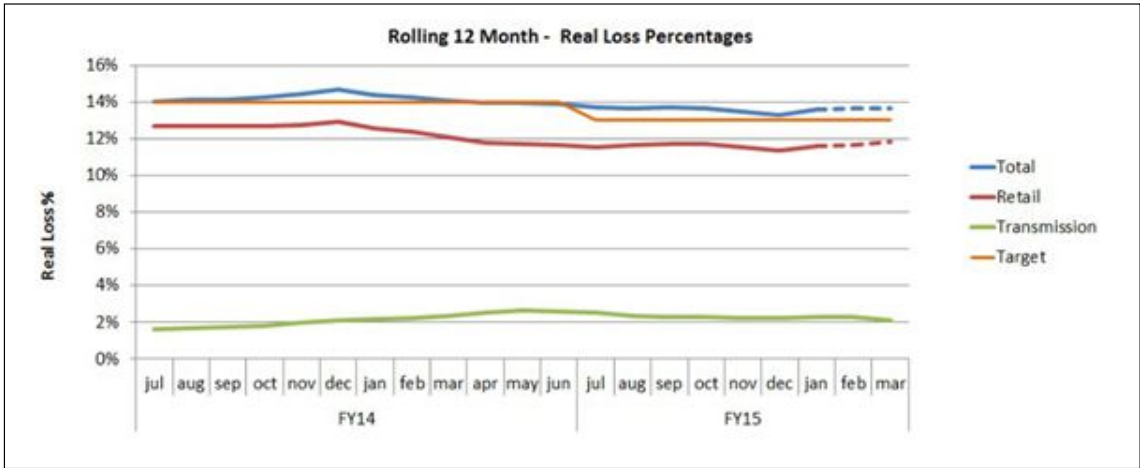
Waitakere Ranges	95% of average
Hunua Ranges	132% of average
Northern Non-metropolitan	80% of average
Southern Non-metropolitan	97% of average

Metropolitan total system storage decreased in March from 65.3% to 59.8%. This is below the modelled average storage for the end of March (66.4%). Lake levels are near those at the same time in 2014 (61.0%), while above those of 2008 (57.3%). Abstraction from the Waikato River continues to be maximised given current system storage position and capacity limitations at the Huia WTP.



Weather forecasts for April 2015 indicate rainfall is expected to be near normal for all regions, and temperature near or above average for all regions. Longer term, for April – June 2015, temperatures are most likely to be above normal for all regions, with rainfall most likely to be near normal.

The 12 month rolling real losses at March is at 13.66% against a Statement of Intent Target of 13%. It is unlikely that the target will be achieved for this year. Increased leak detection in the Central Area is to commence, in an effort to achieve further reduction in real losses.



The Glenvar No 1 watermain sustained significant damage in three separate locations following a pressure transient that was generated after a valve closure at Albany Reservoir on Thursday 12 March 2015. This event resulted in widespread low pressures and no water within the Albany area, including major commercial customers.

A number of contingency measures were implemented to restore a partial supply to as much of the area as possible, with full service restored to all customers early on Saturday 14 March 2015.



**Failed watermain and associated flooding, Albany.**

## 5. FINANCE

### Financial Performance

Figures (\$millions)	Current Month			Year to Date			Full Year		
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var
Revenue	48.64	51.19	(2.55)	392.85	377.37	15.49	517.13	499.58	17.54
Operating Expenses	17.53	17.85	0.32	149.96	152.36	2.39	201.17	201.59	0.42
Depreciation	17.54	17.78	0.24	152.74	157.57	4.83	206.64	210.44	3.80
Interest expense	6.35	7.15	0.80	55.54	59.58	4.04	75.63	80.57	4.94
<b>Total Contribution</b>	<b>7.22</b>	<b>8.40</b>	<b>(1.18)</b>	<b>34.61</b>	<b>7.86</b>	<b>26.76</b>	<b>33.68</b>	<b>6.98</b>	<b>26.70</b>
Financial instruments revaluation -	1.47	-	(1.47)	104.04	-	(104.04)	104.04	-	(104.04)
Non-operating costs/(income)	(0.18)	0.57	0.75	4.19	5.28	1.09	5.91	7.00	1.09
<b>Operating Surplus / (Deficit) Before Tax</b>	<b>5.92</b>	<b>7.83</b>	<b>(1.91)</b>	<b>(73.61)</b>	<b>2.57</b>	<b>(76.19)</b>	<b>(76.26)</b>	<b>(0.02)</b>	<b>(76.24)</b>
Deferred Tax - Expense/(Credit)	6.04	14.95	8.91	(12.38)	7.21	19.59	(10.79)	4.51	15.30
<b>Net Surplus / (Deficit) After Tax</b>	<b>(0.11)</b>	<b>(7.12)</b>	<b>7.00</b>	<b>(61.24)</b>	<b>(4.64)</b>	<b>(56.60)</b>	<b>(65.47)</b>	<b>(4.54)</b>	<b>(60.94)</b>
<b>FFO Ratio</b>				3.45	2.99		3.31	2.94	
<b>Operating EBITDAF</b>	31.11	33.34	(2.23)	242.89	225.01	17.88	315.95	297.99	17.96
<b>EBITDA</b>	29.81	32.76	(2.95)	134.66	219.73	(85.06)	206.01	290.99	(84.98)
<b>EBIT</b>	12.27	14.98	(2.71)	(18.08)	62.15	(80.23)	(0.63)	80.55	(81.18)

#### Month – Total Contribution of \$7.22 m - unfavourable variance to budget of \$1.18m

Total revenue was unfavourable \$2.55m to budget largely due to the timing of recognition of subvention income from Auckland Council (unfavourable \$4.30m) partially offset by favourable IGC revenue (\$1.67m) and vested asset income (\$0.37m). Water and wastewater revenue were unfavourable \$0.39m.

Operating expenses were favourable \$0.32m to budget with favourable variances for planned maintenance, chemical costs, professional services and general overheads partially offset by unfavourable variances for unplanned maintenance, asset operating costs and labour.

Depreciation was favourable to budget \$0.24m.

Interest expense was \$0.80m favourable to budget.

#### Year to date – Total Contribution of \$34.61m - favourable variance of \$26.76m

Year to date revenue is \$15.49m favourable to budget primarily due to IGC revenue favourable \$13.61m, vested asset income favourable \$3.29m. Water and wastewater revenue is unfavourable \$0.91m to budget with year to date water volumes 0.62% under budget.

Operating expenses are \$2.39m favourable to budget with favourable variances for planned maintenance, chemical costs, professional services and general overheads partially offset by unplanned maintenance and other asset operating costs.

Depreciation is favourable \$4.83m to budget.

Interest expense is \$4.04m favourable to budget.

#### Year to date – Net Deficit after Tax of \$61.24m – unfavourable variance of \$56.60m

The unfavourable variance year to date of \$61.24m is primarily due to an unfavourable revaluation of financial instruments of \$104.04m results from the substantial decrease in medium to long term swap rates since June 2014 partially offset by the \$26.76m year to date favourable operating contribution.

**Full year Forecast – Operating Contribution of \$33.68m – favourable variance of \$26.70m**

Full year revenue is now forecast at \$517.1m, favourable by \$17.5m largely due to expected higher than budgeted IGC revenue favourable \$13.6m and vested asset revenue favourable \$3.3m. Water and wastewater revenue forecasts are being held at budgeted levels for the remaining months of the year.

Operating expenses are forecast to be consistent with budget with unfavourable variances for unplanned maintenance and other asset operating costs largely offset by net labour, planned maintenance, chemical costs, professional services and general overheads.

Depreciation costs are expected to be favourable \$3.8m at year end due to forecast lower accelerated depreciation than budgeted.

Interest expensed through the P&L is expected to be \$4.9m beneath budget at year end.

**Financial Position**

\$million	Actual Feb-15	Actual Mar-15	Monthly Movement	Budget Mar-15	Var from Budget
Non Current Assets	8,364.8	8,371.8	7.0	8,382.2	(10.4)
Current Assets	89.1	78.5	(10.5)	77.8	0.7
<b>Total Assets</b>	<b>8,453.8</b>	<b>8,450.3</b>	<b>(3.4)</b>	<b>8,460.0</b>	<b>(9.7)</b>
Other Liabilities	270.6	278.3	7.7	188.4	89.9
Deferred Tax Liability	946.8	952.9	5.9	943.5	9.4
Borrowings - Short Term	254.2	187.6	(66.5)	259.4	(71.8)
Borrowings - Long Term	1,259.9	1,309.7	49.8	1,304.8	4.9
Shareholders Funds	5,722.4	5,721.9	(0.5)	5,763.9	(42.0)
<b>Total Liabilities and Shareholders Funds</b>	<b>8,453.8</b>	<b>8,450.3</b>	<b>(3.4)</b>	<b>8,460.0</b>	<b>(9.7)</b>

The major movements in the Statement of Financial Position as at 31 March 2015 compared with 28 February 2015 were the increase in non-current assets reflecting capital expenditure net of depreciation in the month, a decrease in trade and other receivables due to the receipt of the subvention receipt from Auckland Council (\$8.5m) and an increase in other liabilities (\$7.2m).

Compared with budget the material variances were largely in respect of derivative financial instruments (Other liabilities), non-current assets and debt. Net debt at \$1,493m was \$71.7m beneath budget.

**Receivables**

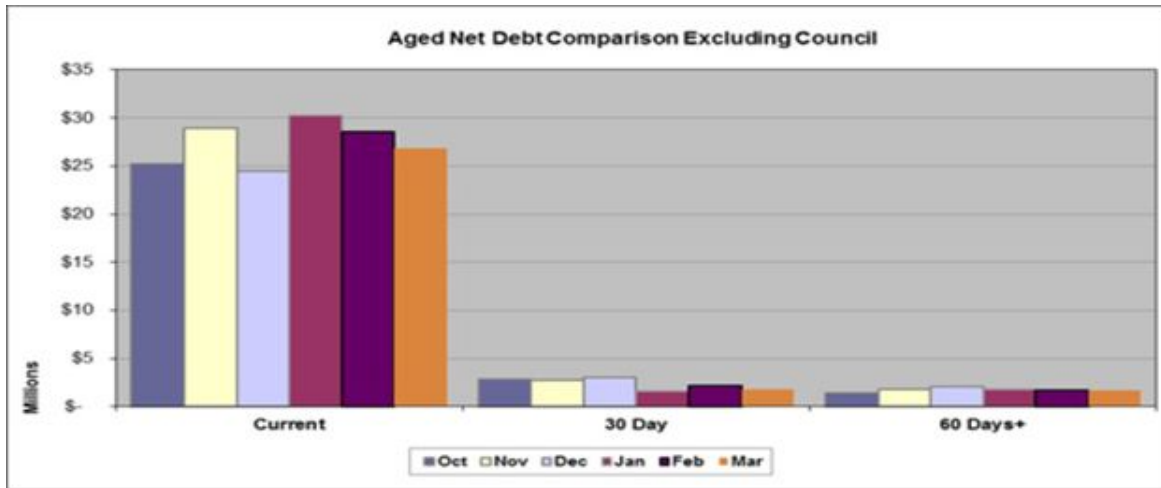
Receivables before provision for doubtful debts totalled \$31.4m at March month end compared with \$33.8m at the end of February. The Auckland Council component of total debt was \$1.07m compared with \$1.28m at February. Total 60+ day debt has increased by \$45k during the month.

**Total receivables – month-on-month comparison**

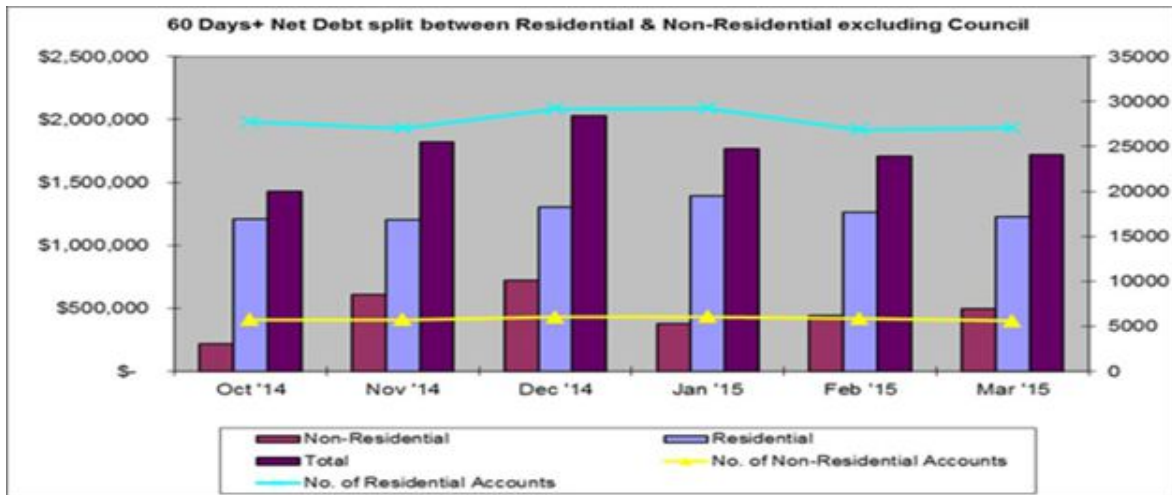
<u>Net Debt</u>	0-30 days <i>(previous month in italics)</i>	30-59 days <i>(previous month in italics)</i>	60 days + <i>(previous month in italics)</i>	Total <i>(previous month in italics)</i>
Receivables excluding Council & IGC	<b>\$26,847,708</b> <i>\$28,579,893</i>	<b>\$1,784,429</b> <i>\$2,198,291</i>	<b>\$1,721,417</b> <i>\$1,709,207</i>	<b>\$30,353,554</b> <i>\$32,487,391</i>
Auckland Council Group	<b>\$925,659</b> <i>\$1,139,270</i>	<b>\$94,542</b> <i>\$114,260</i>	<b>\$54,440</b> <i>\$21,791</i>	<b>\$1,074,641</b> <i>\$1,275,321</i>
<b>Total receivables</b>	<b>\$27,773,366</b> <i>\$29,719,163</i>	<b>\$1,878,971</b> <i>\$2,312,552</i>	<b>\$1,775,857</b> <i>\$1,730,998</i>	<b>\$31,428,195</b> <i>\$33,762,713</i>

The change in age of debt (excluding Auckland Council) over the last six months is shown below.

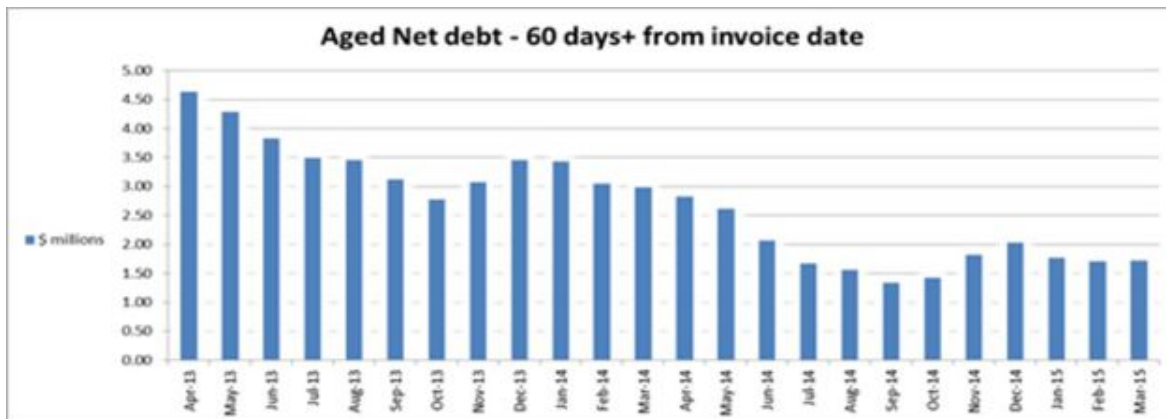
**Age of debt comparison – October 2014 to March 2015**



The split of 60 days+ receivables between residential and commercial is shown below:



The trends of 60 days is shown below:



**Water Utility Consumer Assistance Trust (WUCAT)**

The following tables summarise the results of the Trust:

Mar 2015

WUCAT Summary		
Financial year	Board approved applications (includes WSL additional write offs)	\$000's
Jun-12	33	\$ 29
Jun-13	172	\$ 196
Jun-14	123	\$ 114
(YTD) Jun-15	126	\$ 129
<b>Total</b>	<b>454</b>	<b>\$ 467</b>

WUCAT Summary last 3 meetings		
Month	Board approved applications	\$000's
Jan-15	0	\$ -
Feb-15	19	\$ 14.23
Mar-15	12	\$ 13.50
<b>Total</b>	<b>31</b>	<b>\$ 28</b>

454 applicants have successfully completed the budget adviser review process and these applicants have had \$467k of hardship relief approved by the Trust. This has resulted in \$364k actually being written-off as payment plans have been completed. For various reasons 39 applicants did not fully complete their agreed payment plans and they have foregone \$38k of approved hardship relief. A further 35 applicants continue with their payment arrangements with \$65k of approved hardship write-offs to be granted when they successfully complete their plan.

The results of the last 3 WUCAT meetings are that 31 applicants have successfully completed the budget process and had \$38k of hardship relief approved by the Trust.

**Restrictions**

During March 899 reminder notices were sent to customers warning that water restriction may be actioned if payment was not received and 20 cards were sent to customers warning of possible restriction of their water supply in 48 hours. As a result, 8 new water restrictions were actioned during March and 7 restriction was removed as payment was received.



The table below summarises the restrictions carried out by Watercare Services Limited.

Restriction Summary Year-ending	Commercial		Residential		Total	
	Restriction	De-restriction	Restriction	De-restriction	Restriction	De-restriction
30-Jun-12	1		5		6	0
30-Jun-13	13	11	6	4	19	15
30-Jun-14	20	20	17	14	37	34
31/03/2015 YTD	24	23	42	26	66	49
<b>Total</b>	<b>58</b>	<b>54</b>	<b>70</b>	<b>44</b>	<b>128</b>	<b>98</b>
<b>Restrictions currently in place</b>	<b>4</b>		<b>26</b>		<b>30</b>	

The following restrictions remain in place:

- Four residential restrictions remain in place on vacant properties. Communications are ongoing with the customers and if the properties are tenanted in future resolution will be required.
- A further 22 residential restrictions remain in place on occupied properties and communication continues with these customers (includes six Water Pressure properties).
- Four commercial properties remain restricted at the end of February and communication continues with these customers. One of these commercial properties is currently vacant.

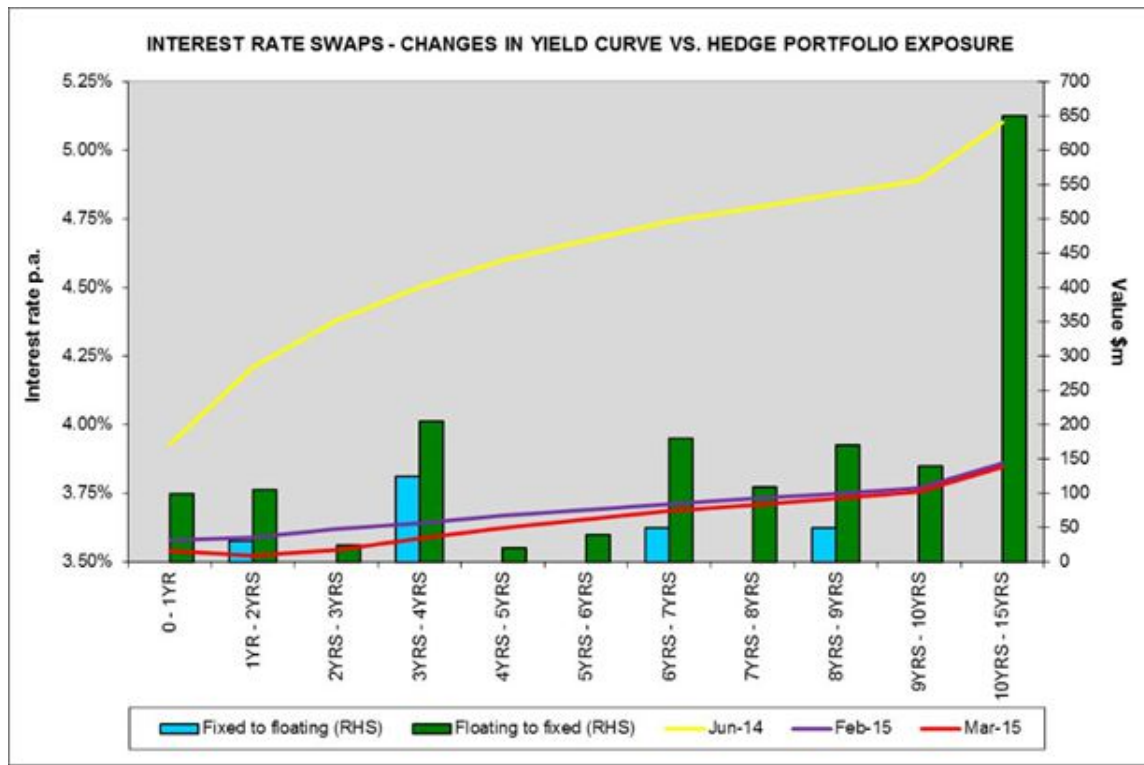
#### Water Pressure Group Customers

Watercare holds charging orders over all of the water pressure group properties securing our rights if these customers attempt to refinance or sell their properties. New judgements will be sought in the near future to ensure the full amounts outstanding are covered by charging orders.

Seven Water Pressure Group members continue to refuse to settle their account or enter into a payment arrangement. These properties remain restricted. There are 5 other properties that have not been restricted as the occupants meet the definition of vulnerable customers. Firmer legal action is being considered to encourage the owners of these properties to pay their bills. The next logical step is to enforce the existing judgements through a financial assessment hearing where the court examines the debtor's ability to pay and makes a court order directing future payments.

At the end of March Water pressure group members owed \$309k to Watercare.

## Treasury



Interest Analysis \$million	Current Month			Year to date			Full Year		
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var
Interest as per Statement of Financial Performance	6.35	7.15	0.80	55.54	59.58	4.04	75.63	80.57	4.94
Capitalised Interest	1.16	1.12	(0.03)	10.54	11.47	0.93	13.95	15.01	1.06
Gross Interest	7.50	8.28	0.77	66.08	71.05	4.97	89.59	95.58	5.99
Less Interest Income	0.13	0.00	(0.13)	0.25	0.00	(0.24)	0.33	-	(0.33)
<b>Net Interest</b>	<b>7.37</b>	<b>8.28</b>	<b>0.90</b>	<b>65.83</b>	<b>71.05</b>	<b>5.22</b>	<b>89.26</b>	<b>95.58</b>	<b>6.32</b>

For the month and year to date net interest was favourable to budget \$0.90m and \$5.22m respectively; largely due to lower debt than budgeted.

### Capital Expenditure

Capital expenditure for the month was \$25.0m against a budget of \$28.0m.

Summary Capital Expenditure (\$millions)	Month March 2015			Year to Date			Full Year	
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget
Infrastructure Wastewater Projects	10.6	12.6	2.0	91.5	105.2	13.7	133.1	146.1
Infrastructure Water Projects	10.8	10.4	(0.4)	90.9	94.2	3.3	121.5	125.7
Operations	2.4	3.0	0.6	12.4	22.5	10.1	19.9	30.5
Maintenance Services	0.1	0.2	0.1	1.3	2.2	0.9	1.9	2.7
Information Services	0.3	0.9	0.6	2.5	9.2	6.7	6.5	12.0
Other Projects	0.8	0.9	0.1	4.8	9.4	4.6	7.8	12.2
<b>TOTAL</b>	<b>25.0</b>	<b>28.0</b>	<b>3.0</b>	<b>203.4</b>	<b>242.7</b>	<b>39.3</b>	<b>290.7</b>	<b>329.2</b>
Includes:								
Water Projects Capitalised Interest	0.6	0.6	0.1	6.1	7.0	0.9	7.9	9.0
Wastewater Projects Capitalised Interest	0.6	0.5	(0.1)	4.5	4.5	0.0	6.1	6.0
<b>Total Capitalised Interest</b>	<b>1.2</b>	<b>1.1</b>	<b>(0.0)</b>	<b>10.5</b>	<b>11.5</b>	<b>0.9</b>	<b>14.0</b>	<b>15.0</b>

## 6. BOARD CORRESPONDENCE

There was no Board correspondence during the month.

## 7. EXECUTION OF DOCUMENTS

There were four documents executed during March in accordance with the delegated authority provided to the Chief Executive by the Board in relation to deeds, instruments and other documents. These included approval of a notice of desire to acquire an easement, approval of an authority to register two easements and approval of an entry agreement.

There were nine capex approvals totaling \$17.098m 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 – March 2015		
C-11539a	Eastern Interceptor Rehabilitation Programme - Stage 1 - Variation	\$2,233,735
C-11625a	Capex Extension - Hunua No.3 Air Valve replacements	\$171,810
C-11827a	Pukekohe Trunk Sewer Upgrade - Stage 1 - variation	\$1,800,000
C-12262	Replacement of Unserviceable Vehicles	\$165,000
C-12438	Franklin Road, Collingwood Street - Targeted Wastewater separation	\$2,700,000
C-12486	Franklin Road - Watermains replacement	\$1,479,000
C-12488	Waikato WTP 175 MLD Ultimate Expansion - Work Packages 1 & 2	\$7,700,000
C-12489	Diversion and Upgrade of Sewer within 770 Great South Rd Manukau	\$610,649
D-10015	Mangere BNR Upgrade - old effluent channel demolition	\$237,914

There were nine contracts over \$100,000 awarded during March in accordance with the delegated authority provided to the Chief Executive by the Board in relation to capex and opex contract approvals.

Summary of Contract Awards – March 2015		
6/03/2015	Pipeline and Civil	Westney Watermain
11/03/2015	Interflow NZ Ltd	CT5966- Local Wastewater Network Planned Renewals 2015 - Auckland North Shore

11/03/2015	Hydrotech Ltd	Local Wastewater Network Planned Renewals 2015 - Auckland Replacements
19/03/2015	Downer	Contract 5351 Variation Miranda Reserve Gravity Sewer Replacement
25/03/2015	POWERGen Ltd	Provision of 1.2MW Generator for Lower Huia Pumping Station
31/03/2015	Stockman General Contractors Ltd	Contract 6082 - Henderson and Kelston Watermain Renewal
31/03/2015	CH2M Beca	Pukekohe WWTP Upgrade Project - Design Consultant
31/03/2015	Fulton Hogan	Mangere WWTP - Puketutu Access Road Contract 6024
31/03/2015	Construction Techniques	Eastern Interceptor Rehabilitation Programme Stage 1 - Variation

## 8. COMMUNICATIONS

On 12 April a water pipe burst in Albany resulted in a large number of homes and businesses experiencing a loss of water supply or low pressure over a two-day period. This incident attracted considerable interest from radio, print and online media outlets. Overall, coverage was balanced and focused on the local community coming together. The water tankers were well received. For example, Terry Middlemost, the chief executive of two retirement villages which were plumbed directly to tankers, spoke to the *New Zealand Herald* about our efforts: "Watercare have been amazing. They phoned us, they knew that we were susceptible with elderly people. They were there first thing in the morning."

The *Central Leader* featured a positive article on the Hunua 4 project. This was the result of the reporter being taken on a tour of the Onehunga work site. The *Manukau Courier* also featured a positive article, this time profiling graduate engineer Alice Hausia.

The *Bewaterwise for businesses and organisations* booklet was launched in March and featured in *Carbon News*. Further coverage is expected in EMA and Sustainability Business Council publications and websites.

Wastewater overflows received coverage in both the *Auckland City Harbour News* and *Waiuku and Districts Post*. In both instances, the reporters received factual information from Watercare emphasising how quickly we responded.

The *Helensville Matters* newsletter was sent to Helensville and Parakai customers with their bills. The purpose of the newsletter was to update the local community on future water sources and wastewater treatment plant upgrades. A region-wide newsletter will be sent to domestic and non-domestic customers with their bills in April.

Community information sessions are proving to be an effective way of introducing projects ahead of construction and addressing concerns during construction. In March, information sessions were held on the Northern Interceptor and Mairangi Bay wastewater upgrade projects. Door knocking and letter drops were carried out for projects as required.

At Clarks Beach in Franklin, construction work on the reservoir is complete and landscaping is underway. An official opening is being organised for June, following the completion of the landscaping.

For the 22<sup>nd</sup> year in a row, staff volunteered their time to hand out cups of water at Round the Bays. This event continues to provide Watercare with a good opportunity to engage with the Auckland community. From an internal perspective, it provides an opportunity for staff to interact with each other outside of work. This year it involved 440 staff, friends and family.

## 9. WORKING WITH LOCAL BOARDS

Last month, final discussions were held with representatives from the Manurewa and Papakura Local Boards to clarify issues in relation to their submissions prior to the Water and Wastewater Bylaw Hearing.

Updates on the Sunnynook wastewater project, including efforts made to accommodate the local school gala, was shared with the Devonport-Takapuna Local Board. A visual representation of the proposed pump station at Fred Thomas drive was also provided to the local board.

Information on the timing of Central Interceptor geotechnical investigations in local parks was shared with the Albert Eden Local Board members.

Andy Baker, Chair of the Franklin Local Board and Councillor Bill Cashmore met with Watercare to discuss proposed work in the Southern area. A follow up workshop will be arranged with the Local Board to communicate the wide diversity of work in this area.

At the end of March Watercare joined Auckland Council at the Long Term Plan 'Have Your Say' event held at the Manurewa Marae. The event provided an opportunity to listen to feedback on local issues from residents adjacent the Manukau Harbour and the opportunity to join the public in workshop discussions.

Brenda Steele, chair of the Rodney Local Board, also took time to join Watercare at the Helensville water treatment plant for photos in preparation for the Helensville matters newsletter which was distributed to local residents last month.

Work in the Upper Harbour Local Board area is a key focus at present. Local board members were provided with information in preparation for the Northern Interceptor project open days. Local board services staff were given a briefing on the regional network discharge consent in response to a request for more information. The Kaipatiki Local Board with an update on local water and wastewater projects.

A diverse range of public issues escalated to local board members was responded to over the month including information justifying infrastructure growth charges, a dry weather wastewater overflow response in Waiuku, repairs to the North Shore wastewater pipeline walkway, footpath reinstatement and odour complaints from a pump station in Gulf Harbour.

A full schedule of local board interactions is attached as Appendix D.

## 10. STATUTORY PLANNING

### Auckland Proposed Unitary Plan

Hearings by the Independent Hearing Panel on the Regional and District Plan have commenced. The Panel is now operating as a split panel to progress more rapidly through topics. The key areas of focus for Watercare are water (discharge and water allocation), network utility rules, trees and vegetation, and earthworks.

### Proposed Water Supply and Wastewater Bylaw

The hearing and deliberations for the Proposed Water Supply and Wastewater Network Bylaw was held on 23 March 2015. The hearing panel was comprised of Catherine Harland and Peter Drummond from Watercare, Cameron Brewer from Auckland Council, and John Tamihere from the Independent Maori Statutory Board. Two submitters made oral submissions at the hearing. A recommendation from the Hearing Panel will be made to the Watercare Board in May.

### Auckland Council Operative Plan Changes

There is currently one plan change of significant interest to Watercare:

- **Kingseat:** The draft consent order has been submitted to the Environment Court.

Watercare has made submissions on three private plan changes.

- **Snells-Algies:** The applicant has proposed to rezone land that is out of Watercare's service area. Watercare cannot provide service to those areas until the ocean outfall pipe is replaced. A hearing was held on this plan change in December; the hearing has been put on hold pending a request for further information.
- **Three Kings:** The applicant proposes a significant residential development of the Three Kings quarry. Watercare is working with the applicant to address the capacity issues in the area.
- **Tamaki Campus:** The applicant proposes to rezone the site of the University of Auckland Tamaki campus to mixed residential and commercial use. This plan change is now on hold at the request of the applicant.

### Maori Engagement

The second Mana Whenua Forum meeting of 2015 was held on 9 April. Substantive matters raised were:

- a) The naming of Mark Ford Drive at the Mangere Wastewater treatment Plant – the name was questioned by some members who did not attend the previous meeting when the Forum supported the name. Some of the members suggested the name of the new road should be based on a local taonga which may include a person.
- b) Water to rural marae – in late 2014, Auckland Council's Te Waka Angamua agreed to review the issue of water to rural marae but to date has not provided any updates on progress. There is increasing pressure from some members of the Forum for progress to be made and for Watercare to take a leading role on this matter.
- c) The Forum members agreed to the Chairman of the Forum proceeding to explore options for extending the scope of the Forum to include other entities within the wider Council family.
- d) Mana Whenua report on the rights and interests of Iwi of Tamaki Makaurau for freshwater. The Forum has agreed to prepare a paper on this topic and to appoint a small group to oversee this project.

The next Kaitiaki Managers Hui will be held on 7 May

### Whai Tiaki Maori Cultural Well-Being

On Tuesday 7 April the Chief Executive of Auckland Council sponsored a workshop named Whai Tiaki – Cultural Well-Being. The workshop was facilitated by the Council Te Waka Angamua Unit and Ernst

and Young Tahi Ltd. The work programme aims to provide the Council and the CCO's with significant impetus to meet the transformational shift of increasing Maori economic, social and cultural well-being.

To support this transformational shift, Stephen Town has tasked specific executive positions with responsibility to improve Council performance across these wellbeing areas.

EY Tahi Limited (Tahi) is assisting Council through the process to co-create a three year road-map for Māori cultural well-being and Māori social well-being. Watercare is a member of the team that is tasked with the transformational shift.

The next step in the programme is for EY Tahi Limited to prepare a report on 'future options' which will lead into a prioritisation workshop. At this workshop decisions will be made around the future shape of the Te Toa Takitini programme and key interventions required to reach the future state.

## 11. LONG TERM PLAN 2015-2025

Watercare is continuing to work with Auckland Council on the Long Term Plan (LTP). The public consultation period commenced on 23 January and closed on 16 March 2015.

A total of 238 feedback points were received on the water supply and wastewater theme. Feedback on water supply and wastewater represented around 1.5% of total feedback.

Specific feedback on water supply and wastewater included:

- A lack of support for the proposed price increase path – approx. 100 submissions;
- Support for water and wastewater infrastructure to be available in rural areas – approx. 85 submissions;
- A lack of support for water fluoridation – approx. 15 submissions;
- A lack of support for the business differential on non-domestic wastewater pricing – approx. 5 submissions; and
- A view that the current wastewater pricing regime does not adequately take in to account water not returned to the wastewater system (e.g. irrigation) – approx. 15 submissions.

Brian Monk presented a summary of the submissions at an Auckland Council Budget Committee workshop on 21 April and advised that no changes to Watercare draft LTP input were being recommended as a consequence of submissions received.

Key dates remaining in Auckland Council's Long Term Plan process are as follows:

- 1 May – Budget Committee engagement with CCO's
- 6 May – Budget Committee workshop
- 7/8 May – Budget Committee decision-making meeting
- 25 June – Governing Body adoption of final LTP.

.....

R Jaduram  
CHIEF EXECUTIVE



# WATERCARE SERVICES LIMITED

Mar-15

## Key Financial Indicators

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

**Key to Financial performance, Financial position and cashflow measures**



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



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

**Key to Treasury policy compliance**



Full compliance



Non compliance

**Commentary on unfavourable variances**



N/A

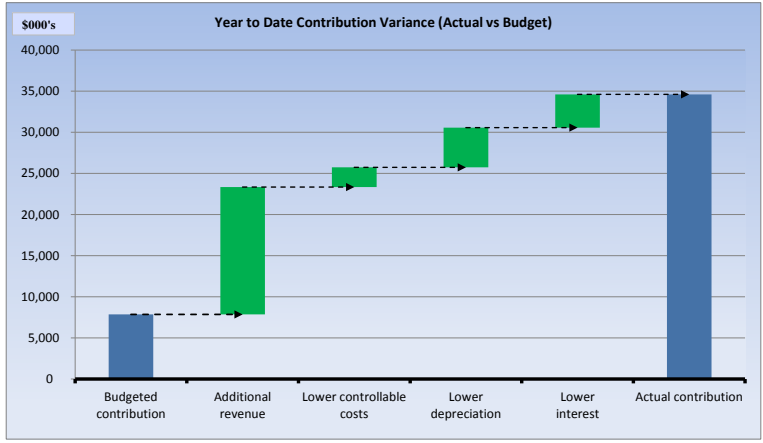
**WATERCARE SERVICES LIMITED**  
**Management Report**  
**Mar-15**

Table of Contents

<b>Section A : Management Report</b>		<b>Page</b>
<b>1</b>	<b>Financial Results</b>	
	• Statement of Financial Performance	A1
	• Statement of Cash Flows	A2
	• Statement of Financial Position	A4
<b>2</b>	<b>Treasury Management</b>	
	• Treasury Risks & Interest Rate Performance	A5
	• Counterparty Exposures, Debt Concentration & Covenant Compliance	A6
	• Foreign Exchange & Commercial Paper Maturity	A7
	<b>Note: A3 page has been removed</b>	

WATERCARE SERVICES LIMITED													Mar-15
STATEMENT OF FINANCIAL PERFORMANCE													(\$000's)
	Current Month				Year to Date				Full Year				
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result	Forecast	Budget	Variance	Result	
Wastewater Revenue	26,024	25,952	72	✓	218,196	218,318	(122)	✗	289,456	289,578	(122)	✗	
Water Revenue	12,139	12,584	(445)	✗	103,412	103,804	(392)	✗	136,667	137,059	(392)	✗	
Laboratory Revenue	545	523	22	✓	4,154	4,563	(409)	✗	5,595	6,100	(506)	✗	
Infrastructure Growth Charge Revenue (IGC)	4,767	3,100	1,667	✓	38,006	24,400	13,606	✓	47,706	34,100	13,606	✓	
Other Revenue	5,168	9,030	(3,862)	✗	29,085	26,281	2,804	✓	37,702	32,744	4,958	✓	
<b>Total Revenue</b>	<b>48,643</b>	<b>51,189</b>	<b>(2,547)</b>	<b>✗</b>	<b>392,853</b>	<b>377,366</b>	<b>15,487</b>	<b>✓</b>	<b>517,126</b>	<b>499,581</b>	<b>17,544</b>	<b>✓</b>	
Labour	6,257	6,203	(54)	✗	52,708	53,077	369	✓	71,392	71,622	231	✓	
Contract Labour	288	292	4	✓	3,341	3,546	205	✓	4,078	4,341	263	✓	
Oncosts	268	309	41	✓	2,290	2,748	457	✓	3,117	3,674	557	✓	
Labour Recoveries	(2,932)	(3,068)	(136)	✗	(25,768)	(26,597)	(828)	✗	(35,128)	(35,778)	(650)	✗	
<b>Net Labour</b>	<b>3,882</b>	<b>3,736</b>	<b>(146)</b>	<b>✗</b>	<b>32,571</b>	<b>32,774</b>	<b>203</b>	<b>✓</b>	<b>43,459</b>	<b>43,860</b>	<b>401</b>	<b>✓</b>	
Materials & Cost of Sales	192	173	(19)	✗	1,714	1,555	(159)	✗	2,315	2,074	(240)	✗	
Planned Maintenance	1,376	1,648	272	✓	10,957	13,172	2,215	✓	15,097	16,275	1,178	✓	
Unplanned Maintenance	3,315	2,892	(423)	✗	25,975	23,448	(2,527)	✗	33,620	31,105	(2,515)	✗	
Asset Operating Costs - Chemicals	861	1,031	170	✓	7,679	8,356	677	✓	10,422	11,099	677	✓	
Asset Operating Costs - Energy	1,357	1,438	81	✓	12,104	12,289	185	✓	16,850	17,143	293	✓	
Operating Costs - Other	3,558	3,225	(333)	✗	30,712	29,294	(1,417)	✗	40,352	38,652	(1,699)	✗	
Depreciation and Amortisation	17,541	17,782	241	✓	152,741	157,574	4,833	✗	206,643	210,440	3,797	✗	
<b>Asset Operating Costs</b>	<b>28,009</b>	<b>28,016</b>	<b>7</b>	<b>✓</b>	<b>240,168</b>	<b>244,133</b>	<b>3,965</b>	<b>✓</b>	<b>322,984</b>	<b>324,714</b>	<b>1,730</b>	<b>✓</b>	
Communications	140	131	(9)	✗	1,163	1,226	63	✓	1,622	1,625	2	✓	
Professional Services	734	1,234	500	✓	7,569	9,335	1,766	✓	11,219	12,149	929	✓	
Interest	6,350	7,153	803	✓	55,538	59,580	4,042	✓	75,632	80,573	4,941	✓	
General Overheads	2,116	2,345	229	✓	19,518	20,908	1,390	✓	26,215	27,610	1,395	✓	
<b>Overheads</b>	<b>9,340</b>	<b>10,863</b>	<b>1,523</b>	<b>✓</b>	<b>83,789</b>	<b>91,049</b>	<b>7,261</b>	<b>✓</b>	<b>114,689</b>	<b>121,957</b>	<b>7,268</b>	<b>✓</b>	
<b>Total Expenses</b>	<b>41,424</b>	<b>42,788</b>	<b>1,364</b>	<b>✓</b>	<b>358,241</b>	<b>369,511</b>	<b>11,270</b>	<b>✓</b>	<b>483,447</b>	<b>492,605</b>	<b>9,158</b>	<b>✓</b>	
<b>Total Contribution/(Loss)</b>	<b>7,219</b>	<b>8,402</b>	<b>(1,183)</b>	<b>✗</b>	<b>34,612</b>	<b>7,855</b>	<b>26,757</b>	<b>✓</b>	<b>33,679</b>	<b>6,976</b>	<b>26,703</b>	<b>✓</b>	
Gain/Loss on Disposal of Fixed Assets & other Costs	(175)	573	748	✓	4,190	5,283	1,092	✓	5,908	7,000	1,092	✓	
Financial Instruments Revaluation (Gain)/Loss	1,472	-	(1,472)	✗	104,035	-	(104,035)	✗	104,035	-	(104,035)	✗	
<b>Non Operating (costs)/Revenue</b>	<b>1,297</b>	<b>573</b>	<b>(724)</b>	<b>✗</b>	<b>108,226</b>	<b>5,283</b>	<b>(102,943)</b>	<b>✗</b>	<b>109,943</b>	<b>7,000</b>	<b>(102,943)</b>	<b>✗</b>	
<b>Net Surplus / (Deficit) before Tax</b>	<b>5,923</b>	<b>7,830</b>	<b>(1,907)</b>	<b>✗</b>	<b>(73,614)</b>	<b>2,573</b>	<b>(76,187)</b>	<b>✗</b>	<b>(76,265)</b>	<b>(24)</b>	<b>(76,241)</b>	<b>✗</b>	
Deferred Tax	6,037	14,948	8,910	✓	(12,377)	7,214	19,591	✓	(10,792)	4,512	(15,304)	✗	
<b>Net Surplus / (Deficit) after Tax</b>	<b>(114)</b>	<b>(7,118)</b>	<b>7,004</b>	<b>✓</b>	<b>(61,237)</b>	<b>(4,641)</b>	<b>(56,596)</b>	<b>✗</b>	<b>(65,473)</b>	<b>(4,536)</b>	<b>(60,937)</b>	<b>✗</b>	

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



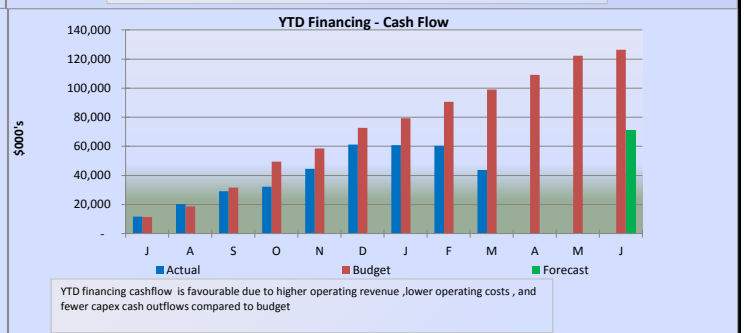
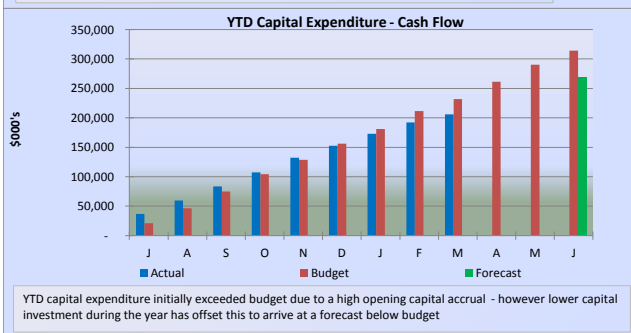
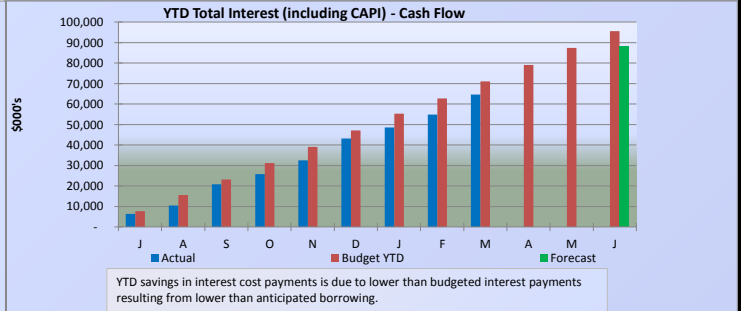
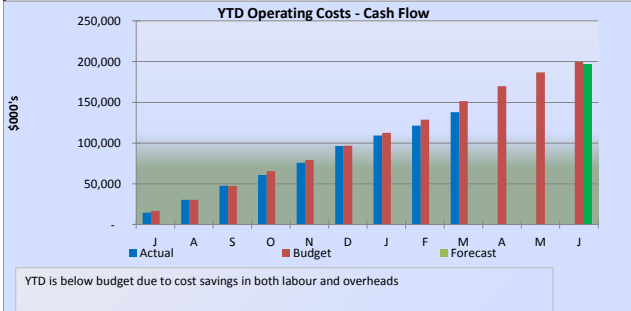
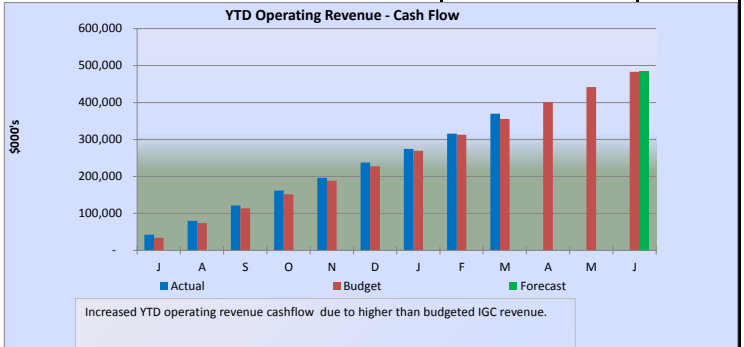
**WATERCARE SERVICES LIMITED**  
**STATEMENT OF CASH FLOWS**

Mar-15

(\$'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	54,027	43,015	11,012	✓	369,591	355,657	13,934	✓	484,305	482,908	1,397	✓
Operating Costs	(16,273)	(22,706)	6,433	✓	(137,879)	(151,651)	13,772	✓	(197,347)	(201,687)	4,340	✓
Interest Paid	(8,561)	(7,153)	(1,408)	✗	(53,979)	(59,580)	5,601	✓	(74,073)	(80,573)	6,500	✓
<b>OPERATING CASH FLOW</b>	<b>29,193</b>	<b>13,156</b>	<b>16,037</b>	<b>✓</b>	<b>177,733</b>	<b>144,427</b>	<b>33,306</b>	<b>✓</b>	<b>212,885</b>	<b>200,648</b>	<b>12,237</b>	<b>✓</b>
<b>Investing Cash flow:</b>												
Capital Expenditure	(14,027)	(20,573)	6,546	✓	(206,086)	(232,086)	26,000	✓	(269,997)	(314,079)	44,082	✓
Capitalised Interest (CAPI)	(1,330)	(1,123)	(207)	✗	(10,718)	(11,474)	756	✓	(14,129)	(15,012)	883	✓
<b>INVESTING CASH FLOW</b>	<b>(15,357)</b>	<b>(21,696)</b>	<b>6,339</b>	<b>✓</b>	<b>(216,804)</b>	<b>(243,559)</b>	<b>26,755</b>	<b>✓</b>	<b>(284,126)</b>	<b>(329,091)</b>	<b>44,965</b>	<b>✓</b>
<b>Financing Cash flow:</b>												
Bonds/Term Debt Issued/(Repaid)	-	-	-	✓	(150,000)	(150,000)	-	✓	(150,000)	(150,000)	-	✓
Short Term Advances/(Repaid)	-	-	-	✓	(5,000)	(5,000)	-	✓	(5,000)	(5,000)	-	↔
Commercial Paper Issued/(Repaid)	3	-	3	✓	14,768	14,768	-	✓	14,768	14,830	(62)	✓
Auckland Council Borrowings/(Repaid)	(16,715)	8,540	(25,255)	✓	183,980	239,364	(55,384)	✓	211,376	268,612	(57,236)	✓
<b>FINANCING CASH FLOW</b>	<b>(16,712)</b>	<b>8,540</b>	<b>(25,252)</b>	<b>✓</b>	<b>43,748</b>	<b>99,132</b>	<b>(55,384)</b>	<b>✓</b>	<b>71,144</b>	<b>128,442</b>	<b>(57,298)</b>	<b>✓</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(2,876)</b>	<b>-</b>	<b>(2,876)</b>	<b>✗</b>	<b>4,677</b>	<b>-</b>	<b>4,677</b>	<b>✓</b>	<b>(97)</b>	<b>-</b>	<b>(97)</b>	<b>✗</b>
Opening Cash Balance/(Overdraft)	7,650	-	7,650	✓	97	-	97	✓	97	-	97	✓
<b>Ending Cash Balance/(Overdraft)</b>	<b>4,774</b>	<b>-</b>	<b>4,774</b>	<b>✓</b>	<b>4,774</b>	<b>-</b>	<b>4,774</b>	<b>✓</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>↔</b>

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

Reconciliation Operating Cashflow (\$'000's)						
	Current Month		Year to Date		Full Year	
	Actual	Budget	Actual	Budget	Forecast	Budget
Net Surplus (Deficit) After Tax	(114)	(7,118)	(61,237)	(4,641)	(65,473)	(4,536)
Add back non cash items:						
Depreciation and amortisation	17,541	17,782	152,741	157,574	206,643	210,440
Financial instruments revaluation	1,472	-	104,035	-	104,035	-
Vested assets revenue	(1,754)	(1,383)	(15,743)	(12,450)	(19,893)	(16,600)
Other non-operating exp/(inc)	(175)	573	4,190	5,283	5,908	7,000
Income Tax Expense/(Benefit)	6,037	14,948	(12,377)	7,214	(10,792)	4,512
Movements in Working Capital	6,186	(11,645)	6,124	(8,554)	(7,543)	(168)
<b>OPERATING CASH FLOW</b>	<b>29,193</b>	<b>13,156</b>	<b>177,733</b>	<b>144,427</b>	<b>212,885</b>	<b>200,648</b>

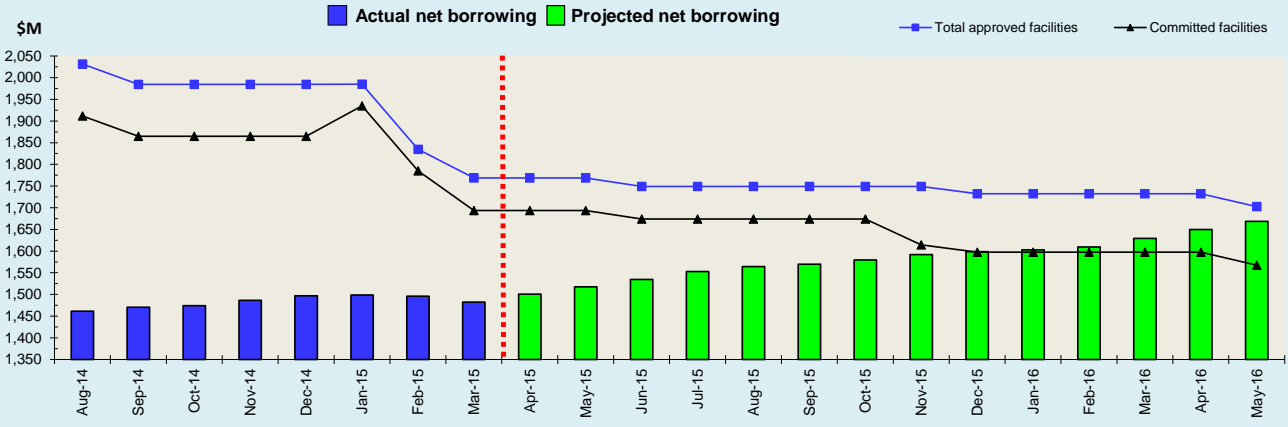


<b>WATERCARE SERVICES LIMITED</b>							<b>Mar-15</b>	
<b>STATEMENT OF FINANCIAL POSITION</b>							<b>(\$000's)</b>	
<b>June 2014</b>	<b>February</b>		<b>March</b>			<b>June 2015</b>		
<b>Actual</b>	<b>Actual</b>		<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Forecast</b>	<b>Budget</b>	<b>Variance</b>
		<b>Non-Current Assets</b>						
7,988,872	8,207,808	Property, Plant and Equipment	8,221,783	8,221,334	449	8,245,218	8,425,067	(179,849)
453,301	411,750	Construction/Work-in-progress	422,545	454,391	(31,846)	431,289	462,776	(31,487)
(210,329)	(335,729)	Provision for Depreciation	(353,083)	(370,851)	17,768	(30,940)	(49,978)	19,038
<b>8,231,844</b>	<b>8,283,829</b>	<b>Total Property, Plant and Equipment</b>	<b>8,291,245</b>	<b>8,304,874</b>	<b>(13,629)</b>	<b>8,645,567</b>	<b>8,837,865</b>	<b>(192,298)</b>
39,784	43,443	Intangible Assets	42,952	43,535	(583)	43,512	44,837	(1,325)
24,208	23,879	Prepaid Expenses	23,828	23,926	(98)	23,717	23,815	(98)
4,123	3,538	Inventories	3,528	4,211	(683)	3,528	4,211	(683)
5,698	10,093	Derivative Financial Instruments	10,245	5,664	4,581	10,245	5,664	4,581
<b>8,305,657</b>	<b>8,364,782</b>	<b>Total Non-Current Assets</b>	<b>8,371,798</b>	<b>8,382,210</b>	<b>(10,412)</b>	<b>8,726,569</b>	<b>8,916,392</b>	<b>(189,823)</b>
		<b>Current Assets</b>						
97	150	Cash and Cash Equivalents	4,774	-	4,774	-	-	-
-	7,500	Short term deposits	-	-	-	-	-	-
48,186	51,318	Trade and Other Receivables	43,808	50,427	(6,619)	46,808	42,760	4,048
19,452	22,992	Unbilled Revenue Accrual	22,843	21,097	1,746	19,451	18,459	992
4,146	2,561	Prepaid Expenses	2,495	1,515	980	2,485	698	1,788
3,836	4,219	Inventories	4,358	3,684	674	4,358	3,684	674
556	316	Derivative Financial Instruments	241	1,084	(843)	241	1,084	(843)
<b>76,273</b>	<b>89,056</b>	<b>Total Current Assets</b>	<b>78,519</b>	<b>77,807</b>	<b>712</b>	<b>73,343</b>	<b>66,685</b>	<b>6,659</b>
<b>8,381,930</b>	<b>8,453,838</b>	<b>Total Assets</b>	<b>8,450,317</b>	<b>8,460,017</b>	<b>(9,700)</b>	<b>8,799,912</b>	<b>8,983,077</b>	<b>(183,164)</b>
		<b>Non-Current Liabilities</b>						
30,000	30,000	Bonds (18/05/16)	30,000	30,000	-	30,000	30,000	-
75,000	75,000	Bonds (26/10/18)	75,000	75,000	-	75,000	75,000	-
50,932	50,756	Bonds (26/10/18)	50,734	50,756	(22)	50,734	50,667	67
150,000	150,000	Term Loan (13/10/16)	150,000	150,000	-	150,000	150,000	-
5,000	-	Bank Revolving Credit Facility	-	-	-	-	-	-
722,339	954,109	Auckland Council Loan	1,003,937	999,038	4,899	1,031,273	1,119,650	(88,377)
<b>1,033,271</b>	<b>1,259,865</b>	<b>Total debt non-current</b>	<b>1,309,671</b>	<b>1,304,794</b>	<b>4,877</b>	<b>1,337,006</b>	<b>1,425,317</b>	<b>(88,310)</b>
13,120	17,956	Other Accrued Expenses	17,705	12,587	5,118	17,705	-	17,705
1,201	1,186	Provision for Staff Benefits	1,186	920	266	1,117	13,255	(12,138)
63,490	169,744	Derivative Financial Instruments	171,106	62,576	108,530	171,106	62,576	108,531
963,808	946,817	Deferred Tax Liability	952,854	943,463	9,391	1,042,901	1,085,179	(42,278)
<b>2,074,891</b>	<b>2,395,569</b>	<b>Total Non-Current Liabilities</b>	<b>2,452,522</b>	<b>2,324,340</b>	<b>128,182</b>	<b>2,569,835</b>	<b>2,586,327</b>	<b>(16,490)</b>
		<b>Current Liabilities</b>						
133,811	148,576	Commercial Paper	148,579	119,036	29,543	148,579	119,036	29,543
250	261	Bonds (26/10/18)	-	-	-	-	264	(264)
150,000	-	Bonds (16/02/15)	262	239	23	262	-	262
-	-	Bank Revolving Credit facility	-	35,000	(35,000)	-	-	-
136,395	105,320	Auckland Council Loan	38,777	105,156	(66,379)	38,777	18,918	19,859
<b>420,456</b>	<b>254,156</b>	<b>Total debt current</b>	<b>187,618</b>	<b>259,431</b>	<b>(71,813)</b>	<b>187,618</b>	<b>168,218</b>	<b>19,400</b>
28,427	19,491	Trade and Other Payables	22,045	42,203	(20,158)	23,335	31,323	(7,988)
12,681	15,912	Interest Accrued	12,624	12,650	(26)	12,623	13,805	(1,182)
55,903	34,731	Other Accrued Expenses	41,963	50,244	(8,281)	49,983	55,121	(5,138)
6,382	6,515	Provision for Staff Benefits	6,717	5,918	799	6,453	5,483	970
928	4,422	Other Provisions	4,159	1,152	3,007	4,159	1,152	3,007
150	613	Derivative Financial Instruments	800	194	606	800	194	606
<b>524,927</b>	<b>335,840</b>	<b>Total Current Liabilities</b>	<b>275,926</b>	<b>371,792</b>	<b>(95,866)</b>	<b>284,971</b>	<b>275,296</b>	<b>9,675</b>
		<b>Equity</b>						
260,693	260,693	Authorised & Issued Capital	260,693	260,693	-	260,693	260,693	-
3,779,111	3,779,111	Capital Contribution Reserve	3,779,111	3,779,111	-	3,779,111	3,779,111	-
1,666,754	1,666,293	Revaluation Reserve	1,666,138	1,641,392	24,746	1,893,610	1,998,856	(105,246)
84,968	77,454	Retained Earnings	77,164	87,330	(10,166)	77,164	87,330	(10,166)
(9,413)	(61,122)	Current Year Earnings after Tax	(61,237)	(4,641)	(56,596)	(65,473)	(4,536)	(60,937)
<b>5,782,113</b>	<b>5,722,429</b>	<b>Total Shareholders' Funds</b>	<b>5,721,869</b>	<b>5,763,885</b>	<b>(42,016)</b>	<b>5,945,106</b>	<b>6,121,454</b>	<b>(176,349)</b>
<b>8,381,930</b>	<b>8,453,838</b>	<b>Total Shareholders' Funds and Liabilities</b>	<b>8,450,317</b>	<b>8,460,017</b>	<b>(9,700)</b>	<b>8,799,912</b>	<b>8,983,077</b>	<b>(183,164)</b>

TREASURY RISKS AND INTEREST RATE PERFORMANCE

Mar-15

4.3



Interest rates

	Actual YTD	Benchmark YTD	Year end forecast
Weighted averages (excl. fees and margins)	4.97%	4.89%	4.98%
Weighted averages (incl. fees and margins)	6.24%	N/A	6.22%

Debt (\$m)

	Actual	Budget	Variance
Short-term borrowings	187.6	259.4	(71.8)
Long-term borrowings	1,309.7	1,304.8	4.9
<b>Total gross debt</b>	<b>1,497.3</b>	<b>1,564.2</b>	<b>(66.9)</b>
Less cash & deposits	4.8	-	(4.8)
<b>Total net borrowing</b>	<b>1,492.5</b>	<b>1,564.2</b>	<b>(71.7)</b>

Committed facilities

- Westpac Term Loan facility \$150 million
- BNZ CP Standby facility \$175 million
- Westpac Revolving Credit facility \$60 million
- Medium term notes \$155 million
- Auckland Council \$1,154 million

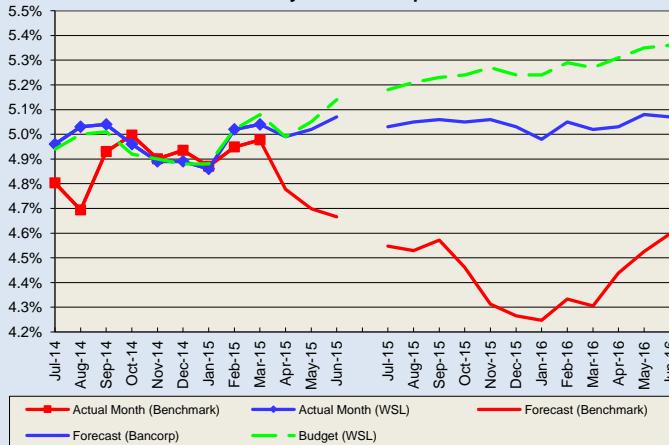
**Total committed facilities as at 31 March \$1,694 million**

Additional approved facilities

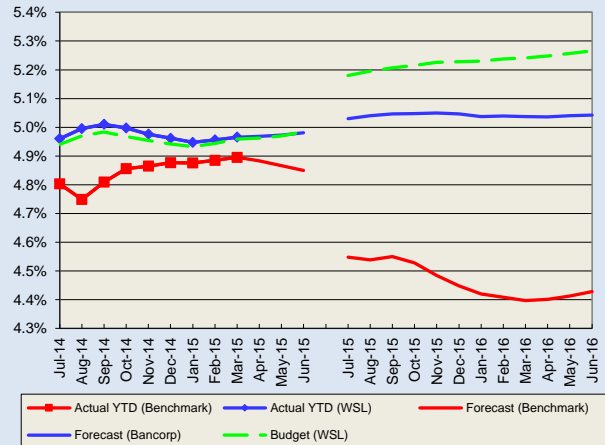
- Approved CP issuance, over and above CP Standby facility \$75 million

**Total approved facilities as at 31 March \$1,769 million**

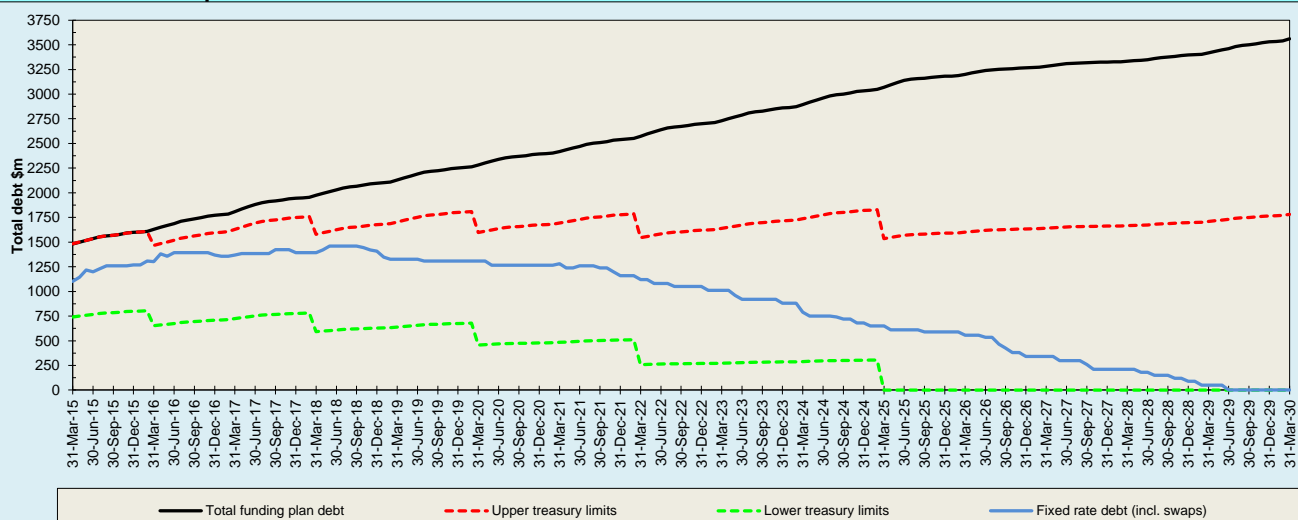
Monthly interest rate performance



Year to date interest rate performance



Forecast total debt profile



<b>COUNTERPARTY EXPOSURES, DEBT CONCENTRATION &amp; COVENANT COMPLIANCE</b>							<b>Mar-15</b>	
<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-	700,903	3,997	100,000	Limit OK	✓		
Bank of New Zealand	A1+ / AA-	636,473	20,432	100,000	Limit OK	✓		
Commonwealth Bank of Australia	A1+ / AA-	115,000	2,485	100,000	Limit OK	✓		
Westpac Institutional Bank	A1+ / AA-	555,295	219	100,000	Limit OK	✓		
		<b>2,007,671</b>	<b>27,133</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 \$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	30/11/15	60,000						60,000
Westpac Term Loan facility	13/10/16		150,000					150,000
BNZ CP Standby facility	1/07/17			175,000				175,000
Medium-term notes	Various		30,000		125,000			155,000
Auckland Council	Various	36,060	74,668	83,368	62,243	170,000	727,243	1,153,582
<b>Total committed debt facilities</b>		<b>96,060</b>	<b>254,668</b>	<b>258,368</b>	<b>187,243</b>	<b>170,000</b>	<b>727,243</b>	<b>1,693,582</b>
Approved new funding from Auckland Council								0
Approved CP issuance, over and above CP Standby							75,000	75,000
<b>Total committed and approved debt facilities</b>		<b>96,060</b>	<b>254,668</b>	<b>258,368</b>	<b>187,243</b>	<b>170,000</b>	<b>802,243</b>	<b>1,768,582</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		✓	✓	✓	✓	✓		
<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)	30/11/15							0
Westpac Term Loan facility (\$150m)	13/10/16				150,000			150,000
BNZ CP Standby facility (\$175m)	1/07/17							0
		0	0	0	150,000	0	0	150,000
<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
		<b>2,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,000</b>
<b>Counterparty exposure in relation to borrowing facilities</b>		<b>Westpac</b>	<b>BNZ</b>	<b>ANZ</b>	<b>CBA</b>			
Term loan facility		150,000						
Revolving credit facility		60,000						
CP standby facility			175,000					
		<b>210,000</b>	<b>175,000</b>	<b>0</b>	<b>0</b>			
<b>Treasury policy</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%		32.45%		✓			
Total liabilities (including contingent) / total tangible assets - maximum	65%		32.45%		✓			
Shareholders funds - minimum (\$000)	500,000		5,721,869		✓			
EBITDA : funding costs ratio - minimum	1.75		4.09		✓			
Funds from operations : interest cover ratio - minimum	2.00		3.45		✓			
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

<b>FOREIGN EXCHANGE, COMMERCIAL PAPER &amp; ELECTRICITY HEDGING</b>							<b>Mar-15</b>				
<b>Foreign currency exposures (NZ\$000) including hedging for chemical purchases</b>							<b>USD</b>	<b>AUD</b>	<b>Total</b>		
Total exposure to be hedged							2,278	624	2,902		
Foreign exchange hedging							2,278	624	2,902		
Percentage cover							100%	100%	100%		
<b>Treasury policy</b>							<b>100%</b>	<b>100%</b>	<b>100%</b>		
Treasury policy compliance							✓	✓	✓		
<b>Hedging for chemical purchases (US\$000)</b>					<b>Jun-15</b>	<b>Sep-15</b>	<b>Dec-15</b>	<b>Jun-16</b>	<b>Total</b>		
Chemicals forward foreign exchange hedging					500	500			1,000		
<b>Treasury policy</b>										<b>&lt;= 5,000</b>	
Treasury policy compliance										✓	
<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>					
276	50,000	3.660%	3.765%	1.72	100	30-Apr-15					
277	50,000	3.620%	3.721%	1.71	89	25-May-15					
278	50,000	3.630%	3.730%	2.74	91	22-Jun-15					
<b>150,000</b>		<b>3.739%</b>									
<p style="text-align: center;"><i>Note: BKBM is the banks' mid-rate for bank bills of a similar term on the CP issue date.</i></p>											
				<b>Apr-15</b>	<b>May-15</b>	<b>Jun-15</b>	<b>Jul-15</b>	<b>Aug-15</b>	<b>Sep-15</b>	<b>Beyond Sep-15</b>	<b>Total</b>
Outstanding CP				50,000	50,000	50,000	0	0	0	0	150,000
Uncommitted short-term debt							0	0	0	0	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>											
Treasury policy compliance											
<b>&lt;= 250,000</b>											
✓											
<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>6-7 months</b>	<b>&gt; 7 months</b>		
Undrawn committed standby facility - CP facility		200,000	200,000	200,000	200,000	100,000	100,000	100,000	100,000		
50% of CP and other short-term debt repayable within 60 days		50,000	50,000	25,000	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>			<b>0</b>								
<b>Treasury policy for maximum value of outstanding contracts</b>			<b>&lt;= 10,000</b>								
Treasury policy compliance			✓								
										Page A7	



# WATERCARE SERVICES LIMITED

## Management Report

Mar-15

4.3

### Table of Contents

Section B	Page
<p><b>1 Results by Area (non-financial)</b></p> <ul style="list-style-type: none"> <li>● Drinking Water</li> <li>● Wastewater Treatment - Mangere</li> <li>● Wastewater Treatment - Rosedale</li> <li>● Managed Assets                             <ul style="list-style-type: none"> <li>- Unplanned Maintenance</li> <li>- Inventory Management</li> </ul> </li> <li>● Cost Minimisation                             <ul style="list-style-type: none"> <li>- Costs per cubic metre</li> </ul> </li> </ul>	<p>Removed - replaced by scorecard                      Removed - replaced by scorecard                      Removed - replaced by scorecard                      Removed - replaced by scorecard                      Removed - replaced by scorecard</p>
<p><b>2 Statistics</b></p> <ul style="list-style-type: none"> <li>● Monthly Statistics Update</li> <li>● Networks Statistics</li> <li>● Customer Services Statistics</li> <li>● Performance Against Statement of Intent Measures</li> </ul>	<p>B9                      Removed - replaced by scorecard                      Removed - replaced by scorecard                      Removed - replaced by scorecard</p>

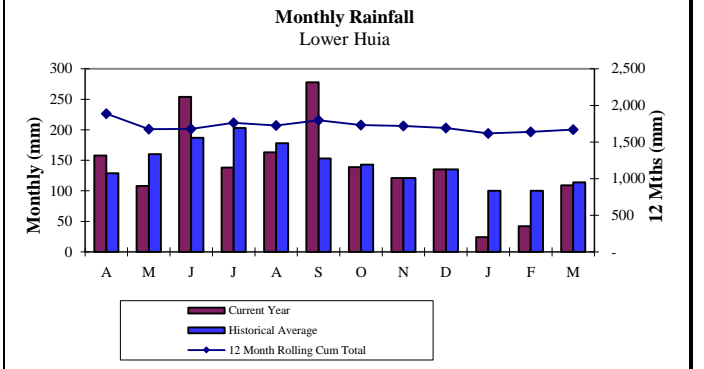
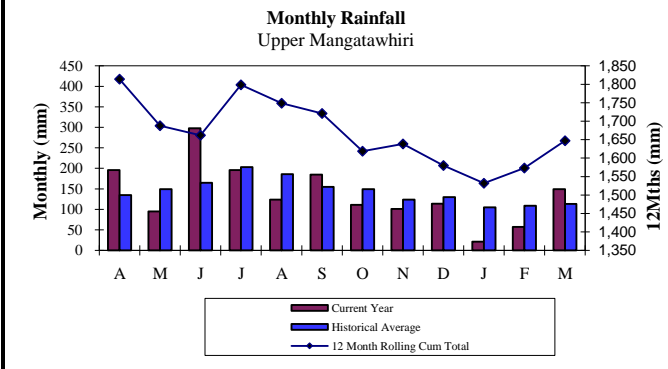
*Confidential*

**Management Report**  
*Monthly Statistics Update*

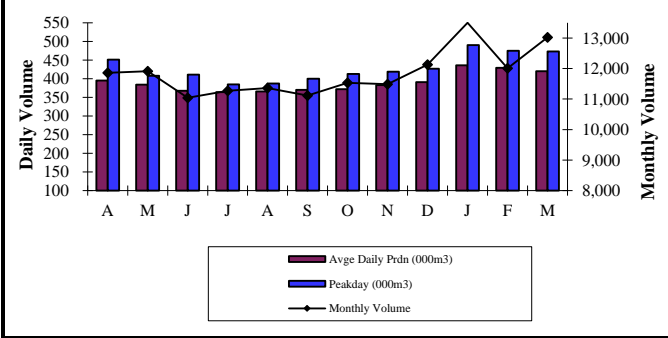
4.3

**Rainfall**

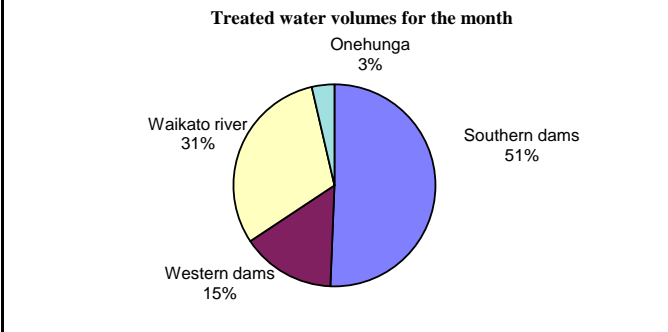
Rainfall	Current Month	12 Mth Cumulative Rolling	Rainfall	Current Month	12 Mth Cumulative Rolling
Actual - Upper Mangatawhiri	149 mm	1647 mm	Actual - Lower Huia	109 mm	1669 mm



**Water Production - Metropolitan Supply**

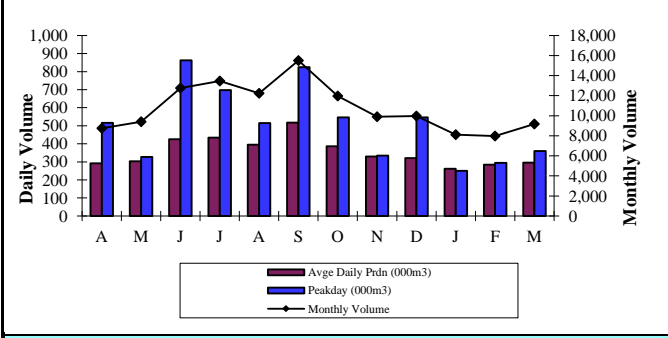


	Current Month	12 Month Rolling Ave
Monthly Volume (000m <sup>3</sup> )	13,026	11,854
Average Daily Production	420	390
Peak Day	473	428



Treated water volumes (000m <sup>3</sup> )	Current Month	Year to Date	
Southern dams	6,598 51%	59,977	56%
Western dams	1,959 15%	21,018	20%
Waikato river	3,999 31%	22,453	21%
Onehunga aquifer	472 4%	3,988	4%
<b>Total</b>	<b>13,027 100%</b>	<b>107,435</b>	<b>100%</b>

**Wastewater Treatment - Metropolitan Treatment**



	Current Month	12 Month Cumulative Ave
Monthly Volume (000m <sup>3</sup> )	9,167	10,763
Average Daily Production	296	354
Peak Day Mangere	360	506

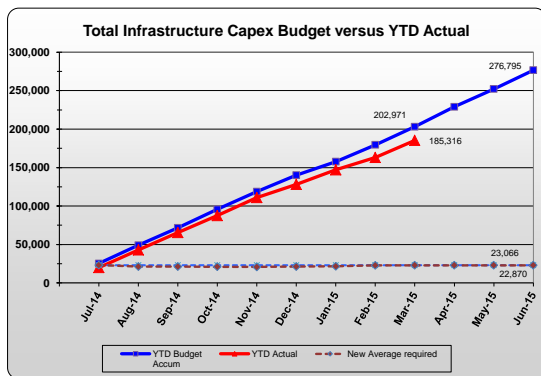
Board - Public Session - Chief Executives Report and Scorecard

Period 09 - March 2015

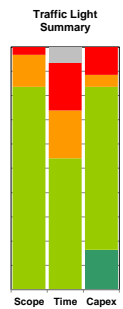
INFRASTRUCTURE GROUP DASHBOARD  
CAPITAL EXPENDITURE  
(\$000)

SAP Code	Project / Programme Name	Stage 1 Capex Out Turn Cost	Total Project Performance		Annual Project Performance			Scope Quality	Time / Milestones	Costs - Capex
			Current Forecast	Forecast	Budget	Budget Variance				
<b>Water Projects (-&gt;\$2m)</b>										
C-10370	Mt Hobson Upgrade	-	6,797	223	185	(38)				
C-12205	Huia WTP Upgrade	-	232,302	222	700	478				
C-11781	Sanderson Rd Water Treatment Plant	-	9,163	705	2,345	1,640				
C-11619	North Harbour Watermain Duplication	-	239,998	8,366	9,100	734				
C-12066	Huia No 1 Watermain Replacement	42,103	42,092	453	450	(3)				
C-11998	Runciman Rd Reservoir	40,007	40,006	511	175	(336)				
C-12278	W300.36 Albany Pinehill WM & PS	14,850	14,497	386	983	597				
C-10049P	Hunua No 4 Programme	-	378,487	57,128	49,780	(7,348)				
C-11995	Waikato VSD Replacements	-	2,003	1,405	600	(805)				
C-10183	Ardmore rapid restart & sludge handling	-	18,688	2,969	3,005	36				
C-11981	Riverhead Reservoir	-	5,161	2,670	3,442	772				
C-11681	Albany Second Reservoir	-	4,861	3,123	3,230	107				
C-12220	Mt Albert Level of Service Upgrade	2,900	2,003	1,732	2,830	1,098				
C-11232P	North Franklin Programme	-	24,158	2,909	787	(2,122)				
C-11980	Waikato Expansion to 150MLD	-	11,219	2,767	2,000	(767)				
			<b>Water Projects -&gt;\$2m</b>	<b>1,031,435</b>	<b>85,569</b>	<b>79,612</b>	<b>(5,957)</b>			
			<b>Other Water Projects</b>	<b>215,164</b>	<b>28,067</b>	<b>37,160</b>	<b>9,093</b>			
C-12112	I000 Water Capitalised Interest	-	-	7,874	8,967	1,093				
			<b>Total Water Projects</b>	<b>1,246,600</b>	<b>121,511</b>	<b>125,740</b>	<b>4,229</b>			
<b>Wastewater Projects (-&gt;\$2m)</b>										
C-11281	Army Bay WWTP Outfall Upgrade	-	23,928	134	90	(44)				
C-11827	Pukekohe Trunk Sewer Upgrade	-	36,996	526	2,070	1,544				
C-10976	Glendowie Branch Sewer Upgrade	-	17,842	523	514	(9)				
C-11472	Sidmouth WW PS Mairangi Bay Upgrade	-	8,225	35	1,474	1,439				
C-11470	Glen Eden Storage & Pipe Upgrade	-	13,489	340	2,763	2,423				
C-11207	Howick Diversion	-	30,996	715	1,540	825				
C-11421	Fred Thomas Drive WW PS & Storage Tank	-	18,745	1,143	1,349	206				
C-12003	Otara Sewer System Upgrade TSS	-	18,347	491	1,387	896				
C-12192	Wynyard Quarter Wastewater Pump Station	14,036	14,026	749	300	(449)				
C-10823	Upgrade of North Shore TSS	-	5,980	140	817	677				
C-10006	Central Interceptor Feasibility Design	-	961,487	11,639	13,428	1,789				
C-11436	Northern Interceptor - Stage 1	-	147,030	2,455	3,020	565				
C-11983	Rosedale WWTP Expansion Project	-	63,787	1,726	2,658	932				
C-11923	T200.FDC1 Upgrade Pukekohe WWTP	59,000	58,410	1,637	2,070	433				
C-12001	Snells Algies WWTP Ocean Outfall	-	19,545	474	1,000	526				
C-12290	Wynyard Quarter Gravity Sewer	7,084	7,024	471	265	(206)				
C-11468	Manukau North Future Upgrades	-	6,427	913	3,622	2,709				
C-12199	Northern Networks Generator Connections	-	2,014	883	430	(453)				
C-11455	Pump Station C1 Pipework Replacement	-	1,963	457	1,046	589				
C-10922	Wairau (HSPS05) Rising Main Replacement	-	11,043	3,276	3,085	(190)				
C-11077	Mangere WWTP BNR Capacity	-	139,625	12,745	13,600	855				
C-12212	Mangere WWTP Solids Stream Upgrade	-	74,796	1,426	1,430	4				
C-12338	N100.101 Local Sewer Planned Replacement	-	3,000	2,082	2,502	420				
C-11539	Eastern Interceptor Rehab Prgm - Stg 1	-	8,517	1,964	858	(1,105)				
C-11338	New Gravity Sewer Miranda Reserve	-	3,888	1,441	170	(1,271)				
C-10952	Helensville WWTP Upgrade	-	7,986	2,059	3,626	1,567				
C-12048	Blackbridge Local Network Upgrade	2,595	2,919	2,149	1,970	(178)				
C-11423	Rosedale WWTP Cogeneration Upgrade	-	5,437	1,410	4,121	2,710				
C-12071	Alexander Rising Main Replacement	3,313	2,985	2,069	3,171	1,102				
C-11067	North Shore PS09 rising main	-	12,098	5,367	2,754	(2,613)				
C-11216	Eastern Interceptor Pipe Bridge #1 Repl	-	4,242	2,532	1,542	(990)				
C-11711	Mangere WWTP Cogeneration Replacement	-	2,627	-536	0	536				
C-11769	Orewa West Wastewater Network	-	14,628	7,902	3,312	(4,590)				
C-10925	Kohimarama Storage Tank & Branch Sewer	-	12,972	7,311	8,196	885				
C-10098	Pakuranga Rising Main DPS028	-	12,116	3,816	3,630	(186)				
C-11474	Sunnynook Road Sewer Upgrade	-	3,283	2,899	2,293	(606)				
C-10277	Reconstruction of Eastern Interceptor	-	2,926	707	239	(467)				
C-11768	Beachlands Village: New Avenue Pump Str	6,458	5,517	4,683	5,517	834				
C-11467	Tamaki South East Extension	-	2,493	1,486	2,781	1,295				
C-11813	Mangere WWTP Rehab.Prism Sed Tks 11 & 12	-	2,271	1,951	1,321	(630)				
C-11589	Branch 1 Rehabilitation B01023 to B01025	-	2,249	1,395	300	(1,095)				
C-10017	Binsodis Puketutu Rehabilitation	-	172,629	4,014	5,500	1,486				
C-11290	Orakei Main Sewer Rehabilitation MH21-19	-	5,487	1,935	0	(1,935)				
C-11991	Add'l Local Wastewater Network Renewals	-	1,833	313	50	(263)				
C-10147	Mangere WWTP Digester 8	-	14,246	899	950	51				
			<b>Wastewater Projects -&gt;\$2m</b>	<b>1,988,126</b>	<b>102,740</b>	<b>112,761</b>	<b>10,021</b>			
			<b>Other Wastewater Projects</b>	<b>24,324</b>	<b>27,330</b>	<b>3,006</b>				
C-12113	J000 Wastewater Capitalised Interest	-	-	6,080	6,044	(36)				
			<b>Total Wastewater Projects</b>	<b>2,244,465</b>	<b>133,145</b>	<b>146,136</b>	<b>12,991</b>			
<b>Other Infrastructure Projects</b>										
C-10126	Networks Controls Upgrade	-	19,940	2,817	3,000	183				
			<b>Other Infrastructure Projects</b>	<b>48,270</b>	<b>1,263</b>	<b>1,920</b>	<b>657</b>			
			<b>TOTAL INFRASTRUCTURE</b>	<b>3,559,275</b>	<b>258,736</b>	<b>276,795</b>	<b>18,059</b>			
			<b>Non Infrastructure, including Capital Interest</b>	<b>134,207</b>	<b>32,031</b>	<b>52,516</b>	<b>20,485</b>			
			<b>TOTAL ALL</b>	<b>3,693,482</b>	<b>290,766</b>	<b>329,311</b>	<b>38,544</b>			

4.4



WSL Capex Summary	Month	Year to Date		
	Actual	Actual	Budget	Variance
Water Treatment	679	10,052	12,291	2,239
Water Distribution	9,598	74,425	74,879	455
Wastewater Treatment	2,963	24,983	30,544	5,561
Wastewater Collection	6,959	60,708	67,730	7,022
Infrastructure Shared Service	771	4,604	6,052	1,448
Capital Interest	1,155	10,544	11,474	930
<b>TOTAL INFRASTRUCTURE</b>	<b>22,125</b>	<b>185,316</b>	<b>202,971</b>	<b>17,655</b>
Operations	2,420	12,385	22,454	10,069
Information Services	300	2,480	9,174	6,695
Shared Service-Other	335	3,142	8,028	4,886
<b>TOTAL NON INFRASTRUCTURE</b>	<b>3,055</b>	<b>18,006</b>	<b>39,656</b>	<b>21,650</b>
<b>TOTAL ALL</b>	<b>25,181</b>	<b>203,322</b>	<b>242,627</b>	<b>39,305</b>



Local Board Interaction

Local Board	Chair	Deputy Chair	Feb-15	Mar-15	Apr-15 (as at 8 April 15)
Albert - Eden	Peter Haynes	Glenda Fryer	Information to Graeme Easte regarding timing of Central Interceptor (2 Feb). Meeting to discuss Central Interceptor geotechnical works in local Parks (26 Feb).	Update to Local Board on start time for Geotechnical Investigations (27 Mar).	'Be Waterwise for Businesses and Organisations' booklet sent to Local Board (8 Apr)
Devonport - Takapuna	Mike Cohen (4 November 2013 to 4 May 2015) Joseph Bergen Watercare Rep (5 May 2015 to end of the 2013-2016 term)	Joseph Bergen – (4 Nov 2013 to 4 May 2015) Grant Gillion (5 May 2015 to end of the 2013-2016 term)	Information regarding water and wastewater charges to community organisations and Council obligations as the lessor (17 Feb).	Update provided on the Sunnynook wastewater project (6 March). Information on traffic management changes to accommodate Sunnynook School Gala Day (18 Mar). Provided visual rendering of new pump station on Fred Thomas Drive (25 Mar).	'Be Waterwise for Businesses and Organisations' booklet sent to Local Board (8 Apr)
Franklin	Andy Baker	Jill Naysmith	Workshop on water and wastewater bylaw (17 Feb).	Information on escalated complaint regarding IGC's and developer contributions (10 Mar). Meeting with Cr Bill Cashmore and Chair Andy Baker re Franklin Issues (25 Mar). Report on dry weather wastewater overflow in Waiuku (30 Mar)	'Be Waterwise for Businesses and Organisations' booklet sent to Local Board (8 Apr) Information on Patumahoe wastewater pond decommissioning sent to local board and Cr Cashmore (8 April). Information on old Pukekohe water treatment plant sent in response to Local Board member question (9 April).
Great Barrier	Izzy Fordham	Susan Daly			
Henderson - Massey	Vanessa Neeson	Shane Henderson	Response to escalated customer complaint re blockage in wastewater pipe (20 Feb). Heads up on local wastewater project in Caldwell Street Massey (27 Feb).		'Be Waterwise for Businesses and Organisations' booklet sent to Local Board (8 Apr). Notification of watermain break in Glendene (9 Apr).
Hibiscus and Bays	Julia Parfitt	Greg Sayers	Response to Chair on customer enquiry regarding Mairangi Bay works (2 Feb). Notice of road closure and night works in Mairangi Bay (5 Feb). Update on Mairangi Bay Wastewater works (19 Feb). Discussion with Julia Parfitt re works in Mairangi Bay (25 Feb). Flyer and general project update on Mairangi Bay (27 Feb).	Response to odour complaint escalation at Hobbs Bay Gulf harbour (11 Mar). Heads up re broken concrete coating on North Shore wastewater pipeline walkway (19 Mar).	Meeting with Local Board and parks representatives regarding Mairangi Bay Rising Main and landowner approval for drilling equipment (7 Apr).
Howick	David Collings	Adele White	Update to AT Local Board representative on Howick projects (19 Feb)		'Be Waterwise for Businesses and Organisations' booklet sent to Local Board (8 Apr)
Kaipatiki	Kay McIntyre	Ann Hartley		Feedback on watermain leak repair (10 Mar).	'Be Waterwise for Businesses and Organisations' booklet sent to Local Board (8 Apr)
Mangere - Otahuhu	Lydia Sosene	Carrol Elliott	Update on H4 watermain project including photos of Mangere School children with project staff (19 Feb). Update on H4 project	Update on Hunua 4 Project (10 Mar).	Information on Westney Road Project, including flyer (1 April). 'Be Waterwise for Businesses and Organisations' booklet

**Board - Public Session - Chief Executives Report and Scorecard**

Local Board	Chair	Deputy Chair	Feb-15	Mar-15	Apr-15 (as at 8 April 15)
			works (20 Feb).		sent to Local Board (8 Apr)
<b>Manurewa</b>	Angela Dalton	Simeon Brown	Information on Redoubt-Mill Road Corridor redevelopment and impacts on Watercare (16 Feb)	Attendance at Auckland Council "Have your say" consultation at Manurewa Marae (11 Mar). Meeting with Deputy Chair re submission on Water and Wastewater Bylaw (18 Mar).	'Be Waterwise for Businesses and Organisations' booklet sent to Local Board (8 Apr)
<b>Maungakiekie - Tamaki</b>	Simon Randall	Chris Makoare	Notice re road closure on Victoria and Church Streets – Hunua 4 Project (9 Feb)		'Be Waterwise for Businesses and Organisations' booklet sent to Local Board (8 Apr)
<b>Orakei</b>	Desley Simpson	Mark Thomas, Kit Parkinson, Colin Davis (Watercare Rep)	Update on Kohimarama Storage Tank and associated road works (2 Feb). Information on St Heliers Bay wastewater project (10 Feb). Resolution of issue associated with timing of works in Madills Farm Park (10,11 Feb).Madills Park site meeting and update on the wastewater storage tank (24 Feb).	General Briefing (19 Mar).	'Be Waterwise for Businesses and Organisations' booklet sent to Local Board (8 Apr). Update on works at Madills Farm and surrounding streets (9 April)
<b>Otara - Papatoetoe</b>	Fa'anānā Efeso (Efeso) Collins	Ross Robertson			'Be Waterwise for Businesses and Organisations' booklet sent to Local Board (8 Apr)
<b>Papakura</b>	Bill McEntee	Michael Turner		Meeting regarding Water and Wastewater Bylaw Submission (18 Mar).	'Be Waterwise for Businesses and Organisations' booklet sent to Local Board (8 Apr)
<b>Puketapapa</b>	Julie Fairey	Harry Doig	Update on information related to noisy manhole lid in Pah Road (16 Feb).		Local Board Briefing (1 April). 'Be Waterwise for Businesses and Organisations' booklet sent to Local Board (8 Apr).
<b>Rodney</b>	Brenda Steele	Stephen Garner	Notice of community open days (21, 24 Feb) to find out more information on Snells Algies wastewater outfall and discharge renewal (5 Feb). Organise Photo opportunity for Chair to include in Helensville newsletter (23 Feb).	Photo with Brenda Steel for Helensville and Parakai newsletter (4 Mar). Advance copy of Helensville Matters – Watercare newsletter (17 Mar). Information to Local Board member on toll-free calling for Rodney customers (20 Mar).	'Be Waterwise for Businesses and Organisations' booklet sent to Local Board (8 Apr).
<b>Upper Harbour</b>	Brian Neeson (4 November 2013 to 4 May 2015) Lisa Whyte (5 May 2015 to end of the 2013-2016 term)	Lisa Whyte (4 November 2013 to 4 May 2015) Brian Neeson (5 May 2015 to end of the 2013-2016 term)	Local Board Workshop with Parks re works in Wainoni Park (3 Feb). Notification of derelict building removal in Rosedale Horse paddock (10 Feb).	Information sharing with local board services staff on the regional network discharge consent (6 March). Notification and updates on watermain break in Oteha Valley Road, including site meeting with local board services staff (12,13 Mar). Distribution of flyer advertising Northern Interceptor wastewater main open days (20 Mar). Information on potential for overflows from Rosedale Wastewater Treatment Plant (24 Mar).	'Be Waterwise for Businesses and Organisations' booklet sent to Local Board (8 Apr).

**Board - Public Session - Chief Executives Report and Scorecard**

<b>Local Board</b>	<b>Chair</b>	<b>Deputy Chair</b>	<b>Feb-15</b>	<b>Mar-15</b>	<b>Apr-15 (as at 8 April 15)</b>
<b>Waiheke</b>	Paul Walden	Shirin Brown			'Be Waterwise for Businesses and Organisations' booklet sent to Local Board (8 Apr).
<b>Waitakere Ranges</b>	Sandra Coney	Denise Yates			'Be Waterwise for Businesses and Organisations' booklet sent to Local Board (8 Apr).
<b>Waitemata</b>	Shale Chambers	Pippa Coom	Workshop on water and wastewater bylaw (5 Feb). Shared media release on CI geotechnical drilling opportunity at MOTAT Museum (11 Feb, 20 Feb)).		'Be Waterwise for Businesses and Organisations' booklet sent to Local Board (8 Apr).
<b>Whau</b>	Catherine Farmer	Susan Zhu		Derek Battersby re footpath reinstatement (9 Mar) as well as follow up (24 Mar)	'Be Waterwise for Businesses and Organisations' booklet sent to Local Board (8 Apr).
<b>Manukau Harbour Forum</b>	Jill Naysmith				Harbour water quality briefing planned for 8 June.

# Report to the Board of Watercare Services Limited

**Subject:** Strategic Direction for Providing Services to Support Urban Growth

**Date:** 30 April 2015

## 1. INTRODUCTION

The Board, in May 2014, approved the policy and principles of providing water and wastewater infrastructure to service development. This paper sets out the servicing categories, underlying funding principles and assigns a servicing category to all currently identified growth areas.

## 2. STATUTORY OBLIGATION

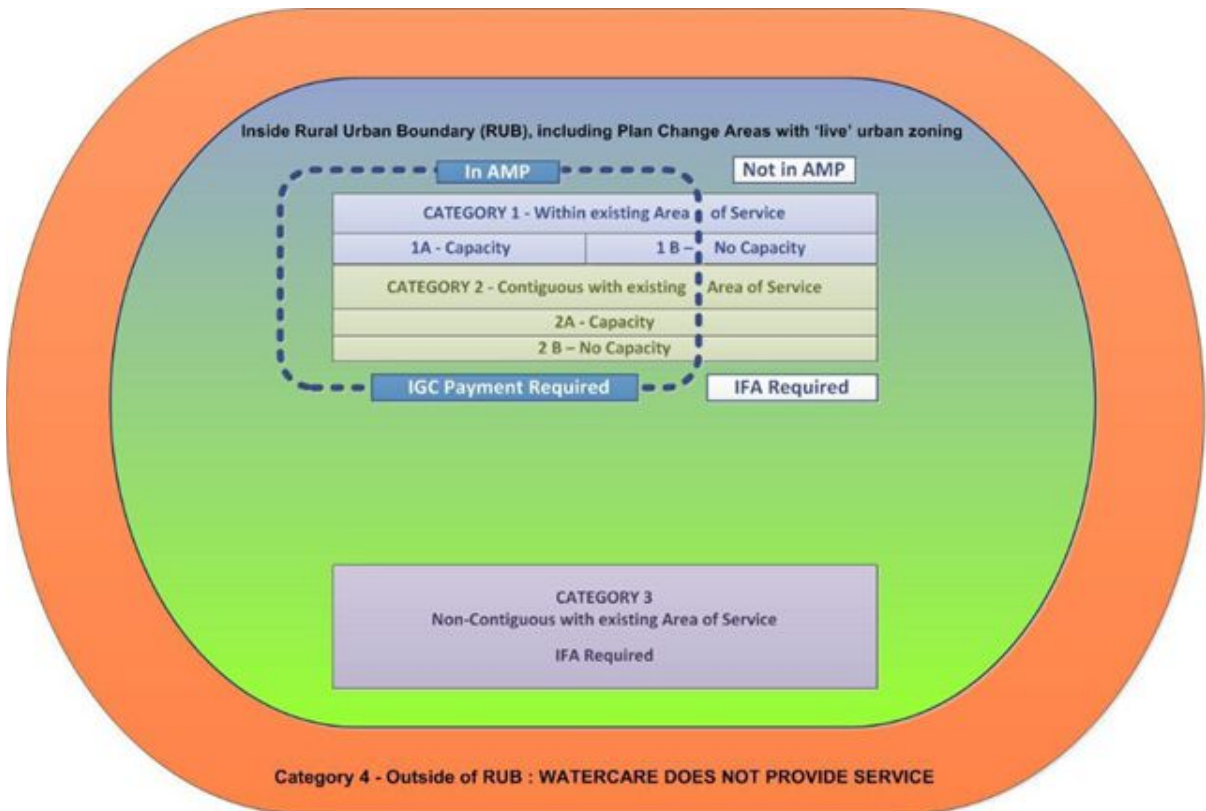
There is no statutory requirement on Watercare to provide new water and wastewater services, other than to “give effect to the relevant aspects of the Long Term Plan” and “acting consistently with the relevant aspects of any other plan (including a local board plan) or strategy of the Council to the extent specified in writing by the governing body of the Council”, as set out in s58 of the Local Government (Auckland Council) Act 2009.

However, to support Auckland Council’s provisions for growth, Watercare has considered how to provide services by developing the servicing policy set out below.

## 3. SERVICE CATEGORIES

Watercare’s servicing policy is based on the Rural Urban Boundary (RUB) concept set out in the Proposed Auckland Unitary Plan, and provides for urban development by establishing four Servicing Categories (Figure 1):

**Figure 1: Servicing Policy Categories**



- Category 1: Developments within the Area of Service
- Category 2: Developments Contiguous with the Area of Service
- Category 3: Developments that are not Contiguous with the Area of Service

- Category 4: Developments outside of the RUB

The key factor that determines how a proposed development is provided for is the available capacity within the transmission networks and the treatment plants (trunk infrastructure) to service the increased demand arising from the development. The local network required to connect to the nearest point within Watercare's existing network will always need to be provided by the developer, which is the approach currently in place.

#### **Category 1: Developments within the Area of Service**

These are developments that are within Watercare's existing Area of Service, which is largely consistent with existing urban areas or zones. Depending on the availability of capacity, there are two sub-categories:

- **Category 1A:** There is capacity. The development can connect subject to payment of the Infrastructure Growth Charge (IGC).
- **Category 1B:** There is limited or no capacity to service the development. The development will either need to be staged to remain within the available trunk capacity, wait for infrastructure upgrades in accordance with the timing in Watercare's current Asset Management Plan (AMP), or the developers will need to fund the necessary infrastructure upgrade through an Infrastructure Funding Agreement (IFA).

#### **Category 2: Developments Contiguous with the Area of Service**

These are developments that are within the Rural Urban Boundary and are contiguous with (but not within) Watercare's existing Area of Service. In most cases, these developments are in areas that are zoned rural and are required to go through a formal Council Plan Change process to change the zoning from rural to urban. These plan changes are normally supported by a structure planning process which includes the development of a Water and Wastewater Servicing Plan agreed with Watercare. This is a requirement of the Proposed Auckland Unitary Plan.

- **Category 2A:** The infrastructure is available or Watercare plans (subject to a Water and Wastewater Servicing Plan) to develop the transmission infrastructure to service the development, and the developer chooses to align the timing of the development with the installation of infrastructure. Connections are available subject to payment of the IGC.
- **Category 2B:** The infrastructure is not currently available, but Watercare plans to develop the transmission infrastructure to service the development (subject to a Water and Wastewater Servicing Plan) and has made provision for this in the AMP. However, if the developer wants to proceed with the development in advance of the infrastructure being developed by Watercare, the developer will need to fund the necessary trunk infrastructure through an IFA.

#### **Category 3: Developments that are not Contiguous with the Area of Service**

These are developments that are within the RUB (or future RUB) but are not contiguous with the existing Area of Service. Watercare will assess whether it will provide service to the development based on technical, economic, and environmental factors. This will include consideration of the size of development, and whether it forms part of a "transition" strategy for servicing the wider RUB area. Watercare will not fund infrastructure in this category. If Watercare provides service to the development, this will be subject to the developer funding the cost of the infrastructure as agreed through an IFA. If Watercare chooses not to provide service or the developer does not agree to pay the cost of the infrastructure, the developer will be able to build and operate its own service.



**Category 4: Outside of the RUB**

Watercare will not provide wastewater services outside the RUB.

**4. OVERVIEW OF IDENTIFIED GROWTH AREAS AND SERVICING CATEGORIES**

Attachment 1 lists all currently known Special Housing Areas (SHAs), approved plan changes and Future Urban Zones (FUZs) identified in the Proposed Auckland Unitary Plan. This list will be updated at regular intervals, as new areas of proposed urban growth are identified.

**7. RECOMMENDATION**

That the Board receive this paper.

**ATTACHMENTS**

Attachment 1: List of known areas identified for future urban development and servicing categories

Report prepared and recommended by:

Approved for submission by:

.....  
D Blow  
**Infrastructure Planning Manager**

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

## ATTACHMENT 1: GROWTH AREAS AND SERVICE CATEGORIES (STATUS MARCH 2015)

### Explanations and Definitions

- Watercare's Infrastructure Growth Charge (IGC) recovers a proportion of the costs associated with expanding the capacity of the existing treatment plants and transmission networks (trunk infrastructure) to service growth.
- The IGC is payable at the time a new connection is made to the network.
- The provision of the local reticulation within new developments and connection of the new development to the existing trunk networks and is the responsibility of the land developers.
- If existing local network infrastructure downstream of the proposed development requires upsizing to enable the proposed development to connect, this must be funded by the developer.
- **Future Urban Zones must become 'live' urban zones for services to be provided, regardless of funding provisions.**

#### **Category 1A - Within Area of Service and trunk capacity is available**

The area will be serviced subject to an IGC payment.

#### **Category 1B - Within Area of Service but limited or no trunk capacity is available**

If capacity is provided for in the AMP and the development is staged to remain within the available trunk infrastructure capacity, the area will be serviced subject to an IGC payment. If the developer wants to proceed in advance of the trunk infrastructure being provided by Watercare, the area will be serviced subject to an Infrastructure Funding Agreement (IFA).

If capacity is not provided for in the AMP, the area will be serviced subject to an IFA.

#### **Category 2A - Contiguous with Area of Service and trunk capacity is available**

The area will be serviced subject to an IGC payment.

#### **Category 2B - Contiguous with Area of Service but limited or no trunk capacity is available**

If capacity is provided for in the AMP and the development is staged to remain within the available trunk infrastructure capacity, the area will be serviced subject to an IGC payment. If the developer wants to proceed in advance of the trunk infrastructure being provided by Watercare, the area will be serviced subject to an Infrastructure Funding Agreement (IFA).

If capacity is not provided for in the AMP, the area will be serviced subject to an IFA.

#### **Category 3 - Non-Contiguous with existing Area of Service**

A decision about servicing is made on a case-by-case basis. If service is provided, it is subject to an IFA.

#### **Category 4 - Outside Rural Urban Boundary**

Watercare does not provide service.

Area Type	Auckland Council Reference	Geographic Area	Development Area Name	Servicing Category	Servicing Strategy
SHA (T2)	12	North	Silverdale	1A	<ul style="list-style-type: none"> <li>Capacity is available within existing trunk infrastructure (treatment plants and networks) to service brownfield SHA development.</li> <li>Network and treatment plant capacity expansions are required to service FUZ land.</li> <li>Discharge consent limitations will require Warkworth wastewater to be conveyed to Snells/Algies WWTP in the short - medium term.</li> <li>Significant investment is required to expand trunk networks to service Silverdale and Dairy Flat FUZ land.</li> </ul>
SHA (T2)	15	North	Lake Pupuke Drive - Takapuna	1A	
SHA (T3)	24	North	Albany East Strategic Area	1A	
SHA (T3)	25	North	Albany Highway, Albany	1A	
SHA (T3)	26	North	Beach Haven cluster	1A	
SHA (T3)	27	North	Northcote Road, Takapuna	1A	
SHA (T3)	28	North	Northcote Strategic Area	1A	
SHA (T4)	64	North	West Hoe Heights, Orewa	2A	
SHA (T4)	65	North	East Coast Road, Pinehill	1A	
SHA (T4)	66	North	Takapuna Strategic Area	1A	
SHA (T4)	67	North	Akoranga Drive, Northcote	1A	
SHA (T4)	68	North	Mokoia Road, Birkenhead	1A	
SHA (T4)	82	North	Beach Haven Road, Beach Haven	1A	
Northern FUZ		North	Warkworth	2B	
Northern FUZ		North	Silverdale	2B	
Northern FUZ		North	Dairy Flat	3	
SHA (T1)	1	West	Huapai Triangle	1A	<ul style="list-style-type: none"> <li>Capacity is available within existing trunk infrastructure (treatment plant and networks) to service brownfield SHA development and part of the greenfield SHA development.</li> <li>The Northern Interceptor will alleviate future capacity constraints in the Whenuapai Branch Sewer by diverting NorSGA and Kumeu, Huapai and Riverhead to the Rosedale WWTP.</li> </ul>
SHA (T1)	2	West	Hobsonville (Catalina & Marine Industry Precincts)	1A	
SHA (T1)	3	West	McWhirter Block - Massey	1A	
SHA (T2)	13	West	Royal Rd - Massey	1A	
SHA (T2)	14	West	Scott Point, Sunderland Precinct, Hobsonville	2A	
SHA (T3)	23	West	Rautawhiri Road, Helensville	3	
SHA (T3)	29	West	Oraha Road, Kumeu	2A	
SHA (T3)	30	West	Whenuapai Village, Whenuapai	1A	
SHA (T3)	31	West	Fred Taylor Drive, Massey	1A	

Area Type	Auckland Council Reference	Geographic Area	Development Area Name	Servicing Category	Servicing Strategy
SHA (T3)	32	West	Massey cluster	1A	<ul style="list-style-type: none"> <li>Network and treatment plant capacity expansions are required to service FUZ land.</li> <li>Developers will need to provide the local infrastructure in greenfield developments and fund the cost of connecting their development to the existing trunk networks.</li> </ul>
SHA (T3)	33	West	Crows Road, Swanson	2A	
SHA (T3)	34	West	Wilsher Village, Henderson	1A	
SHA (T3)	35	West	Coburg Street, Henderson	1A	
SHA (T3)	36	West	Hulme Place, Henderson	1A	
SHA (T3)	37	West	Denver Avenue, Henderson	1A	
SHA (T3)	38	West	Glendale Road, Glen Eden	1A	
SHA (T4)	69	West	Redhills (Fred Taylor Drive) Stage 1	2B	
SHA (T4)	81	West	Restall Road, Woodhill	4	
Western FUZ		West	Kumeu-Huapai-Riverhead	2B	
Western FUZ		West	Whenuapai	2B	
SHA (T1)	4	Central	Orakei - Ngati Whatua	1A	<ul style="list-style-type: none"> <li>Capacity is generally available within existing trunk infrastructure (treatment plants and networks) to service brownfield SHA development.</li> <li>Depending on location and extent of development, local network upgrades may be required to service growth.</li> <li>Developers will be responsible for funding local network upgrades required to service their development.</li> </ul>
SHA (T1)	5	Central	Alexander Crescent Otara	1A	
SHA (T2)	16	Central	Clinker Place & Thom St New Lynn	1A	
SHA (T2)	17	Central	Trent St Avondale	1A	
SHA (T2)	18	Central	Khyber Pass Rd - Newmarket	1A	
SHA (T2)	19	Central	George Terrace - Onehunga	1A	
SHA (T2)	20	Central	Northern Tamaki	1A	
SHA (T3)	39	Central	New Lynn Strategic Area	1A	
SHA (T3)	40	Central	New Windsor Cluster	1A	
SHA (T3)	41	Central	Sandy Lane, Avondale	1A	
SHA (T3)	42	Central	Waterview cluster	1A	
SHA (T3)	43	Central	Pt Chevalier Road, Pt Chevalier	1A	
SHA (T3)	44	Central	Asquith Avenue, Mt Albert	1A	
SHA (T3)	45	Central	Haverstock Road, Sandringham	1A	
SHA (T3)	46	Central	Mt Albert cluster	1A	
SHA (T3)	47	Central	Mt Roskill cluster	1A	
SHA (T3)	48	Central	Bristol Road, Mt Roskill	1A	

Area Type	Auckland Council Reference	Geographic Area	Development Area Name	Servicing Category	Servicing Strategy
SHA (T3)	49	Central	Akepiro Street, Kingsland	1A	
SHA (T3)	50	Central	Surrey Crescent, Grey Lynn	1A	
SHA (T3)	51	Central	Great North Road Strategic Area	1A	
SHA (T3)	52	Central	Bedford Road, Parnell	1A	
SHA (T3)	53	Central	St Marks Road, Remuera	1A	
SHA (T3)	54	Central	Orakei cluster	1A	
SHA (T3)	55	Central	Meadowbank cluster	1A	
SHA (T3)	56	Central	Kohimarama Road, Kohimarama	1A	
SHA (T3)	57	Central	Jordan Avenue, Onehunga	1A	
SHA (T3)	58	Central	Tuata Street, One Tree Hill	1A	
SHA (T3)	59	Central	Walmsley Road, Mangere	1A	
SHA (T3)	60	Central	Otahuhu Coast Strategic Area	1A	
SHA (T3)	62	Central	Oruarangi Road, Mangere	1A	
SHA (T4)	70	Central	Racecourse Parade, Avondale	1A	
SHA (T4)	71	Central	Cnr Great North Road and Walsall Street, Avondale	1A	
SHA (T4)	72	Central	St Lukes Road, Mt Albert	1A	
SHA (T4)	73	Central	Enfield Street, Mt Eden	1A	
SHA (T4)	74	Central	Morrin Street, Ellerslie	1A	
SHA (T4)	75	Central	Coates Avenue, Orakei	1A	
SHA (T4)	76	Central	Barrack Road, Mt Wellington	1A	
SHA (T4)	77	Central	Tamaki Regeneration Area	1B	
SHA (T4)	83	Central	Mt Eden Road Road and Haul Road, Three Kings	1B	
Plan Change		Central	Puhinui - PC 35	2B	

Area Type	Auckland Council Reference	Geographic Area	Development Area Name	Servicing Category	Servicing Strategy
SHA (T1)	6	East	Flat Bush School Rd	1A	<ul style="list-style-type: none"> <li>Capacity is available within existing trunk infrastructure (treatment plants and networks) to service brownfield SHA development and part of the greenfield SHA development.</li> </ul>
SHA (T1)	7	East	Flat Bush Murphy's Road	1A	
SHA (T3)	61	East	Flat Bush Strategic Area	1A	
SHA (T4)	84	East	Point View Drive, East Tamaki	2A	
Plan Change		East	Clevedon - PC 32	3	
Plan Change		East	Whitford - PC 127	3	
SHA (T1)	8	South	Weymouth	2A	<ul style="list-style-type: none"> <li>Capacity is available within existing trunk infrastructure (treatment plants and networks) to service brownfield SHA development and part of the greenfield SHA development.</li> <li>Network and treatment plant capacity expansions are required to service FUZ land.</li> <li>Alfriston, Drury/Opaheke and Drury South will be serviced by the Mangere WWTP.</li> <li>Paerata will be serviced by Pukekohe WWTP.</li> <li>Paerata North (Wesley College - Stage 1) will initially be serviced by Pukekohe WWTP and will be diverted to the Mangere WWTP in the future to enable capacity for Paerata growth.</li> <li>Significant investment is required to expand capacity of the Southern trunk wastewater</li> </ul>
SHA (T1)	9	South	Addison - Takanini	1A	
SHA (T1)	10	South	Wesley College	3	
SHA (T1)	11	South	Anselmi Ridge - Pukekohe	1A	
SHA (T2)	21	South	Hingaia	2A	
SHA (T2)	22	South	Belmont - Pukekohe	2A	
SHA (T3)	63	South	Takanini Strategic Area	1A	
SHA (T4)	78	South	Bunnythorpe Road, Papakura	1A	
SHA (T4)	79	South	Harbourside Drive, Hingaia	2A	
SHA (T4)	80	South	Bellfield Road, Papakura	2A	
Plan Change		South	Kingseat - PC 28	3	
Plan Change		South	Drury South - PC 12 & 38	3	
Plan Change		South	Karaka - PC 15	3	
Southern FUZ		South	Alfriston	2B	
Southern FUZ		South	Drury/Opaheke	2B	
Southern FUZ		South	Paerata (Wesley College, SHA 10)	3	
Southern FUZ		South	Pukekohe	2B	
Southern FUZ		South	Clarks Beach	2B	
Southern FUZ		South	Glenbrook Beach	2B	

Area Type	Auckland Council Reference	Geographic Area	Development Area Name	Servicing Category	Servicing Strategy
					<p>system from Hingaia to Mangere.</p> <ul style="list-style-type: none"> <li>• Kingseat will need to be reticulated to Clarks Beach and the plant expanded due to discharge limitations in Kingseat.</li> <li>• Developers will need to provide the local infrastructure in greenfield developments and fund the costs of connecting their development to the existing trunk networks.</li> </ul>

## Report to the Board of Watercare Services Limited

**Subject: AMDD Final Trade Waste Charges 2013/2014**

**Date: 10 April 2015**

6

### 1. INTRODUCTION

Watercare is responsible for administering the provisions of the Auckland Regional Council Trade Wastes Bylaw 1991 pursuant to Section 25 of the Local Government (Auckland Transitional Provisions) Act 2010, No 37. The Bylaw enables Watercare to manage the nature of trade wastes discharged to the collection system, and to charge industry directly for the actual cost of collection, treatment and disposal of trade wastes.

The Bylaw requires the setting of provisional and final trade waste charges for each financial year. Provisional charges are set at the beginning of each financial year and are based on estimated flows, loads and costs incurred in the collection, treatment and disposal of trade waste. Final rates are then determined retrospectively at the end of the financial year using the audited financial statements.

The Bylaw requires that trade waste final charges be sufficient to recover the actual costs incurred in the reception, disposal and treatment of trade wastes. This requirement allows for the retrospective adjustment of final trade waste charges and either refunding a surplus or invoicing to recover shortfalls. In determining final trade waste charges the Bylaw requires Watercare to consult with the Employers and Manufacturers Association on behalf of the trade waste customer's. As part of this consultation in the past, the EMA have advised Watercare that it is industry preference that a smoothed approach be taken in respect to charging and that retrospective adjustment of trade waste charges should be avoided.

### 2. ADJUSTMENTS

Watercare has historically provided a high level of price certainty commensurate with the expectations of its trade waste customers. Over the past 20 years, there has not been a retrospective adjustment in final trade waste charges.

In response to forecast requirements provisional trade waste charges were not increased for the 2013/2014 year.

Actual wastewater costs allocated to trade waste customers for the 2013/2014 year have been determined. These are marginally more than the costs on which the provisional charges were based. As a consequence there was a negative difference of \$98,000 in total revenue between the provisional charges invoiced and the calculated trade waste costs as detailed below.

PROVISIONAL REVENUE	ACTUAL COSTS	DIFFERENCE
\$12,275,000	\$12,373,000	-\$98,000



The variance between costs and revenue is less than 1%. The preferred approach of the EMA and Trade Waste customers is that any under or over recovery in one year be balanced by increases or decreases recovery in the following year to provide more certainty and a smoothed approach. Based on this it is proposed that Watercare confirm the final trade waste tariff components, at the provisional rates, as shown below.

<b>FINAL TRADE WASTES CHARGES 2013/2014</b>		
<b>PARAMETER</b>	<b>UNIT</b>	<b>PER ANNUM RATE 2013/2014</b>
Flow	Litres/second	\$7,672.53
Suspended Solids	Kg/day	\$181.88
Biochemical Oxygen Demand	Kg/day	\$249.00
Uniform Annual Charge		\$564.04

Consultation with the EMA with respect to the final charges for the 2013/2014 year is scheduled for April 2015, and is unlikely to generate any adverse reaction.

### 3. **RECOMMENDATION**

It is recommended that the final trade waste charges for 2013/14, be confirmed as the same level as the provisional trade waste charges invoiced for 2013/14, subject to acceptance by the EMA.

Report prepared by Peter Rogers, Trade Waste Manager

**Reviewed by:**

**Reviewed by:**

**Approved for submission by:**

S Cunis  
**General Manager  
Service Delivery**

B Monk  
**Chief Financial Officer**

R Jaduram  
**Chief Executive**

General Business - Notes