

# WATERCARE SERVICES LIMITED

## AGENDA | Board meeting | 22/10/2014

Venue Watercare Boardroom, Level 2, 73 Remuera Road, Newmarket  
 Time 09.00am

### Open Public Meeting

Item	Spokesperson	Action sought at governance meeting	Supporting Material	Section Page
1. Apologies	Chair	<ul style="list-style-type: none"> <li>Record Apologies</li> </ul>		
2. Minutes of Meeting	Chair	<ul style="list-style-type: none"> <li>Approve Board Meeting Minutes                             <ul style="list-style-type: none"> <li>19 September 2014</li> </ul> </li> </ul>	Minutes 19 September 2014	1 - 2
3. Directors' Corporate Governance Items	Chair	<ul style="list-style-type: none"> <li>Corporate Planner 2014</li> <li>Review Disclosure of Interests</li> <li>Organisational Chart</li> </ul>	Corporate Planner Disclosure of Interests Organisational Chart	1 2 - 3 4
4. Annual Performance 2013/14	R Chenery	<ul style="list-style-type: none"> <li>Note paper and presentation</li> </ul>	Paper Presentation	1 - 14
5. Scorecard and Chief Executive's Report	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>Working with Local Boards</li> <li>Statutory Planning</li> <li>Non Domestic Wastewater Tariff</li> <li>Penrose Outage</li> <li>Wairoa Cosseys Herbicide Discharge</li> <li>Greenhouse Gas Emissions</li> </ul> </li> </ul>	Chief Executive's Report	1 - 2 3 - 37
6. Rainwater Tanks – Current Situation and Impact on Demand Management	R Klein	<ul style="list-style-type: none"> <li>Receive paper</li> </ul>	Paper	1 - 3
7. Clevedon Wastewater Servicing Options	R Fisher	<ul style="list-style-type: none"> <li>Receive paper</li> </ul>	Paper	1 - 3
8. General Business	Chair			-

Date of next Meeting – 21 November 2014

Location – Watercare Services, 73 Remuera Road, Newmarket

# MINUTES

SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Boardroom, Level 2, Watercare Services Limited, 73 Remuera Road, Remuera, Auckland
DATE	19 September 2014
TIME	09:30
STATUS	Open Session

	<b>Present:</b>	<b>In Attendance:</b>	<b>Public in Attendance:</b>
	D Clarke (Chairman) N Crauford P Drummond C Harland J Hoare S Huria  A Delany (Board Observer)	R Chenery R Fisher D Hawkins R Jaduram T Langridge B Monk A Nama B Taplin G Wood	Four members of the public
1.	<b>Apologies</b> <ul style="list-style-type: none"> <li>T Lanigan</li> <li>M Allen</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 21 August 2014 at 09:00, be confirmed as correct.</li> </ul>		
3.	<b>Directors Corporate Governance Items</b> <ul style="list-style-type: none"> <li>Corporate Planner 2014 The Corporate Planner was noted.</li> <li>Disclosure of Interests The disclosure of interests was noted.</li> <li>Organisational Chart The organisational chart was noted.</li> <li>Presentation  The Board received a presentation from Mr Jim Jackson on behalf of the Onehunga Enhancement Society (Incorporated), the Mangere Bridge Residents and Ratepayers Association (Incorporated) and the Manukau Harbour Restoration Society (Incorporated). Mr Jackson was thanked for his presentation and advised that a formal response would be made in due course.</li> </ul>		
4.	<b>Chief Executive's Report</b> <ul style="list-style-type: none"> <li>Key Performance Scorecard  The Board agreed that when a current KPI is higher (i.e.: more stringent) than the new measures introduced for local government by the Department of Internal Affairs, Watercare would continue to use the more stringent measure.</li> </ul>		

	<ul style="list-style-type: none"> <li>• Customer Services</li> </ul> <p>Trish Langridge advised that the average handling time has dropped significantly since the report was prepared, due to a greater use of translation services.</p> <ul style="list-style-type: none"> <li>• Infrastructure Planning</li> </ul> <p>Rob Fisher updated the Board in respect to the various appeals against the grant of consent for the Central Interceptor Project. He advised that the Foodstuffs appeal had been settled; a consent order has largely been agreed with the St Lukes Environmental Protection Society Limited. Good progress was being made in reaching an agreement with the St Lukes Garden Apartments Limited and the St Lukes Gardens Apartments Progressive Society Limited.</p> <p>In respect to the Manukau Appellants, it was hoped that a signed memorandum in support of a consent order would be received on 19 September 2014.</p> <p>Graham Wood advised that the final commissioning of the digester at Mangere Wastewater Treatment Plant and the water supply to Clarks Beach will be completed in the next few months.</p> <ul style="list-style-type: none"> <li>• Operations</li> </ul> <p>The Board was advised that total storage in the dams is around 82% which is an average level for this time of the year. All dams were in full commission.</p> <p>The Board requested a forecast for the 2014/15 summer period and a presentation from NIWA or similar organisation, on climate matters.</p> <ul style="list-style-type: none"> <li>• Finance</li> </ul> <p>Brian Monk advised the Board that after two months of the new financial year, the company has got away to a favourable start with revenue ahead of budget and costs beneath budget. Revenue increases are being generated in IGC and vested asset income, while the core water and wastewater revenue volumes are marginally ahead of budget. Most categories of cost are running beneath budget aside from energy which reflects higher than anticipated servicing from the Waikato.</p> <p>Debt levels are approximately \$20m beneath budget due to both opex and capex savings and a lower debt level on 1 July 2014 compared with what was assumed when the budget was set.</p>
5.	<p><b>Proposed Water and Wastewater Bylaw</b></p> <ul style="list-style-type: none"> <li>• Rob Fisher spoke to the paper.</li> </ul> <p>The Board noted the paper and agreed to appoint the Watercare panel at the Board meeting in November.</p>
6.	<p><b>General Business</b></p> <ul style="list-style-type: none"> <li>• Rob Fisher advised the Board that he had sent each Board member a circulating resolution which dealt with: <ul style="list-style-type: none"> <li>○ the receipt of advice from Mark Ford that he was unable to work due to illness;</li> <li>○ that Mark Ford's employment as Chief Executive, would cease on 19 September 2014;</li> <li>○ that Raveen Jaduram would continue as the Acting Chief Executive.</li> </ul> </li> </ul> <p>Rob Fisher advised that he had received approval from every Board member to the resolution which was passed on 9 September 2014, and effective on 19 September 2014.</p> <p>The Chairman said that this was an especially sad day for Watercare. He paid tribute to Mark Ford's long and exceptional service to Watercare. The Board extended their best wishes to Mark Ford and his family.</p> <ul style="list-style-type: none"> <li>• The public section of the meeting closed at 10:30.</li> </ul>

CERTIFIED AS A TRUE AND CORRECT RECORD

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Chairman

## 2014 BOARD PLANNER

	2014											
	January	February	March	April	May	June	July	August	September	October	November	December
<b>Board Meeting</b>		^4 Feb New market  27 Feb Jubilee	13 March New market (Workshop)	(Easter See May)	1 May Jubilee  29 May Jubilee*	27 June Jubilee	31 July New market	21 Aug New market	19 Sept New market	22 Oct New market*	21 Nov New market	19 Dec New market
<b>Health &amp; Safety Committee</b>		27 Feb Jubilee		(Easter See May)	1 May Jubilee  29 May Jubilee*	27 June Jubilee	31 July New market	21 Aug New market	19 Sept New market	22 Oct New market	21 Nov New market	19 Dec New market
<b>Audit + Risk Committee Meeting</b>		^4 Feb New market			6 May New market		^31 July New market	19 Aug New market			11 Nov New market	
<b>Capital Projects Working Group</b>		4 Feb New market			23 May New market				16 Sept New market			
<b>Remuneration Committee</b>		27 Feb Jubilee (follow s Board Meeting)			29 May Jubilee	30 June New market	30 July New market 5:30pm	21 August New market (follow s Board meeting) 1pm	19 Sept New market (follow s Board meeting) 1pm			
<b>Statement of Intent</b>		Approval of Draft 2014-2017 SOI	1 March Draft SOI to shareholder		Present shareholder SOI feedback at public meeting	Final 2014-2017 SOI issued to shareholder			Work on 2015-2018 Sol Key dates yet to be advised by Auckland Council			
<b>Shareholder Interaction**</b>		26 Feb LTP scene-setting session  27 Feb Quarterly report due to Council	4 March CCO Governance and Monitoring Committee		19 May Quarterly report due to Council	3 June Quarterly briefing to Council	9 July Joint w orkshop w ith Councillors 7 July - LTP w orkshop 25 July LTP w orkshop	15 August Quarterly report due to Council	26 Sept Draft LTP financials due		12 Nov Quarterly report due to Council	
<b>Key Finance Decisions</b>		27 Feb Approval of 2014/15 input to Auckland Council Annual Plan			29 May Approval of 2014/15 Budget			21 Aug Approval of 2013/14 Annual Report	26 Sept Draft LTP financials	Work on 2015/25 LTP and AMP Key dates yet to be advised by Auckland Council		
<b>Other</b>	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

## Report to the Board of Watercare Services Limited

**Subject:** Disclosure of Interests

**Date:** 8 October 2014

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, NZ Institute of Rural Health</li> <li>– Chairman, Skin Institute</li> <li>– Director, Hawkins Watts Ltd</li> <li>– Director, Cranleigh Merchant Bankers</li> <li>– Director, FarmIQ Systems Ltd</li> <li>– Director, Ngai Tahu Tourism Ltd</li> <li>– Director, Hynds Group Ltd</li> <li>– Trustee, South Auckland Foundation (Middlemore/CMDHB)</li> <li>– Director, 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> </ul>
Catherine Harland	<ul style="list-style-type: none"> <li>– Director, McHar Investments Ltd</li> <li>– Director, Interface Partners Ltd</li> <li>– Trustee, One Tree Hill Jubilee Educational Trust</li> <li>– Member, Auckland Regional Amenities Funding Board</li> <li>– Consultant, MartinJenkins &amp; Associates Ltd</li> </ul>
Susan Huria	<ul style="list-style-type: none"> <li>– Director, Ngai Tahu Property</li> <li>– Director, Marsden Maritime Holdings Ltd</li> <li>– Director and Shareholder, Huria Anders Ltd</li> <li>– Director and Shareholder, Susan Huria Associates (2003) Ltd</li> <li>– Director and Shareholder, Te Ara Tika Properties Ltd</li> <li>– Director, Vermilion Design Ltd</li> <li>– Director, Airways Corporation of New Zealand Ltd</li> <li>– Chair, Veterinary Enterprises Group Limited</li> <li>– Trustee, First Foundation</li> <li>– Member, Maori Governance Centre, University of Waikato Advisory Board</li> <li>– Member, Auckland Committee, Institute of Directors</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> </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> <li>- Member, Auckland Committee, Institute of Directors</li> </ul>
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>

### Board Observer

Alex Delany	- Employee - BNZ
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### RECOMMENDATION

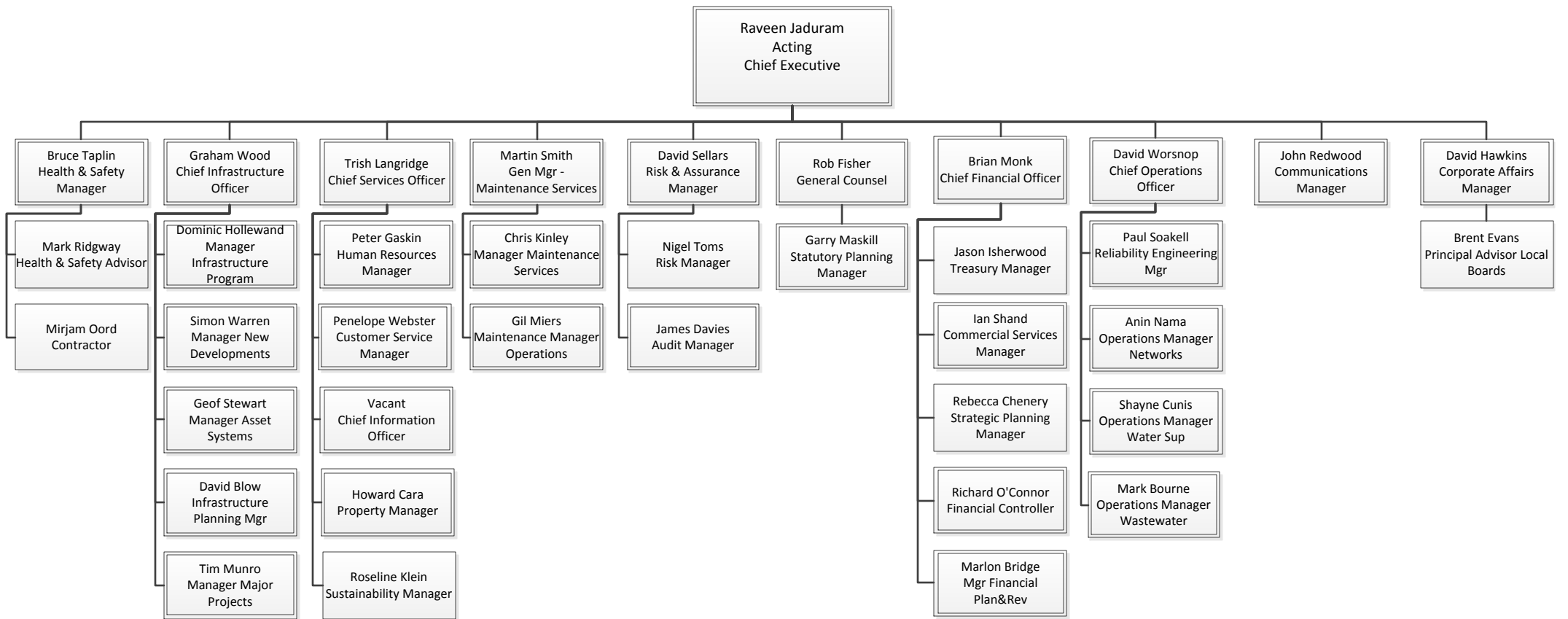
That the report be noted.

Report prepared by:

Approved by:

R Fisher  
General Counsel

R Jaduram  
Acting Chief Executive



Perm FTE	768.61
Fixed Term FTE	29.63
Casual FTE	5.34
LWOP FTE	3.98
<b>Total FTE</b>	<b>801.95</b>
Budgeted FTE 13/14	864.8

# Report to the Board of Watercare Services Ltd

**Subject: Performance under the 2013/14 Statement of Intent**

**Date: 6 October 2014**

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## 1. Introduction

The Local Government (Auckland Council) Act 2009 (“Act”) states that council-controlled organisations (CCO’s) of the Auckland Council must nominate two Board meetings per year to be open to the public.

One of these meetings must be held after 1 July each year for the purpose of considering the organisations performance under its Statement of Intent in the previous financial year. Under the Act, the Board must allocate time for members of the public attending the meeting to address the Board in relation to the subject matter of the meeting.

## 2. Performance under the 2013/14 Statement of Intent

The Statement of Intent (SOI) represents Watercare’s public expression of activities, intentions and objectives, and the legislative expression of accountability to its shareholder, the Auckland Council.

Performance against the 2013/14 SOI was reported on a quarterly basis to the shareholder during the year and is recorded in the Statement of Service Performance (SSP) included in Watercare’s 2014 Annual Report. The Annual Report was published and distributed on 30 September 2014.

Copies of the Annual Report will be available in the Watercare Boardroom, Level 2, 73 Remuera Road, Newmarket on 22 October 2014 for people attending the October Board meeting. Copies have been supplied to all Auckland Councillors and Local Board Chairs, to the local news media and other interested parties. An online version is available on the Watercare website.

The 2013/14 SOI outlined performance measures in the following areas: safe and reliable water; healthy waterways; health, safety and wellbeing; customer satisfaction; sustainable environment; effective asset management; and sound financial management.

An overview of the company’s performance under the 2013/14 Statement of Intent will be presented at the meeting.

Report prepared by:

Reviewed by:

Approved for submission by:

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R Chenery  
**Strategic Planning  
Manager**

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B Monk  
**Chief Financial  
Officer**

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

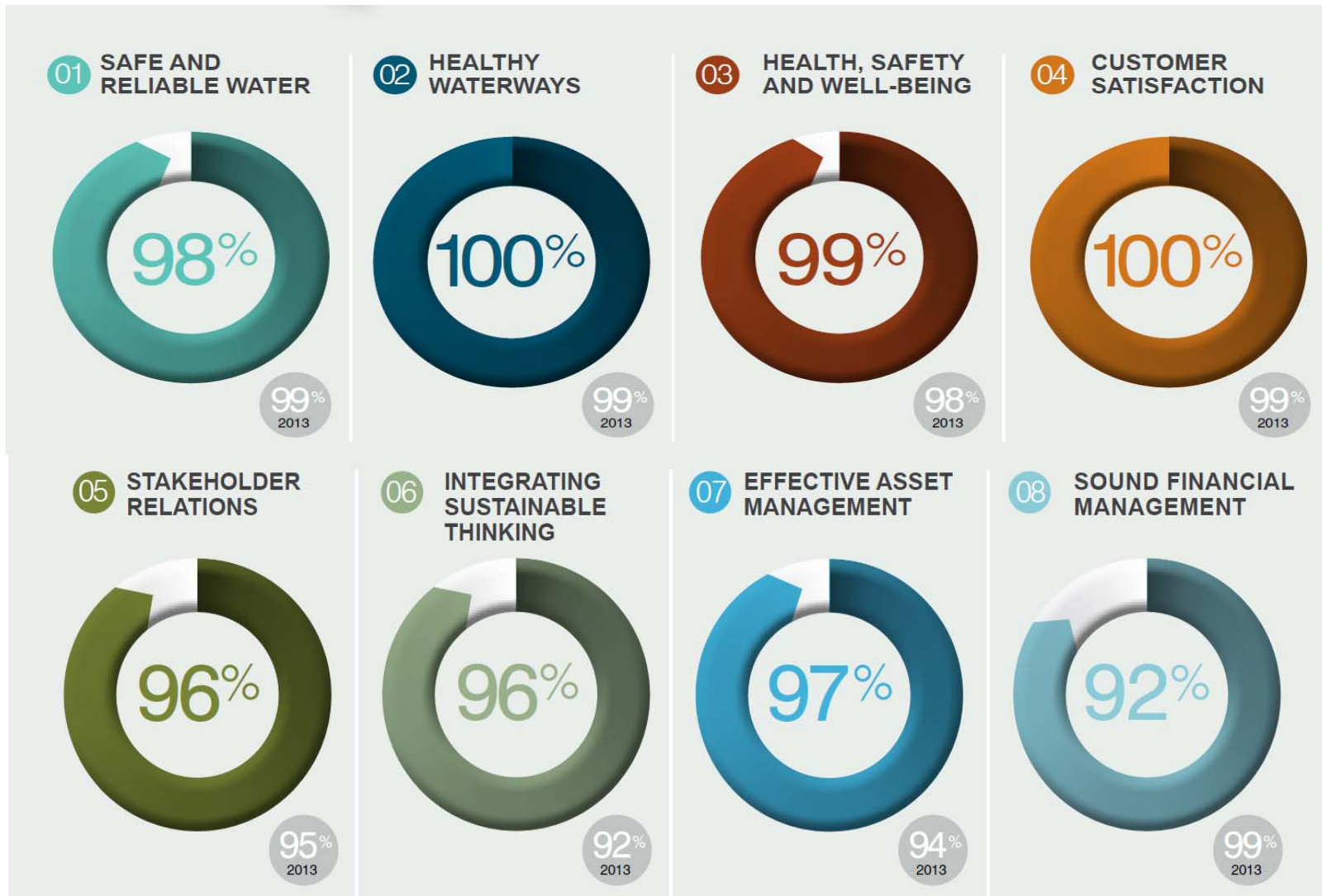


# Watercare Services Limited Annual Performance 2013/14

22 October 2014

# Annual Performance Summary

Watercare measures its performance against 49 targets across eight focus areas.



# Statement of Intent Performance Summary

There are 26 Statement of Intent measures. During 2013/14 targets were achieved for 23 of the 26 measures.

Performance Measure	2013/14 Result
<b>Safe and Reliable Water</b>	
Percentage compliance with MoH drinking water standards for graded plants	✓
Percentage of metropolitan water treatment plants achieving Grade A	✓
Percentage of metropolitan water supply reticulation achieving Grade A	✓
Percentage of non-metropolitan water treatment plants achieving Grade A	✓
Percentage of non-metropolitan water supply reticulation achieving Grade A	✓
Percentage of unplanned water shutdowns restored within five hours	✓
Number of unplanned water interruptions per 1000 connected properties	✓
<b>Healthy Waterways</b>	
Number of dry weather sewer overflows per 100km of wastewater pipe length per year	✓
Average number of wet weather overflows per discharge location	✓
Number of sewer bursts and chokes per 1000 properties	✓
Percentage of wastewater discharged that is compliant with consent discharge requirements for metropolitan areas	✓
Percentage of wastewater discharged that is compliant with consent discharge requirements for non-metropolitan areas	✓
Number of successful RMA prosecutions against Watercare	✓

# Statement of Intent Performance Summary

Performance Measure	2013/14 Result
<b>Customer Satisfaction</b>	
Percentage of customers surveyed satisfied with Watercare's delivery of water and wastewater services	✓
Percentage of calls answered within 20 seconds	✓
Number of water quality complaints (taste, odour, appearance) per 1,000 water supply connections	✗
Percentage of complaints being 'closed and resolved' within 10 working days	✗
<b>Health, Safety and Wellbeing</b>	
Lost-time injury frequency rate per million hours worked	✓
Level of ACC workplace management practices accreditation	✓
Percentage of total hours absent due to illness	✓
Percentage of voluntary leavers relative to number of permanent staff	✗
<b>Financial</b>	
Minimum funds flow from operations to interest cover (FFO) before any price adjustment	✓
Percentage of household expenditure on water supply services relative to the average household income	✓
<b>Effective Asset Management</b>	
Percentage of actual capital expenditure relative to budget YTD	✓
<b>Sustainable Environment</b>	
Per capita consumption (litres / person / day)	✓
Percentage of annual potable water network losses	✓

# Statement of Intent Measures

- Targets not met:
  - Number of water quality complaints per 1,000 water supply connections. Target  $\leq 5$ ; result 5.9
    - *Not achieved due to a high number of water quality complaints in January from the flushing of the Kumeu / Huapai transmission main and the algal bloom in the Waitakere water sources resulting in taste and odour complaints*
  - Percentage of complaints resolved and closed within 10 working days. Target  $\geq 95\%$ ; result 94.2%
    - *Not achieved due to an increased complexity in complaints, especially relating to the new non-domestic wastewater tariff which was widely consulted on throughout the year.*
  - Percentage of voluntary leavers relative to number of permanent staff. Target  $\leq 12\%$ ; result 12.5%
    - *Not achieved due to the number of employees who decided not to relocate from East Tamaki to Newmarket as part of the move of the Customer Services Call Centre in December 2013.*



## SAFE AND RELIABLE WATER

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Managing water  
resources to provide  
a safe and reliable  
water supply

### 2013/14 Achievements

- Fully met SOI targets for:
  - Metropolitan and non-metropolitan water treatment plant and reticulation grading measures Unplanned water shutdowns restored within 5 hours – target  $\geq 95\%$ ; result 97.4%
  - Unaccounted-for water loss – target  $\leq 14\%$ ; result 13.9%
  - Number of unplanned water interruptions – target  $\leq 10$ ; result 8.1
- Connected the Pukekohe and Buckland communities to Auckland’s metropolitan water supply – the first towns in Franklin to receive the same quality of water as the rest of Auckland
- Lodged consent application for additional 200 MLD water take from the Waikato River with Waikato Regional Council

### Forward Focus

- Progress plans to boost the security of supply on the North Shore by filing resource consent applications in early 2015 for the Greenhithe Bridge section of the North Harbour No. 2 watermain project



## HEALTHY WATERWAYS

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Managing wastewater discharges to maintain or improve the health of the environment

### 2013/14 Achievements

- Fully met SOI targets for:
  - Percentage of wastewater discharged that is compliant with consent conditions for metropolitan and non-metropolitan areas
  - Dry weather overflows – target  $\leq 5$ ; result 1.83
  - Number of sewer bursts and chokes – target  $\leq 10$ ; result 8.8
  - RMA prosecutions – target 0; result 0
- Continued improvements to rural wastewater treatment plants, lifting service levels and enhancing environmental performance

### Forward Focus

- Commence detailed design for the upgrade of the Rosedale Wastewater Treatment Plant



## HEALTH, SAFETY AND WELL-BEING

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Building an industry-  
best workplace

### 2013/14 Achievements

- Fully met SOI targets for:
  - Lost-time injury frequency rate – target  $\leq 5$ ; result 2.53
  - Percentage of total hours absent due to illness – target  $\leq 2.5\%$ , result 2.14
- Maintained a strong focus on training in health and safety management for all staff
- Increased total training and development provided to staff

### Forward Focus

- Review all processes to ensure compliance with the Health & Safety Reform Bill expected to be passed in late 2014





## CUSTOMER SATISFACTION

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Providing customers  
with great service  
and great value

### 2013/14 Achievements

- Fully met SOI targets for:
  - Customer satisfaction with delivery of water and wastewater services – target  $\geq 80\%$ ; result 84.7%
  - Grade of service – target  $\geq 80\%$ ; result 88.7%
  - Household affordability – target  $\leq 1.5\%$ ; result 0.90%
- Introduced voice-activated billing emails for customers with visual impairment
- Developed 'Be Waterwise' – a comprehensive resource providing information on water use and practical tips on how to save water at home

### Forward Focus

- Improve customer self-service offering and online payment options
- Provide dedicated support for non-domestic customers as they transition to the new non-domestic wastewater tariff regime



## STAKEHOLDER RELATIONS

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Engaging with  
and responding to  
stakeholders' needs

### **2013/14 Achievements**

- Liaised with the Auckland Council on the Unitary Plan and Special Housing Areas
- Consulted with interested parties, particularly iwi, on numerous resource consent applications.
- Continued to communicate with Local Boards and engage with communities on Watercare projects in their areas
- Continued to deliver a free education program to schools across Auckland.

### **Forward Focus**

- Continue to engage with Local Boards, iwi and the community on infrastructure projects
- Engagement with Auckland Council on Long Term Plan 2015-2025



## INTEGRATING SUSTAINABLE THINKING

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Minimising and mitigating the adverse impact of the company's operations on the environment and fully integrating sustainability into all aspects of the business

### **2013/14 Achievements**

- Developed and released the 2013-16 Auckland Regional Water Demand Management Plan – Watercare's action plan to further improve water efficiency across the region
- Generated 31% of total energy needs
- Created a Green Team of staff volunteers to work on improving the sustainability of Watercare's activities and workplaces

### **Forward Focus**

- Implement a water efficiency programme for non-domestic customers
- Expand the scope of reporting on Greenhouse gas emissions.



## EFFECTIVE ASSET MANAGEMENT

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Managing assets to ensure the use of existing assets is maximised while optimising the scope, timing and cost of new investments

### 2013/14 Achievements

- Fully met SOI targets for:
  - Capital expenditure – target  $\geq 85\%$ ; result 96%
  - Per capita consumption – target 280+/- 5%; result 270
- Continued to meet and exceed targets related to demand management
- Updated the Asset Management Plan for the period 2015-2025

### Forward Focus

- Refine the renewal strategy for local network infrastructure assets to ensure water quality and service levels are maintained
- Renew large transmission mains including Huia No. 1 and Hunua No. 1 to cater for current and future demand



## SOUND FINANCIAL MANAGEMENT

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Delivering on business  
objectives at the  
lowest cost

### **2013/14 Achievements**

- Fully met SOI target for:
  - Minimum funds flow from operations (FFO) – target  $\geq 5$ ; result 3.30
- Maintained water and wastewater charges at 2012/13 levels
- Reduced operating costs by renegotiating contracts for electricity and chemicals
- Reduced the level of aged receivables

### **Forward Focus**

- Continue to focus on procurement efficiencies
- Implement the new standardised non-domestic wastewater tariff



On budget, on time, within parameters
Unfavourable but within parameters
Major issue, needs attention

Focus Area	Performance Measure	SOI	2014/15 Target	Amber Threshold	Red Threshold	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14
<b>2015/25 LTP Measures</b>																		
8a	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												
8b	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												
8c	The percentage of real water loss from the local authority's networked reticulation system		≤13%	>13 to 13.2%	>13.2	14.90%	14.90%	14.97%	14.53%	14.28%	14.27%	14.03%	14.10%	14.15%	14.00%	13.97%	13.40%	13.30%
8d	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												
8e	Median response time for resolution of urgent calls-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption					Programme of work is underway to develop calculation methodology and commence data collection to commence reporting from early 2015												
8f	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												
8g	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												
8h	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 pressure or flow d) continuity of supply e) 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												
8i	The average consumption of drinking water per day per resident within the territorial authority district		278+/-5%** (2013/14 target = 280+/- 5%)	283 to 290	>290	273	272	270	269	266	267	270	270	271	270	270	270	270
8j	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												
8k	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												
8l	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												
8m	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												
8n	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												

## **Watercare Services Limited**

**Subject: Chief Executive Report – September 2014**

**Date: 15 October 2014**

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### **1. HEALTH AND SAFETY**

On a rolling 12 month basis:

- The lost-time injury frequency rate (LTIFR) was 2.49 against an SOI target of less than or equal to 5 for 12 months.
- Sick leave was 2.12% against an SOI maximum of 2.5%.
- Voluntary staff turnover was 12.08%, just outside the SOI maximum of 12%.
- The injury severity rate was 13.05 against a target of less than 30 for 12 months.

The 12 month rolling result for voluntary staff turnover result continues to be influenced by the higher-than-usual number of resignations received around the time that the East Tamaki office relocated to Newmarket.

### **2. CUSTOMER SERVICES**

September performance against SOI measures was good with all SOI targets being met.

Average handling time remains above target but has reduced by 16.5 seconds as a result of the correction to exclude outbound calls from the measurement methodology. The inclusion of outbound calls in the monthly result was not identified until 17 September meaning the impact of the correction will not be seen until next month. There is a continued focus on reducing average handling time where possible.

A number of improvement projects are currently underway including the upgrade of the telephony system and a review of all written templates and standard letters to ensure that they are clear, accurate and customer focussed.

### **3. INFRASTRUCTURE AND PLANNING**

Infrastructure continues to progress a large portfolio of projects and introduce a number of process improvements. The framework within which the Infrastructure group works is being revised to improve change control, access to information (via a new shared information environment) and the update of standards. The development work has been going on for some months but the basic framework has now been approved and has been released for use. In addition the project dashboard is being automated to improve business efficiency. This work has continued in parallel to the successful delivery of the project portfolio which has seen significant cost savings on over 15% of the active major projects and minimal scope creep. Performance against time, where third party approvals,



operational needs and contractor issues can adversely impact the targets. As expected, with good progress, expenditure remains broadly in line with forecast.

During the month, excellent progress has been made with the four appellants to the Central Interceptor consent. The combined design team of Jacobs (SKM), Jacobs Associates and Watercare, which is co-located in Newmarket, has successfully supported the process and three groups have now agreed to remove their appeals leaving the last group agreeing in principle and discussing details of the final agreement.

On Puketutu Island, the construction of the liner and the associated commissioning works are complete. The biosolids road train to transfer biosolids to the island has successfully completed the initial trials and operational staff are now being trained. The upgrade of the secondary process, (Biological Nutrient Removal) at Mangere continues to programme.

Excellent cooperation with NZTA and Auckland Transport has resulted in an agreed approach for the SH20 Kirkbride Road crossing for Hunua No.4 and a coordinated programme for the North Harbour 2 watermain.

We are continuing to support the Auckland Council Long Term Planning activities and housing project. Options for servicing the growth related to the Southern Initiative have been developed.

Infrastructure Growth Charge revenue is significantly ahead of budget due to increased development activities.

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

#### **4. OPERATIONS**

Rainfall for the month was as follows:

Waitakere Ranges	182% of average
Hunua Ranges	119% of average
Northern Non-metropolitan	162% of average
Southern Non-metropolitan	146% of average

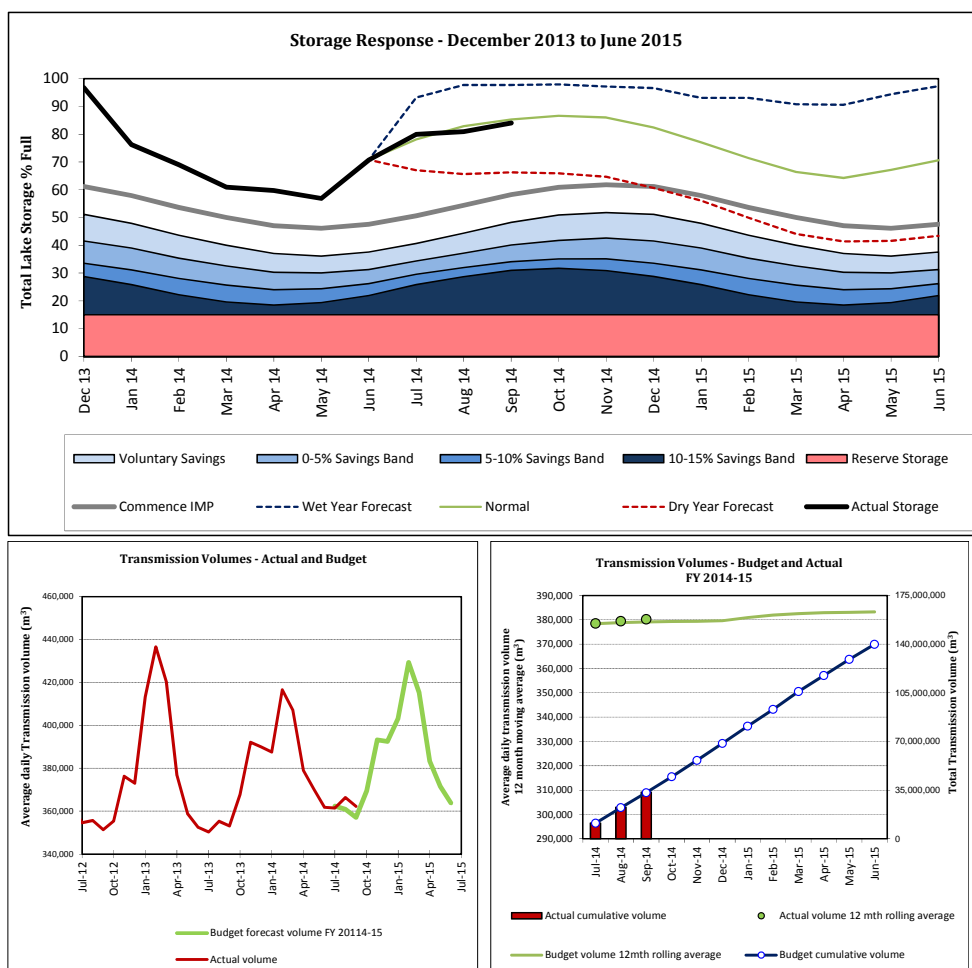
Metropolitan total system storage increased in September from 80.9% to 84%. This is below the average storage for the end of September (90.3%) but is tracking near the budgeted normal storage response.

The forecast for the coming three months, October to December, shows temperature, rainfall, soil moisture levels and river flows are most likely to be in their near normal ranges during this time. We expect water demand and storage response will be normal over this time. As such we expect that abstractions from Waikato WTP will be lower than budget. For the coming month, near average temperatures and rainfall are expected for Auckland.

The rolling 12 month result for the water quality complaints measure continues to be influenced by the high number of complaints in January and February from the flushing of the Kumeu-Huapai transmission main and the algal bloom in the Waitakere water sources resulting in taste and odour complaints. Whilst the rolling 12 month result has increased this month due to a slight increase in the number of water quality complaints received, there is not a single causal event that has contributed to the result being outside the KPI maximum. The result is expected to trend towards the target over the coming months.

The result for water network losses continues to be above the SOI maximum of 13 % at 13.3%. The SOI target for water network losses has reduced from 14% to 13% for the 2013/14 year. Considerable progress has been made in this area and the result continues to trend towards the target of 13%.

Year to date transmission system losses, adjusted for operational use, are 0.61%.



## 5. FINANCE

### Financial Performance

	Current Month			Year to Date			Full Year
	Actual	Budget	Var	Actual	Budget	Var	Budget
<b>Figures (\$millions)</b>							
Revenue	46.62	38.90	7.72	132.31	119.06	13.25	499.58
Operating Expenses	16.67	16.71	0.04	49.83	51.08	1.25	201.59
Depreciation	16.67	17.11	0.44	51.27	51.66	0.39	210.44
Interest expense	6.02	6.38	0.35	18.37	19.35	0.98	80.57
<b>Total Contribution</b>	<b>7.25</b>	<b>(1.30)</b>	<b>8.55</b>	<b>12.84</b>	<b>(3.03)</b>	<b>15.87</b>	<b>6.98</b>
Financial instruments revaluation - loss/(gain)	(1.27)	-	1.27	24.23	-	(24.23)	-
Non-operating costs/(income)	0.86	0.54	(0.32)	1.95	1.60	(0.35)	7.00
<b>Operating Surplus / (Deficit) Before Tax</b>	<b>7.67</b>	<b>(1.83)</b>	<b>9.50</b>	<b>(13.34)</b>	<b>(4.63)</b>	<b>(8.71)</b>	<b>(0.02)</b>
Deferred Tax - Expense/(Credit)	2.12	(1.35)	(3.46)	(3.76)	(3.73)	0.03	4.51
<b>Net Surplus / (Deficit) After Tax</b>	<b>5.55</b>	<b>(0.49)</b>	<b>6.04</b>	<b>(9.58)</b>	<b>(0.90)</b>	<b>(8.68)</b>	<b>(4.54)</b>
<b>FFO Ratio</b>				3.46	2.74		2.94
<b>Operating EBITDAF</b>	29.95	22.19	7.76	82.48	67.98	14.49	297.99
<b>EBITDA</b>	30.37	21.65	8.71	56.30	66.39	(10.09)	290.99
<b>EBIT</b>	13.69	4.54	9.15	5.03	14.72	(9.69)	80.55

#### Month – Total Contribution of \$7.25 m - favourable variance to budget of \$8.55m

Total revenue was favourable \$7.72m to budget largely due to vested asset income favourable by \$1.28m and IGC revenue favourable by \$5.93m reflecting the Waikato District Council IGC (\$4.35m) associated with additional wastewater capacity. Water and wastewater revenue was favourable by \$0.44m due to favourable volumes.

Operating expenses were consistent with budget with unfavourable variances for unplanned maintenance and energy costs offset by favourable variances for net labour, planned maintenance and general overheads.

Depreciation was favourable to budget \$0.44m.

Interest expense was \$0.35m favourable to budget.

#### Year to date – Total Contribution of \$12.84m - favourable variance of \$15.87m

Year to date revenue is \$13.25m favourable to budget primarily due to IGC revenue favourable by \$9.18m and vested asset income favourable by \$2.31m. Water and wastewater revenue is \$0.82m favourable to budget with year to date water volumes 0.62% over budget.

Operating expenses are \$1.25m favourable to budget with favourable variances for net labour, planned maintenance, professional services and general overheads partially offset by unplanned maintenance, energy costs and other asset operating costs.

Depreciation is favourable \$0.39m to budget.

Interest expense is \$0.98m favourable to budget.

#### Year to date – Net Deficit after Tax of \$9.58m – unfavourable variance of \$8.68m

The unfavourable variance year to date of \$8.68m is due to an unfavourable revaluation of financial instruments of \$24.23m due to a decrease in medium to long term swap rates since June 2014 partially offset by the \$15.87m year to date favourable contribution.

## Financial Position

\$million	Actual Aug-14	Actual Sep-14	Monthly Movement	Budget Sep-14	Var from Budget
Non Current Assets	8,323.0	8,332.6	9.6	8,321.7	10.8
Current Assets	77.4	74.4	(3.0)	67.6	6.8
<b>Total Assets</b>	<b>8,400.3</b>	<b>8,406.9</b>	<b>6.7</b>	<b>8,389.3</b>	<b>17.6</b>
Other Liabilities	198.7	188.1	(10.7)	162.8	25.3
Deferred Tax Liability	959.3	961.5	2.0	954.4	7.1
Borrowings - Short Term	435.4	389.2	(46.2)	358.5	30.7
Borrowings - Long Term	1,038.8	1,094.6	55.8	1,146.0	(51.4)
Shareholders Funds	5,768.0	5,773.5	5.7	5,767.6	5.9
<b>Total Liabilities and Shareholders Funds</b>	<b>8,400.3</b>	<b>8,406.9</b>	<b>6.7</b>	<b>8,389.3</b>	<b>17.6</b>

The major movements in the Statement of Financial Position as at 30 September 2014 compared with 31 August 2014 were the increase in non-current assets (\$9.6m) reflecting capital expenditure net of depreciation in the month and an increase in borrowings (\$9.6m) largely funding capital expenditure and other liabilities.

Compared with budget the material variances were largely in respect of derivative financial instruments (Other liabilities), non-current assets and net debt. Net debt at \$1,484m was \$20.7m below budget.

## Receivables

Receivables before provision for doubtful debts totalled \$30.5m at September month end compared with \$33.5m at the end of August. The Auckland Council component of total debt was \$0.87m, compared with \$0.58m at August and disputed trade waste accounts at the end of September totalled \$0 reflecting the settlement of the Lion dispute compared with \$0.97m last month. Total 60+ day debt has decreased by \$1.1m during the month.

## Total receivables – month-on-month comparison

<b>Net Debt</b>	<b>0-30 days</b> <i>(previous month in italics)</i>	<b>30-59 days</b> <i>(previous month in italics)</i>	<b>60 days +</b> <i>(previous month in italics)</i>	<b>Total</b> <i>(previous month in italics)</i>
Receivables excluding Council and disputed trade waste	<b>\$26,261,165</b> <i>\$27,519,287</i>	<b>\$2,079,383</b> <i>\$2,899,128</i>	<b>\$1,336,928</b> <i>\$1,556,741</i>	<b>\$29,677,476</b> <i>\$31,975,156</i>
Auckland Council Group	<b>\$910,158</b> <i>\$550,717</i>	<b>\$32,978</b> <i>\$92,122</i>	<b>-\$71,342</b> <i>-\$58,292</i>	<b>\$871,793</b> <i>\$584,546</i>
Disputed trade waste	<b>\$0.00</b> <i>\$0</i>	<b>\$0</b> <i>\$67,135</i>	<b>\$0</b> <i>\$903,724</i>	<b>\$0</b> <i>\$970,859</i>
<b>Total receivables</b>	<b>\$27,171,323</b> <i>\$28,070,004</i>	<b>\$2,112,360</b> <i>\$3,058,385</i>	<b>\$1,265,586</b> <i>\$2,402,173</i>	<b>\$30,549,269</b> <i>\$33,530,561</i>

Receivables excluding Auckland Council and disputed trade waste accounts totalled \$29.7m for September, compared with \$31.9m at August month end. Total 60+ debt has decreased by \$220k. The average debt per account decreased from \$99 to \$93.

## Total receivables – excluding Auckland Council and disputed trade waste

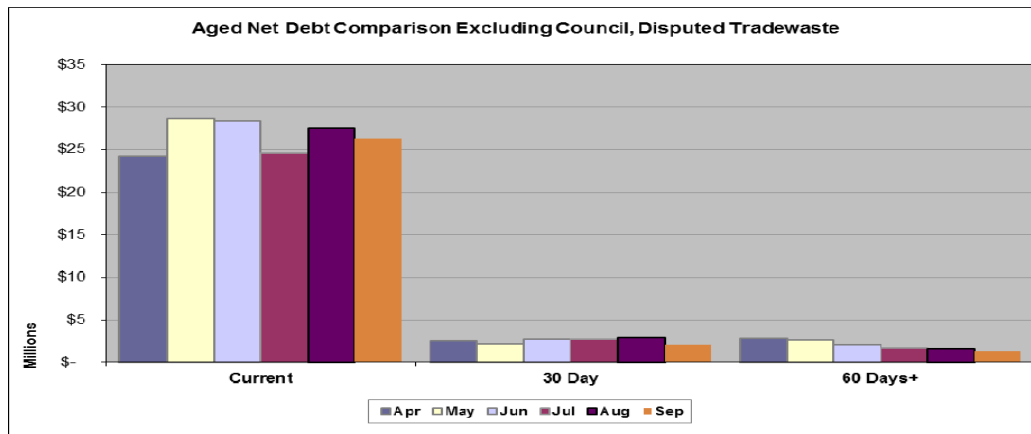
	0-30 days <i>(previous month in italics)</i>	30-59 days <i>(previous month in italics)</i>	60 days + <i>(previous month in italics)</i>	Total <i>(previous month in italics)</i>
Net Debt	\$26,261,165 <i>\$27,519,287</i>	\$2,079,383 <i>\$2,899,128</i>	\$1,336,928 <i>\$1,556,741</i>	\$29,677,476 <i>\$31,975,156</i>
# of accounts	295,757 <i>300,441</i>	36,537 <i>37,191</i>	35,619 <i>36,299</i>	318,171 <i>323,560</i>
Average Debt	\$89 <i>\$92</i>	\$57 <i>\$78</i>	\$38 <i>\$43</i>	\$93 <i>\$99</i>
Percentage	88.5% <i>86.1%</i>	7.0% <i>9.1%</i>	4.5% <i>4.9%</i>	100.0% <i>100.0%</i>

Non-Residential Net Debt	Current month <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>
Totals	\$11,080,522 <i>\$11,329,817</i>	\$1,057,074 <i>\$2,033,382</i>	\$181,370 <i>\$152,311</i>	\$12,318,966 <i>\$13,515,509</i>
# of accounts	20,122 <i>21,077</i>	3,175 <i>3,488</i>	5,738 <i>5,711</i>	24,859 <i>25,840</i>
Average Debt	\$551 <i>\$538</i>	\$333 <i>\$583</i>	\$32 <i>\$27</i>	\$496 <i>\$523</i>
Percentage	89.9% <i>83.8%</i>	8.6% <i>15.0%</i>	1.5% <i>1.1%</i>	100.0% <i>100.0%</i>

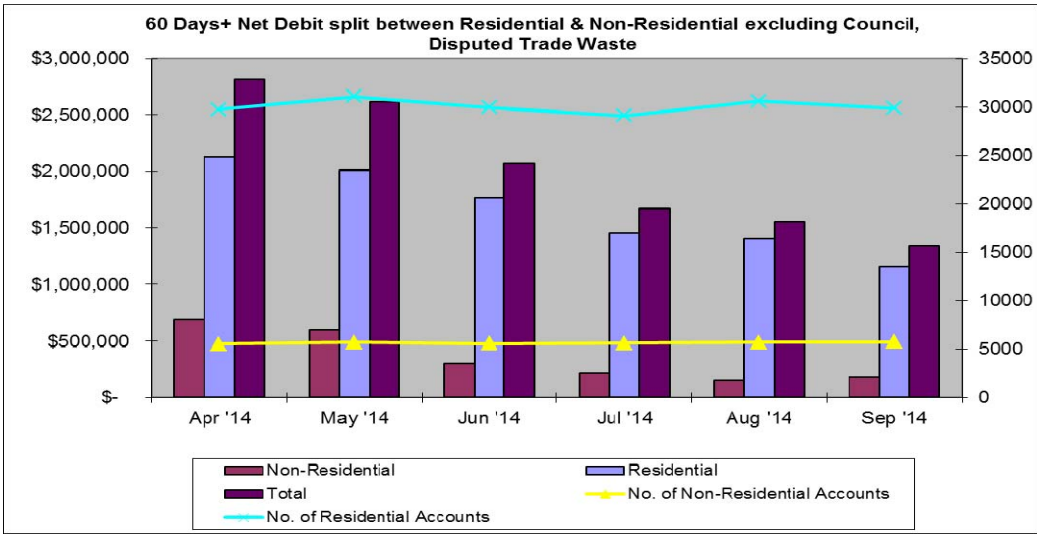
Residential Net Debt	Current month <i>(previous month in italics)</i>	30-59 days <i>(previous month in italics)</i>	60 days + <i>(previous month in italics)</i>	Total <i>(previous month in italics)</i>
Totals	\$15,180,643 <i>\$16,189,470</i>	\$1,022,309 <i>\$865,746</i>	\$1,155,558 <i>\$1,404,431</i>	\$17,358,510 <i>\$18,459,647</i>
# of accounts	275,635 <i>279,364</i>	33,362 <i>33,703</i>	29,881 <i>30,588</i>	293,312 <i>297,720</i>
Average Debt	\$55 <i>\$58</i>	\$31 <i>\$26</i>	\$39 <i>\$46</i>	\$59 <i>\$62</i>
Percentage	87.5% <i>87.7%</i>	5.9% <i>4.7%</i>	6.7% <i>7.6%</i>	100.0% <i>100.0%</i>

The change in age of debt (excluding Council, disputed trade waste and disputed IGC) over the last six months is shown below.

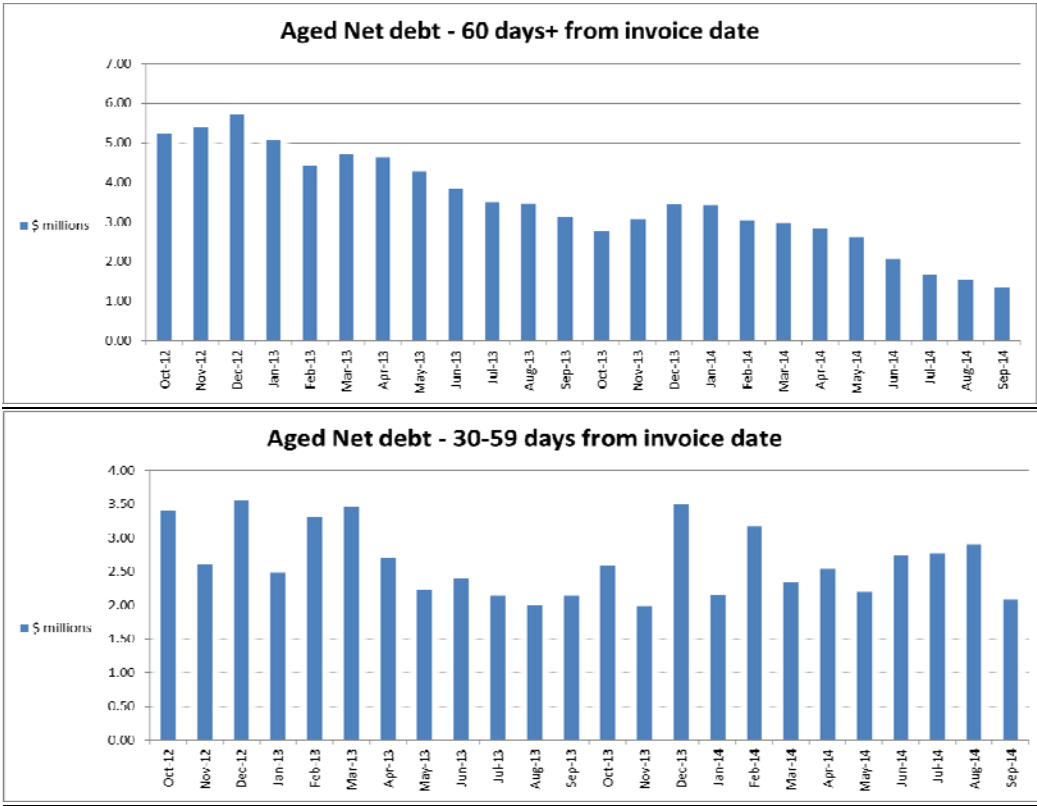
### Age of debt comparison – April 2014 to September 2014



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



The trends of 60 days +debt and 30-59 days debt are shown below:



## Water Utility Consumer Assistance Trust (WUCAT)

The following tables summarise the results of the Trust:

WUCAT Summary			WUCAT Summary last 3 meetings		
Financial year	Board approved applications	\$ Value	Month	Board approved applications	\$ Value
Jun-12	33	29	Jul-14	18	19
Jun-13	172	196	Aug-14	14	11
Jun-14	123	114	Sep-14	16	19
Jun-15 YTD	48	48			
<b>Total</b>	<b>376</b>	<b>387</b>	<b>Total</b>	<b>48</b>	<b>48</b>

A total of 376 applicants have successfully completed the budget adviser review process and these applicants have had \$387k of hardship relief approved by the Trust. This has resulted in an actual write-off of \$295k as payment plans have been completed. For various reasons 38 applicants did not fully complete their agreed payment plans and they have foregone \$36k of approved hardship relief. A further 43 applicants continue with their payment arrangements with \$56k of approved hardship write-offs to be granted when they successfully complete their plan. Over the last 3 WUCAT meetings, 48 applicants have successfully completed the budget process and had \$48k of hardship relief approved by the Trust.

### Restrictions

During September, 605 reminder notices were sent to customers warning that water restrictions may be actioned if payment was not received and 22 cards were sent to customers warning of possible restriction of their water supply in 48 hours. As a result nine new water restrictions (including seven Water Pressure Group properties) were applied during September and five meters were unrestricted as a result of payment being received.

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

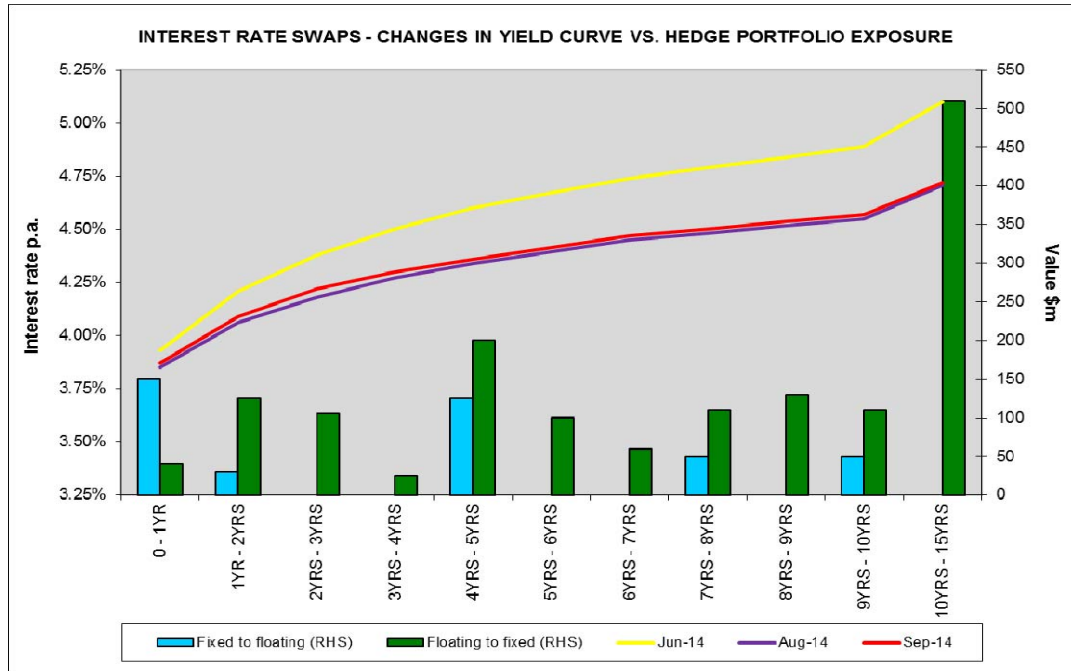
	Commercial	Residential	Total
Inherited 1 Nov 2010	0	4	4
Restricted	33	42	75
Derestricted	-30	-28	-58
Restrictions Remaining	3	18	21

The following restrictions remain in place:

- Five 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 13 residential restrictions remain in place on occupied properties and communication continues with these customers (includes four Water Pressure properties).
- Three commercial properties remain restricted at the end of September and communication continues with these customers. One of these commercial properties is currently vacant.

## Treasury



Interest Analysis \$million	Current Month			Year to date		
	Actual	Budget	Var	Actual	Budget	Var
Interest as per Statement of Financial Performance	6.02	6.38	0.35	18.37	19.35	0.98
Capitalised Interest	1.21	1.30	0.10	3.60	3.90	0.30
Gross Interest	7.23	7.68	0.45	21.97	23.26	1.29
Less Interest Income	0.00	0.00	(0.00)	0.01	0.00	(0.01)
<b>Net Interest</b>	<b>7.23</b>	<b>7.68</b>	<b>0.45</b>	<b>21.96</b>	<b>23.26</b>	<b>1.29</b>

For the month and year to date net interest was favourable with budget \$0.45m largely due to lower debt and interest rates to budget.



## Capital Expenditure

Capital expenditure for the month was \$24.6m against a budget of \$26.8m.

Summary Capital Expenditure (\$millions)	Month September 14			Year to Date			Full Year	
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget
Infrastructure Wastewater Projects	11.1	11.2	0.1	30.5	33.7	3.2	146.4	141.3
Infrastructure Water Projects	9.9	9.4	(0.5)	30.1	32.2	2.1	110.3	117.0
Operations	1.6	3.0	1.4	3.2	7.3	4.1	27.4	31.8
Maintenance Services	0.0	0.0	0.0	0.1	0.0	(0.1)	0.1	0.0
Information Services	0.3	0.7	0.4	0.8	3.0	2.2	7.7	12.0
Other Projects	1.7	2.5	0.8	5.3	7.5	2.2	26.8	27.2
<b>TOTAL</b>	<b>24.6</b>	<b>26.8</b>	<b>2.2</b>	<b>70.0</b>	<b>83.7</b>	<b>13.7</b>	<b>318.7</b>	<b>329.3</b>
Includes:								
Water Projects Capitalised Interest	0.8	0.8	0.1	2.2	2.5	0.3	8.6	9.0
Wastewater Projects Capitalised Interest	0.5	0.5	0.0	1.4	1.4	0.0	6.0	6.0
<b>Total Capitalised Interest</b>	<b>1.2</b>	<b>1.3</b>	<b>0.1</b>	<b>3.6</b>	<b>3.9</b>	<b>0.3</b>	<b>14.6</b>	<b>15.0</b>

## 6. BOARD CORRESPONDENCE

There was no Board correspondence during the month.

## 7. EXECUTION OF DOCUMENTS

There were 12 documents executed during September in accordance with the delegated authority provided to the Acting Chief Executive by the Board in relation to deeds, instruments and other documents. These included the registration of nine easements, approval of one deed, an approval to acquire land and an approval to dispose of land.

There were five capex approvals totaling \$3.089m signed in accordance with the delegated authority provided to the Acting Chief Executive by the Board in relation to capex approvals below a threshold of \$15m.

Summary of Capital Projects approved by Chief Executive – September 2014		
C-12261	Replacement of Motor Vehicles 2014/15	\$166,000
C-12265-07	MSN Field Supervisor Vehicle	\$45,000
C-12370	CIC Upgrade	\$488,947
C-12409	Provision of bulk water supply to Pokeno and Tuakau	\$1,740,000
C-12419	Source and Install Replacement Desktop Computer Hardware	\$650,000

## 8. WORKING WITH LOCAL BOARDS

During September, Watercare joined Auckland Council at Local Board cluster briefings on the draft infrastructure strategy and associated spatial priorities.

Feedback continued to be provided in response to specific water supply and wastewater submissions arising from the Local Board Plan hearings, particularly in relation to the health of the Manukau Harbour.

Local board enquiries on local issues were also followed up in Franklin, Manurewa, Kaipatiki and Whau local Board areas.

Auckland Transport continues to work proactively with Watercare to update the Howick Local Board on projects affecting local roads. In the interests of no-surprises, the Hibiscus and Bays Local Board Facilities and Reserves Committee was briefed on project complications causing delays in Mairangi Bay that will also affect traffic management.

A general briefing was also held with Harry Doig the Chair of the Infrastructure and Environment Portfolio for Puketapapa Local Board. Puketapapa and Maungakiekie Local Board will join Watercare for a workshop at the Mangere wastewater treatment plant on 1 December.

The Mayor visited the Kohimarama Wastewater Storage Tank work site to see the excavation work underway. Local Board members and residents will also be invited to see what's going on behind the fence at Madills Farm at an event on 18 October.

In response to a suggestion from the Mangere Otahuhu Local Board, the Mangere Matters newsletter was revived. The newsletter had been successfully used for public engagement during the previous Mangere Wastewater treatment upgrades and offers a means of sharing information with the community about the extensive work programme currently underway at the treatment plant.

Watercare also liaised with Rodney Local Board to respond to local enquiries regarding the ongoing use of the Huapai Wastewater Treatment Plant to pre-treat wastewater which is now conveyed to the Whenuapai and Hobsonville pump stations. Following a site meeting Watercare agreed to remove some of the redundant plant and improve the site.

The Parakai Recreation Reserve Committee which includes representatives of local Iwi and the Rodney Local Board invited Watercare to give an update on the works underway at the Helensville Wastewater Treatment Plant located across the river. The Committee was appreciative of the briefing and commitment being made to improve services in the area.

## **9. STATUTORY PLANNING**

### **Auckland Proposed Unitary Plan**

The Proposed Auckland Unitary Plan sets out the policy and rule framework that will apply to Watercare's operations when the Plan becomes operative (noting that some provisions already have "legal effect"). As drafted, there are significant implications for Watercare, both in terms of the maintenance, repair, and upgrading of existing infrastructure and the installation of new infrastructure. The main areas of concern are the sections on: freshwater allocation and takes, overlays (in particular natural resource, historic heritage, and cultural heritage), and the Mana Whenua provisions. These sections pose significant challenges for Watercare and have the potential to result in significant costs and delays for projects and operations. Even in areas where Watercare is supportive of the policy direction of the Plan, there are a significant number of matters that are problematic or create uncertainty which in turn imposes regulatory risk.

As previously reported, Watercare did not lodge a formal submission on the Proposed Auckland Unitary Plan (except on Watercare's designations) on the basis that Council has

agreed to fully involve Watercare in the hearing process as part of the Council team. Watercare and Auckland Transport are now members of the Unitary Plan Steering Committee and are now involved in the Auckland Council's case teams on the Unitary Plan and are supporting the process of developing the Council's position papers and developing its case. Key areas that are of concern to Watercare are the policy framework around development in areas considered to be Outstanding Natural Landscapes and Outstanding Natural Character, particularly in the coastal environment and the water provisions in relation to the National Policy Statement on Freshwater Management and the National Coastal Policy Statement.

The Independent Hearing Panel (IHP) has starting conducting hearings. The initial focus is on the Regional Policy Statement section of the Proposed Plan. Key areas of interest for Watercare at the Regional Policy Statement level are growth and significant infrastructure. Watercare will provide expert witness statements in relation to growth and significant infrastructure.

### **Proposed Water Supply and Wastewater Bylaw**

The legacy Council water supply and wastewater bylaws expire in October 2015. Under section 61 of the Local Government (Auckland Council) Act 2009, Watercare can propose a new bylaw for water supply and wastewater services. A review of the provisions in the existing bylaw has been undertaken with a view to determining whether Watercare should pursue a new bylaw. This analysis has considered the current legislative framework and Watercare's customer contract. Based on this review, it is recommended that Watercare proposes a new bylaw focused on selected provisions where a bylaw would provide Watercare with additional regulatory protection for water supply and wastewater assets. The findings of this review have been documented in a draft 'issues and options' paper. For the bylaw to take effect before the existing bylaws expire, the 'issues and options' paper should be submitted for Auckland Council and Local Board consultation in September and the proposal for a new bylaw presented to the Auckland Council governing body in October 2014. The bylaw would need to go through a hearings process in early 2015. Watercare has made an initial presentation to the Auckland Council Regulations and Bylaws Committee signaling the intention to pursue a new bylaw. The proposal to undertake a formal bylaw consultation process will be presented to the Watercare Board for approval before being presented for recommendation to the Auckland Council Regulations and Bylaw Committee and approval by the Auckland Council Governing Body.

### **Auckland Council Operative Plan Changes**

There are two main plan changes of significant interest to Watercare: Clevedon and Kingseat.

- **Clevedon:** Watercare appealed the decision version of the plan change in respect of an activity status date that is set out in the plan. The plan provides that in 2017 an application for subdivision consent will change from a prohibited activity to a non-complying activity if there is no public wastewater system. Watercare agreed to a

change in the date to 1 October 2016 on the basis that Watercare will have an agreed wastewater servicing strategy in 2015. The consent order settling the wastewater issue has been signed by the Environment Court.

- **Kingseat:** Some parties have appealed the Kingseat decision. Court assisted mediations were held on 30 January and 21 March 2014. The feasibility study related to the use of the existing wastewater treatment plant on the former Kingseat Hospital site (this study was jointly funded by two landowners and Watercare) is now complete. The study indicated that there is little benefit in utilising the existing Kingseat Hospital Wastewater Treatment Plant. A workshop was held with the two landowners to discuss the study findings, and they have accepted that new plant is required. Watercare has looked into some alternative strategies for wastewater servicing (in particular discharges locations) and presented these to iwi. Although iwi has not expressly provided feedback on the alternatives, they have agreed to include some additional works in the Plan Change focused on recognising the environmental sensitivity of the Whatapaka Inlet. Discussions are ongoing in relation to the exact wording. Iwi has signalled that it wants confirmation that there will be “no adverse effects” on the Whatapaka Inlet from wastewater discharges. Watercare is committed to ensuring that the effects are “no more than minor” but without significant further ecological studies which will not be done until the resource consent stage, is not in a position to accept the wording proposed by iwi.

There are three additional Plan Changes that have emerged as being of interest to Watercare. These are all private plan changes.

- **Snells-Algies:** There are two private plan changes in this area seeking to rezone land that is out of Watercare’s service area. Watercare cannot legally service this area until the wastewater treatment plant resource consent renewal application has been granted by Council and Watercare replaces the ocean outfall pipe. This pipe is in extremely poor condition and is at risk of failure. A programme is in place to replace this pipe, but it is likely to take five years. Watercare has made submissions on both of these private plan changes. *There has been no further activity on these plan changes.*
- **Puhinui Gateway:** This is a private plan change to rezone a tract of land outside the current Metropolitan Urban Limit (MUL) for industrial purposes. This area is currently outside of Watercare’s service area. There are significant issues associated with providing water supply and wastewater services. Council has undertaken a master planning process to understand the full infrastructure requirements for the remaining land area between the MUL and the coast. Watercare has been part of the oversight committee for the development of the Master Plan. Watercare has undertaken further modelling of this network and determined that there is capacity in the Southwestern Interceptor to accommodate flows from the Plan Change 35 area, provided that the industrial development is logistics type companies with low level water usage requirements. *No further activity to report.*

## **Mana Whenua Forum**

The next Forum meeting is on the 9 October at the Mangere Wastewater Treatment Plant. The agenda items include a discussion on Iwi interests and rights to freshwater. This item stems from the work the Iwi Leaders Forum is doing at a national level with Central Government.

Work has commenced on the development of a new performance measure focused on measuring Watercare's contribution to Maori outcomes. The new measure will be included in the 2015/16 Statement of Intent.

## **Environmental Management**

Watercare has recently created a new role of Environmental Management Advisor. The purpose of the role is to work across the business to improve understanding about what constitutes an environmental impact or risk, and to establish effective systems to better identify and manage these impacts.

Initial work streams involve developing a more consistent approach to environmental incident reporting and management; extending training programmes to improve identification of environmental impacts in both the Operations and Infrastructure teams; and development of audit and inspection programmes ensure consistent review of contractors completing Watercare works. The role will work closely with other parts of the business, including Health and Safety, Human Resources, Risk and Sustainability to develop common systems and tools.

## **10. NON DOMESTIC WASTEWATER TARIFF**

The new non-domestic wastewater tariff was successfully implemented over the weekend of 1-3 August. All non-domestic customers have now received two monthly invoices (August and September) under the new tariff regime. To date the volume of customer enquiries about the new tariff has been very low with a total of 156 telephone enquiries received from customers during August and 112 telephone enquiries received during September. A number of non-domestic customers have been proactively contacted by Watercare to ensure that they understand the new regime and how to read the new invoice format. This proactive engagement was well received by customers. Information on the new tariff regime continues to be included as part of local board briefings.

## **11. PENROSE OUTAGE**

In the early hours of Sunday 5 October 2014, a significant cable fire at Transpower's Penrose substation resulted in loss of electrical supply to over 85,000 customers in the eastern suburbs from Newmarket to Penrose. Fourteen wastewater transmission, 36

networks wastewater and two water boost pumping stations were without power for between 18 and 48 hours. By daylight, the Incident Response Team had been mobilised. Emergency generators and sucker trucks had been or were in the process of being deployed to ensure wastewater was contained in our sewerage system. Additional generators were also requisitioned from Hamilton and New Plymouth. As the incident developed, site security guards were assigned to each primary site together with technicians and field staff to manage sucker truck and generator operations. A roster was organised to cover the Watercare incident management team personnel, security, generator and field staff together with sucker truck operators to ensure fatigue was adequately managed. Mobile communications between the incident management and field personnel became patchy by mid-morning. However, transfer to digital radio was seamless and effective for Watercare when mobile communication was lost. Formal communication paths were established with Civil Defence (programmed conference calls involving all relevant agencies), Vector (initially their control room and later a dedicated liaison person) and Lifelines (via their liaison person).

The Watercare business continuity, insurance and property teams were also mobilised to address potential impacts on the business and to assist the incident team. The Newmarket and Penrose offices were both directly impacted by the power outage and the permanently installed emergency generators operated correctly. The Business Continuity Plan checks established that full business operation could be maintained should the outage be prolonged. The primary power outage extended in excess of 40 hours with intermittent and localised outages still occurring several days following.

Incident Management and Business Continuity processes were exercised and thoroughly tested through the impact of a substantial and extended power outage. There were no overflows from the 36 network pump stations and four minor overflows from wastewater transmission stations. Learnings so far have been of a minor nature but a thorough debrief will be carried out at the conclusion of the incident to capture and embody learnings going forward.

## **12. WAIROA COSSEYS HERBICIDE DISCHARGE**

The contamination of Cosseys and Wairoa Lakes earlier this year, following aerial spraying by forestry operators on neighbouring Council land, was the front-page story in the New Zealand Herald on 14 October 2014. It remained a topic of media interest at the time of writing this report. The catchment land around the water supply lakes belongs to Auckland Council. A parcel of land in the Cosseys and Wairoa lakes catchment has been leased by Auckland Council to a forestry company. The management of these catchment lands is identified in our risk register. Control and mitigation measures are in place and these are implemented as required to protect the raw water source.

On 9 May the forestry operator informed Watercare that aerial spraying was to take place in the Cosseys and Wairoa catchments on 12 May. Given the proximity of Cosseys Lake to the spray area, we took Cosseys out of the supply network. We also instituted an enhanced sampling system at both lakes, in line with our standard operating procedures.

On 16 May, after positive results for Metsulfuron-methyl and Glyphosate were recorded in water samples from Cosseys and Wairoa lakes, Auckland Council Parks staff were advised in accordance with our joint protocols.

The New Zealand Drinking Water Standards do not specify a Maximum Allowable Value for either of these chemicals; however, the Australian Drinking Water Guidelines state that, based on human health concerns, Metsulfuron-methyl in drinking water should not exceed 40 µg/L and Glyphosate should not exceed 1000 µg/L. All readings from within the lakes recorded levels well below the Australian Guideline Values.

We also tested for these chemicals at the inlet to Ardmore Water Treatment Plant. No positive results for either Metsulfuron-methyl or Glyphosate were recorded at Ardmore Water Treatment Plant at any time, indicating potentially affected water did not enter the supply network and there was no risk to public health.

A single positive result for Glyphosate of 12 µg/L was recorded on 15 May 2014 in one of the tributaries that supplies Cosseys Dam immediately downstream of the forestry block where the herbicide was applied.

Positive results for Metsulfuron-methyl were recorded in both water sources from 15 May 2014 until 21 July 2014. After 21 July 2014, no Metsulfuron-methyl was detected in any samples taken from within Cosseys and Wairoa Lakes. The lakes were returned to service during September; both lakes were fully available for use from 25 September 2014.

The Acting Chief Executive of Watercare wrote to the Auckland Council Chief Operations Officer in early June, requesting a meeting to discuss the concerns Watercare had in relation to the recent discharge of herbicides into the raw water and the need to improve catchment management practices. This resulted in improvements in protocols and greater clarity of roles and responsibilities for all parties.

It is unfortunate that some reports presented this incident as a cover up. There was never a cover up by Watercare. The water supply team managed this whole event very professionally and met all their obligations, including providing Council officers with the appropriate information.

While we are very disappointed this incident occurred, and have worked with both Council and the forestry operator to try and ensure it will not happen again, it does demonstrate that our procedures and our safeguards work. The lakes were isolated before any potentially affected water could enter the supply network, and were brought back into service only after we satisfied ourselves that there were no risks in our doing so, and had that opinion confirmed by independent expert advice.

### **13. GREENHOUSE GAS EMISSIONS**

Reducing Auckland’s greenhouse gas emissions is part of Auckland Council’s strategy for becoming the world’s most liveable city. The Auckland Plan commits to reducing Auckland’s greenhouse gas emissions by 50 per cent from 1990 levels by 2050. Watercare has adopted the same target. In the past ten years, we have assessed the organisation’s greenhouse gas emissions annually through a tool developed in-house. URS New Zealand was recently engaged to review and update the tool.

The review confirmed that Watercare’s greenhouse gas emissions are now 80% lower than they were in 1990, despite the increase in the scope of the company’s operations since 2010 and the growth of Auckland. This is in large part a result of:

- Major upgrades to the Mangere and Rosedale wastewater treatment plants in the early 2000s, replacing oxidation ponds with land-based treatment process;
- In recent years, improvements to the plants’ digester roofs, reducing the level of methane leakage.

Moving forward, Watercare will expand the scope of its reporting for greenhouse gas emissions, to align with developments in the Greenhouse Gas Protocol.














.....  
R Jaduram  
ACTING CHIEF EXECUTIVE





# WATERCARE SERVICES LIMITED

Sep-14



## 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		A5
Cashflow		
Operating cashflow		A2
Investing cashflow		A2
Treasury policy	Compliance	Page Ref
Committed facilities (liquidity risk)		A6
Fixed interest rate risk		A6
Credit risk		A7
Funding risk		A7, A8
Foreign exchange risk		A8



### 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 red traffic lights

-  Depreciation is over budget due to additional accelerated depreciation resulting from the shortening of useful lives on assets identified for disposal.
-  Investing cash flow is above budget due to timing of capex payments.

# **WATERCARE SERVICES LIMITED**

## ***Management Report***

**Sep-14**

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<b>2</b>	<b>Treasury Management</b>	
	● Treasury Risks & Interest Rate Performance	A6
	● Counterparty Exposures, Debt Concentration & Covenant Compliance	A7
	● Foreign Exchange & Commercial Paper Maturity	A8

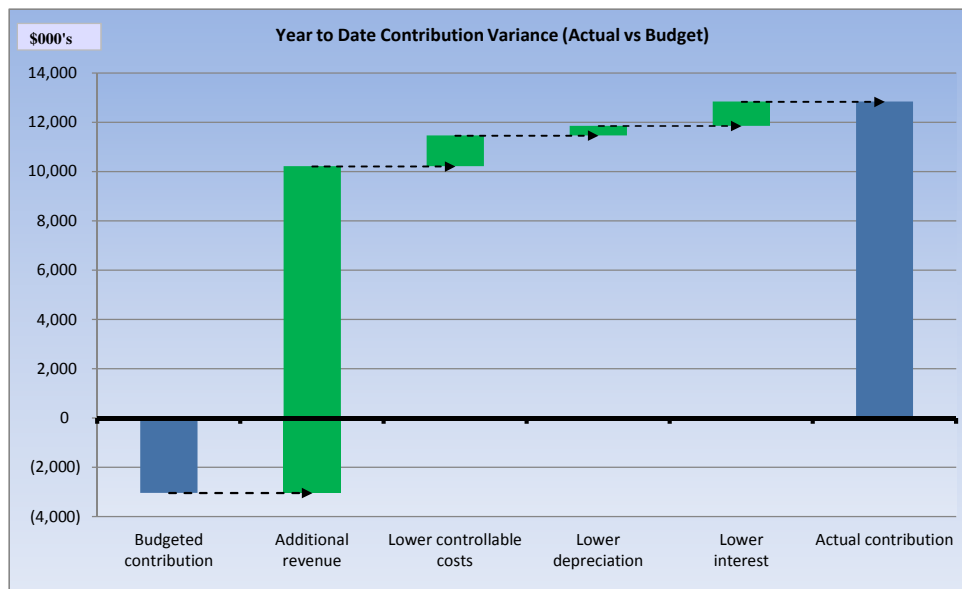
**WATERCARE SERVICES LIMITED**  
**STATEMENT OF FINANCIAL PERFORMANCE**

**Sep-14**  
**(\$000's)**

	Current Month				Year to Date				Full Year
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result	Budget
Wastewater Revenue	22,921	22,727	194	✓	70,652	69,816	837	✓	289,578
Water Revenue	10,754	10,515	239	✓	32,771	32,515	256	✓	137,059
Laboratory Revenue	474	526	(52)	✗	1,400	1,434	(34)	✗	6,100
Infrastructure Growth Charge Revenue (IGC)	8,826	2,900	5,926	✓	17,877	8,700	9,177	✓	34,100
Other Revenue	3,648	2,235	1,413	✓	9,605	6,595	3,010	✓	32,744
<b>Total Revenue</b>	<b>46,623</b>	<b>38,904</b>	<b>7,719</b>	<b>✓</b>	<b>132,307</b>	<b>119,060</b>	<b>13,246</b>	<b>✓</b>	<b>499,581</b>
Labour	5,661	5,956	295	✓	17,160	17,891.85	732	✓	71,622
Contract Labour	418	448	30	✓	1,424	1,542.78	119	✓	4,341
Oncosts	208	302	94	✓	731	900.62	170	✓	3,674
Labour Recoveries	(2,950)	(2,948)	2	✓	(9,097)	(8,873.15)	224	✓	(35,778)
<b>Net Labour</b>	<b>3,337</b>	<b>3,758</b>	<b>421</b>	<b>✓</b>	<b>10,218</b>	<b>11,463.09</b>	<b>1,244</b>	<b>✓</b>	<b>43,860</b>
<b>Materials &amp; Cost of Sales</b>	<b>210</b>	<b>170</b>	<b>(40)</b>	<b>✗</b>	<b>588</b>	<b>509</b>	<b>(78)</b>	<b>✗</b>	<b>2,074</b>
Planned Maintenance	1,101	1,496	395	✓	3,292	4,084	792	✓	16,275
Unplanned Maintenance	3,047	2,352	(695)	✗	8,425	7,667	(758)	✗	31,105
Asset Operating Costs - Chemicals	607	633	26	✓	2,524	2,481	(43)	✗	11,099
Asset Operating Costs - Energy	1,618	1,412	(206)	✗	4,756	4,270	(486)	✗	17,143
Operating Costs - Other	3,300	3,244	(56)	✗	10,055	9,785	(270)	✗	38,652
Depreciation and Amortisation	16,671	17,113	442	✓	51,270	51,663	393	✓	210,440
<b>Asset Operating Costs</b>	<b>26,344</b>	<b>26,250</b>	<b>(94)</b>	<b>✗</b>	<b>80,322</b>	<b>79,950</b>	<b>(372)</b>	<b>✗</b>	<b>324,714</b>
Communications	159	187	28	✓	409	445	36	✓	1,625
Professional Services	1,133	1,209	76	✓	2,821	3,265	445	✓	12,149
Interest	6,024	6,376	352	✓	18,374	19,353	979	✓	80,573
General Overheads	2,161	2,251	91	✓	6,740	7,107	367	✓	27,610
<b>Overheads</b>	<b>9,477</b>	<b>10,023</b>	<b>546</b>	<b>✓</b>	<b>28,344</b>	<b>30,170</b>	<b>1,826</b>	<b>✓</b>	<b>121,957</b>
<b>Total Expenses</b>	<b>39,367</b>	<b>40,201</b>	<b>834</b>	<b>✓</b>	<b>119,471</b>	<b>122,093</b>	<b>2,620</b>	<b>✓</b>	<b>492,605</b>
<b>Total Contribution/(Loss)</b>	<b>7,256</b>	<b>(1,297)</b>	<b>8,553</b>	<b>✓</b>	<b>12,835</b>	<b>(3,032)</b>	<b>15,867</b>	<b>✓</b>	<b>6,976</b>
Gain/Loss on Disposal of Fixed Assets & other Costs	859	538	(321)	✗	1,951	1,598	(354)	✗	7,000
Financial Instruments Revaluation (Gain)/Loss	(1,273)	-	1,273	✓	24,226	-	(24,226)	✗	-
Non Operating (costs)/Revenue	(415)	538	952	✓	26,178	1,598	(24,580)	✗	7,000
<b>Net Surplus / (Deficit) before Tax</b>	<b>7,670</b>	<b>(1,835)</b>	<b>9,505</b>	<b>✓</b>	<b>(13,342)</b>	<b>(4,630)</b>	<b>(8,713)</b>	<b>✗</b>	<b>(24)</b>
Income Tax Expense/(benefit)	-	-	-	-	-	-	-	-	-
Deferred Tax	2,118	(1,346)	(3,465)	✗	(3,764)	(3,730)	33	✓	4,512
<b>Net Surplus / (Deficit) after Tax</b>	<b>5,552</b>	<b>(488)</b>	<b>6,040</b>	<b>✓</b>	<b>(9,579)</b>	<b>(899)</b>	<b>(8,679)</b>	<b>✗</b>	<b>(4,536)</b>

**Key: Financial performance result**

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



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

Sep-14

(\$000's)

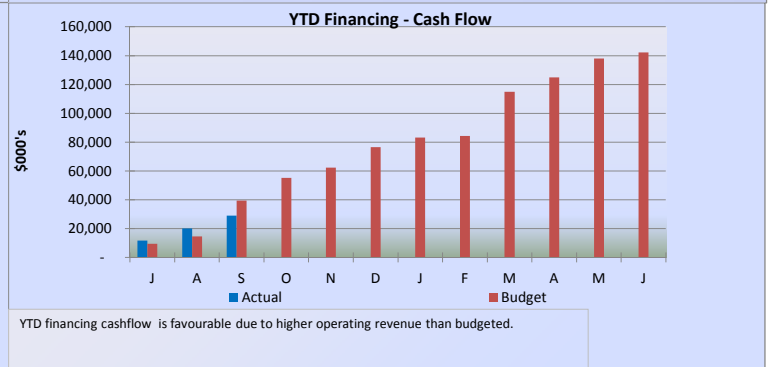
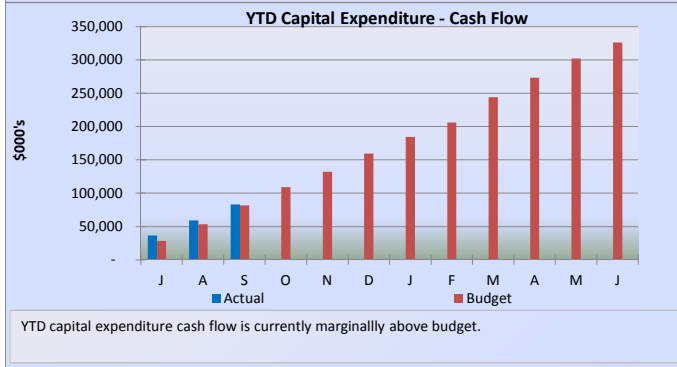
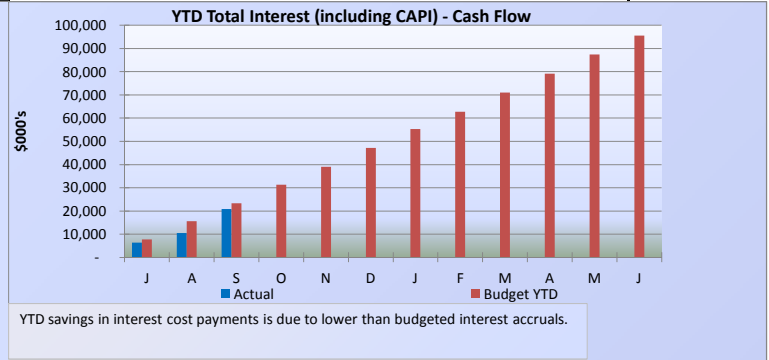
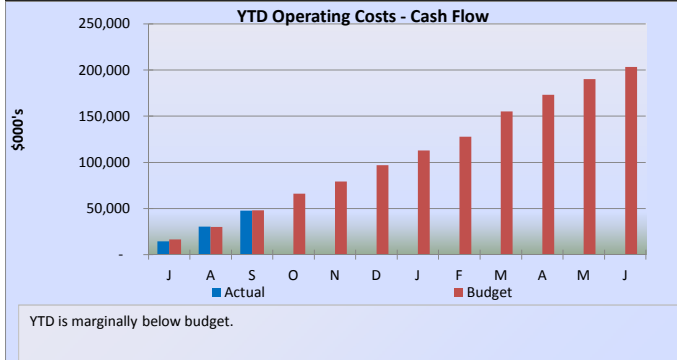
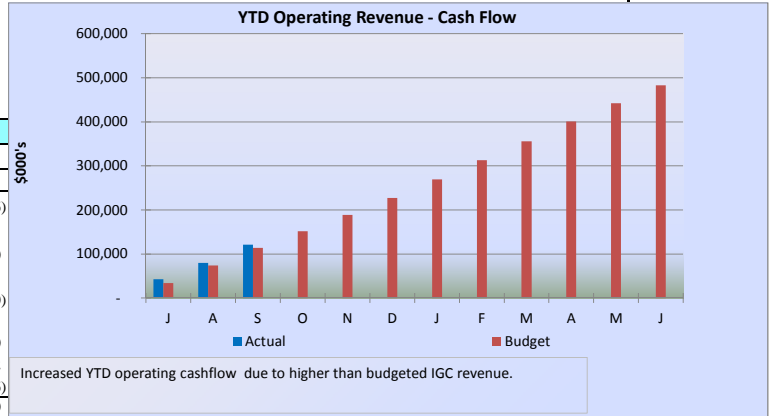
NZ \$000s	Current Month				Year to Date				Full Year
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result	Budget
<b>Operating Cash flow:</b>									
Operating Revenue	41,718	39,943	1,775	✓	121,472	113,819	7,653	✓	482,908
Operating Costs	(17,048)	(18,297)	1,249	✓	(47,594)	(48,191)	597	✓	(203,185)
Interest Paid	(9,112)	(6,376)	(2,736)	✗	(17,191)	(19,354)	2,163	✓	(80,573)
<b>OPERATING CASH FLOW</b>	<b>15,558</b>	<b>15,269</b>	<b>288</b>	<b>✓</b>	<b>56,687</b>	<b>46,274</b>	<b>10,413</b>	<b>✓</b>	<b>199,150</b>
<b>Investing Cash flow:</b>									
Capital Expenditure	(23,966)	(28,023)	4,057	✓	(83,378)	(81,513)	(1,865)	✗	(326,076)
Capitalised Interest (CAPI)	(1,205)	(1,300)	95	✓	(3,601)	(3,903)	302	✓	(15,012)
<b>INVESTING CASH FLOW</b>	<b>(25,171)</b>	<b>(29,323)</b>	<b>4,152</b>	<b>✓</b>	<b>(86,979)</b>	<b>(85,415)</b>	<b>(1,564)</b>	<b>✗</b>	<b>(341,088)</b>
<b>Financing Cash flow:</b>									
Bonds/Term Debt Issued/(Repaid)	-	-	-	↔	-	-	-	↔	(150,000)
Short Term Advances/(Repaid)	6,000	11,088	(5,088)	✗	12,000	11,088	912	✓	-
Commercial Paper Issued/(Repaid)	(13)	(13)	-	↔	14,771	14,771	-	↔	29,464
Auckland Council Borrowings/(Repaid)	2,837	13,810	(10,973)	✗	2,248	13,582	(11,334)	✗	248,978
<b>FINANCING CASH FLOW</b>	<b>8,824</b>	<b>24,885</b>	<b>(16,061)</b>	<b>✗</b>	<b>29,019</b>	<b>39,441</b>	<b>(10,422)</b>	<b>✗</b>	<b>128,442</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(789)</b>	<b>10,831</b>	<b>(11,620)</b>	<b>✗</b>	<b>(1,273)</b>	<b>300</b>	<b>(1,573)</b>	<b>✗</b>	<b>(13,496)</b>
Opening Cash Balance/(Overdraft)	(387)	-	(387)	✗	97	-	97	✓	-
<b>Ending Cash Balance/(Overdraft)</b>	<b>(1,176)</b>	<b>10,831</b>	<b>(12,007)</b>	<b>✗</b>	<b>(1,176)</b>	<b>300</b>	<b>(1,476)</b>	<b>✗</b>	<b>(13,496.00)</b>

**Key: Financial performance result**

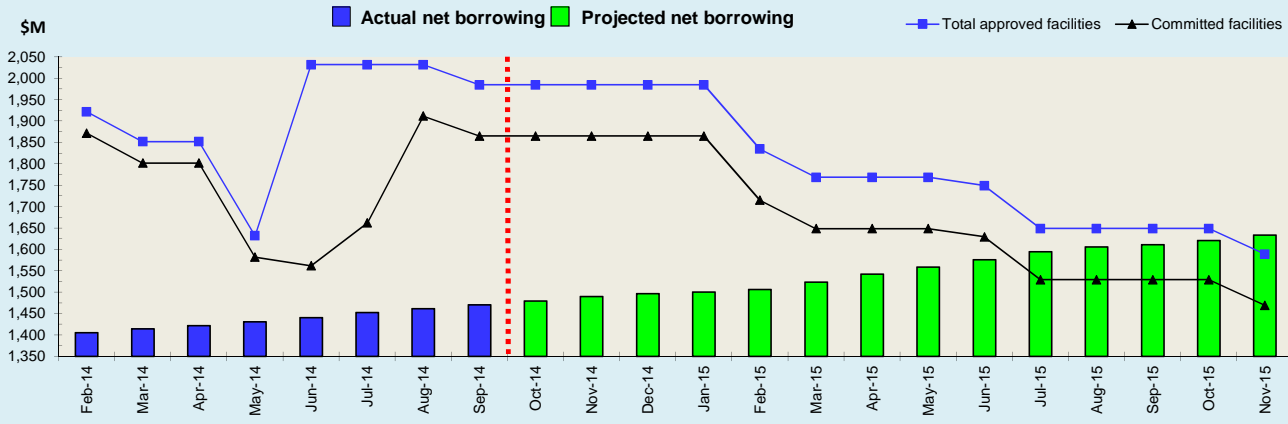
- ✓ Favourable variance - actual income above budget or actual expenditure below budget
- ✗ Unfavourable variance - actual income below budget or actual expenditure above budget

**Reconciliation Operating Cashflow (\$000's)**

	Current Month		Year to Date		Full Year
	Actual	Budget	Actual	Budget	Budget
Net Surplus (Deficit) After Tax	5,552	(488)	(9,579)	(899)	(4,536)
Add back non cash items:					
Depreciation and amortisation	16,671	17,113	51,270	51,663	210,440
Financial instruments revaluation	(1,273)	-	24,226	-	-
Vested assets revenue	(2,179)	(1,383)	(5,969)	(4,150)	(16,600)
Contribution towards PPE	(487)	-	(487)	-	-
Other non-operating exp/(inc)	879	538	1,890	1,060	7,000
Income Tax Expense/(Benefit)	2,118	(1,346)	(3,764)	(3,730)	4,512
Movements in Working Capital	(5,723)	837	(900)	2,331	(1,666)
<b>OPERATING CASH FLOW</b>	<b>15,558</b>	<b>15,269</b>	<b>56,687</b>	<b>46,274</b>	<b>199,150</b>



<b>WATERCARE SERVICES LIMITED</b>						<b>Sep-14</b>
<b>STATEMENT OF FINANCIAL POSITION</b>						<b>(\$000's)</b>
<b>June 2014 Actual</b>	<b>August Actual</b>		<b>September</b>			<b>June 2015</b>
			<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Budget</b>
		<b>Non-Current Assets</b>				
7,988,872	8,058,463	Property, Plant and Equipment	8,076,099	8,075,261	838	8,425,067
456,588	427,782	Construction/Work-in-progress	435,690	439,083	(3,393)	462,776
(210,329)	(242,098)	Provision for Depreciation	(257,843)	(267,941)	10,098	(49,978)
<b>8,235,131</b>	<b>8,244,147</b>	<b>Total Property, Plant and Equipment</b>	<b>8,253,946</b>	<b>8,246,403</b>	<b>7,543</b>	<b>8,837,865</b>
39,784	44,206	Intangible Assets	44,351	41,323	3,028	44,837
24,208	24,134	Prepaid Expenses	24,078	24,147	(69)	23,815
3,459	4,197	Inventories	4,133	4,211	(78)	4,211
5,698	6,286	Derivative Financial Instruments	6,069	5,664	405	5,664
<b>8,308,280</b>	<b>8,322,970</b>	<b>Total Non-Current Assets</b>	<b>8,332,577</b>	<b>8,321,748</b>	<b>10,829</b>	<b>8,916,392</b>
		<b>Current Assets</b>				
97	-	Cash and Cash Equivalents	0	-	-	-
48,187	45,317	Trade and Other Receivables	42,724	41,564	1,160	42,760
19,452	23,881	Unbilled Revenue Accrual	23,343	18,188	5,155	18,459
4,146	3,760	Prepaid Expenses	3,706	3,074	632	698
4,500	3,941	Inventories	3,993	3,684	309	3,684
556	464	Derivative Financial Instruments	596	1,084	(488)	1,084
<b>76,938</b>	<b>77,363</b>	<b>Total Current Assets</b>	<b>74,362</b>	<b>67,594</b>	<b>6,768</b>	<b>66,685</b>
<b>8,385,218</b>	<b>8,400,333</b>	<b>Total Assets</b>	<b>8,406,939</b>	<b>8,389,342</b>	<b>17,597</b>	<b>8,983,077</b>
		<b>Non-Current Liabilities</b>				
30,000	30,000	Bonds (18/05/16)	30,000	30,000	-	-
75,000	75,000	Bonds (26/10/18)	75,000	75,000	-	75,000
50,931	50,887	Bonds (26/10/18)	50,866	50,869	(3)	50,667
150,000	150,000	Term Loan (13/10/16)	150,000	150,000	-	150,000
5,000	11,000	Bank Revolving Credit Facility	17,000	35,000	(18,000)	35,000
722,339	721,941	Auckland Council Loan	771,742	805,136	(33,394)	1,114,650
<b>1,033,270</b>	<b>1,038,828</b>	<b>Total debt non-current</b>	<b>1,094,608</b>	<b>1,146,005</b>	<b>(51,397)</b>	<b>1,425,317</b>
13,120	13,120	Other Accrued Expenses	12,941	12,946	(5)	-
1,201	1,201	Provision for Staff Benefits	1,180	1,064	116	13,255
63,490	89,443	Derivative Financial Instruments	88,172	62,576	25,596	62,576
965,231	959,349	Deferred Tax Liability	961,467	954,408	7,059	1,085,179
<b>2,076,312</b>	<b>2,101,941</b>	<b>Total Non-Current Liabilities</b>	<b>2,158,368</b>	<b>2,176,999</b>	<b>(18,631)</b>	<b>2,586,327</b>
		<b>Current Liabilities</b>				
-	387	Bank Overdraft	1,176	-	1,176	-
133,811	148,595	Commercial Paper	148,582	119,036	29,546	119,036
250	250	Bonds (26/10/18)	250	250	-	264
150,000	150,000	Bonds (16/02/15)	150,000	150,000	-	-
-	-	Bonds (18/05/16)	0	-	-	30,000
136,396	136,205	Auckland Council Loan	89,241	89,241	-	18,918
<b>420,457</b>	<b>435,437</b>	<b>Total debt current</b>	<b>389,249</b>	<b>358,527</b>	<b>30,722</b>	<b>168,218</b>
28,281	18,159	Trade and Other Payables	21,544	20,130	1,414	31,323
12,681	16,316	Interest Accrued	12,508	12,589	(81)	13,805
56,920	52,519	Other Accrued Expenses	44,372	47,106	(2,734)	55,121
6,382	6,859	Provision for Staff Benefits	6,332	5,019	1,313	5,483
928	934	Other Provisions	934	1,152	(218)	1,152
150	193	Derivative Financial Instruments	105	194	(89)	194
<b>525,799</b>	<b>530,417</b>	<b>Total Current Liabilities</b>	<b>475,044</b>	<b>444,717</b>	<b>30,327</b>	<b>275,296</b>
		<b>Equity</b>				
260,693	260,693	Authorised & Issued Capital	260,693	260,693	-	260,693
3,779,111	3,779,111	Capital Contribution Reserve	3,779,111	3,779,111	-	3,779,111
1,666,754	1,666,301	Revaluation Reserve	1,666,585	1,641,392	25,193	1,998,856
84,968	77,001	Retained Earnings	76,717	87,330	(10,613)	87,330
(8,419)	(15,131)	Current Year Earnings after Tax	(9,579)	(900)	(8,679)	(4,536)
<b>5,783,107</b>	<b>5,767,975</b>	<b>Total Shareholders' Funds</b>	<b>5,773,527</b>	<b>5,767,626</b>	<b>5,901</b>	<b>6,121,454</b>
<b>8,385,218</b>	<b>8,400,333</b>	<b>Total Shareholders' Funds and Liabilities</b>	<b>8,406,939</b>	<b>8,389,342</b>	<b>17,597</b>	<b>8,983,077</b>



Interest rates

	Actual YTD	Benchmark YTD	Year end forecast
Weighted averages (excl. fees and margins)	5.01%	4.81%	5.01%
Weighted averages (incl. fees and margins)	6.29%	N/A	6.21%

Debt (\$m)

	Actual	Budget	Variance
Short-term borrowings	389.3	358.5	30.8
Long-term borrowings	1,094.6	1,146.0	(51.4)
<b>Total gross debt</b>	<b>1,483.9</b>	<b>1,504.5</b>	<b>(20.6)</b>
Less cash & deposits	-	-	-
<b>Total net borrowing</b>	<b>1,483.9</b>	<b>1,504.5</b>	<b>(20.6)</b>

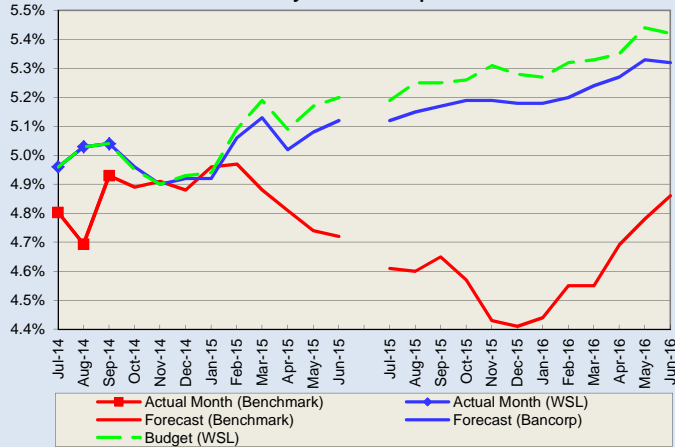
Committed facilities

- Westpac Term Loan facility \$150 million
- ANZ CP Standby facility \$100 million
- BNZ CP Standby facility \$100 million
- Westpac Revolving Credit facility \$60 million
- Medium term notes \$305 million
- Auckland Council \$1,150 million
- Total committed facilities as at 30 September \$1,865 million**

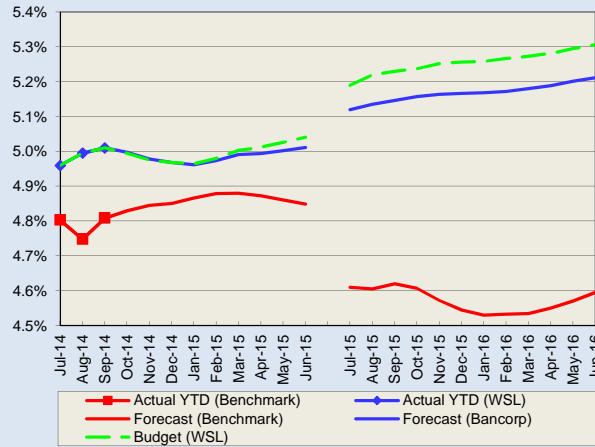
Additional approved facilities

- Approved new funding from Auckland Council \$70 million
- Approved CP issuance, over and above CP Standby facility \$50 million
- Total approved facilities as at 30 September \$1,985 million**

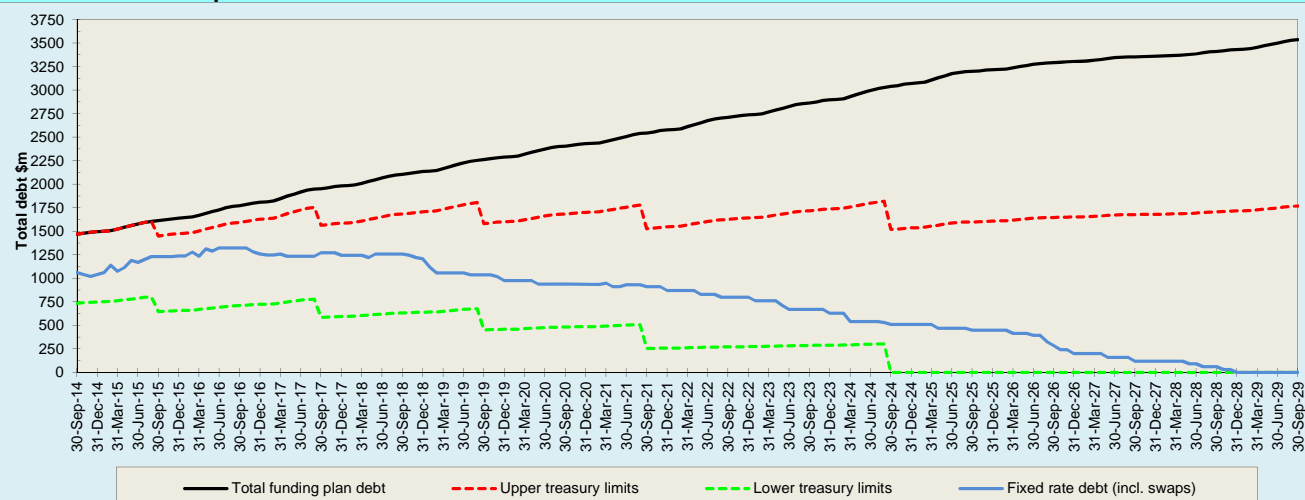
Monthly interest rate performance



Year to date interest rate performance



Forecast total debt profile



**COUNTERPARTY EXPOSURES, DEBT CONCENTRATION &  
COVENANT COMPLIANCE**

**Sep-14**

Counterparty exposures	S&P credit rating Short / long term	Face value	Credit exposures	Limit	Limit	
		\$000	\$000	\$000	OK /	exceeded
<b>Obligations of registered banks</b>						
ANZ Bank	A1+ / AA-	640,903	5,506	100,000	Limit OK	✓
Bank of New Zealand	A1+ / AA-	731,503	16,151	100,000	Limit OK	✓
ASB Institutional	A1+ / AA-	115,000	4,248	100,000	Limit OK	✓
Westpac Institutional Bank	A1+ / AA-	436,190	2,406	100,000	Limit OK	✓
		1,923,596	28,311	N/A		

*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).*

**Debt concentration \$000**

Committed debt facilities	Maturity	0-12 months	12-24 months	24-36 months	36-48 months	48-60 months	> 60 months	Total
ANZ CP Standby facility	1/07/15	100,000						100,000
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			100,000				100,000
Medium-term notes	Various	150,000	30,000			125,000		305,000
Auckland Council	Various	85,747	41,692	54,668	78,368	82,243	807,243	1,149,961
<b>Total committed debt facilities</b>		<b>335,747</b>	<b>131,692</b>	<b>304,668</b>	<b>78,368</b>	<b>207,243</b>	<b>807,243</b>	<b>1,864,961</b>
Approved new funding from Auckland Council							69,716	69,716
Approved CP issuance, over and above CP Standby							50,000	50,000
<b>Total committed and approved debt facilities</b>		<b>335,747</b>	<b>131,692</b>	<b>304,668</b>	<b>78,368</b>	<b>207,243</b>	<b>926,959</b>	<b>1,984,677</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		✓	✓	✓	✓	✓		

Drawn bank facilities	Maturity	0-6 months	6-12 months	12-18 months	18-24 months	24-30 months	> 30 months	Total
ANZ CP Standby facility (\$100m)	1/07/15							0
Westpac Revolving Credit facility (\$60m)	30/11/15			17,000				17,000
Westpac Term Loan facility (\$150m)	13/10/16					150,000		150,000
BNZ CP Standby facility (\$100m)	1/07/17							0
		0	0	17,000	0	150,000	0	167,000
<b>Treasury policy for bank facilities</b>		<b>&lt;= 250,000</b>	<b>&lt;= 250,000</b>	<b>&lt;= 250,000</b>	<b>&lt;= 250,000</b>	<b>&lt;= 250,000</b>	<b>&lt;= 250,000</b>	
Treasury policy compliance		✓	✓	✓	✓	✓	✓	
<b>Other facilities</b>								
BNZ overdraft	On demand	2,000						2,000
		2,000	0	0	0	0	0	2,000

Counterparty exposure in relation to borrowing facilities	Westpac	BNZ	ANZ			
Term loan facility	150,000					
Revolving credit facility	60,000					
CP standby facility		100,000	100,000			
	<b>210,000</b>	<b>100,000</b>	<b>100,000</b>			
<b>Treasury policy</b>	<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>			
Treasury policy compliance	✓	✓	✓			

**Compliance with financial covenants and ratios under the Negative Pledge Deed and Guarantee Facility Deed**

Covenant / ratio	Benchmark/target measure	Outcome	Compliance
Security interests / total tangible assets - maximum	5%	0.00%	✓
Total liabilities / total tangible assets - maximum	60%	31.49%	✓
Total liabilities (including contingent) / total tangible assets - maximum	65%	31.50%	✓
Shareholders funds - minimum (\$000)	500,000	5,773,527	✓
EBITDA : funding costs ratio - minimum	1.75	4.14	✓
Funds from operations : interest cover ratio - minimum	2.00	3.46	✓
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%	✓

**FOREIGN EXCHANGE, COMMERCIAL PAPER &  
ELECTRICITY HEDGING**

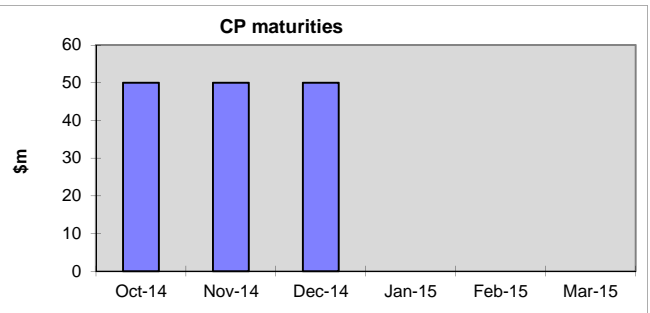
**Sep-14**

Foreign currency exposures (NZ\$000) including hedging for chemical purchases	USD	AUD	Total
Total exposure to be hedged	3,255	341	3,596
Foreign exchange hedging	3,255	341	3,596
Percentage cover	100%	100%	100%
<b>Treasury policy</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Treasury policy compliance	✓	✓	✓

Hedging for chemical purchases (US\$000)	Dec-14	Mar-15	Jun-15	Sep-15	Total
Chemicals forward foreign exchange hedging	750	250	500	250	1,750
<b>Treasury policy</b>					<b>&lt;= 5,000</b>
Treasury policy compliance					✓

**Commercial paper maturities**

Issue #	\$000	BKBM	Interest rate	Bid cover (x)	Term (days)	Maturity date
270	50,000	3.700%	3.810%	2.40	92	30-Oct-14
271	50,000	3.690%	3.800%	2.04	92	25-Nov-14
272	50,000	3.680%	3.790%	1.98	91	22-Dec-14
	<b>150,000</b>		<b>3.800%</b>			



*Note: BKBM is the banks' mid-rate for bank bills of a similar term on the CP issue date.*

	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Beyond Mar-15	Total
Outstanding CP	50,000	50,000	50,000	0	0	0	0	150,000
Uncommitted short-term debt								0
	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150,000</b>

**Treasury policy for maximum amount of CP outstanding** **<= 250,000**  
 Treasury policy compliance ✓

Undrawn committed standby facilities	1 month	1-2 months	2-3 months	3-4 months	4-5 months	5-6 months	6-7 months	> 7 months
Undrawn committed standby facility - CP facility	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
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>	✓	✓	✓	✓	✓	✓		

Electricity hedging (NZ\$000)	0-6 months	6-12 months	12-18 months	18-24 months	24-30 months	30-36 months	36-42 months	42-48 months
Contract maturity								
Contract length								
<b>Total value of outstanding contracts</b>			0					
<b>Treasury policy for maximum value of outstanding contracts</b>			<b>&lt;= 10,000</b>					
Treasury policy compliance			✓					



# WATERCARE SERVICES LIMITED

## Management Report

Sep-14

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- Wastewater Treatment - Mangere Removed - replaced by scorecard
- Wastewater Treatment - Rosedale Removed - replaced by scorecard
- Managed Assets - Unplanned Maintenance Removed - replaced by scorecard
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- Cost Minimisation - Costs per cubic metre Removed - replaced by scorecard

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- Monthly Statistics Update B9
- Networks Statistics Removed - replaced by scorecard
- Customer Services Statistics Removed - replaced by scorecard
- Performance Against Statement of Intent Measures Removed - replaced by scorecard
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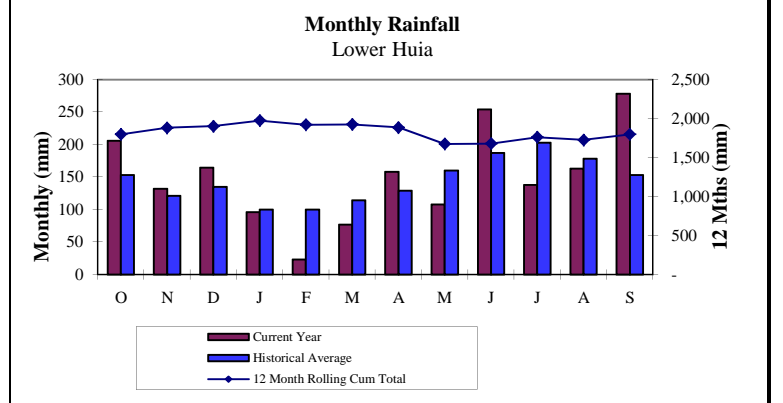
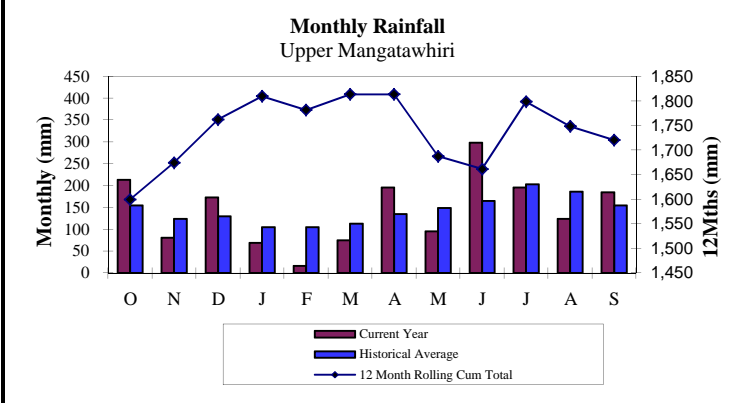
*Confidential*

# Management Report

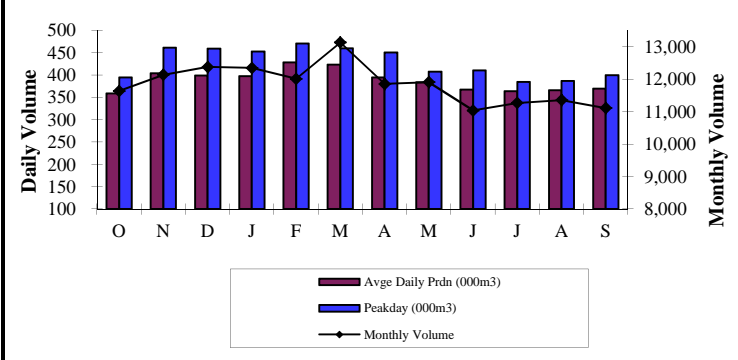
## Monthly Statistics Update

### Rainfall

Rainfall	Current Month	12 Mth Cumulative Rolling	Rainfall	Current Month	12 Mth Cumulative Rolling
Actual - Upper Mangatawhiri	185 mm	1721 mm	Actual - Lower Huia	278 mm	1797 mm

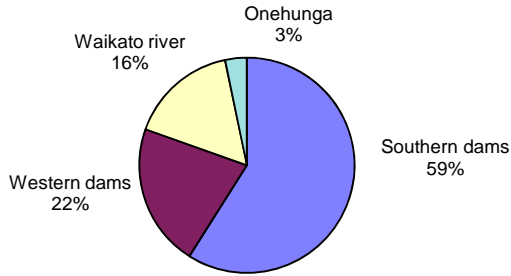


### Water Production - Metropolitan Supply



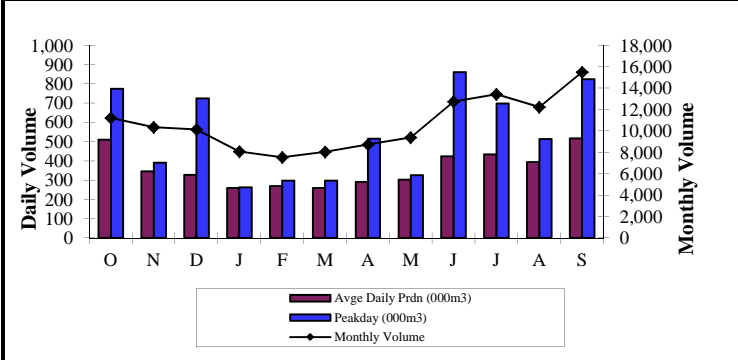
	Current Month	12 Month Rolling Ave
<b>Monthly Volume (000m<sup>3</sup>)</b>	11,114	11,851
<b>Average Daily Production</b>	370	388
<b>Peak Day</b>	400	428

### Treated water volumes for the month



Treated water volumes (000m <sup>3</sup> )	Current Month		Year to Date	
Southern dams	6,555	59%	19,095	13%
Western dams	2,384	21%	7,349	5%
Waikato river	1,812	16%	5,896	4%
Onehunga aquifer	363	3%	1,405	1%
<b>Total</b>	<b>11,114</b>	<b>100%</b>	<b>33,744</b>	<b>24%</b>

### Wastewater Treatment - Metropolitan Treatment



	Current Month	12 Month Cumulative Ave
<b>Monthly Volume (000m<sup>3</sup>)</b>	15,506	10,628
<b>Average Daily Production</b>	517	362
<b>Peak Day Mangere</b>	825	541

Date	Outlet/Publication	Headline	Opening text	Hit sentence	Positive	Neutral	Negative
1/09/2014	NZ Local Government		LARGE PROJECTS CATEGORY. MERIT AWARD: Restoring the Health of Kawakawa Bay Project. Harrison Grierson; Watercare Services; Fulton Hogan	Australasian engineering and design consultancy Harrison Grierson wins an IPENZ environment and sustainability award for its work on an innovative \$22 million sewerage scheme at Auckland's Kawakawa Bay. Implemented by Watercare Services, the project counters chronic pollution in the bay's four kilometre foreshore caused by failing septic tanks. The pollution had led to prohibitions on swimming and shellfish gathering, and a moratorium on further development.	✓		
1/09/2014	New Zealand Property Investor	Development overheads over the top	OVER THE PAST two-and-a-half years I have dabbled in property development trying to build 35 houses in Avondale. The end result in April next year will be 35 finished houses (90% have been pre-sold) and a profit of \$1.5million. That sounds impressive at first glance. It's not, and needs some perspective...	Our 35 houses will increase council rates by \$60,000 per year for roads, parks, and infrastructure. Yet, we have been charged \$610,000 in development contributions and another \$300,000 in Watercare.			✓
2/09/2014	Hibiscus Matters	Algies Bay wastewater re-routed in \$3 million upgrade.	Work on a \$3 million wastewater pipeline in Algies Bay will start this month to replace the existing pipeline, which was installed in the 1970s.	Watercare senior networks project engineer Pieter de Klerk says the present pipeline has reached the end of its useful life and is in a poor condition. "Replacing it will improve security of supply and reduce maintenance costs," Pieter says. "The project also includes replacing pumps in the Alexander Road pump station, which will reduce the incidence of odour issues."	✓		
4/09/2014	Hibiscus Matters	The axe is not falling	Representing Rodney in Auckland, both as your ward councillor and chair of the Finance and Performance Committee, is an honour and a privilege. It gives me an ability to provide a strong voice for Rodney at the head of the Council table plus ensuring the financial management of Auckland Council as a whole is under control while we continue to invest in our future. It also means that I can tell you that some of the scaremongering in the press lately is without foundation...	The Council continues to invest around \$3 billion a year across Auckland, including Rodney. The CCO Watercare has spent over \$65 million in Rodney in the past three years upgrading plants and getting them to compliant standard.	✓		
7/09/2014	Sunday Star Times	In the footsteps of a legend	The three years since Ian Winson lost his legs in a horrific explosion have been a hard road. But, as Steve Kigallon discovers, new artificial limbs are giving him hope of once again honouring his hero...	Between the sixth and seventh editions, Winson, an engineer for Auckland utility company Watercare, had his legs blown off by a gas explosion in a water main... THE EXPLOSION which left Winson fighting for his life and killed his colleague, Philemon Guillard, happened on June 4, 2011, in Onehunga, South Auckland. The subsequent legal process has been as slow and frustrating as Winson's recovery. Eventually last year, a court ruled the accident was preventable. Watercare was ordered to pay a fine of \$81,000 and \$315,000 in reparations to seven people - \$100,000 of that to Guillard's estate and \$40,000 to Winson. (A sub-contractor, Canadian Pacific, was later also found guilty and fined \$55,250). On the day of sentencing, Katherine collected Winson from hospital. Winson was so high on painkillers he thinks he was the calmest person in the room. Katharine read a victim impact statement in which she said Ian had been "forced to be an observer, rather than a participator. Ian grieves for the loss of his legs every time he sees other fathers playing with their children".			✓
9/09/2014	Stuff.co.nz	Christchurch City Holdings Announces Appointment of New Directors	Dr Nicola Crauford has been a senior executive with over 20 years' experience in the UK and NZ in oil, gas, electricity and the banking sectors including being a member of the senior management team of Transpower. She holds a PhD in Engineering and a Bachelor of Science in Chemical Engineering. She is currently a director of Watercare Services Ltd, Capacity Infrastructure Services, the Environmental Protection Authority and chairs the Wellington Rural Fire Authority.			✓	
9/09/2014	Waiuku & Districts Post	\$32 million project for Franklin's water	A \$32 million project to improve water supply in the North Franklin area is in the last stages of completion as Watercare has installed approximately 27 kilometres of new watermain between Pukekohe and Clarks Beach. In addition to improving water quality and providing better security of supply, the connection to the metropolitan network also means there will be better security during drought, and increased capacity in the network improves fire-fighting ability.		✓		
12/09/2014	East & Bays Courier	Pipe restoration	A pipe restoration project in Greenlane and Remuera is nearly wrapped up. The works kicked off on July 28 along Green Lane East, Remuera Rd, Entrican Ave and Woodley Ave in Remuera. A cured-in-place method was adopted, involving soaking a cloth liner with resin, inserting the liner into the pipe and pumping hot water through to inflate the liner into shape. Go to watercare.co.nz for more information.			✓	
12/09/2014	East & Bays Courier	Water tank will fill Madills Farm hole	A gaping hole in Madills Farm Reserve will soon be home to a new tank. Work began on the green space in May in a bid to improve the wastewater network for Kohimarama. The project aims to increase the capacity of the network, reduce wet weather overflows and prepare for population growth. Mayor Len Brown visited the site on September 4 to check progress.		✓		

15/09/2014	Hibiscus Matters	Developers seek far reaching changes to draft Unitary Plan	Hearings on the Council's proposed Unitary Plan are underway and among the submissions that will be considered by the Panel are several that involve local developments...	Top Harbour development consultant Michael Webb Speight says that the cap is unworkable because it affects all land in Gulf Harbour, including sites yet to be developed. He says currently the number of dwellings is allocated to developers on "a first come, first served basis" and the concern is that land that is "last off the blocks" may end up unable to be developed if the cap has been reached. "While the cap is expressed in the Unitary Plan as being necessary because of infrastructure capacities in the area, such a cap does not apply anywhere else in Auckland," Mr Webb Speight says. "Top Harbour is aware that infrastructure issues exist and is currently working with Watercare Services on wastewater capacity. "This isn't an unusual situation – developers often have to address such constraints with improvement of public infrastructure."			✓	
15/09/2014	Mahurangi Matters	Vague statements	Viewpoint ( <i>MM Sep 3</i> ) has some very telling statements which reflect how the North Rodney area's destiny is being determined. Quote ... "We have suffered from under-investment for decades"...	Then we get to Watercare's \$65 million investment in Rodney, not North Rodney, but by inference it was a Council policy whereas Watercare, as a CCO, is a fully self-funding, self-administering company independent from council interference with its own Board of Directors.			✓	
16/09/2014	New Zealand Herald	Council's \$860k 'fixer' leaving Watercare for health reasons	Watercare chief executive Mark Ford - who earned \$860,000 in the past year - is expected to step down shortly for health reasons. Last night, chairman David Clarke said the Watercare board would consider Mr Ford's situation on Friday before making a public statement. Mr Ford, who keeps a low public profile and is known as "The Fixer", has led Watercare since 1994 apart from an 18-month stint heading the agency that set up the Super City structure. He returned to Watercare in 2010, became the first chairman of Auckland Transport and was appointed by the Government to chair Solid Energy. He retired from that role in March this year for health reasons.				✓	
16/09/2014	Radio New Zealand	\$700,000-plus boss on sick leave	The board of Auckland Council's water company will on Friday consider the future of its chief executive, who has been on sick leave all year. Mark Ford is one of the country's highest-paid public servants but has been away following major surgery. Company chair David Clarke would say only that the matter would be discussed at the board's scheduled monthly meeting on Friday.				✓	
16/09/2014	3news.co.nz	Auckland Council wages continue to rise	The <i>New Zealand Herald</i> revealed yesterday that almost 1,800 of the Auckland Council's staff earn more than \$100,000. Put it this way - Auckland Council employs 11,000 people, as many people as live in Hawera. Five thousand of those employees earn less than \$60,000 - that's the population of Kaitiaki. That leaves 6,000 people - more than half - earning more than \$60,000. And of those, 1,780 earn more \$100,000 That's the population of Bluff earning six figures at Auckland council.	Amongst them is former Solid Energy chairman Mark Ford. Over the last two years Mr Ford's salary and bonus packages have increased 21 percent, from \$710,000 to \$860,000. That is an increase of roughly 10 times the rate of the workers under him.				✓
16/09/2014	Greymouth Evening Star	Former Solid Energy chairman quits \$860,000 job	Watercare chief executive Mark Ford - who earned \$860,000 in the past year — is expected to step down shortly for health reasons. Last night, chairman David Clarke said the Watercare board would Consider Mr Ford's situation on Friday before making a public statement. Mr Ford who keeps a low public profile and is known as "The Fixer", has led Watercare since 1994 apart from an 18-month stint heading the agency that set up the Super city structure.				✓	
17/09/2014	New Zealand Herald	Key wins — now let's focus on real issues	Best wishes, Mark Ford. One of New Zealand's finest businessmen Mark Ford (below) is expected to step down from Watercare Services for health reasons. Ford has performed with aplomb in several major roles, including the chairmanship of the Auckland Transition Authority where he wrapped a bunch of competing local authorities into Auckland City, and the chairmanships of SCIRT—the alliance running Christchurch's post-earthquake infrastructure rebuild and more recently Solid Energy after it hit financial problems. Ford has strong strategic vision and the operational prowess to ensure good execution where it matters. Through this column I wish him well.				✓	
19/09/2014	Devonport Flagstaff	Magic mushroom flashback	The six landmark air-vent mushroom caps above the small reservoir on Mt Victoria have been reinstalled and are back to their prime after receiving a lick of paint.	Auckland Council's Watercare recently serviced the cast-iron caps and replaced the supporting grilles. Maintenance on the air vents above the adjacent larger reservoir, which is twice the size with 2,000 cubic metres of water, is about to start. Both reservoirs were built in the 1890s and still provide Devonport with all of its daily water supply. They underwent a major cleanout earlier this year.			✓	
19/09/2014	Eastern Courier	Watercare nears the end of its east water mains projects	Traffic disruption from East Auckland Watercare projects should be over by the end of next month. Howick Local Board Chairman David Collings says there are several new water mains being dug in the East and he wants the public to know how work is progressing.				✓	

19/09/2014	Business Week	Minister acknowledges departing chief executive	New Zealand Government - State-Owned Enterprises Minister Tony Ryall has acknowledged Mark Ford following his retirement as Watercare Services chief executive. "Mr Ford has been a great public servant over the last twenty years, and has made a lasting contribution to both the Auckland community and wider New Zealand. "He has had a reputation for fostering strong relationships and being a steady hand in leading complex projects throughout his career, as was seen during his time as Chair of Solid Energy," says Mr Ryall.			✓	
19/09/2014	Xtra.co.nz	Minister acknowledges departing chief executive	New Zealand Government - State-Owned Enterprises Minister Tony Ryall has acknowledged Mark Ford following his retirement as Watercare Services chief executive. "Mr Ford has been a great public servant over the last twenty years, and has made a lasting contribution to both the Auckland community and wider New Zealand. "He has had a reputation for fostering strong relationships and being a steady hand in leading complex projects throughout his career, as was seen during his time as Chair of Solid Energy," says Mr Ryall.			✓	
19/09/2014	Yahoo.co.nz	Minister acknowledges departing chief executive	New Zealand Government - State-Owned Enterprises Minister Tony Ryall has acknowledged Mark Ford following his retirement as Watercare Services chief executive. "Mr Ford has been a great public servant over the last twenty years, and has made a lasting contribution to both the Auckland community and wider New Zealand. "He has had a reputation for fostering strong relationships and being a steady hand in leading complex projects throughout his career, as was seen during his time as Chair of Solid Energy," says Mr Ryall.			✓	
19/09/2014	Beehive.govt.nz	Minister acknowledges departing chief executive	New Zealand Government - State-Owned Enterprises Minister Tony Ryall has acknowledged Mark Ford following his retirement as Watercare Services chief executive. "Mr Ford has been a great public servant over the last twenty years, and has made a lasting contribution to both the Auckland community and wider New Zealand. "He has had a reputation for fostering strong relationships and being a steady hand in leading complex projects throughout his career, as was seen during his time as Chair of Solid Energy," says Mr Ryall.			✓	
19/09/2014	Yahoo.co.nz	Brown acknowledges outgoing Watercare head	Auckland mayor Len Brown is paying tribute to the service of a top executive at Auckland Council. Watercare chief executive Mark Ford has resigned as head of the council's water and wastewater company, due to ill-health. The former chairman of Auckland Transport helped oversee the establishment of the super council. Mr Brown says he played a hugely important part in securing safe water supplies, and improving the wellbeing of Aucklanders.			✓	
19/09/2014	Newstalk ZB	Brown acknowledges outgoing Watercare head	Auckland mayor Len Brown is paying tribute to the service of a top executive at Auckland Council. Watercare chief executive Mark Ford has resigned as head of the council's water and wastewater company, due to ill-health. The former chairman of Auckland Transport helped oversee the establishment of the super council. Mr Brown says he played a hugely important part in securing safe water supplies, and improving the wellbeing of Aucklanders.			✓	
19/09/2014	SunLive	Departing chief executive acknowledged	State-Owned Enterprises Minister Tony Ryall has acknowledged Mark Ford following his retirement as Watercare Services chief executive. "Mr Ford has been a great public servant over the last twenty years, and has made a lasting contribution to both the Auckland community and wider New Zealand. "He has had a reputation for fostering strong relationships and being a steady hand in leading complex projects throughout his career, as was seen during his time as Chair of Solid Energy," says Mr Ryall.			✓	
19/09/2014	Scoop.co.nz	Mark Ford to retire from Watercare	Watercare Services Limited chief executive Mark Ford is retiring following ill health earlier in the year. The company's chairman, Mr David Clarke, says Mr Ford will step down on 19 September 2014. Mr Raveen Jaduram will continue in the role of acting chief executive until such time as the Board appoints a successor to Mr Ford. "This is an especially sad day for Watercare. Mark has an exceptional knowledge of the water industry and under his stewardship the company has become recognised globally as an example of best practice in the provision of water supply and wastewater services. "Since Mark was first appointed chief executive in 1994, Auckland's water and wastewater infrastructure has become significantly more robust and resilient; able to cope with the demands of a growing population and increasingly strict environmental standards," says Mr Clarke.			✓	

19/09/2014	Yahoo.co.nz	Mark Ford to retire from Watercare	Watercare Services Limited chief executive Mark Ford is retiring following ill health earlier in the year. The company's chairman, Mr David Clarke, says Mr Ford will step down on 19 September 2014. Mr Raveen Jaduram will continue in the role of acting chief executive until such time as the Board appoints a successor to Mr Ford. "This is an especially sad day for Watercare. Mark has an exceptional knowledge of the water industry and under his stewardship the company has become recognised globally as an example of best practice in the provision of water supply and wastewater services. "Since Mark was first appointed chief executive in 1994, Auckland's water and wastewater infrastructure has become significantly more robust and resilient; able to cope with the demands of a growing population and increasingly strict environmental standards," says Mr Clarke.				✓	
19/09/2014	New Zealand Herald	Long-term Watercare boss steps down	Long-serving Watercare chief executive Mark Ford is stepping down today for health reasons. Board chairman David Clark said in a statement it was a sad day for the council water company. "Since Mark was first appointed chief executive in 1994, Auckland's water and wastewater infrastructure has become significantly more robust and resilient; able to cope with the demands of a growing population and increasingly strict environmental standards. "Mark has an exceptional knowledge of the water industry and under his stewardship the company has become recognised globally as an example of best practice in the provision of water supply and wastewater services." Mr Clarke said.				✓	
19/09/2014	Yahoo.co.nz	Head of Auckland Council's water company retires	The head of Auckland Council's water company is retiring, following a recent battle with ill health. Watercare chief executive Mark Ford is stepping down as of today, with Raveen Jaduram taking over as acting CEO. Chairman David Clarke says it's an especially sad day for the company. He says Mr Ford has exceptional knowledge of the water industry, and under his leadership the company had become globally recognised for its water and wastewater services.				✓	
19/09/2014	Newstalk ZB	Head of Auckland Council's water company retires	The head of Auckland Council's water company is retiring, following a recent battle with ill health. Watercare chief executive Mark Ford is stepping down as of today, with Raveen Jaduram taking over as acting CEO. Chairman David Clarke says it's an especially sad day for the company. He says Mr Ford has exceptional knowledge of the water industry, and under his leadership the company had become globally recognised for its water and wastewater services.				✓	
19/09/2014	Radio New Zealand	Watercare head retires due to ill-health	One of the country's highest-paid public servants is retiring on health grounds. Mark Ford is the chief executive of Auckland's council-owned water company Watercare. He has been on sick leave following surgery at the start of the year. Mr Ford has had leading roles in the city's local government for the past two decades, heading the agency which merged eight local bodies into the Auckland Council, and chairing the city's transport agency. Watercare chair David Clarke said Mr Ford has a rare mix of strategic vision, courage, and an eye for detail. "Without Mark we wouldn't be where we are today, and that's the view of this and other boards before us," says Mr Clarke. "That's also the view of the staff, he's made an outstanding contribution."				✓	
22/09/2014	New Zealand Herald	Property chiefs hope for RMA, housing reform	Property and construction bosses want Resource Management Act reform, Special Housing Areas extended, the creation of more affordable housing in Auckland and Christchurch and perhaps some form of Capital Gains Tax. Reacting to National's landslide win, they say business now had more certainty and confidence...	Auckland housing developer Mark Hackshaw wants the new Government to control local body charges and expressed desperation about massive cost rises creating residential subdivisions. Ten years ago, reserve contributions to the council and water charges were \$5050 per residential lot, he said, covering development contributions including roading and reserves, as well as sewage and stormwater charges. "Now, it's \$30,000-plus per lot: surveyors costs have increased, engineers costs are up, it's a \$15,000 minimum to the council [development contributions] and \$15,000 for water charges minimum," he said. "If National were serious about more affordable housing, they would look closely at getting councils to control their charges. They've gone overboard because they're worried about their backsides and litigation. And they've got cost over-runs – too many staff. Look at Auckland Council." Hackshaw built about 150 houses in the last 10 years in Auckland and Franklin and said costs at his new subdivision at Clarkes Beach were prohibitive. "You now need to pay Watercare \$15,000 per lot for a water connection but I got a quote of another \$10,000 to get the connection made and joined into the network," he said. Further, so few drainlayers had certification and qualifications to perform this that he was laughed at when he asked for speed.				✓

24/09/2014	NZTA.govt.nz	Community information days for airport link upgrade	Public information days are being planned by the NZ Transport Agency next month to keep communities informed of plans to improve the State Highway 20A/Kirkbride Road intersection in south-west Auckland. Key features of the project include the construction of a trench that will carry SH20A – the main road link to and from Auckland Airport – under Kirkbride Road, new facilities on local roads for walkers and cyclists, and the provision for future bus shoulders on the state highway.	Construction is due to start in 2015. To minimise disruption to people, it is timed to coincide with work to construct Watercare's Hunua 4 pipeline across the Kirkbride Road intersection.			✓	
24/09/2014	Yahoo.co.nz	Community information days for airport link upgrade	Public information days are being planned by the NZ Transport Agency next month to keep communities informed of plans to improve the State Highway 20A/Kirkbride Road intersection in south-west Auckland. Key features of the project include the construction of a trench that will carry SH20A – the main road link to and from Auckland Airport – under Kirkbride Road, new facilities on local roads for walkers and cyclists, and the provision for future bus shoulders on the state highway.	Construction is due to start in 2015. To minimise disruption to people, it is timed to coincide with work to construct Watercare's Hunua 4 pipeline across the Kirkbride Road intersection.			✓	
24/09/2014	Radio New Zealand	Council staffing 'didn't break budget	The Auckland Council rejects claims the cost of staff is higher than expected and salary costs outstrip budget forecasts, but admits some of its figures seized on by a critic don't tell the full story. Councillor Cameron Brewer says staffing grew sharply last year, costing \$76 million more than forecast in the long-term budget.	Radio New Zealand has taken a detailed look at the council's staffing numbers, and the council says it has needed several days to assemble data that can be compared on a like-for-like basis. It has previously explained some increases in staff by saying the use of external contractors has been cut, and more work brought in-house, both at the council and agencies such as Watercare Services.			✓	
24/09/2014	Yahoo.co.nz	Council staffing 'didn't break budget	The Auckland Council rejects claims the cost of staff is higher than expected and salary costs outstrip budget forecasts, but admits some of its figures seized on by a critic don't tell the full story. Councillor Cameron Brewer says staffing grew sharply last year, costing \$76 million more than forecast in the long-term budget.	Radio New Zealand has taken a detailed look at the council's staffing numbers, and the council says it has needed several days to assemble data that can be compared on a like-for-like basis. It has previously explained some increases in staff by saying the use of external contractors has been cut, and more work brought in-house, both at the council and agencies such as Watercare Services.			✓	
25/09/2014	Manukau Courier	Watercare's top man resigns	The man who has overseen Auckland's water supply and wastewater for nearly 20 years has resigned. Watercare says its chief executive Mark Ford stepped down on September 19 "following ill health earlier in the year". Ford has been chief executive of the council-controlled organisation for much of the time since 1994.				✓	
26/09/2014	Our Auckland	Introducing the Regulatory and Bylaws Committee	Auckland Council's governing body committees have various areas of regional oversight, such as budget, economic development, arts and culture, and civil defence. This month we look at the Regulatory and Bylaws Committee	The committee is responsible for considering and making recommendations to the governing body on matters including: regulatory fees and charges, bylaws for formal public consultation, reviewing bylaws proposed by local boards and Watercare, setting regulatory policy and controls, considering applications for temporary or permanent liquor bans across the region.			✓	
27/09/2014	New Zealand Herald	Searching for a Spark	And so it came to pass, in the dark times called Telecom, that the marketing wise men said: "There shall be light!" And lo, out of the darkness there was a spark. And the spark, the wise men decreed, wisely and with great financial reward, shall be called Spark. And so it then came to pass, after a rather baffling advertising campaign, that the spark became Spark. And no one actually noticed or cared - until the weekend the internet died.	The weekend of Friday, September 5 to Sunday, September 7 was a dark weekend at our house... There were accusations of parental neglect of the sacred internet system; there were demands to change internet provider immediately and with immediate effect; and there were dark conspiracy theories about Watercare Services somehow severing our link with the outside world when they were fixing a water leak on our street - made somehow more plausible by the fact Watercare Services had failed to fix the actual leak.			✓	
28/09/2014	Herald on Sunday	Council staffing changes annually	Your story (Auckland Council wages blowout, September 21, online only) provided poor context for readers. The story referred to 2013-14 wages across the Auckland council group, including Auckland Transport, Ports of Auckland, Watercare, the Zoo, stadiums, event centres and the Council parent. Wages almost always differ from forecast because our businesses take on or reduce staff in response to changes over the year. This year more staff were needed to process building and resource consents because of growth in new homes being consented. This is funded from fees. In Watercare's case some contracted services came in-house to save money. Auckland transport took on more staff to manage the rollout of the Hop Card, in part funded by NZTA. —Stephen Town, Chief Executive, Auckland Council				✓	
28/09/2014	Sunday News	Trickling away your money	BATHTUBS are a surprisingly common theme in money writing. The usual line is that as a bath fills up with water, it also leaks out through small holes and cracks. The water is your savings, while the gaps represent your expenses...	As much as 800 litres a day has been keeping the lawn incredibly well-watered for the last six months or so. Based on the charges levied by Auckland's Watercare, that's about \$1.10 a day. Each month, it adds up to \$33, and \$401 a year			✓	
28/09/2014	Mahurangi Matters	Modelling mix robs Warkworth of funding	Warkworth may be missing out on "hundreds of thousands of dollars" in infrastructure investment because Auckland Council population forecasts have grossly underestimated the level of growth, Rodney Local Board member Steven Garner says. Council, Auckland Transport and NZTA all use the same population modelling to forecast the level of growth in towns to help determine the level of infrastructure needed...	"We haven't missed out on hundreds of thousands," Cr Webster says. "We have got investment in Hill Street and have had significant Watercare and roading projects in Warkworth. The models are only one of the factors used to determine infrastructure funding."			✓	

29/09/2014	New Zealand Herald	Watercare defends development fees	Watercare Services has hit back at a developer who accused it of charging too much for Auckland residential subdivisions. John Redwood, Watercare spokesman, said the charges were fair and helped fund the network which faced huge costs. "Watercare's asset management plan forecasts \$5 billion in capital investment over the next 10 years. Capital investment has three main drivers: investment to renew or replace existing assets, investment to improve service levels, and investment to service expected growth in demand. "Watercare has three sources of funding for this investment: charges on existing customers, new borrowings - essentially a charge on future customers - and infrastructure growth charges." The organisation's financial strategy sought to balance the contribution from each of these sources so the costs were aligned with the benefits, he said.		✓		
29/09/2014	Local Matters	Stillwater hall consent issued	Work may begin within the next few months on the long-awaited Stillwater Hall in Duck Creek Road Reserve, which will provide a meeting place for community groups and a venue for functions and events...	Stage one is budgeted to cost \$759,570 and consists of a 217sqm building and 89sqm deck. Costs include \$642,000 for construction, design and development, \$20,000 for project management, \$9775 in Watercare costs and \$12,275 to relocate the playground.			✓
30/09/2014	Waiuku & Districts Post	Lab tests raise new concerns over council dumping	Concerns by Pukekohe residents over what they believed was illegal dumping of waste by Auckland Council contractors have been heightened by independent laboratory tests.	The council is working with Watercare to confirm a new approved trade waste disposal site in Pukekohe to help improve the efficient removal and treatment of decant water.			✓
<b>Totals:</b>					6	35	4

Social media

Date	Media outlet	Posted by	Link	Content	Positive	Neutral	Negative
6/09/2014	Facebook	Fluoride free Auckland: Action	<a href="https://www.facebook.com/191309867598382/posts/741613405901356">https://www.facebook.com/191309867598382/posts/741613405901356</a>	Fluoride is added to Auckland's treated water supplies at the request of Auckland's legacy councils (prior to Auckland Council integration). Currently, Onehunga and Huia Village are the only Auckland metropolitan areas where fluoride is not added. <a href="http://www.watercare.co.nz/.../dam-and-spr.../Pages/default.aspx">http://www.watercare.co.nz/.../dam-and-spr.../Pages/default.aspx</a>		✓	
6/09/2014	Twitter	WestCoastRogue	<a href="https://twitter.com/WestCoastRogue/status/508071058218311681">https://twitter.com/WestCoastRogue/status/508071058218311681</a>	"Bikes are fine Len but let's talk about selling off Watercare" @hamish_keith: A Bicycle lane built for two <a href="http://pic.twitter.com/X5PenP8Ftk">pic.twitter.com/X5PenP8Ftk</a>		✓	
6/09/2014	Messages from the pale blue dot (blog)		<a href="http://www.kimogoree.com/2014/09/best-auckland-airport-layover-joggingrunning-route.html">http://www.kimogoree.com/2014/09/best-auckland-airport-layover-joggingrunning-route.html</a>	Best Auckland Airport Layover Jogging/Running Route. One of the common geographical features of many airports is that they are located in areas near the edge of oceans, bays and lakes... One of the best places to run near an airport is at Auckland's AUK airport, located near Ambury Regional Park and the Watercare Coastal Walkway, offering kilometers of excellent surface trails through an area rich in wildlife.	✓		
15/09/2014	Twitter	Will Taylor	<a href="https://twitter.com/WillTaylorNZ/status/511261653510287360">https://twitter.com/WillTaylorNZ/status/511261653510287360</a>	@jstuartNZ can't DM you back for some reason. WaterCare Water Quality Report is prob the place to start <a href="http://www.watercare.co.nz/SiteCollectionDocuments/AIIPDFs/2013%20Annual%20Water%20Quality%20Report.pdf">http://www.watercare.co.nz/SiteCollectionDocuments/AIIPDFs/2013%20Annual%20Water%20Quality%20Report.pdf</a> ...		✓	
16/09/2014	Facebook	Friends of the Manukau Harbour	<a href="https://www.facebook.com/168588229971309/posts/351544371675693">https://www.facebook.com/168588229971309/posts/351544371675693</a>	What have Auckland Council/Watercare been doing.....? Officials accused of hiding report - A damning report on stormwater practices at Auckland Council is being suppressed because some officers do not want to confront home truths, says councillor Chris Darby. Chief operating officer Dean Kimpton is blocking public access to the report, which says the health of Auckland's harbours and streams is continuing to deteriorate and highlights a lack of leadership on stormwater. The report, written by three academics at Monash University in Melbourne, said Auckland was moving towards environmental protection and pollution management, but most work reflected the 1950s to 1970s practice of flood protection. The authors heard of policy changes being softened for growth and affordable land development. <a href="http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&amp;objectid=11249443">http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&amp;objectid=11249443</a>		✓	
16/09/2014	Facebook	Graeme Bull	<a href="https://www.facebook.com/1167701198/posts/10203921690940472">https://www.facebook.com/1167701198/posts/10203921690940472</a>	Poor bastard.. sad face too.. <a href="http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&amp;objectid=11325203">http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&amp;objectid=11325203</a> Watercare chief executive Mark Ford - who earned \$860,000 in the past year - is expected to step down shortly for health reasons. - New Zealand Herald...		✓	
16/09/2014	Twitter	New Zealand Herald	<a href="https://twitter.com/nzherald/status/511675895703433216">https://twitter.com/nzherald/status/511675895703433216</a>	Watercare chief executive Mark Ford is expected to step down shortly for health reasons <a href="http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&amp;objectid=11325203&amp;ref=NZH_Tw...">http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&amp;objectid=11325203&amp;ref=NZH_Tw...</a>		✓	
16/09/2014	Twitter	Ron Shaw	<a href="https://twitter.com/enabledlanguage/status/51164653549861888">https://twitter.com/enabledlanguage/status/51164653549861888</a>	Council's 'fixer' leaving Watercare for health reasons. What, are people sick of his incompetence? <a href="http://nzhtw/11325203">http://nzhtw/11325203</a> via @nzherald			✓
16/09/2014	Twitter	Murray Guy	<a href="https://twitter.com/MurrayGuy/status/511635343544561664">https://twitter.com/MurrayGuy/status/511635343544561664</a>	Council's \$860k 'fixer' leaving Watercare for health reasons <a href="http://nzhtw/11325203">http://nzhtw/11325203</a> Incomes are obscene!			✓
16/09/2014	Twitter	Ray Clarke	<a href="https://twitter.com/raycaryl/status/511633453687644160">https://twitter.com/raycaryl/status/511633453687644160</a>	Council's \$860k 'fixer' leaving Watercare for health reasons <a href="http://nzhtw/11325203">http://nzhtw/11325203</a> via @nzherald		✓	
16/09/2014	Twitter	@jusetinbieberr	<a href="https://twitter.com/jusetinbieberr/status/511597763734556672">https://twitter.com/jusetinbieberr/status/511597763734556672</a>	\$860k 'fixer' leaving Watercare: Watercare chief executive Mark Ford - who earned \$860,000 in the past year - ... <a href="http://bit.ly/1oQX1ni">http://bit.ly/1oQX1ni</a>		✓	
16/09/2014	Twitter	Michael Tosin	<a href="https://twitter.com/MikkyYesBoss/status/511567100775657472">https://twitter.com/MikkyYesBoss/status/511567100775657472</a>	\$860k 'fixer' leaving Watercare: Watercare chief executive Mark Ford - who earned \$860,000 in the past year - ... <a href="http://bit.ly/1uAKQ3N">http://bit.ly/1uAKQ3N</a>		✓	
16/09/2014	Twitter	Antonius Perfectus	<a href="https://twitter.com/backwardsit/status/511584432474427392">https://twitter.com/backwardsit/status/511584432474427392</a>	NZ Herald News : Council's \$860k 'fixer' leaving Watercare for health reasons: Watercare chief executive Mark F... <a href="http://bit.ly/1uAKQ3N">http://bit.ly/1uAKQ3N</a>		✓	



16/09/2014	Twitter	DTN New Zealand	<a href="https://twitter.com/DTNNewZealand/status/511584425029533696">https://twitter.com/DTNNewZealand/status/511584425029533696</a>	DTN New Zealand: Council's \$860k 'fixer' leaving Watercare for health reasons: Watercare chief executive Mark ... <a href="http://bit.ly/X84sPn">http://bit.ly/X84sPn</a>		✓	
16/09/2014	Twitter	NZ Herald National	<a href="https://twitter.com/nzheraldnznews/status/511584417316233216">https://twitter.com/nzheraldnznews/status/511584417316233216</a>	Council's \$860k 'fixer' leaving Watercare for health reasons: Watercare chief executive Mark Ford - who earned... <a href="http://bit.ly/1uAKQ3N">http://bit.ly/1uAKQ3N</a>		✓	
16/09/2014	Twitter	New Zealand News	<a href="https://twitter.com/KiwiLiveNews/status/511579502070087680">https://twitter.com/KiwiLiveNews/status/511579502070087680</a>	Council's \$860k 'fixer' leaving Watercare for health reasons <a href="http://divr.it/6w8Zk8">http://divr.it/6w8Zk8</a> (News) #newzealand #nznews		✓	
16/09/2014	Twitter	NZ Planning News	<a href="https://twitter.com/NZPlanning/status/511576227023302656">https://twitter.com/NZPlanning/status/511576227023302656</a>	Council's \$860k 'fixer' leaving Watercare for health reasons: Watercare chief executive Mark Ford - who earned... <a href="http://bit.ly/1y7Fz0n">http://bit.ly/1y7Fz0n</a>		✓	
16/09/2014	Twitter	C Galloway	<a href="https://twitter.com/wave22/status/51156834737943424">https://twitter.com/wave22/status/51156834737943424</a>	@mayorlenbrown New CEO 2 allow direct billing to tenant's? Council's \$860k 'fixer' leaving Watercare <a href="http://nzherald.co.nz/news/article.cfm?c_id=1&amp;objectid=11327762">http://nzherald.co.nz/news/article.cfm?c_id=1&amp;objectid=11327762</a>		✓	
19/09/2014	Twitter	Shipping & Logistics	<a href="https://twitter.com/Shipping_Logist/status/512863890841952257">https://twitter.com/Shipping_Logist/status/512863890841952257</a>	#Shipping #Logistics Mark Ford to Retire From Watercare: ... commissioning of the Waikato River water p... <a href="http://goo.gl/nu00Yd">http://goo.gl/nu00Yd</a>		✓	
19/09/2014	Facebook	Nicholas Philp	<a href="https://www.facebook.com/100003762228034/posts/513955185406551">https://www.facebook.com/100003762228034/posts/513955185406551</a>	I wish Mr Ford all the very best for his future. Memo to Watercare...we do not need to pay \$860,000 to the new CEO to maintain a monopoly 'business'. <a href="http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&amp;objectid=11327762">http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&amp;objectid=11327762</a>		✓	
19/09/2014	Twitter	Newstalk ZB	<a href="https://twitter.com/NewstalkZB/status/512784213804736512">https://twitter.com/NewstalkZB/status/512784213804736512</a>	Brown acknowledges outgoing Watercare head <a href="http://www.newstalkzb.co.nz/auckland/news/518582515-Brown-acknowledges-outgoing-Watercare-head...">http://www.newstalkzb.co.nz/auckland/news/518582515-Brown-acknowledges-outgoing-Watercare-head...</a>		✓	
19/09/2014	Twitter	NZ Planning News	<a href="https://twitter.com/NZPlanning/status/512764716146380801">https://twitter.com/NZPlanning/status/512764716146380801</a>	Long-term Watercare boss steps down: Long-serving Watercare chief executive Mark Ford is stepping down today f... <a href="http://bit.ly/1sxSNCv">http://bit.ly/1sxSNCv</a>		✓	
19/09/2014	Twitter	Shipping & Logistics	<a href="https://twitter.com/Shipping_Logist/status/512759952025190400">https://twitter.com/Shipping_Logist/status/512759952025190400</a>	#Shipping #Logistics Long-term Watercare boss steps down: ... commissioning of the Waikato River water pipeline... <a href="http://goo.gl/nu00Yd">http://goo.gl/nu00Yd</a>		✓	
19/09/2014	Twitter	Antonius Perfectus	<a href="https://twitter.com/backwardsit/status/512758968980996097">https://twitter.com/backwardsit/status/512758968980996097</a>	NZ Herald News : Long-term Watercare boss steps down: Long-serving Watercare chief executive Mark Ford is stepp... <a href="http://bit.ly/1BRG1pa">http://bit.ly/1BRG1pa</a>		✓	
19/09/2014	Twitter	DTN New Zealand	<a href="https://twitter.com/DTNNewZealand/status/512758965873045504">https://twitter.com/DTNNewZealand/status/512758965873045504</a>	DTN New Zealand: Long-term Watercare boss steps down: Long-serving Watercare chief executive Mark Ford is step... <a href="http://bit.ly/1sxNnY0">http://bit.ly/1sxNnY0</a>		✓	
19/09/2014	Twitter	NZ Herald National	<a href="https://twitter.com/nzheraldnznews/status/512758962920226817">https://twitter.com/nzheraldnznews/status/512758962920226817</a>	Long-term Watercare boss steps down: Long-serving Watercare chief executive Mark Ford is stepping down today f... <a href="http://bit.ly/1BRG1pa">http://bit.ly/1BRG1pa</a>		✓	
19/09/2014	Twitter	Thus Spake	<a href="https://twitter.com/thus_spake/status/512756401433636866">https://twitter.com/thus_spake/status/512756401433636866</a>	Long-term Watercare boss steps down: Long-serving Watercare chief executive Mark Ford is stepping down t... <a href="http://bit.ly/1BRG1pa">http://bit.ly/1BRG1pa</a> (NZH)		✓	
19/09/2014	Twitter	Auckland News	<a href="https://twitter.com/AucklandNZ/status/512744661622878209">https://twitter.com/AucklandNZ/status/512744661622878209</a>	Mark Ford to retire from Watercare: Watercare Services Limited chief executive Mark Ford is retiring following... <a href="http://nzne.ws/1trajwf">http://nzne.ws/1trajwf</a>		✓	
19/09/2014	Twitter	NZ Business News	<a href="https://twitter.com/NZBusinessNews/status/512738865052782594">https://twitter.com/NZBusinessNews/status/512738865052782594</a>	Mark Ford to retire from Watercare: Watercare Services Limited chief executive Mark Ford is retiring following... <a href="http://nzne.ws/1trajwf">http://nzne.ws/1trajwf</a>		✓	
19/09/2014	Twitter	RNZ News	<a href="https://twitter.com/mz_news/status/512734031805308928">https://twitter.com/mz_news/status/512734031805308928</a>	Watercare head retires due to ill-health <a href="http://rnz.to/1r54Vgr">http://rnz.to/1r54Vgr</a>		✓	
19/09/2014	Twitter	GCSB	<a href="https://twitter.com/GCSBIntercepts/status/513793770119122944">https://twitter.com/GCSBIntercepts/status/513793770119122944</a>	"Yes Gerry, we're writing a letter of recommendation for Jason Ede to join Watercare ... because he'll put his hand down any drain."		✓	
19/09/2014	Facebook	Friends of the Manukau Harbour	<a href="https://www.facebook.com/1458192623/posts/10204399728460794#/FriendsOfTheManukauHarbour/posts/353081228188674">https://www.facebook.com/1458192623/posts/10204399728460794#/FriendsOfTheManukauHarbour/posts/353081228188674</a>	Also noted in this 2009 report: FISH .....Contaminant and EROD tissue concentrations showed a clear increasing trend from the least to most contaminated Manukau Harbour sites. The concentrations of dieldrin, chlordane, PCBs, DDT, PAH and EROD increased along the contaminant gradient and were highest in flounder collected from Onehunga. Flounder from Onehunga (i.e. the most contaminated site) also had a higher prevalence of pre-neoplastic (i.e. pre-tumorous) liver lesions, which are known to be associated with contaminant exposure, and a greater abundance of an ectoparasitic isopod (Nerocila obigyna)... COMMENT: Really shocking Lynlee Stone when you realise that Auckland Council/ Watercare cant be bothered doing the Review in October to see how the Harbour is fairing now - they say it is too much of a cost, but they paid the head of Watercare \$800,000 a year! What price a clean harbour			✓
25/09/2014	Facebook	John Gillon - Kaipatiki Local Board	<a href="https://www.facebook.com/photo.php?fbid=840951745928495">https://www.facebook.com/photo.php?fbid=840951745928495</a>	Update from Watercare on the delays to the View Road/Wairau Road wastewater project: * View Road work now due to be completed December 2014 (was August). * Wairau Road work to begin January 2015. * Wairau Road work to now be open-trench with traffic management in place...		✓	
25/09/2014	Twitter	John Gillon - Kaipatiki Local Board	<a href="https://twitter.com/John4Kaipatiki/statuses/514934018337693697">https://twitter.com/John4Kaipatiki/statuses/514934018337693697</a>	Update from Watercare on the delays to the View Road/Wairau Road wastewater project: * View Road work now due to... <a href="http://fb.me/6l5J56VtQ5">http://fb.me/6l5J56VtQ5</a>		✓	
28/09/2014	Facebook	Friends of the Manukau Harbour		This is why we need to have the Ecological Review of the Manukau Harbour by Auckland Council - this is supposed to be done in October 2014 but Mike Lee has said that it will not go ahead! Once these birds loose their habitat, they will neve...r come back. Len Brown we need to have this review done. But I see in the Herald today that Mike Lee and Christine Fletcher are backing a call to clean up the Waitemata Harbour... "State of the Hauraki Gulf Report. The findings show a continuing and steady decline on its 2011 state and Hauraki Gulf Forum chairman John Tregidga has called a press conference for Monday to appeal for action "to stop the degradation". Two of Auckland Council's representatives on the multi-agency forum, Christine Fletcher and Mike Lee, yesterday broke ranks to express their frustration at lack of progress..... What about the Manukau Harbour - we will be getting Central Auckland's wastewater and Sewage piped into our harbour when the Central Interceptor goes through! <a href="http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&amp;objectid=11332282">http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&amp;objectid=11332282</a>			✓

29/09/2014	Facebook	Bronwen Turner to Friends of the Manukau Harbour	<a href="https://www.facebook.com/1458192623/posts/10204399728460794#/FriendsOfTheManukaHarbour/posts/357633694400094">https://www.facebook.com/1458192623/posts/10204399728460794#/FriendsOfTheManukaHarbour/posts/357633694400094</a>	It's a pity Councillor Lee doesn't care for the Manukau as he does for the Waitemata harbor. In July Cllr Lee and his Infrastructure Committee voted against getting this very information for the Manukau Harbour he wants for the Waitemata. Why are you throwing the Manukau under the proverbial bus Mike? We need better stewardship of both harbours from our politicians, Auckland Council and Watercare. Pollution and falling fish stocks damage Gulf - National - NZ Herald News. As \$100 million of shiny new craft go on display at Auckland's On the Water Boat Show, the Hauraki Gulf has received a damning report about its health. - New... NZHERALD.CO.NZ			✓
30/09/2014	Twitter	NZ Herald Business	<a href="https://twitter.com/nzheraldbiz/status/516667555977904129">https://twitter.com/nzheraldbiz/status/516667555977904129</a>	Auckland's water body Watercare is defending the fees it charges property developers <a href="http://ow.ly/C545L">http://ow.ly/C545L</a>			✓
30/09/2014	Twitter	Auckland News	<a href="https://twitter.com/auckland_news/status/516658558943780864">https://twitter.com/auckland_news/status/516658558943780864</a>	Watercare defends development fees: Watercare Services has hit back at a developer who accused it of charging too... <a href="http://dvr.it/73JINz">http://dvr.it/73JINz</a>			✓
30/09/2014	Twitter	NZ Planning News	<a href="https://twitter.com/NZPlanning/status/516631064005992448">https://twitter.com/NZPlanning/status/516631064005992448</a>	Watercare defends development fees: Watercare Services has hit back at a developer who accused it of charging ... <a href="http://bit.ly/1nAdQbs">http://bit.ly/1nAdQbs</a>			✓
30/09/2014	Facebook	NZ Herald Business		Watercare defends development fees. Whoa! \$15k to connect a house in Akld to town water. When \$15k buys you a state of the art tank, filter and pump, and no water rates ever, why would anyone still connect to town supply? Watercare Services has hit back at a developer who accused it of charg...			✓
30/09/2014	Facebook	NZ Herald Business		Watercare defends development fees. Whoa! \$15k to connect a house in Akld to town water. When \$15k buys you a state of the art tank, filter and pump, and no water rates ever, why would anyone still connect to town supply? Watercare Services has hit back at a developer who accused it of charg...			✓
<b>Totals:</b>					<b>1</b>	<b>34</b>	<b>6</b>
							<b>B13</b>



# Report to the Board of Watercare Services Limited

**Subject:** Rainwater tanks – Current situation and impact on water demand

**Date:** 15 October 2014

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## **1. Purpose:**

The purpose of this paper is to summarise the potential impacts of domestic rainwater tanks on the demand of water in Auckland, and any benefit from deferring future water source investment.

## **2. Background**

Before integration of the Auckland water supply in 2010, the prevailing councils had differing rainwater tank policies. Manukau City Council did not promote rainwater tanks where public water supply was available, North Shore City Council and later Auckland City Council promoted rainwater tanks for stormwater mitigation purposes and Rodney District Council as well as Waitakere City Council had a rebate scheme for rainwater tanks used for water supply. The uptake of rebates for water supply was low. In Waitakere City, fewer than nine applications a year were received despite rebates of \$500 being offered per tank.

In 2010, rebate schemes stopped with the formation of Auckland Council. However, the potential use of rainwater tanks to supplement Auckland's future water supply has remained topical.

## **3. Homeowner choice**

Aucklanders who voluntarily install a rainwater tank currently do it for a range of reasons. These include having an additional or alternate water supply, reducing charges from Watercare, mitigating stormwater runoff, reducing chlorine levels in water used for gardening, or creating an environmentally-friendly lifestyle. This is a long-term investment, with an initial cost of a few thousand dollars. To help Aucklanders consider rainwater tanks and proceed to installation, Watercare's BeWaterwise booklet includes a page on rainwater harvesting.

Given the cost and the personal motivations involved, it should remain an individual choice to have a rainwater tank or not. If these were to be made mandatory however, Auckland Council would need to develop appropriate bylaws and regulations.

## **4. Peak water demand**

Providing sufficient water to meet peak demand is crucial and is one of the main drivers for Watercare's water resource needs. Since 2009, the difference between the average and peak daily water consumption in Auckland has been at least 60 megalitres a day (MLD). This has increased to 100 MLD on drier years. A volume of 60 MLD is similar to the entire daily water supply for a city the size of Hamilton, which means that the water resources needed over summer are equivalent to a

whole city moving to Auckland. In order to avoid summer restrictions, Watercare needs to develop and maintain water resources, treatment capacity and storage volumes to meet peak demand. These facilities, however, may not be fully utilised for the remainder of the year.

## **5. Drought security of supply standard**

The other driver for Watercare's water resources needs is meeting the security of supply standard in case of a drought. Auckland's water supply is structured to ensure that average water demand will be met in a drought with a 1% probability of occurrence leaving 15% residual capacity in the storage dams. To contribute to this standard, additional water sources should be able to provide water in the event of such a drought.

## **6. Rainwater tanks**

Rainwater tanks are examples of a water source that dries out before peak demand starts. They provide water when rainfall is plentiful from autumn to spring. However, in the absence of rain in summer, it doesn't take long for a typical household to empty a medium-size tank used to water the garden and flush the toilets. As a result, a wide scale implementation of rainwater tanks would contribute to water supply when water resources are plentiful and would not help much when water is scarce (e.g. in summer).

Because rainwater tanks do not contribute to the city-wide security of supply, Watercare does not fund them nor considers them as an option for future water supply.

## **7. Watercare Tariff structure**

The volumetric water and wastewater tariff structure in place in Auckland provides a strong incentive to all our customers to use water efficiently. In most other New Zealand cities, water and wastewater charges are a fixed rate. As a result, waterwise initiatives implemented by households do not result in a financial saving for them. In Auckland on the contrary, households will be able to justify putting their own tank to water a large garden and reduce water charges.

Watercare communicates this through the BeWaterwise booklet, the free water audit service delivered conjointly with EcoMatters and the stand we have at events, which includes a display on how to install a rain barrel.

## **8. Working on rainwater tanks' impacts on demand**

Dialogue with residents, environmental groups and some of Auckland Council's teams about rainwater tanks can be difficult. The topic can be approached from multiple angles as described above and can be very polarising.

In 2012, we realised that this topic is best dealt with collectively, so that all expectations and objectives can be understood. As a result, Watercare created a working group about rainwater and greywater, which included staff from Auckland Council and Watercare and was led by our Sustainability Manager. The group was making good progress building a common knowledge and understanding the available research and models. A teleconference with Australian researcher Dr Stephen Lucas was a highlight. However, Council recommended putting this work on hold when the Water Strategic Action Plan (WSAP) started in 2013, as they expected guidance on this would come from WSAP. Further guidance has however not been received at this stage.

## **9. Recommendation**

It is recommended that the Board receives the report.

**Prepared by:**

**Recommended by:**

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**R Klein**  
**Sustainability Manager**

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**T Langridge**  
**Chief Services Officer**

**Approved for submission by:**

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**R Jaduram**  
**Acting Chief Executive**

# Report to the Board of Watercare Services Limited

**Subject:** Clevedon Wastewater Servicing Options

**Date:** 13 October 2014

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## 1. PURPOSE

The purpose of this paper is to inform the Board about:

- a) the options selected for providing wastewater services for Clevedon.
- b) the funding strategy for providing wastewater services for Clevedon.

## 2. EXECUTIVE SUMMARY

The provision of wastewater services for Clevedon is the result of a legacy plan change initiated by the former Manukau City Council. Clevedon is a Service Category 3 (Future Urban Area not contiguous with the existing Area of Service) in Watercare's Wastewater Servicing Policy. The wastewater scheme is not provided for in the Asset Management Plan (AMP) and can therefore only proceed if the capital cost is funded by the community of benefit through an Infrastructure Funding Agreement (IFA). This has been communicated consistently since the plan change hearings in 2011, to the Commissioners and the existing and development community.

The recently completed detailed option investigation has identified two feasible options for providing a wastewater service to Clevedon – conveyance of wastewater to the Mangere WWTP via the Takanini Branch Sewer (Option 1), or a local wastewater treatment plant with an indirect discharge to the Wairoa River (Option 2). Both options can be combined with either a low pressure or a conventional gravity collection system.

Watercare's preferred option is Option 1 (conveyance of wastewater to the Mangere WWTP with a low pressure collection system), because it has the lowest capital and operational costs, shortest implementation timeframe and is likely to be more acceptable to the community and mana whenua.

Watercare's funding strategy requires the development community to provide 100% of the capital cost, including the on-site costs for the existing community. This is the least-risk option for Watercare and would encourage the majority of the existing community to connect to the system, thus providing start-up flows.

## 3. BACKGROUND

Manukau City Council initiated Plan Change 32 in 2011. This provides for the expansion of the Clevedon settlement to accommodate up to a total of approximately 1,000 households (including the existing community of approximately 170 dwellings). The plan change was approved in October 2012, and appeals are likely to be settled prior to Christmas 2014.

A key driver for the plan change was the potential public health issue resulting from failing septic tanks. As part of the plan change hearing process, a preliminary feasibility study and initial consultation with the local community were undertaken in early 2012. At the time, Watercare identified a local wastewater treatment plant and associated gravity collection system as the preferred option.

To obtain the sufficiently detailed information necessary to support a consent application and funding policy, a more detailed investigation was commissioned in July 2014. This study is now complete, and has provided another feasible option (conveyance to the Mangere WWTP and a low pressure collection system).

Clevedon falls into Wastewater Servicing Policy Category 3 (Future Urban Area not contiguous with the existing area of service). The cost of providing wastewater services for Clevedon is not

provided for in Watercare's AMP. Throughout the plan change process, Clevedon stakeholders were consistently informed that any wastewater services would have to be fully funded by the community of benefit.

#### **4. SERVICING OPTIONS**

The recently completed detailed option investigation has identified two feasible options for providing a wastewater service to Clevedon:

- Option 1 - Conveyance of wastewater to the Mangere WWTP, with an indicative total capital cost of \$34.4M to \$37.3M, depending on the collection system<sup>1</sup> (-10%/+30%, exclusive of GST). This includes \$15.8M for the local network assets for new developments, which are normally constructed and funded by the development community. The conveyance system will be constructed by Watercare but funded by the development community.
- Option 2 - A local wastewater treatment plant with an indirect discharge to the Wairoa River with an indicative total capital cost of \$40.7M to \$43.3M, depending on the collection system (-10%/+30%, exclusive of GST).

The preferred option is conveyance to the Mangere WWTP, because it:

- is the lowest-cost option.
- avoids the (indirect) discharge of treated wastewater to the Wairoa River, and potential community and mana whenua concerns.

It is likely that connecting Clevedon to the Mangere WWTP via a 11 km long pipeline may lead other small communities to assume that they can expect a similar servicing approach. However, Clevedon is unique in that wastewater servicing is specifically linked to the legacy plan change.

#### **5. FUNDING STRATEGY**

In accordance with Watercare's Servicing Policy for land in Servicing Category 3, the Clevedon wastewater scheme has to be fully funded by the community of benefit. The funding strategy therefore requires 100% developer funding for all system components, including the on-site elements for the existing community, for the following reasons:

- Each household in the existing community will only pay the capacity charge (IGC) of approximately \$5,300 at the time they connect to the system (wastewater component only). This is a low cost and likely to be an incentive for the existing community to connect as soon as the system becomes available, thus providing start-up flows.
- It is the lowest-risk scenario for Watercare as all capital costs are provided for through guaranteed (as per IFA) staged payments from the developers.

This approach also provides incentives for the development community for the following reasons:

- A key issue for the existing community is the high cost of connecting to the wastewater scheme if they were required to fund the marginal cost of the conveyance system and on-site<sup>2</sup> costs. Considerable consultation with the existing community will be required to work through the financial implications and address the existing community's concerns. The timeframe for delivering the wastewater scheme is likely to be extended as a result.

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<sup>1</sup> A conventional gravity collection system is more costly.

<sup>2</sup> On-site costs for a low pressure system are the costs for the grinder pumps and drainage. On an existing property, it also includes the removal of the septic tank and reinstatement of the property.



- The existing community is likely to prefer a conventional gravity system because of the lower on-site costs involved. For the development community, the cost difference between a conventional gravity collection system and fully funding a low pressure system is approximately \$1.1M. This cost differential should be acceptable given that the timeframes for delivery of the system will be minimised.

In summary, there is likely to be much less resistance to the scheme from the existing community if the development community fund all capital costs as a gesture of good-will.

**6. RECOMMENDATION**

It is recommended that this report be noted.

Report prepared by:

Recommended by:

Recommended by:

.....  
 P Paschke  
**Infrastructure Planner**

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 R Fisher  
**General Counsel**

.....  
 G Wood  
**Chief Infrastructure Officer**

Recommended by:

Recommended by:

Approved for submission by:

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 B Monk  
**Chief Financial Officer**

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 D Worsnop  
**Chief Operations Officer**

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 R Jaduram  
**Acting Chief Executive**