

WATERCARE SERVICES LIMITED

AGENDA | Board meeting | 31/7/2014

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"> Record Apologies 		-
2. Minutes of Meeting	Chair	<ul style="list-style-type: none"> Approve Board Meeting Minutes <ul style="list-style-type: none"> 27 June 2014 	Minutes 27 June 2014	1 - 2
3. Directors' Corporate Governance Items	Chair	<ul style="list-style-type: none"> Corporate Planner 2014 Review Disclosure of Interests Organisational Chart 	Corporate Planner Disclosure of Interests Organisational Chart	1 2 - 3 4
4. Chief Executive's Report	R Jaduram	<ul style="list-style-type: none"> Note the Chief Executive's report <ul style="list-style-type: none"> Key Performance Scorecard Health and Safety Customer Services Infrastructure and Planning Operations Finance Board Correspondence Execution of Documents Working with Local Boards Statutory Planning Non Domestic Wastewater Tariff 	Chief Executive's Report	1 - 46
5. Customer Service Best Practice at Watercare	T Langridge	<ul style="list-style-type: none"> Note presentation 	Presentation (no pack content)	-
6. Rural Water and Wastewater Upgrade Programme	G Wood	<ul style="list-style-type: none"> Note paper 	Paper	1 - 5
7. General Business	Chair			-

Date of next Meeting – 21 August 2014

Location – Watercare Services, 73 Remuera Road, Newmarket

MINUTES

SUBJECT WATERCARE SERVICES BOARD MEETING

VENUE Hobson Room, Jubilee Building, 545 Parnell Road, Parnell, Auckland

DATE 27 June 2014

TIME 09:00

STATUS Open Session

	<p>Present:</p> <p>M Allen D Clarke (Chairman) N Crauford P Drummond C Harland J Hoare T Lanigan</p> <p>A Delany (Board Observer)</p>	<p>In Attendance:</p> <p>D Blow R Chenery R Fisher D Hawkins R Jaduram T Langridge B Monk T Munro R O'Connor D Sellars D Worsnop</p>	<p>Public in Attendance:</p> <p>Three members of the public</p>
1.	<p>Apologies</p> <ul style="list-style-type: none"> M Ford S Huria 		
2.	<p>Minutes of Previous Meeting</p> <ul style="list-style-type: none"> The Board resolved that the Minutes of the public section of the Board meeting held on 29 May 2014 at 09:00, be confirmed as correct. 		
3.	<p>Directors Corporate Governance Items</p> <ul style="list-style-type: none"> Corporate Planner 2014 The Corporate Planner for 2014 was noted. Disclosure of Interests There were no changes required. Organisational Chart The Board noted the organisational chart. The Board also passed on their best wishes to Peter Gaskin. Public Deputation The Board was addressed by Ms Penny Bright who said she was representing the Water Pressure Group. She requested the Board to cease pursuing members for disputed Metrowater bills together with legal costs, to remove charging orders and cease current court proceedings. The basis for the request was the role played by the Group in relation to the charging and other practices of Metrowater as set out in the Report of the Auditor-General and the Report of the Local Government and Environment Committee, which are attached. The Board reserved its position on the matter. 		

4.	<p>Chief Executive's Report</p> <ul style="list-style-type: none"> Customer Services <p>The Board were concerned by the failure of Customer Services to meet all the indicators.</p> <p>Trish Langridge advised that the grade of service is down slightly because of the nine new staff taking time to settle in, and a higher than usual volume of calls resulting from the publicity relating to the new non-domestic wastewater tariff. She noted that 70% of calls are answered within 20 seconds.</p> <p>Catherine Harland supported those comments and said that the matter of the non-domestic water tariff was complicated and phone calls might have a longer duration than usual.</p> <p>In response, Trish Langridge confirmed that calls on that issue frequently take 30 minutes to resolve compared to the average call time of three minutes.</p> <ul style="list-style-type: none"> Infrastructure and Planning <p>The Chairman reminded management of the need to have projects approved by the Capital Review Group or the full Board where the original project was approved in line with delegated authorities.</p> <ul style="list-style-type: none"> Operations <p>David Worsnop advised that dam levels had risen to just under 70% full.</p> <p>The Acting Chief Executive advised that the company was undertaking the testing of a representative sample of water meters and would report results to the Board in September 2014.</p> <ul style="list-style-type: none"> Statutory Planning <p>Rob Fisher said that Watercare, as part of the Council 'family', was having considerable input into the Unitary Plan process and management would be looking for solutions.</p>
5.	<p>Water Resources Update</p> <ul style="list-style-type: none"> David Worsnop spoke to the report. He said that with the recent rainfall dam levels had risen to 69% by the time of the Board meeting. However, it was intended to continue the take from the Waikato River in order to conserve the levels of stored water in the dams. He also advised that the full rate of the permitted take of 150 MLD will be possible before November 2014.
12.	<p>General Business</p> <ul style="list-style-type: none"> The meeting closed at 10:00.

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
Board Meeting		^4 Feb New market 27 Feb Jubilee	13 March New market (Workshop)	(Easter See May)	1 May Jubilee (TBC) 29 May Jubilee*	27 June Jubilee	31 July New market (TBC)	21 Aug New market (TBC)	19 Sept New market (TBC)	22 Oct Jubilee*	21 Nov New market (TBC)	19 Dec New market (TBC)
Audit + Risk Committee Meeting		^4 Feb New market			6 May New market		^31 July New market	19 Aug New market			11 Nov New market	
Capital Projects Working Group		4 Feb New market			23 May New market				16 Sept New market			
Remuneration Committee		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)	19 Sept New market (follow s Board meeting)			
Statement of Intent		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			
Shareholder Interaction**		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 with Councillors 7 July - LTP w orkshop 25 July LTP w orkshop	15 August Quarterly report due to Council	26 Sept Draft LTP financials due		17 Nov Quarterly report due to Council	
Key Finance Decisions		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		
Other	Qtr Statutory Compliance Reporting				Qtr Statutory Compliance Reporting		Qtr Statutory Compliance Reporting			Qtr Statutory Compliance Reporting		

* Statutory public Board meeting - deputations invited

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

Report to the Board of Watercare Services Limited

Subject: Disclosure of Interests

Date: 23 July 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"> – Chairman, TRGG Ltd – Radiology Services – Chairman, NZ Institute of Rural Health – Chairman, Skin Institute – Director, Hawkins Watts Ltd – Director, Cranleigh Merchant Bankers – Director, FarmIQ Systems Ltd – Director, Ngai Tahu Tourism Ltd – Director, Hynds Group Ltd – Trustee, South Auckland Foundation (Middlemore/CMDHB) – Director, Health Alliance Limited – Chairman, Jucy Group Limited
Peter Drummond	<ul style="list-style-type: none"> – Chairman, Appliance Connection Ltd – Chairman, Watercare Harbour Clean Up Trust – Chairman, Variety Medical Missions South Pacific – Chairman, Ngati Whatua o Orakei Whai Maia – Chairman, Variety International Childrens Charity – Director, NARTA New Zealand Ltd – Director, NARTA International PTY Ltd – Panel member , Fire Review, Dept Internal Affairs
Catherine Harland	<ul style="list-style-type: none"> – Director, McHar Investments Ltd – Director, Interface Partners Ltd – Trustee, One Tree Hill Jubilee Educational Trust – Member, Auckland Regional Amenities Funding Board – Consultant, MartinJenkins & Associates Ltd
Susan Huria	<ul style="list-style-type: none"> – Director, Ngai Tahu Property – Director, Northland Port Company Ltd – Director and Shareholder, Huria Anders Ltd – Director and Shareholder, Susan Huria (2003) Associates Ltd – Director and Shareholder, Te Ara Tika Properties Ltd – Director, Vermilion Design Ltd – Director, Airways Corporation of New Zealand Ltd – Chair, Veterinary Enterprises Group Limited – Trustee, First Foundation – Member, Maori Governance Centre, University of Waikato Advisory Board
Tony Lanigan	<ul style="list-style-type: none"> – Director and Shareholder, A G Lanigan & Associates (2007) Limited

	<ul style="list-style-type: none"> - Shareholder, Fletcher Building - Director, Habitat for Humanity New Zealand Limited - Director and Shareholder, Lanigan Trustee Limited - Director and Shareholder, Lanison and Associates Limited - Director and Chair, NZ Housing Foundation Limited - Director, Tamaki Makaurau Community Housing Limited - Director, NZ Transport Agency (NZTA)
Mike Allen	<ul style="list-style-type: none"> - Director, Coats PLC - Director, Guinness Peat Group - Director, Godfrey Hirst Limited - Shareholder, Innoflow - Director, Tainui Group Holdings Limited - Director, Breakwater Consulting Limited
Julia Hoare	<ul style="list-style-type: none"> - Director, AWF Group Limited - Director, New Zealand Post Limited - Director, The A2 Milk Company Limited
Nicola Crauford	<ul style="list-style-type: none"> - Chair, Wellington Rural Fire Authority - Director, Environmental Protection Authority - Member of Electoral Authority - Cooperative Bank Limited - Senior Consultant - WorleyParsons New Zealand Ltd - Director and Shareholder - Riposte Consulting Limited - Director and Shareholder - Crauford Robertson Consulting - Director and Shareholder - Martin Crauford Limited - Director – Capacity Infrastructure Services Limited

Board Observer

Alex Delany	- Employee - BNZ
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RECOMMENDATION

That the report be noted.

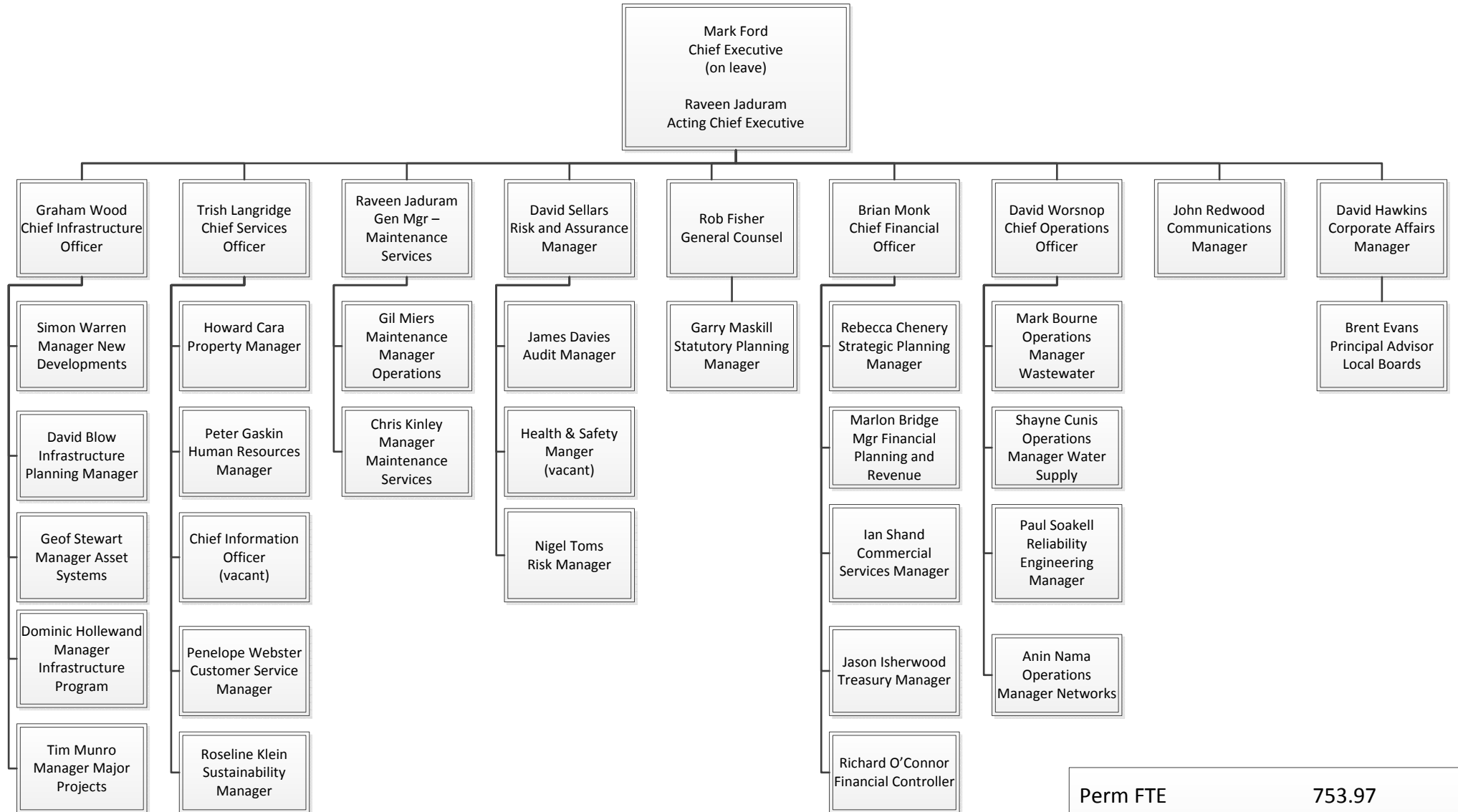
Report prepared by:

Approved by:

R Fisher
General Counsel

R Jaduram
Acting Chief Executive

Watercare Organisational Chart to Tier 3 – June 2014



Perm FTE	753.97
Fixed Term FTE	26.24
Casual FTE	4.63
LWOP FTE	8
Total FTE	784.84
Budgeted FTE 13/14	852.7

Watercare Services Limited

Subject: Chief Executive Report – June 2014

Date: 14 July 2014

1. KEY PERFORMANCE SCORECARD

Environment		Financial	(MTD)	(YTD)
Water Treatment – graded plants Metro	✓	Revenue	✓	✓
Water treatment – graded plants Rural	✓	Net surplus / deficit after tax	x ¹	x ¹
Unaccounted for Water	✓	Total costs	x ²	↔
Effluent quality Metro plants	✓	Labour costs	x ³	↔
Effluent quality Rural plants	↔			
Dry Weather Overflows	✓			
Prosecutions	✓			

Asset Management		(MTD)	(YTD)
Maintenance Expenditure		x ⁴	✓
Capital Expenditure		↔	✓

Community		Staff Attendance (Rolling 12 months)	(MTD)	(YTD)
Water Quality Complaints	x ⁵	Attendance	✓	✓

Water Resources		Customer Service	(MTD)	(YTD)
Drought Security Standard	✓	Grade of Service	✓	✓
Unrestricted Demand (<i>Drought Management Plan</i>)	✓			

^[1] Net surplus after tax was unfavourable largely due to the movement in deferred tax

^[2] Total costs for the month were unfavourable largely due to timing of spend

^[3] Labour costs for this month are unfavourable largely due to a catch-up accrual for leave

^[4] Maintenance expenditure for the month was unfavourable largely due to timing of spend

^[5] Target not met due to an increase in complaints during January and February. The result is anticipated to trend favourably in the following months.

2. HEALTH AND SAFETY

On a rolling 12 month basis:

- The lost-time injury frequency rate (LTIFR) was 2.5 against an SOI target of less than or equal to 5 for 12 months.
- Sick leave was 2.13%.
- Voluntary staff turnover was 12.54%, just outside the SOI maximum of 12%.
- The injury severity rate was 11.4 for the month of June against a target of less than 30 for 12 months.

3. CUSTOMER SERVICES

Telephone service exceeded the service level target with the Contact Centre answering 89.8% of calls within 20 seconds, against a target of 80%. The annual telephone service level exceeded the target at 82.3%.

The target response time for correspondence was achieved with 99.8% responded to within 10 working days. Response time for complaints was also achieved with 99.4% resolved within 10 working days.

Customer satisfaction with our faults response service met the targets this month with all three metrics achieving over the target of 80%. This was achieved for both the call centre and maintenance teams. The annual satisfaction target was also exceeded at 86.2%.

The Average Handling Time performance is considerably higher than the desired maximum mainly because we are spending more time than usual with non-domestic customers as they have questions about how the new tariff will impact on them or are making arrangements to ensure the new tariff is correct and also because we have a number of new staff who are still learning how to close calls efficiently. While the performance metric is showing an adverse result, the increased time spent with customers is improving their experience and ensuring that they better understand the tariff structure.

In anticipation of the non-domestic wastewater tariff changes in July, preparations have been made for increased phone calls, emails and requests for individual meetings. Practicable steps are being taken to ensure that positive customer experiences are maintained.

4. INFRASTRUCTURE AND PLANNING

Infrastructure capital expenditure during the month was \$35 million, above the monthly budget of \$29 million. As forecast last month, minor delays on some projects were recovered and the overall expenditure was therefore close to the budget of \$287 million.

Highlights for the year included the construction of increased capacity at Waikato Water Treatment Plant, the connection of Pukekohe to the Waikato pipeline and the completion of the water and wastewater networks for NORSGA, Kumeu, Huapai and Riverhead.

During the month, the third section of Hunua No.4 was completed to programme and the local networks supplying Riverhead were progressively commissioned. The KHR scheme is now substantially complete and the focus over the next few months will be to commission the water supplies to Patumahoe and Clarks Beach to complete the North Franklin supply scheme.

In the wastewater portfolio, evaluation of the tenders for the function of Principal Engineering Advisor for the Central Interceptor was completed. The associated stage of the capex is now scheduled for the July Board meeting. The appeals process for the consent continues.

The preparation of the initial areas for biosolids placement on Puketutu Island are also complete and the project remains ahead of schedule. Major design, consenting and investigative work continues on the Rosedale expansion, Northern Interceptor and Waterfront Interceptor. The major earth works associated with the Mangere Biological Nutrient Removal were completed in June as forecast last month.

The Asset Management Plan was approved at the June Board and is being used to support the Auckland Council LTP 2015-2025 process.

Infrastructure Growth Charge (IGC) revenue exceeded the year-end budget. The forecast increase in IGC charges from 1 July prompted a number of developers to 'lock in' their applications at the lower tariff before the end of June.

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

5. OPERATIONS

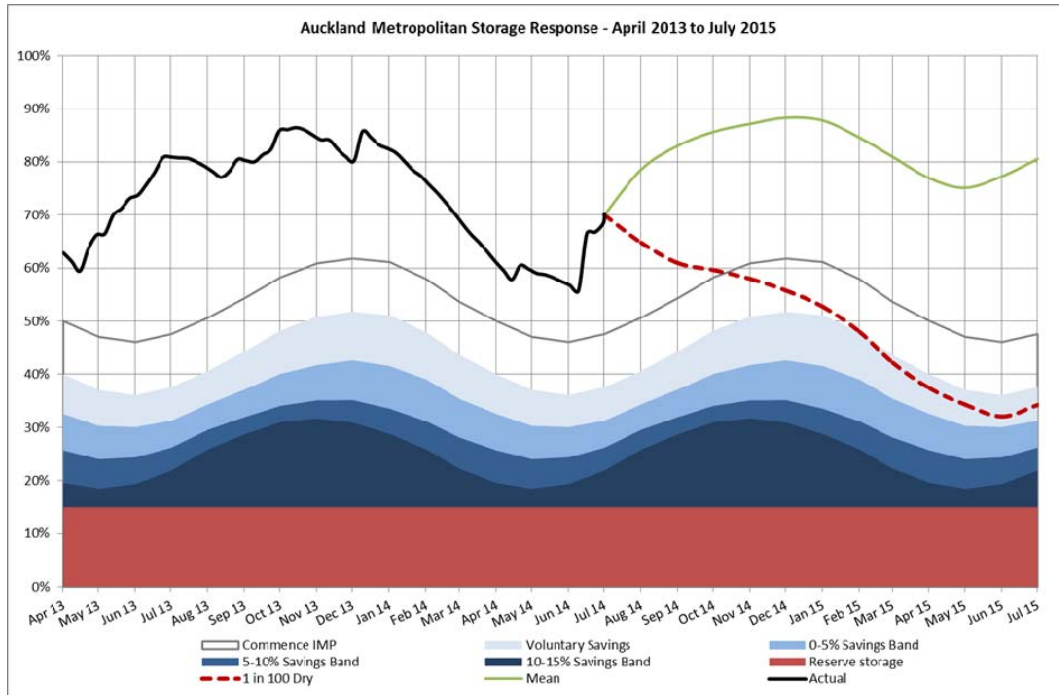
Rainfall for the month of June was as follows:

Waitakere Ranges	136% of average
Hunua Ranges	180% of average
Northern Non-metropolitan	150% of average
Southern Non-metropolitan	125% of average

Metropolitan total system storage increased in June from 56.9% to 70.7%, following the significant rainfall in the month. This is slightly below the average storage for the end of June (77.1%), but, it is at the level that was forecast for the start of the 2015 budget.

While National and International confidence in predictions of El Niño conditions developing for New Zealand have grown over the last month, there is still some uncertainty in the type of El

Niño event that is expected to develop. July-September temperatures are forecast to be above average for the Auckland isthmus. Rainfall and river flows during this time is likely to be near-normal, while soil moisture levels are about likely to be normal or above normal.



Transmission system losses for the month, adjusted for planned discharges were 1.76% and are 2.5% YTD.

6. FINANCE

Financial Performance

	Current Month			Full Year		
	Actual	Budget	Var	Actual	Budget	Var
Figures (\$millions)						
Revenue	52.31	38.49	13.81	500.20	467.41	32.79
Operating Expenses	18.84	15.56	(3.28)	196.36	195.54	(0.82)
Depreciation	17.91	16.55	(1.37)	205.94	199.68	(6.25)
Interest expense	4.66	5.98	1.32	71.57	75.12	3.56
Total Contribution	10.89	0.40	10.48	26.34	(2.93)	29.27
Financial instruments revaluation - loss/(gain)	(11.29)	-	11.29	(13.05)	-	13.05
Non-operating costs/(income)	0.53	-	(0.53)	12.00	-	(12.00)
Operating Surplus / (Deficit) Before Tax	21.64	0.40	21.24	27.39	(2.93)	30.32
Deferred Tax - Expense/(Credit)	24.94	(0.25)	(25.19)	36.81	(0.82)	(37.63)
Net Surplus / (Deficit) After Tax	(3.30)	0.66	(3.95)	(9.41)	(2.11)	(7.30)
FFO Ratio				3.30	3.04	
Operating EBITDAF	33.47	22.93	10.53	303.84	271.87	31.97
EBITDA	44.22	22.93	21.29	304.90	271.87	33.02
EBIT	26.31	6.38	19.93	98.97	72.19	26.78

Month – Total Contribution of \$10.89m - favourable variance to budget of \$10.48m

Total revenue was favourable \$13.81m to budget largely due to an unbudgeted subvention receipt from Ports of Auckland for tax losses (\$10.08m) and an increase in the valuation of forestry investments (\$1.34m). Infrastructure growth charge revenue at \$4.94m was favourable \$2.80m. Water and wastewater revenue was consistent with budget.

Operating expenses were \$3.28m unfavourable to budget with unfavourable variances for planned and unplanned maintenance, operating costs, chemicals, net labour and professional services.

Depreciation was unfavourable to budget \$1.37m due to higher than budgeted accelerated depreciation.

Interest expense was \$1.32m favourable to budget.

Full Year – Total Contribution of \$26.34m - favourable variance of \$29.27m

2013/2014 revenue was \$32.79m favourable to budget primarily due to vested asset income favourable \$13.34m, IGC revenue favourable \$7.94m and the \$15.44m unbudgeted subvention receipts from Ports of Auckland for tax losses. Water and wastewater revenues were \$5.97m unfavourable to budget with the water volumes for the year being 1.26% under budget.

Operating expenses were \$0.82m unfavourable to budget with unfavourable variances for net labour, unplanned maintenance and other asset operating costs partially offset by favourable planned maintenance, energy, professional services and general overheads.

Depreciation was unfavourable to budget \$6.25m due to higher than budgeted accelerated depreciation.

Interest expense was \$3.56m favourable to budget.

Full Year – Net Deficit after Tax of \$9.41m – unfavourable variance of \$7.30m

The unfavourable 2013/2014 variance of \$9.41m represented the net effect of:

- favourable total contribution \$29.27m
- favourable revaluation of financial instruments of \$13.05m
- unfavourable write offs on disposal of assets \$12.00m
- unfavourable movement in deferred tax expense \$37.63m

Financial Position

\$million	Actual May-14	Actual Jun-14	Monthly Movement	Budget Jun-14	Var from Budget
Non Current Assets	8,257.6	8,305.7	48.1	8,474.1	(168.4)
Current Assets	66.4	76.3	9.9	76.8	(0.5)
Total Assets	8,324.0	8,381.9	58.1	8,550.9	(169.0)
Other Liabilities	180.9	182.3	1.4	255.3	(73.0)
Deferred Tax Liability	938.9	963.8	24.8	958.4	5.4
Borrowings - Short Term	390.9	420.5	29.6	471.4	(51.0)
Borrowings - Long Term	1,053.0	1,033.3	(19.6)	1,010.4	22.8
Shareholders Funds	5,760.3	5,782.1	21.9	5,855.3	(73.2)
Total Liabilities and Shareholders Funds	8,324.0	8,381.9	58.1	8,550.9	(169.0)

The major movements of the Statement of Financial Position as at 30 June 2014 compared with 31 May 2014 were the increase in non current assets (\$48.1m) reflecting the revaluation of land and buildings (\$25.0m) and capital expenditure in the month; an increase in current assets (\$9.9m) largely due to an increase in trade and other receivables (\$11.6m); and, an increase in deferred tax liability due to sale of tax losses (\$24.8m).

Compared with budget the material variances were in respect of non-current assets, deferred tax and shareholders' funds all of which largely reflect the revaluation of property, plant and equipment as at 30 June 2013 being lower than was assumed for the budgeted opening balance sheet as at 1 July 2013. Net debt at \$1,454m was \$28.3m beneath budget.

Receivables

Receivables before provision for doubtful debts totalled \$34.6m at June month end compared with \$35.1m at the end of May. The Auckland Council component of total debt was \$0.54m, compared with \$0.67m at May and disputed trade waste accounts at the end of June totalled \$0.99m compared with \$0.98m last month. Total 60+ day debt has decreased by \$503k during the month primarily due to an efficient month of debt collection activity.

Total receivables – month-on-month comparison

	0-30 days <i>(previous month in italics)</i>	30-59 days <i>(previous month in italics)</i>	60 days + <i>(previous month in italics)</i>	Total <i>(previous month in italics)</i>
Receivables excluding Council and disputed trade waste	\$28,305,353 <i>\$28,658,170</i>	\$2,733,769 <i>\$2,194,873</i>	\$2,068,738 <i>\$2,615,275</i>	\$33,107,860 <i>\$33,468,318</i>
Auckland Council Group	\$526,141 <i>\$724,277</i>	\$40,035 <i>-\$2,540</i>	-\$27,844 <i>-\$46,135</i>	\$538,333 <i>\$675,602</i>
Disputed trade waste accounts	\$81,879 <i>\$98,208</i>	\$98,208 <i>\$94,546</i>	\$815,278 <i>\$790,647</i>	\$995,365 <i>\$983,401</i>
Total receivables	\$28,913,373 <i>\$29,480,655</i>	\$2,872,013 <i>\$2,286,880</i>	\$2,856,172 <i>\$3,359,787</i>	\$34,641,558 <i>\$35,127,322</i>

Receivables excluding Auckland Council and disputed trade waste accounts totalled \$33.1m for June, compared with \$33.5m at May month end. The decrease in receivables primarily reflects the decrease in 60+ debt. The average debt per account decreased from \$108 to \$99.

Total receivables – excluding Auckland Council and disputed trade waste

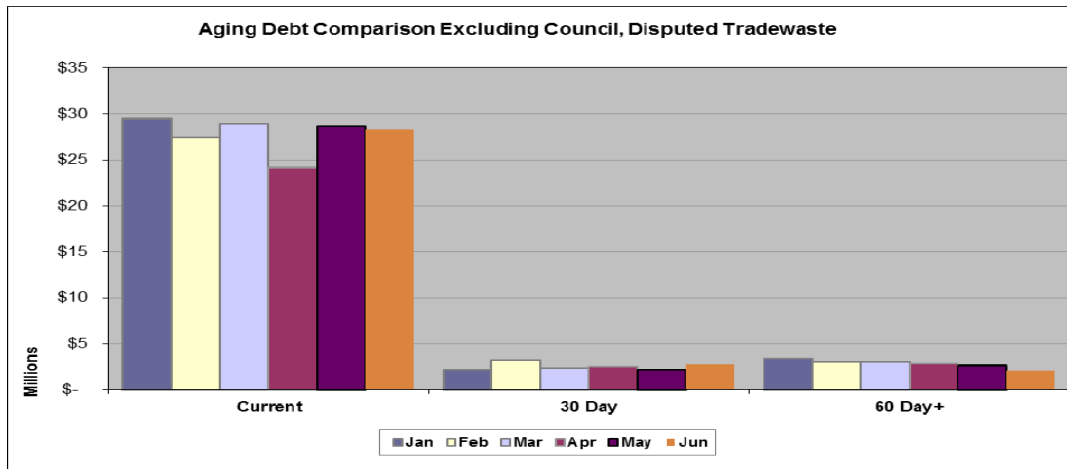
	0-30 days <i>(previous month in italics)</i>	30-59 days <i>(previous month in italics)</i>	60 days + <i>(previous month in italics)</i>	Total <i>(previous month in italics)</i>
Net Debt	\$28,305,353 <i>\$28,658,170</i>	\$2,733,769 <i>\$2,194,873</i>	\$2,068,738 <i>\$2,615,275</i>	\$33,107,860 <i>\$33,468,318</i>
# of accounts	314,260 <i>287,568</i>	37,495 <i>37,817</i>	35,548 <i>36,783</i>	335,826 <i>308,847</i>
Average Debt	\$90 <i>\$100</i>	\$73 <i>\$58</i>	\$58 <i>\$71</i>	\$99 <i>\$108</i>
Percentage	85.5% <i>85.6%</i>	8.3% <i>6.6%</i>	6.2% <i>7.8%</i>	100.0% <i>100.0%</i>

Commercial	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	\$11,832,174 <i>\$13,649,878</i>	\$1,577,094 <i>\$1,103,352</i>	\$300,596 <i>\$603,467</i>	\$13,709,864 <i>\$15,356,696</i>
# of accounts	21,989 <i>20,002</i>	3,434 <i>3,182</i>	5,581 <i>5,708</i>	26,477 <i>24,490</i>
Average Debt	\$538 <i>\$682</i>	\$459 <i>\$347</i>	\$54 <i>\$106</i>	\$518 <i>\$627</i>
Percentage	86.3% <i>88.9%</i>	11.5% <i>7.2%</i>	2.2% <i>3.9%</i>	100.0% <i>100.0%</i>

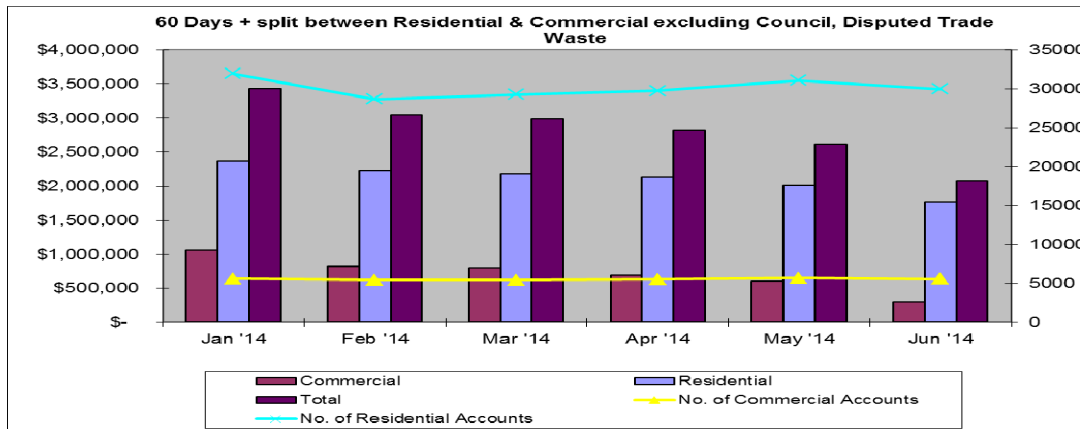
Residential	Current month <i>(previous month in italics)</i>	30-59 days <i>(previous month in italics)</i>	60 days + <i>(previous month in italics)</i>	Total <i>(previous month in italics)</i>
Totals	\$16,473,179 <i>\$15,008,293</i>	\$1,156,675 <i>\$1,091,521</i>	\$1,768,142 <i>\$2,011,808</i>	\$19,397,996 <i>\$18,111,622</i>
# of accounts	292,271 <i>267,566</i>	34,061 <i>34,635</i>	29,967 <i>31,075</i>	309,349 <i>284,357</i>
Average Debt	\$56 <i>\$56</i>	\$34 <i>\$32</i>	\$59 <i>\$65</i>	\$63 <i>\$64</i>
Percentage	84.9% <i>82.9%</i>	6.0% <i>6.0%</i>	9.1% <i>11.1%</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.

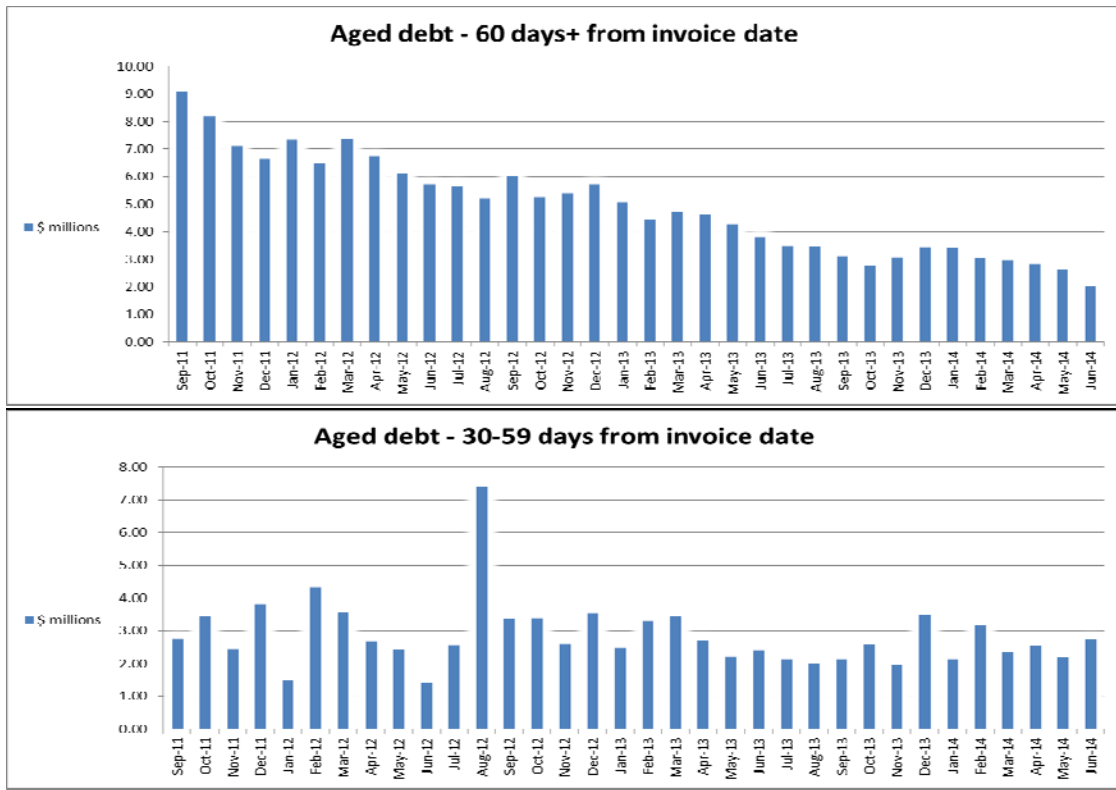
Age of debt comparison – January 2014 to June 2014



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:



The spike in 30-59 day debt in August 2012 reflects the change in billing cycles for all customers to monthly billing.

Water Utility Consumer Assistance Trust (WUCAT)

The following tables summarise the results of the Trust since its inception and over the last three months:

Jun 2014

WUCAT Summary		
Financial year	Board approved applications	\$ Value
June 2012	33	29
June 2013	172	196
June 2014	123	114
Total	328	339

WUCAT Summary last 3 meetings		
Month	Board approved applications	\$ Value
Apr-14	11	11
May-14	16	23
Jun-14	12	10
Total	39	44

A total of 328 applicants have successfully completed the budget adviser review process and these applicants have had \$339k of hardship relief approved by the Trust. This has resulted in \$254k actually being written-off 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 52 applicants continue with their payment arrangements with \$49k of approved hardship write-offs to be granted when they successfully complete their plan.

The results of the last 3 WUCAT meetings are that 39 applicants have successfully completed the budget process and had \$44k of hardship relief approved by the Trust.

Restrictions

During June, 757 reminder notices were sent to customers warning that water restriction may be actioned if payment was not received and 8 cards were sent to customers warning of possible restriction of their water supply in 48 hours. As a result no new water restrictions were applied during June as customers either paid or communications are continuing with them.

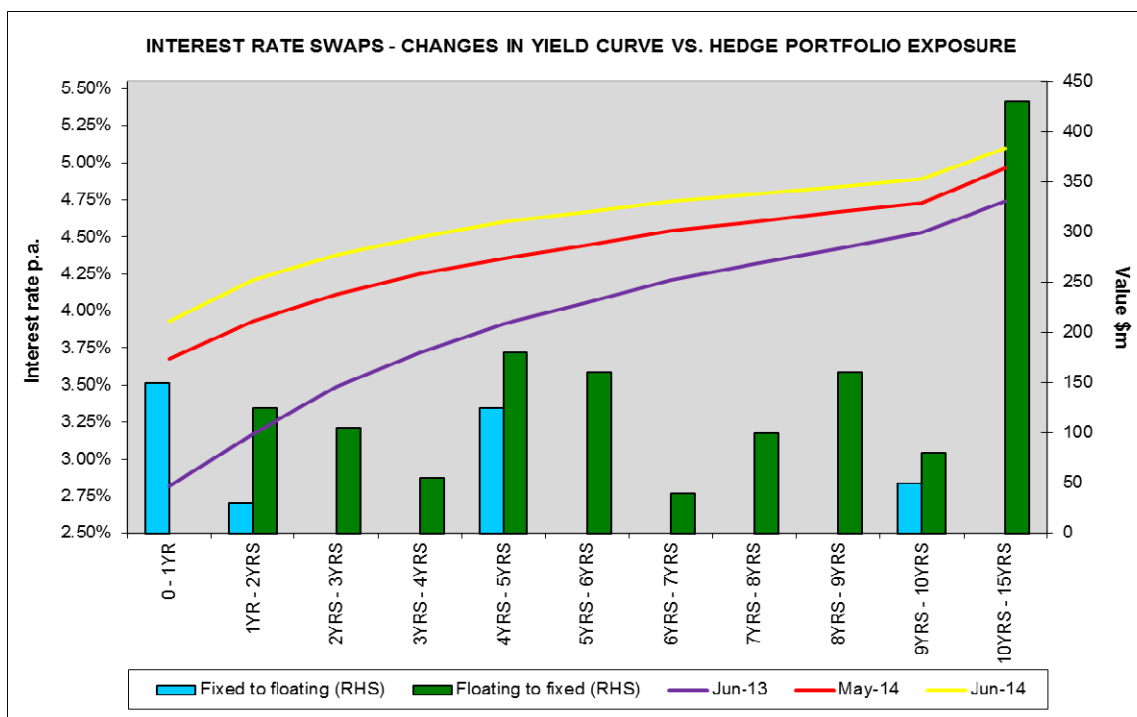
The table below summarises the restrictions carried out by Watercare Services Limited.

Watercare - Restriction Summary			
	Commercial	Residential	Total
Inherited 1 Nov 2010	0	4	4
Restricted	30	24	54
Derestricted	-27	-17	-44
Restrictions Remaining	3	11	14

The following restrictions remain in place:

- Three water restrictions inherited from Manukau Water remain in place on residential properties at the owners request due to unfixed leaks at the properties.
- A further four residential restrictions remain in place on vacant properties. Communications are ongoing with the customers and if the properties are tenanted in future resolution will be required.
- A further four residential restrictions remain in place and communication continues with these customers.
- Three commercial properties remain restricted at the end of June and communication continues with these customers.

Treasury



Interest Analysis Smillion	Current Month			Full Year		
	Actual	Budget	Var	Actual	Budget	Var
Interest as per Statement of Financial Performance	4.66	5.98	1.32	71.57	75.12	3.56
Capitalised Interest	2.53	1.27	(1.26)	14.26	11.82	(2.44)
Gross Interest	7.19	7.25	0.05	85.83	86.95	1.12
Less Interest Income	0.00	0.00	(0.00)	0.30	0.00	(0.29)
Net Interest	7.19	7.25	0.06	85.53	86.94	1.41

For the month net interest was consistent with budget.

Capital Expenditure

Capital expenditure for the month was \$38.1m against a budget of \$29.4m.

Summary Capital Expenditure (\$millions)	Month June 14			Year to Date			Full Year		
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var
Infrastructure Wastewater Projects	19.8	11.8	(8.0)	135.4	140.0	4.6	135.4	140.0	4.6
Infrastructure Water Projects	14.0	13.9	(0.1)	134.2	131.9	(2.3)	134.2	131.9	(2.3)
Operations	1.7	1.4	(0.3)	16.5	18.4	1.9	16.5	18.4	1.9
Maintenance Services	0.3	0.1	(0.2)	2.1	4.0	1.9	2.1	4.0	1.9
Information Services	0.3	0.9	0.6	4.2	9.9	5.7	4.2	9.9	5.7
Other Projects	2.0	1.3	(0.7)	21.1	26.6	5.5	21.1	26.6	5.5
TOTAL	38.1	29.4	(8.7)	313.5	330.8	17.3	313.5	330.8	17.3
Includes:									
Water Projects Capitalised Interest	0.7	0.5	(0.2)	7.4	5.8	(1.6)	7.3	5.8	(1.5)
Wastewater Projects Capitalised Interest	1.8	0.7	(1.1)	6.8	5.7	(1.1)	6.8	5.7	(1.1)
Other Capitalised Interest	0.0	0.0	0.0	0.0	0.4	0.4	0.0	0.4	0.4
Total Capitalised Interest	2.5	1.2	(1.3)	14.2	11.9	(2.3)	14.1	11.9	(2.2)

7. BOARD CORRESPONDENCE

Two pieces of customer correspondence were received by the Board during the month. The first was a letter from a customer expressing dissatisfaction with the process involved in having invoices sent directly to a tenant. The second was a letter from a member of the public expressing dissatisfaction with the state of a driveway following installation of a manhole. Management has addressed and resolved both situations.

8. EXECUTION OF DOCUMENTS

There were eight documents executed during June 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 three easements, approval of two telecommunications licenses, approval of an entry agreement and approval of two deeds.

There were eight capex approvals totaling \$8.355m 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 – June 2014		
C-10704a	Extension of C-10704 Pond 2 Landfill Development	\$3,259,000
C-11184-03	Te Puru Storage Tank Construction and Pumps Upgrade - extension (Switchboard replacement)	\$564,000
C-11431a	Omaha WWTP Upgrade Project - Extension	\$750,000
C-12006-17	Proposed Reinstatement Truck x 3 Design Modifications	\$75,000
C-12246	Grey Lynn Flow Monitoring and Model Build	\$722,000
C-12248	Oakley Wastewater Catchment Network Model Development	\$734,000
C-12290	Wynyard Quarter South Gravity Sewerage	\$436,000
C-12375	Opportunistic watermain renewals Dominion Road	\$1,815,990

9. WORKING WITH LOCAL BOARDS

Watercare is reviewing the draft Local Board Plans which are currently open for public submission. Information on water and wastewater servicing will be shared with relevant parts of the business.

Watercare joined staff from Auckland Council Environmental Services, Stormwater and Solid Waste at a briefing of the Kaipatiki Local Board's Infrastructure Committee. Some of the Local Boards are using these committees to track information on local projects as demand for workshops with the full Local Board has increased significantly.

Auckland Council Parks and Stormwater met with Watercare to discuss input to the Upper Harbour Local Board's Greenways Plan, an open space plan for connectivity of walking, cycling and ecological corridors. Watercare followed up with a presentation to the Upper Harbour Local Board on major projects in the North and West of Auckland which was well received.

A workshop was held with the Waitakere Ranges Local Board and Parks staff following site visits to discuss proposed works for the Upper Glenn Eden Branch Sewer, a component of the Upper Glenn Eden wastewater upgrades of which the Local Board recently approved the site for the storage tank in Harold Moody Reserve.

Watercare continues to work with Local Board members and Councillors in response to community feedback on local projects. Over the last month questions have been raised by affected customers in St Heliers Bay Road Orakei and Elizabeth Street in Warkworth. Watercare is working with affected parties and keeping the relevant Local Board members informed of progress.

10. 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.

Council received over 9000 submissions. As previously reported, Watercare did not lodge a formal submission on the Proposed Auckland Unitary Plan on the basis that Council has agreed to fully involve Watercare in the hearing process as part of the Council team.

The Council has compiled a summary of submissions with over 100,000 submission points. This summary was released to the public on 11 June and further submissions are due on 22 July. The summary of submissions is currently being reviewed to determine the implications for Watercare. Auckland Council will not be making a further submission. While Watercare reserved the right to make a further submission, Watercare is unlikely to exercise this option.

Watercare and Auckland Transport have had discussions with Council on the approach for involving CCOs in the process. There is general agreement on the principles for CCO involvement. Watercare and Auckland Transport are now members of the Unitary Plan Steering Committee.

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 the application for subdivision consent will change from a prohibited activity to a non-complying activity. The property of the main appellant has now been sold, and Watercare has engaged in discussions with the new owner. Watercare is working with the new owners to resolve the appeal.
- **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 is 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 is investigating alternative discharge options and will be meeting with iwi to discuss these options. A new Environment Court reporting date has been set for mid-August.
- 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 is now undertaking a comprehensive master planning process to understand the full infrastructure requirements for the remaining land area between the MUL and the coast. Watercare is part of the oversight committee for the development of the Master Plan.*

Mana Whenua Forum

The Forum met on the 10 July. The agenda items comprised:

- Members update
- Waikato River Wai Ora Collaborative Stakeholders Group
- Waikato River water take update
- Auckland Council Water Strategic Action Plan update

- Auckland-wide Wastewater Network Discharge update
- Further Development of the Mana Whenua Kaitiaki Forum
- Mana Whenua Annual Report and Work Programme
- Wastewater Field trip update
- Marae Water and Wastewater
- Council Engagement on Freshwater

Waikato River Take

Watercare's application including the AEE Report has been prepared and was lodged with the Waikato Regional Council prior to the Christmas. Consultation with Waikato Tainui, Huakina Development Trust and other marae is continuing. Discussions are also continuing with Fonterra, Horticulture NZ and other representatives of the farming sector. Monthly progress meetings are being held with the Waikato Regional Council.

National Policy Statement for Freshwater Management

The National Policy Statement for Freshwater Management has now been amended and takes effect from 1 August 2014 (NPS-FM 2014). The amendments require regional councils to establish objectives and set limits for fresh water in their regional plans.

Water Supply and Wastewater Bylaw

The legacy Council water supply and wastewater bylaws expire in July 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.

11. NON DOMESTIC WASTEWATER TARIFF

Preparations continue for the introduction of the new non-domestic wastewater tariff. The technical system cutover will take place on the weekend of 1/2/3 August with the new pricing taking effect on July consumption which customers will see on their August invoices. Focus is now primarily on business readiness with training well advanced, updates to customer collateral and the website in progress and cutover activities underway.

.....
R Jaduram
ACTING CHIEF EXECUTIVE

PERFORMANCE AGAINST STATEMENT OF INTENT TARGETS - JUNE 2014

Performance Measure	2013/14			Three Year Targets			Outcome
	Target	Final Result	Status	2014/2015	2015/2016	2016/2017	Auckland Plan Target
MEASURE							
Safe and Reliable Water							
Percentage compliance with MoH drinking water standards for graded plants(excluding minor or technical non-compliance)	100%	100%	✓	100%	100%	100%	
Percentage of metropolitan water treatment plants achieving Grade A	100%	100%	✓	100%	100%	100%	
Percentage of metropolitan water supply reticulation achieving Grade a	100%	100%	✓	100%	100%	100%	
Percentage of non-metropolitan water treatment plants achieving Grade A	45% (7 non-metro water treatment plants out of 14 non-metro water treatment plants)	Projected result: 100% of target will be achieved (Projected result: 7 non-metro water treatment plants out of 14 non-metro water treatment plants = 50%)	✓	50% (5 non-metro water treatment plants out of 10 non-metro water treatment plants) Note: 4 non-metro WTPs will be decommissioned bringing the total from 14 to 10	50% (5 non-metro water treatment plants out of 10 non-metro water treatment plants)	50% (100% by 2020)	
Percentage of non-metropolitan water supply reticulation achieving Grade a	25%	Projected result: 65% of non-metropolitan water supply reticulation will achieve Grade A	✓	50%	50% (100% by 2020)	50% (100% by 2020)	
Percentage of unplanned water shutdowns restored within five hours	≥95%	96%	✓	≥95%	≥95%	≥95%	
Number of unplanned water interruptions per 1000 connected properties	<10	8.1%	✓	<10	<10	<10	
Healthy Waterways							
Number of dry weather sewer overflows per 100km of wastewater pipe length per year	≤5	1.83	✓	≤5	≤5	≤5	
Average number of wet weather overflows per discharge location in priority receiving environments in areas serviced by the separated networks.	The Auckland-Wide Wastewater Network Discharge Consent application lodged and consent operational.	n/a	✓	The Auckland-Wide Wastewater Network Discharge Consent application lodged and consent operational.			Reduce wet weather overflows to an average of no more than 2 events per discharge location per annum, where the stormwater and wastewater system are separated, by 2040 (with priority given to bathing beaches and other sensitive receiving environments by 2030)
Number of sewer bursts and chokes per 1000 properties	<10	8.8	✓	<10	<10	<10	
Percentage of wastewater discharged that is compliant with consent discharge requirements (excluding minor or technical non-compliance) for Metropolitan areas	100%	100%	✓	100%	100%	100%	
Percentage of wastewater discharged that is compliant with consent discharge requirements (excluding minor or technical non-compliance) for non-Metropolitan areas	35%	Projected result: 100% of target will be achieved (Projected result: 64% of all wastewater discharged from non-metro plants will be compliant with discharge consent conditions)	✓	35%	65% (100% by 2020)	65% (100% by 2020)	

Performance Measure	2013/14			Three Year Targets			Outcome
	Target	Final Result	Status	2014/2015	2015/2016	2016/2017	Auckland Plan Target
Number of successful RMA prosecutions against Watercare	0	0	✓	0	0	0	
Health, Safety and well-being							
Lost-time injury frequency rate per million hours worked	≤5	2.5	✓	≤5	≤5	≤5	
Level of ACC workplace management practices accreditation	Tertiary	Tertiary	✓	Tertiary	Tertiary	Tertiary	
Percentage of total hours absent due to illness	≤2.5%	2.13%	✓	≤2.5%	≤2.5%	≤2.5%	
Percentage of voluntary leavers relative to number of permanent staff	≤12%	12.50%	✘	≤12%	≤12%	≤12%	
Customers Satisfaction							
Percentage of customers surveyed satisfied with Watercare's delivery of water and wastewater services	80%	89.70%	✓	80%	80%	80%	
Percentage of calls answered within 20 seconds	80%	82.30%	✓	80%	80%	80%	
Number of water quality complaints (taste, odour, appearance) per 1,000 water supply_connections	<5	5.9	✘	<5	<5	<5	
Percentage of complaints and being "resolved and closed" within 10 working days	95%	94.20%	↔	95%	95%	95%	
Sustainable Environment							
Per capita consumption (litres/person/day) Target for 2025 = 255 l/person/day Baseline in 2004 = 298 l/person/day	280 ±5%	270	✓	278 ±5%	275 ±5%	275 ±5%	Reduce gross per capita water consumption from 2004 levels by 15% by 2025
Percentage of annual potable water network losses* measured as total network volume *This is defined as "real" losses, which includes losses from the wholesale and retail distribution systems.	≤14%	14%	✓	≤13%	≤13%	≤13%	Reduce maximum annual potable water network losses to less than 12% of total network volume by 2040
Effective Asset Management							
Percentage of actual capital expenditure relative to budget	>85%	100%	✓	>85%	>85%	>85%	
Sound Financial Management							
Minimum funds flow from operations to interest cover (FFO) before any price adjustment	≥2.5	3.3	✓	≥2.5	≥2.5	≥2.5	
Percentage of expenditure on water supply services relative to the average household income	≤1.5%	0.90%	✓	≤1.5%	≤1.5%	≤1.5%	

WATERCARE SERVICES LIMITED

Management Report

Jun-14

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Key Financial Indicators

Financial performance	Full year	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

- Operating costs were higher than budget largely driven by higher asset operating costs.
- Depreciation is over budget due to additional accelerated depreciation resulting from the shortening of useful lives on assets identified for disposal in new capex proposals in this financial year. The budget included an estimate for unidentified accelerated depreciation but this has proved insufficient.

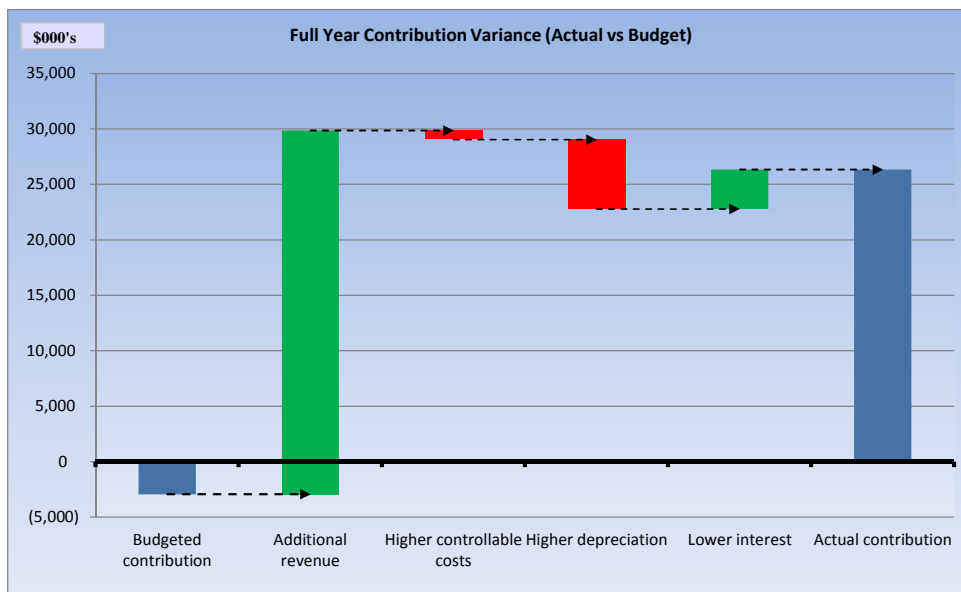
WATERCARE SERVICES LIMITED
STATEMENT OF FINANCIAL PERFORMANCE

Jun-14
(\$000's)

	Current Month				Full Year			
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result
Wastewater Revenue	20,881	21,007	(126)	✘	266,504	269,728	(3,225)	✘
Water Revenue	10,652	10,605	47	✔	133,340	136,088	(2,748)	✘
Tradewaste Revenue	1,796	1,496	301	✔	13,509	13,382	126	✔
Laboratory Revenue	503	556	(53)	✘	5,567	6,795	(1,228)	✘
Infrastructure Growth Charge Revenue	4,936	2,138	2,798	✔	32,990	25,055	7,935	✔
Other Revenue	13,537	2,693	10,844	✔	48,292	16,366	31,926	✔
Total Revenue	52,306	38,495	13,811	✔	500,202	467,414	32,788	✔
Labour	6,183	5,901	(282)	✘	64,067	67,459	3,392	✔
Contract Labour	753	150	(603)	✘	5,664	2,336	(3,328)	✘
Oncosts	(36)	278	313	✔	2,823	3,286	464	✔
Labour Recoveries	(2,855)	(2,756)	99	✔	(31,341)	(32,442)	(1,102)	✘
Net Labour	4,046	3,572	(474)	✘	41,213	40,639	(573)	✘
Materials & Cost of Sales	137	181	44	✔	2,038	2,211	173	✔
Planned Maintenance	1,157	874	(283)	✘	14,131	17,069	2,938	✔
Unplanned Maintenance	2,675	2,169	(506)	✘	28,402	26,569	(1,834)	✘
Asset Operating Costs - Chemicals	958	896	(62)	✘	10,878	11,020	142	✔
Asset Operating Costs - Energy	1,624	1,465	(159)	✘	16,999	17,765	766	✔
Operating Costs - Other	4,784	3,505	(1,280)	✘	50,213	43,966	(6,247)	✘
Depreciation and Amortisation	17,914	16,548	(1,366)	✘	205,937	199,682	(6,255)	✘
Asset Operating Costs	29,114	25,458	(3,656)	✘	326,559	316,071	(10,488)	✘
Communications	148	141	(7)	✘	1,500	1,671	171	✔
Professional Services	1,577	1,047	(530)	✘	12,662	13,938	1,276	✔
Interest	4,664	5,979	1,315	✔	71,565	75,121	3,556	✔
General Overheads	1,733	1,713	(20)	✘	18,325	20,694	2,369	✔
Overheads	8,122	8,880	758	✔	104,052	111,423	7,371	✔
Total Expenses	41,419	38,091	(3,328)	✘	473,862	470,345	(3,517)	✘
Total Contribution/(Loss)	10,887	404	10,483	✔	26,340	(2,930)	29,271	✔
Gain/Loss on Disposal of Fixed Assets & other Costs	534	-	(534)	✘	11,996	-	(11,996)	✘
Financial Instruments Revaluation (Gain)/Loss	(11,291)	-	11,291	✔	(13,050)	-	13,050	✔
Non Operating (costs)/Revenue	(10,756)	-	10,756	✔	(1,054)	-	1,054	✔
Net Surplus / (Deficit) before Tax	21,643	404	21,239	✔	27,394	(2,930)	30,325	✔
Income Tax Expense/(benefit)	-	-	-	-	-	-	-	-
Deferred Tax	24,941	(252)	(25,193)	✘	36,808	(818)	(37,626)	✘
Net Surplus / (Deficit) after Tax	(3,298)	656	(3,954)	✘	(9,413)	(2,112)	(7,301)	✘

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

Jun-14

(\$000's)

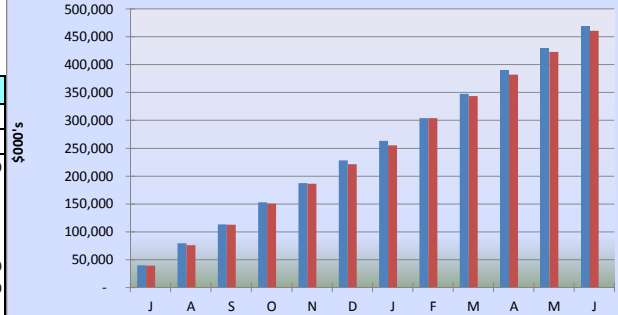
NZ \$000s	Current Month				Full Year			
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result
Operating Cash flow:								
Operating Revenue	40,192	37,970	2,222	✓	469,435	460,706	8,729	✓
Operating Costs	(10,859)	(6,002)	(4,857)	✗	(176,790)	(181,877)	5,087	✓
Interest Paid	(8,052)	(8,091)	39	✓	(72,300)	(75,121)	2,821	✓
OPERATING CASH FLOW	21,281	23,877	(2,596)	✗	220,345	203,708	16,637	✓
Investing Cash flow:								
Capital Expenditure	(29,460)	(24,324)	(5,136)	✗	(311,972)	(318,062)	6,090	✓
Capitalised Interest (CAPI)	(2,528)	(1,266)	(1,262)	✗	(14,264)	(11,824)	(2,440)	✗
INVESTING CASH FLOW	(31,988)	(25,590)	(6,398)	✗	(326,236)	(329,886)	3,650	✓
Financing Cash flow:								
Bonds/Term Debt Issued/(Repaid)	-	(219,998)	219,998	✓	(220,000)	(439,998)	219,998	✓
Short Term Advances/(Repaid)	-	27,000	(27,000)	✗	(30,000)	(3,000)	(27,000)	✗
Commercial Paper Issued/(Repaid)	9,863	19,886	(10,023)	✗	(5,221)	10,762	(15,983)	✗
Auckland Council Borrowings/(Repaid)	20	174,825	(174,805)	✗	361,246	558,414	(197,168)	✗
FINANCING CASH FLOW	9,883	1,713	8,170	✓	106,025	126,178	(20,153)	✗
Net Increase (Decrease) in Cash and Cash Equivalents	(824)	-	(824)	✗	134	-	134	✓
Opening Cash Balance/(Overdraft)	921	-	921	✓	(37)	-	(37)	✗
Ending Cash Balance/(Overdraft)	97	-	97	✓	97	-	97	✓

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

Reconciliation Operating Cashflow (\$000's)

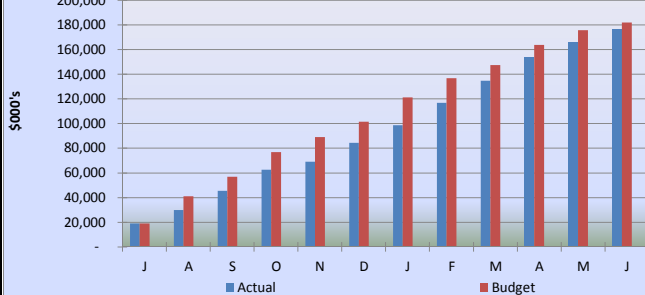
	Current Month		Full Year	
	Actual	Budget	Actual	Budget
Net Surplus (Deficit) After Tax	(3,298)	656	(9,413)	(2,112)
Add back non cash items:				
Depreciation and amortisation	17,914	16,548	205,937	199,682
Financial instruments revaluation	(11,291)	-	(13,050)	-
Vested assets revenue	(1,116)	(1,400)	(20,887)	(5,800)
Contributions for PP&E	-	(550)	(250)	(2,000)
Other non-operating exp/(inc)	558	-	11,777	-
Fair value gain - forestry assets	(1,342)	-	(1,342)	-
Income Tax Expense/(Benefit)	24,941	(252)	36,808	(818)
Movements in Working Capital	(5,086)	8,875	10,766	14,756
OPERATING CASH FLOW	21,281	23,877	220,345	203,708

YTD Operating Revenue - Cash Flow



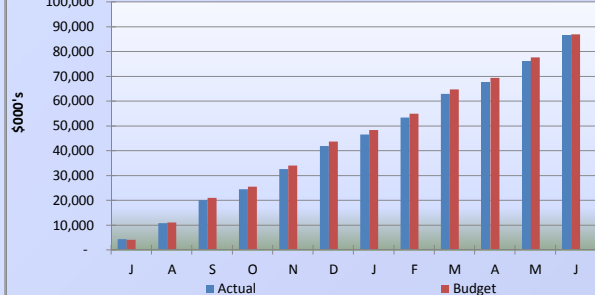
Increased full year operating cashflow due to \$5.4m subvention payment from Ports of Auckland and debtor collection levels above budget.

YTD Operating Costs - Cash Flow



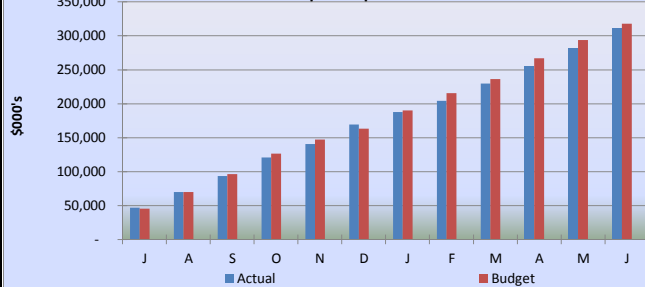
Full year favourable variance reflects actual timing of payment to suppliers' different to budget and unbudgeted \$5.4m lease inducement payment received for 73 Remuera Road.

YTD Total Interest (including CAPI) - Cash Flow



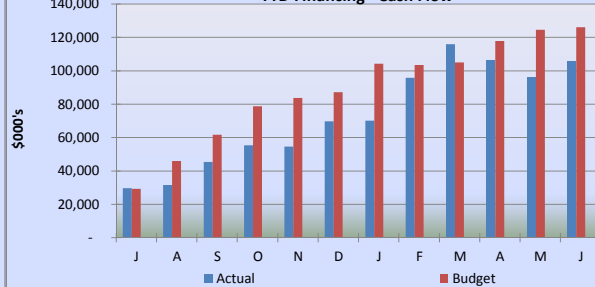
Full year interest cost payments is on budget.

YTD Capital Expenditure - Cash Flow



Full year capital expenditure cash flow is marginally below budget.

YTD Financing - Cash Flow



Full year financing cashflow favourable variance reflects lower borrowings than budgeted due to lower than budgeted capital expenditure and operating cash flows higher than budget.

WATERCARE SERVICES LIMITED

Jun-14

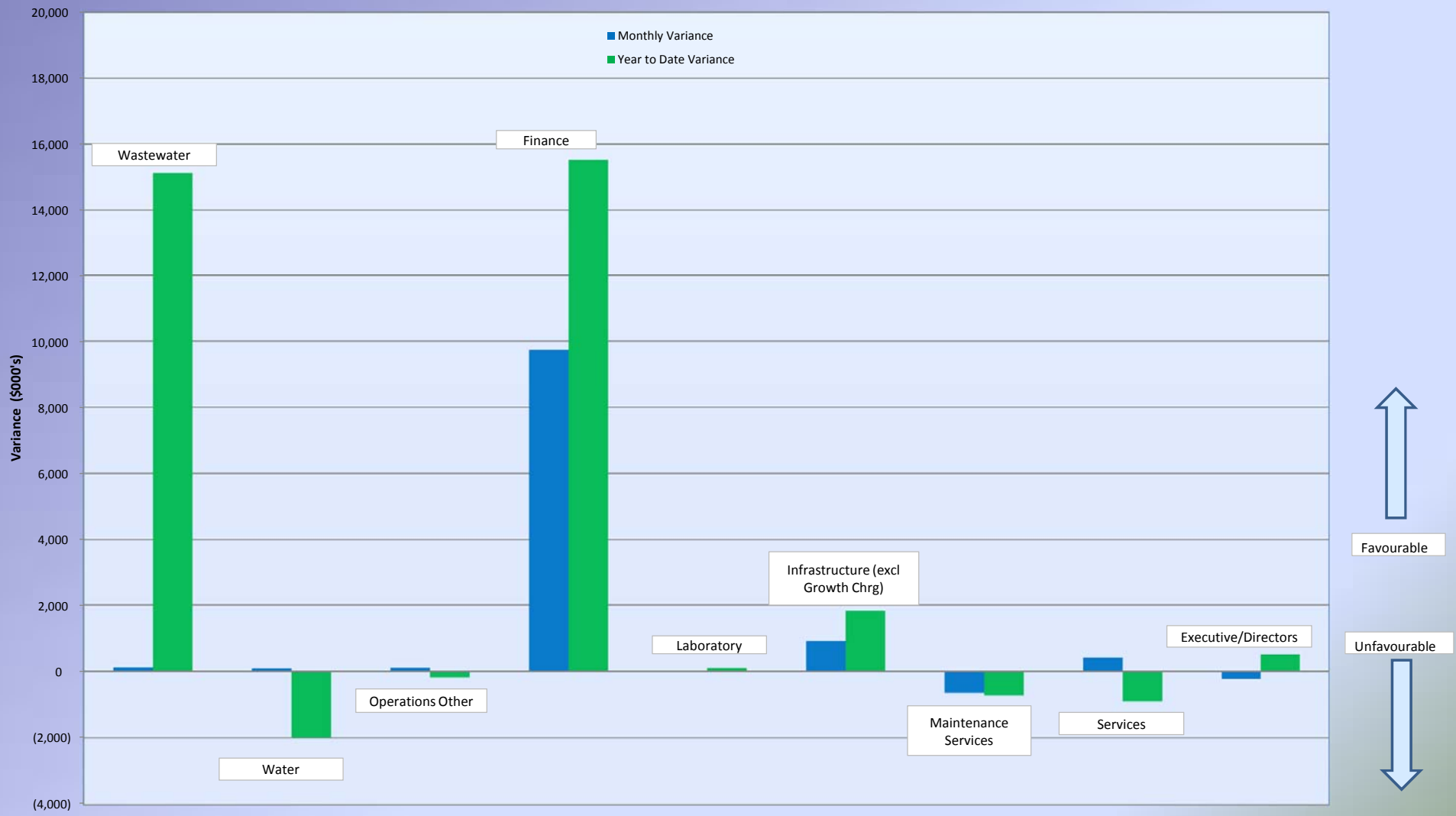
STATEMENT OF FINANCIAL PERFORMANCE BY BUSINESS UNIT

(\$000's)

	Current Month						Full Year					
	Actual			Budget			Actual			Budget		
	Water	Wastewater	Total	Water	Wastewater	Total	Water	Wastewater	Total	Water	Wastewater	Total
Wastewater Revenue	-	20,881	20,881	-	21,007	21,007	-	266,504	266,504	-	269,728	269,728
Water Revenue	10,652	-	10,652	10,605	-	10,605	133,340	-	133,340	136,088	-	136,088
Tradewaste Revenue	-	1,796	1,796	-	1,496	1,496	-	13,509	13,509	-	13,382	13,382
Laboratory Revenue	162	341	503	179	376	556	1,796	3,771	5,567	2,192	4,603	6,795
Infrastructure Growth Charge Revenue	3,282	1,654	4,936	1,422	716	2,138	21,939	11,052	32,990	16,662	8,393	25,055
Other Revenue	4,475	9,062	13,537	1,093	1,600	2,693	14,250	34,043	48,292	6,541	9,825	16,366
Total Revenue	18,572	33,734	52,306	13,299	25,195	38,495	171,324	328,878	500,202	161,482	305,932	467,414
Labour	2,310	3,873	6,183	2,240	3,661	5,901	24,202	39,865	64,067	25,809	41,650	67,459
Contract Labour	233	520	753	47	103	150	1,905	3,758	5,664	711	1,625	2,336
Oncosts	(14)	(22)	(36)	106	172	278	1,077	1,745	2,823	1,254	2,033	3,286
Labour Recoveries	(1,001)	(1,854)	(2,855)	(993)	(1,764)	(2,756)	(11,232)	(20,108)	(31,341)	(11,685)	(20,758)	(32,442)
Net Labour	1,528	2,518	4,046	1,399	2,173	3,572	15,952	25,260	41,213	16,089	24,550	40,639
Materials & Cost of Sales	(28)	165	137	58	123	181	588	1,450	2,038	712	1,499	2,211
Planned Maintenance	347	810	1,157	286	588	874	5,459	8,673	14,131	6,449	10,620	17,069
Unplanned Maintenance	1,617	1,059	2,675	1,001	1,168	2,169	14,690	13,712	28,402	12,163	14,406	26,569
Asset Operating Costs - Chemicals	392	566	958	279	617	896	3,810	7,067	10,878	3,863	7,157	11,020
Asset Operating Costs - Energy	516	1,107	1,624	349	1,116	1,465	5,030	11,969	16,999	4,872	12,893	17,765
Operating Costs - Other	1,836	2,949	4,784	1,447	2,058	3,505	18,296	31,917	50,213	16,684	27,282	43,966
Depreciation and Amortisation	7,710	10,205	17,914	6,866	9,682	16,548	88,483	117,453	205,937	82,365	117,317	199,682
Total Asset Operating Costs	12,418	16,696	29,114	10,228	15,230	25,458	135,768	190,791	326,559	126,396	189,675	316,071
Communications	58	90	148	50	91	141	587	913	1,500	596	1,076	1,671
Professional Services	621	956	1,577	392	655	1,047	5,060	7,602	12,662	5,512	8,426	13,938
Interest	817	3,847	4,664	926	5,054	5,979	4,058	67,507	71,565	5,446	69,674	75,121
General Overheads	202	1,531	1,733	628	1,085	1,713	5,967	12,358	18,325	7,720	12,974	20,694
Overheads	1,697	6,424	8,122	1,996	6,884	8,880	15,671	88,380	104,052	19,274	92,150	111,423
Total Expenses	15,616	25,803	41,419	13,681	24,410	38,091	167,980	305,882	473,862	162,472	307,873	470,345
Total Contribution	2,956	7,931	10,887	(382)	785	404	3,345	22,996	26,340	(989)	(1,941)	(2,930)

WATERCARE SERVICES LIMITED
DIVISIONAL CONTRIBUTION VARIANCE

Jun-14



↑
Favourable

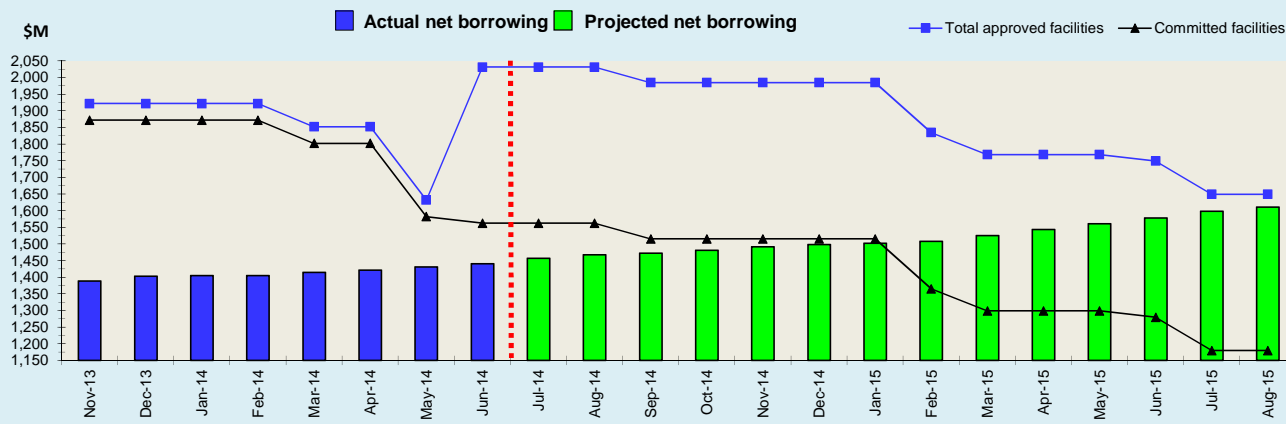
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Unfavourable

WATERCARE SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION

Jun-14

(\$000's)

June 2013 Actual	May Actual		June		
			Actual	Budget	Variance
		Non-Current Assets			
7,678,869	7,936,293	Property, Plant and Equipment	7,988,872	8,147,527	(158,655)
438,568	448,910	Construction/Work-in-progress	453,301	472,252	(18,951)
(32,668)	(201,883)	Less Provision for Depreciation	(210,329)	(230,656)	20,327
8,084,769	8,183,320	Total Property, Plant and Equipment	8,231,844	8,389,123	(157,279)
43,054	40,009	Intangible Assets	39,784	41,560	(1,776)
24,855	24,295	Prepaid Expenses	24,208	22,149	2,059
3,338	4,163	Inventories	4,123	4,422	(298)
10,819	5,811	Derivative Financial Instruments	5,698	16,830	(11,130)
8,166,836	8,257,598	Total Non-Current Assets	8,305,657	8,474,083	(168,425)
		Current Assets			
-	922	Cash and Cash Equivalents	97	-	97
39,247	36,585	Trade and Other Receivables	48,186	36,739	11,446
20,832	20,287	Unbilled Revenue Accrual	19,452	26,150	(6,698)
4,220	4,078	Prepaid Expenses	4,146	5,262	(1,115)
4,005	3,681	Inventories	3,836	1,874	1,962
3,645	822	Derivative Financial Instruments	556	6,780	(6,223)
71,949	66,375	Total Current Assets	76,273	76,805	(532)
8,238,785	8,323,973	Total Assets	8,381,930	8,550,888	(168,956)
		Non-Current Liabilities			
150,000	-	Bonds (16/02/15)	-	-	-
30,000	30,000	Bonds (18/05/16)	30,000	30,000	-
75,000	75,000	Bonds (26/10/18)	75,000	75,000	-
51,183	50,953	Bonds (26/10/18)	50,932	50,932	-
150,000	150,000	Term Loan (13/10/16)	150,000	150,000	-
35,000	5,000	Bank Revolving Credit Facility	5,000	35,000	(30,000)
418,734	742,043	Auckland Council Loan	722,339	704,513	17,826
909,917	1,052,996	Total debt non-current	1,033,271	1,045,445	(12,174)
8,580	13,185	Other Accrued Expenses	13,120	8,342	4,778
1,171	1,180	Provision for Staff Benefits	1,201	1,570	(369)
83,909	75,166	Derivative Financial Instruments	63,490	120,431	(56,942)
927,052	938,919	Deferred Tax Liability	963,808	958,412	5,396
1,930,628	2,081,445	Total Non-Current Liabilities	2,074,890	2,134,201	(59,311)
		Current Liabilities			
37	-	Bank Overdraft	-	-	-
139,032	123,948	Commercial Paper	133,811	149,794	(15,982)
220,239	-	Bonds (15/05/14)	-	-	-
-	250	Bonds (26/10/18)	250	250	-
-	150,000	Bonds (16/02/15)	150,000	150,000	-
78,754	116,671	Auckland Council Loan	136,395	136,394	-
438,062	390,869	Total debt current	420,456	436,438	(15,982)
28,116	23,088	Trade and Other Payables	28,427	37,801	(9,375)
10,641	14,849	Interest Accrued	12,681	13,914	(1,233)
55,205	46,503	Other Accrued Expenses	55,903	65,125	(9,221)
5,720	5,621	Provision for Staff Benefits	6,382	4,157	2,225
2,983	1,131	Other Provisions	928	2,983	(2,055)
990	142	Derivative Financial Instruments	150	990	(840)
541,717	482,203	Total Current Liabilities	524,927	561,408	(36,481)
		Equity			
260,693	260,693	Authorised & Issued Capital	260,693	260,693	-
3,779,111	3,779,111	Capital Contribution Reserve	3,779,111	3,779,111	-
1,620,746	1,641,363	Revaluation Reserve	1,666,754	1,736,326	(69,572)
65,580	85,273	Retained Earnings	84,968	81,260	3,708
40,310	(6,116)	Current Year Earnings after Tax	(9,413)	(2,112)	(7,301)
5,766,440	5,760,325	Total Shareholders' Funds	5,782,113	5,855,278	(73,165)
8,238,785	8,323,973	Total Shareholders' Funds and Liabilities	8,381,930	8,550,887	(168,956)



Interest rates

	Actual YTD	Benchmark YTD	Year end forecast
Weighted averages (excl. fees and margins)	4.86%	4.62%	4.86%
Weighted averages (incl. fees and margins)	6.27%	N/A	6.27%

Debt (\$m)

	Actual	Budget	Variance
Short-term borrowings	420.5	436.4	(15.9)
Long-term borrowings	1,033.3	1,045.4	(12.1)
Total gross debt	1,453.8	1,481.8	(28.0)
Less cash & deposits	0.1	-	(0.1)
Total net borrowing	1,453.7	1,481.8	(28.1)

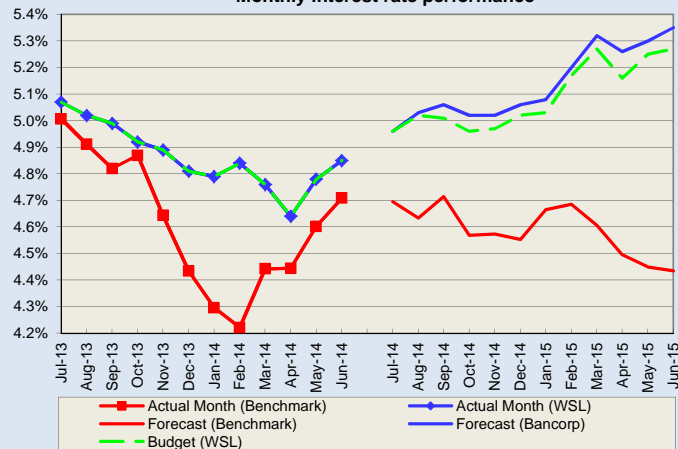
Committed facilities

- 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	\$847 million
Total committed facilities as at 30 June	\$1,562 million

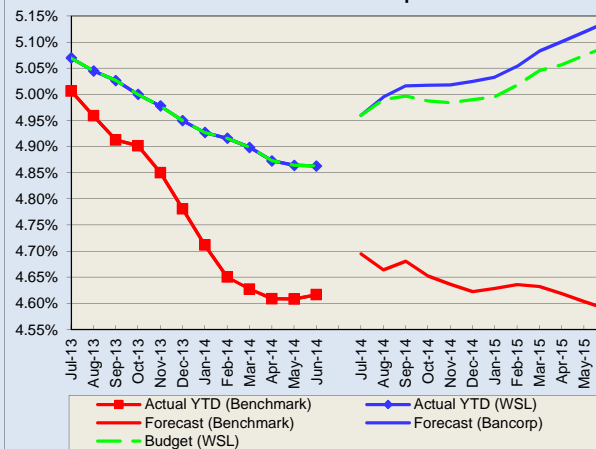
Additional approved facilities

- Approved new funding from Auckland Council	\$420 million
- Approved CP issuance, over and above CP Standby facility	\$50 million
Total approved facilities as at 30 June	\$2,032 million

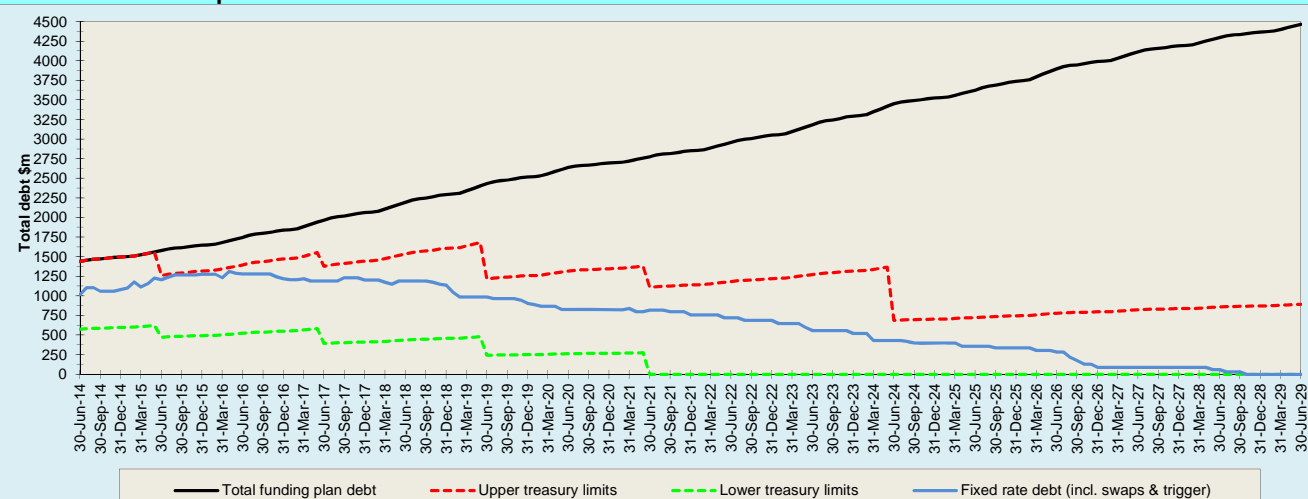
Monthly interest rate performance



Year to date interest rate performance



Forecast total debt profile



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

Jun-14

Counterparty exposures	S&P credit rating Short / long term	Face value	Credit exposures	Limit	Limit	
		\$000	\$000	\$000	OK /	exceeded
Obligations of registered banks						
ANZ Bank	A1+ / AA-	600,606	114,961	200,000	Limit OK	✓
Bank of New Zealand	A1+ / AA-	691,971	131,980	200,000	Limit OK	✓
ASB Institutional	A1+ / AA-	115,000	12,750	200,000	Limit OK	✓
Westpac Institutional Bank	A1+ / AA-	385,900	125,490	200,000	Limit OK	✓
		1,793,478	385,180	N/A		

Note: Credit exposures are direct exposures plus 3% of the face value of interest rate contracts per annum & 10% of foreign currency contracts.

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	132,616	16,692	79,668	78,368	82,243	457,242	846,829
Total committed debt facilities		282,616	206,692	229,668	178,368	207,243	457,242	1,561,829
Approved new funding from Auckland Council							419,716	419,716
Approved CP issuance, over and above CP Standby							50,000	50,000
Total committed and approved debt facilities		282,616	206,692	229,668	178,368	207,243	926,958	2,031,545
Treasury policy - total committed debt facilities		<= 500,000	<= 500,000	<= 500,000	<= 500,000	<= 500,000		
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			5,000				5,000
Westpac Term Loan facility (\$150m)	13/10/16					150,000		150,000
BNZ CP Standby facility (\$100m)	1/07/17							0
		0	0	5,000	0	150,000	0	155,000
Treasury policy for bank facilities		<= 250,000	<= 250,000	<= 250,000	<= 250,000	<= 250,000	<= 250,000	
Treasury policy compliance		✓	✓	✓	✓	✓	✓	
Other facilities								
BNZ overdraft	On demand	2,000						2,000
		2,000	0	0	0	0	0	2,000

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

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

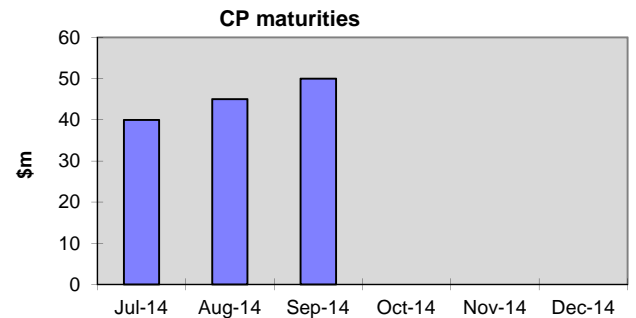
Covenant / ratio	Benchmark/target measure	Outcome	Compliance
Security interests / total tangible assets - maximum	5%	0.00%	✓
Total liabilities / total tangible assets - maximum	60%	31.16%	✓
Total liabilities (including contingent) / total tangible assets - maximum	65%	31.17%	✓
Shareholders funds - minimum (\$000)	500,000	5,782,113	✓
EBITDA : funding costs ratio - minimum	1.75	3.95	✓
Funds from operations : interest cover ratio - minimum	2.00	3.30	✓
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 currency exposures (NZ\$000) including hedging for chemical purchases	USD	AUD	Total
Total exposure to be hedged	2,946	439	3,386
Foreign exchange hedging	2,946	439	3,386
Percentage cover	100%	100%	100%
Treasury policy	100%	100%	100%
Treasury policy compliance	✓	✓	✓

Hedging for chemical purchases (US\$000)	Dec-14	Jun-15	Dec-15	Jun-16	Total
Chemicals forward foreign exchange hedging	750	500			1,250
Treasury policy					<= 5,000
Treasury policy compliance					✓

Commercial paper maturities

Issue #	\$000	BKBM	Interest rate	Bid cover (x)	Term (days)	Maturity date
267	40,000	3.330%	3.461%	2.21	91	30-Jul-14
268	45,000	3.400%	3.519%	2.76	91	25-Aug-14
269	50,000	3.570%	3.685%	2.68	91	22-Sep-14
	135,000		3.563%			



Note: BKBM is the banks' mid-rate for bills of an appropriate term on the day of issue of the CP.

	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Beyond Dec-14	Total
Outstanding CP	40,000	45,000	50,000	0	0	0	0	135,000
Uncommitted short-term debt								0
	40,000	45,000	50,000	0	0	0	0	135,000

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

Undrawn committed standby facilities	1 month	1-2 months	2-3 months	3-4 months	4-5 months	5-6 months	6-7 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	42,500	47,500	25,000	0	0			
Treasury policy: Undrawn standby facilities >= 50% of outstanding CP and other uncommitted short-term debt repayable within 60 days								
Treasury policy compliance	✓	✓	✓	✓	✓	✓		

B Pages Summary

Indicator	Detailed Indicators	Result MTD	Result 12 Mth Rolling	Page Ref
Drinking water compliance		●		B1
Wastewater Treatment - Mangere		●		B2
Wastewater Treatment - Rosedale		●		B3
Managed Assets	1. Unplanned maintenance	●		B4
	2. Inventory management	●		B5
Cost Minimisation		●		B7
Network Statistics	1. 3 days notice of planned shutdowns	●		B10
	2. Response to wastewater blockages within one hour	●		B10
	3. Unplanned water shutdowns restored within five hours	●		B10
	4. Water interruption frequency	●		B10
	5. Sewer breaks and chokes interruption frequency	●		B10
	6. Number of dry weather overflows	●		B10
	7. Water quality complaints	●		B10
Customer Service Statistics	1. Grade of service	●	●	B11
	2. Abandonment rate and call volumes	●	●	B11
	3. Average handling time	●	●	B11
	4. Customer correspondence and resolution within 10 days	●	●	B11
	5. Customer complaints and resolution within 10 days	●	●	B11
	6. Customer experience survey - Contact Centre	●	●	B11
	7. Customer experience survey - Maintenance	●	●	B11

Water Quality

Transgressions of Maximum Acceptable Values - Annual Compliance 2014 (Financial Year to Date)

WTPs	Compliance in Month	Year to date Transgressions
E.coli	19/19	0*
Protozoa	19/19	0**
Priority 2 Determinands	4/4	0

* The Laboratory failed to collect a compliance sample from the Waikato WTP on 30 April 2014. Awaiting confirmation that this does not impact compliance from Drinking Water Assessor.

** Positive E.coli results were obtained in two samples from Victoria Avenue Bore in May. Drinking Water Assessor has confirmed that this is not considered a transgression.

Water Supply Zone	Compliance in Month	Year to date Transgressions
E.coli	41/41	1
Priority 2 Determinands *	6/7	4
Turbidity	41/41	0

* Priority 2 Determinands are those of public health significance that are present at concentrations that exceed 50% of the Maximum Acceptable Value. Trihalomethanes have been assigned to Te Henga, Oratia, Helensville/Parakai, Warkworth and Wellsford. Nitrate has been assigned to Bombay. Fluoride and Boron are assigned to Clarks/Waiiau as it is naturally occurring in the groundwater

Transgressions:

A routine sample for Trihalomethanes (THMs) from 10 Fordyce Rd in the Helensville Grading Zone taken on 23/01/14 breached the Maximum Allowable Value. The result was 1.143mg/L compared to the MAV of 1.0mg/L. The Drinking Water Assessment Unit was notified.

Reports have been issued to the Drinking Water Assessment Unit for the Robertson Road, Waipareira Avenue and Ormiston Road turbidity exceedances in November and December.

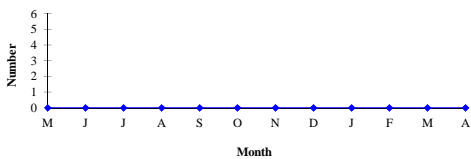
A routine sample for boron from the Clarks/Waiiau Beach Zone taken on 19/03/2014 breached the MAV. The result was 1.5mg/L compared to the MAV of 1.4mg/L. The Drinking Water Assessment Unit was notified. Boron will be addressed by the connection of Clarks/Waiiau to the Waikato supply.

A routine sample for THMs from the Te Henga Grading Zone taken on 08/04/2014 breached the MAV. The result was a ratio of 1.052 compared to the MAV of 1. The Drinking Water Assessment Unit was notified.

9/06/2014: Boron of 2.4mg/L in Clarks/Waiiau

E.coli was detected at a sample point in Devonport in the North Shore Grading Zone on 23/11/2013. The Drinking Water Assessment Unit was notified and three days of consecutive sampling conducted as per the DWSNZ requirements for both events. All follow-up samples were compliant with the DWSNZ. DNA analysis confirms the E.coli strains detected as being E.coli. The strains were very similar indicating they were possibly derived from the same animal or bird and unlikely to be from sewage contamination.

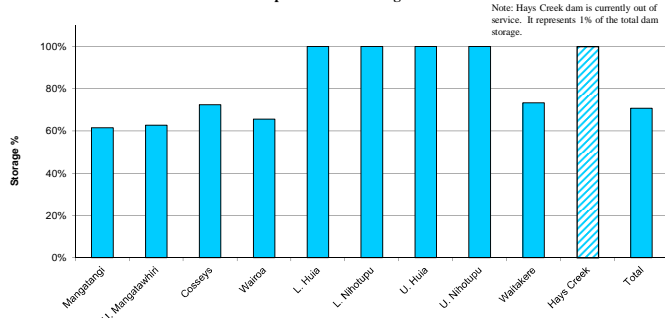
Unplanned Loss of Supply at Bulk Meters



	Month Actual	Rolling 12 month Actual
Number	0	0
Hours	0	0

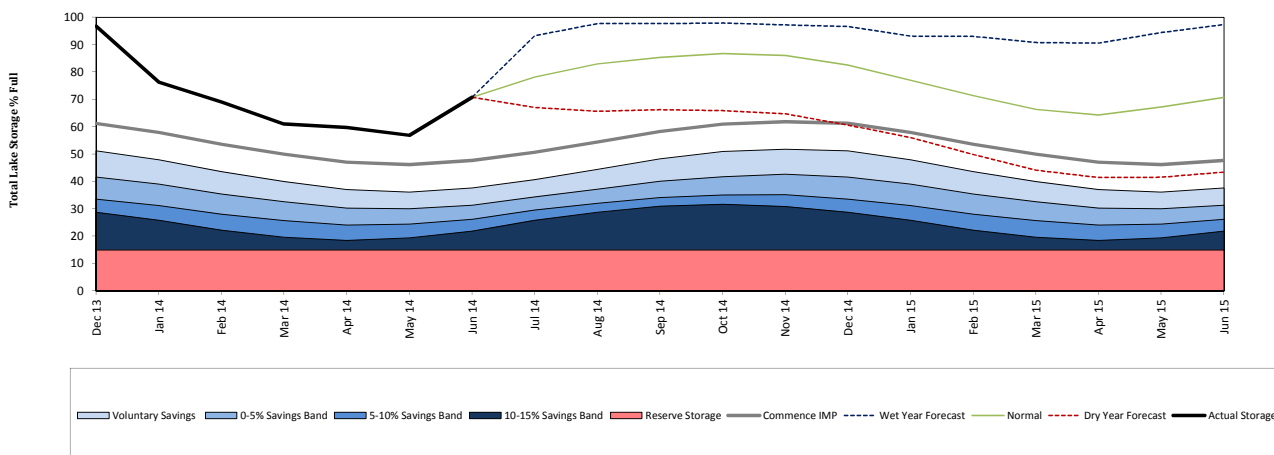
Note:
There has been no unplanned loss of supply at Bulk Meters for the last 12 months.

Metropolitan Dam Storage



Note: Hays Creek dam is currently out of service. It represents 1% of the total dam storage.

Storage Response - December 2012 to June 2014



Management Report WATERCARE SERVICES LIMITED Jun-14
Wastewater Treatment - Mangere

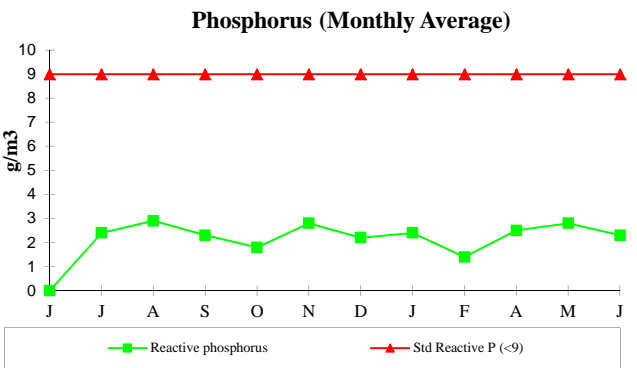
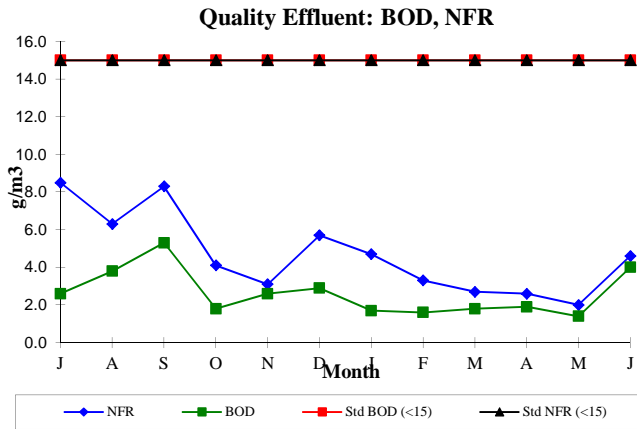
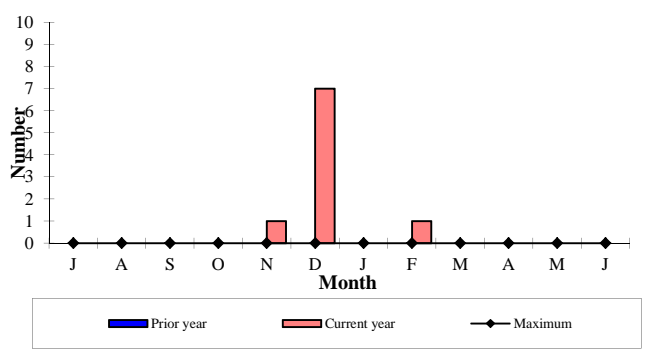


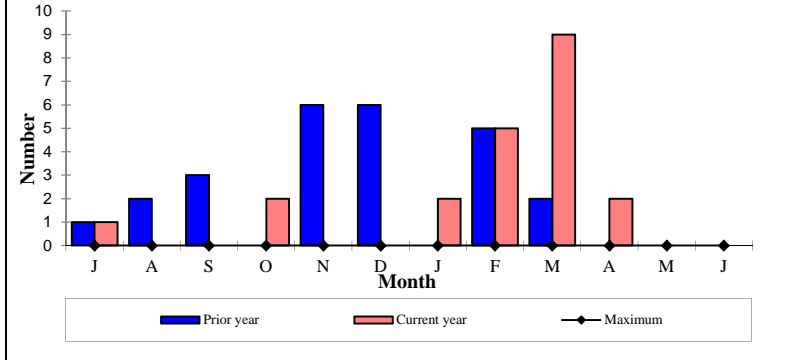
Table 2 Compliance	Consent compliance	Jun-14	Table 2 Standard
Plant load			
Monthly average			
BOD (g/m ³)	✓	4.0	< 15
NFR (g/m ³)	✓	4.6	< 15
Nutrients (g/m³)			
Monthly Mean			
Reactive phosphorus	✓	2.3	< 9
Total nitrogen (Apr-Nov)	✓	10.9	< 35
Total nitrogen (Dec-Mar)		N/A	< 9.5
Disinfection			
% duration receiving 35 milliWatt-sec/cm ² of UV do	✓	100.00%	>= 99%
Monthly mean (% saturation)			
Dissolved oxygen	✓	85.00%	> 80%
Breaches of resource consent conditions	✓	0	0

Comment:

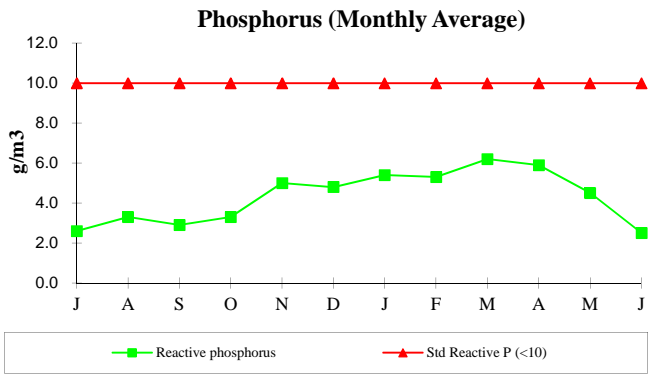
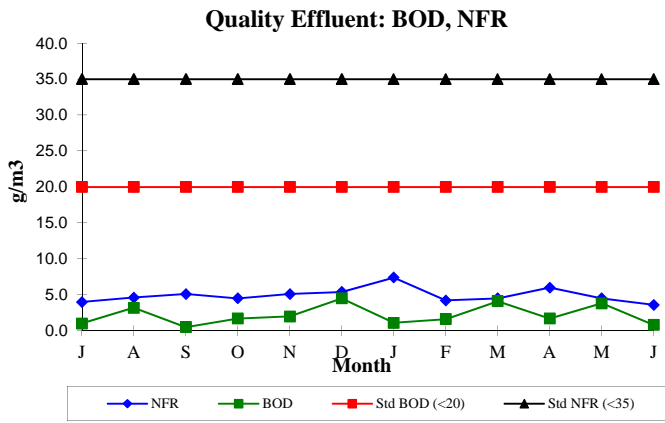
✗ Midge Complaints



✗ WTP Odour Complaints

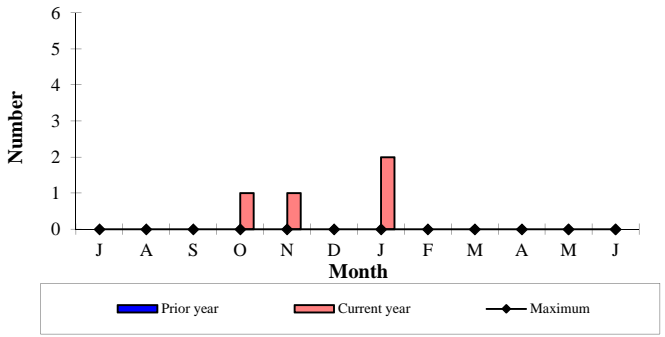


Management Report WATERCARE SERVICES LIMITE Jun-14
Wastewater Treatment - Rosedale

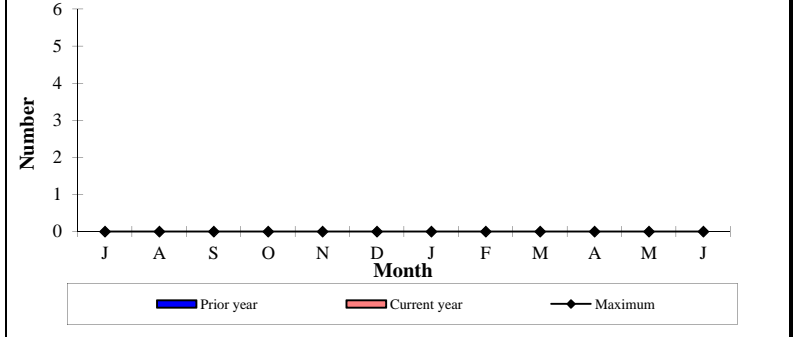


Compliance	Consent compliance	Jun-14	Table 2 Standard
Plant load			
Monthly average			
BOD (g/m3)	✓	0.8	< 20
NFR (g/m3)	✓	3.6	< 35
Nutrients (g/m3)			
Monthly Mean			
Reactive phosphorus	✓	2.5	< 10
Total nitrogen	✓	10.0	< 30
Ammonia	✓	2.3	< 10
Bacteriological			
Monthly median			
Enterococci (#/100ml)	✓	3.3	< 100
Faecal Coliforms (#/100ml)	✓	8.2	< 1000
Bacteriological			
Monthly 95% Percentile			
Enterococci (#/100ml)	✓	238	< 1000
Faecal Coliforms (#/100ml)	✓	116	< 10000
Bacteriological			
95 Percentile over three discreet months			
Enterococci (#/100ml)	✓	87	< 1000
Faecal Coliforms (#/100ml)	✓	2270	< 10000

✗ Midge Complaints (YTD)



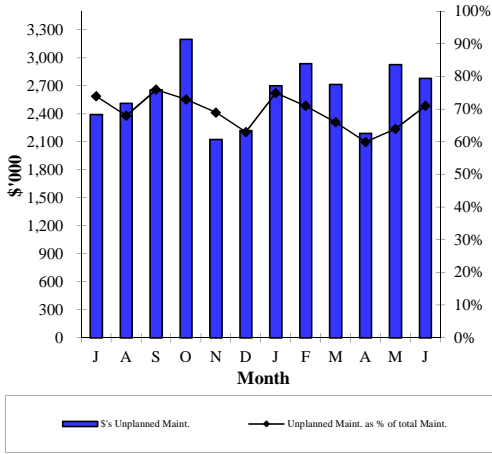
✓ WTP Odour Complaints (YTD)



There have been no odour complaints made for over two years

Managed Assets

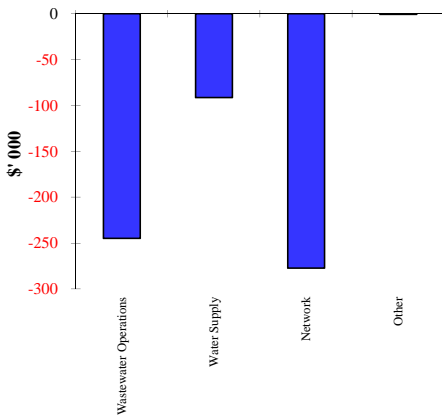
Unplanned Maintenance



	Result	Month			Year to Date		
		Actual	Budget	Var	Actual	Budget	Var
Unplanned Maintenance	✘	2,782	2,168	(614)	31,366	26,554	(4,812)
% of Total Maintenance	↔	71%	72%	1%	69%	61%	-8%

Unplanned maintenance as a % of Total Maintenance is unfavourable to budget for the month due to higher Wastewater unplanned failures and high volume of jobs in Networks area

Unplanned Maintenance Variance -Month



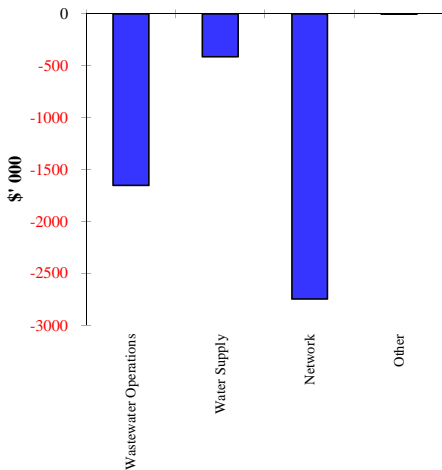
	Result	Month		
		Actual	Budget	Variance
Wastewater Operations	✘	697	453	(245)
Water Supply	✘	256	165	(91)
Network	✘	1,828	1,550	(277)
Other	✘	1	0	(1)

Wastewater Operations: Higher than budget due to high volume of repairs in Mangere

Water Operations: Higher than budget due to number of watermain failures for the month

Networks: Higher than budget due to large volume of jobs in Northern area

Unplanned Maintenance Variance - YTD



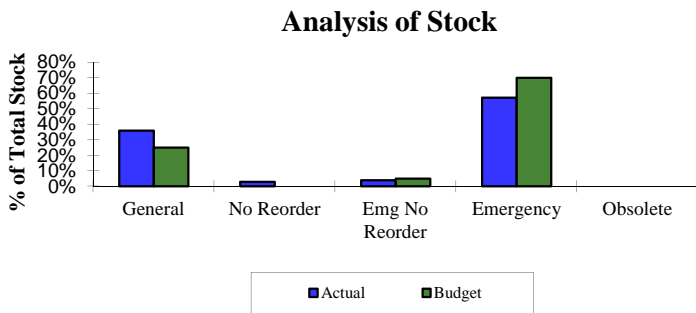
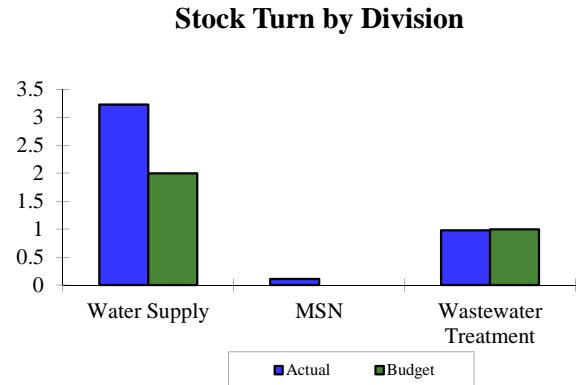
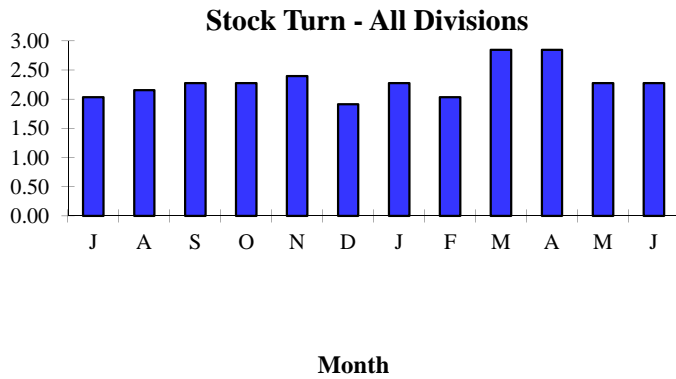
	Result	Year to Date		
		Actual	Budget	Variance
Wastewater Operations	✘	7,477	5,825	(1,652)
Water Supply	✘	2,461	2,047	(414)
Network	✘	21,426	18,682	(2,745)
Other	✘	2	-0	(2)

Wastewater Operations: Over budget due to high volume of works in Mangere

Water Operations: Over budget mainly due to high volume of works in Southern area

Networks: Over budget due to budget allocation and high volume of works in Northern and Central area

✔ **Inventory Management**



Comment:

The total closing value for June 14 was \$6.8m

Definitions:

General - Non category specific item

No Reorder - Will not trigger Material Requisition Plan

Emergency - Stock which is held in case of breakdowns

Emergency No Reorder - As above but will not be reordered once exhausted

Obsolete - Stock that is no longer required by the business

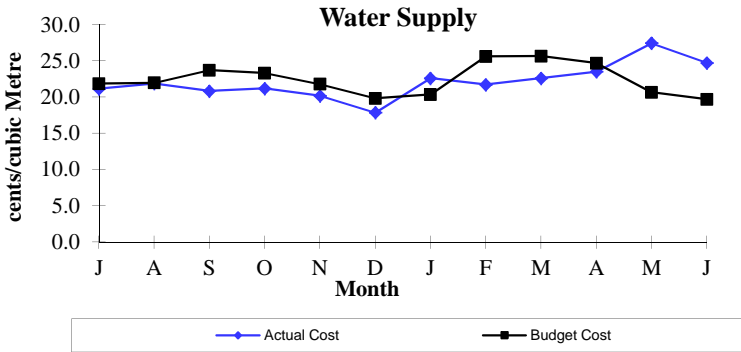
Management Report

Cost Minimisation

WATERCARE SERVICES LIMITED

Jun-14

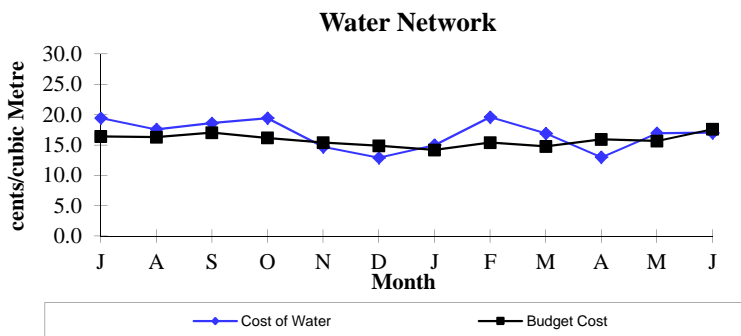
* Water Supply



This Month			YTD Cumulative average		
Actual	Budget	Variance	Actual	Budget	Variance
24.7	19.7	(5.1)	22.1	22.4	0.3

Comment:
This month unit cost is over budget due to catch up work on Planned maintenance. YTD unit cost is consistent with budget.

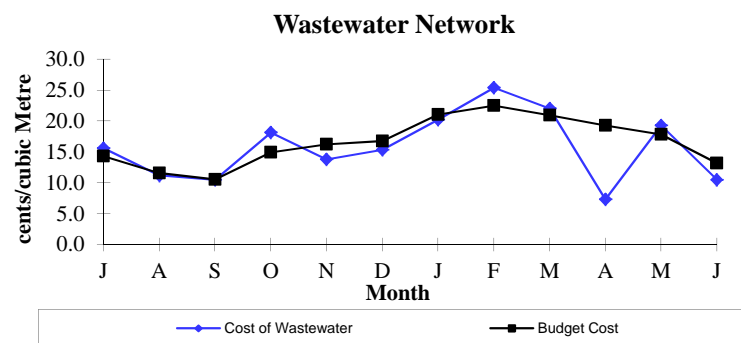
↔ Water Networks



This Month			YTD Cumulative average		
Actual	Budget	Variance	Actual	Budget	Variance
17.0	17.6	0.6	16.7	15.7	(1.0)

Comment:
This month the reticulation cost of water is consistent with budget

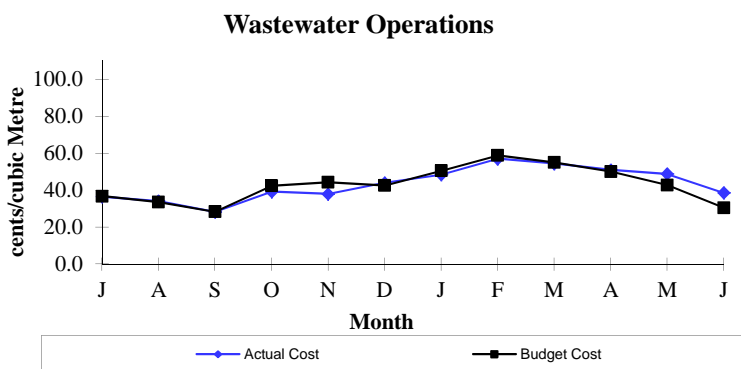
✓ Wastewater Networks



This Month			YTD Cumulative average		
Actual	Budget	Variance	Actual	Budget	Variance
10.5	13.1	2.7	15.0	15.7	0.8

Comment:
The reticulation unit cost of wastewater is favourable to budget due to cost savings on Unplanned maintenance in Northern area.

* Wastewater



This Month			YTD Cumulative average		
Actual	Budget	Variance	Actual	Budget	Variance
38.6	30.5	(8.1)	41.3	41.0	(0.4)

Comment:
This month unit cost of Wastewater is over budget due to higher than budget Unplanned maintenance costs in Mangere, due to high number of failure. YTD unit cost is consistent with budget.

Date	Outlet/Publication	Headline	Opening text	Positive	Neutral	Negative
01/06/14 08:22	Whale Oil Beef Hooked	Here they come Len. This is what deliberate sabotage earns you	Len Brown needs more money. Here they come Len. This is what deliberate sabotage earns you. Len Brown needs more money. He's got the rate payers to a point where they are no longer willing to put up with his ridiculous rates rises. So now he has to fiddle around the edges by introducing parking charges in all suburbs of Auckland.			✓
1/06/2014	Onehunga Community News	Watercare pipeline goes before judge	Readers interested in the legal progress of the Central Interceptor pipeline project appeals will have to be patient while Watercare meets with those opposing the decision of Auckland Council appointed commissioners, who granted consent for the replacement pipeline project this year. ... During May, Watercare and the above appellants attended a judicial conference where according to Watercare, most seemed confident that outstanding issues could be resolved... But the central message of Manukau Harbour communities remains: that the pipe's capacity to direct more sewage into the harbour - and every few decades totally untreated sewage - is deeply concerning.			✓
1/06/2014	Contractor Magazine	Thirsty work	Building a country is never going to be cheap, and we often cover projects whose budge is expressed in hundreds of millions, if not billions of dollars...		✓	
1/06/2014	Contractor Magazine	Going with the flow	Auckland Council's Watercare is already responsible for providing water and wastewater services to around 1.3 million people, and the city's growing population is driving an increasing demand for its services. To meet this demand, and expand system capacity, Watercare is budgeting \$4.8 billion in capital investment over the next 10 years, with most of it spent on renewing and improving existing infrastructure.		✓	
2/06/2014	The New Zealand Herald	Letters: Watercare charges	Once again, Watercare is increasing all its charges for no apparent reason. Only last year it admitted healthy profits because of a dry summer and high wastewater charges on gardeners as they poured water into the ground. The public seems to like public ownership of assets, but we end up with a monopoly that can charge whatever it likes, so it can pay management salaries well above what would be given in the private sector. I have no choice who I use to supply my water, therefore I must pay its rates. Public ownership in the form of a monopoly is never of benefit to the consumer. L. F. Jones, Te Atatu Peninsula.			✓
3/06/2014	The New Zealand Herald	Letters: On Watercare	Len Brown says he is comfortable with Watercare charges. He would be on his salary. I doubt if many Auckland ratepayers on normal incomes and pensions share his equanimity. Watercare with its affluent board is out of control. Alec Hill, Devonport.			✓
3/06/2014	The New Zealand Herald	Letters: On Watercare	When Watercare was proposed, 8 per cent savings were outlined, and an independent performance services auditor recommended to protect the ratepayer. Watercare has not fulfilled the above and can contemplate charging more than \$12,000 for a new connection. Auckland ratepayers require Auckland Council to reduce its cost structure and appoint an independent performance services auditor. Stephen Moore, Mission Bay.			✓
3/06/2014	The New Zealand Herald	Letters: Watercare charges	It is with disbelief that I read Watercare is adding \$2300 to the cost of a new house by lifting its connection charges. What started as a charge of \$575 several years ago for a new water meter connection was increased to the current \$9775. It is now increasing charges to \$12,075 in July. David Freman, St Marys Bay.			✓
04/06/14 11:00	The New Zealand Herald	The Ultimate Green Home: Waste	Your home can be transformed into a lean, mean machine, making its own power, collecting and storing water, producing no waste and, most importantly, keeping you healthy. Here's how - in a four-part series.		✓	
4/06/2014	Auckland City Harbour News	Water costs rising.	Water is about to cost you more. Watercare will increase the price of its water and wastewater services from July 1, the first rise in two years.		✓	
5/06/2014	North Shore Times Advertiser	Board comes up with options on beachfront land	A makeover is on the way for the Mairangi Bay beachfront. The Hibiscus and Bays Local Board has come up with three options for the land and will put them to the public this month...		✓	
05/06/14 04:35	Fairfax Media - Central Leader (Epaper)	Price of water to rise by 4c	Water is about to cost you more. For the first time in two years, Watercare will increase the price of its water and wastewater services from July 1.		✓	
05/06/14 06:58	Fairfax Media -Papakura Courier (Epaper)	Water charges set to increase	Get ready to dig deeper into your pocket – monthly water bills are going to increase by an average of \$2.		✓	
05/06/14 19:02	Radio New Zealand	Ford resigns from Solid Energy board	The former chair of troubled state-owned company Solid Energy has resigned from the board due to ill-health.		✓	
06/06/14 13:11	Voxy.co.nz	Hoax messages should be ignored - Police	Police say a message circulating on social media warning that households are being robbed at gunpoint is a hoax and should be ignored.		✓	
06/06/14 13:21	ForeignAffairs.co.nz	Hoax messages should be ignored	Police say a message circulating on social media warning that households are being robbed at gunpoint is a hoax and should be ignored.		✓	
06/06/14 13:15	Scoop	Hoax messages should be ignored	Police say a message circulating on social media warning that households are being robbed at gunpoint is a hoax and should be ignored.		✓	
06/06/14 13:36	3 News	Police warn of social media hoax	A message circulating on social media that says households are being robbed at gunpoint has prompted a hoax warning from police.		✓	

07/06/14 13:38	3 News	Interview: Len Brown	Interview: Len Brown Lisa Owen: You have this offer, 75-million dollars for the downtown car park, is that attractive?		✓	
08/06/14 15:29	Scoop	Lisa Owen interviews Auckland Mayor Len Brown	Lisa Owen interviews Auckland Mayor Len Brown Disagrees with Labour Leader David Cunliffe's call to limit immigration.		✓	
09/06/14 08:15	Skykiwi	Hoax messages should be ignored	Police say a message circulating on social media warning that households are being robbed at gunpoint is a hoax and should be ignored.		✓	
10/07/2014	Western Leader	Ignore hoaxes doing rounds.	A message circulating on social media that says households are being robbed at gunpoint has prompted a hoax warning from police.		✓	
10/06/14 16:57	Fairfax Media - Franklin County News (Epaper)	Watercare price jumps pass costs to users	Get ready to dig deeper into your pocket – monthly water bills are going to increase by an average of \$2.		✓	
12/06/14 03:00	The New Zealand Herald	Ask Phoebe: Drinking rainwater carries risks in city	Council concerned about bacteria from roofs and tanks. A recent <i>Element</i> magazine article said only rural areas can use rainwater for drinking and that city councils won't allow it. Why is this? Surely with a filter in place it should be suitable? Steve Peterson, Auckland. An Auckland Council spokesman says rainwater itself is fine, it's the infection from bacteria from roofs and tanks that causes the problem.		✓	
12/06/2014	The New Zealand Herald	You say: Water charge	When my wife and I moved to Auckland in 2004, our water rates with the former Manukau City Council were \$120 a year. Now with Watercare, they're \$1200 a year, and if we water our garden, they are even more... Donald Anderson, Papatotoe.			✓
13/06/14 03:06	NZ News_Business	Roadworks kill trade on St Heliers Bay Rd	Roadworks are churning up St Heliers Bay Rd and small business owners fear it could be the end of them.			✓
13/06/14 03:00	Manawatu Standard	Roadworks kill trade on St Heliers Bay Rd	Roadworks are churning up St Heliers Bay Rd and small business owners fear it could be the end of them.			✓
13/06/14 03:00	Auckland Now	Roadworks kill trade on St Heliers Bay Rd	Roadworks are churning up St Heliers Bay Rd and small business owners fear it could be the end of them.			✓
13/06/14 03:00	The Dominion Post	Roadworks kill trade on St Heliers Bay Rd	Roadworks are churning up St Heliers Bay Rd and small business owners fear it could be the end of them.			✓
13/06/14 03:00	The Southland Times	Roadworks kill trade on St Heliers Bay Rd	Roadworks are churning up St Heliers Bay Rd and small business owners fear it could be the end of them.			✓
13/06/14 03:00	The Marlborough Express	Roadworks kill trade on St Heliers Bay Rd	Roadworks are churning up St Heliers Bay Rd and small business owners fear it could be the end of them.			✓
13/06/2014	New Zealand Herald	Our drinking water: Just how clean is it, really?	About 78,000 people served by supplies where E. coli not adequately monitored. Tens of thousands of Kiwis drink water that fails to meet quality or monitoring standards, prompting calls for better investment in New Zealand's smaller supplies.	✓		
13/06/2014	New Zealand Herald	Letters: Watercare charge	In 2011, Watercare replaced the urban water and wastewater growth charges and development contributions charged by the former councils with a standardised metropolitan charge – the infrastructure growth charge...			✓
13/06/2014	Pohutukawa Coast Times	Wastewater charges to increase	Most homes in the Pohutukawa Coast Clevedon District will pay an extra \$5 a year for wastewater. Watercare is to adjust the price of its water and wastewater services for the first time in two years.		✓	
14/06/14 00:23	Fairfax Media - East and Bays Courier (Epaper)	Businesses struggle Roadworks kill trade on St Heliers Bay Rd	Roadworks are churning up St Heliers Bay Rd and small business owners fear it could be the end of them.			✓
16/06/14 16:47	Whale Oil Beef Hooked	Auckland Council likely to fail on first year of Special Housing and blame government	Auckland Council are widely expected to ramp up their public relations in the next few months leading up to the October deadline that marks the first year of the Housing Accord.		✓	
16/06/2014	New Zealand Herald	Letters: Helping Watercare grow	The explanation of the Infrastructure Growth Charge by your correspondent John Redwood, the Watercare communications manager, is incomplete. One of the reasons is for growth. That is accepted. But what he failed to say is that developers of land cannot subdivide until they have ensured developments do not have a downstream impact and that Watercare can handle the additional load... Ross Barber, Massey.			✓
17/06/2014	Selector.com	Philips Lighting case study: Watercare House	In the context of demonstrating good corporate responsibility, Green Star ratings have become increasingly popular with larger tenants, both public and private.		✓	
18/06/14 03:00	The New Zealand Herald	Balance of power swings to landlords	The balance of power between metropolitan office landlords and tenants has clearly swung in favour of the landlords for the first time in the past six years, says a study encompassing more than 1.7 million square metres of Auckland city office space.		✓	
18/06/2014	Mahurangi Matters	Wastewater upgrade causes disruptions	The installation of a new wastewater main in Elizabeth Street, Warkworth, has hit a snag or, more correctly, a hard rock. About two-thirds of the pipe has been installed, but the remaining one-third will be completed using open trenching, rather than underground drilling. Watercare says the change is necessary because the contractors ran into unforeseen rock.			✓
19/06/14 06:05	Fairfax Media - East and Bays Courier (Epaper)	Letters: Watercare's arrogance	Re: Watercare and upgrade of services along St Heliers Bay Rd. I was appalled to read your article in last Friday's Courier (June 13). The arrogance of Watercare's response is beyond belief. Who do they think they are to advise the shop owners by letter in May just three weeks before starting work?			✓
19/06/2014	Nor West News Brief	Cost of water set to rise soon	Water is about to cost you more. Watercare will increase the price of its water and wastewater services from July 1, the first rise in two years.		✓	
25/06/14 08:36	Voxy.co.nz	Concern at Watercare price rise	Property Council is concerned with Watercare's increase of its Infrastructure Growth Charges (IGC) and consequential impacts on development costs and housing affordability... The IGC increase is worrying as it is likely to directly impact on the cost of a new house by increasing development costs.			✓

25/06/14 08:36	Yahoo! New Zealand	Concern at Watercare price rise	Property Council is concerned with Watercare's increase of its Infrastructure Growth Charges (IGC) and consequential impacts on development costs and housing affordability... The IGC increase is worrying as it is likely to directly impact on the cost of a new house by increasing development costs.			✓
25/06/14 14:15	FreeNewsPos.com	Watercare Price Rise a Concern	Property Council is concerned with Watercare's increase of its Infrastructure Growth Charges (IGC) and consequential impacts on development costs and housing affordability... The IGC increase is worrying as it is likely to directly impact on the cost of a new house by increasing development costs.			✓
25/06/14 08:53	Scoop	Watercare Price Rise a Concern	Property Council is concerned with Watercare's increase of its Infrastructure Growth Charges (IGC) and consequential impacts on development costs and housing affordability... The IGC increase is worrying as it is likely to directly impact on the cost of a new house by increasing development costs.			✓
26/06/14 03:00	Auckland Now - Rodney Times	Changing nature of contracting	Rocky Road: Onehunga based contractors have hit a limestone rock seam under Elizabeth St while drilling. Traffic has been dodging road cones in Warkworth's main street for several weeks after a two-day job laying a pipe ran into trouble... Three drill bits were broken before work stopped and a new plan of attack was considered, Watercare communications manager John Redwood says.			✓
27/06/14 15:00	Scoop	Select Committee Business From 23 June to 26 June 2014	Select Committee Business From 23 June to 26 June 2014... Finance and expenditure...		✓	
28/06/14 13:00	The New Zealand Herald	Auckland: Engineering a day out	Danielle Wright discovers man-made glories – old and new – around Auckland. In a changing world, engineering as a career seems a relatively safe bet with the Department of Labour predicting continued growth in the industry.		✓	
28/06/2014	New Zealand Listener	Letters: Cheaper than chips	Mihingarangi Forbes nominates fizzy drinks being cheaper than water as one of New Zealand's biggest food issues (<i>Eat</i> , June 21)...	✓		
30/06/14 16:17	Yahoo! New Zealand	Watercare's 23.5% fee hike 'set to scare the horses'	Watercare's 23.5% fee hike 'set to scare the horses'. From tomorrow Watercare's connection fee for new Auckland urban dwellings will rise by 23.5% from \$9,775 to \$12,075, which has already spooked the Minister for Housing, Property Council, and development sector. "Watercare has done very well on residential water prices since 2010's council amalgamation. However, when it comes to this latest massive increase in the metropolitan infrastructure growth charge the condemnation has been swift and widespread," says Auckland Councillor for Orakei, Cameron Brewer			✓
30/06/14 16:17	Voxy.co.nz	Watercare's 23.5% fee hike 'set to scare the horses'	Watercare's 23.5% fee hike 'set to scare the horses'. From tomorrow Watercare's connection fee for new Auckland urban dwellings will rise by 23.5% from \$9,775 to \$12,075, which has already spooked the Minister for Housing, Property Council, and development sector. "Watercare has done very well on residential water prices since 2010's council amalgamation. However, when it comes to this latest massive increase in the metropolitan infrastructure growth charge the condemnation has been swift and widespread," says Auckland Councillor for Orakei, Cameron Brewer			✓
30/06/2014	Scoop.co.nz	Watercare's 23.5% fee hike 'set to scare the horses'	Watercare's 23.5% fee hike 'set to scare the horses'. From tomorrow Watercare's connection fee for new Auckland urban dwellings will rise by 23.5% from \$9,775 to \$12,075, which has already spooked the Minister for Housing, Property Council, and development sector. "Watercare has done very well on residential water prices since 2010's council amalgamation. However, when it comes to this latest massive increase in the metropolitan infrastructure growth charge the condemnation has been swift and widespread," says Auckland Councillor for Orakei, Cameron Brewer			✓
				2	26	25

Social media

Date	Media outlet	Posted by	Link	Positive	Neutral	Negative
1/06/2014	twitter.com	bizzo	https://twitter.com/imavoyager/status/472908905144516608	✓		
2/06/2014	MLA Unitec		http://mlaunitec.blogspot.co.nz/2014/06/june-workshop-abstracts.html		✓	
05/06/14 14:56	diopsj.blogspot.com	Mrs Paddison	http://diopsj.blogspot.co.nz/2014/06/lessons-from-watercare.html	✓		
09/06/14 07:41	facebook.com	Watercare Harbour Clean-Up Trust	http://www.facebook.com/201920129882257/posts/668142216593377	✓		

16/06/2014	twitter.com	Isara Cilla	https://twitter.com/IsaraCilla/status/478286215267905536		✓	
22/06/2014	twitter.com	BiggLuggNZ	https://twitter.com/biggluggnz/status/480647663667273728/photo/1			✓
25/06/2014	twitter.com	Property Council NZ	https://twitter.com/VoiceofProperty/status/481568767185416195			✓
	twitter.com	Sellahouse.co.nz	https://twitter.com/sellahouseNZ/status/481595926889263104			✓
26/06/14 09:41	facebook.com	Friends of the Manukau Harbour	https://www.facebook.com/168588229971309/posts/312413882255409			✓
26/06/2014	twitter.com	DaveMac for Hamilton	https://twitter.com/davemacpherson7/status/482029434375921665	✓		
28/06/2014	twitter.com	TarshFroningNZ	https://twitter.com/TarshFlava/status/482841534371344385			✓
28/06/2014	twitter.com	TarshFroningNZ	https://twitter.com/TarshFlava/status/482841534371344385			✓
29/06/2014	twitter.com	Mark Teirney	https://twitter.com/markteirney/status/483009146325721088			✓
29/06/2014	twitter.com	Stitchpunk	https://twitter.com/Stitchpunk/status/482998328162938881			✓
29/06/2014	twitter.com	Nick Thompson	https://twitter.com/suthfor/status/483005323448299520			✓
29/06/2014	twitter.com	Mark Teirney	https://twitter.com/markteirney/status/483003478122323968			✓
29/06/2014	twitter.com	Stitchpunk	https://twitter.com/search?f=realtime&q=watercare&src=tpd https://twitter.com/Stitchpunk/status/483000964442378240			✓
29/06/14 07:21	twitter.com	Amy	https://twitter.com/ThreeMonqeeese/statuses/482997361833021440			✓
30/06/14 19:19	kokakonz.blogspot.com	Kokako - New Zealand	http://kokakonz.blogspot.co.nz/p/about-me.html		✓	
30/06/2014	twitter.com	Auckland News	https://twitter.com/AucklandNZ/status/483499223694860288			✓
30/06/2014	twitter.com	NZ Politics News	https://twitter.com/NZPolitics/status/483515149605552130			✓
				4	3	14
						B8

Management Report

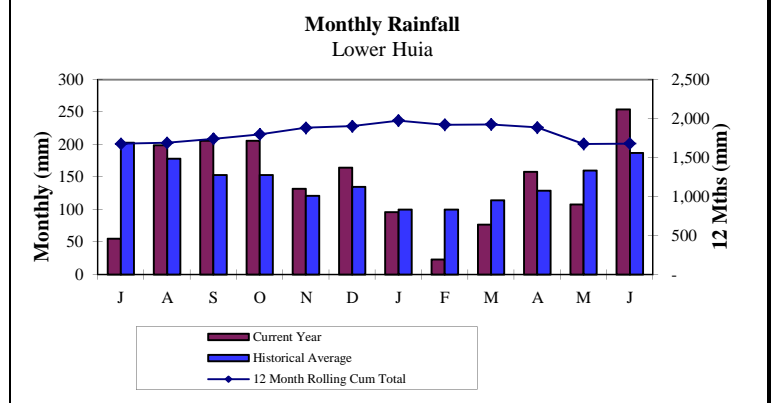
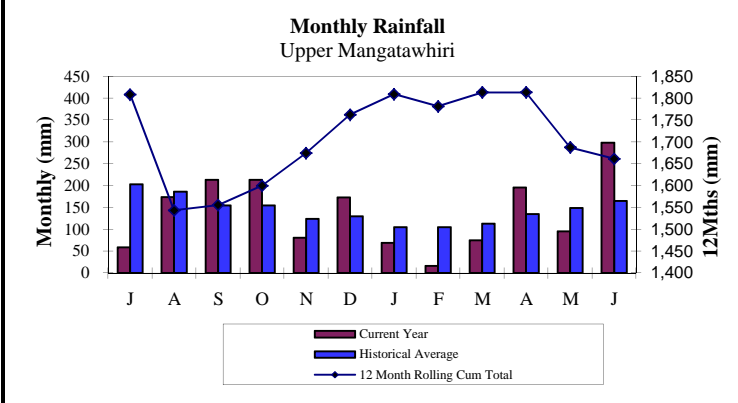
Monthly Statistics Update

WATERCARE SERVICES LIMITED

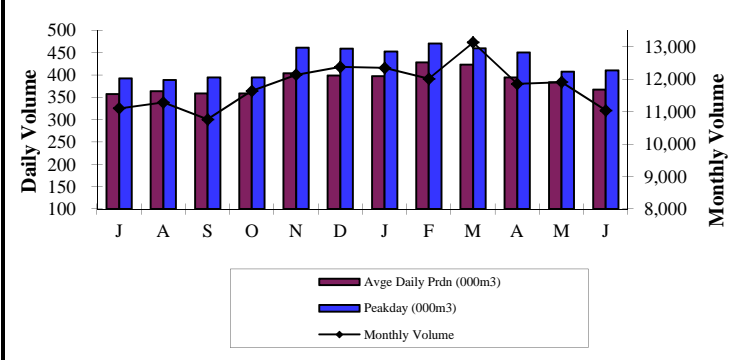
Jun-14

Rainfall

Rainfall	Current Month	12 Mth Cumulative Rolling	Rainfall	Current Month	12 Mth Cumulative Rolling
Actual - Upper Mangatawhiri	298 mm	1662 mm	Actual - Lower Huia	254 mm	1678 mm

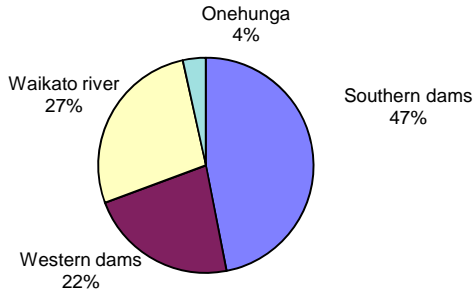


Water Production - Metropolitan Supply



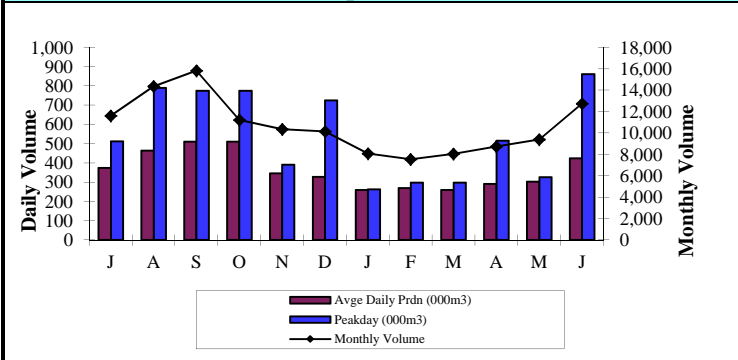
	Current Month	12 Month Rolling Ave
Monthly Volume (000m³)	11,042	11,801
Average Daily Production	368	387
Peak Day	411	429

Treated water volumes for the month



Treated water volumes (000m ³)	Current Month		Year to Date	
Southern dams	5,183	47%	84,367	60%
Western dams	2,473	22%	28,160	20%
Waikato river	3,005	27%	24,644	17%
Onehunga aquifer	381	3%	4,445	3%
Total	11,042	100%	141,616	100%

Wastewater Treatment - Metropolitan Treatment



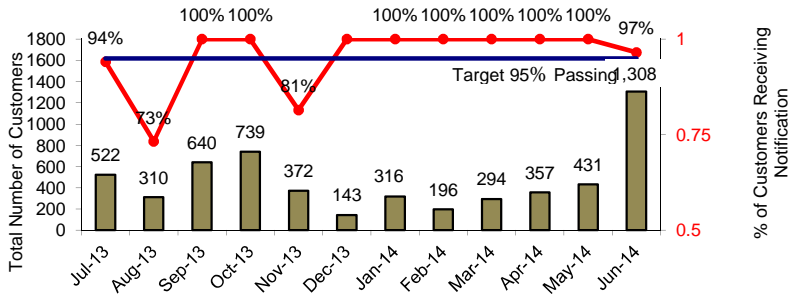
	Current Month	12 Month Cumulative Ave
Monthly Volume (000m³)	12,753	10,682
Average Daily Production	425	362
Peak Day Mangere	862	545

Management Report

Network Statistics

WATERCARE SERVICES LIMITED Jun-14

3 Days Notice of Planned Shut Down

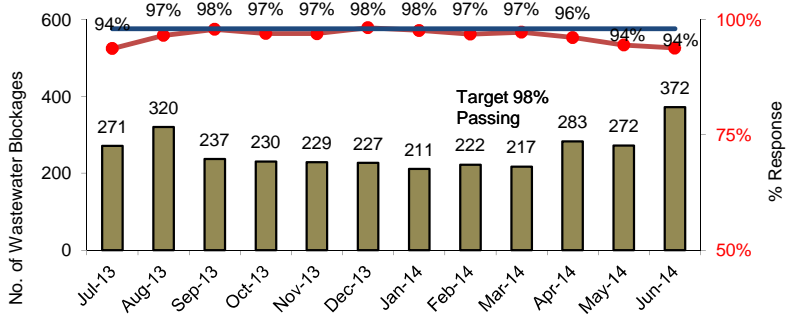


Strategic Performance Objective 23 b

Maintain good customer relationships - 97% of customers received at least 3 days notice of planned shutdowns

Comments: Target achieved

Response to Wastewater Blockages within One Hour

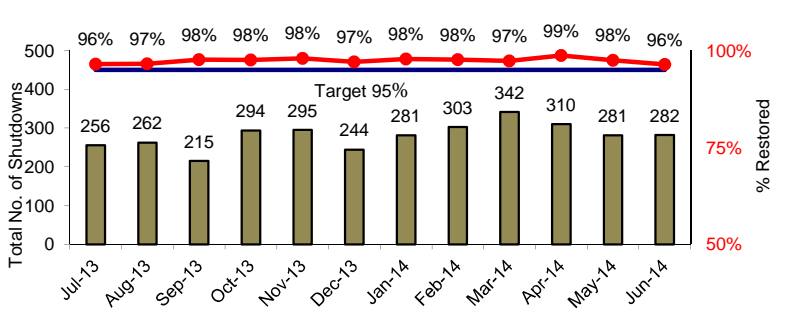


Strategic Performance Objective 25 b

Restore Service Capacity - 98% of Wastewater Blockages Responded to within one to two hours

Comments: Not achieved at 94%
The year end result was 96.2%, compared to the target of 98%. The target was not met due to a number of storm events during the year, resulting in high volume of fault calls. Some faults were not responded to within the target time. In most cases, the target was missed by an average of 10-15 minutes

Unplanned Water Shutdowns Restored within 5 hours

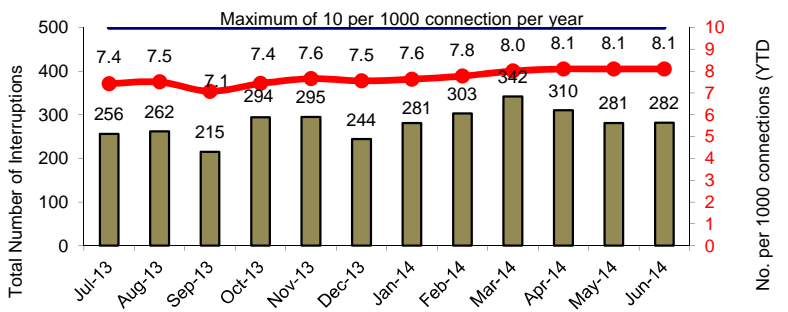


Strategic Performance Objective 25 a

Restore Service Capacity - 95% of unplanned water shutdowns were restored within 5 hours

Comments: Achieved at 96%

Water Interruption Frequency

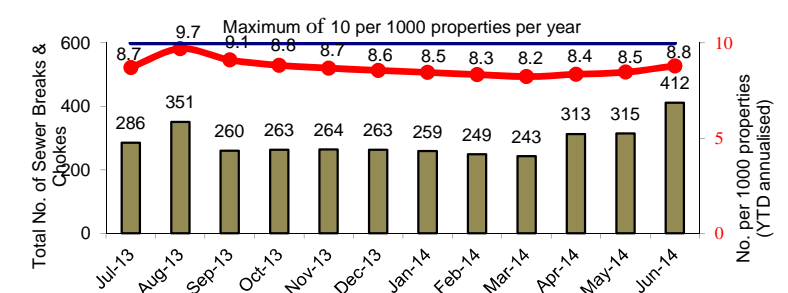


Strategic Performance Objective 24 a

Maintain Service Capacity - 10.0 water interruptions per 1000 connections per year

Comments: Achieved at 8.1 interruptions

Sewer Breaks and Chokes Interruption Frequency

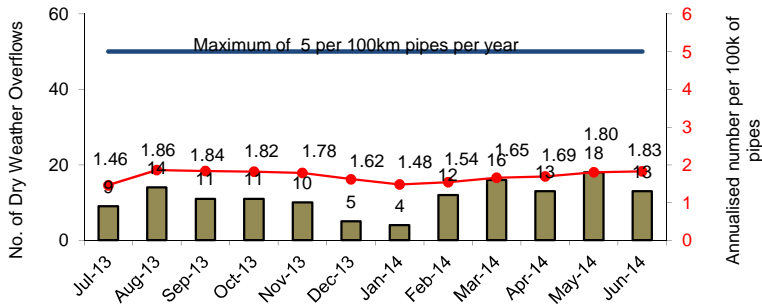


Strategic Performance Objective 24 b

Maintain Service Capacity - frequency of sewer breaks and chokes (unplanned interruptions) at 10.0 per 1000 properties per year

Comments: Achieved at 8.8 breaks

Operations - Number of Dry Weather Overflows

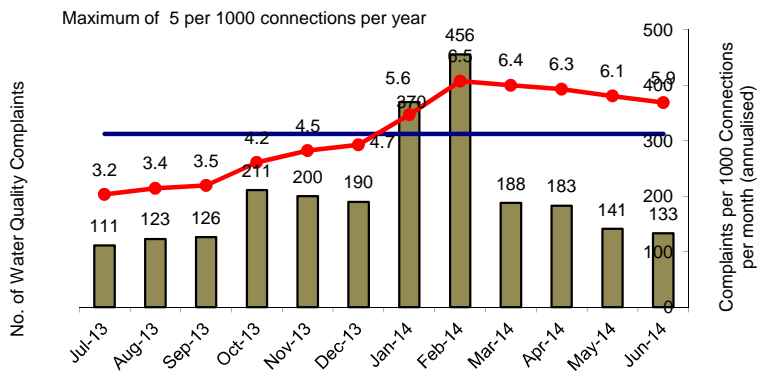


Key Performance Scorecard

Dry Weather Overflows not to exceed 5 per 100km of pipes

Comments: Target met

Water Quality Complaints



Water Quality Complaints not to exceed 5 per 1,000 customers per year

Comments: Target not met

Target not met due to the 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 complaint

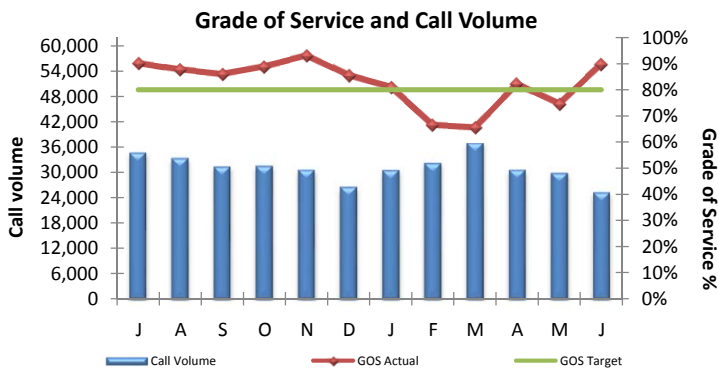
Management Report

Customer Service

June-2014

89.8%

Grade of Service and Call Volumes



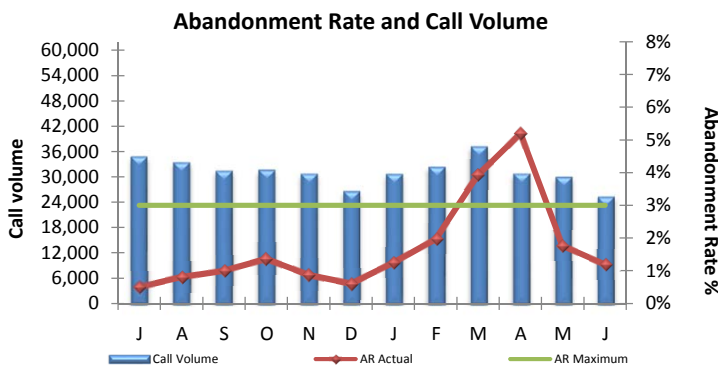
Grade of Service					
Target	Actual	Variance	12 Months	Variance	Calls
80.0%	89.8%	9.8%	82.3%	2.3%	25,329

Comments:
The Grade of Service target was achieved with 89.8% of telephone calls answered within 20 seconds, against a target of 80%. The target was also met for the year at 82.3%. Call Volume was slightly lower than previous months.

Notes:
The call volume excludes calls received outside of Watercare contact centre business hours
The call volume includes calls offered less any calls abandoned within 10 seconds.

1.2%

Abandonment Rate and Call Volumes



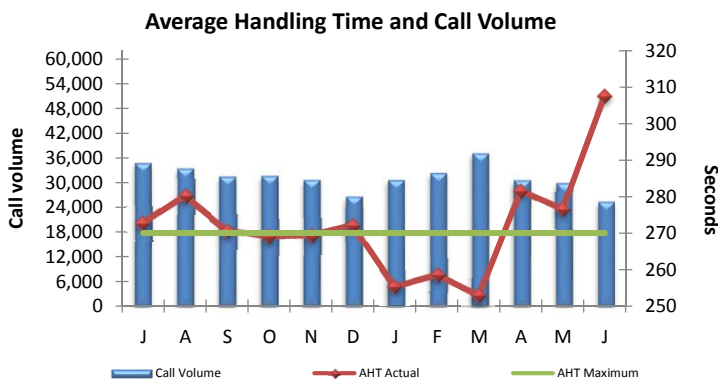
Abandonment Rate					
Maximum	Actual	Variance	12 Months	Variance	Calls
3.0%	1.2%	1.8%	2.0%	1.0%	25,329

Comments:
The target was met with only 1.2% of calls abandoned before the Contact Centre answered. The annual target was also met.

Notes:
The call volume excludes calls received outside of Watercare contact centre business hours
The call volume includes calls offered less any calls abandoned within 10 seconds.

307.7 s

Average Handling Time (AHT) and Call Volumes



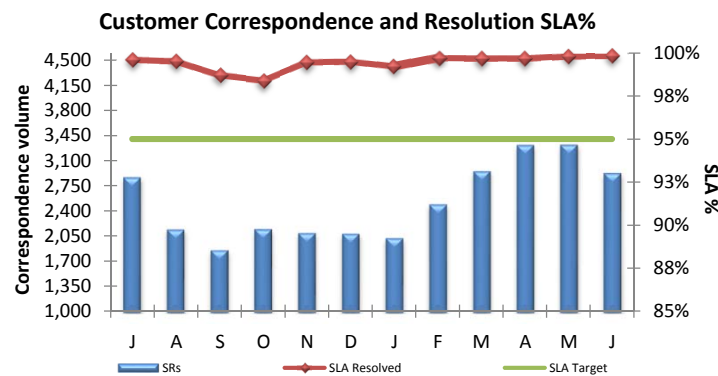
Average Handling Time					
Target	Actual	Variance	12 Months	Variance	Calls
270.0	307.7	37.7	274.7	4.7	25,329

Comments:
The average handle time increased significantly in June and the target of 270 seconds was not achieved. The increase in the average handle time is attributed to nine new staff in Contact Centre coupled with an increase in complexity of conversations associated with the Non-Domestic customer communication.

Notes:
Figures for Jan, Feb and Mar and understated due to a system error
Call volume excludes calls received outside of Watercare contact centre business hours
The AHT includes 30 seconds of post call admin time

99.9%

Customer Correspondence and Resolution within 10 days



Correspondence SLA					
Target	Actual	Variance	12 Months	Variance	SRs
95.0%	99.9%	4.9%	99.5%	4.5%	2,933

Comments:
Both the month and rolling 12 month targets were exceeded. The number of correspondence items received has reduced from the two previous months and is similar to the same period last year

Key:
SLA - Service Level Agreement
SRs - Customer Correspondence (Service Requests)

Management Report

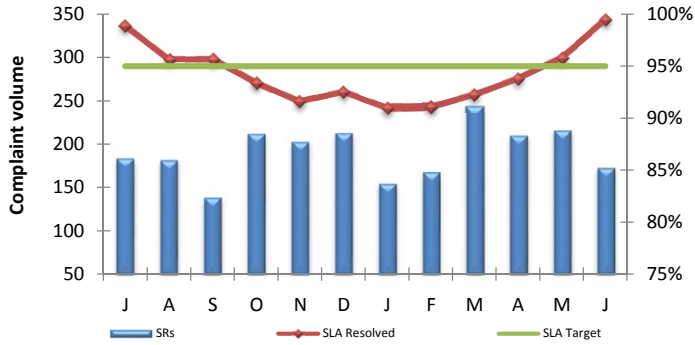
Customer Service

June-2014

99.4%

Customer Complaints and Resolution within 10 days

Customer Complaints and Resolution SLA%



Complaints SLA

Target	Actual	Variance	12 Months	Variance	SRS
95.0%	99.4%	4.4%	94.2%	0.8%	173

Comments:

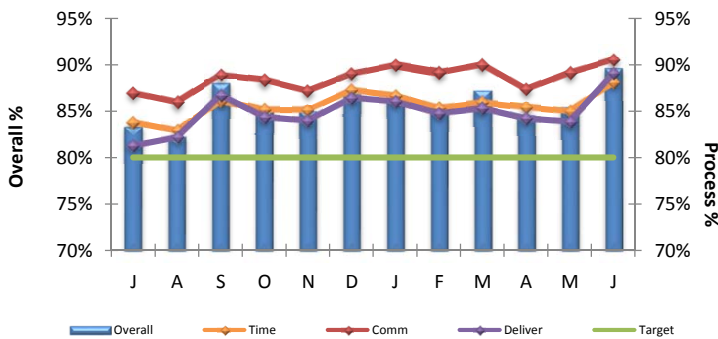
The monthly target has been exceeded with 99.4% of complaints resolved in 10 days. The twelve month target was not achieved falling 0.8% short of the target. A new complaint management process was introduced in June to monitor and follow up on resolution which has led to the significant change in complaint responsiveness when compared with the October to April period.

Key:

SLA - Service Level Agreement
SRS - Customer Correspondence (Customer Complaints)

89.7%

Customer Experience Survey - Contact Centre



By Category

By Category			Overall		
Time	Comm	Deliver	Overall	Target	Variance
88.1%	90.5%	89.1%	89.7%	80.0%	9.7%

Comments:

The Customer Survey showed that customers are satisfied with the service they received from the Contact Centre when logging faults. The target of 80% was exceeded in each of the target areas giving a combined total of 89.7%.

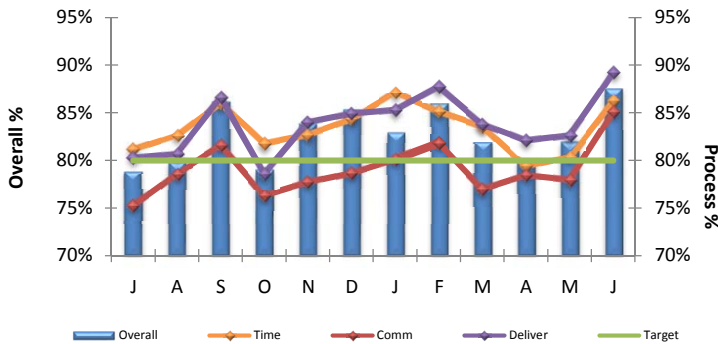
Results provided by research conducted by TNS.
This is for fault related calls only.

Key:

Time: Don't waste my time
Comm: Communicate with me
Deliver: Deliver to me

87.6%

Customer Experience Survey - Maintenance



By Category

By Category			Overall		
Time	Comm	Deliver	Overall	Target	Variance
86.2%	85.1%	89.2%	87.6%	80.0%	7.6%

Comments:

The Customer Survey showed that customers are satisfied with the service they received from the maintenance teams when responding to faults. The target of 80% was exceeded in each of the target areas. Satisfaction has improved significantly from last month in all three areas.

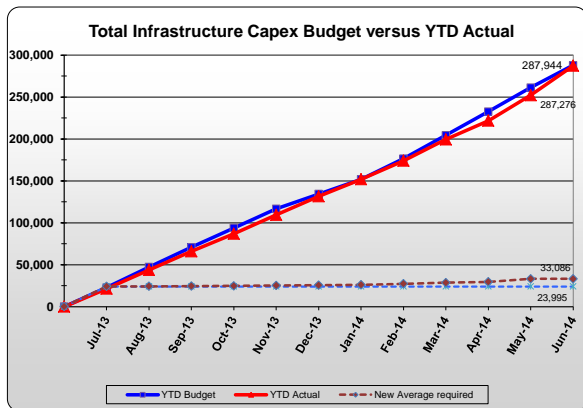
Results provided by research conducted by TNS.
This is for fault related maintenance only.

Key:

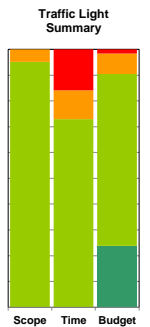
Time: Don't waste my time
Comm: Communicate with me
Deliver: Deliver to me

INFRASTRUCTURE GROUP DASHBOARD CAPITAL EXPENDITURE (\$'000)

SAP Code	Project / programme name	Stage 1 Capex Out Turn Cost	Total Project Performance		Annual Project Performance			Scope/ Quality	Time / milestones	Costs - Capex
			Current Forecast	Forecast	Budget	Budget	Variance			
Water Projects (>\$2m)										
C-10049P	Hunua No 4 Programme	-	375,780	57,977	51,732		(6,245)			
C-11619	North Harbour Watermain Duplication	-	240,192	3,790	3,600		(190)			
C-12066	Huia No 1 Watermain Replacement	42,103	42,101	7	0		(7)			
C-11232P	North Franklin Programme	-	25,259	8,759	10,241		1,482			
C-10183	Ardmore rapid restart & sludge handling	-	18,675	3,654	3,829		175			
C-10133	Maungawhau Security of Supply	-	12,284	-253	35		288			
C-11980	Waikato Expansion to 150MLD	-	12,052	6,550	6,700		150			
C-10369	Domain No. 2 Watermain	-	9,094	4,122	3,875		(247)			
C-11981	Riverhead Reservoir	-	5,797	1,580	0		(1,580)			
C-10370	Mt Hobson Upgrade	-	6,170	745	968		223			
C-11681	Albany Second Reservoir	-	5,902	1,256	1,057		(199)			
C-11798	Orakei Watermain Replacement	-	4,303	3,210	2,593		(617)			
C-11781	Sanderson Rd Water Treatment Plant	-	4,378	662	1,335		673			
C-11792	St Heliers No.1 Watermain Duplication	-	2,882	981	690		(291)			
C-12220	Mt Albert Level of Service Upgrade	2,900	2,892	42	0		(42)			
C-11074	Upper Huia Standpipe Replacement	-	1,818	1,456	2,486		1,030			
C-11995	STWKO VSD Replacements	-	2,345	71	140		69			
Water Projects >\$2m			771,924	94,608	89,281		(5,327)			
Other Water Projects			298,129	24,756	31,021		6,265			
C-12112	I000 Water Capitalised Interest			7,450	5,819		(1,631)			
Total Water Projects			1,070,053	126,814	126,120		(693)			
Wastewater Projects (>\$2m)										
C-10006	Central Interceptor Feasibility Design	-	950,949	1,805	1,540		(265)			
C-10017	Biosolids Puketutu Rehabilitation	-	172,648	28,015	20,576		(7,440)			
C-11436	Northern Interceptor - Stage 1	-	147,856	664	1,000		336			
C-11077	Mangere WWTP BNR Capacity	-	122,001	15,876	11,915		(3,962)			
C-11983	Rosedale WWTP Expansion Project	-	63,730	746	560		(186)			
C-11923	T200.FDC1 Upgrade Pukekohe WWTP	59,000	58,984	9	200		191			
C-11827	Pukekohe Trunk Sewer Upgrade	-	32,921	145	234		89			
C-11207	Howick Diversion	-	31,016	101	109		8			
C-12001	Snells Alogies WWTP Ocean Outfall	-	19,520	132	300		168			
C-11421	Barrys Pt WW Pump Station & Storage Tank	-	18,795	600	264		(336)			
C-10976	Pt England Storage Tank & Br Sewer	-	16,083	74	638		563			
C-11769	Orewa West Wastewater Network	-	14,850	3,901	1,357		(2,544)			
C-10147	Mangere WWTP Digester 8	-	14,246	5,558	5,450		(108)			
C-10925	Kohimarama Storage Tank & Branch Sewer	-	12,288	2,210	4,035		1,825			
C-11470	Glen Eden Storage & Pipe Upgrade	-	13,490	435	300		(135)			
C-10524	Northern Trunk Sewer TS30	-	11,303	1,882	2,700		818			
C-11281	Army Bay WWTP Outfall Upgrade	-	12,342	339	2,548		2,209			
C-10098	Pakuranga Rising Main DPS028	-	11,496	6,210	6,450		240			
C-11067	North Shore PS09 rising main	-	7,535	3,688	3,201		(487)			
C-10922	Wairau (HSPS05) Rising Main Replacement	-	8,543	2,021	7,065		5,044			
C-11472	Sidmouth WW PS Mairangi Bay Upgrade	-	8,225	247	675		428			
C-11556	Supply & Install of Manhole Safety Grill	-	5,720	2,708	3,860		1,152			
C-10952	Helensville WWTP Upgrade	-	8,513	2,143	2,890		747			
C-11468	Manukau North Future Upgrades	-	6,439	242	356		114			
C-11539	Eastern Interceptor Rehab Prgm - Stg 1	-	6,374	1,805	2,600		795			
C-10923	Upgrade of North Shore TS8	-	5,975	673	2,195		1,522			
C-10709	N400.01 WW Network Consents Project	-	5,707	561	871		310			
C-11423	Rosedale WWTP Cogeneration Upgrade	-	5,725	601	2,327		1,726			
C-11467	Tamaki South East Extension	-	3,577	232	310		78			
C-11451	Western Interceptor Rehabilitation	-	3,407	488	25		(463)			
C-11290	Orakei Main Sewer Rehabilitation MH21-19	-	4,009	3,215	2,710		(505)			
C-11216	Eastern Interceptor Pipe Bridge #1 Repl	-	3,647	1,476	1,361		(115)			
C-11009	South Lynn Br Sewer (MH9-MH21) & Local	-	3,000	1,340	1,639		299			
C-11711	Mangere WWTP Cogeneration Replacement	-	3,176	1,239	1,325		86			
C-10277	Reconstruction of Eastern Interceptor	-	2,457	388	0		(388)			
C-11474	Sunnynook Road Sewer Upgrade	-	2,619	160	550		390			
C-11234	Blackbridge Pump Station 37 Upgrade	-	1,819	1,337	1,965		628			
C-11338	New Gravity Sewer Miranda Reserve	-	2,867	1,895	2,675		780			
C-11569	Branch 1 Rehabilitation B01023 to B01025	-	2,194	899	750		(149)			
C-11813	Mangere WWTP Rehab.Prim.Sed Tks 11 & 12	-	1,882	61	146		85			
C-11991	Add'l Local Wastewater Network Renewals	-	1,620	1,516	964		(652)			
C-12199	Northern Networks Generator Connections	-	2,122	12	0		(12)			
C-11455	Pump Station CI Pipework Replacement	-	1,724	149	765		616			
C-11070	Army Bay WWTP Sludge Tank	-	2,038	1,146	950		(196)			
Wastewater Projects >\$2m			1,835,433	98,945	102,350		3,405			
Other Wastewater Projects				29,638	31,932		2,295			
C-12113	J000 Wastewater Capitalised Interest			6,817	5,650		(1,166)			
Total Wastewater Projects			2,178,859	128,582	134,282		5,700			
Other Infrastructure Projects										
C-10126	Networks Controls Upgrade		19,943	2,300	2,500		200			
Other Infrastructure Projects			115,702	29,581	25,041		(4,539)			
TOTAL INFRASTRUCTURE			3,384,556	287,276	287,944		668			
Other Non Infrastructure, including Capital Interest			120,924	27,159	42,720		15,560			
TOTAL ALL			3,505,480	314,436	330,664		16,228			



WSL Capex Summary	Month		Year to Date		Variance
	Actual	Budget	Actual	Budget	
Total Water projects	13,323	126,814	126,120	126,120	(693)
Total Wastewater projects	17,990	128,582	134,282	134,282	5,700
Demolition	32	1,078	1,100	1,100	22
Total ECS Projects	973	9,944	8,955	8,955	(989)
Total New Developments	372	5,877	5,662	5,662	(215)
Other Infrastructure	(2)	715	0	0	(715)
Capitalised Interest	2,528	14,266	11,824	11,824	(2,442)
TOTAL INFRASTRUCTURE	35,216	287,276	287,944	287,944	668
Total Operations	2,623	17,404	18,352	18,352	948
Total Facilities Management	243	2,050	3,965	3,965	1,914
Shared Services	407	6,107	16,640	16,640	10,533
Laboratory + Trade Waste	528	1,598	3,763	3,763	2,165
TOTAL NON INFRASTRUCTURE	3,801	27,159	42,720	42,720	15,560
TOTAL ALL	39,017	314,436	330,664	330,664	16,228



Report to the Board of Watercare Services Limited

Subject: Rural supply upgrades

Date: July 2014

1. INTRODUCTION

Following integration, Watercare planned a capital programme to upgrade the poor performing non-metropolitan supplies to meet existing statutory and corporate obligations by 2020. This commitment was ratified through targets in the Statement of Corporate Intent.

Initial estimates suggested the upgrades would require capital investment of around \$150M.

2. UPGRADING PROGRAMME

The majority of the rural water supplies inherited at integration were at capacity and had limited ability to service future growth. In addition, the rural water supplies inherited from Franklin District Council were ungraded and some were non-compliant with the Drinking Water Standards NZ.

Short-term improvements were undertaken by Operations immediately following integration to ensure all rural water supplies met the micro-biological requirements of the DWSNZ, thereby ensuring the water supplied was safe to drink.

The focus of the rural water supplies upgrade programme has been on meeting the 'Aa' grading requirements of the DWSNZ and providing additional source capacity to cater for future growth.

The majority of the rural wastewater schemes inherited at integration had discharge consents which had expired or were due to expire within 5 years. A number of the plants were also non-compliant with the consents and also had limited capacity for future growth.

The focus of the rural wastewater schemes has been on obtaining discharge consents and providing additional treatment capacity to meet current or future consent requirements and cater for growth.

3. PROGRESS

Overall the capital programme is continuing in line with the original forecasts, being around 41% complete with \$63M of the total \$156M programme spent to date. This expenditure does not cover the operational improvements that were made to these assets following integration to improve levels of service provided to consumers in the short term.

A summary of each individual scheme and its general status is provided in the appendix but the major milestones to date include:

- Connection of Pukekohe to metropolitan system. This supply was officially opened by the Mayor in September 2013 and marks a significant commitment to people of Franklin
- Connection of Matakana to the Omaha WWTP and the decommissioning of the Matakana WWTP and old gravity network
- Connection of Huapai to the metropolitan wastewater system which has allowed the discharge from the Huapai plant to the environment to be decommissioned

- The completion of stage 1 of the Helensville WWTP upgrade

4. FUTURE

The notified Unitary Plan provides for increased growth in the non-metropolitan areas that was not previously expected. These increased growth forecasts may necessitate further capacity upgrades to some of the rural supplies, but the extent and timing of any additional upgrades will not be known until the Council provides detailed growth forecasts and the programme for releasing land zoned future urban for development. These are expected in the fourth quarter of 2014.

Many of the rural wastewater schemes are operating with consents which have expired or are due to expire. Statutory Planning has implemented a consenting strategy which is pursuing a more collaborative approach with Auckland Council with a view to having a consistent baseline set of consent conditions across all rural plants. The objective is to consent each plant within a two year timeframe from the lodgement of each consent application. Long term consents will be sought as standard, unless there are justified reasons for a shorter consent period. This will give Watercare certainty on the discharge conditions which apply to each plant and will allow any upgrades necessary to meet the consent conditions to be planned and delivered appropriately.

5. RECOMMENDATION

It is recommended that this report be noted.

Report prepared by:

Recommended by:

Approved for submission by:

.....

D Blow
**Infrastructure Planning
Manager**

.....

G Wood
Chief Infrastructure Officer

.....

R Jaduram
Acting Chief Executive

Recommended by:

.....

D Worsnop
Chief Operations Officer

Rural Treatment Plant Upgrading - Status Report

Supply / Status	Proposed Work	Original Estimate (\$M)	Current Estimate \$M	Spend to Date (\$M)	Completion Date	Jul-14
Water - Original Upgrade Programme						
Pukekohe Douglas Road Buckland	Connect existing plants to the Waikato supply	13	14.9	14.9	Complete	
Clarks Beach Waiiau Beach Glenbrook Beach Patumahoe	Connect to the Pukekohe supply	32	32	22	Oct-14	The project, involving 30km of watermains, will be complete in October 2014
Waiuku	Re-consent existing bore				2015	Re-consent application under review
	Develop additional groundwater supply or connect to the Pukekohe supply	4 (new bore) 25 (connection to Pukekohe)	7 25	0.25	2016 2018	Investigation into additional groundwater source underway. This includes the potential to transfer the consent allocation from Hickeys and Patamahoe bores to Waiuku.
Wellsford	New groundwater source and WTP with associated network upgrades.	3	3	0.2	2018	Initial groundwater site did not produce sufficient volume so the abstraction consent for surface water was re-lodged to ensure plant operates legally and provides additional time to determine an alternate source. Investigations will continue over the next year to find further groundwater or alternatively to plan upgrade of the existing or develop a new surface water treatment plant
	Decommissioning of current WTP					
Bombay	Upgrade WTP inlet and outlet pipework and pump size	2	2	0	2018	There is capacity within the existing consent but the WTP infrastructure is limiting production capacity and causing network pressure issues. Pump testing is to be carried out in order to determine appropriate upgrades to the inlet and outlet pipework and the bore pump.
Warkworth	Development of new groundwater source and WTP with associated network upgrades.	7	7	1.2	2019	The first of two production wells has been completed but tests show differing iron and manganese concentrations to those seen in the bore on which the consent was granted. Further investigations are ongoing to determine where to drill the final production well. The final well will confirm water quality and therefore determine the design of the treatment plant.
	Decommissioning of current WTP					The consent allows five years to switch from the river to the groundwater source so the new source has to be in place by 2019.
Helensville	New groundwater source and WTP with associated network upgrades. Potential decommissioning of existing Mangakura dams and WTP.	15	35	0.5	2020	Mangakura dam life has been extended to 2020 so the delivery of the connection to the transmission system has been deferred while an alternative and more economical groundwater source is investigated. A decision on the final solution is required by June 2016 in order that the solution can be delivered by 2020.
Water Total		101	125.9	40.3		

Rural Treatment Plant Upgrading - Status Report

Supply / Status	Proposed Work	Original Estimate (\$M)	Current Estimate \$M	Spend to Date (\$M)	Completion Date	Jul-14
Wastewater - Original Upgrade Programme						
Huapai	Connect catchment to Metropolitan network and decommission the Huapai plant	7	7	7	Complete	The Huapai WWTP has become a network asset to pretreat wastewater prior to being conveyed to the Riverhead PS. The Huapai WWTP no longer discharges to the local stream.
Matakana	Connect catchment to Omaha WWTP and decommission Matakana plant	7	7	7	Complete	Matakana catchment is connected to Omaha WWTP. Decommissioning of the Matakana WWTP and old gravity network is complete. No further action needed.
Helensville	Upgrade treatment capacity to meet consent conditions	5.5	6.6	4	Stage 1: complete Stage 2: 2015	Stage 1 works completed on time. Stage 2 works are underway and completion is now due June 2015. The plant will be non-compliant until the upgrade is complete.
Owhanake (Waiheke)	Plant being upgraded to provide phosphorous removal and improved UV disinfection. Sand filters are routinely rested to improve the ammonia reduction.	2.5	0.5	0.3	Sep-14	Upgrades approved and progressing.
Omaha	Expand solids handling process and increase aeration capacity. Renew discharge consent by 2015.	1	1.5	1	Jun-15	Upgrades approved and progressing. Completion expected by June 2015. Consent application being drafted for submission prior to 30/11/2014 for legal continuity.
Snells Algies	Renew Discharge consent (existing consent expired in 2011)	0	0.25	0.04	2015	The new discharge consent application has been lodged. The WWTP continues to operate under the expired consent. Assessments are being carried out for the section 92 response.
	Replace Outfall	15	20	3	2018	The existing outfall requires replacement as soon as practical. The strategy for Snells and Warkworth is to keep both plants operational and not consolidate to a single facility.
Denehurst	Replace half of the land disposal field	0.1	0.1	0.1	2015	Disposal field upgrade complete. In recent years, the wet weather flows to the WWTP have exceeded the discharge consent and the excess flow has been removed by vacuum truck to achieve compliance. Inflow and infiltration improvements have been made on private properties in the last 6 months, which should reduce the wet weather flows. However, if wet weather flows continue to exceed the discharge consent limit, a consent variation is proposed to permit a treated effluent discharge during wet weather only into the local stream.
Clarks Beach	Renew discharge consent (existing consent expired in 2013)					Section 92 questions received in February 2013. Answers to the section 92 questions were submitted to Auckland Council in May 2014. Watercare is awaiting clarifications to the section 92 response and / or granting of the consent.
	Upgrade treatment capacity to meet consent conditions.	2.5	2.5	0.1	2016	An option is being considered to discharge the final effluent from a new Kingseat WWTP (Plan Change 28) with the Clarks Beach WWTP treated effluent. Refer 'Kingseat under Plan Change 28' below. This would require the Clarks Beach WWTP consent to be varied.
Pukekohe	Renew discharge consent (existing consent expires in 2015)	1	1.3	0	2016	Commenced documentation to lodge discharge consent (for 7yrs).
Waiwera	Renew Discharge consent (existing consent expired in 2000)	1.5	1.5	0.1	2018	The new discharge consent application has been lodged. The WWTP continues to operate under the expired consent. Assessments are being carried out for the section 92 response. Alternatives are being considered, such as pumping to Hatfield Beach (Army Bay WWTP catchment).

Rural Treatment Plant Upgrading - Status Report

Supply / Status	Proposed Work	Original Estimate (\$M)	Current Estimate \$M	Spend to Date (\$M)	Completion Date	Jul-14
Warkworth	Renew Discharge consent (existing consent expired in 2011)	8	8	0.1	2018	The new discharge consent application has been lodged. The WWTP continues to operate under the expired consent. Assessments are being carried out for the section 92 response. The consent application will need to be varied consistent with recent growth forecasts. The proposed upgrade path is to convert the Warkworth WWTP to a Membrane Bioreactor (MBR).
	Upgrade treatment capacity to meet consent conditions					
Wellsford	Renew discharge consent (existing consent expired in 1999) and upgrade treatment capacity to meet consent conditions	3.5	3.5	0.04	2018	The new discharge consent application has been lodged. The WWTP continues to operate under the expired consent. Assessments are being carried out for the section 92 response.
Wastewater Total		54.6	59.8	22.8		
Water - Additional Upgrade Works						
Snells Algies	Replace ageing single main from WTP to Service Reservoir*	0	1.8	0.7	2014	The replacement of the main is underway with completion on target for December 2014.
Water Total - Additional Upgrade Works		0	1.8	0.7		
Wastewater - Additional Upgrade Works						
Waiuku	New consent required (existing consent expired in December 2000)	0	1	0.1	2015	New consent granted in July 2015 for 5 years. Screen and minor upgrades required. Compliance monitoring in the environment is to be increased consistent with the new discharge consent.
Pukekohe	Upgrade treatment capacity to meet growth and consent conditions	0	59	0	2019	Commenced EOI for design.
Clevedon	Provision of a new public wastewater system to mitigate septic tank discharges and cater for future growth	0	35	0	To be confirmed	The approved Clevedon Plan Change has been appealed and negotiations are underway. A memorandum of understanding is to be signed with the major land owners to resolve the outstanding issues prior to the end of the 2014 calendar year. Options are being investigated to provide the wastewater servicing solution.
Kingseat under Plan Change 28	A new WWTP and discharge location is required for Plan Change 28.	0	50	0	To be confirmed	The Kingseat Plan Change 28 is under appeal for wastewater and stormwater servicing related issues. The Plan Change enables dwellings for approximately 5,000 people. A proposed solution to the wastewater servicing is to construct a local WWTP and transfer the treated wastewater to Clarks Beach to discharge with the Clarks Beach WWTP treated effluent. This would require the Clarks Beach WWTP consent to be varied.
Wastewater Total - Additional Upgrade Works		0	145	0.1		