

# WATERCARE SERVICES LIMITED

## AGENDA | Board meeting | 25/9/2015

Venue	Watercare Services Limited, 73 Remuera Road, Newmarket, Auckland
Time	11am

### Open Public Meeting

Item	Spokesperson	Action sought at governance meeting	Supporting Material
1. Apologies	Chair	<ul style="list-style-type: none"> <li>Record Apologies</li> </ul>	
2. <a href="#">Minutes of Meeting</a>	Chair	<ul style="list-style-type: none"> <li>Approve Board Meeting Minutes               <ul style="list-style-type: none"> <li>20 August 2015</li> </ul> </li> </ul>	Minutes 20 August 2015
3. Directors' Corporate Governance Items	Chair	<ul style="list-style-type: none"> <li><a href="#">Corporate Planner 2015</a></li> <li>Review Disclosure of Interests (<a href="#">Directors &amp; Executive Management</a>)</li> <li><a href="#">Organisation Chart</a></li> </ul>	Corporate Planner Disclosure of Interests Organisation Chart
4. <a href="#">Chief Executive's Report and Scorecard</a>	R Jaduram	<ul style="list-style-type: none"> <li>Note the Chief Executive's report               <ul style="list-style-type: none"> <li>Health and Safety</li> <li>Customer Services</li> <li>Infrastructure and Planning</li> <li>Service Delivery</li> <li>Finance</li> <li>Board Correspondence</li> <li>Execution of Documents</li> <li>Communications</li> <li>Working with Local Boards</li> <li>Statutory Planning</li> </ul> </li> </ul>	Chief Executive's Report
5. <a href="#">Desalination Plants</a>	S Cunis	<ul style="list-style-type: none"> <li>Receive report</li> </ul>	Paper
6. <a href="#">Water Utility Consumer Assistance Trust Annual Report</a>	J Lusk	<ul style="list-style-type: none"> <li>Verbal Update</li> </ul>	Report
7. General Business	Chair		

Date of next Meeting – 29 October 2015

Location – Watercare Boardroom, Level 2, 73 Remuera Road, Newmarket

# MINUTES

SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Ardmore Water Treatment Plant, 250 Creightons Road, Ardmore
DATE	20 August 2015
TIME	10:15
STATUS	Open Session

	<b>Present:</b>	<b>In Attendance:</b>	<b>Public in Attendance:</b>
	M Allen D Clarke (Chairman) N Crauford P Drummond C Harland J Hoare T Lanigan D Thomas  M Kingi (Board Observer)	M Bridge R Chenery S Cunis R Fisher R Jaduram B Monk R O'Connor P Perera J van Brink S Webster	One
1.	<b>Apologies</b> <ul style="list-style-type: none"> <li>There were no apologies.</li> </ul>		
2.	<b>Minutes of Previous Meeting</b> <ul style="list-style-type: none"> <li>The Board <b>resolved</b> that the Minutes of the public section of the Board meeting held on 31 July 2015 be confirmed as correct.</li> </ul>		
3.	<b>Directors Corporate Governance Items</b> <ul style="list-style-type: none"> <li>Corporate Planner 2015</li> </ul> <p>The Chairman noted that the November Board meeting will be held at the Rosedale Wastewater Treatment Plant.</p>		
4.	<b>Chief Executive's Report and Scorecard</b> <ul style="list-style-type: none"> <li>Infrastructure and Planning</li> </ul> <p>The Board discussed the Council's Draft Future Urban Land Supply Strategy and noted that management will provide feedback to Council, especially around where Watercare has available capacity and preference for growth.</p> <p>The Board was advised that management would be hosting a presentation for developers and a similar presentation on the programme of works will be given to Council's Infrastructure Committee.</p> <li>Watercare Scorecard 2015/16</li> <p>The Board noted that the lost time injury statistics remained in amber mode and this was, in part, due to a few long term injuries to staff.</p> <p>The Board discussed the voluntary leaver's position which has been slightly over the target of 12% of total staff, noting this was primarily due to a higher turnover in several discreet areas of the business.</p> <p>The Remuneration and Appointment Committee will be looking at the various staffing measures including diversity.</p> <ul style="list-style-type: none"> <li>Service Delivery</li> </ul> <p>The lake levels now average 74.6%. A high level of take from the Waikato River continues so as to keep building the lake levels before the summer of 2015/16. This is considered prudent practice given the prevailing El Nino conditions and predictions of another dry summer.</p>		

	<ul style="list-style-type: none"> <li>• Finance  Brian Monk advised that the new 2015/16 year had started well with water and wastewater revenues and IGC income all being ahead of budgets while costs are below budget.  Debt for the year ended June 2015 was \$22.6m below the budgeted figure.  Progress continues to be made in reducing debtor levels.</li> <li>• Execution of Documents  Brian Monk advised that by September, details of contracts will be published on the website in line with the approach taken by Council and Auckland Transport.</li> <li>• Working with Local Boards  Management continue to work actively with Local Boards, keeping them well informed of future projects and progress on current projects. The Madills Farm wastewater storage tank project has been particularly well received by the Local Board and general public. The artwork supplied by local school children has been much appreciated both by Watercare and the general public.  The Board was advised that consultation with schools adjacent to works remains a high priority.  Catherine Harland raised the issue of the stark appearance of some of the reservoirs. Management will consider the issue; in particular whether additional planting is possible.</li> <li>• Statutory Planning  The Board was advised that the hearings on the Proposed Auckland Unitary Plan (PAUP) were nearing completion. There is no doubt that the PAUP has made consenting of projects more complicated and time consuming. Examples were resource consent being required for exploratory drilling for the Army Bay outfall which was a permitted activity previously but now consent is required. The overlay provisions of the PAUP have required further actions be considered for the replacement Huia Water Treatment Plant, incurring delays and cost increases. The best estimate is that costs will increase by around 6% for smaller projects and 2 – 3% for larger projects. The Council Infrastructure Committee will be advised of this matter.</li> <li>• Water Services Association of Australia (WSAA) Efficiency Benchmarking  The Chief Executive advised the Board that 18 water companies in Australia will shortly be undertaking the three yearly benchmarking survey and Watercare will be a participant.</li> <li>• Auckland Council 1080 Programme in the Hunua Ranges  The Board was advised that the application of 1080 on behalf of Council on Council owned land adjacent to the Hunua lakes was scheduled for 22 August 2015. As a precaution, several lakes will be taken out of production until such time as rigorous testing including following heavy rain, demonstrates there are no issues.</li> </ul>
5.	<p><b>Water Treatment Presentation</b></p> <ul style="list-style-type: none"> <li>• The Board received an informative presentation on the operation of the Ardmore Water Treatment Plant. The presentation was given by Priyan Perera and Nolwenn Lagadec.</li> </ul> <p>The Board recognised the combined 100 years' service at the Ardmore Plant by Terry Fox, Graham Head and Bill Donald.</p> <p>Shayne Cunis advised that the former Franklin Water supplies will be 'A' graded by the end of 2015, five years ahead of schedule.</p>
6.	<p><b>General Business</b></p> <ul style="list-style-type: none"> <li>• The meeting closed at 12 noon.</li> </ul>

CERTIFIED AS A TRUE AND CORRECT RECORD

Chairman

## WATERCARE BOARD PLANNER 2015

	2015											
	January	February	March	April	May	June	July	August	September	October	November	December
Board Meeting		4 Feb Newmarket  26 Feb - Workshop Newmarket	19 March Mangere	30 April Newmarket	29 May Newmarket*	26 June Newmarket	31 July Newmarket	20 Aug Ardmore	25 Sept Newmarket	29 Oct Newmarket*	19 Nov Rosedale	16 Dec Newmarket
Health & Safety Committee Meeting			19 March Mangere	30 April Newmarket	29 May Newmarket	26 June Newmarket				29 Oct Newmarket		16 Dec Newmarket
Health & Safety Committee Workshops		26 Feb Newmarket		2 April Newmarket	6 May Newmarket	4 June Newmarket	2 July Newmarket	6 Aug Newmarket	3 Sept Newmarket	1 Oct Newmarket	5 Nov Newmarket	3 Dec Newmarket
Health & Safety Site Visits								20 Aug Ardmore		29 Oct Hunua 4	19 Nov Rosedale	
Audit + Risk Committee Meeting		14 Feb Newmarket			6 May Newmarket		31 July Newmarket	17 Aug Newmarket			10 Nov Newmarket	
Capital Projects Working Group		4 Feb Newmarket		30 April			15 July Newmarket			21 October Newmarket		
Remuneration Committee		26 Feb Newmarket						31 August Newmarket			19 Nov Rosedale	
Statement of Intent		Approval of Draft 2015-2018 SOI	1 March Draft SOI to shareholder		Present shareholder SOI feedback at public meeting	Final 2015- 2018 SOI issued to shareholder			Work on 2016-2019 SOI Key dates yet to be advised by Auckland Council			
Shareholder Interaction			3 March CCO Governance & Monitoring Committee		12 May CCO Governance & Monitoring Committee (Q3)				1 Sept CCO Governance & Monitoring Committee (Q4)			
Key Finance Decisions						26 June Approval of 2015/16 Budget						
Other		Qtr Statutory Compliance Reporting		Qtr Statutory Compliance Reporting			Qtr Statutory Compliance Reporting			Qtr Statutory Compliance Reporting		

\* Statutory public Board meeting - deputations invited

^ Extraordinary Audit &amp; 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:** 18 September 2015

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

<i>Director</i>	<i>Interest</i>
David Clarke	<ul style="list-style-type: none"> <li>– Chairman, TRG Group Ltd – Radiology Services</li> <li>– Chairman, Skin Institute Limited</li> <li>– Director, Hawkins Watts Ltd</li> <li>– Director, Hynds Ltd</li> <li>– Chairman, Health Alliance NZ Limited</li> <li>– Chairman, Jucy Group Limited</li> </ul>
Peter Drummond	<ul style="list-style-type: none"> <li>– Chairman, Appliance Connexion Ltd</li> <li>– Chairman, Watercare Harbour Clean Up Trust</li> <li>– Chairman, Variety Medical Missions South Pacific</li> <li>– Chairman, Ngati Whatua Orakei Whai Maia Limited</li> <li>– Director, NARTA New Zealand Ltd</li> <li>– Director, NARTA International PTY Ltd</li> <li>– Panel member , Fire Review, Dept Internal Affairs</li> <li>– Director – Port Marlborough New Zealand Limited</li> <li>– Director – Ngati Awa Group Holdings Limited</li> </ul>
Catherine Harland	<ul style="list-style-type: none"> <li>– Director, McHar Investments Ltd</li> <li>– Director, Interface Partners Ltd</li> <li>– Trustee, One Tree Hill Jubilee Educational Trust</li> <li>– Member, Auckland Regional Amenities Funding Board</li> </ul>
Tony Lanigan	<ul style="list-style-type: none"> <li>– Director and Shareholder, A G Lanigan &amp; Associates (2007) Limited</li> <li>– Shareholder, Fletcher Building</li> <li>– Director, Habitat for Humanity New Zealand Limited</li> <li>– Director and Shareholder, Lanigan Trustee Limited</li> <li>– Director and Shareholder, Lanison and Associates Limited</li> <li>– Director and Chair, Housing Foundation Limited</li> <li>– Director, Tamaki Makaurau Community Housing Limited</li> <li>– Director, NZ Transport Agency (NZTA)</li> <li>– Member, Ministry of Health Hospital Redevelopment Partnership Group for Canterbury</li> </ul>
Mike Allen	<ul style="list-style-type: none"> <li>– Director, Coats Group PLC</li> <li>– Director, Godfrey Hirst Australia and related companies</li> <li>– Shareholder, Innoflow</li> <li>– Director, Tainui Group Holdings Limited</li> <li>– Director, Breakwater Consulting Limited</li> <li>– Director, China Construction Bank (New Zealand) Limited</li> </ul>
Julia Hoare	<ul style="list-style-type: none"> <li>– Director, AWF Madison Group Limited</li> <li>– Director, New Zealand Post Limited</li> <li>– Deputy Chairman, The A2 Milk Company Limited</li> <li>– Member, Auckland Committee, Institute of Directors</li> <li>– Member, External Reporting Advisory Board</li> </ul>

	<ul style="list-style-type: none"> <li>- Member, Institute of Directors National Council</li> <li>- Director, Port of Tauranga Limited</li> </ul>
Nicola Crauford	<ul style="list-style-type: none"> <li>- Chairman, Wellington Rural Fire Authority</li> <li>- Director, Environmental Protection Authority</li> <li>- Member of Electoral Authority - Cooperative Bank Limited</li> <li>- Senior Consultant - WorleyParsons New Zealand Ltd</li> <li>- Director and Shareholder - Riposte Consulting Limited</li> <li>- Director and Shareholder - Crauford Robertson Consulting</li> <li>- Director and Shareholder - Martin Crauford Limited</li> <li>- Director, Wellington Water Limited</li> <li>- Director, Orion New Zealand Limited</li> <li>- Member, Local Government Risk Management Agency Establishment Board</li> <li>- Chairman, GNS Science International Limited</li> </ul>
David Thomas	<ul style="list-style-type: none"> <li>- Chairman, Ngati Whakaue Tribal Lands Inc</li> <li>- Council Member, Business New Zealand</li> <li>- Board Member, EMA (Northern)</li> <li>- Chairman, Gypsum Board Manufacturers of Australasia</li> <li>- Shareholder / Employee, Fletcher Building Limited</li> <li>- Director, New Zealand Ceiling &amp; Drywall Supplies Limited</li> </ul>

**RECOMMENDATION**

That the report be noted.

Report prepared by:

Approved by:

R Fisher  
General Counsel

R Jaduram  
Chief Executive

## Report to the Board of Watercare Services Limited

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

**Date:** 18 September 2015

<i>Executive</i>	<i>Interest</i>
Raveen Jaduram	Director – Wellington Water Limited Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust Trustee - Te Motu a Hiaroa (Puketutu Island) Island Trust
Rob Fisher	Deputy Chairman - Middlemore Foundation President - Auckland University Rugby Football Club Trustee - Watercare Harbour Clean Up Trust Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust
Brian Monk	Deputy Chairman - MIT Chairman Audit and Compliance Committee - MIT Trustee - Watercare Harbour Clean Up Trust Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust
Steve Webster	Director – Howick Swimgym Limited
Shayne Cunis	Chairman – Kelston Boys High School Board of Trustees
Peter Gaskin	Director - CPG Limited Director - Zebra Promotional Limited
Marlon Bridge	Trustee - Te Motu a Hiaroa (Puketutu Island) Governance Trust Trustee - Te Motu a Hiaroa (Puketutu Island) Island Trust

### RECOMMENDATION

That the report be noted.

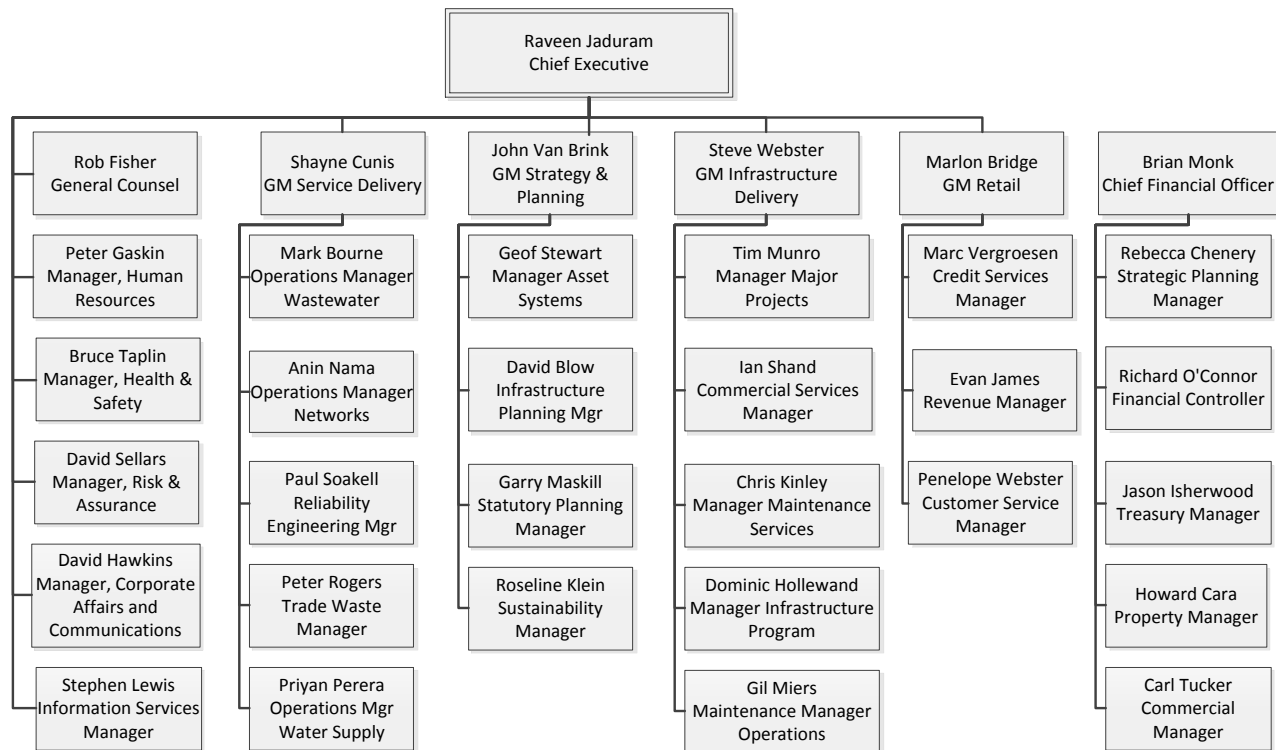
Report prepared by:

Approved by:

R Chenery  
Strategic Planning Manager

R Jaduram  
Chief Executive

ORGANISATION STRUCTURE – AUGUST 2015





## Board Meeting - Public Session - Chief Executive's Report and Scorecard

Watercare Performance Scorecard 2015/16																					
		On budget, on time, within parameters	Unfavourable but within parameters	Major issue, needs attention	SOI	2015/16 Target	Amber	Red	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
<b>1 Safe and Reliable Water</b>																					
1a	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	☑	100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1b	The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	☑	100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1c	Percentage compliance with MoH drinking water standards		100%	n/a	<100%																100%
1d	Percentage of metropolitan water treatment plants achieving Grade A (annual measure)		100%	n/a	<100%																
1e	Percentage of metropolitan water supply reticulation achieving Grade A (annual measure)		100%	n/a	<100%																
1f	Percentage of non-metropolitan water treatment plants achieving Grade A (annual measure)		50%	n/a	<45%																
1g	Percentage of non-metropolitan water supply reticulation achieving Grade A (annual measure)		50%	n/a	<25%																
1h	Percentage of unplanned water shutdowns restored within five hours (12 mth rolling average)		≥95%	93% to <95%	<93%	98%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	96%	96%	96%	96%
1i	Number of unplanned water interruptions per 1000 connected properties (12 mth rolling average)		≤10	>10 to 12	>12	7.9	8.0	7.9	7.8	7.7	7.5	7.5	7.2	7.0	6.8	6.6	6.6	6.6	6.6	6.6	6%
1j	Unrestricted demand - metropolitan		Unrestricted	Subjective	Restrictions apply																
1k	Unrestricted demand - non-metropolitan		Unrestricted	Subjective	Restrictions apply																
<b>2 Healthy Waterways</b>																					
2a	Number of dry weather sewer overflows per 100km of wastewater pipe length per year (12 mth rolling average)		≤5	>5 to 7	>7	1.88	1.93	2.04	2.00	2.06	2.16	2.10	2.05	2.02	1.94	1.86	1.80	1.80	1.80	1.90	
2b	Average number of wet weather overflows per discharge location	☑	≤ 2 overflows per year per engineered overflow point	Low risk non-compliance	High risk non-compliance															Projected	Projected
2c	The number of dry weather overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system	☑	≤10	>10 - ≤15	>15															0.03	0.03
2d	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by the territorial authority in relation to those resource consents	☑	a) ≤2 b) ≤2 c) ≤2 d) ≤2	n/a	>2 (for any)															0	0
2e	Number of sewer bursts and chokes per 1000 properties (12 mth rolling average)		≤10	>10 to ≤12	>12	8.40	8.50	8.50	8.40	8.30	8.20	8.20	7.90	7.70	7.70	7.30	7.10	7.00	7.00	7.00	7.00
2f	Percentage of wastewater discharged that is compliant with consent discharge requirements for metropolitan areas		100%	98 to <100%	<98%											99.22%	100%	100%	100%	100%	100%
2g	Percentage of wastewater discharged that is compliant with consent discharge requirements for non-metropolitan areas		35%	n/a	<35%															77%	84%
<b>3 Customer Focus</b>																					
3a	Median response time for attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site.	☑	≤ 60 mins	>60 - ≤90 mins	>90 mins															33 mins	34 mins
3b	Median response time for resolution of urgent calls-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	☑	≤ 5 hours	>5 - ≤ 8 hours	>8 hours															1.5 hours	1.5 hours
3c	Median response time for attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	☑	≤ 3 days	>3 - ≤ 5 days	>5 days															1.2 days	1.2 days
3d	Median response time for resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	☑	≤ 6 days	>6 - ≤ 8 days	>8 days															2.2 days	2.3 days
3e	Percentage of customers surveyed satisfied with Watercare's delivery of water and wastewater services	☑	≥80%	≥75% to <80%	<75%	88.4%	85.8%	88.1%	88.8%	87.0%	88.3%	86.1%	83.5%	87.6%	84.4%	88.2%	84.6%	84.6%	84.6%	87.0%	87.0%
3f	The total number of complaints received by the local authority about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply f) the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system	☑	≤ 10	>10 - ≤ 15	>15															7	7
3g	Attendance at sewerage overflows resulting from blockages or other faults: median response time for attendance - from the time that the territorial authority receives notification to the time that service personnel reach the site	☑	≤ 60 mins	>60 - ≤ 90 mins	>90 mins															40 mins	40 mins
3h	Attendance at sewerage overflows resulting from blockages or other faults: median response time for resolution - from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault	☑	≤ 5 hours	>5 - ≤ 8 hours	>8 hours															2.3 hours	2.3 hours
3i	The total number of complaints received by the territorial authority about any of the following: a) sewerage odour b) sewerage system faults c) sewerage system blockages d) the territorial authority's response to issues with its sewerage system expressed per 1000 connections to the territorial authority's sewerage system	☑	≤ 50	>50 - ≤ 75	>75															20.7	20.7
3j	Number of water quality complaints (taste, odour, appearance) per 1,000 water supply connections (12 mth rolling average)		≤5	>5 to ≤ 5.5	>5.5	5.9	6.0	5.9	5.8	5.7	5.3	4.80	4.80	4.80	4.80	4.70	4.70	4.70	4.70	4.70	4.60
3k	Percentage of complaints being 'closed and resolved' within 10 working days (12 mth rolling average)	☑	≥95%	≥90% to <95%	<90%	94.8%	95.0%	95.0%	95.0%	96.3%	96.6%	96.8%	97.6%	98.1%	98.5%	98.5%	98.3%	98.3%	98.3%	98.3%	98.9%
3l	Percentage attendance at the quarterly meetings of the Mana Whenua Kaitiaki Forum	☑	100%			100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Board Meeting - Public Session - Chief Executive's Report and Scorecard

Watercare Performance Scorecard 2015/16																						
On budget, on time, within parameters		Unfavourable but within parameters		Major issue, needs attention		SOI	2015/16 Target	Amber	Red	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
<b>4 Health, Safety and Wellbeing</b>																						
4a	Lost-time injury frequency rate per million hours worked (12 month rolling average)	<input checked="" type="checkbox"/>	≤5	5 - 7	>7					5.6	6.21	6.79	7.93	8.48	7.86	7.20	5.34	4.47	5.31	6.42	6.4	5.8
4b	Percentage of total hours absent due to illness (12 mth rolling average)		≤2.5%	>2.5 to 3.5%	>3.5%					2.81%	2.09%	2.06%	2.04%	2.03%	2.05%	2.08%	2.08%	2.07%	2.07%	2.09%	2.10%	2.09%
4c	Percentage of voluntary leavers relative to number of permanent staff (12 mth rolling average)	<input checked="" type="checkbox"/>	≤12%	>12 to 14%	>14%					12.54%	11.69%	11.09%	10.37%	9.64%	10.36%	10.68%	11.00%	11.19%	11.14%	10.84%	11.16%	10.86%
4d	Total recordable injury frequency rate per million hours worked (12 month rolling average)	<input checked="" type="checkbox"/>	<30	>30 to <33	>33					11.20	13.05	16.68	18.30	18.78	15.11	19.79	17.20	18.33	19.45	19.84	18.65	19.13
<b>5 Financial Responsibility</b>																						
5a	Minimum funds flow from operations to interest cover (FFO) before any price adjustment	<input checked="" type="checkbox"/>	≥2.5	2.4 to <2.5	<2.4					3.31	3.46	3.38	3.32	3.35	3.40	3.38	3.45	3.40	3.34	3.32	3.69	3.51
5b	Percentage of household expenditure on water supply services relative to the average household income	<input checked="" type="checkbox"/>	≤1.5%	1.2 to <1.5	>1.5					0.90%	0.90%	0.90%	0.90%	0.90%	0.91%	0.91%	0.92%	0.92%	0.92%	0.87%	0.87%	0.87%
5c	Water & wastewater revenue against budget YTD %		≥100%	≥98% to <100%	<98%					101%	101%	101%	100%	99%	100%	100%	100%	100%	100%	100%	101%	101%
5d	Infrastructure growth charge revenue against budget YTD %		≥100%	≥95% to <100%	<95%					156%	206%	189%	167%	173%	164%	156%	156%	149%	146%	147%	102%	108%
5e	Controllable costs against budget YTD %		≤100%	>100 to ≤102%	>102%					96%	98%	99%	98%	99%	99%	98%	98%	99%	101%	101%	94%	95%
5f	Total contribution against budget YTD (\$ millions)		+	-\$0.1m to -\$2m	> -\$2m					7.30	15.87	18.18	18.48	22.37	26.79	27.94	26.76	24.98	22.53	26.13	3.09	8.30
5g	Net surplus / deficit before tax against budget YTD (\$ millions)		+	-\$0.1m to -\$2m	> -\$2m					-14.70	-4.63	-22.12	-28.00	-43.59	-90.04	-74.28	-76.19	-67.08	-63.05	-66.59	-21.81	-16.16
5h	Total net borrowing against budget YTD (\$ millions)		Negative	\$0.1m to \$10m	> \$10m					-19.50	-20.60	-20.40	-25.50	-29.70	-34.80	-49.30	-71.70	-71.20	-86.10	-79.40	-22.40	-15.20
<b>6 Fully Sustainable</b>																						
6a	The average consumption of drinking water per day per resident (gross PCC) (12 month rolling average)	<input checked="" type="checkbox"/>	272 +/- 2.5%							270	270	269	267	266	273	273	273	273	273	271	271	271
6b	Per capita consumption (litres / person / day) - Residential Monthly PCC		Information only							140	141	144	156	163	170	170	163	155	151	149	Reporting lag - data sourced from meter readings	
6c	Non-Domestic Monthly Water Volume		Information only							2,801,523	2,701,694	2,889,481	2,858,163	2,892,951	2,898,831	3,079,838	3,344,422	2,864,637	2,910,993	2,913,178	Reporting lag - data sourced from meter readings	
6d	Non-Revenue Water Percentage		Information only																		16.72%	16.80%
6e	The percentage of real water loss from the local authority's networked reticulation system (rolling 12 mth average)	<input checked="" type="checkbox"/>	≤13%	>13 to 13.2%	>13.2					13.40%	13.30%	13.45%	13.58%	13.66%	13.89%	13.66%	13.66%	13.50%	13.31%	12.95%	12.89%	13.00%
6f	Percentage of annual potable water transmission system losses (12 month rolling average)		For information only																		1.70%	1.89%
6g	Percentage of annual potable water network losses (12 mth rolling average) - Urban as a percentage of total volume		For information only							13.44%	13.50%	13.42%	13.17%	13.40%	13.67%	13.49%	13.54%	13.38%	13.21%	12.85%	12.59%	12.73%
6h	Percentage of annual potable water network losses (12 mth rolling average) - Rural as a percentage of total volume		For information only																		0.30%	0.30%
6i	Percentage of annual potable water network losses (12 mth rolling average) - Rural as a percentage of rural volume		For information only							26.40%	26.36%	25.92%	25.22%	25.19%	24.95%	23.92%	20.85%	20.35%	19.51%	19.06%	19.06%	19.01%
<b>7 Policy Compliance</b>																						
7a	Compliance with Treasury Policy		Within policy	Planned outside policy	Unplanned outside policy																	

4

## Watercare Services Limited

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

**Date: 18 September 2015**

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### 1. HEALTH AND SAFETY

There was a single injury in July that led to lost time. There were no injuries in August. Staff who are most exposed to high injury risks have been undertaking personal responsibility training over the last two months and the benefits are being realised.

The rolling 12 month Long Term Injury Frequency Rate (per million hours worked) was 5.8 against a target maximum of 5. The rolling 12 month Total Recordable Injury Frequency Rate (per million hours worked) was 19.13 (target maximum 30).

### 2. CUSTOMER SERVICES

Performance against Statement of Intent measures for August was good with all customer service performance metrics above target for the month. The rolling 12 month average result for resolution of complaints within 10 working days was 98.2% against a target of 95%. Customer satisfaction was the highest on record in August with satisfaction at 89.3% for Contact Centre management of faults, 86.4% for the maintenance field crews and 87.7% for billing and general enquires. The rolling 12 month average for customer satisfaction is above the 80% target for all three areas.

### 3. INFRASTRUCTURE AND PLANNING

The infrastructure capital programme is forecast to deliver \$329.2m (99%) against a budget of \$333.1m.

Watercare staff continue to engage with Council and developers to ensure these parties have a better understanding on the timing and cost of water and wastewater infrastructure development.

Watercare faces growth pressure around the edge of the metropolitan area (the Future Urban Zone) through increased developer activity. In addition, there will be growth pressure in brownfields areas as a consequence of the Unitary Plan density provisions. Watercare is reviewing the need for and timing of investment to support growth and continues to work closely with Auckland Council in respect of infrastructure availability in Special Housing Areas. Work is also underway to update and strengthen our water demand management programme, to help extend the life of assets that require upgrade.

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

### 4. SERVICE DELIVERY

#### Rainfall and Water Resources

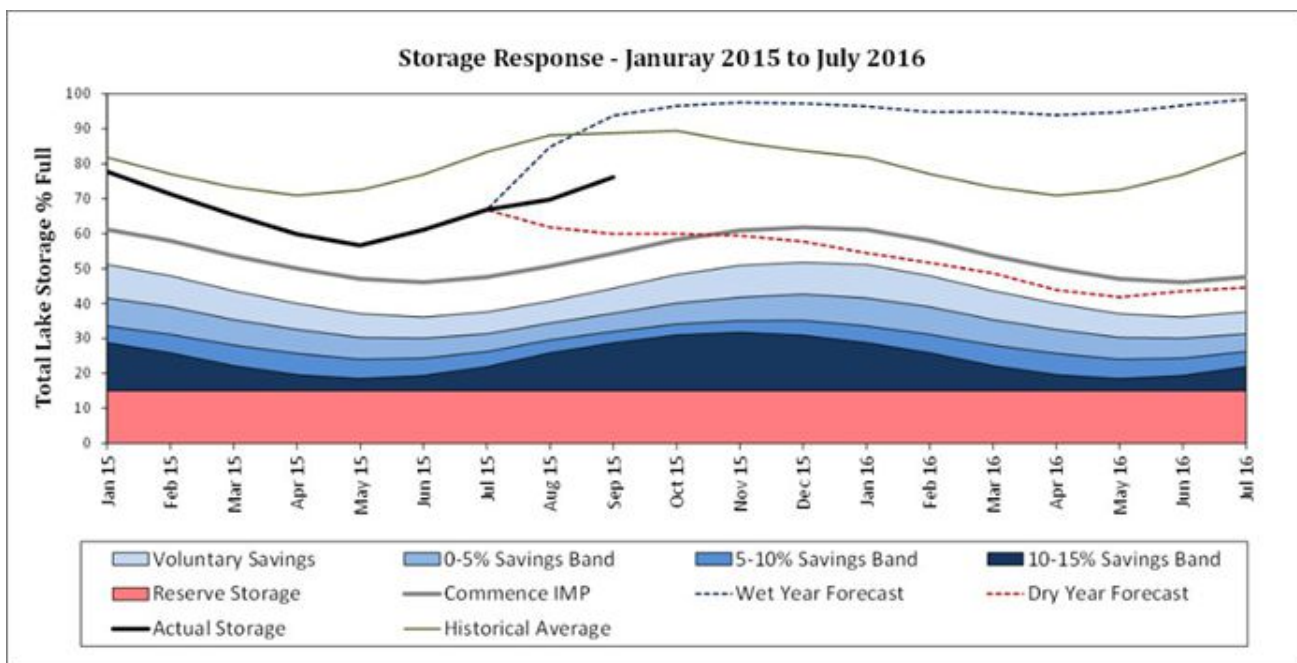
The Auckland region experienced above average rainfall in all catchments in August:

Waitakere Ranges	145% of average
Hunua Ranges	109% of average
Northern Non-metropolitan	117% of average
Southern Non-metropolitan	132% of average

Metropolitan total system storage increased in August from 69.7% to 76.2%. This is below the historical average storage for the end of August (88.2%), but it has increased to 84.1% as of 17 September due to frequent periods of heavy rain. Weather forecasts for September 2015 indicate rainfall is expected to be normal, and temperature average. Longer term, for September – November 2015, temperatures are most likely to be near or below average, with rainfall most likely to be near or below normal.

Guidance from all global meteorological agencies indicates that El Nino is certain to continue over the next three months. Evidence indicates that it could reach a very strong magnitude during the coming summer, potentially placing this event amongst the strongest El Nino events recorded since the 1950s. The occurrence and persistence of El Nino increases the likelihood of near or below normal rainfall. Work has commenced on modelling predicted storage responses should a significant drought develop over the summer months.

As a consequence of the predictions for below average rainfall, the Waikato WTP continues to be operated at higher flows to conserve stored water levels, along with minimising the production from the Ardmore WTP.



**Real Water Losses**

The 12 month rolling average for real losses is 13% against a Statement of Intent target maximum of 13%.

**Auckland Council 1080 Programme**

The Wairoa and Mangatawhiri dams were isolated from supply to progress Stage 2 of Auckland Council’s planned application of 1080 in the Hunua Ranges Regional Park. Toxic bait was applied within these catchments and non-toxic (pre-feed) bait in the Cosseys and Mangatangi Dam catchments. All water quality tests confirmed that 1080 is not present in the water. The Medical Officer of Health

approved the return of the Wairoa and Mangatawhiri dams to service, which was undertaken on 4 September 2015.

## 5. FINANCE

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### Financial Performance

	Current Month			Year to Date			Full Year		
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var
<b>Figures (\$millions)</b>									
Revenue	44.87	42.05	2.82	90.94	86.29	4.65	541.82	537.17	4.65
Operating Expenses	17.06	17.73	0.68	33.26	34.89	1.63	211.62	212.77	1.15
Depreciation	16.64	18.09	1.45	34.56	36.01	1.45	215.67	217.12	1.45
Interest expense	6.41	6.67	0.26	12.80	13.37	0.57	77.64	78.21	0.57
<b>Total Contribution</b>	<b>4.77</b>	<b>(0.45)</b>	<b>5.21</b>	<b>10.32</b>	<b>2.02</b>	<b>8.30</b>	<b>36.89</b>	<b>29.07</b>	<b>7.81</b>
Non-operating costs/(income)	0.37	0.21	(0.16)	0.73	0.40	(0.34)	3.34	3.00	(0.34)
Financial instruments revaluation - loss/(gain)	8.06	-	(8.06)	32.79	-	(32.79)	32.79	-	(32.79)
<b>Operating Surplus / (Deficit) Before Tax</b>	<b>(3.66)</b>	<b>(0.65)</b>	<b>(3.01)</b>	<b>(23.19)</b>	<b>1.63</b>	<b>(24.82)</b>	<b>0.77</b>	<b>26.07</b>	<b>(25.31)</b>
Deferred Tax - Expense/(Credit)	(1.77)	(0.00)	1.76	(7.84)	0.81	8.66	12.83	21.49	8.66
<b>Net Surplus / (Deficit) After Tax</b>	<b>(1.89)</b>	<b>(0.65)</b>	<b>(1.24)</b>	<b>(15.35)</b>	<b>0.81</b>	<b>(16.16)</b>	<b>(12.07)</b>	<b>4.58</b>	<b>(16.65)</b>
<b>FFO Ratio</b>				3.51	3.12		3.31	2.94	
<b>Operating EBITDAF</b>	27.81	24.31	3.50	57.68	51.40	6.28	330.19	324.40	5.79
<b>EBITDA</b>	19.38	24.11	(4.73)	24.16	51.01	(26.84)	294.07	321.40	(27.33)
<b>EBIT</b>	2.75	6.02	(3.27)	(10.40)	14.99	(25.39)	78.40	104.28	(25.88)

#### Month – Total Contribution of \$4.77 m - favourable variance to budget of \$5.21m

Total revenue was favourable \$2.82m to budget due to vested asset income favourable by \$1.8m, IGC revenue favourable \$0.7m and wastewater revenue favourable by \$0.4m.

Operating expenses were favourable \$0.68m to budget with a favourable variance for professional services partially offset by an unfavourable variance for net labour.

Depreciation was favourable \$1.45m to budget.

Interest expense was \$0.26m favourable to budget.

#### Year to date – Total Contribution of \$10.32m - favourable variance of \$8.30m

Year to date revenue is \$4.65m favourable to budget primarily due to vested asset income favourable \$3.10m and IGC revenue favourable \$0.83m. Water and wastewater revenue is \$0.82m favourable to budget with year to date water volumes 0.34% over budget.

Operating expenses are \$1.63m favourable to budget with favourable variances for professional services and general overheads.

Depreciation is favourable \$1.45m to budget.

Interest expense is \$0.57m favourable to budget.

#### Year to Date – Net Deficit after Tax of \$15.35m – unfavourable variance of \$16.16m

The unfavourable variance of \$16.16m is primarily due to an unfavourable revaluation of financial instruments of \$32.79m resulting from the decrease in medium to long term swap rates since June 2015 partially offset by the \$8.30m favourable operating contribution.

## Financial Position

\$million	Actual Jul-15	Actual Aug-15	Monthly Movement	Budget Aug-15	Var from Budget
Non Current Assets	8,612.2	8,619.5	7.3	8,654.8	(35.3)
Current Assets	73.5	80.1	6.6	79.0	1.1
<b>Total Assets</b>	<b>8,685.7</b>	<b>8,699.6</b>	<b>14.0</b>	<b>8,733.8</b>	<b>(34.2)</b>
Other Liabilities	295.1	302.8	7.7	296.3	6.5
Deferred Tax Liability	1,005.1	1,003.3	(1.9)	1,020.7	(17.4)
Borrowings - Short Term	222.9	222.9	0.0	200.1	22.8
Borrowings - Long Term	1,301.4	1,311.2	9.8	1,349.2	(37.9)
Shareholders Funds	5,861.2	5,859.3	(1.8)	5,867.5	(8.2)
<b>Total Liabilities and Shareholders Funds</b>	<b>8,685.7</b>	<b>8,699.6</b>	<b>14.0</b>	<b>8,733.8</b>	<b>(34.2)</b>

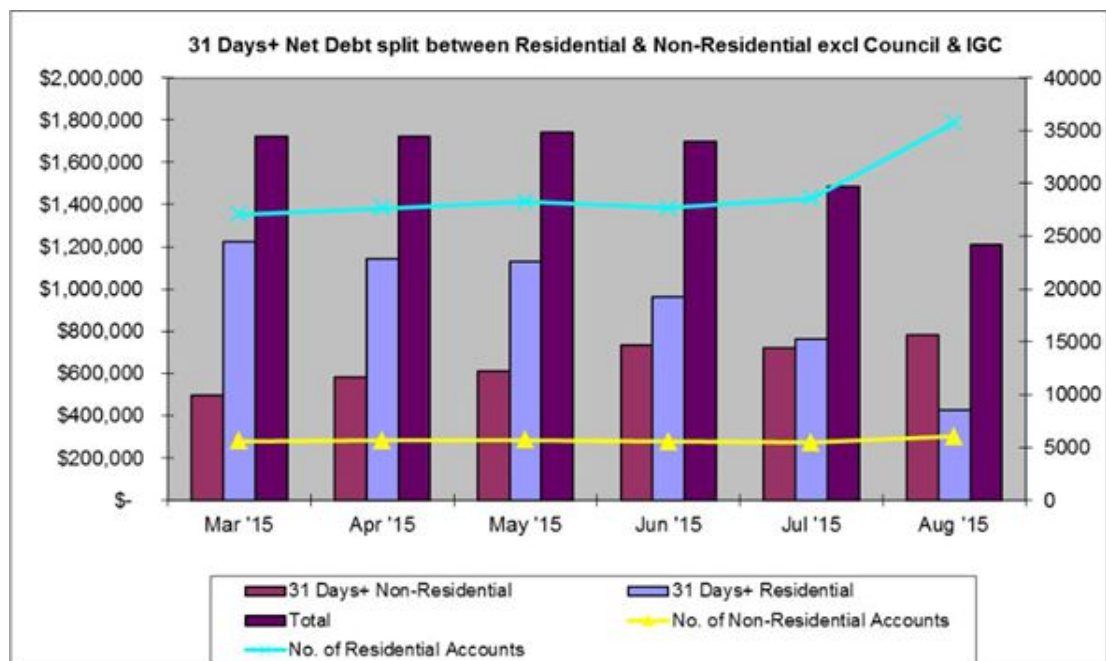
The major movements in the Statement of Financial Position as at 31 August 2015 compared with 31 July 2015 were the increase in non-current assets reflecting capital expenditure net of depreciation in the month, an increase in borrowings (\$9.8m), an increase in other liabilities (\$7.7m) – largely reflecting derivative liability revaluation; and, an increase in current assets (\$6.6m).

Compared with budget the material variances are largely in respect of the property, plant and equipment, deferred tax, derivative financial instruments (other liabilities) and debt. The variances primarily reflect a different opening position on 1 July 2015 than that assumed when the budget was set, including a lower level of revaluation of property, plant and equipment than expected. Net debt at \$1,534m is \$15.2m beneath budget.

## Aged Receivables

The 31 days+ debit debt at the end of August was \$4.3m (which is \$0.4m lower than August 2014).

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



## Water Utility Consumer Assistance Trust (WUCAT)

The following tables summarise the results of the Trust:

Aug 2015

WUCAT Summary			
Financial year	Board approved applications (includes WSL additional write offs)		\$000's
Jun-12	33	\$	29
Jun-13	172	\$	196
Jun-14	123	\$	114
(YTD) Jun-15	175	\$	164
<b>Total</b>	<b>503</b>	<b>\$</b>	<b>503</b>

WUCAT Summary last 3 meetings			
Month	Board approved applications		\$000's
Jun-15	8	\$	7.54
Jul-15	13	\$	7.93
Aug-15	12	\$	7.76
<b>Total</b>	<b>33</b>	<b>\$</b>	<b>23</b>

503 applicants have successfully completed the budget advisor review process and these applicants have had \$503k of hardship relief approved by the Trust. This has resulted in \$412k being written-off as payment plans have been completed. For various reasons, 39 applicants did not fully complete their agreed payment plans. These applicants have foregone \$38k of approved hardship relief. A further 35 applicants continue with their payment arrangements, with a further \$53k of approved hardship write-offs to be granted once they successfully complete their plan.

The results of the last 3 WUCAT meetings have seen 33 applicants successfully complete the budget process and have \$23k of hardship relief approved by the Trust.

### Restrictions

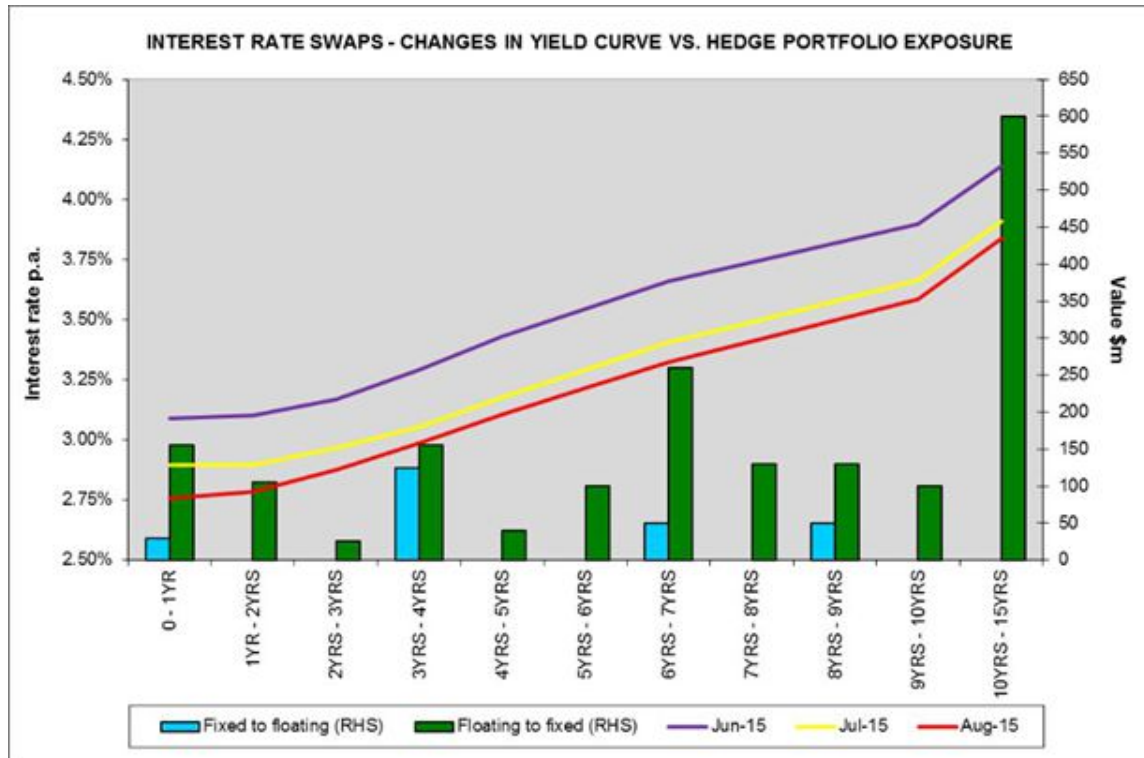
Four new water restrictions were actioned during the month and two restrictions were removed. The table below summarises the restrictions carried out by Watercare Services Limited.

Restriction Summary Year-ending	Commercial		Residential		Total	
	Restriction	De-restriction	Restriction	De-restriction	Restriction	De-restriction
30-Jun-12	1		5		6	0
30-Jun-13	13	11	6	4	19	15
30-Jun-14	20	20	17	14	37	34
30-Jun-15	31	30	53	39	84	69
30-Jun-16	1	3	9	3	10	6
<b>Total</b>	<b>66</b>	<b>64</b>	<b>90</b>	<b>60</b>	<b>156</b>	<b>124</b>
<b>Restrictions currently</b>	<b>2</b>		<b>30</b>		<b>32</b>	

The following restrictions remain in place:

- Six residential restrictions remain in place on vacant properties. Communications are ongoing with these customers and if the properties are tenanted in future, a resolution will be required.
- A further 24 residential restrictions remain in place on occupied properties and communication continues with these customers.
- Two commercial properties remain restricted at the end of August and communication continues with these customers.

## Treasury



Interest Analysis \$million	Current Month			Year to date		
	Actual	Budget	Var	Actual	Budget	Var
Interest as per Statement of Financial Performance	6.41	6.67	0.26	12.80	13.37	0.57
Capitalised Interest	1.14	1.32	0.17	2.26	2.55	0.29
Gross Interest	7.55	7.99	0.44	15.06	15.92	0.86
Less Interest Income	0.00	-	(0.00)	0.02	-	(0.02)
<b>Net Interest</b>	<b>7.55</b>	<b>7.99</b>	<b>0.44</b>	<b>15.04</b>	<b>15.92</b>	<b>0.87</b>

For the month net interest is favourable to budget \$0.44m; largely due to lower debt than budgeted.

## Capital Expenditure

Capital expenditure for the month was \$20.9m against a budget of \$34.0m.

Summary Capital Expenditure (\$millions)	Month August 2015			Year to Date			Full Year		
	Actual	Budget	Var	Actual	Budget	Var	Forecast	Budget	Var
Infrastructure Wastewater Projects	9.6	17.0	7.4	21.6	30.2	8.6	204.2	206.2	2.0
Infrastructure Water Projects	8.5	10.7	2.2	16.5	21.6	5.1	120.1	118.2	(1.9)
Operations	1.0	4.1	3.1	2.1	8.2	6.1	37.4	47.3	9.9
Maintenance Services	0.2	0.3	0.1	0.2	0.7	0.5	4.4	4.7	0.3
Information Services	0.8	0.9	0.1	1.2	1.8	0.6	6.9	7.4	0.5
Other Projects	0.8	1.0	0.2	1.1	2.0	0.9	12.0	13.0	1.0
<b>TOTAL</b>	<b>20.9</b>	<b>34.0</b>	<b>13.1</b>	<b>42.7</b>	<b>64.5</b>	<b>21.8</b>	<b>385.0</b>	<b>396.8</b>	<b>11.8</b>
Includes:									
Water Projects Capitalised Interest	0.5	0.6	0.1	1.0	1.2	0.2	8.0	8.2	0.2
Wastewater Projects Capitalised Interest	0.6	0.7	0.1	1.3	1.4	0.1	10.2	10.3	0.1
<b>Total Capitalised Interest</b>	<b>1.1</b>	<b>1.3</b>	<b>0.2</b>	<b>2.3</b>	<b>2.6</b>	<b>0.3</b>	<b>18.2</b>	<b>18.5</b>	<b>0.3</b>



## 6. BOARD CORRESPONDENCE

There was one piece of board correspondence during the month, a letter from the Chairman to the Chairman of Waikato Tainui Te Arataura. The letter is attached as appendix E.

## 7. EXECUTION OF DOCUMENTS

There were nine documents executed during August in accordance with the delegated authority provided to the Chief Executive by the Board in relation to deeds, instruments and other documents. These included six approvals to register easements, one application to subdivide land, an approval to register a reverse sensitivity covenant and an approval to transfer of land from Auckland Council to Watercare.

There were five capex approvals totaling \$745k signed in accordance with the delegated authority provided to the Chief Executive by the Board in relation to capex approvals below a threshold of \$15m.

Summary of Capital Projects approved by Chief Executive – August 2015		
C-12261-02	Approval for the Replacement of Motor Vehicles	\$66,000
C-12457a	MS Field Service Management Mobility	\$95,000
C-12614	IS Mobile Phone Refresh	\$237,330
C-12636-01	Purchase of van for compliance monitoring role	\$45,000
C-12629	Herd Rd Watermain Renewal	\$301,301

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

Summary of Contract Awards – August 2015		
4/08/2015	Fulton Hogan	CT5465: Helensville WWTP Upgrade Phase 2 Civil Construction Work
11/08/2015	City Contractors	CT 6149: Watermain Renewals: Six Locations
11/08/2015	Fulton Hogan	Pukekohe Trunk Sewer Preliminary Design
18/08/2015	NZTA	MHX Kirkbride Alliance SH20A Alliance Agreement
26/08/2015	March Cato Limited	CT6050: Maunganui Sewer Upgrade and Storage Tank (ST31) Outfall Pipe Replacement
28/08/2015	HEB	Huia No.1 Watermain Replacement - Potholing

## 8. COMMUNICATIONS

### Media summary

In August, proactive media engagement saw Watercare gain positive front-page coverage in two community newspapers: the Papakura Courier (circulation 22,331) and the Howick & Pakuranga Times (circulation 32,920). One story focused on three employees at Ardmore Water Treatment Plant whose combined length of service is 100 years, and the other focused on school pupils participating in the company's education programme.

Further proactive media engagement saw Watercare gain favourable coverage in the Central Leader (circulation 60,365) and Manukau Courier (circulation 73,901) regarding the Central Interceptor and

Hunua 4 projects. All of the suburban newspaper coverage also featured on [www.stuff.co.nz](http://www.stuff.co.nz) which has over 1.4 million unique browsers (readers) every month.

Watercare gained favourable coverage in the New Zealand Herald (print circulation 30,000+) regarding its funding of Water Utility Consumer Assistance Trust. Referring to the Trust, Otahuhu Home Budgeting Service Manager Lesley Matia was quoted as saying: *“They are awesome. We have a lot of applications and nine times out of 10 they waive the debt.”* This article also appeared on [www.nzherald.co.nz](http://www.nzherald.co.nz) which has over 1.2 million unique browsers every month.

The media and public were informed of Watercare’s operational response to the Auckland Council’s 1080 drop in the Hunua Ranges via the company website. This included information regarding taking the affected dams out of service as well as the results of the water sampling programme.

### Customer Communications Programme

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

Month	Activity	Status
August	<p>Domestic customers in Mangere received Mangere Matters. This publication focused on the return of the migratory birds to the Manukau Harbour as well as an article by Gary Taylor from the Environmental Defence Society in support of the Central Interceptor project.</p> <p>Domestic customers outside of Mangere received a flyer on the Watercare Coastal Walkway.</p> <p>Non-domestic customers received a brochure with information regarding how to understand their bills.</p> <p>Transformed the trade waste section of the website to ensure customers have a clear understanding their responsibilities and ours.</p>	<p>Distribution complete</p> <p>Distribution complete</p> <p>Distribution complete</p> <p>Updates complete.</p>
September	Domestic and non-domestic customers are receiving the spring issue of Tapped In which has a wastewater focus. Of particular note, it features a cross-section of a house with information on how customers can protect both their own plumbing and our wastewater network.	Being distributed
October	Domestic customers will receive a flyer on saving water in the home.	Planned
November	Domestic customers will receive a flyer on ways to pay their bill with information on the hardship trust.	Planned
December	Domestic and non-domestic customers will receive the summer issue of Tapped In with a waterwise focus.	Planned
January	Domestic customers will receive a flyer on saving water in the garden.	Planned
February	Domestic customers will receive a flyer on checking for leaks.	Planned
March	Domestic and non-domestic customers will receive the autumn issue of Tapped In.	Planned

### Internal communications

Staff continued to receive weekly emails from the chief executive as well as the monthly publication YourSource. A series of briefings for all staff were also held at various Watercare sites during August.

### Stakeholder communications

Newsletters were distributed to inform the St Heliers community of changes to a local wastewater project and the Mangere community of changes to traffic layout as a result of Hunua 4.

The team continued to create and/or update stakeholder engagement plans for projects. This month plans were created for: Clarks Beach region (south-west sub-regional wastewater assessment), Huia Water Treatment Plant (options stage), Snells Algies (wastewater consents and outfall project).

In January 2015, Watercare added a new GIS-based feature to its website to communicate its infrastructure projects. Since the launch, the sub-site has had 3,000 unique browsers (readers). Recently, its success was recognised when it came second in the NZ Esri User Conference Awards.

## 9. WORKING WITH LOCAL BOARDS

Over the past month an information flyer on the proposed Huia No. 1 watermain extending from Titirangi to Gillies Ave (Newmarket) was shared with the Waitakere Ranges, Whau, Puketapapa and Albert Eden local boards along the route.

A meeting was held with the Chairman of Devonport Takapuna Local Board, staff from the special housing office and Auckland Transport to discuss a SHA proposal in Devonport. Information on wastewater servicing of a SHA in Glenbrook was also sent to the Deputy Chair of the Franklin Local Board.

Watercare attended a public meeting at Taipari Strand in Te Atatu along with representatives of the Henderson Massey Local Board. A follow up workshop was held with the local board to discuss Watercare's response to growth pressures.

Local Board representatives along the Central Interceptor route affected by drop shafts in local parks were invited to inspect a working model at the new Fluid Dynamics Laboratory of Auckland University Engineering School. Several members have taken up the offer.

Watercare also joined Otara Local Board member Steven Grey at the Placemaking Otara Waterways Project Steering Group meeting and will present to the next steering group on works planned for this area.

Colin Davis and Kit Parkinson from Orakei Local Board met Watercare staff at St Heliers Bay to discuss the local wastewater upgrade project. As a result a decision was made to defer works on Tamaki drive until 2016 to avoid unnecessary disruption to summer events such as the Auckland Marathon, Panasonic People's Triathlon, Weetbix Kids TRYathlon and Round the Bays.

Steven Garner from Rodney local board joined Watercare staff for a local residents meeting in Warkworth regarding Unitary Plan designations for the Warkworth Wastewater Treatment Plant and residents plans to develop a local walkway. An update was also provided to the Rodney Local Board on the Muriwai watermain upgrade.

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

## 10. STATUTORY PLANNING

### Auckland Proposed Unitary Plan

The upcoming Proposed Auckland Unitary Plan hearings of interest to Watercare are residential zones and designations. Watercare has approximately 250 designations for water supply and wastewater infrastructure that have been rolled over from the legacy plans into the Unitary Plan. Given our status as a Requiring Authority, Watercare was allowed to make an independent submission on our designations. We have been working with the parties that made submissions on Watercare's designations to resolve the issues to the extent possible. Matters that cannot be resolved may go to mediation. The hearing on designations is scheduled for November 2015. Council is also working on the submissions related to rezoning, precinct, and RUB realignment; these topics will be heard early next year.

## 11. MAORI ENGAGEMENT

### Watercare and Waikato Tainui Board Workshop

Watercare representatives and Waikato Tainui Board members and executives met on 28 August. The purpose of the event was to sustain and enhance the relationship between the respective entities and to introduce the members to strategic economic, social and environmental concepts, intended to achieve mutual benefits. Watercare is currently applying for two significant resource consents in the Waikato: an increased water take from the Waikato River and a discharge consent from the Pukekohe Wastewater Treatment Plant.

The feedback from attendees was positive and the parties are now considering the establishment of a working group to progress the above strategic concepts.

### Kaitiaki Managers Group meeting

The Kaitiaki Managers Group, of which Watercare is a member, met on 13 August. The principal agenda items were:

- Auckland Council presentation of its State of the Environment Report;
- Auckland Council presentation of a study they are scoping for the Manukau Harbour;
- Watercare presentation on progress of our Wastewater Network Strategy;
- A presentation was made from the Auckland Council's wai ora wai maori team on Māori Values in Water, which will be used in the plan change the Council is scoping under the National Policy Statement for Freshwater.

.....  
R Jaduram  
CHIEF EXECUTIVE

# **WATERCARE SERVICES LIMITED**

## **Management Report**

**Aug-15**

**4**

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<b>2 Treasury Management</b>	
● Treasury Risks & Interest Rate Performance	A5
● Counterparty Exposures, Debt Concentration & Covenant Compliance	A6
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**WATERCARE SERVICES LIMITED****Aug-15****4****Key Financial Indicators**

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

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

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



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

**Key to Treasury policy compliance**

Full compliance

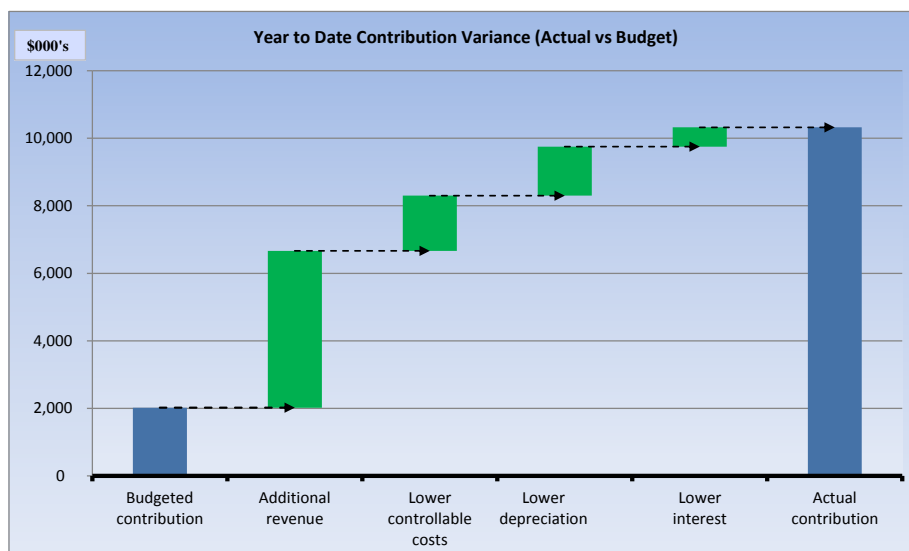


Non compliance

<b>WATERCARE SERVICES LIMITED</b>									
<b>STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE</b>									
<b>Aug-15</b>									
<b>(\$'000's)</b>									
	Current Month				Year to Date				Full Year
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result	Budget
Wastewater revenue	24,973	24,524	449	✓	49,765	48,855	909	✓	300,286
Water revenue	11,428	11,509	(80)	✗	22,811	22,899	(88)	✗	142,982
Infrastructure growth charge revenue	4,298	3,622	676	✓	10,629	9,799	830	✓	57,520
Other revenue	1,514	1,533	(18)	✗	2,914	3,018	(104)	✗	26,044
Revenue from exchange transactions	42,213	41,187	1,027	✓	86,118	84,570	1,547	✓	526,832
Vested assets revenue	2,654	861	1,793	✓	4,821	1,723	3,098	✓	10,338
Revenue from non-exchange transactions	2,654	861	1,793	✓	4,821	1,723	3,098	✓	10,338
<b>Total revenue</b>	<b>44,867</b>	<b>42,048</b>	<b>2,819</b>	<b>✓</b>	<b>90,939</b>	<b>86,293</b>	<b>4,645</b>	<b>✓</b>	<b>537,170</b>
Labour	6,178	6,428	251	✓	12,253	12,716	463	✓	78,478
Contract labour	118	192	74	✓	293	398	105	✓	2,274
Oncosts	217	300	83	✓	426	593	167	✓	3,718
Labour recoveries	(2,695)	(3,271)	(576)	✗	(5,608)	(6,507)	(899)	✗	(39,436)
Net labour	3,818	3,649	(169)	✗	7,364	7,200	(164)	✗	45,035
Materials & cost of sales	177	169	(8)	✗	323	342	19	✓	2,106
Planned maintenance	1,535	1,063	(473)	✗	2,570	2,075	(495)	✗	16,002
Unplanned maintenance	2,000	2,961	961	✓	4,465	5,878	1,413	✓	32,542
Asset operating costs - chemicals	899	862	(38)	✗	1,654	1,466	(188)	✗	10,653
Asset operating costs - energy	1,630	1,575	(56)	✗	3,262	3,095	(167)	✗	17,801
Operating costs - other	3,965	3,515	(451)	✗	7,346	6,867	(479)	✗	42,855
Depreciation and amortisation	16,636	18,089	1,453	✓	34,560	36,013	1,453	✓	217,122
Asset operating costs	26,666	28,063	1,397	✓	53,857	55,394	1,537	✓	336,975
Communications	209	170	(39)	✗	363	338	(25)	✗	2,019
Professional services	686	1,470	784	✓	1,394	2,732	1,339	✓	14,637
Interest	6,407	6,671	264	✓	12,796	13,366	570	✓	78,207
General overheads	2,135	2,302	167	✓	4,519	4,900	381	✓	29,117
Overheads	9,437	10,613	1,176	✓	19,072	21,337	2,266	✓	123,980
<b>Total expenses</b>	<b>40,097</b>	<b>42,494</b>	<b>2,396</b>	<b>✓</b>	<b>80,616</b>	<b>84,273</b>	<b>3,657</b>	<b>✓</b>	<b>508,096</b>
<b>Total contribution/(loss)</b>	<b>4,770</b>	<b>(446)</b>	<b>5,216</b>	<b>✓</b>	<b>10,322</b>	<b>2,020</b>	<b>8,302</b>	<b>✓</b>	<b>29,074</b>
Gain/loss on disposal of fixed assets and other costs	365	205	(160)	✗	730	395	(335)	✗	3,000
Gain/loss on revaluation of financial instruments	8,063	-	(8,063)	✗	32,786	-	(32,786)	✗	-
Non operating (costs)/revenue	8,428	205	(8,223)	✗	33,516	395	(33,121)	✗	3,000
Net surplus/(deficit) before tax	(3,658)	(651)	(3,008)	✗	(23,194)	1,625	(24,820)	✗	26,074
Deferred tax	(1,767)	(3)	1,764	✓	(7,843)	813	8,655	✓	21,490
Net surplus/(deficit) after tax	(1,891)	(647)	(1,244)	✗	(15,351)	813	(16,164)	✗	4,584

**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



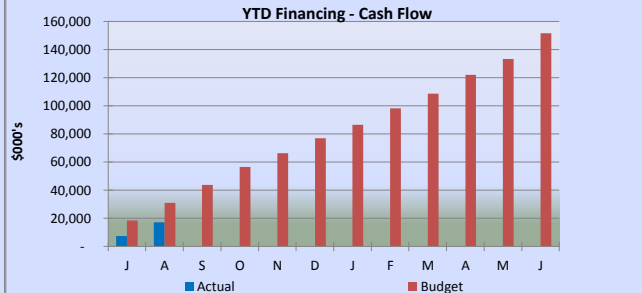
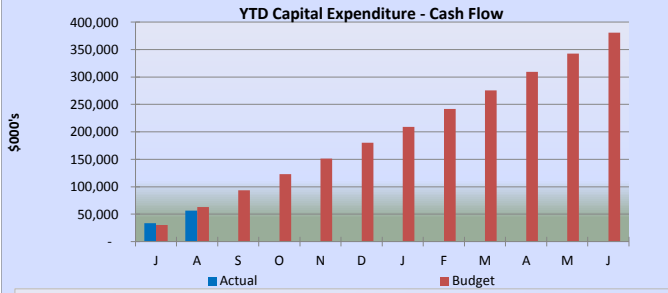
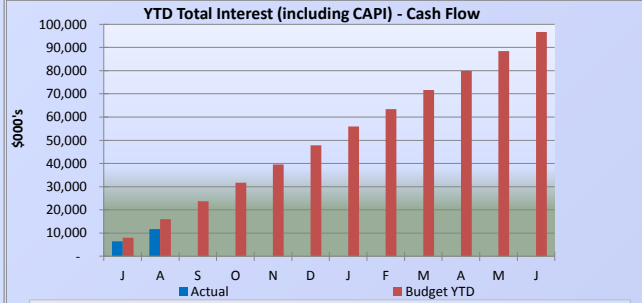
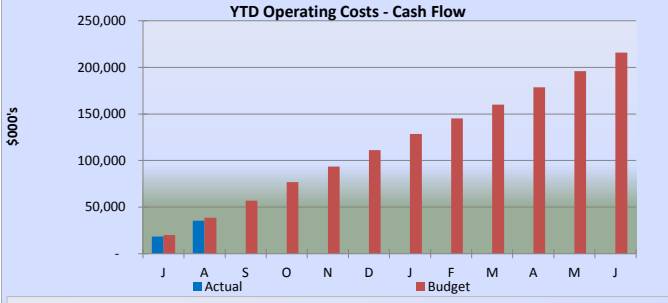
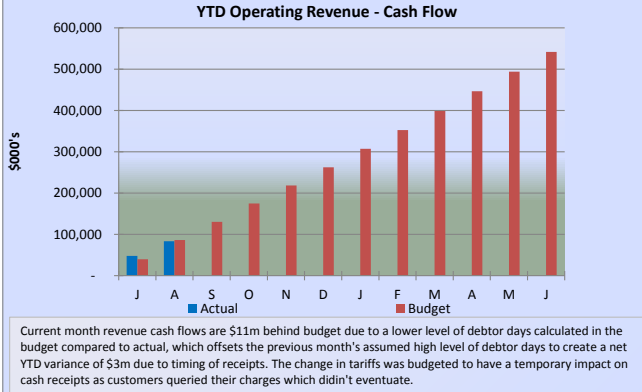
**WATERCARE SERVICES LIMITED**  
**STATEMENT OF CASH FLOWS**

Aug-15

(\$'000's)								
NZ \$000s	Current Month				Year to Date			
	Actual	Budget	Variance	Result	Actual	Budget	Variance	Result
<b>Operating Cash flow:</b>								
Operating Revenue	35,415	46,515	(11,100)	*	83,364	86,301	(2,937)	*
Operating Costs	(16,779)	(18,509)	1,730	✓	(35,274)	(38,509)	3,235	✓
Interest Paid	(4,138)	(6,671)	2,533	✓	(9,510)	(13,366)	3,856	✓
<b>OPERATING CASH FLOW</b>	<b>14,498</b>	<b>21,335</b>	<b>(6,837)</b>	<b>*</b>	<b>38,580</b>	<b>34,425</b>	<b>4,155</b>	<b>✓</b>
<b>Investing Cash flow:</b>								
Capital Expenditure	(22,897)	(32,627)	9,730	✓	(56,267)	(62,881)	6,614	✓
Capitalised Interest (CAPI)	(1,142)	(1,317)	175	✓	(2,264)	(2,550)	286	✓
<b>INVESTING CASH FLOW</b>	<b>(24,039)</b>	<b>(33,944)</b>	<b>9,905</b>	<b>✓</b>	<b>(58,531)</b>	<b>(65,431)</b>	<b>6,900</b>	<b>✓</b>
<b>Financing Cash flow:</b>								
Short Term Advances/(Repaid)	10,000	10,000	-	✓	17,500	17,500	-	✓
Commercial Paper Issued/(Repaid)	69	69	-	✓	132	132	-	✓
Auckland Council Borrowings/(Repaid)	(199)	2,540	(2,739)	*	(398)	13,374	(13,772)	✓
<b>FINANCING CASH FLOW</b>	<b>9,870</b>	<b>12,609</b>	<b>(2,739)</b>	<b>✓</b>	<b>17,234</b>	<b>31,006</b>	<b>(13,772)</b>	<b>✓</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>329</b>	<b>-</b>	<b>329</b>	<b>✓</b>	<b>(2,717)</b>	<b>-</b>	<b>(2,717)</b>	<b>*</b>
Opening Cash Balance/(Overdraft)	(254)	-	(254)	*	2,792	-	2,792	✓
<b>Ending Cash Balance/(Overdraft)</b>	<b>75</b>	<b>-</b>	<b>75</b>	<b>✓</b>	<b>75</b>	<b>-</b>	<b>75</b>	<b>✓</b>

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

Reconciliation Operating Cashflow (\$'000's)					
	Current Month		Year to Date		
	Actual	Budget	Actual	Budget	Variance
Net Surplus (Deficit) After Tax	(1,891)	(647)	(15,351)	813	(16,164)
Add back non cash items:					
Depreciation and amortisation	16,636	18,089	34,560	36,013	(1,453)
Financial instruments revaluation	8,063	-	32,786	-	32,786
Vested assets revenue	(2,654)	(861)	(4,821)	(1,723)	(3,098)
Other non-operating exp/(inc)	295	205	660	395	265
Income Tax Expense/(Benefit)	(1,767)	(3)	(7,843)	813	(8,655)
Movements in Working Capital	(4,183)	4,554	(1,412)	(1,886)	474
<b>OPERATING CASH FLOW</b>	<b>14,498</b>	<b>21,335</b>	<b>38,580</b>	<b>34,425</b>	<b>4,155</b>



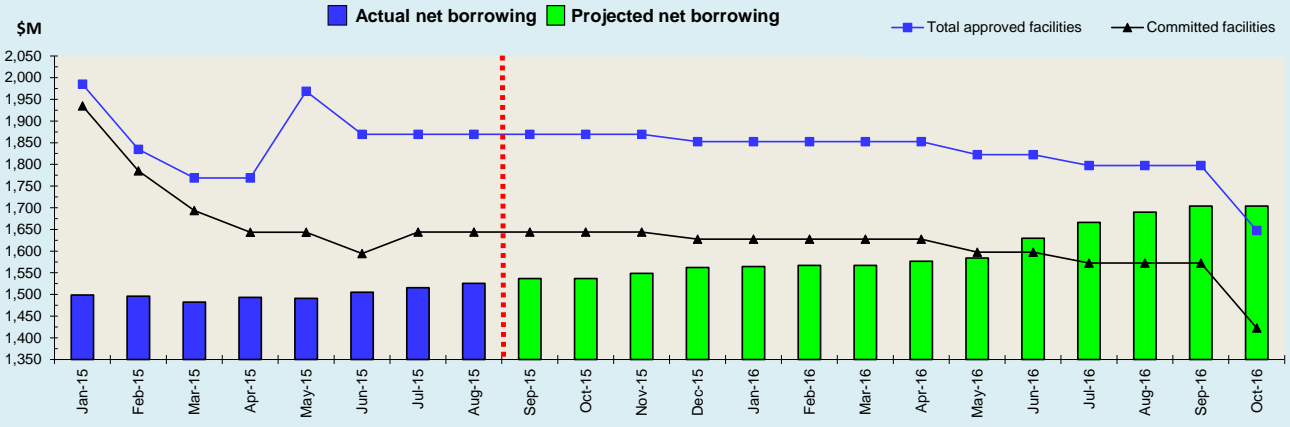


<b>WATERCARE SERVICES LIMITED</b>					<b>Aug-15</b>
<b>STATEMENT OF FINANCIAL POSITION</b>					<b>(\$000's)</b>
<b>June 2015 Actual</b>	<b>July Actual</b>		<b>August</b>		
			<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
		<b>Current assets</b>			
2,792	-	Cash and cash equivalents	75	-	75
47,826	43,485	Trade and other receivables from exchange transactions	48,741	48,592	149
19,524	20,788	Unbilled revenue accrual	22,199	20,463	1,736
3,000	3,623	Prepaid expenses	3,345	2,864	481
4,058	4,090	Inventories	4,043	4,539	(496)
2,310	1,725	Derivative financial instruments	1,674	2,526	(852)
<b>79,511</b>	<b>73,712</b>	<b>Total current assets</b>	<b>80,077</b>	<b>78,984</b>	<b>1,093</b>
		<b>Non-current assets</b>			
8,172,155	8,166,370	Property, plant and equipment	8,192,116	8,212,375	(20,259)
383,539	402,317	Construction/work-in-progress	408,425	430,014	(21,590)
(27,673)	(36,268)	Provision for depreciation	(60,238)	(64,717)	4,479
<b>8,528,021</b>	<b>8,532,419</b>	<b>Total property, plant and equipment</b>	<b>8,540,302</b>	<b>8,577,672</b>	<b>(37,370)</b>
40,184	40,184	Intangible assets	38,989	42,211	(3,222)
23,692	23,655	Prepaid expenses	23,618	23,643	(25)
3,884	4,001	Inventories	4,001	3,504	497
9,086	11,944	Derivative financial instruments	12,593	7,794	4,799
<b>8,604,867</b>	<b>8,612,203</b>	<b>Total non-current assets</b>	<b>8,619,503</b>	<b>8,654,824</b>	<b>(35,321)</b>
<b>8,684,378</b>	<b>8,685,915</b>	<b>Total assets</b>	<b>8,699,580</b>	<b>8,733,808</b>	<b>(34,228)</b>
		<b>Current liabilities</b>			
-	254	Bank Overdraft	-	-	-
148,693	149,010	Commercial paper	148,825	148,640	185
30,264	30,265	Bonds (18/05/16)	30,266	30,263	2
18,918	43,877	Auckland council loan	43,836	21,226	22,610
<b>197,875</b>	<b>223,152</b>	<b>Total debt current</b>	<b>222,926</b>	<b>200,129</b>	<b>22,797</b>
19,407	12,750	Trade and other payables for exchange transactions	13,691	28,214	(14,523)
10,380	13,236	Interest accrued	15,518	17,305	(1,787)
58,862	49,152	Other accrued expenses	44,925	49,898	(4,973)
6,926	6,976	Provision for staff benefits	7,109	4,596	2,513
5,170	5,170	Other provisions	5,170	9,149	(3,979)
22,179	24,183	Derivative financial instruments	25,850	19,441	6,409
<b>320,799</b>	<b>334,620</b>	<b>Total current liabilities</b>	<b>335,189</b>	<b>328,732</b>	<b>6,457</b>
		<b>Non-current liabilities</b>			
75,000	75,000	Bonds (26/10/18)	75,000	75,000	-
50,667	50,644	Bonds (26/10/18)	50,621	50,689	(68)
150,000	150,000	Term loan (13/10/16)	150,000	150,000	-
-	7,500	Bank revolving credit facility	17,500	-	17,500
1,043,422	1,018,263	Auckland council loan	1,018,105	1,073,469	(55,364)
<b>1,319,089</b>	<b>1,301,407</b>	<b>Total debt non-current</b>	<b>1,311,226</b>	<b>1,349,158</b>	<b>(37,932)</b>
18,700	18,640	Other accrued expenses	18,581	29,031	(10,450)
3,484	3,484	Other Provisions	3,484	-	3,484
1,267	1,267	Provision for staff benefits	1,267	1,493	(226)
135,247	160,238	Derivative financial instruments	167,233	137,203	30,030
1,011,130	1,005,052	Deferred tax liability	1,003,285	1,020,655	(17,370)
<b>2,488,917</b>	<b>2,490,089</b>	<b>Total non-current liabilities</b>	<b>2,505,076</b>	<b>2,537,540</b>	<b>(32,464)</b>
<b>2,809,715</b>	<b>2,824,709</b>	<b>Total liabilities</b>	<b>2,840,265</b>	<b>2,866,272</b>	<b>(26,007)</b>
		<b>Equity</b>			
260,693	260,693	Issued capital	260,693	260,693	-
1,812,971	1,812,974	Revaluation reserve	1,812,974	1,812,974	-
3,856,351	3,800,999	Retained earnings	3,800,999	3,793,056	7,943
(55,352)	(13,460)	Current year earnings after tax	(15,351)	813	(16,164)
<b>5,874,663</b>	<b>5,861,206</b>	<b>Total equity</b>	<b>5,859,315</b>	<b>5,867,536</b>	<b>(8,221)</b>
<b>8,684,378</b>	<b>8,685,915</b>	<b>Total equity and liabilities</b>	<b>8,699,580</b>	<b>8,733,808</b>	<b>(34,228)</b>

**TREASURY RISKS AND INTEREST RATE PERFORMANCE**

Aug-15

4



**Interest rates**

	Actual YTD	Benchmark YTD	Year end forecast
Weighted averages (excl. fees and margins)	4.99%	4.50%	4.90%
Weighted averages (incl. fees and margins)	6.06%	N/A	5.94%

**Debt (\$m)**

	Actual	Budget	Variance
Short-term borrowings	222.9	200.1	22.8
Long-term borrowings	1,311.2	1,349.2	(38.0)
<b>Total gross debt</b>	<b>1,534.1</b>	<b>1,549.3</b>	<b>(15.2)</b>
Less cash & deposits	-	-	-
<b>Total net borrowing</b>	<b>1,534.1</b>	<b>1,549.3</b>	<b>(15.2)</b>

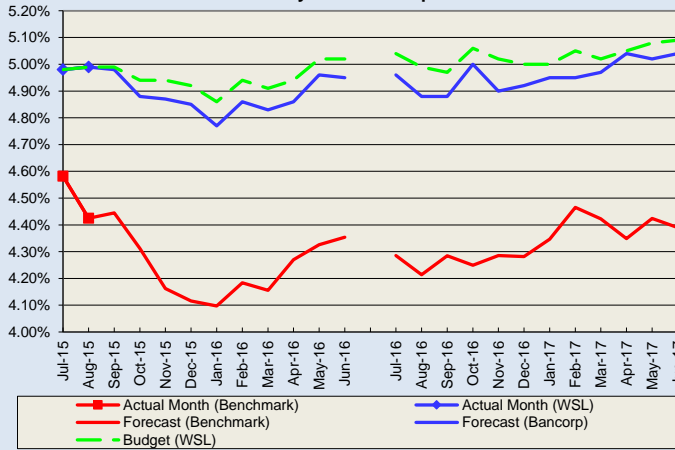
**Committed facilities**

- Westpac Term Loan facility	\$150 million
- BNZ CP Standby facility	\$175 million
- Westpac Revolving Credit facility	\$60 million
- Medium term notes	\$155 million
- Auckland Council	\$1,104 million
<b>Total committed facilities as at 31 August</b>	<b>\$1,644 million</b>

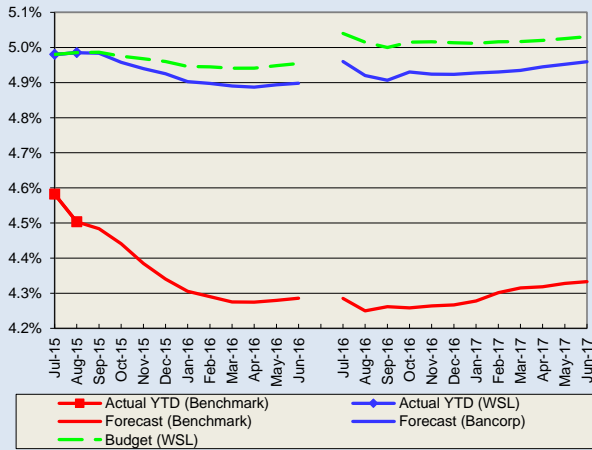
**Additional approved facilities**

- Approved new funding from Auckland Council	\$150 million
- Approved CP issuance, over and above CP Standby facility	\$75 million
<b>Total approved facilities as at 31 August</b>	<b>\$1,869 million</b>

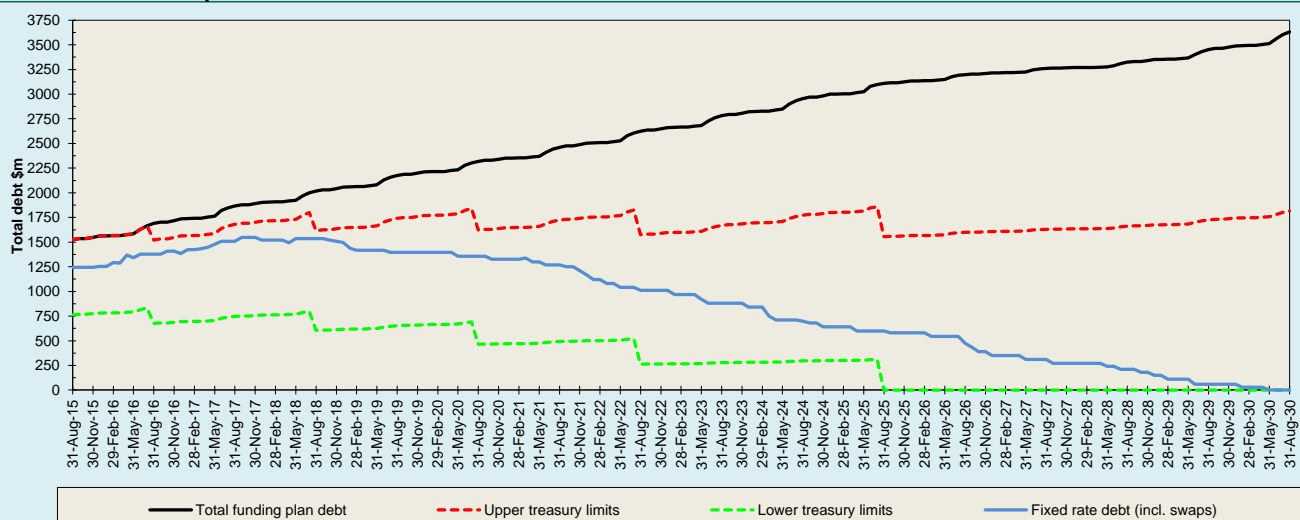
**Monthly interest rate performance**



**Year to date interest rate performance**



**Forecast total debt profile**



**COUNTERPARTY EXPOSURES, DEBT CONCENTRATION & COVENANT COMPLIANCE** **Aug-15**

Counterparty exposures	S&P credit rating Short / long term	Face value	Credit exposures	Limit	Limit OK / exceeded	
		\$000	\$000	\$000		
<b>Obligations of registered banks</b>						
ANZ Bank	A1+ / AA-	730,907	4,481	100,000	Limit OK	✓
Bank of New Zealand	A1+ / AA-	646,339	19,603	100,000	Limit OK	✓
Commonwealth Bank of Australia	A1+ / AA-	115,000	1,524	100,000	Limit OK	✓
Kiwibank	A1 / A+	0	0	75,000	Limit OK	✓
Westpac Institutional Bank	A1+ / AA-	565,295	30	100,000	Limit OK	✓
		<b>2,057,541</b>	<b>25,638</b>			

*Note: Credit exposures are the aggregate of direct exposures, 10% of the 'face' value of forward foreign exchange contracts, 15% of the 'face' value of electricity hedging contracts, and the sum of the MTM value of interest rate derivative contracts plus a 3% 'risk' factor (if this produces a positive value).*

**Debt concentration \$000**

Committed debt facilities	Maturity	0-12 months	12-24 months	24-36 months	36-48 months	48-60 months	> 60 months	Total
Westpac Term Loan facility	13/10/16		150,000					150,000
BNZ CP Standby facility	1/07/17		175,000					175,000
Westpac Revolving Credit facility	30/11/18				60,000			60,000
Medium-term notes	Various	30,000			125,000			155,000
Auckland Council	Various	41,692	54,668	78,368	82,243	200,000	647,243	1,104,214
<b>Total committed debt facilities</b>		<b>71,692</b>	<b>379,668</b>	<b>78,368</b>	<b>267,243</b>	<b>200,000</b>	<b>647,243</b>	<b>1,644,214</b>
Approved new funding from Auckland Council							150,000	150,000
Approved CP issuance, over and above CP Standby							75,000	75,000
<b>Total committed and approved debt facilities</b>		<b>71,692</b>	<b>379,668</b>	<b>78,368</b>	<b>267,243</b>	<b>200,000</b>	<b>872,243</b>	<b>1,869,214</b>
<b>Treasury policy - total committed debt facilities</b>		<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>		
Treasury policy compliance		✓	✓	✓	✓	✓		

Drawn bank facilities	Maturity	0-6 months	6-12 months	12-18 months	18-24 months	24-30 months	> 30 months	Total
Westpac Term Loan facility (\$150m)	13/10/16			150,000				150,000
BNZ CP Standby facility (\$175m)	1/07/17							0
Westpac Revolving Credit facility (\$60m)	30/11/18						17,500	17,500
		0	0	150,000	0	0	17,500	167,500
<b>Treasury policy for drawn bank facilities</b>		<b>&lt;= 250,000</b>	<b>&lt;= 250,000</b>	<b>&lt;= 250,000</b>	<b>&lt;= 250,000</b>	<b>&lt;= 250,000</b>	<b>&lt;= 250,000</b>	
Treasury policy compliance		✓	✓	✓	✓	✓	✓	
<b>Other facilities</b>								
BNZ overdraft	On demand	2,000						2,000
		2,000	0	0	0	0	0	2,000

Counterparty exposure in relation to borrowing facilities	Westpac	BNZ	ANZ	CBA	Kiwibank	
Term loan facility	150,000					
Revolving credit facility	60,000					
CP standby facility		175,000				
	<b>210,000</b>	<b>175,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Treasury policy</b>	<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>	<b>&lt;= 500,000</b>	
Treasury policy compliance	✓	✓	✓	✓	✓	

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

Covenant / ratio	Benchmark/target measure	Outcome	Compliance
Security interests / total tangible assets - maximum	5%	0.00%	✓
Total liabilities / total tangible assets - maximum	60%	32.80%	✓
Total liabilities (including contingent) / total tangible assets - maximum	65%	32.80%	✓
Shareholders funds - minimum (\$000)	500,000	5,859,315	✓
EBITDA : funding costs ratio - minimum	1.75	4.13	✓
Funds from operations : interest cover ratio - minimum	2.00	3.51	✓
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%	✓

<b>FOREIGN EXCHANGE, COMMERCIAL PAPER &amp; ELECTRICITY HEDGING</b>							<b>Aug-15</b>				
<b>Foreign currency exposures (NZ\$000) including hedging for chemical purchases</b>							<b>USD</b>	<b>AUD</b>	<b>Total</b>		
Total exposure to be hedged							2,282	189	2,471		
Foreign exchange hedging							2,282	189	2,471		
Percentage cover							100%	100%	100%		
<b>Treasury policy</b>							<b>100%</b>	<b>100%</b>	<b>100%</b>		
Treasury policy compliance							✓	✓	✓		
<b>Hedging for chemical purchases (US\$000)</b>					<b>Sep-15</b>	<b>Mar-16</b>	<b>Sep-16</b>	<b>Mar-17</b>	<b>Total</b>		
Chemicals forward foreign exchange hedging					1,000				1,000		
<b>Treasury policy</b>									<b>&lt;= 5,000</b>		
Treasury policy compliance									✓		
<b>Commercial paper maturities</b>											
<b>Issue #</b>	<b>\$000</b>	<b>BKBM</b>	<b>Interest rate</b>	<b>Bid cover (x)</b>	<b>Term (days)</b>	<b>Maturity date</b>					
281	50,000	3.238%	3.265%	2.82	92	22-Sep-15					
282	50,000	3.080%	3.151%	1.32	92	30-Oct-15					
283	50,000	2.910%	2.981%	2.98	92	25-Nov-15					
<b>150,000</b>		<b>3.132%</b>									
<p style="text-align: center;"><i>Note: BKBM is the banks' mid-rate for bank bills of a similar term on the CP issue date.</i></p>											
				<b>Sep-15</b>	<b>Oct-15</b>	<b>Nov-15</b>	<b>Dec-15</b>	<b>Jan-16</b>	<b>Feb-16</b>	<b>Beyond Feb-16</b>	<b>Total</b>
Outstanding CP				50,000	50,000	50,000	0	0	0	0	150,000
Uncommitted short-term debt							0	0	0	0	0
				<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150,000</b>
<b>Treasury policy for maximum amount of CP outstanding</b>											
Treasury policy compliance											
<b>&lt;= 250,000</b>											
✓											
<b>Undrawn committed standby facilities</b>											
	<b>1 month</b>	<b>1-2 months</b>	<b>2-3 months</b>	<b>3-4 months</b>	<b>4-5 months</b>	<b>5-6 months</b>	<b>&gt; 6 months</b>				
Undrawn committed standby facility - CP facility											
	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000			
50% of CP and other short-term debt repayable within 60 days											
	50,000	50,000	25,000	0	0	0					
<b>Treasury policy:</b> Undrawn standby facilities >= 50% of outstanding CP and other uncommitted short-term debt repayable within 60 days											
<b>Treasury policy compliance</b>											
	✓	✓	✓	✓	✓	✓					
<b>Electricity hedging (NZ\$000)</b>											
	<b>0-6 months</b>	<b>6-12 months</b>	<b>12-18 months</b>	<b>18-24 months</b>	<b>24-30 months</b>	<b>30-36 months</b>	<b>36-42 months</b>	<b>42-48 months</b>			
Contract maturity											
Contract length											
<b>Total value of outstanding contracts</b>											
0											
<b>Treasury policy for maximum value of outstanding contracts</b>											
Treasury policy compliance										<b>&lt;= 10,000</b>	
✓											
										Page A7	

# WATERCARE SERVICES LIMITED

## Management Report

Aug-15

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• Monthly Statistics Update	B9

*Confidential*

**Management Report**  
*Monthly Statistics Update*

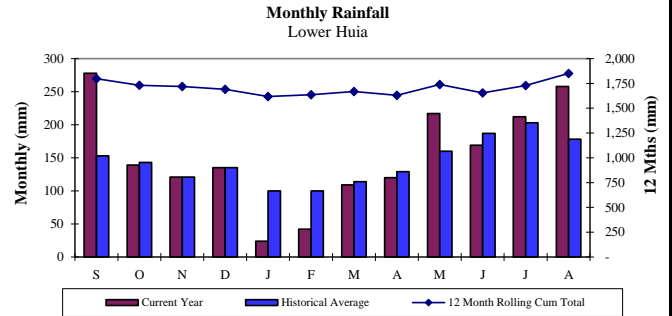
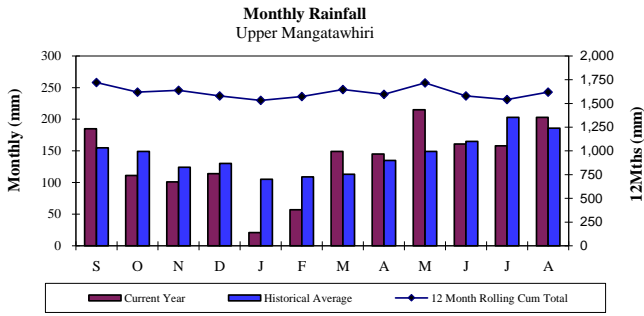
WATERCARE SERVICES LIMITED

Aug-15

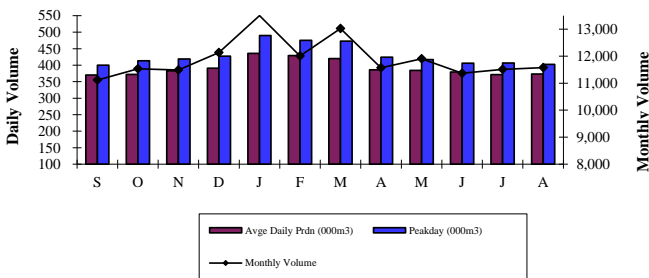
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**Rainfall**

<b>Rainfall</b>	Current Month	12 Mth Cumulative Rolling	<b>Rainfall</b>	Current Month	12 Mth Cumulative Rolling
<b>Actual - Upper Mangatawhiri</b>	203 mm	1620 mm	<b>Actual - Lower Huia</b>	258 mm	1851 mm

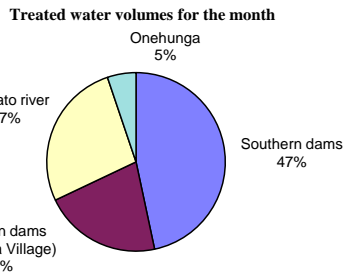


**Water Production - Metropolitan Supply**



<b>Treated water volumes (000m<sup>3</sup>)</b>	Current Month	12 Month Rolling Ave
<b>Monthly Volume</b>	11,575	11,894
<b>Average Daily Production</b>	373	391
<b>Peak Day</b>	402	490 <sup>1</sup>

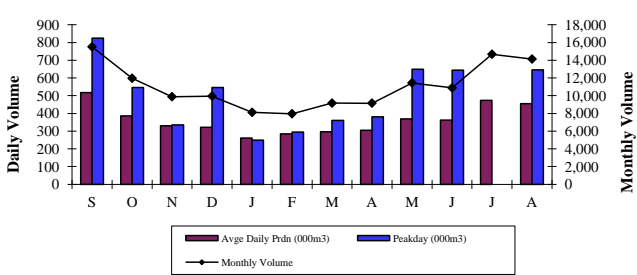
<sup>1</sup> Max peak day in past 12 months



<b>Treated water volumes (000m<sup>3</sup>)</b>	Current Month		Year to Date			
	Actual	%	Budget	Actual	%	Budget
Southern dams	5,401	47%	8,072	11,553	50%	16,113
Western dams	2,465	21%	2,331	4,871	21%	4,660
Waikato river	3,108	27%	930	5,499	24%	1,860
Onehunga aquifer	601	5%	239	1,161	5%	458
<b>Total</b>	<b>11,575</b>	<b>100%</b>	<b>11,572</b>	<b>23,084</b>	<b>100%</b>	<b>23,091</b>

By utilising the Waikato river and Onehunga above budget an additional 12.48% of water storage has been achieved in anticipation of a dry summer.

**Wastewater Treatment - Metropolitan Treatment**

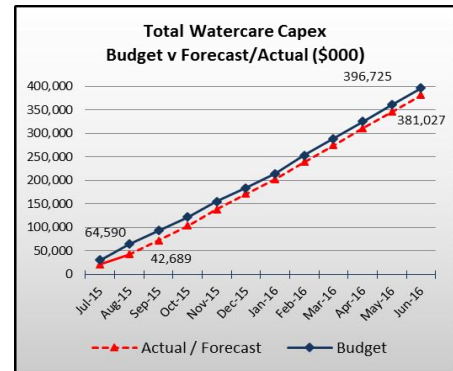


	Current Month	12 Month Cumulative Ave
<b>Monthly Volume (000m<sup>3</sup>)</b>	14,128	11,071
<b>Average Daily Production</b>	456	363
<b>Peak Day Mangere</b>	645	456

# WATERCARE PUBLIC REPORT CAPITAL EXPENDITURE



TOTAL WATERCARE EXPENDITURE	Year to Date		Annual Performance	
	Actual	Budget	Actual + Forecast	Budget
Strategy & Planning	807	911	26,949	28,248
Infrastructure Delivery	35,142	48,432	278,475	280,869
Service Delivery	2,091	8,257	37,487	47,382
Retail	915	1,630	7,526	8,150
Information Services	1,234	1,822	6,947	7,380
Other	236	988	5,428	6,195
Capitalised Interest	2,264	2,550	18,215	18,501
<b>Watercare Total</b>	<b>42,689</b>	<b>64,590</b>	<b>381,027</b>	<b>396,725</b>



Project / Programme (Infrastructure Based Projects)	Project Performance		Annual Performance		Status	
	Capex Outturn Estimate	Current Forecast	Forecast	Budget	Time	Cost

**Water Projects >\$15 Million**

Hunua No 4 Programme	385,372	385,363	50,522	50,514		
North Harbour Watermain Duplication	240,000	239,302	6,566	7,265		
Huia No 1 Watermain Replacement	42,103	42,077	4,427	4,423		
Waikato 175MLD Expansion Stage Ultimate	48,880	7,700	7,672	12,000		

**Wastewater Projects >\$15 Million**

Central Interceptor Feasibility Design	960,470	960,489	14,489	14,471		
Northern Interceptor - Stage 1	148,200	147,967	3,459	4,414		
Mangere WWTP BNR Capacity	141,040	141,052	51,177	51,500		
Mangere WWTP Solids Stream Upgrade	74,800	74,525	11,950	11,960		
Rosedale WWTP Expansion Project	63,954	63,954	2,746	2,985		
Upgrade Pukekohe WWTP	59,000	57,340	5,050	5,422		
Pukekohe Trunk Sewer Upgrade	37,000	35,490	5,389	4,755		
Army Bay WWTP Outfall Upgrade	27,500	27,487	844	758		
Glendowie Branch Sewer Upgrade	17,845	17,649	881	880		

**Shared Services >\$15 Million**

Networks Control Upgrade	19,944	19,944	3,328	3,500		
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<b>Watercare Services Ltd</b>
<b>Financial Summary</b> 2015-16
<b>Report Period</b> August 2015

**Traffic light Key:**

- On target / No adverse Service Delivery impact
- Short to medium term issues that may impact on outcomes or targets / Minor Service Delivery Impacts
- Medium to long term issues that are impacting on outcomes or targets / Risk of significant Service Delivery Impact
- Underspend on the capex variance (-10%)
- No approved capex or the project is "in-service" indicating the issue is not

Local Board Interaction (As at 3 September 2015)

Local Board	Chair	Deputy Chair	July-15	August-15	September-15
Albert - Eden	Peter Haynes	Glenda Fryer		Information flyer on the Huia No. 1 Watermain (21 August). Invitation to view Central Interceptor drop shaft testing at Auckland University (27 August).	
Devonport - Takapuna	Joseph Bergen Watercare Rep (5 May 2015 to end of the 2013-2016 term)	Grant Gillion (5 May 2015 to end of the 2013-2016 term)	Working with the Local Board and Parks regarding children's learn to ride painting on top of Forrest Hill Reservoir (14 July).	Meeting regarding Special Housing Areas (25 August). Escalation regarding private property water leak (31 August)	Information on fats, oils and grease disposal (2 Sept).
Franklin	Andy Baker	Jill Naysmith	Mangere Matters Newsletter (30 July 2015)	Notification of herbicide detection in Cosseys Reservoir (3 August). Information to Jill Naysmith on the SHA servicing at Glenbrook Beach (20 August)	Information on fats, oils and grease disposal (2 Sept).
Great Barrier	Izzy Fordham	Susan Daly			
Henderson - Massey	Vanessa Neeson	Shane Henderson		Public meeting regarding wastewater overflows at Taipari Strand near Roy Ranby Boardwalk (19 August). Local Board briefing on growth related issues (25 August). Information on Taipari Strand Overflows (27 August)	
Hibiscus and Bays	Julia Parfitt	Greg Sayers	Finalised landowner approval for temporary use of Montrose Terrace Reserve for rising main project (7 July). Update on rising main works including public fliers (8 July).		
Howick	David Collings	Adele White			
Kaipatiki	Kay McIntyre	Ann Hartley			
Mangere - Otahuhu	Lydia Sosene	Carrol Elliott	Mangere Matters Newsletter (30 July 2015)	Central Interceptor drop shaft testing at Auckland University (27 August).	
Manurewa	Angela Dalton	Simeon Brown	Response to escalation regarding IGC's (3 July). Local Board Briefing (21 July). Mangere Matters Newsletter (30 July 2015)		
Maungakiekie - Tamaki	Simon Randall	Chris Makoare	Mangere Matters Newsletter (30 July 2015)	Site meeting regarding Van Dammes Lagoon opening (1 September)	Site visit regarding Van Dammes Lagoon work sign off (1 Sept).
Orakei	Desley Simpson	Kit Parkinson, Colin Davis (Watercare Rep)	Information in response to Local Board questions on a watermain break in St Heliers (13 July). Sent information on kids art work placed at Madills Farm Park (20 July).	Site meeting in St Heliers to discuss future wastewater planning (14 August). Liaison with Kit Parkinson regarding Madills wastewater project and transition of construction site to stormwater (24	Update to Local Board on St Heliers Bay Wastewater Project deferral (1 Sept).



**Board Meeting - Public Session - Chief Executive's Report and Scorecard**

Local Board	Chair	Deputy Chair	July-15	August-15	September-15
				August). Escalation regarding property LIM and wastewater separation (31 August).	
<b>Otara - Papatoetoe</b>	Fa'anānā Efeso (Efeso) Collins	Ross Robertson		Placemaking Otara Waterways & Lake Project Steering group with Stephen Grey (13 August).	
<b>Papakura</b>	Bill McEntee	Michael Turner	Mangere Matters Newsletter (30 July 2015)		
<b>Puketapapa</b>	Julie Fairey	Harry Doig	Local Board Briefing on managing growth in Auckland (1 July). Mangere Matters Newsletter (30 July 2015)	Information flyer on the Huia No. 1 Watermain (21 August). Central Interceptor drop shaft testing at Auckland University (27 August).	
<b>Rodney</b>	Brenda Steele	Stephen Garner	Information on 2015/16 water and wastewater revenue in Rodney (13 July). Information on servicing new growth in Warkworth (20 July).	Steven Garner assisted Watercare with public Unitary Plan designation discussions (11 August). Escalated complaint regarding fixed wastewater charging (27 August). Update regarding watermain upgrades in Muriwai (28 August).	
<b>Upper Harbour</b>	Lisa Whyte (5 May 2015 to end of the 2013-2016 term)	Brian Neeson (5 May 2015 to end of the 2013-2016 term)			
<b>Waiheke</b>	Paul Walden	Shirin Brown			
<b>Waitakere Ranges</b>	Sandra Coney	Denise Yates	Mangere Matters Newsletter (30 July 2015)	Information flyer on the Huia No. 1 Watermain (21 August)	
<b>Waitemata</b>	Shale Chambers	Pippa Coom	Briefing with Chair regarding Wynyard development and opportunity for pipe construction in Victoria Park (15 July).	Central Interceptor drop shaft testing at Auckland University (27 August).	Information on fats, oils and grease disposal (2 Sept).
<b>Whau</b>	Catherine Farmer	Susan Zhu		Information flyer on the Huia No. 1 Watermain (21 August)	
<b>Manukau Harbour Forum</b>	Jill Naysmith		Mangere Matters Newsletter (30 July 2015)		Information on fats, oils and grease disposal (2 Sept).



**Watercare Services Limited**

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Auckland 1141, New Zealand

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Facsimile +64 9 539 7334

[www.watercare.co.nz](http://www.watercare.co.nz)

31 August 2015

Rahui Papa  
Te Arataura Chairman  
Waikato Tainui  
Private Bag 3344  
Hamilton 3204

Dear Rahui

**RELATIONSHIP**

Rahui, let me again thank you, your fellow Board members and executive for the dinner on Friday 28 August 2015.

The atmosphere was relaxed and informal, evidencing the strength of the relationship between our two organisations.

The presentation by Morris and Brendon was interesting and thought provoking for our Boards.

As discussed on Friday evening, our next Board meeting is on 25 September 2015 at our offices; 73 Remuera Road, Remuera, Auckland.

It would be good if you were able to attend the office at 12 noon, to give a presentation on the Waikato Tainui Vision, Mission and Values. At the conclusion of the presentation we will have a light lunch. Further, if you have the time, we can arrange for a site visit to the Waikato Water Treatment Plant and /or the Pukekohe Wastewater Treatment plant in the morning.

Please advise either Raveen or Rob, if you can attend the meeting in September. If not we will arrange another mutually convenient time.

Also, you are very welcome to bring other Board members or executives.

Nāku noa, nā

David Clarke  
Chairman  
**Watercare Services Limited**

## Report to the Board of Watercare Services Limited

**Subject:** Desalination Water Source Options for Auckland

**Date:** 18 September 2015

### 1. INTRODUCTION

As water resources are being placed under increasing pressure, water suppliers are increasingly resorting to historically unconventional water resources to meet demand. Where ample supply of freshwater is not available, desalination of seawater to make potable water is the most preferred option. This is because it is more acceptable than alternate sources, such as wastewater reuse. With the Auckland region surrounded by seawater, Watercare and CH2M Beca have completed a study into the desalination options that could be available to meet the future demand for Auckland's water supply, should we not have access to adequate freshwater in the future.

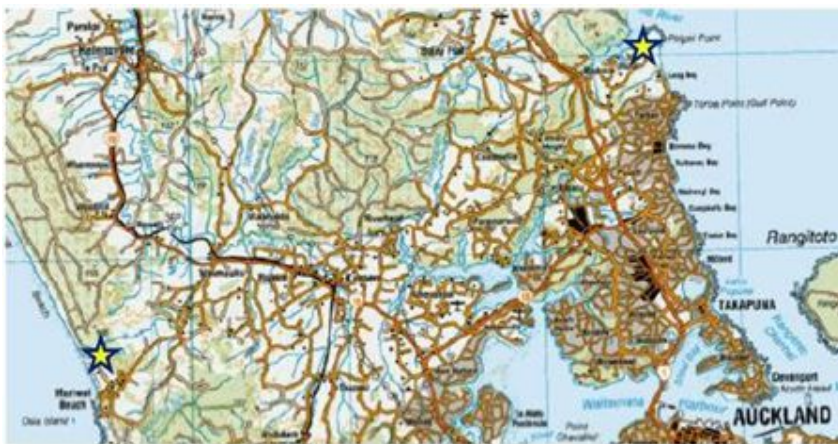
### 2. BASIS OF DESIGN

The basis of design for the desalination plants is a single pass reverse osmosis system, coupled with pre-treatment stages of Dissolved Air Flotation and membrane filtration. In some desalination systems, two passes of reverse osmosis is required to meet water quality standards, which significantly increases the capital and operating costs of the system.

The plants would require a dedicated high voltage power supply of 40-45 MVA, and when operating at a full capacity of 200MLD would have an energy consumption of 40-50MW, approximately 10 times the total energy consumption of the current water supply system.

### 3. OPTIONS FOR AUCKLAND

After reviewing all potential sites available for a 200MLD desalination plant, the two locations that were considered feasible, from a technical and consent viewpoint, were in Long Bay (East Coast) and Muriwai (West Coast). Either of these locations will provide a northern water source which is not reliant on a harbour crossing.



Both schemes would require transmission pipelines to be installed to integrate the supply, but it is significantly less than what is associated with the proposed Waikato Scheme.

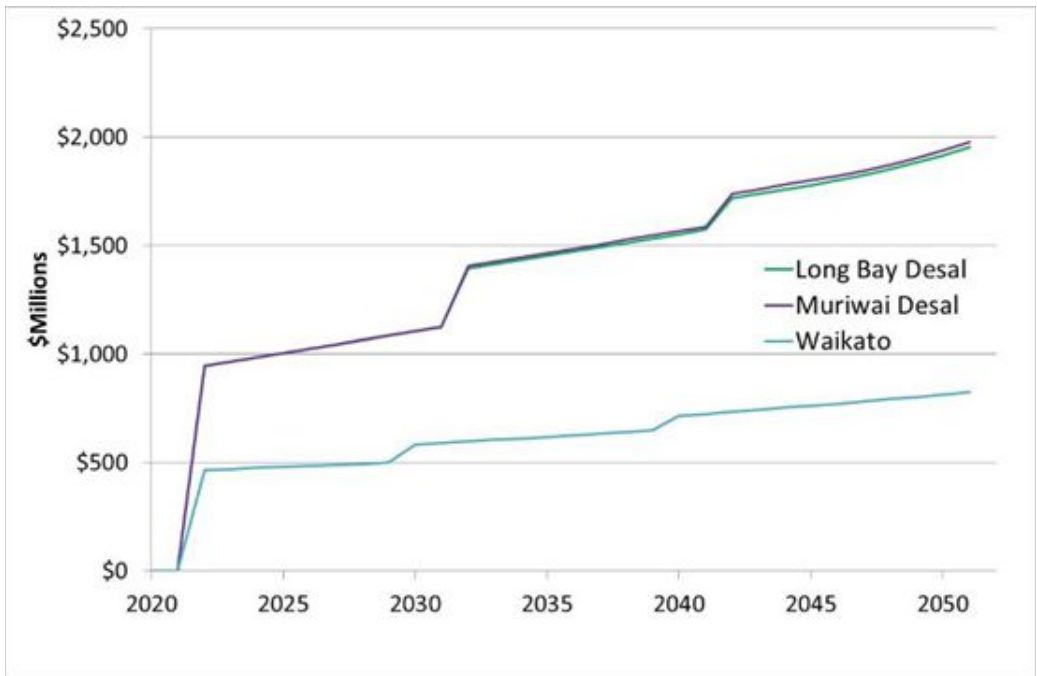
The estimated capital and operating costs of the two desalination options, benchmarked against recent desalination projects, are shown below. This showed that the costs would be

similar to those in California and Australia, with a similar scope of works. The operating costs is based on the plant operating at full capacity for the year.

Item	East Coast Long Bay	West Coast Muriwai
Desalination Plant (\$M)	740	742
Intake/ Outfall tunnels (\$M)	360	250
Electrical High Voltage Supply (\$M)	20	30
Treated Water Infrastructure (\$M)	80	195
Consenting & Engineering (\$M)	100	100
<b>TOTAL (\$M)</b>	<b>1300</b>	<b>1317</b>
<b>OPEX (\$/m<sup>3</sup>)</b>	<b>\$2.10</b>	<b>\$2.12</b>

**4. COMPARISON TO FUTURE WAIKATO SCHEME**

The whole of life costs for the desalination plants in comparison to the proposed Waikato scheme is shown below.



It is evident that the proposed Waikato scheme remains the preferred and most cost efficient option.

**5. RECOMMENDATION**

It is recommended that the Board receives this report.

Report prepared by:

Approved for submission by:

.....  
 Shayne Cunis  
**General Manager – Service Delivery**

.....  
 Raveen Jaduram  
**Chief Executive**

# WATER UTILITY CONSUMER ASSISTANCE TRUST

(the "Trust")

Ph: (09) 625 8176  
Fax: (09) 625 8143  
Email: [info@waterassistance.org.nz](mailto:info@waterassistance.org.nz)  
P.O. Box 79-233  
Royal Heights  
Auckland 0656

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17 August 2015

**Watercare Services Limited** ("Watercare")  
Private Bag 92 521  
Wellesley Street  
**AUCKLAND 1141**

**For: The Chief Financial Officer**

## ANNUAL REPORT TO WATERCARE

### 1. **Funding Agreement**

This report is provided by the Trust to Watercare in respect of the financial year of the Trust ended on 30 June 2015 ("the financial year") pursuant to clause 7.2 of the Funding Agreement dated 1 October 2012 between Watercare and the Trust (the "Funding Agreement"), Schedule 2 of which (dated 21 October 2014) details the present Water Utility Consumer Assistance Policy of Watercare.

### 2. **Trust Deed**

As some difficulties had been experienced during the preceding financial year in the functioning of the Appointments Panel under the original Deed of Trust dated 14 October 2011 which established the Trust, the three Community Charities requested a change in the manner in which the Community Trustees would in future be appointed, so that each of the Community Charities would, in turn, have the ultimate right, after discussion with each of the other two Community Charities, to appoint or replace its own nominee every three years, instead of the appointment or replacement being made by the Appointments Panel. Watercare and the Trustees agreed to the request and the terms as altered were set out in a revised and restated Trust Deed dated 7 October 2014 (the "Trust Deed"), which as a consequence abolished the Appointments Panel.

### 3. **Annual Financial Statements**

The Trust is deemed to be a subsidiary of Watercare for financial reporting purposes and as its financial statements for the latest financial year are currently being finalised by Watercare accounting staff on behalf of the Trust and audited on behalf of the Auditor-General, they are not yet available.

### 4. **Meetings of Trustees**

The Trustees, together with the Administrator, met on 10 occasions during the financial year to consider applications submitted to the Trustees after eligibility assessment by the Administrator. One and often two Watercare executives were also in attendance at the meetings, to provide relevant Watercare credit information about applicants and about the administration services provided to the Trust by Watercare, as well as any internal Watercare policy or other matters relevant to the activities of the Trust.

### 5. **Interim Reports to Watercare**

The Trust reported the following information to Watercare senior management on a monthly basis during the financial year, as required by clause 7.1 of the Funding Agreement:

- (a) monthly expenditure and a comparison against the annual budget approved by Watercare (a consolidated schedule of those reports being attached to this Report as Schedule 1); and
- (b) the number of application forms sent out to prospective applicants by the Trust (but see 6 below), the number of applications received and the progress of those applications through the Trust's approval processes (a consolidated schedule of those reports being attached to this Report as Schedule 2).

## 6. Applications

The Trust is unable to determine the actual number of application forms obtained by prospective applicants as customers can download these from both Watercare's and the Trust's websites, and application forms are also held by a number of community organisations, budget advisors and Work & Income NZ for distribution.

The total number of applications received in the financial year was 307, of which 187 were from property owners and 120 were from tenants. The number of applications received each month varied significantly, the least being 8 and the most 38.

The value ranges of those 307 applications were:

\$1-\$499	131
\$500-\$999	86
\$1,000-\$4,999	76
\$5,000-\$9,999	10
\$10,000+	4

An analysis of the 121 initial applications which did not proceed beyond the Form 1 stage, or were closed, disclosed a wide range of reasons, similar to the corresponding analysis in respect of the preceding financial year.

Payment plan or paid in full	19
Property sold or applicant moved	9
Zero balance or current invoice only owing	18
Application lapsed/form 2 not returned	64
Out of Watercare area (in Veolia area)	2
Withdrawn/other	9

The Trust is now encouraging applicants to use email and fax to submit applications and budget forms, because the postal service has slowed and because a significant number of inwards and outwards forms and letters appear to go missing in transit.

## 7. Budget Advisor oversight

In order to simplify and speed up the application process where the amount owing to Watercare is less than \$500 (a situation now becoming more common), a modified form of

application (Form 2A), which dispenses with the need to involve a Budget Advisor, was used on several occasions during the financial year. This approach overall worked well.

#### 8. **Relief granted**

All relief approved by the Trust during the period under review was in the form of conditional or unconditional write-offs of indebtedness by Watercare, intended to give the applicant the opportunity to eliminate their arrears subject to their acceptance of the requirement that they meet their future Watercare bills in full on a timely basis.

There were six applications considered by the Trust in the financial year that exceeded the Trust's approval limit of \$2,000 and were accordingly referred to Watercare for a decision on acceptance of the additional write-off. In these cases the final amount eventually written off by Watercare sometimes varied from the initial Trust approval as it was often the "outstanding balance" at the relevant time that was actually written off. The Trust's application number of the six applications ultimately approved by Watercare and the estimated amounts are set out in Schedule 3.

#### 9. **Assistance for leak repairs**

Some applications received by the Trust in the past involved applicants who were receiving high water bills due to leakages which the applicant could not afford to have repaired. These situations generally involved excessive hardship because of the inability of the applicant to meet the costs of remediation out of income or by further borrowing. Although Watercare did not oppose the Trust agreeing to fund remediation of one particular application, because of differing policy views within Watercare, it was subsequently agreed by the Trust and Watercare that leak remediation would not be funded by the Trust unless and until the policy differences were resolved. The Trustees are keen that a positive solution be found, if possible, to enable the Trust to assist with funding of leak remediation in appropriate hardship cases, provided Watercare and the Trust can be adequately protected from ongoing liability in respect of the remedial work.

It is interesting to note that the Salvation Army has recently introduced "no interest" (max \$1,000) and "low interest" (max \$5,000) loans, which although ultimately repayable, could be utilised by customers to assist with water issues such as replacing hot water cylinders and repairing leaks.

#### 10. **Marketing**

The Trust, with assistance from Watercare, has recently had its brochure printed in Maori, Tongan and Samoan to cater for those burgeoning communities and the range of languages may possibly be extended if this later seems warranted. A supply of these brochures was sent to all Citizens Advice Bureaux.

The Administrator continues to send brochures to a number of community organisations upon request, distributes brochures at the Work & Income NZ quarterly meetings and a supply of brochures had been sent to all Auckland Council Local Board offices (prior to recent public comment to the contrary by Councillor Casey).

While in-depth consideration continues to be given by the Trustees to ways of increasing customer awareness of the Trust, the Trustees believe that most customers in hardship circumstances will become aware of the assistance offered by the Trust, either through the Watercare debtor administration process once they are in arrears with payments to Watercare, or from the advice on the reverse side of all Watercare customer statements under the heading "Having difficulty paying?".

Because of its limited resources, the Trust continues to concentrate publicity about the Trust through budget advisory services, Work & Income NZ offices and Citizens Advice Bureaux, followed by other appropriate community organisations, particularly those of ethnic minorities

and churches and it is frequently thanked by these organisations for the assistance it provides to struggling debtors.

During the period under review the Administrator attended 12 quarterly network meetings hosted by Work & Income NZ at Waitakere, Otara, Takapuna, Warkworth and Onehunga, as well as a meeting organised by one budget advisory service.

The co-operative relationship developed by the Administrator with Work & Income NZ has significantly assisted collection of payments as Work & Income is now supportive of the Trust obtaining Redirection Orders from customers, which enable regular payments to be made direct to Watercare by Work & Income by prior deduction from benefits.

Applications were received through 30 different budget advisory services during the reporting period. Interestingly, budget advisors attending various meetings have advised the Administrator that more people are now returning for continuing budget advice and the Trust in some cases recommends to applicants that they should continue to consult a budget advisor.

#### 11. **Database**

The database established by the Trust in the preceding financial year has significantly increased operational efficiency of the Trust and also enabled Watercare to readily access records of applications (as these are lodged direct with the Trust), and to follow the progress of applications through the Trust's approval processes.

#### 12. **Working relationship with Watercare**

While all decisions on relief are required to be made by the Trustees independently of Watercare, it is necessary for the Administrator to work closely with Watercare staff in order to further the objectives of the Trust and this happened increasingly during the financial year, particularly directed at encouraging high debt customers to seek the Trust's assistance.

The Administrator carried out six site visits at the request of Watercare during the financial year. Two of these related to high bills due to leaks, and the other four were where communication with the customer was difficult and Watercare considered that the customer could benefit from assistance from the Trust.

The relationship between the two organisations during the reporting period worked well and the Trust was particularly grateful for the help provided by Penelope Webster and Cameron Rolland.

I again record the thanks of the Trustees to our dedicated Administrator Heather Nicholson who is often required to provide 'pastoral care' to distressed and tearful debtors and whose compassionate approach materially enhances the reputation of the Trust.

On behalf of the Trustees

**John Lusk**

Chairman



**Schedule 1**

**WATER UTILITY CONSUMER ASSISTANCE TRUST**

**Comparison of Expenditure Against Budget**

**1 July 2014 to 30 June 2015**

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	ACTUAL	BUDGET
Chairperson	750.00	750.00	750.00	750.00	750.00	750.00		750.00	750.00	750.00		750.00	7,500.00	8,250.00
Trustee Fees	2,042.00	1,542.00	2,042.00	2,042.00	2,042.00	2,042.00		2,042.00	1,500.00	1,500.00		1,000.00	17,794.00	22,000.00
Administrator	4,071.90	4,428.90	3,675.00	4,567.50	3,998.40	4,924.50	2,929.50	3,045.00	3,454.50	3,454.50	3,087.00	3,070.80	44,707.50	50,000.00
Admin Costs	584.26	616.38	709.37	1,051.39	668.24	743.62	704.14	496.55	649.82	649.82	615.30		7,488.89	12,000.00
Plumbing support			4,668.25			420.00							5,088.25	
Legal				15,297.60	505.60	1,917.65				173.65			17,894.50	
Audit									160.00					
GST	773.43	831.79	1,432.89	3,137.49	775.84	1,137.86	545.05	531.24	639.65	626.00	568.92	460.62	11,460.78	13,838.00
	<b>8,221.59</b>	<b>8,169.07</b>	<b>13,277.51</b>	<b>26,845.98</b>	<b>8,740.08</b>	<b>11,935.63</b>	<b>4,178.69</b>	<b>6,864.79</b>	<b>7,153.97</b>	<b>7,153.97</b>	<b>4,271.22</b>	<b>5,281.42</b>	<b>112,093.92</b>	<b>106,088.00</b>
<b>Customer Support approved</b>	<b>19,053.00</b>	<b>12,565.00</b>	<b>18,555.00</b>	<b>10,423.00</b>	<b>6,800.00</b>	<b>19,943.00</b>		<b>14,231.00</b>	<b>13,442.00</b>	<b>9,447.00</b>	<b>1,019.00</b>	<b>5,543.00</b>	<b>131,021.00</b>	<b>500,000.00</b>

## Schedule 2

### WATER UTILITY CONSUMER ASSISTANCE TRUST

#### Application Statistics (Numbers rounded)

1 July 2014 to 30 June 2015

a)	Number of applications received	Owners – 187 Tenants - 120	307	
b)	Value of applications received	Lowest - \$60 Highest - \$13,247	\$364,170	See Note (i)
c)	Number of applications considered, and approved, by the Trust	Owners – 92 Tenants - 61	153	
d)	Number of applications declined		0	
e)	Value of applications considered by the Trust		\$156,952	
f)	Average value of applications considered by the Trust		\$1,026	
g)	Value of remissions granted by the Trust	Up to \$500 = 54 \$501 - \$1,000 = 57 \$1,001 - \$1,500 = 12 \$1,501 - \$2,000 = <u>30</u> Total = 153	\$131,021	
h)	Average value remitted		\$856	
i)	Total remissions against budget		26%	
j)	Number of applications closed or did not proceed at Form 1 stage for varying reasons		121	See Note (ii)
k)	Number of applications carried over into 2015/2016 year (awaiting return of Form 2 at 30 June 2014)		33	

#### Notes

- i. *This is based on the amount the applicant has stated in their application form as being owed to Watercare. It may not be totally correct as applicants sometimes do not put the full debt outstanding at the time their application is lodged, may round up the figure etc*
- ii. *Applications did not proceed for a variety of reasons; eg property sold, account settled, payment plan set up with Watercare, not a Watercare customer, not prepared to work with a budget advisor etc.*

**Schedule 3  
WATER UTILITY CONSUMER ASSISTANCE TRUST**

**Additional Watercare Write-off's  
(following Trust's approved \$2,000 write-off)**

**6**

<b>Appn No#</b>	<b>Trust meeting date</b>	<b>WSL W/off Amount (estimated)</b>	<b>Scheduled date of additional Watercare write-off</b>
14/864	September 2014	\$2,000	April 2015
14/866	August 2014	\$8,300	August 2015 (1/3) November 2015 (1/3) February 2016 (1/3)
14/979	February 2015	\$848	August 2015
15/1021	March 2015	\$1,653	September 2015
14/1010	March 2015	\$4,470	September 2015
15/1024	April 2015	\$3,400	October 2015