

WATERCARE SERVICES LIMITED

AGENDA	BOARD MEETING	Tuesday 28 April 2020
Venue	Online due to Covid-19 Level 4 restrictions on gatherings	
Time	9am	

Open Public Meeting

Item	Spokesperson	Action sought at governance meeting	Supporting Material
1 Apologies	Chair	Record apologies	
2 Minutes of Meeting	Chair	Approve Board Meeting Minutes 20 February 2020	Board Minutes 20 February 2020
3 Disclosure of Directors' Interests	Chair	For noting	Report
4 For discussion			
4.1 Safety Moment	All	For sharing	Nil
4.2 Chief Executive's Report (including update on the Drought Mangement Response and Covid-19 Response)	Raveen Jaduram	For discussion	Report
4.3 Board Committee Updates	Committee Chairs	For discussion	Nil
5 Directors' Corporate Governance Items			
5.1 Board Planner	Chair	For noting	Report
5.2 Disclosure of Senior Executives' Interests	Chair	For noting	Report
5.3 Directors' Appointment Terms and Committee Memberships	Chair	For noting	Report
6 General Business	Chair	For discussion	Nil

Date of next meeting	Thursday, May 28, 2020
Venue	Watercare Services, Level 3, 73 Remuera Road, Newmarket

MINUTES

SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Watercare Services Limited, 73 Remuera Road, Remuera, Auckland
DATE	20 February 2020
TIME	9am-10.40am; and 2.35pm-2.40pm.
STATUS	Public Session

	<p>Present: Margaret Devlin (Chair) Julia Hoare (Deputy Chair) (from start until 10.40am) Dave Chambers Nicki Crauford Brendon Green David Thomas (from start until 10.40am) Hinerangi Raumati-Tu'ua Frances Valintine (from start until 10.40am)</p> <p>Board intern Colin Magee</p>	<p>In Attendance: Raveen Jaduram (CE) Marlon Bridge Emma McBride Shane Morgan Steve Webster Rob Fisher Amanda Singleton Rebecca Chenery David Hawkins Shayne Cunis Sarah Phillips Bronwyn Struthers (for items 4.2 to 10.40am)</p>	<p>Members of the Public and guests:</p> <p>Representatives from Auckland Council from start of meeting until end of item 4.1. Howard Chaffey Sarah Holdem Claire Gomas Edward Siddle Josie Meuli.</p>
1.	<p>Apologies</p> <p>Apologies were received from Jason Glennon, Chief People Officer.</p> <p>Over the previous month, two Board members had received positive feedback from members of the Waikato District Council Waters Governance Board (WGB) regarding the operations undertaken with the new contract. The WGB have stated that the contract is working well and they are pleased with the work Watercare (led by Sharon Danks, WDC Waters Business Manager) has done to date. The Board requested that this feedback be passed on to Sharon Danks.</p>		
2.	<p>Minutes of Previous Meetings</p> <p>The Board resolved that the minutes of the public section of the Board meeting held on 28 January 2020 be confirmed as true and correct.</p>		
3.	<p>Review Disclosure of Directors' Interests</p> <p>The report was noted.</p> <ul style="list-style-type: none"> - David Chambers is no longer a director of Chambers Primary Holdings Limited. 		
4.	<p>For Discussion</p> <p>4.1 Update from Auckland Council CCO Governance and External Partnerships Team</p> <p>The Board received an update from Auckland Council's CCO Governance and External Partnerships Team.</p>		

Josie Meuli, Senior Advisor, CCO Governance External Partnerships, spoke to the presentation regarding the Board intern programme (Boardbooks pages 10-15). Key points of the presentation included:

- Following feedback from those involved in the programme, the model is being refined and updated for the next intake of interns.
- Watercare will welcome a new intern from 1 July 2020, appointed for 18 months.
- Council wishes to ensure that all future interns; have their own targets/goals for the internship; possibly present to the CCO Oversight Committee during their appointment; be mentored by a Board member; and participate in any Board review (if this occurs during the intern period).
- The Board and Colin Magee noted that Colin's experience with the Watercare Board had been mutually beneficial and a very good learning experience.

Josie Meuli also requested nominations from the Board for the Intern Selection Programme.

Howard Chaffey, Talent Acquisition Manager, Auckland Council, introduced himself to the Board as being responsible for managing the recruitment of interns.

- The Board highlighted to Council officers that the Institute of Directors' Future Directors programme pays its interns. The Board suggested that Council consider doing likewise, as an 18-month term is a considerable commitment.

Claire Gomas, Principal Analyst, CCO Governance & External Partnerships, provided an update on the CCO review.

- The Independent CCO review panel has stressed their independence and are challenging participants to consider what good engagement between a CCO and Council should look like.
- Public consultation commences soon.
- The Independent Panel will be reporting back publicly to the CCO Oversight Committee every month, as well as to the Local Boards.
- The final report is due in July 2020.

Edward Siddle, Principal Advisor, CCO Governance & External Partnerships, provided an update on the Liaison Councillor (LC) role.

- Watercare's LC is Cr Linda Cooper.
- The aim of the LC role is to bridge the information gap between Councils and CCOs.
- The CCO Oversight Committee have approved the protocols. However, each CCO must now define the parameters of how they will engage with the LC. LCs will need to finely balance their Councillor role and their role of getting to know the Board they are allocated to.
- Over 2020 the protocols will be revised to ensure the LC role has flexibility.
- The Board expressed the view to Council officers that the success criteria for the LC role should not be measured on the number of Board meetings each LC attends. Instead, the aim is to see engagement between CCOs and Council enhanced. For Watercare, we envisage this may involve the LC meeting regularly with the Chair and the Chairs of Watercare's Board sub-committees.

The Chair thanked the team from Council for attending and invited them to attend any future public meetings.

Howard Chaffey, Sarah Holdem, Claire Gomas, Edward Siddle and Josie Meuli all departed the meeting at this point.

Shayne Cunis, Executive Programme Director, Central Interceptor, and Bronwyn Struthers, Head of Health, Safety and Wellness (HSW), joined the meeting at this point.

4.2 Safety Moment

The following safety moments were provided.

- A Board member, whilst at the meeting of another company, observed the company's workers on the roof of an adjoining building. They were not wearing any PPE and were also not tethered to the building. The company's explanation was that the workers were only going to be on the roof for a short period of time, and they had been told to stay at least 1m from the edge. The CE of that company has been asked by the Board to investigate the incident.
- Another Board member recently questioned a Watercare worker as to why they were not wearing a helmet when riding an electric scooter to work. The worker's response indicated a cavalier attitude to the wearing of helmets. The interaction highlighted for the Board member some of the challenges faced by the company in changing the H&S culture of individuals.
- On entering the Boardroom, two sets of seats were so close together they formed a trip hazard. Whilst several people had successfully navigated the hazard, nobody had removed the hazard. Attendees at the meeting were reminded that everybody is responsible for acting when they see a hazard.
- A Board member recently walked the Milford track with his family. The last stretch involved hiking in the dark and crossing rivers. The hike went safely and smoothly as they had been well prepared before setting off by the ranger, so they knew where to look for hazards.
- Shayne Cunis showed a video to the Board which was filmed by WorkSafe at the Central Interceptor site. <https://vimeo.com/389889880>. The video shows Watercare and WorkSafe working together to keep our people safe on the Central Interceptor project. Watercare will show the video to all new workers on the Central Interceptor project as part of their induction. WorkSafe will also show the video more widely to other organisations throughout New Zealand.

4.3 Chief Executive's Report

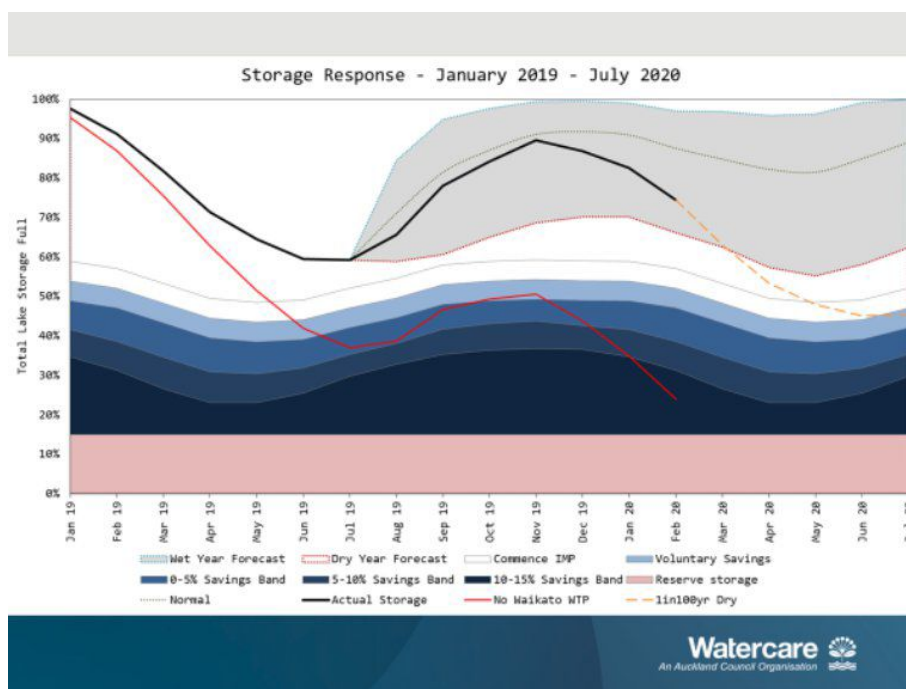
The report was taken as read. Management responded to questioning from the Board.

Full time employees (Boardbooks page 33)

- The number of FTEs remains below budget.
- In response to questioning from the Board, management explained that the MSN team is stretched responding to pipe breaks which increase during extended dry periods. The company has a relatively high number of contactors working to ensure our people can get to the high number of pipe breaks that are occurring across the region.
- Our operations team is working 24/7 at our major water treatment plants to ensure we can maintain the high-levels of demand during this extended period of hot weather. To relieve our regular operations workers, employees from other departments in the business have been working shifts at the water

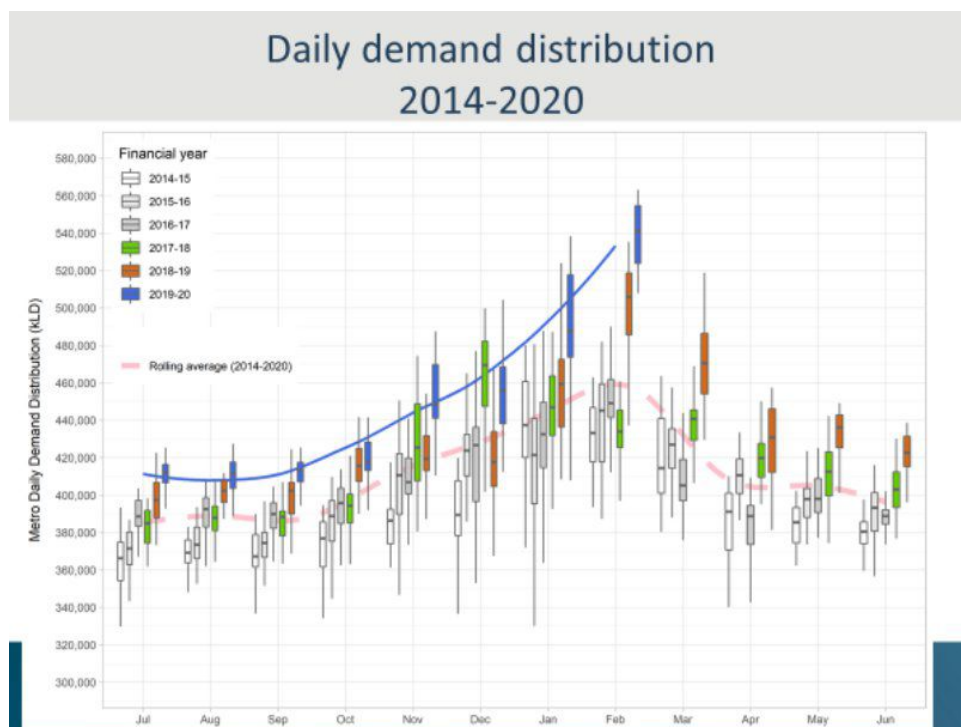
	<p>treatment plants. Over 200 staff volunteered to ease the load on their fellow staff. This experience has the benefit of providing our people with the ability to see how another part of the business works.</p> <ul style="list-style-type: none"> - The customer team has additional fixed term contractors working to support our teams as we consolidate the implementation of a new customer software programme. <p>COVID-19 coronavirus</p> <ul style="list-style-type: none"> - We have a cross functional team set up to monitor, respond to, advise and ensure the business is operating efficiently as the virus has the potential to impact Watercare. - In response to questioning from the Board, management has been regularly updating our people regarding the COVID-19 coronavirus. - We are also working with Water Services Association of Australia (WSAA) to understand the risks the virus may pose to our wastewater operators. - Currently, the company's greatest COVID-19 risk concerns our supply chain in China, especially for spare parts and face masks. We have a cross-functional team working to assess our position in light of the virus. - The virus has already affected some of our supply chain. For example, Jacobs, who are working on the CI project, have banned their people from travelling through Singapore, Hong Kong and China which means many of Jacob's contractors, who would usually visit New Zealand, can only work remotely. - The tunnel boring machine (TBM) for the Central Interceptor project is of German manufacture and was to be assembled in China. To reduce the risk of any delay, the CI team is considering whether the TBM should be assembled in Germany. The Board will be kept up to date on developments in this regard. - Management invited Board members to share any COVID-19 information they may learn from any of their other companies, so we can remain informed on this topic. <p>Resource consent compliance (Boardbooks pages 40-42)</p> <ul style="list-style-type: none"> - Rob Fisher, Company Secretary, advised that the reported non-compliances are manageable. - We are communicating regularly with Auckland Council and Watercare does not expect any enforcement action in relation to these non-compliances. <p>The Board noted the report.</p> <p>4.4 Board Committee Updates</p> <p><i>There were no Board committee updates.</i></p>
5.	<p>5.1 Presentation on current water demand and resource availability</p> <p>Shane Morgan, Chief Operations Officer, provided a presentation to the Board on the current water resource situation and outlook.</p> <ul style="list-style-type: none"> - Watercare's dams are currently in a relatively strong position. However, we are in an unprecedented dry spell having experienced more than 40 consecutive days of dry weather. This follows a record

breaking dry 2018/2019 summer that was followed by a very dry 2019 winter. Below is a graph showing our current storage position against our budget, with a projection through to July 2020.



- Watercare foresaw these trends and throughout most of 2019, the Operations team maximised abstractions from the Waikato river to protect Watercare's storage dams. This means that Watercare's dams are currently within the budgeted range (68% of full capacity). All treated assets are currently working and available and we are continuing to prioritise abstractions from the Waikato river and Onehunga aquifer.
- Dam storage levels are falling. If rain does not arrive until the end of March 2020, then we will be in a 1/10-year drought event. This event is manageable without restrictions being needed to be applied, as articulated in our Drought Management Plan. However, we are being cautious and have modelled the event as if it were a 1/100-year drought. If a 1/100-year drought, our storage levels would follow the orange dotted line in the graph above, and "voluntary savings" would need to commence in June 2020.
- As a further precaution, we have triggered a Level 2 Incident to support the continued uninterrupted operation of our large metropolitan treatment plants. The incident team is tasked with ensuring that if we experience any production outages (e.g. plant or power failure), we can bridge these outages, whilst also meeting the high level of demand from our customers.
- The Board questioned whether the company needs to revise the voluntary savings bands (i.e. the four light blue to dark blue bands in the graph). Management explained that the Drought Management Plan has just undergone a review and it uses the bands set out in the graph.
- Ahead of possible "voluntary savings", on 10 February 2020, the Communications team has commenced Water for Life communication campaign with the messaging "Water is Precious". The campaign includes media, billboards and a website (www.waterforlife.org.nz). Feedback from the campaign has been positive.
- While our water storage position is relatively strong, a possible area of vulnerability involves water production. The below graph shows water demand over the last six years and illustrates that total daily demand has risen each year, in line with a growing Auckland population.

- Auckland's 10 highest water production days occurred in 2020; and several of those days were above 580 MLD, which is approximately 94% of our maximum sustainable production capacity.

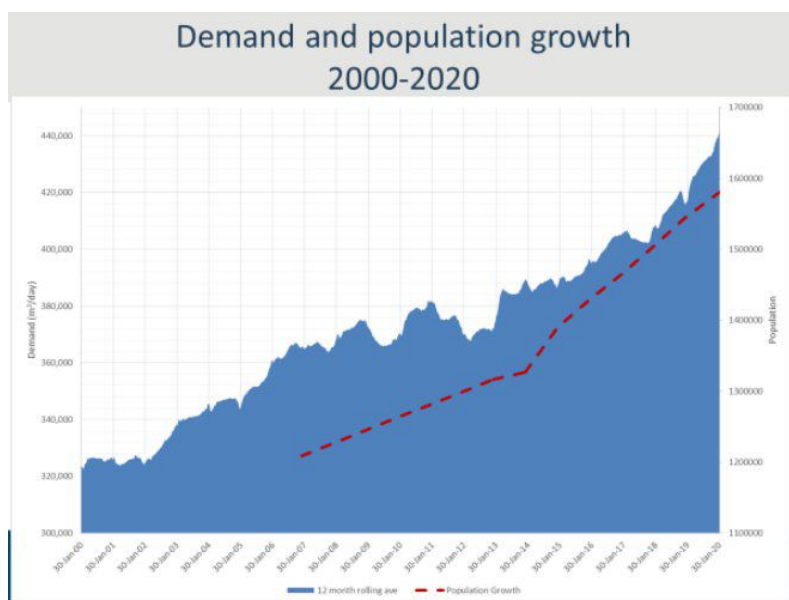


- If any of our water treatment plants were to shut down for any extended period, then there would be difficulty in meeting demand. To manage this risk, our major water treatment plants now all have a 24/7 workforce, on site.
- As part of the incident response, we have also reviewed our maintenance regimes, and increased our stock of critical spares and chemical supplies. We have also increased our reservoir contingency to create a greater buffer to bridge any gap in production.
- It was observed by the Board that this vulnerability means the Huia water treatment plant replacement project remains a very important key project for Watercare; as Huia provides 20% of Auckland's water.
- At the same time, we are seeing peak metropolitan demand from our Auckland connected customers, we are also experiencing unprecedented demand on metro and rural water supply tanker filling stations. Around 50,000 Auckland households rely on rainwater tanks and are not Watercare customers. Many of these rainwater tanks have run dry over the last few months, creating increased demand for commercial tanker fillers and long wait times.
- The below table illustrates Watercare's 14 water filling stations, 11 in the north (3 of which run off rural systems) and 3 in the south.
- February 2020 tanker demand has been four times higher than usual. In some rural areas, commercial tankers are taking 20% of the water supplied to that area. Some of this water is being trucked to Northland as well. Overall, however, the amount of water being sold to tankers accounts for less than 1% of Auckland's daily water demand.

Tanker filling stations

Tanker filling stations	Volume supplied (litres)	
	01/01 to 31/01	01/02 to 19/02
North:		
Paremoremo	6,055,000	5,707,370
Silverdale	18,030,930	13,068,110
Whangaparaoa Karepiro LHS	5,557,570	4,218,470
Whangaparaoa Karepiro RHS	12,012,270	7,630,970
Albany LHS	4,678,480	5,381,310
Albany RHS	13,237,100	11,719,600
Peter Snell	1,550,580	1,245,870
Warkworth	2,847,826	3,466,725
Westgate	12,750,500	10,008,600
Wellsford	3,308,720	2,453,930
Helensville	3,953,340	1,912,860
South:		
Otara LHS	8,383,988	7,337,612
Otara RHS	4,703,480	4,905,445
Pukekohe	5,231,743	5,520,470
Total:		
Normal annual abstraction ~ 1 MLD; 2019/20 summer average ~ 2.1 MLD		
	102 million litres	84 million litres
	3.3 MLD	4.5 MLD
People equivalent	20,500	27,800

- 11 of the 14 tanker filling stations have been open 24/7 over summer. Two of the stations in the north have had their supply restricted to the hours of 10am-4pm to ensure there is sufficient pressure in the system for connected water users and reserves available for fire-fighting purposes if required.
- To ease pressure on commercial tanker fillers waiting times, Watercare has a temporary tanker filling station at Kumeu, which was set up with the assistance of Auckland Council, Healthy Waters and Auckland Parks.
- If rainwater tank households run out of water, then Auckland Council and Auckland Emergency Management will become responsible for managing the situation as this becomes a sanitation issue.
- Given the trend over the last few years, before next summer, Watercare will need to build more tanker filling stations.
- The high consumption of water, and extended period of dry weather affecting ground conditions, has resulted in record numbers of pipe breaks. Faults related to breaks on the water network are 250% above normal. Additional resources are being used to by our maintenance providers to manage the increased workload. As more water is being pushed through our network, our non-revenue water loss will also increase over this summer period.
- The following graph plots the rolling average of Auckland's water demand against population growth.



- The Board was concerned to know whether the company is doing enough to ensure we go into the next summer safely. In response, Management explained that we have taken the following actions to date:
 - Encouraging Aucklanders to treat water as precious via the communications campaign. If the dams fall to 60%, the communications messaging will get more intensive.
 - The CE has written to our top 50 commercial users to explain the situation and encouraged them to use water more efficiently.
 - We have triggered a Level 2 incident and set up an internal, cross functional Water Production Incident Management team. The team is led by Nigel Toms, Head of Risk and Resilience. It is monitoring the situation daily.
 - We are working with Council and other CCOs to manage their water use (e.g. reduce the use of sprinklers at parks and sports grounds).
 - Fire and Emergency has confirmed they will delay all water intensive training to save water.
 - Our education programme in primary and intermediate schools continues to encourage schoolchildren to treat water as precious and take this message home to their families.
 - Our water efficiency strategy work continues – e.g. encouraging the use of water efficient appliances and washing machines. We have also handed out over 1,000 shower timers to local Boards and customers encouraging our customers to have 4-minute showers.
 - We have increased our leak detection work and are following up reports of theft.

The meeting was adjourned at 10.40am.

The meeting reconvened at 2.35pm. Bronwyn Struthers, Frances Valintine, Julia Hoare and David Thomas were not present for the following items.

5.2 Green Energy Strategy




This item was held over to the April 2020 meeting.

6.	<p>Directors' Corporate Governance Items</p> <p>6.1 Board Planner</p> <p>The report was noted.</p> <p>6.2 Disclosure of Senior Executive's Interests</p> <p>The report was noted.</p> <ul style="list-style-type: none"> - Rebecca Chenery, Chief Digital Officer and Shane Morgan, Chief Operations Officer, have been appointed directors of Watercare's new subsidiary company, Lutra Limited. Rebecca Chenery is the Chair. <p>6.3 Directors' Appointment Terms and Committee Memberships</p> <p>The report was noted.</p>
7.	<p>General Business</p> <p>There was no general business.</p>
	<p>The meeting closed at 2.40pm.</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

Margaret Devlin
Chair

Disclosure of Directors' interests

Purpose			Team		
Information	Discussion	Approval	Prepared	Recommended	Submitted
			E McBride Governance Manager	R Fisher Company Secretary	R Jaduram Chief Executive
Intellectual capital	People and culture	Community and stakeholder relationships	Financial capital & resources	Natural environment	Assets and Infrastructure
					

1. Purpose and context

s140 Companies Act 1993 requires all companies to keep an Interests Register, which must be disclosed to the Board of the company.

2. The details

Watercare Services Limited's Directors' Interests Register is set out below.

Director	Interest
Margaret Devlin	<ul style="list-style-type: none"> • Director and Chair, Lyttleton Port Company Limited • Director, Waikato Regional Airport • Director, Titanium Park (wholly owned subsidiary of Waikato Regional Airport) • Director, Meteorological Services of NZ Limited • Director, Aurora Energy • Director, IT Partners Group • Councillor, Waikato University • Deputy Chair, WINTEC • Independent Chair of Audit and Risk Committee, Waikato District Council • Director, Infrastructure New Zealand • Chair, Advisory Board Women in Infrastructure Network • Chair, Hospice Waikato • Chartered Fellow, Institute of Directors • Member, Institute of Directors, Waikato Branch Committee
Julia Hoare	<ul style="list-style-type: none"> • Director, AWF Madison Group Limited • Deputy Chair, The a2 Milk Company Limited • Director, The a2 Milk Company (New Zealand) Limited • Director, Port of Tauranga Limited • Director, Auckland International Airport Limited • Director, Meridian Energy Limited • Chair, Auckland Committee, Institute of Directors • Member, Advisory Panel to External Reporting Board • Vice President, Institute of Directors National Council • Member, The Sustainable Finance Forum Leadership Group

Director	Interest
Nicola Crauford	<ul style="list-style-type: none"> • Director, Environmental Protection Authority (EPA) • Member of Electoral Authority, Cooperative Bank Limited • Director and Shareholder - Riposte Consulting Limited • Chair, GNS Science Limited • Independent Chair, Joint Governance Board, Chorus and Visionstream UFB Connect. • Director, Pioneer Energy Limited • Board member - Kāinga Ora - Homes and Communities • Director – CentrePort Limited Group
David Thomas	<ul style="list-style-type: none"> • Chair, Ngāti Whakaue Tribal Lands Inc. • Chair, Gypsum Board Manufacturers of Australasia • Shareholder / Employee, Fletcher Building Limited • Director, New Zealand Ceiling & Drywall Supplies Limited • Chair, Altus NZ Limited • Director, Winstone Wallboards Limited
Brendon Green	<ul style="list-style-type: none"> • Director, Kaitiaki Advisory Limited • Director, Tainui Kawhia Incorporation • Director, Peak2Peak Limited • Executive Director, Advanced Biotech NZ Limited • Economic Portfolio Executive, Te Rūnanganui o Ngāti Hikairo • Management contract, Tainui Kawhia Minerals • Advisor, Meterme • Australia-NZ representative, Wattstock LLC (USA) • Representative of Waipapa Marae, Kawhia, Te Whakakitenga o Waikato Tainui • Runanga Manukau Institute of Technology - Te Whakakitenga o Waikato representative
Hinerangi Raumati-Tu'ua	<ul style="list-style-type: none"> • Chair, Parininihi Ki Waitotara Incorporated • Trustee, PKW Trust • Chair, Ngā Miro Trust • Chair, Nga Kai Tautoko Limited • Chair, Te Kiwai Maui o Ngaruahine Limited • Director, Taranaki Iwi Holdings Management Limited • Director, Aotearoa Fisheries Limited • Director, Sealord Group Limited • Director, Port Nicholson Fisheries GP Limited • Director, Te Puia Tapapa GP Limited • Director, Tainui Group Holdings Limited • Executive Member, Te Whakakitenga O Waikato • Member, Venture Taranaki.
Dave Chambers	<ul style="list-style-type: none"> • Director, Paper Plus New Zealand Limited
Frances Valentine	<ul style="list-style-type: none"> • Board member, Callaghan Innovation • Director and CEO, The Mind Lab Limited • Director and CEO, Tech Futures Lab Limited • Director, Harcourt Jasper Limited • Director, Pointed Tangram Limited • Director, Harper Lilley Limited • Director, On Being Bold Limited • Director, Sandell Trustees Limited • Selection Advisor, Edmund Hillary Fellowship • Trustee, Dilworth Trust Board • Futures Advisor, BNZ Bank

Director	Interest
Colin Magee (Board intern)	<ul style="list-style-type: none">• Chair, Ākau Ltd and Ākau Foundation• Member, Advertising Standards Complaints Board• Contractor, College of Law• Director, C Magee Limited• Director, MyCap Limited• Director, MyCap Markets Limited• Member, Te Ārai Tūpono (Audit and Risk Committee) of Te Wānanga o Aotearoa



Report to the Board of Watercare Services Limited

Prepared for the 28 April 2020 Board meeting



Chief Executive's report for March 2020

HIGHLIGHTS AND LOWLIGHTS

1. Health, Safety & Wellness

- There was one Lost Time Injury (LTI), one Restricted Duties Injury (RDI) and two Medically Treated Injuries (MTI) involving Watercare employees in March 2020. There was also one late reported Medically Treated Injury that occurred in February 2020.
- There was one Medically Treated Injury (MTI) and two Restricted Duties Injuries (RDI) involving contractors in March 2020. There was also one late reported Medically Treated Injury that occurred in February 2020.
- The rolling 12-month Lost Time Injury Frequency Rate (LTIFR) for employees is 9.90 per million hours, exceeding our target of ≤ 5 .
- The rolling 12-month Total Recordable Injury Frequency Rate (TRIFR) for employees is 20.36 per million hours, exceeding our target of ≤ 20 .
- The HSW's team focus in March 2020 was on the business response to Covid-19 and to support the delivery of the welfare response by the People Team.
- This report includes the quarterly update on water injuries per business unit, and contractor injuries per company.

2. SOI measures

- We have 16 SOI measures. We are meeting 13 of these targets and on track to meet a 14th.
- The average consumption of drinking water per day per resident continues to track above our targets. The measure is a rolling 12-month average, and will remain high for some time as daily water use records were repeatedly broken in January and February 2020.
- The other missed SOI target is for real water loss. This will be reported in due course, as the consumption data needs to be finalised and checked in our new billing and customer system, IPS. However, with the long, hot, dry summer, resulting in the ground contracting, and therefore many pipe breaks, we anticipate that this measure will not meet the target.

3. People, Capability and Learning:

- The percentage of voluntary leavers and absences due to illness remain below our limits.
- The number of FTEs remains below our budget.

4. Customer service:

- NPS remains steady at 48, one point down from February 2020.
- Customer Satisfaction score declined one point to 74.7%.
- Complaints within SLA has declined to 94.6% just under SLA target.
- eBilling is at 54.4% against our new updated target of 55%. We are continuing to drive eBilling through communications on bills and via payment channels. The figure was incorrectly reported in January, but this has now been corrected by a detailed reconciliation.

5. Community and stakeholder relationships

- **Community and local board engagement:** In March 2020, we continued to keep Local Boards and Councillors up to date with the water situation and drought. Consultation with Local boards and communities during the Level 4 lockdown continues via video meetings and workshops.
- **Waikato District Council:** The Watercare Waikato Team is working well under the Covid-19 restrictions. Field staff have been assigned individual townships and plants to manage cross-contamination. All office-based staff are working from home. Work continues on the Asset Management Plan, the evaluation of the Meremere WTP MBR upgrade tenders, and discharge consent applications for Raglan, Meremere and Te Kauwhata.
- **Taumata Arowai - The Water Services Regulator:** In March 2020, Watercare addressed the Health Select Committee regarding this bill.
- **Submissions on various documents and bills:** Watercare has filed submissions in relation to the following: The Proposed National Policy Statement for Indigenous Biodiversity; Reducing Waste, a More Effective Landfill Levy Consultation Document and the Urban Development Bill. On 9 April 2020, Watercare addressed the Environment Select Committee in relation to the Urban Development Bill.
- **The Future of Three Waters Service Delivery and Reform in NZ:** In late February 2020, Cabinet released a paper titled “Three Waters Service Delivery and Funding Arrangements: Approach to Reform”.
- **Auditor General’s Report – Reflecting on our Work about Water Management:** In February 2020, The Controller and Auditor General released a major report on how public organisations are managing water resources and delivering water related services for the benefit of New Zealanders.
- **The Future of Three Waters Service Delivery and Reform in NZ:** In late February 2020, Cabinet released a paper titled “Three Waters Service Delivery and Funding Arrangements: Approach to Reform”.
- **Māori Engagement:** Various meetings were held in March 2020, including work around Maori outcomes during Covid-19.
- **Communications snapshot:** Over the last month, the Water is Precious campaign has been a major focus. We continued to keep staff informed of our Covid-19 incident management activities. Customers and communities have also been targeted with the Water is Precious message via advertising and social media.

6. Natural Environment

- **Water outlook for April 2020:** At the end of March 2020, system storage was 53.8% against a historical average of 78.3%. As 22 April 2020, total storage was down to 48.62%. More proactive measures for reducing demand and increasing supply are required to ensure secure water supply the coming spring/summer
- **Drought Management Response:** Whilst the Water is Precious campaign has had an impact on reducing demand, lake levels have continued to reduce with the lack of rainfall. In addition to these demand management measures, we are also continuing to manage our existing water sources to maximise supply. However, despite these activities and without any significant long-term rainfall predicted, mandatory water restrictions may be required sometime over the next month.

7. Resource Management Act Compliance:

- Watercare currently holds 501 active consents across Auckland and Waikato. Of these, 193 relate to water takes or discharges to water, air, or land. Water takes and discharges are the activities most likely to have non-compliances.
 - In March 2020, 27 of our 192 discharge and take consents were technically non-compliant; 21 under Auckland Council and 6 under Waikato Regional Council. Two non-compliances in Auckland were Category 3 (one for a water treatment plant and one for a wastewater treatment plant). One non-compliance in Auckland was Category 4 (Helensville wastewater treatment plant).
 - There was an increase in technical non-compliance because of the Covid-19 lockdown, which meant some routine environmental sampling and reporting was not possible for Health & Safety reasons and reduced laboratory capacity. All sampling essential to ensure plant operation remains in place. However, for resource consent compliance the laboratory required us to discriminate between "critical" and "non-critical" analyses.
 - We have defined "critical" as those parameters that have numerical limits. We have defined "non-critical" as parameters we are required to measure, but are not judged on the results for compliance. We have also deferred sampling in the receiving environment. Auckland Council have confirmed in writing that they understand the need to suspend environmental work during the Covid-19 lockdown period.

On 31 March 2020, Watercare became aware of a discharge of untreated wastewater into the Manukau Harbour at Green Bay. This discharge was escalated to a Level One Incident and has since been resolved.

- The Central Interceptor (CI) tunnel project will soon start building the Māngere Recycled Water Plant (RWP) to produce drinking water quality recycled water from the Māngere Wastewater Treatment Plant (WWTP). This water will then be used as construction water for the CI project, instead of using potable drinking water from the Watercare network. The scheme is being designed by Jacobs, who have significant international experience in these schemes, and is being manufactured by Suez (whose technology is in use at a number of Watercare facilities). It is anticipated that it will be in service before the end of 2020, subject to impacts of COVID-19.

8. Our Covid-19 Response:

We have a full time Incident Response Team working on Covid-19. The overall objectives of the Incident Response Team are to: protect staff and support their families; maintain critical water and wastewater services; and minimise risk exposure.

FUTURE OUTLOOK

POST COVID-19 OUTLOOK

In mid-April 2020, the Treasury released various modelled scenarios (out to 2024) for what may happen to the New Zealand economy. The most likely scenario is (S.1) - Level 4 for 1 month, Level 3 for 1 month, Levels 1/2 for 10 months. This scenario projects that New Zealand's unemployment rate would peak at 13% in 2021. This is very high for New Zealand, as our previous highest unemployment rate was 11% peak in the early 1990s and 15% during the Great Depression (although the rates would have been much higher as Māori and unemployed women were not counted in the 1930s).

An economic response (or "stimulus package") will be announced in the upcoming budget (mid-May).

Phil Twyford, Minister for Urban Development, Transport and Economic Development updated the infrastructure industry on the Post-Covid-19 environment at an Infrastructure New Zealand online webinar on 22 April 2020. He noted:

- infrastructure will play a very important role in New Zealand's economic recovery; and
- the Government will want to invest in projects that are aligned to wellbeing, de-carbonisation, and sustainability, whilst also addressing issues around housing and three waters infrastructure.

One of the stimulus packages already announced by the Government was the funding of "shovel ready" projects, worth over \$10m each. Watercare has provided the Government with a list of 10 "Shovel Ready" projects (**Appendix A**). By the deadline on 14 April 2020, 1,800 projects, collectively worth tens of billions of dollars, had been submitted in response to the Government's call.

As a result of Covid-19, we anticipate that some legislation will be delayed, whilst other legislation could gain more focus. The focus is likely to be on the Urban Development Bill and the National Policy Statement (NPS) for Urban Development. Legislation that is likely to be delayed includes the NPS for Highly Productive Land, Freshwater reforms, the Landfill Waste Disposal levy, the Resource Management Act Amendment Bill, and Amendments to the ETS. There is also likely to be a slight delay to the Resource Management system reform.

Soon, we expect to see a Covid-19 Resource Management Act "fast-tracked consenting" legislation. This is likely to facilitate a streamlined process for eligible infrastructure and development projects to assist economic recovery after lockdown.

CCO REVIEW

The Independent CCO Review Panel is continuing their work, as planned, and is scheduled to provide their report to Council in July 2020. Our people have continued to provide prompt responses to the Panel to their requests.


One of the review's overall objectives is to examine whether the CCOs are an effective and cost-efficient model for delivering services for the parent body. The Panel has advised that this aspect will receive even greater attention now with the significant economic impact of Covid-19 on Auckland Council as well as the wider Auckland community.

BOARD INTERN PROGRAMME

The Board Intern Programme that Council and CCOs participate in, has been suspended due to Covid-19 and is unlikely to recommence recruitment until late 2020/early 2021. At the request of the Chair, Watercare's current board intern, Colin Magee, has agreed to continue his internship until the end of 2020. This is a significant commitment from Colin, as he is not remunerated for his role. However, it is a tremendous opportunity for Colin as the company navigates its way through these interesting times.

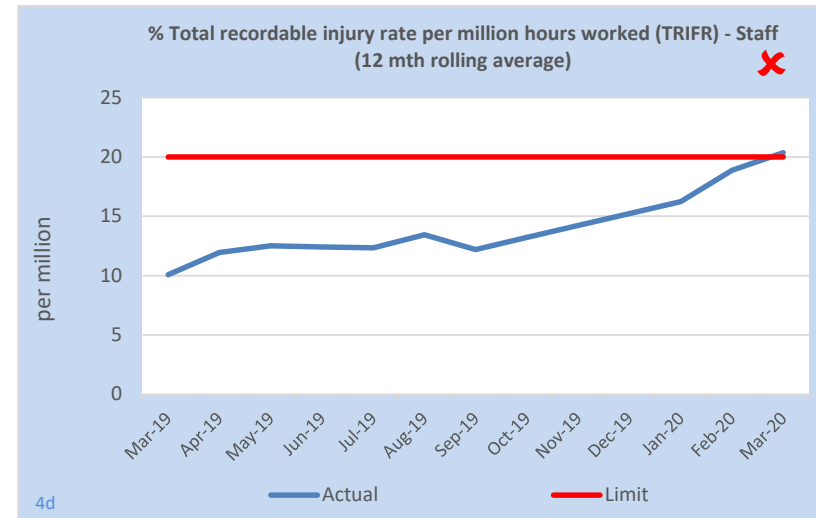
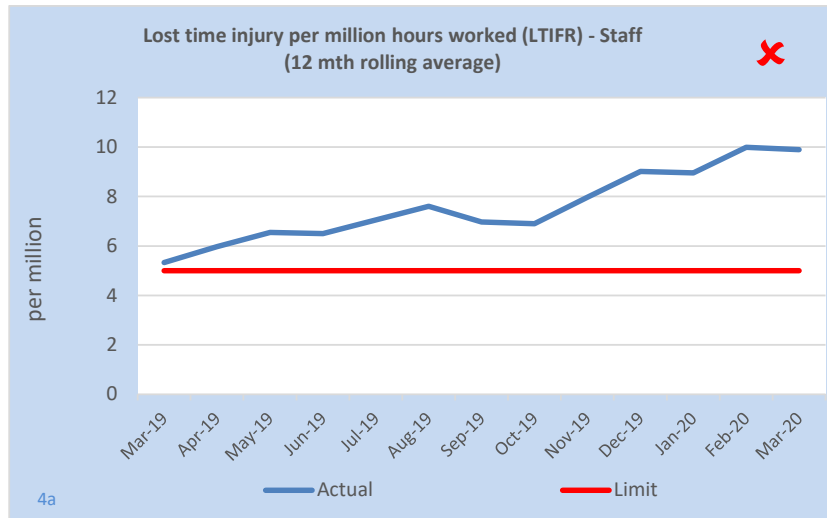
UPCOMING BOARD ACTIVITY

- Te Tangata Komiti – 29 April 2020
- Committee for Climate Action meeting – 22 May 2020
- May Board meeting – 28 May 2020



Raveen Jaduram
Chief Executive

1. HEALTH, SAFETY & WELLNESS UPDATE



Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
Watercare MTI Ardmore WTP 8221 28/02/2020	No – Slips, Trips and Falls	Whilst walking on the walkway alongside A Block filters, a worker tripped on some metal sheeting. The worker suffered bruising to their face; chest and knee injuries; a small cut to the head; and broke their glasses. The worker was treated by a doctor.	<ul style="list-style-type: none"> New workers to any site require support until they are familiar and comfortable with the site layout and routines 	<ul style="list-style-type: none"> An investigation has been conducted to locate where the metal sheeting had lifted on the walkway and this has been repaired The worker was new to the site, having volunteered from their role at Newmarket to assist Operations during Covid-19 Level 4.

Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
Watercare RDI MSN 8201 02/03/20	No – Manual Handling RDI – 16 days	A worker sustained injuries to their lower back, hips and legs as a result of working and moving heavy equipment in an awkward position. He was assessed by a doctor and was placed on restricted duties for 16 days	<ul style="list-style-type: none"> When work required additional tools or machinery to eliminate manual handling tasks, this should be considered 	<ul style="list-style-type: none"> The worker completed the Prevention On-line training The worker is not on the current roster during the Covid-19 Level 4 lockdown The worker will be supervised, and his workload closely managed on his return to work
Watercare MTI Trade Waste 8520 10/03/20	No - Manual Handling Medical treatment only	A sampler was required to open a trade waste manhole for sampling. This was at a new site/sampling point with a flip manhole which is bigger than the usual manholes. Because the joint on the lid was loose it was difficult to put back in place and as the worker was manoeuvring the lid back in place they felt a sharp pain in their lower back. The worker reported the incident, was assessed and referred for physiotherapy treatment.	<ul style="list-style-type: none"> If a task changes, a new risk assessment must be conducted and additional controls put in place as appropriate to ensure the task is carried out safely 	<ul style="list-style-type: none"> Raising manhole lids is a two-person operation and is always conducted that way In this case, the site contact was unable to assist because she was seven months pregnant When a site contact is not available, an extra Watercare person will accompany the sampler to assist
Watercare LTI MSN 8708 15/03/20	No – Manual Handling LTI – Three weeks off work	A worker felt discomfort in his lower back that had escalated over the period of 2-3 months. This may be related to a previous non-work-related incident. Following examination, the worker was placed on restricted duties for three weeks.	<ul style="list-style-type: none"> Require better understanding of existing conditions and support required by workers to perform physical tasks safely 	<ul style="list-style-type: none"> The worker is waiting for the result of an MRI This injury is likely to be classified as non-work-related
Watercare MTI MSN 8888 23/03/20	No – Manual Handling Medical treatment only	The lifting equipment required to raise a steel plate was not on site. A worker and contractor used a bar and shovel to carry out this task. As the contractor pushed the worker's shovel it bounced back, and the handle hit him in the jaw, chipping his tooth. The damaged tooth has been assessed by a dentist and will be repaired following COVID-19 restrictions.	<ul style="list-style-type: none"> If a task changes, a new risk assessment must be conducted and additional controls put in place as appropriate to ensure the task is carried out safely 	<ul style="list-style-type: none"> The incorrect equipment was being used for this task All workers have been reminded that rushing and distractions are both risks in the current environment and they need to take time to focus on the task at hand

Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
Contractor McConnell Dowell Snells Beach MTI 8371 6/03/20	No – Pinch points Medical treatment only	A worker was re-assembling a 90mm steel slurry pipe following routine welding. As the pipe was being put into place, the worker got the tip of his right index finger pinched between the support bracket and pipe. First aid was provided on site and the worker was taken to the local medical centre where the injury was reviewed, cleaned and bandaged.	<ul style="list-style-type: none"> • JSA must cover all elements of the task 	<ul style="list-style-type: none"> • Toolbox held with teams to discuss consequences and corrective controls • JSA revised to include connecting services post welding in the confines of a pipeline – to be reviewed by each shift crew
Contractor MSS Pukekohe WWTP RDI 8638 12/03/20	No – Slips, Trips and Falls Restricted duties – one day	A worker rolled his ankle when he stepped off a platform. First aid was provided, and he was taken to a local medical centre for assessment. The worker was placed on restricted duties for one day	<ul style="list-style-type: none"> • In an environment with current distractions, workers can lose focus on day-to-day safety practices 	<ul style="list-style-type: none"> • The walkway was checked, and no obvious cause was found
Contractor Fulton Hogan Maybury Street Pump Station RDI – 4 days 8810 17/03/20	No – Manual Handling Restricted duties - four days	A worker was winding up a scissor lift when their hand slipped and bent their wrist back. Following a medical assessment, the worker was placed on restricted duties for 4 days.	<ul style="list-style-type: none"> • Workers must consider all elements of a task and not focus only on the components perceived as high-risk 	<ul style="list-style-type: none"> • The scissor lift was checked to ensure it was operating correctly • All workers have been advised of the incident and reminded of the importance of taking time to review all tasks and remain focussed
Contractor Downer Kitewao WWPS MTI 9070 26/02/20	No – Slips, Trips and Falls Medical treatment only	A crew member was exiting the site when he saw a small area of slurry behind the sucker truck. As he jumped over it his safety hat became loose and he hit his head on the metal part of the hose reel. The worker was taken for a medical assessment as their head was bleeding. The wound was cleaned, and the worker returned to work the next day.	<ul style="list-style-type: none"> • Workers must consider all elements of a task and not focus only on the components perceived as high-risk 	<ul style="list-style-type: none"> • All workers have been reminded to ensure correct access walkways are followed

SIGNIFICANT INCIDENTS/HAZARDS/CLOSE CALLS

There were two significant incidents in March 2020.

Worker, type of incident and location	Description of injury/incident	Our learnings	Corrective Action Recommendations
Watercare Ops Rosedale WWTP Loss of containment 8546 12/03/20	<p>A digester gas leak was discovered after an operator's personal methane detector alarm activated. The leak was determined to be in underground digester gas pipework.</p> <p>Lines were isolated. The exact cause of the leak is unknown. However, the integrity of all underground pipework and fittings is considered poor with potential risk of further issues occurring.</p> <p>This work is on the scope for the Rosedale capital works programme.</p>		<ul style="list-style-type: none"> A temporary above-ground pipework solution is being implemented by site ops and maintenance teams with advice from Worley Parsons and a Gas Compliance Inspector Consideration by Ops and Infrastructure to bring forward this part of the capital works programme
Watercare Ops Warkworth Biological Exposure 8765 18/03/20	<p>Whilst the plant was turned off for routine calibration, the operator took the opportunity to replace a pressure gauge on a relief valve. The four manual valves from the treated water pumps were isolated but one valve was overlooked. When the pressure gauge was taken off, the relief valve released, and the workers were sprayed with wastewater.</p>	<p>If a task changes, a new risk assessment must be conducted and additional controls put in place as appropriate to ensure the task is carried out safely</p>	<ul style="list-style-type: none"> Isolation procedure and training review has been included in HSW plan for Q3

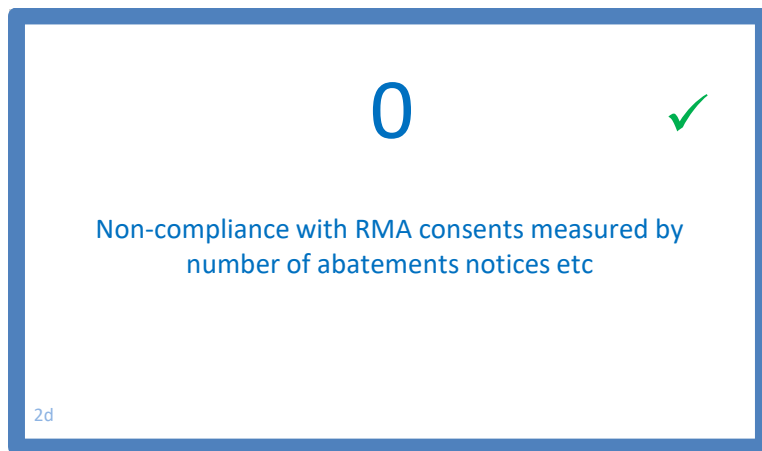
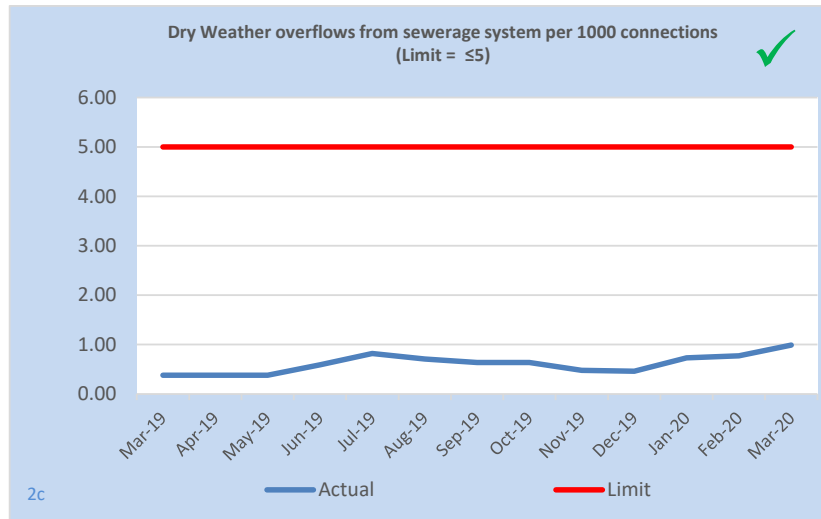
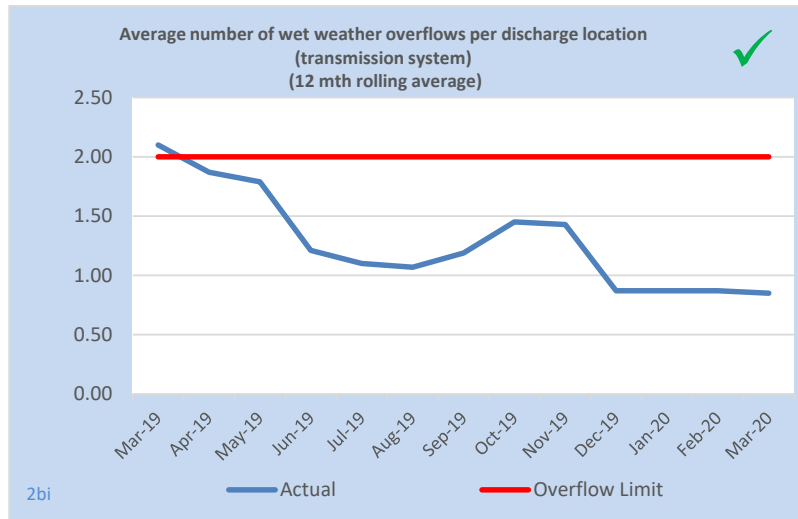
HEALTH, SAFETY & WELLNESS – QUARTERLY UPDATE**Watercare Injuries per Business Unit**

Month	Business Unit	Restricted Duties Injury (RDI)	Medical Treatment Injury (MTI)	Lost Time Injury (LTI)	Total Recordable Injuries (MTI+LTI+RDI)
Jan-20	Maintenance Delivery	0	1	1	2
	MSN	0	1	1	2
	Finance	0	1	0	1
Feb-20	MSN	0	0	1	1
	Maintenance Delivery	0	0	1	1
	Waikato	0	1	0	1
	Networks	0	0	1	1
	Laboratory	1	1	0	2
	CI	0	1	0	1
	Operations	0	0	1	1
Mar-20	Trade Waste	0	1	0	1
	MSN	1	1	1	3
3rd Quarter Total (Watercare Employees)		2	8	7	17
Total YTD		5	10	17	32

HEALTH, SAFETY & WELLNESS – QUARTERLY UPDATE**Contractor Injuries per company**

Month	Company	Restricted Duties Injury (RDI)	Medical Treatment Injury (MTI)	Lost Time Injury (LTI)	Total Recordable Injuries (MTI+LTI+RDI)
Jan-20	Brian Perry Civil	0	1	0	1
Feb-20	McConnell Dowell	1	0	0	1
	A.D. Riley	0	0	1	1
Mar-20	McConnell Dowell	0	1	0	1
	MSS	1	0	0	1
	Fulton Hogan	1	0	0	1
	Downer	0	1	0	1
3rd Quarter Total (Contractors)		3	3	1	7
Total YTD		9	6	6	21

2. SOI MEASURES – 2019-2020 - Natural environment



SOI MEASURES – 2019-2020 - Assets and Infrastructure



100%



Volume of water meeting Aa standard

1a

100%

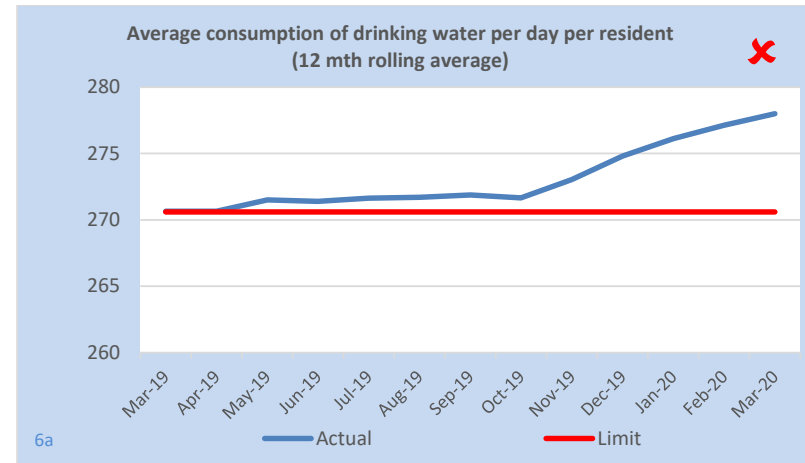
Compliance with Part 4 of the Drinking Water Standards
(bacterial)

1a

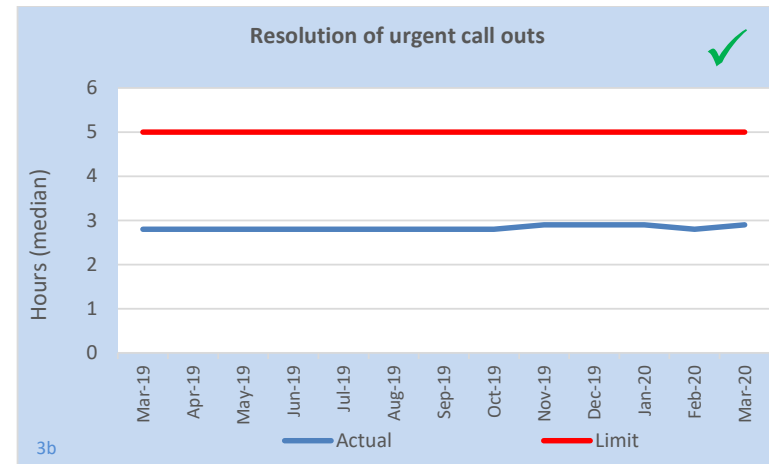
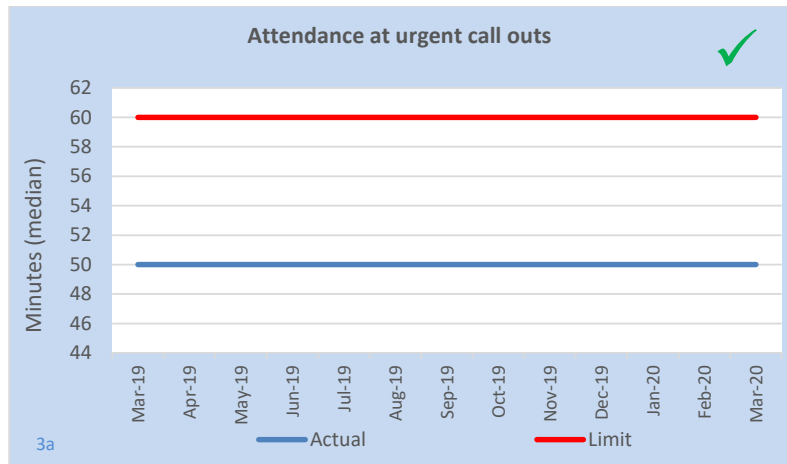
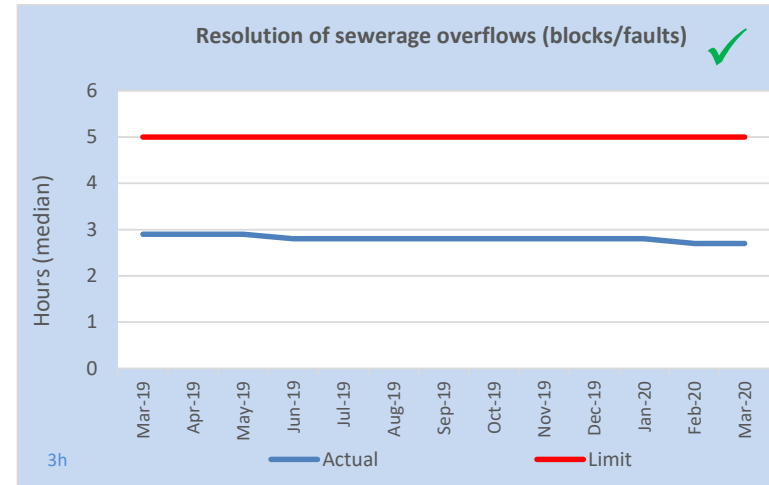
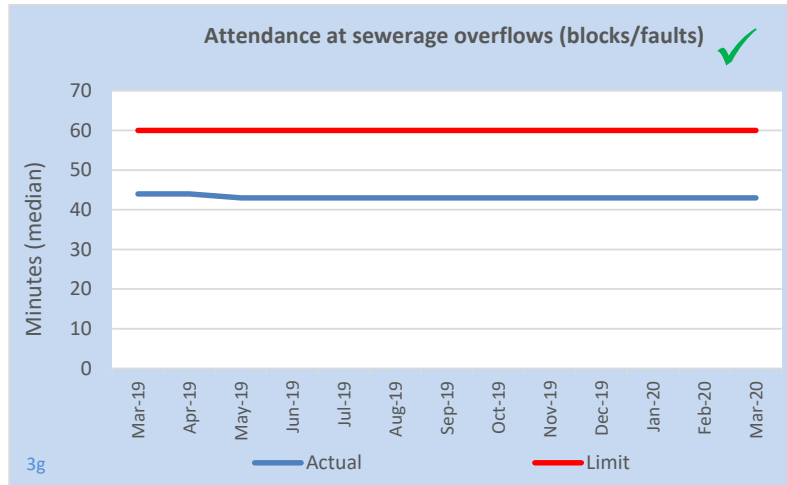
100%

Compliance with Part 5 of the Drinking Water Standards
(protozoal)

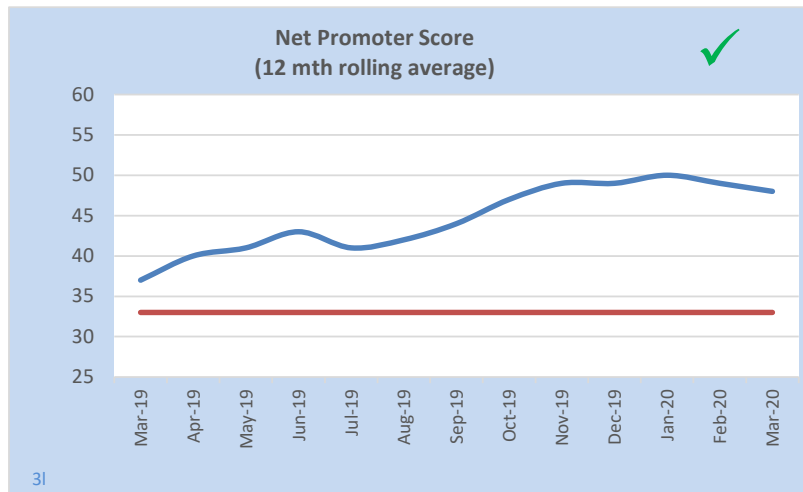
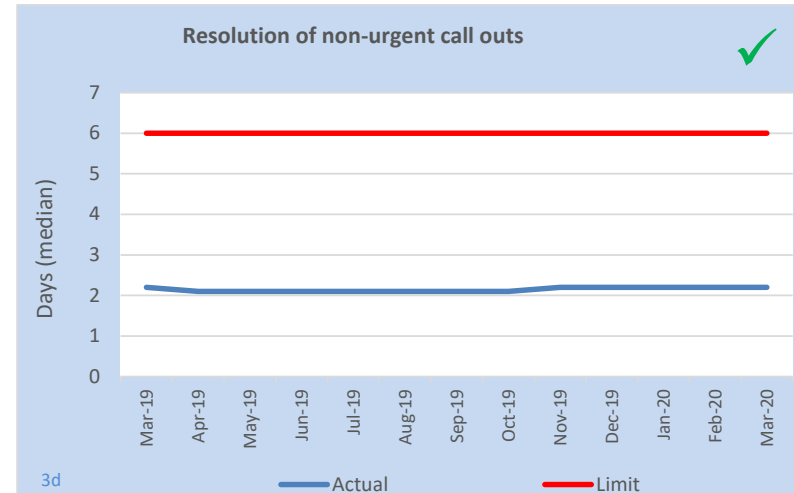
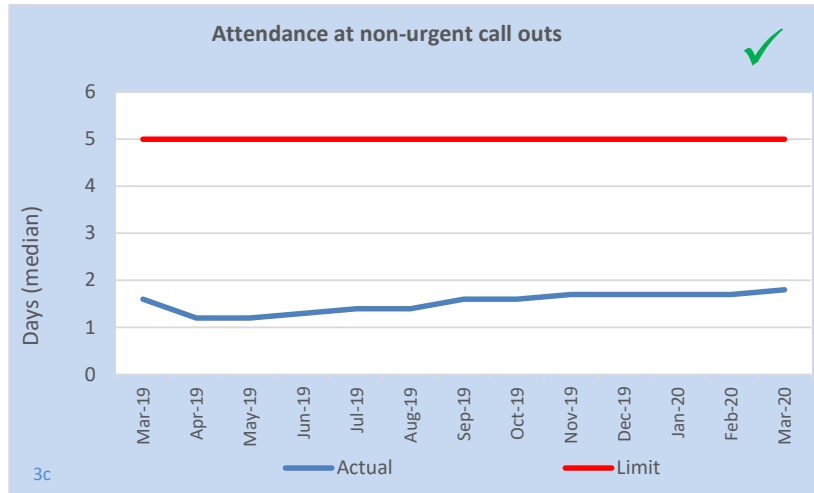
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SOI MEASURES – 2019-2020- Community and Stakeholder relationships

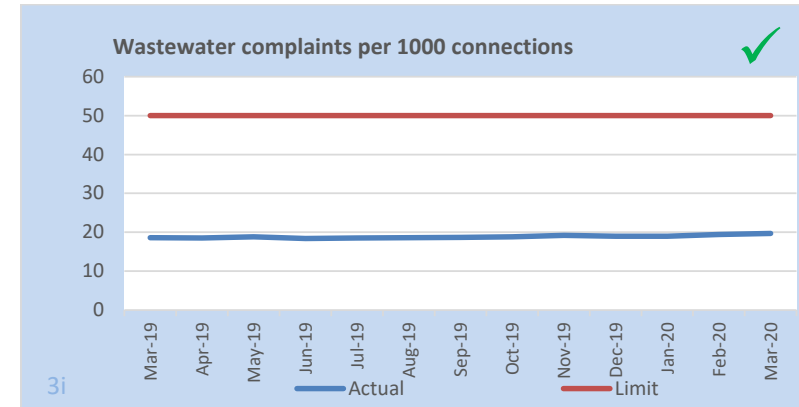
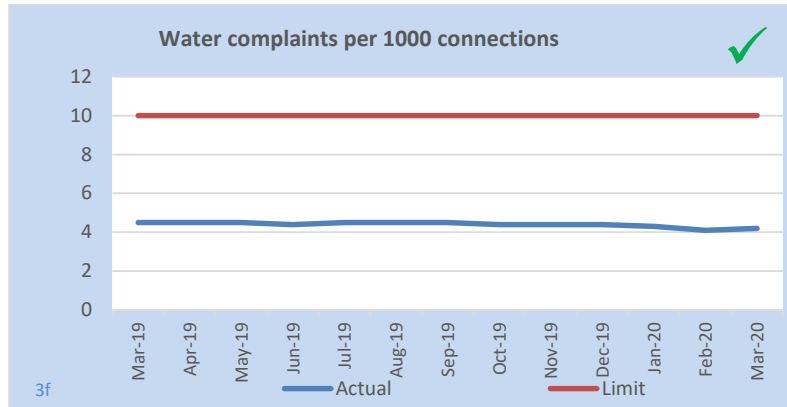


SOI MEASURES – 2019-2020 - Community and Stakeholder relationships



- NPS remains steady at 48 (12 month rolling average), 1 point down from February 2020's score of 49. This remains an excellent score for a utility.
- We are still impacted by high contacts in faults driven by dry weather conditions causing more complex faults and water wise campaign.
- Customer Satisfaction score declined to 74.7%, 1 point drop, largely due to high demand in fault volumes meant we prioritised P1 – P3. This left a lot of small leaks unattended, with dissatisfaction expressed to customer service agents.
- Complaints within the Service Level Agreement declined to 94.6% just under SLA target. Unfortunately, the increase in complex fault volumes over February and March resulted in more complaints, which were not resolved within the 10 day timeframe as faults were trying to manage service levels as priority with spike in contacts. We have agreed a new process and more support to faults to identify these earlier and address them.

SOI MEASURES – 2019-2020 - Community and Stakeholder relationships



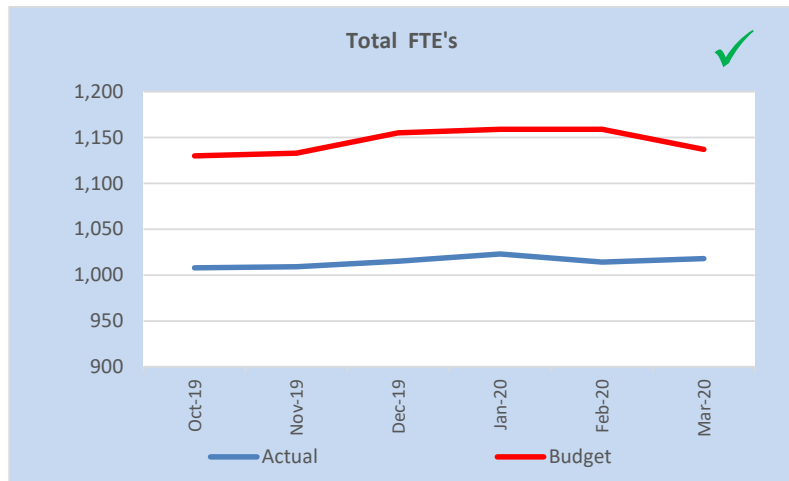
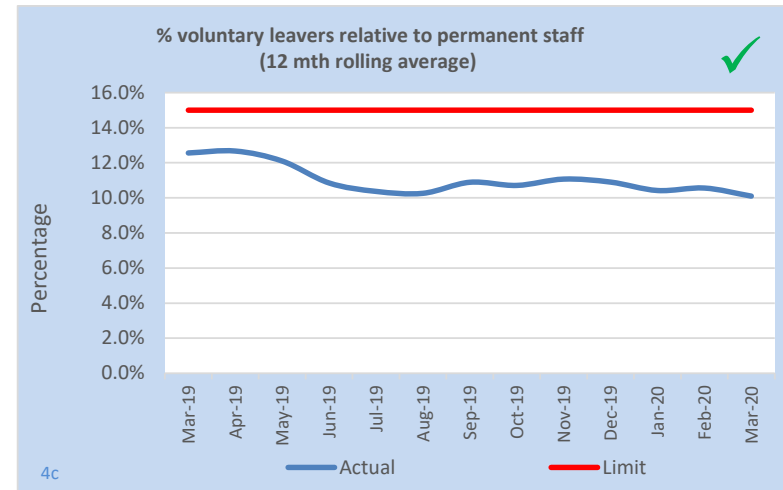
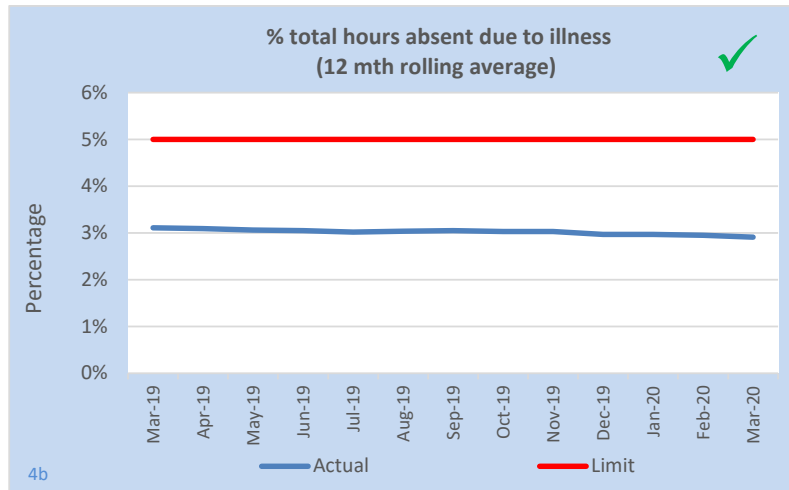
Water Utility Consumer Assistance Trust Update (WUCAT)

Customers experiencing hardship may be eligible to apply to WUCAT for assistance with their water bills.

- At the last three WUCAT meetings, 18 applicants successfully completed the budget process with \$33,214 of hardship relief approved by the Trust. The number of applications over the last 3 months was lower than the same quarter last year, but the amount of relief approved was \$7,731 higher than in the same quarter last year.
- For the financial year to date, the Trust has also assisted 8 customers with plumbing repairs totalling over \$3,663.
- The Covid-19 emergency is resulting in more people experiencing hardship and the Trust is sending out more application forms than usual, especially to newly unemployed people.

WUCAT is also working with budget advisors who are providing WUCAT customers with budget advice over the phone. This allows customers to more easily and correctly complete WUCAT application forms.

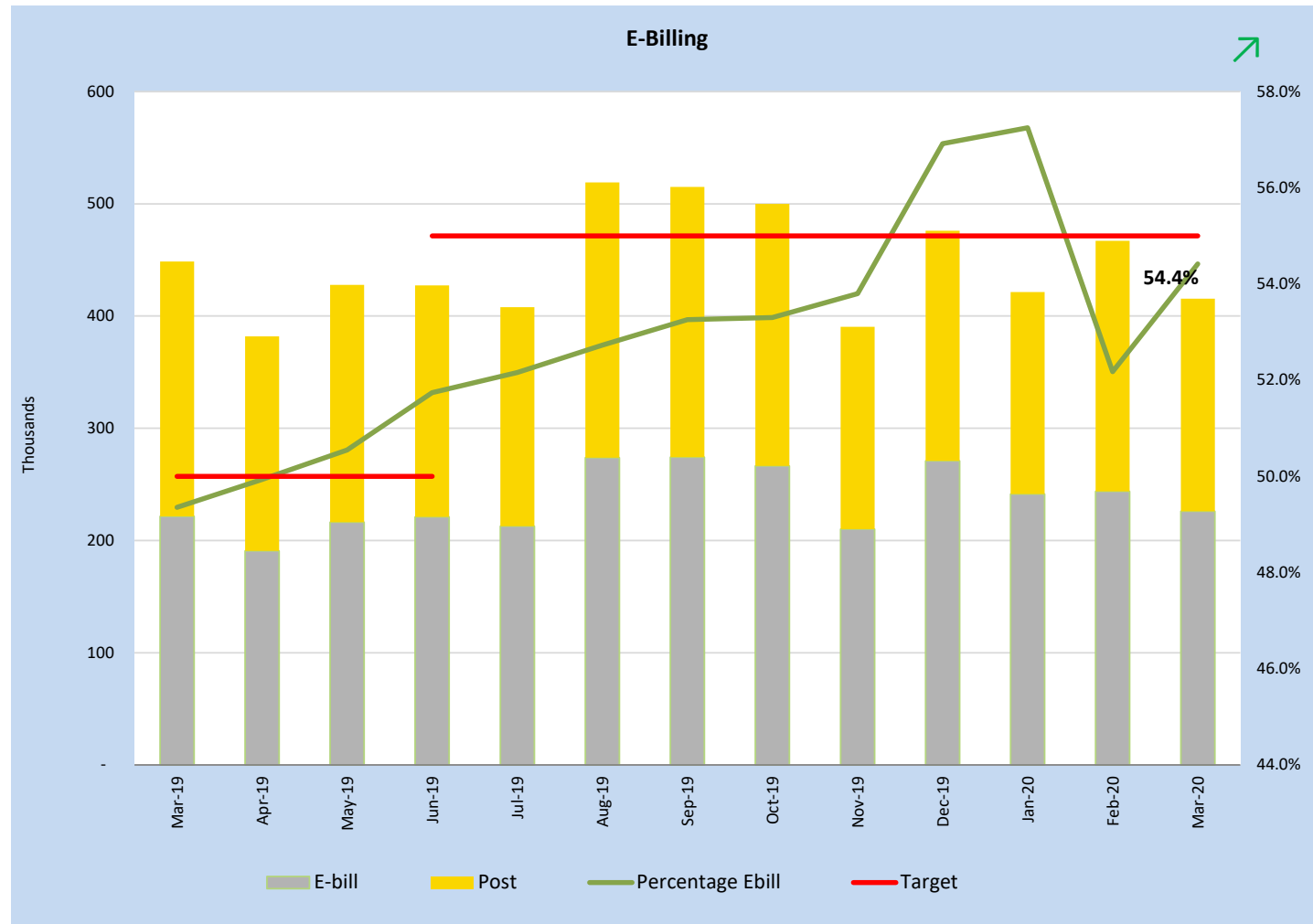
3. PEOPLE, CAPABILITY AND LEARNING



4. CUSTOMER SERVICE



4.1



5. COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE



LOCAL BOARD ENGAGEMENT

WORKING WITH LOCAL BOARDS

- In late March/early April, we have provided regular updates to Local Board members on the water situation and drought as well as the Covid-19 response. Social media and other posts including videos have also been provided for information and sharing.
- Project updates and responses to local escalations have continued with a focus on water leaks.
- Work is underway with Healthy Waters to respond to Local Board issues on the North Shore and Orakei related to wet weather wastewater overflows and capital works programmes. A coordinated response was also provided to the Orakei Local Board following high levels of faecal contamination in Newmarket Gully stream which arose from a broken pipe and cross connection. Good collaboration continues to be essential in helping improve understanding and coordination of response in these areas.
- Following the Covid-19 lockdown a live video workshop was held with the Whau Local Board to progress Central Interceptor Landowner approvals. Mt Albert War Memorial Reserve parking proposals for the Central Interceptor works were also shared with the Albert Eden Local Board for feedback in lieu of a physical meeting.

WAIKATO DISTRICT COUNCIL (WDC) STATUS UPDATE

- The Watercare Waikato Team is working well under the Covid 19 restrictions. Field staff have been assigned individual townships and plants to manage cross- contamination. All office based staff are working from home.
- There were no significant outages at treatment plants or in the reticulation networks in March.
- Work is continuing on developing the initial Asset Management Plan and Business for the contract. Both due to be submitted to WDC in June.
- The Meremere WWTP MBR upgrade project has been tendered and is currently undergoing evaluation. It is expected the contractor will start in June, with a view that the WWTP will be compliant within 12 months
- Work is continuing on preparing discharge consent applications for Raglan, Meremere and Te Kauwhata.

TAUMATA AROWAI – THE WATER SERVICES REGULATOR BILL

- The “Taumata Arowai – the Water Services Regulator Bill” was introduced to Parliament in December 2019.
- The wider reforms to the drinking water regulatory system, including Taumata Arowai detailed functions and enforcement powers, will be provided for in the Water Services Bill, which is expected to be introduced in April 2020.
- Watercare made a submission in support of the new Crown agent in early March 2020. Our submission noted the following:
 - Watercare supports the on-going three waters reform programme, and the changes this will bring.
 - Watercare is very supportive of the establishment of this new Crown agent.
 - Watercare consider that the Crown agent model would strike the balance between independence and Ministerial oversight necessary for a regulator of this nature.
 - The definitions of a “drinking water supplier” and “drinking water supply scheme” (which are not defined in this Bill) require further work and consideration.
 - We consider that at least one, or more, Board members should have the appropriate level of technical expertise and experience in three waters service delivery.
 - The Bill is silent on major emerging challenges that are, and will impact water service providers. Challenges such as climate change and the need to consider other alternatives for water supply – such as desalination, and “recycled” water, should be at least acknowledged, and then incorporated into the functions of this Crown agent.
 - There should be no concept of “secure bore water”.
- Watercare (Shane Morgan and Priyan Perera) addressed the Health Select Committee in mid-March.
- In the meantime, the “Taumata Arowai Establishment Unit” has been formed. We are now awaiting the following. Dates may have changed due to Covid-19:
 - The Establishment Board for Taumata Arowai, and the interim Māori Advisory Group (**mid-2020**).
 - The Taumata Arowai – Water Services Regulator Bill, will be reported back to the House (**mid-2020**).
 - Remaining Parliamentary stages (**mid 2020**).
 - The second bill – “*Water Services Bill*” – will be of major significance to Watercare. It will establish the powers and processes to the new Regulator and will cover the three waters. This is anticipated **May/June 2020**.

Taumata Arowai will not become fully operational until enactment of the *Water Services Bill*, which before Covid-19, was projected to be towards the **middle of 2021**

COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE continued**4.1****WATERCARE'S SUBMISSIONS ON VARIOUS BILLS****PROPOSED NATIONAL POLICY STATEMENT FOR INDIGENOUS BIODIVERSITY (NPS-IB)**

- The new NPS-IB is likely to have significant implications upon Watercare's existing and future operations. We made a submission highlighting these implications, especially within areas identified as Significant Natural Areas (SNAs) that contain most of our water supply headworks.

REDUCING WASTE: A MORE EFFECTIVE LANDFILL LEVY – CONSULTATION DOCUMENT

- The Government is proposing to increase the landfill levy and apply it to more types of landfills.
- Watercare made its own submission explaining why the Puketutu Island Rehabilitation Project should be exempted from any proposed landfill levy increases. Auckland Council supported this position.
- In mid-March 2020, several staff members had a conversation with Minister Sage, Associate Minister of the Environment, who invited Watercare to make a supplementary submission.

URBAN DEVELOPMENT BILL

- This Bill is the second piece of legislation designed to enable Kāinga Ora-Homes and Communities ("Kāinga Ora"). It complements the "Kāinga Ora-Homes and Communities Act 2019", which established Kāinga Ora on 1 October 2019.
- This Bill, if it's passed in its existing form, would likely have significant implications upon Watercare, and other major infrastructure providers.
- Watercare made a submission on this second Bill. Watercare supported the overall concept of this Bill but indicated specifically a number of negative consequences that would occur as the Bill stands, and therefore recommended some amendments.
- Watercare presented to the Environment Select Committee on 9 April 2020. Watercare's presentation focussed on three main points: Watercare being 'at the table' from the beginning of the process; Kāinga Ora's powers for water and wastewater are too broad; and Watercare's bulk assets are nationally significant infrastructure.

OTHER BILLS OUT FOR CONSULTATION

- MBIE is consulting on their "Building Code Update Consultation – June 2020" document. Submissions closed 17 March 2020. Watercare made a submission focussed on Gully Traps and wastewater over flows.

COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE *continued***THE FUTURE OF THREE WATERS SERVICE DELIVERY AND REFORM IN NEW ZEALAND**

On 28 January 2020, Cabinet released a paper titled *“Three Waters Service Delivery and Funding Arrangement: Approach to Reform”*.

Summary points from the Cabinet paper:

- The focus is on the consideration of a range of three waters service delivery models, and associated potential funding arrangements to enable a transition to better occur.
- The paper indicates that more work is needed before any type of infrastructure fund can be established.
- Three service delivery models have been considered. The Minister appears to prefer the model of three to five multi-regional, publicly owned providers. Less preferred is the regional, publicly owned water providers – these providers would be aggregated within existing regional boundaries. The third model, one national, publicly owned water provider, will not be further investigated at this stage.
- Drinking water and wastewater service improvements will be prioritised over stormwater related improvements.
- Timeframes – Firstly, voluntary change. The Minister has recommended that a 12-month period be given to allow for a voluntarily transition to new service delivery arrangements. By late 2020, Ministers will then decide if voluntary reform has made enough progress.
 - By year 1 – All drinking water suppliers must register – large suppliers (over 500) must have a Water Safety Plan. By 2021 a report is due on options for financial support/national fund and any more legislative changes required.
 - By year 3 – Compliance for all large suppliers actively enforced.
 - By year 5 – Small suppliers must comply with drinking water legislation.
 - By 2023/24 new water entities will be formed and operating.
- Funding – It has already been agreed that the Government will provide funding support to local government, on a case-by-case basis, to investigate voluntary changes to service arrangements. There are also wider opportunities for Central Government to use national funding to address the current infrastructure deficits, and accelerate progress on addressing the infrastructure and operational resources needed to respond to the drinking water regulatory reforms.

THE CONTROLLER AND AUDITOR GENERAL'S REPORT- "REFLECTING ON OUR WORK ABOUT WATER MANAGEMENT"

In February 2020, the Controller and Auditor-General released his major report on how public organisations are managing water resources and delivering water-related services for the benefit of New Zealanders. The report is the final of a series of seven water performance reports that have been issued over the last two years by this office.

Key quotes in the report include the following:

"Given the significance of water issues, we expected to find: clear national strategies... coherent work programmes...robust systems...resourcing, planning, and strategic risk management...and strong engagement models with communities of interest and, in particular, Maori.... We found that although much good work is being done, all of these elements were not in place."

The report contains no adverse comments relating to Watercare Services Limited.

Other findings in the OAG report include:

- The Ministry for the Environment cannot demonstrate the overall effectiveness of its firewater clean-up funds.
- Many councils assumed in their 2018-28 Long Term Plans that, in the next 10 years, the effects of climate change will not significantly affect their communities and that there will be no major natural hazard events.
- Councils are unprepared for water issues related to climate change. Many had planned for floods according to past flooding events and had not tried to predict how future floods could be different
- Government had never responded to a major proposal from the Waitangi Tribunal over the need to co-govern its water supplies with Māori.
- A spokesperson for Local Government New Zealand (LGNZ) acknowledged that councils were operating with *"20th century policy tools which do not adequately recognise the 21st century risks we're facing."*
- Another spokesperson said that *"Councils have found themselves in a policy vacuum on the issue of climate change adaptation, and have been calling for central government guidance"*.

The full report can be found at the following link: <https://oag.parliament.nz/2020/water-management/docs/water-management.pdf>

COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE *continued***MĀORI ENGAGEMENT IN MARCH 2020**

Our focus is shifting from Māori engagement to Māori outcomes in line with the approach being taken by Auckland Council.

Activities undertaken in March 2020 included:

- Further work with the Watercare board on the Board's Te Reo Māori me ōna Tikanga strategy. Unfortunately, the Board's visit to Umupuia Marae had to be cancelled due to the Level 4 Lockdown, but will be rescheduled for later in the year.
- Attending new staff inductions, to provide new recruits with an overview of the Maori world view, and the Mana whenua/Watercare relationship. A cultural inductions video is also being produced for the Central Interceptor project.
- Working with iwi at Marae Tāmaki Makaurau regarding water issues.
- Attending various Māori Outcomes Group meetings at Auckland Council.
- Leading Te Ākitai Waiōhua kaitiaki update on Central Interceptor and general projects across Watercare and procurement procedures.
- A number of other huis had to be postponed due to Covid-19 lockdown. These will be rescheduled.
- Exploring Watercare procurement options for Māori in Tāmaki Makaurau
- Meeting with Auckland Council staff, Wairaka Mason, Jimmy Lee and others regarding Ngā Kete Akoranga courses across Watercare
- Liasing with Te Waka Anga Whakamua Unit during Covid-19 to coordinate Mana whenua responses.
- Meeting with Ngāti Maru kaitiaki, Geoff Cook, to review consenting projects
- Working with Far North Regional Council, local iwi, kaumātua and Marae in Northland where Watercare is helping with a drought response.

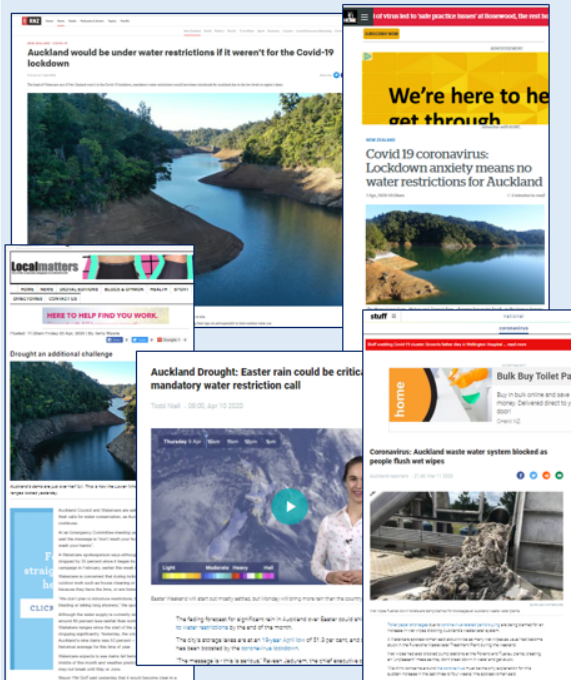
Monthly snapshot of communications and stakeholder engagement



Enabling engaged communities and stakeholders

Media

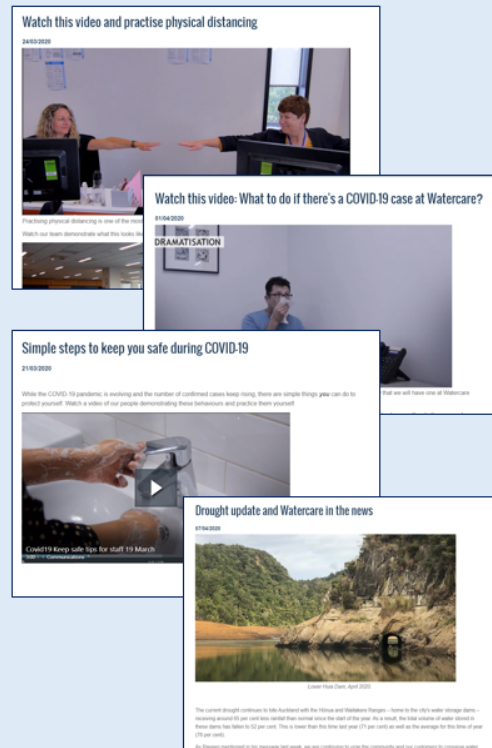
The ongoing drought has been a major focus for us: we continued to share the related water conservation messages in traditional and social media. Raven's interviews with media outlets resulted in stories in NZ Herald, Radio New Zealand, Stuff, Local Matters, One News, AM Show and Newstalk ZB. With COVID-19 affecting the availability of toilet paper and more people using wet-wipes instead, our treatment plants and pumping stations have seen an increased impact of wet-wipes on their operations. We proactively pitched these incidents to the media and they were covered on TVNZ, Stuff and One News.



Enabling safe, happy and empowered teams

Staff

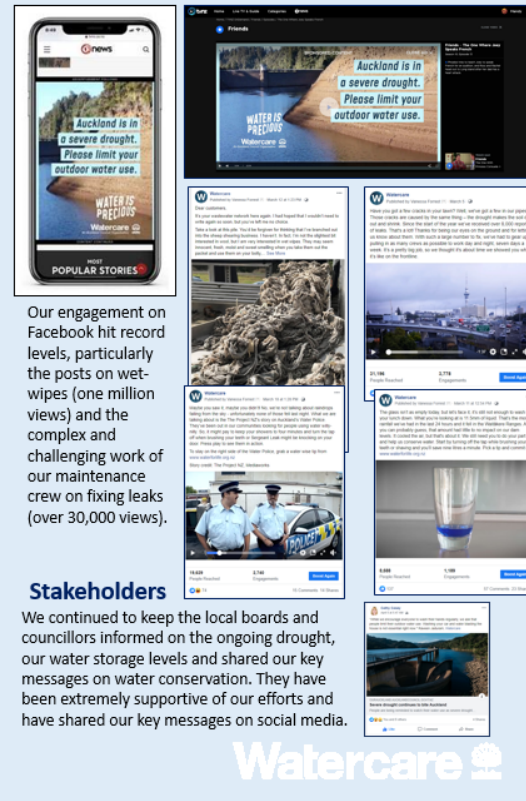
As part of our COVID-19 Incident management, we continued to keep staff informed, share COVID-19-related suite of resources through email, intranet, video messages and demos. We are also keeping our people updated on the ongoing drought situation and encouraging them to act as our ambassadors to share our water conservation messages with their family and communities.



Enabling customer trust and value

Customers and communities

As part of the drought and the related water conservation campaign, we stepped up the volume and reach of paid advertising with further radio, outdoor (billboards, posters, buses), digital (NZ Herald, Stuff, MetService, TVNZ On Demand) and print (cover of NZ Herald) placements.



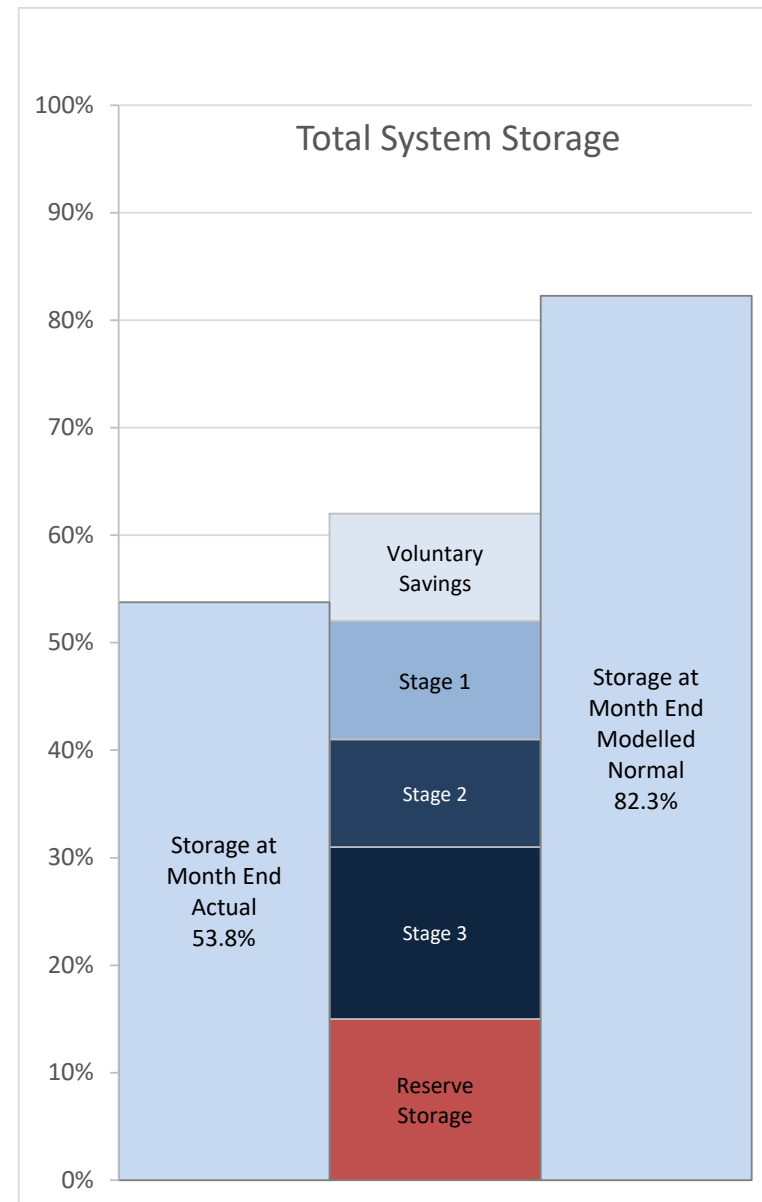
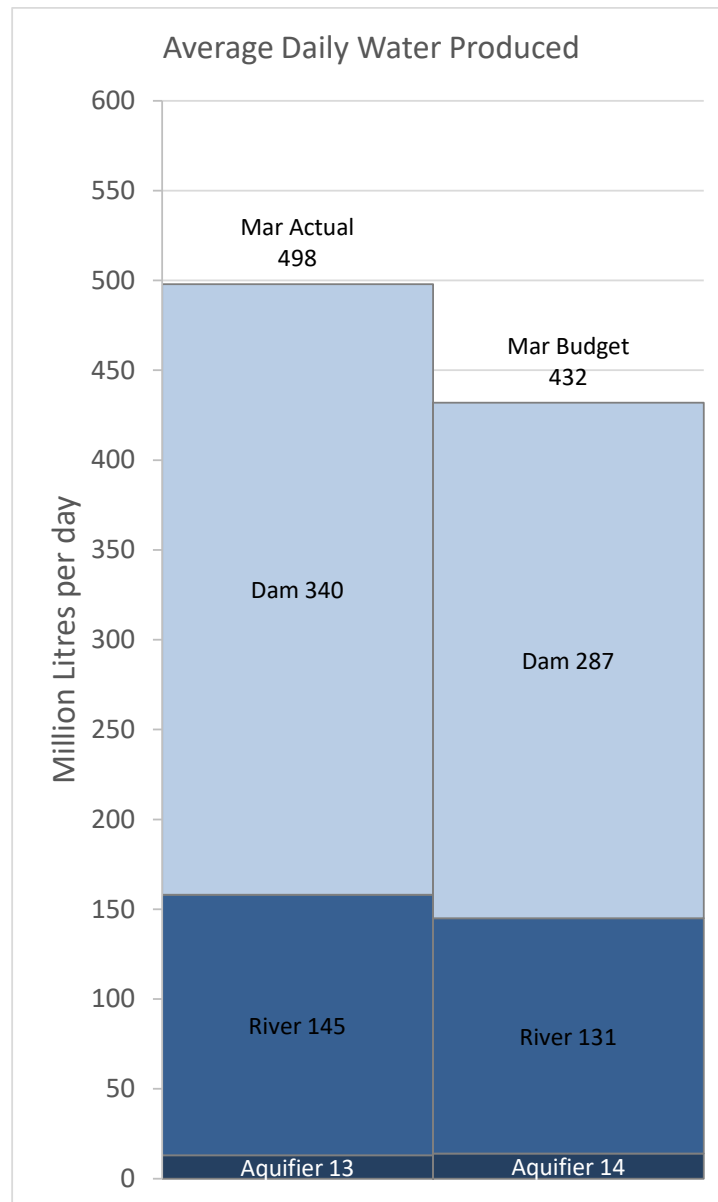
6. NATURAL ENVIRONMENT

Water resources position

- Total system storage decreased through March from 63.7% to finish the month at 53.8%, compared to the FY2020 budgeted storage response of 82.3% for a modelled normal response for March.
- Rainfall for the month of March was again well below normal for all of Auckland. The Waitakere and Hunua received 66% and 37% of their historical averages respectively. Initial analysis undertaken by NIWA suggests that current rainfall totals since November 2019 to March 2020 correspond with an event between that is equivalent to that between 50-100 years.
- Storage remains below levels that would normally be experienced at this time of year (77.4%), if compared with the historical average (1981-2010). March's storage response dropped was below that of a twenty year dry (57.4%) and is now close to a 50 year dry response (49.2%). While storage remains above mandatory restrictions, it is likely to go below the trigger level for mandatory action in April.
- Abstractions from Waikato and Onehunga continued to be optimised throughout March to reduce abstraction pressures on the storage lakes, keeping the Waikato water treatment plant running at maximum capacity.
- Total water treatment plant production was 15.5% above budgeted volumes for March, and 8.3% above budget for the Financial Year to date.
- Demand throughout March dropped from its high in February in response to the change in weather as temperatures started to lower and passing showers occurred, and to the *Water is Precious* advertising campaign. There was an increase towards the end of the month as Aucklanders prepared for the COVID-19 lockdown

Long range forecast position

- Rain for April has been forecast to be below normal for Auckland.
- April temperatures are expected to be near or above average, a trend expected to continue throughout winter.
- Current long term forecasts are suggesting that rainfall in late May and June will return to normal, however these forecasts would not be sufficient to overcome the deficit experienced to date
- It is important to note that reduced short-term weather forecast accuracy has been confirmed due to the sharp drop in the number of airplane observations of temperature and wind that weather models use. It is likely that long-range models are also affected, but as yet this has not been quantified
- While judicious abstractions and operational decisions across our water sources have ensured sufficient water resources for the summer and early autumn, more proactive measures for lowering demand and increasing supply **are** required to ensure secure water supply the coming spring/summer



Watercare's Drought Management Response

The Auckland region is currently experiencing severe drought. Our water storage lakes are now under 50%, with no significant rain predicted in the long-term weather forecasts. In response to the reducing lake levels and higher than average demand, Watercare introduced the "Water is Precious" campaign on 10 February 2020. Whilst the campaign has had an impact on reducing demand, lake levels have continued to reduce with the lack of rainfall. In addition to these demand management measures, we are also continuing to manage our existing water sources to maximise supply. However, despite these activities and without any significant long-term rainfall predicted, mandatory water restrictions may be required sometime over the next month or so.

A Watercare Drought Incident Team has been formed to drive a range of actions including radio, digital and social media advertising on water savings. We are continuing the Government's safety message to regularly wash your hands. However, we are asking Aucklanders to avoid unnecessary water use at home, including reducing shower time to 4 minutes maximum, and ceasing all car washing and water blasting.

- **Appendix B** is a letter the Watercare Chair sent to the Mayor on 17 April 2020, explaining the Drought situation in detail and explaining how Watercare is managing the situation.
- **Appendix C** is a letter Watercare has sent to various stakeholders, including Council, the CCOs, Councillors, Local Board members, and major commercial customers, on 23 April 2020. Media were sent a similar media release.

The Watercare Board is receiving weekly briefings from Senior Management on the drought. As the situation is fast moving, the briefings are quickly overtaken.

7. RESOURCE MANAGEMENT ACT COMPLIANCE – Auckland Council



March 2020	Compliance proceedings	Nil	Environmental incidents of significance	1
Summary	Category 4 non-compliant consents held by Watercare	1	Category 3 non-compliant consents held by Watercare	2

	Oct	Nov	Dec	Jan	Feb	Mar
Number of non-compliant consents held by Watercare in Auckland¹	4	5	12	13	9	21
Number of non-compliant category 3 or 4 conditions² <i>Non-compliance where the result will have or has the potential to have an adverse or significant adverse effect on the environment, or where there has been a repeat of a lower score non-compliance.</i> <i>We would typically receive notification or have warning of a category 4 non-compliance well before we prepare this report.</i>	3	2	3	3	3	3
Number of non-compliant category 1 or 2 conditions² <i>Technical non-compliance with no more than minor potential or actual adverse effect to the environment. For example, reports provided after due date.</i>	5	8	8	9	6	22

Notes: 1 – excludes trade waste consents; 2 - Excludes conditions duplicated across consents.

Area	Background and Reason for Non-Compliance	Summary of Current Actions	Current Self-Assessed Council Compliance Rating
WATER TREATMENT			
Huia Village	Long-term issue. Consent has a condition for some recycling of process discharges back to the dam, but this recycling has not been possible given the existing infrastructure at site. Instead, all discharges go direct to Huia Stream, but monitoring shows no adverse environmental effects.	Works on hold during Covid-19 lockdown.	3 – Ongoing issue (negligible environmental impact)
WASTEWATER TREATMENT			
Helensville	On-going water quality issues at the compliance point. Upgraded to Category 4 after Auckland Council inspection.	Works on hold during Covid-19 lockdown.	4 – Ongoing issue (Auckland Council assessment)
Denehurst	Vegetation on irrigation field has slowly decreased over time. Planting-density no longer meets resource consent requirements, and lack of vegetation likely reducing irrigation field efficacy for passive wastewater treatment.	Replanting to occur in late autumn 2020, contingent on Covid-19 response.	3 – Auckland Council assessment after inspection; small scale irrigation means effects on groundwater less than minor.

RESOURCE MANAGEMENT ACT COMPLIANCE - Waikato Regional Council



March 2020	Compliance proceedings	Nil	Environmental incidents of significance	Nil
Summary	Category 4 non-compliant consents held by Watercare	Nil	Category 3 non-compliant consents held by Watercare	Nil

	Oct	Nov	Dec	Jan	Feb	Mar
Number of non-compliant consents held by Watercare in Waikato¹	3	3	2	1	0	6
Number of non-compliant category 3 conditions² <i>Non-compliance where the result will have or has the potential to have an adverse or significant adverse effect on the environment, or where there has been a repeat of a lower score non-compliance.</i> <i>We would typically receive notification or have warning of a category 4 non-compliance well before we prepare this report.</i>	0	1	0	0	0	0
Number of non-compliant category 1 or 2 conditions² <i>Technical non-compliance with no more than minor potential or actual adverse effect to the environment. For example, reports provided after due date.</i>	3	3	2	1	0	4

Notes: 1 – excludes trade waste consents. Consents held by Watercare include the Waikato WTP, Pukekohe WWTP and associated pump stations, along with the Lower Mangatangi and Mangatawhiri dams. The assets we operate for Waikato District Council are operated under consents held by WDC and are not included in this report; 2 - Excludes conditions duplicated across consents

Central Interceptor innovation and wastewater reuse

The Central Interceptor (CI) tunnel project planned to use potable water as construction water for trucks washdown, dust suppression and tunnel boring. The Māngere Recycled Water Plant (RWP) was proposed to produce drinking water quality recycled water from the Māngere Wastewater Treatment Plant (WWTP) to replace the use of potable water supply, and has the additional benefit of being able to demonstrate the benefits of wastewater reuse and its potential applicability to Watercare integrating this into its water supply system.

Effluent from Māngere WWTP will be treated via ultrafiltration, Reverse Osmosis, Hydrogen peroxide /Ultraviolet light disinfection and Chlorination. The RWP has a capacity of 1MLD and will be used as construction water for the CI project whilst tunnelling operations are in place at Māngere. Once we relocate tunnelling to May Road, it will transfer to Operations to determine its ongoing use.

The process flow for Māngere RWP has been selected by considering the experience of various operational recycled water schemes in Australia, U.S. EPA guidelines and WHO guidelines.

The scheme is being designed by Jacobs, who have significant international experience in these schemes, and is being manufactured by Suez (whose technology is in use at a number of Watercare facilities). It is anticipated that it will be in service before the end of 2020, subject to impacts of Covid-19.



MPS site overview – Site prepared for shutdown

8. WATERCARE'S COVID-19 RESPONSE

We have a full time Incident Response Team working on Covid-19. Team members come from all areas of the business and are experts in their fields. Key members of the team all have deputies, and the teams work on a one week on- one week off basis.

The overall objectives of the Incident Response Team are:

- Protect staff and support their families
- Maintain critical water and wastewater services
- Minimise risk exposure

The Board receive weekly briefings from Senior Management on Covid-19, and will do so until these are no longer required. As the situation is fast moving, the briefings are quickly overtaken.

The critical staff we have identified under Alert Level 4 are:

- Water and wastewater operations
- Operations support including control systems (SCADA) and maintenance
- Select staff from support services, including faults, procurement, payroll and digital systems

Our People

Watercare has 180 staff in total working at our water and wastewater treatment plants, as well as fewer than 20 spread out across our Head Office at Newmarket. We have introduced procedures and new shift rosters to ensure that our people are able to physically distance themselves from others whilst they work. 180 is the minimum level management consider prudent to maintain operations. The remainder (600 plus) are working from home and there has been no bandwidth or other issues reported.

Staff are provided with regular email and video briefings from the Covid-19 team, the CE and via the Intranet.

To date, none of our staff have been diagnosed with Covid-19.

Our Construction Sites

As at 20 April 2020, all of our construction sites, except for a few essential sites, have been closed down and made safe. The closed down construction sites include major projects involving large workforces, including the Central Interceptor.

We are preparing for the reopening of the closed down construction sites when the country moves to Alert Level 3. This will see around 40 construction sites restart, including the Central Interceptor. We are, and will continue to, follow the Covid-19 Standard for New Zealand Construction Operations (<https://www.chasnz.org/covid19>), to ensure our people and contractors remain safe.

Our Operations

We have an Operations staffing plan that provides increased resilience to all operational areas of the business. We are monitoring fatigue levels and ensuring there are enough staff resources available.

Priority leaks and essential repairs are being addressed by our field crews. However, non-essential reactive work is being minimised to reduce staff exposure.

With the upcoming move to Alert Level 3, we are assessing what additional work our operations teams can do, whilst also keeping themselves and the community safe.

Our Customers

We are maintaining communications with our customers, and have a page on our website titled “Our approach to Covid-19 and some changes to how we operate”. Customers continue to receive bills, which will be an estimated bill based on the average of the last two actual reads recorded as our meter reading team has not been reading meters in Alert Level 4. Meter reading, which is a solitary task, will recommence in Alert Level 3.

Financial outlook

If the pandemic response is protracted, payment of water bills and IGCs may be impacted - this position continues to be monitored. A range of scenarios are being developed to assess the potential financial impacts during and post the COVID-19 incident. The financial scenarios being worked on are as part of the Auckland Council group.

The Watercare Board, CE and Senior Executives have voluntarily taken a pay cut for a six month period. Watercare Board members and the CE have taken a 20% pay cut.

The move to Level 3 on 28 April 2020

When the country moves to Level 3, the following will occur:

- Staff currently working from home, will continue to do so.
- Staff that need to return to the workplace, will discuss the options with their managers to ensure a smooth and safe transition.
- Construction projects may start up after safety protocols have been reviewed and site separation and access guidelines have been developed.

- Physical distancing will continue with internal and external meetings happening online instead of face-to-face.
- Access to visitors, deliveries and couriers will continue to be restricted as it is now, in alert level 4.

9. DELEGATED AUTHORITY OF THE CHIEF EXECUTIVE

<p>In March 2020, there were 6 documents required to be signed with the delegated authority provided to the Chief Executive by the Board in relation to deeds, instruments and other documents.</p> <ul style="list-style-type: none"> • Section 90 Land Transfer Act transfer of land to Watercare at Snells Beach • Variation to the Advance Compensation Agreement in favour of Watercare for land at Rosedale • Variation to the Agreement of Sale and Purchase for land to be acquired by Watercare at Wellsford • Deed of Lease for the MSN team in favour of Watercare • Section 17 Public Works Act Agreement for land to be acquired by Watercare in Pt Chevalier • Deed of Variation in favour of Watercare in Mt Roskill 	<p>In March 2020, there were seven Capex/Opex contracts, over \$100,000, approved by the CE in accordance with the delegated authority provided to the Chief Executive by the Board.</p> <ul style="list-style-type: none"> • Hoskins Avenue - Chamber Lid Replacement (Armaterc Environmental Ltd) • Rosedale WWTP - THP - HV Design (Ergo Consulting Ltd) • 31-35 Carbine Road - Pipe Reline (Interflow (NZ) Ltd) • Contract Management Services for the Central Interceptor Project (Homebrook Consulting Ltd) • Upper Huia Dam Access Road - Slip Stabilisation (Earth Stability Ltd) • Asset Management Plan Optimisation (Jacobs NZ Ltd) • Mangere WWTP Digester Area Electrical Upgrade Installation)Wells Instrument & Electrical Ltd) 	<p>In March 2020, there was one capex approval 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.</p> <ul style="list-style-type: none"> • Huia WTP Upgrade (change in cost and schedule) - \$1,200,000
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Appendix A: “Shovel ready” projects submitted

Project	Cost range (\$m)	Current construction timing	Propose
1.1 Waikato A WTP and Boost Pump Station	250 to 350	2028 to 2031	202
1.2 Western Isthmus Water Quality Improvement Programme	Watercare \$310m Healthy Waters \$285m	2020 to 2028	202
1.3 Papakura WTP and Network Connections	25 to 35	2021 to 2024	202
1.4 Pukekohe WTP and Network Connections	10 to 15	2022 to 2024	202
1.5 Redoubt Road Reservoir No.5	30 to 40	2030 to 2032	202
1.6 North Harbour No.2 Watermain	250 to 350	2022 to 2026	202
1.7 Huia WTP Raw Water Infrastructure	180 to 200	2022 to 2026	202
1.8 Kāinga Ora Tamaki Wastewater Upgrades	20 to 25	2022 to 2026	202
1.9 Kāinga Ora Mangere Wastewater Upgrades	15 to 20	2022 to 2028	202
1.10 Kāinga Ora Mt Roskill Water and Wastewater Upgrades	60 to 65	2022 to 2028	202

17 April 2020

Mayor Phil Goff
Auckland Council

Tena koe Mayor Goff

Preparing for possible water restrictions under Auckland Council's *Water Supply and Wastewater Network Bylaw 2015*

1. As you are aware, the Auckland region is currently experiencing severe drought. Our water storage lakes are now approximately 50% full, with no significant rain predicted in the long-term weather forecasts. In response to the reducing lake levels and higher than average demand, Watercare introduced the "Water is Precious" campaign. Whilst the campaign has had an impact on reducing demand, lake levels have continued to reduce with the lack of rainfall. In addition to these demand management measures, we are also continuing to manage our existing water sources to maximise supply. However, despite these activities and without any significant long-term rainfall predicted, mandatory water restrictions may be required sometime over the next month or so.
2. I am therefore writing to you now to advise you that we are preparing for the possibility of mandatory water restrictions being imposed under the Auckland Council Water Supply and Wastewater Network Bylaw 2015 (relevant extracts attached as **Appendix A**).
3. Below is further background information regarding the current water supply situation and how Watercare has been managing supply and demand to date. I also set out how we are preparing for possible mandatory water restrictions.

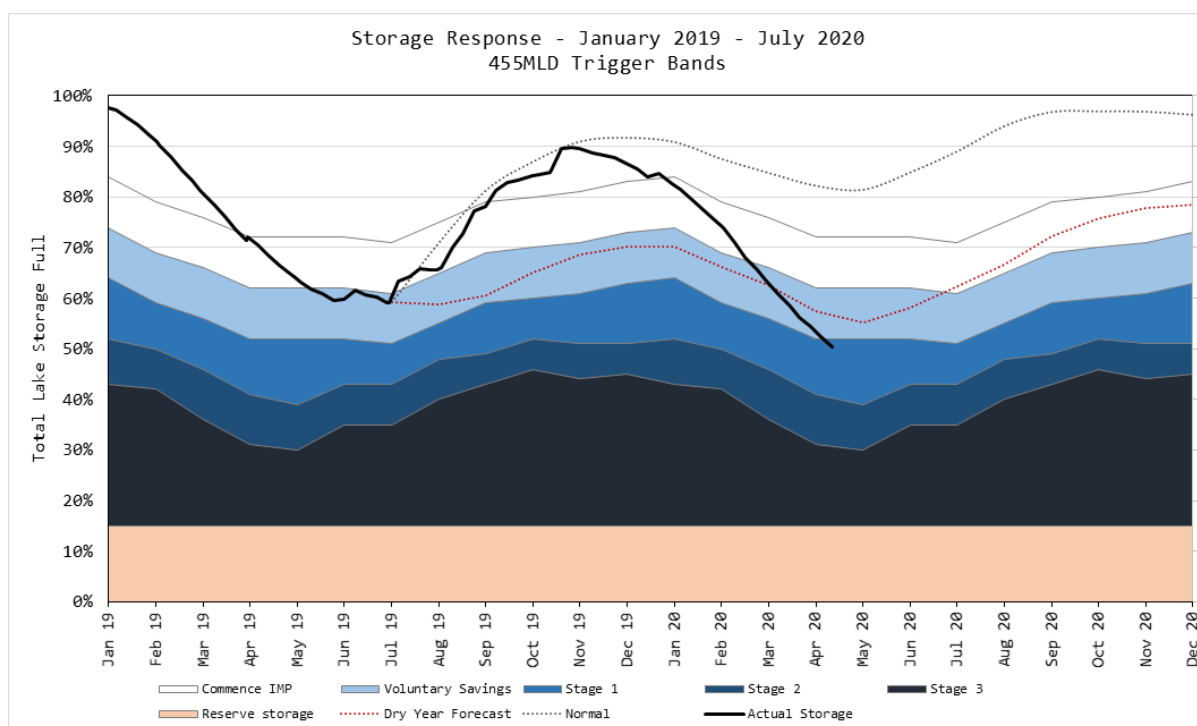
Our water storage lakes are now around 50% full

4. Our water supply lakes were 90% full in November 2019 as we entered the start of summer, which is normal for that time of year. However, we have had a very long, hot summer, and rainfall has been 65% lower than average, for the period January 2020 to now. Indeed, January and February 2020 experienced the lowest rainfall on record coupled with numerous record breaking days of water use by Aucklanders. As at 17 April 2020, our water supply lakes are 49.59% compared with an historical average of around 75%.
5. While the 15 April 2020 four-week weather forecast predicts some rain over the next fortnight, over the long term, the drought is expected to continue.

Watercare is already implementing our Drought Management Plan

6. Our Team is following the Watercare Drought Management Plan (last updated February 2020, copy **attached**). The Plan identifies a storage response plan with saving targets (updated regularly), and the process by which we will achieve them.

7. Below, the current Drought Trigger Bands are illustrated
8. Going into summer, the water supply lakes were at normal levels. However, the situation deteriorated quickly over January and February 2020 with the long, hot dry summer, higher than average demand levels and record low rainfall.
9. As you are aware, the rural community has also been impacted by the drought. As a result, there has also been a record increased demand on Watercare's Tanker Filling Stations.
10. The first stage of the Drought Management Plan is the introduction of "Voluntary Savings", illustrated by the light blue band. We have been in this band since February 2020.



11. A media campaign to introduce voluntary savings under the "Water is Precious" tagline was implemented on 10 February 2020. Initially the campaign encouraged Aucklanders to use water wisely. However, since the start of April, the key messages and call-to-action have become more serious and directive to reflect the current level of risk. The messages are now one-stop short of mandatory restrictions; the tone of the campaign has been changed in line with the requirement to move towards mandatory restrictions at the next stage of the Drought Management Plan. You would have seen that we are now encouraging people to keep washing their hands (to align with the Covid-19 messaging), but to limit their outdoor water use. We are asking Aucklanders to not clean their cars or water blast their house during the lockdown period. This message now aligns with the next trigger level, Stage 1 mandatory restrictions.
12. We have also started contacting our large commercial customers so the restrictions will not come as a surprise. Auckland Council, Watercare's largest commercial customer, is already taking voluntary action and has started limiting the irrigation of Auckland's parks. More can be done in this area, and

we will therefore continue to work with various Auckland Council departments, and other large commercial users of water, to encourage voluntary water saving initiatives.

13. Watercare has also been working to use our existing sources to increase water supply. For example:
 - a. We have a continued focus on reducing non-revenue water and fixing water leaks;
 - b. Abstractions from Waikato River and Onehunga aquifer continue to be optimised to reduce abstraction pressures on water storage lakes. The Waikato Water Treatment has been operating at maximum required production capacity, subject to maintenance requirements, since the start of the financial year;
 - c. We are continuing to upgrade our Waikato Water Treatment Plant so it can process an additional 25MLD per day (upgrade estimated to be complete within 3 months – this construction project continues as it is deemed an “essential” construction activity);
 - d. We are applying for a new consent from Waikato Regional Council to take 100MLD from 1 May to 30 September, as well as between October to April if the river is above median flow. Once this consent has been granted (hopefully in the next few months), this will reduce our dependence on our water supply lakes that service Ardmore and Huia WTPs;
 - e. Hays Creek dam is available for use by those requiring non-potable water. Over the coming months, we will be constructing a pre-fabricated treatment plant so potable water can be produced from this source as well; and
 - f. We are using section 330 emergency provisions under the Resource Management Act, to reduce our compensation flows from Cosseys, Wairoa & Waitakere dams (water saving of approximately 6.5-12MLD). We are applying for new consents from Auckland Council to authorise this activity, and these will be lodged shortly.

Implementing Stage 1 Mandatory restrictions

14. Despite all the above actions, the black line indicating our water storage position has dipped into the next blue band, triggering Stage 1 actions under the Drought Management Plan. The Plan describes what water use activities can and cannot take place under Stages 1, 2 and 3 as they apply to:
 - a. Residential, commercial and public lawns and gardens (including garden centres)
 - b. Playing fields (e.g. golf courses, hockey turfs and bowling greens)
 - c. Fountains and water features
 - d. Hard surfaces
 - e. Vehicle and boat washing
 - f. Building and window washing
 - g. Construction and renovation
 - h. Tanker supplies
 - i. Large users – industrial and commercial customers
 - j. Agricultural and horticultural users
15. To prepare for possible Stage 1 mandatory restrictions, a Communications Plan is being developed to ensure we advise all relevant stakeholders, including Auckland Council, Councillors and Local Board on a “no-surprises” basis.
16. Because of the Covid-19 Emergency, we have already advised the Auckland Regional Public Health Service (ARPHS) that we are undertaking reduced compensation flows, and mandatory restrictions are likely. This advice was also provided in accordance with our Communication protocols in the Drought Management Plan. The ARPHS supports our Drought Management Plan and they have advised they will

work with us to ensure appropriate public health messaging regarding increased hand washing continues to be communicated during any restrictions.

Next steps

17. Management is already working the following:

- a. A resolution by Auckland Council delegating to Watercare the power to restrict the use of water under clause 12 of the Water Supply and Wastewater Network Bylaw 2015 and implement and enforce any such restrictions. Management has had constructive discussions with Auckland Council senior legal team members and governance officers regarding a resolution, delegations, enforcement, warranted officers, notices and the required evidence for any prosecutions.
- b. Use of water contrary to a restriction made under clause 12 is an offence under clause 12(4). The maximum penalty for an offence under clause 12 is \$20,000. In relation to this item, enforcement will also need to comply with any Alert Levels of the Covid-19 Emergency. We are discussing possible support from with Auckland Council in-house legal staff for this component of the restrictions, as well as prosecutions under the Bylaw.

18. Please let us know if you have any questions. Otherwise, I will keep you up to date with all major developments.

Yours sincerely



Margaret Devlin
Chair
Watercare Services Limited

Appendix A

Relevant parts and clauses of the Auckland Council *Water Supply and Wastewater Network Bylaw 2015*

Part 3: Water Supply

Clause 12: Restriction on water use

- (1) Where the council considers that its ability to maintain an adequate supply of drinking water is or may be at risk because of drought, emergency or for any other reason, it may restrict the use of water supplied to any premises.
- (2) Any such restriction may apply to all of Auckland or one or more parts of Auckland.
- (3) The council will give such public notice as is reasonable in the circumstances of any restriction on water use under subclause (1).
- (4) No person may use water contrary to a restriction made under this clause.

Part 5: Enforcement, offences and penalties

Clause 15: Offences

- (1) A person who breaches clause 8, 12, 13 or 14 of this bylaw commits an offence under section 239 of the [Local Government] Act 2002.

Explanatory note: As at 1 July 2015 the maximum penalty for a person convicted of the offence of breaching this bylaw is a fine of \$20,000 per offence.

Auckland Water Supply Update

Wednesday 22 April

Good afternoon

I would like to update you on Auckland's water supply situation as the severe drought looks set to persist for at least another month.

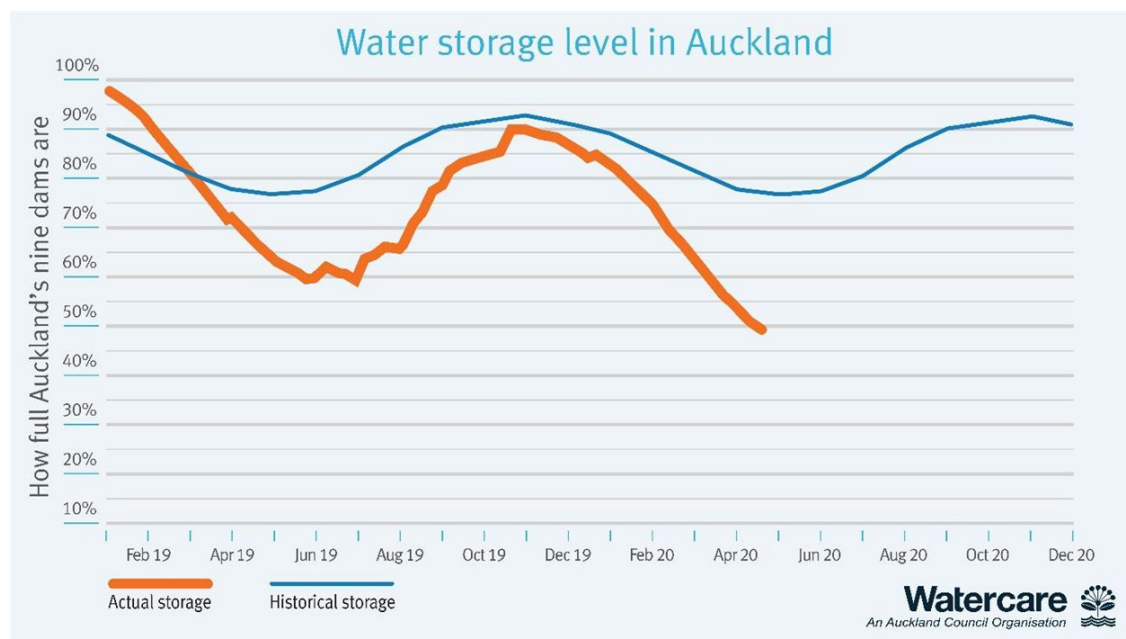
What is our current situation?

Our water supply situation is growing increasingly serious. Today, our total water storage is 48 per cent. This is lower than this time last year (66 per cent) as well as the average for this time of year (76 per cent).

Lower Huia Dam in the Waitakere Ranges >>



The graph below illustrates the impact of the drought on our total water storage. Since the start of 2020, we have received less than half (47 per cent) the usual rainfall. It is also worth noting that we received less rainfall than usual in 2019 which meant we started last summer with less water in our dams than normal.



What is the latest weather forecast?

Yesterday, we received a four-week weather forecast from the MetService suggesting we will continue to experience drier-than-normal conditions as outlined below. This means our region's water supply will be further strained.

Rainfall (% more or less than normal)				
Week	20-26 April	27 April to 3 May	4-10 May	11-17 May
Waitakere Ranges	-36%	-5%	-6%	-2%
Hunua Ranges	-51%	-14%	-8%	0%

Where does the forecast leave us?

With the total water storage dropping below 50 per cent, we have reached a trigger point whereby we need to consider mandatory water restrictions. Restrictions have not been practical so far but if the rain doesn't arrive soon, they will be implemented.

Water restrictions are not a black and white science – several variables come into play. With the COVID-19 lockdown, we are very aware of the new demands everyone is facing and we do not want to add to these. We also acknowledge that it's not possible to enforce restrictions while meeting physical distancing requirements. Instead we need everyone to keep on focussing on water savings, particularly as we all eventually move on from lockdown.

Very positively though, Auckland's current water usage – admittedly under lockdown conditions – is low enough that we are achieving enough savings through voluntary means. The challenge for our community, and for businesses, is to remain extremely mindful of their water use as they emerge from the lockdown.

If mandatory restrictions are required, we will give you advance notice.

What are we doing to manage the situation?

As you know, we are maximising production at our Waikato and Onehunga treatment plants in order to reduce the demand on our water storage dams. We are also working to fix leaks in the network as quickly and efficiently as possible.

Over the next three months, our focus is on bringing two former water sources – the Hays Creek Dam in Papakura and a bore in Pukekohe – back into service. This requires us to build temporary water treatment plants and to connect these to the existing water network.

How can you help us to respond the drought?

As per my last update, our '[Water is precious](#)' campaign has been running continuously since the start of February. This is achieving solid results, with paid advertising and social media reaching well over 1 million Aucklanders this month alone. In addition, we have had regular media articles that have highlighted the severity of the situation.

Last weekend, we surveyed 500 Aucklanders to gauge their awareness of the drought and the need to save water now. Very positively, 97 per cent of respondents said they believe it's important to

reduce their water use now. This is an excellent result and will be the focus of a media release that will be distributed tomorrow.

We ask that you help us by extending the reach and effectiveness of our campaign. This is achieved by sharing our key messages. These are:

- Auckland is experiencing a severe drought that is having a significant impact of the region's water supply.
- Last week, the total volume of water stored in the region's dams dropped below the halfway mark for the first time in more than 25 years.
- Today, the total water storage is 48 per cent. This is lower than this time last year (66 per cent) as well as the average for this time of year (76 per cent).
- It is important that everyone continues to do their bit to reduce their water use.
 - Please keep washing your hands – that's essential.
 - Please keep your showers short.
 - Do not clean your car
 - Do not water blast your house
 - Do not water your lawn.
 - Waterwise tips are available at www.waterforlife.org.nz.
- There are no water restrictions right now but this may change if the rain doesn't arrive.

Kind regards,




David Hawkins

Chief Corporate Affairs Officer

Watercare Services Limited

Board Planner 2020										
		April	May	June	July	August	September	October	November	December
Meetings	Board	28-Apr 8.30am-1pm	28-May 8.30am-12.30pm	29 workshops/ 30 June Board meeting	28-July 8.30am-12.30pm	25-Aug 8.30am-12.30pm	29-Sept 8.30am-12.30pm	27-Oct 8.30am-12.30pm Followed by Board Dinner to farewell retiring board members	24-Nov 8.30am-12.30pm	15-Dec 8am-11am (Teleconference)
	Audit and risk committee		25-May 1pm-3.30pm		27-July 1pm-3.30pm	24-Aug 10am-12.30pm		27 Oct 1.30pm-4pm		
	Te Tangata Komiti	29-Apr 10-12am			29 July 8.30-10.30am	24 Aug 1-3pm			26 Nov 8.30-10.30am	
	AMP & Major Capex Committee	23 Apr (9.30-12pm)			28 Jul (after Board meeting)				19 Nov (9.30-12pm)	
	STP Committee									
Committee for Climate Action			22 May (9-11.30am)			6 Aug (1.30-3.30pm)		13 Oct (9-11.20am)		
CCO Oversight Committee meetings			26-May	23-Jun		11 Aug (M Devlin)	22 Sept (possible date for Watercare Board/Council workshop?)	27-Oct	24-Nov	8 Dec (M Devlin)
Events	Community and Stakeholder Relationships		TBC: Meet the Diversity & Inclusion Committee	TBC: Meeting with the WDC Waters Governance Board		Action 2030 Symposium TBC				
Governance	Charter reviews		A&R Charter	Corporate Governance charter	Te Tangata Charter					
	Policy reviews		Sensitive Expenditure Policy Good Employer Policy IGCs	Our Commitment to Health, Safety & Wellness	Risk Management Policy (2021)				Fraud & Corruption Policy (2021)	
	Risk report due to Council	Risk report (due to Council 16 May)			Risk report (due to Council 31 July)			Risk report (due to Council 12 Nov)		
	Enterprise Risk report to Board				Report to Board			Report to Board		
	Compliance	Statutory compliance			Statutory compliance			Statutory compliance		
	H&S Quarterly report	Jan-Mar 20 Report			Apr-Jun 20 Report			Jul-Sept 20 Report		
	Shareholder interaction	Q3 quarterly report due on 30 April (to be approved by Board at April meeting)	Q3 briefing to CCO Oversight Committee TBC		Q4 quarterly report due on 30 July (to be approved by Board at July meeting)		Q4 briefing to the CCO Oversight Committee TBC	Q1 quarterly report due on TBC		Q1 briefing to CCO Oversight Committee TBC
Site Visits		Not possible due to Covid-19 Alert Level 4		Site Visit		Site Visit		Site Visit		
Board Training	Board training & development	Working from home online learning modules sent to Board members	Board evaluation check-in	Privacy Law (once new laws are in place)	Board evaluation check-in	Culture and conduct/Future of work	Board evaluation check-in	Mental Health & Wellbeing in the workplace	H&S Board Update	
Business strategy	Strategic planning & Deep Dives		Deep Dive: TBA	Deep Dive: TBA		Deep Dive: TBA	Strategy Update:TBA		Deep Dive: TBA	
Business planning	Key finance and business decisions	Auckland Council to notify Watercare of Group Treasury Interest Rate by 30 April	Present plan for Year End to A&R Approve Insurance Proposal Auckland Council and Watercare to review Treasury Interest rate by 31 May	Approval of 2020/21 Budget & updated SOI Financials Mayor's Treasury Guarantee Letter due by 30 June	Approve Auckland Council Reporting Pack	a) approve 2020/21 accounts, b) delegate final sign off of 2020/21 Annual Report		AMP		Auckland Council Draft Annual Plan - approve Watercare input*
	Statement of intent		Present shareholder SOI feedback at public meeting. Public Deputations received.	Final 2020-2023 SOI issued to shareholder		Final 2020/2023 SOI adopted by Auckland Council		2019/2020 SOI Results to be presented to Board at Public Meeting. Public Deputations received.		2021/22 Letter of Expectation to be received

Disclosure of senior executives' interests

Purpose			Team		
Information	Discussion	Approval	Prepared	Recommended	Submitted
			E McBride Governance Manager	R Fisher Company Secretary	R Jaduram Chief Executive
Intellectual capital	People and culture	Community and stakeholder relationships	Financial capital & resources	Natural environment	Assets and Infrastructure
					

1. Purpose and context




One of key principles of good governance is transparency, and having an open and honest approach to working with the wider community. Watercare not only maintains an Interests Register for its directors (as required by law), but also voluntarily maintains an Interests Register for our senior executives.

2. The details

Watercare Services Limited's senior executives' Interests Register is set out below.

Senior Executive	Interest
Raveen Jaduram	<ul style="list-style-type: none"> • Director – J N Jaduram Corporation Limited (Fiji) • Member - Auditor-General's Local Government Advisory Group • Director– New Zealand Infrastructure Commission - Te Waihangā • Director – Water Services Association of Australia
Rob Fisher	<ul style="list-style-type: none"> • Deputy Chair – Middlemore Foundation • Trustee – Watercare Harbour Clean Up Trust • Trustee – Te Motu a Hiaroa (Puketutu Island) Governance Trust
Steve Webster	<ul style="list-style-type: none"> • Director – Howick Swimgym Limited
Marlon Bridge	<ul style="list-style-type: none"> • Trustee –Te Motu a Hiaroa (Puketutu Island) Governance Trust • Director – WCS Limited
Rebecca Chenery	<ul style="list-style-type: none"> • Director – Chenery Consulting Services Limited • Director – Lutra Limited
David Hawkins	<ul style="list-style-type: none"> • Nil
Jason Glennon	<ul style="list-style-type: none"> • Director - Michaels Ave Investments Limited
Amanda Singleton	<ul style="list-style-type: none"> • Director – Die Weskusplek Pty Ltd (South Africa) • Trustee – Te Motu a Hiaroa (Puketutu Island) Governance Trust
Shane Morgan	<ul style="list-style-type: none"> • Committee Member – International Water Association, New Zealand • Director – Lutra Limited
Shayne Cunis	<ul style="list-style-type: none"> • Director – The Water Research Foundation (USA)

Directors' appointment terms and committee memberships

Purpose			Team		
Information	Discussion	Approval	Prepared	Recommended	Submitted
			E McBride Governance Manager	R Fisher Company Secretary	R Jaduram Chief Executive
Intellectual capital	People and culture	Community and stakeholder relationships	Financial capital & resources	Natural environment	Assets and Infrastructure
					

1. Purpose and context

This paper provides an update on:

- the tenure of the eight directors of Watercare Services Limited
- details of the committees each director is a member of.

2. The details

Table 1: We have eight directors

Our directors are appointed by Auckland Council

Director	Original appointment date	End of term
Margaret Devlin (Chair)	1 November 2016	31 October 2022
Dave Chambers	1 November 2019	31 October 2022
Nicola Crauford	1 April 2014	31 October 2021
Brendon Green	1 November 2016	31 October 2022
Julia Hoare (Deputy Chair)	1 November 2013	31 October 2020
Hinerangi Raumati-Tu'ua	1 August 2019	31 October 2022
David Thomas	1 November 2014	31 October 2020
Frances Valintine	1 November 2019	31 October 2022

Table 2: We have five committees to assist the Board in its corporate governance

Committee Chairs and members are appointed by the Chair. Attendance at Committee meetings by non-members is optional.

Director	Audit and Risk	Te Tangata	Strategic Transformation Programme	AMP & Major Capex	Committee for Climate Action
Margaret Devlin (Chair)	*	✓		✓	
Julia Hoare (Deputy Chair)	✓			✓	
Dave Chambers		Committee Chair			
Nicola Crauford			✓	Committee Chair	✓
Brendon Green	✓		Committee Chair		Committee Chair
Hinerangi Raumati-Tu'ua	Committee Chair				
David Thomas	✓	✓			
Frances Valintine			✓	✓	✓

**Board Chair attends in ex-officio capacity*

