

## WATERCARE SERVICES LIMITED

<b>AGENDA</b>	<b>BOARD MEETING</b>	<b>Tuesday 26 November 2019</b>
<b>Venue</b>	Watercare Services Limited, Level 3, 73 Remuera Road, Newmarket	
<b>Time</b>	9am	

### *Open Public Meeting*

Item	Spokesperson	Action sought at governance meeting	Supporting Material
<b>1 Apologies</b>	Chair	Record apologies	
<b>2 Minutes of Meeting</b>	Chair	Approve Board Meeting Minutes 30 October 2019	<a href="#">Board Minutes 30 October 2019</a>
<b>3 Disclosure of Directors' Interests</b>	Chair	For noting	<a href="#">Report</a>
<b>4 For information</b>			
4.1 Public Deputations	Members of the Public	For information	<a href="#">Report</a>
<b>5 For approval</b>			
5.1 Fraud and Corruption Policy	J Davies	For approval	<a href="#">Report</a>
<b>6 For discussion</b>			
6.1 Safety Moment	All	For sharing	Nil
6.2 Chief Executive's Report	Raveen Jaduram	For discussion	<a href="#">Report</a>
6.3 Board Committee Updates	Committee Chairs	For discussion	Nil
<b>7 Directors' Corporate Governance Items</b>			
7.1 Board Planner	Chair	For noting	<a href="#">Report</a>
7.2 Disclosure of Senior Executives' Interests	Chair	For noting	<a href="#">Report</a>
7.3 Directors' Appointment Terms and Committee Memberships	Chair	For noting	<a href="#">Report</a>
<b>8 General Business</b>	Chair	For discussion	Nil
<b>Date of next meeting</b>	Tuesday 28 January 2020		
<b>Venue</b>	Newmarket		

## MINUTES

DRAFT

SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Watercare Services Limited, 73 Remuera Road, Remuera, Auckland
DATE	30 October 2019
TIME	9.00am
STATUS	Public Session

	<p><b>Present:</b> Margaret Devlin (Chair) Julia Hoare (Deputy Chair) Nicki Crauford Brendon Green Catherine Harland Hinerangi Raumati-Tu'ua</p> <p><b>Future Board members</b> Dave Chambers Frances Valintine</p>	<p><b>In Attendance:</b> Raveen Jaduram (CE) Marlon Bridge Emma McBride Steve Webster Rob Fisher Amanda Singleton Mark Bourne Brent Evans Adam Gower Vaibhav Bhatnagar Chris Thurston (from 9am to 9.30am) Nigel Toms (from 9am to 9.30am) Bronwyn Struthers (from start until 10.10am) Shayne Cunis (From 9.45 to end)</p>	<p><b>Members of the Public:</b>  Nil</p>
1.	<p><b>Apologies</b></p> <p>Apologies were received from David Thomas, Colin Magee (Board Intern), Rebecca Chenery (Chief Digital Officer), David Hawkins (Chief Corporate Affairs Officer), and Jason Glennon (Chief People Officer).</p>		
2.	<p><b>Minutes of Previous Meetings</b></p> <p>The Board <b>resolved</b> that the minutes of the public section of the Board meeting held on 24 September 2019 be confirmed as true and correct.</p>		
3.	<p><b>Review Disclosure of Directors' Interests</b></p> <p>The report was noted.</p>		
4.	<p><b>For Information</b></p> <p><b>4.1 Our Performance Under the 2018/2019 Statement Of Intent</b></p> <p>Emma McBride, Head of Governance, presented a summary of the company's performance against the 2018/2019 Statement of Intent.</p> <p>A copy of the presentation will be uploaded to the Watercare website as it provides a useful summary of the Annual Report 2018.</p> <p><b>4.2 Public Deputations</b></p> <p>There were no members of the public in attendance.</p>		

5.	<p><b>For Approval</b></p> <p><b>5.1 Committee for Climate Action Draft Terms of Reference</b></p> <p>Chris Thurston, Head of Sustainability and Nigel Toms, Head of Risk and Resilience, presented the paper.</p> <ul style="list-style-type: none"> <li>- Watercare's climate change strategy, which includes a five year plan, was approved by the Board and launched in March 2019.</li> <li>- Watercare is tackling climate change two ways:             <ol style="list-style-type: none"> <li>1. Seeking to run a low carbon business (mitigation)</li> <li>2. Building long term resilience to a changing climate (adaptation).</li> </ol> </li> <li>- In terms of governance, internationally there is increasing discussion from all sectors on the climate accountability of boards. The consensus is that boards are ultimately responsible to shareholders for the long-term stewardship of the company and therefore they are responsible for a company's long-term resilience with respect to potential shifts in the business landscape that may result from climate change. A failure to do so may constitute a breach of directors' duties.</li> <li>- The landscape in this area is rapidly changing. There is now a sense of urgency (e.g. declaration of a climate emergency by Auckland Council and others) that real and meaningful action needs to be taken.</li> <li>- Management welcomes the introduction of a Board sub-committee for Climate Action to provide a further level of governance and oversight to the company's climate change strategy.</li> <li>- The Board discussed the paper following the presentation and were unanimously supportive of the establishment of a Committee for Climate Action.</li> <li>- The Board was also supportive of Management's recommendation that the Committee include a youth/rangatahi voice. The Board questioned whether there should be more than one youth representative. From a Māori perspective, just one youth is unlikely to represent the perspective of all youth stakeholders.</li> </ul> <p>The Board resolved to <b>approve</b> the draft Terms of Reference for the Committee for Climate Action.</p> <ul style="list-style-type: none"> <li>- The Board Chair advised that membership of the Committee will be determined in conjunction with the Deputy Chair. Once the Committee is formed, it can determine how to include a youth/rangatahi voice. The Committee's first meeting is to be held in January/February 2020, with a date to be set once the Committee Chair is appointed.</li> </ul> <p><i>Nigel Toms and Chris Thurston departed the meeting at this point (9.30am).</i></p> <p><b>5.2 Draft Watercare Submission on the Government's Essential Freshwater Proposals</b></p> <p>Mark Bourne, Head of Servicing and Consents spoke to the paper.</p> <ul style="list-style-type: none"> <li>- Watercare is in a unique position as we operate across two regional council jurisdictions (Auckland and Waikato), and therefore deal with more than one regulator. We therefore have a strong desire for a consistent approach to interregional planning.</li> <li>- Auckland Council has prepared a 77-page submission. Watercare's draft submission is 7 pages and largely compatible with Council's submission.</li> <li>- In response to questioning, Mark Bourne explained that the definition of freshwater currently includes water in our dams and oxidation ponds. The water quality in these artificial bodies of water can be variable, even in pristine receiving catchments due to the trapping and settling of sediment and nutrients, and thermal stratification. If the proposed National Policy Statement for Freshwater</li> </ul>
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	<p>Management is applied to these artificial bodies of water, then this would not necessarily achieve the policy intent of the reform package, and it would also impose significant additional costs on Watercare (and other water and wastewater suppliers in general).</p> <ul style="list-style-type: none"> <li>- Water New Zealand agrees with our concerns. Our draft Watercare submission is also largely compatible with Water New Zealand's submission.</li> <li>- The Board was supportive of the draft submission but requested that they be further clarified to explain our freshwater position regarding artificial water supply reservoirs and wastewater treatment ponds being exempted from the requirements.</li> </ul> <p>The Board approved the attached Draft Watercare Submission on "Action for Healthy Waterways" for submission to the Ministry for the Environment (MfE), subject to some minor clarification being made regarding Watercare's position regarding water supply reservoirs and wastewater treatment ponds.</p>
6.	<p><b>For Discussion</b></p> <p><b>6.1 Safety Moment</b></p> <p>Amanda Singleton, Chief Customer Officer, provided a safety moment by updating the Board on the step challenge by the Customer team.</p> <ul style="list-style-type: none"> <li>- 200 of the 300 people in the Customer team participated in the challenge.</li> <li>- Team bonding was enhanced with team members going for daily lunchtime walks and eating healthy lunches together. Many staff members lost weight (including one person who lost 17kg) and increased their level of fitness.</li> <li>- Combined, the team walked to Tokyo and back in one month (over 17,500km).</li> <li>- The challenge has been so successful, many staff members are continuing to participate in the challenge in November 2019.</li> </ul> <p><b>6.2 Chief Executive's Report</b></p> <p>The report was taken as read. The Executive team responded to questions from the Board.</p> <p><b>Health, Safety &amp; Wellness</b></p> <ul style="list-style-type: none"> <li>- Since our worker injured his back and had time off work (Boardbooks page 43), there have been three other back injuries in October 2019 in the same team. To encourage safer manual handling, an intern will join us shortly to devise a programme for workers conducting physical and manual work. We are also revising our "return to work" programme so we can safely and effectively manage workers' return to work after an injury.</li> <li>- Steve Webster, Chief Infrastructure Officer, discussed the near miss involving an excavator operating near power lines (Boardbooks page 45). Whilst nobody was hurt, if a worker had been holding onto the excavator at the time, they would have been electrocuted. All workers involved in this near miss were experienced operators and spotters. The excavator operators have now all been re-trained by this contractor. All spotters have also received updated spotter training. If visibility is lost, the job must be immediately stopped. Spotter audits have been created to provide real time coaching to both operators and spotters.</li> </ul> <p><i>Shayne Cunis, Executive Programme Director, Central Interceptor, joined the meeting at this point (9.45am)</i></p> <ul style="list-style-type: none"> <li>- The concrete slab near miss (Boardbooks page 45) involved lifting a concrete slab onto a truck with sides (i.e. not a flat deck). This meant the workers did not have clear line of sight of the entire manoeuvre. The worker involved in the near miss could have lost an arm. Experienced workers were involved and</li> </ul>

there are already many rules and standard operating procedures around this type of lift. The workers did not follow the rules.

- The flat radio battery near miss (Boardbooks page 46) had a positive outcome. While there was a battery failure, all our systems worked. The evacuation of the site was perfectly executed and there was no contamination for our people. We now require workers to use a freshly charged battery at the start of each shift.
- The implementation of Watercare's wellbeing strategy is well underway.
  - o Watercare's Central Interceptor project helped to launch the nationwide "MATES in Construction" campaign, which seeks to reduce the rate of suicide by construction workers (construction has the highest levels of suicide of any industry in New Zealand).
  - o At toolbox sessions workers are asked how they are feeling today and whether they are "in the room". Action is taken if the worker is feeling stressed and are "not in the room".
- The Board was concerned to note that the Lost Time Injury per million hours worked (LTIFR) for our staff is high compared with the percentage of Total Recordable Injury Rate per million hours worked (TRIFR). Management confirmed that they are also concerned. However, the graphs alone do not tell the entire story. Whilst any injury is concerning, most of injuries suffered by our staff are not severe and do not require much time off work. In the future, the HSW team will record the severity of each injury on a scale so the Board can have more visibility of the extent and severity of the injuries (e.g.1 to 10).

*Bronwyn Struthers departed the meeting at this point (10.10am).*

#### **Waikato District Council integration (Boardbooks page 68)**

- Shane Morgan, Chief Operations Officer, provided the Board with an update on the integration of the Waikato District Council staff with the Watercare business.
- The Waikato team are moving into new premises at Te Rapa today.
- Since the changeover, maintenance standards have been maintained and we are now in preliminary discussions with WDC regarding possible new builds and the lodgement of resource consents.
- The Board requested a meeting be organised with the WDC Waters Governance Board for next year.

#### **Sky City Fire**

- Earlier this week, Sky City's Convention centre suffered a major fire.
- Fire and Emergency used around \$45K of drinking water and around \$25-30K of wastewater.
- Management explained that the workers on the Sky City project (vertical construction) rarely crossover with the horizontal construction projects that Watercare does. Given this, the disruption to the industry caused by the fire is unlikely to have any major impact on Watercare's infrastructure programme.

#### **Water New Zealand conference and award wins**

- The Board commended our people on their presentations at the conference and the many awards won over the last month both here in New Zealand and internationally.

The Board noted the report.

#### **6.3 Board Committee Updates**




##### **PRAC Committee (Chaired by Catherine Harland)**

	<ul style="list-style-type: none"> <li>- The PRAC Committee met on 29 October 2019 and discussed executive development, diversity and inclusion, how to measure the culture of the company, the wellbeing of our people, and the CE's performance in the first quarter.</li> </ul> <p><b>Audit and Risk Committee (Chaired by Julia Hoare)</b></p> <ul style="list-style-type: none"> <li>- The Audit and Risk Committee met on 29 October 2019. The Committee received an update on tax subvention income, reviewed an updated delegation of authority to the CE policy and provided feedback, received an update from internal audit, received a presentation on Enterprise Risks, discussed GRI reporting with our auditors from Deloitte who also attend the meeting, and also received and discussed the CFO's report (scanning the horizon).</li> </ul> <p><b>STP Committee (Chaired by Brendon Green)</b></p> <ul style="list-style-type: none"> <li>- The STP Committee met on 25 October 2019. The STP is approaching completion, with some big launches (e.g. billing) planned for the next few months. The STP will finish just before Christmas and then transition into "business as usual". Once the STP has been finalised, the STP Committee will receive a close-out report, summarising the benefits of the STP following 360-degree review by our clients and stakeholders. This will then be shared with the Board.</li> </ul> <p><b>AMP &amp; Major Capex Committee (Chaired by Nicki Crauford)</b></p> <ul style="list-style-type: none"> <li>- The next AMCC Meeting is on 13 November 2019.</li> </ul>
7.	<p><b>Directors' Corporate Governance Items</b></p> <p><b>7.1 Board Planner</b></p> <p>The report was noted.</p> <p><b>7.2 Disclosure of Senior Executive's Interests</b></p> <p>The report was noted.</p> <p><b>7.3 Directors' Appointment Terms and Committee Memberships</b></p> <p>The report was noted.</p>
8.	<p><b>General Business</b></p> <ul style="list-style-type: none"> <li>- Raveen Jaduram, CE, advised the Board that the outcomes of Watercare's Action 2030 Symposium have been brought together into a report, which will soon be circulated to attendees.</li> <li>- Today is Catherine Harland's final board meeting as she retires from the Board on 31 October 2019. The Board thanked Catherine for her work over the 8 ½ years she was a director of the company and her valuable contribution.</li> </ul>
	The meeting closed at 10.30am.

CERTIFIED AS A TRUE AND CORRECT RECORD

Margaret Devlin  
Chair

## Disclosure of Directors' interests

Purpose			Team		
Information	Discussion	Approval	Prepared	Recommended	Submitted
			<b>E McBride</b> Governance Manager	<b>R Fisher</b> Company Secretary	<b>R Jaduram</b> 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"> <li>• Director, Meteorological Services of NZ Limited</li> <li>• Director, Waikato Regional Airport</li> <li>• Director, Titanium Park (wholly owned subsidiary of Waikato Regional Airport)</li> <li>• Director, IT Partners Group</li> <li>• Director, Aurora Energy</li> <li>• Independent Chair of Audit and Risk Committee, Waikato District Council</li> <li>• Chair, Women in Infrastructure Network</li> <li>• Councillor, WINTEC</li> <li>• Councillor, The University of Waikato Council</li> <li>• Member, Audit and Risk Committee of The University of Waikato</li> <li>• Director and Chair, Lyttleton Port Company Limited</li> <li>• Director, Infrastructure New Zealand</li> <li>• Chartered Fellow, Institute of Directors</li> <li>• Member, Institute of Directors, Waikato Branch Committee</li> </ul>
Julia Hoare	<ul style="list-style-type: none"> <li>• Director, AWF Madison Group Limited</li> <li>• Deputy Chair, The a2 Milk Company Limited</li> <li>• Director, The a2 Milk Company (New Zealand) Limited</li> <li>• Director, Port of Tauranga Limited</li> <li>• Director, Auckland International Airport Limited</li> <li>• Director, Meridian Energy Limited</li> <li>• Chair, Auckland Committee, Institute of Directors</li> <li>• Member, Advisory Panel to External Reporting Board</li> <li>• Vice President, Institute of Directors National Council</li> <li>• Member, The Sustainable Finance Forum Leadership Group</li> </ul>


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



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



## Public deputations

Purpose			Team		
Information	Discussion	Approval	Prepared	Recommended	Submitted
			<b>Emma McBride</b> Head of Governance	<b>Rob Fisher</b> Company Secretary	<b>Raveen Jaduram</b> Chief Executive
Intellectual capital	People and culture	Community and stakeholder relationships	Financial capital & resources	Natural environment	Assets and Infrastructure

### 1. Recommendation

That the Board note the submission from the Waitemata Low Carbon Network and Equal Justice Project (the Groups) prior to them speaking to this submission, and climate change matters, at the November 2019 Board meeting.

### 2. Purpose and context

Local Government (Auckland Council) Act 2009 (Act) requires council-controlled organisations (CCOs) of the Auckland Council to nominate two Board meetings per year to be open to the public.

- One meeting must be held before 30 June each year for the purpose of considering comments from shareholders on the organisations draft SOI for the following financial year
- One meeting must be held after 1 July each year for the purpose of considering the CCO's performance under its SOI in the previous financial year.

At each of these meetings, the Board must allocate a reasonable amount of time for members of the public attending the meeting to address the Board in relation to the subject matter of the meeting.

### 3. The details

Last month, the Waitemata Low Carbon Network and Equal Justice Project (the Groups) wished to present to the Board on the CCO's performance under the SOI. However, due to scheduling conflicts, the Groups were unable to attend the October 2019 meeting.

The Groups provided us with a copy of their joint written submission (**Appendix A**) and the Chair has invited the Groups to speak to this submission at the 26 November 2019 Board meeting.





**Waitemata Low Carbon Network/Equal Justice Project:  
Address to meeting considering  
Watercare's performance under its SOI 2018/2019  
(with specific reference to climate change)**

*I Introduction*

The Waitematā Low Carbon Network (WLCN) and the Equal Justice Project (EJP) at the University of Auckland Law School welcome the opportunity to address Watercare on its performance under its Statement of Intent 2018/2019 made through its Annual Report 2019.

Section 96 of the Local Government (Auckland Council) Act 2009 provides that each CCO must hold a meeting after 1 July each year for the purpose of considering the CCO's performance under its SOI in the previous financial year. The CCO must allocate a reasonable amount of time for members of the public attending the meeting to address the board in this regard. It is within this statutory context that we are addressing the Board in regard to its Annual Report 2019.

*II Statement of Intent 2018/2021*

The Watercare SOI 2018/2021 includes a number of references to climate change, especially in the Message from the Chair and at page 7 (which we have included as an Appendix to this address). We welcome all these statements and especially the references in the Message from the Chair that Watercare is working with a wide range of stakeholders to understand the impact of climate change on Watercare's planning and operational processes, and that:

Watercare is committed to working with a range of stakeholders to combat climate change and its impact, including reducing or capturing carbon emissions. Initiatives already underway are energy efficiency, energy neutrality, and transition from commercial to native forestry in the Hunua ranges, where close to 5 million native plants will be planted. In 2018, Watercare will finalise a Climate Change Mitigation and Adaptation Strategy, which will update the climate change related vulnerabilities, and associated actions to reduce emissions and address the implications of climate change on Watercare's existing and future assets and operations.

*II Annual Report 2019*

The Watercare Annual Report 2019 includes a number of references to climate change (including in the Chair and Chief Executive's Report, in the body of the Report (pages 16-17), the Environmental Advisory Group and Report of the Mana Whenua Kaitiaki Forum).

As noted in the Chair and Chief Executive's Report, in July 2018, Watercare was one of around 60 companies that launched the Climate Change Coalition which aims to promote business leadership and collective action on the issue of climate change. Since then, Watercare has launched its Climate Change Strategy which has two broad focuses: mitigation and adaptation. Partnerships with the Water Association of Australia (WSAA) and frameworks such as the United Nations Sustainable

Development Goals are also recognised as important tools. Watercare has embraced renewable energy, with a solar array at the Pukekohe Wastewater Treatment Plant and others planned. Other mitigation initiatives include increasing Watercare's fleet of electric vehicles and carrying out a major tree planting programme in the Hūnua Ranges. Watercare's long-term targets are to reduce greenhouse gas emissions by 45% by 2030 and to reduce its carbon emissions to NetZero by 2050.<sup>1</sup>

### *III Climate Emergency Declaration and ACAF*

You will note that on the 11<sup>th</sup> of June 2019, Auckland Council (the Council) unanimously voted to declare a climate emergency.<sup>2</sup> By doing this, the Council intends 'to put climate change at the front and centre of our decision making'.<sup>3</sup> There is now recognised urgency regarding the Intergovernmental Panel on Climate Change's target to reduce global carbon emissions by limiting temperature rises to 1.5 degrees.<sup>4</sup> We only have 11 years left to do this.<sup>5</sup>

You will also be aware of the proposed Auckland Climate Action Framework (ACAF) which provides emission reduction targets and various key moves and action plans (some of which directly affect or will be implemented by Watercare). For example:

- Find and deliver alternative water supply options to address climate change and population growth (Key Move 3, Action 6)
- Establish an integrated, circular water management framework to improve efficiency and reduce waste (Key Move 3, Action 7)

On the one hand, we ask that Watercare ensure it has work in place to achieve these key actions, but we also ask before ACAF is finalised that Watercare ask that ACAF include more actions that Watercare already has in its Climate Change Strategy so the two documents are more aligned (for example, to include Watercare's long-term targets to reduce greenhouse gas emissions by 45% by 2030 and to reduce its carbon emissions to NetZero by 2050, your 40/20/20 Vision to reduce carbon in construction and the relevant aspects of your Supplier Code of Conduct).

Finally, we have concerns that the ACAF does not respond to the urgency regarding the Council's climate change emergency declaration. In this regard, we also ask Watercare to consider what 'emergency' actions it can take to respond to the Council's declaration and make sure that climate change is at the forefront of Watercare's decision-making?

### *VI Sustainability Progress Reporting*

We acknowledge that Watercare is making real efforts to tackle issues surround climate change in the context of their operations. To ensure transparency with the community, we ask that there be reporting of the progress to zero net emissions (especially from both the Mangere and Rosedale Treatment Plants and whether the planting of native trees in the Hunua Ranges is being used as an offset). In line with Watercare's Climate Change Policy, we ask that staff and suppliers report on how they are contributing to Watercare's climate objectives and that some examples of this perhaps be reported in the next Annual Report 2020. For example, are all Watercare's suppliers measuring and reporting on their emissions?

In October 2017, Watercare committed to the Climate Change Leadership statement which means Watercare takes climate change seriously in its business, including that Watercare will measure its greenhouse gas emissions and publicly report on them. We understand that during 2019/2020 there will

<sup>1</sup> We note that "NetZero" is not defined in the Annual Report and in this regard we ask what portion will include forestry offsetting.

<sup>2</sup> Auckland Council "Auckland Council declares climate emergency" Our Auckland: To Tatou Tamaki Makaurau (online ed, Auckland, 11 July 2019)

<sup>3</sup> Ibid, at 1.

<sup>4</sup> Ibid, at 1.

<sup>5</sup> Ibid, at 1.

be a major effort to update public reporting on Watercare's greenhouse gas emissions. We support that. We also acknowledge the discussion on reporting set out in the Annual Report.

In this regard, we were also very pleased that Watercare responded to our Submission on the SOI earlier this year by adding a statement that internal climate change targets are to be identified and reported on in the annual report. We look forward to seeing this.

## *V Transparency*

You will note that under section 1.1.1 of the CCO Accountability Policy, Watercare is expected to build public trust and confidence in itself and the council group.<sup>6</sup> The CCO Accountability Policy suggests many ways in which such trust and confidence can be achieved, one of which includes accountability.<sup>7</sup>

Compared to other CCOs, we believe Watercare has been diligent in reporting its carbon emissions data. Looking at this, we note that Watercare says that scientists from NIWA have checked its databases so they could aid Watercare to implement better plans to aid in consistency with their climate commitments.<sup>8</sup> However, in Watercare's Annual Report 2018, we could not see whether the checks for consistencies by NIWA have been made explicitly and publicly.<sup>9</sup> We suggest this does not allow for the greatest accountability, as the information is not readily available to the general public, and is not set out in a way that is easy to understand for the average reader.

Further, we suggest that the Annual Reports of Watercare could be improved to better depict Watercare's carbon emissions. In its 2015 supplementary material, Watercare provided its emission rates (subset by scopes which were determined by the source of the emissions e.g. greenhouse gasses or electricity generation).<sup>10</sup> Watercare then compared these scopes to the 1990 baseline, but no direct comparisons were made on a yearly basis. We understand that the 1990 baseline depicted in these reports is not an average figure of annually recorded emissions. Instead, due to inconsistencies in data scales and measurements of the time, it is more of a 'derived figure'. However, as the average community reader of this information will not be attuned to this detail, we ask that future reports point out the origin of this key data figures in order to improve transparency.

There is a further discussion of greenhouse gas emissions in the Annual Report 2019 and although that clarifies some data inconsistencies, we are unsure whether the position has been thoroughly explained. As a consequence, we suggest a clear and thorough statement be prepared and published separately setting out the historic and current position regarding greenhouse gas emissions, incorporating a peer review.

Additionally, in its current SOI, Watercare has also stated that it is "committed to the development of new metrics and indicators" to measure Watercare's impact in line with the Auckland Plan provisions on climate change.<sup>11</sup> However, again, readers may not be familiar with these newly developed metrics, which again will make it hard for the average person to gauge Watercare's progress on their climate commitments over time.

## *V Conclusions*

As noted above, overall, in terms of performance against the goals Watercare set in its 2018-2021 SOI, we appreciate that:

<sup>6</sup> Auckland Council 5.2 Draft CCO Accountability Policy (2018) at 4.

<sup>7</sup> At 5.

<sup>8</sup> Watercare Services Limited 2015 Supplementary Materials: Energy and Greenhouse Gas Emissions (2015).

<sup>9</sup> Watercare Services Limited, 2017 Annual Report (September 2017).

<sup>10</sup> Watercare Services Limited, 2015 Supplementary Materials: Energy and Greenhouse Gas Emissions (2015).

<sup>11</sup> Watercare Services Limited, Statement of Intent 2018 to 2021 (October 2018) at 17.

- The projected impacts of climate change are captured in Watercare's Enterprise Risks, and therefore reflected in its current and future planning and operational requirements. However, with Council's declaration of a climate emergency, even more will need to be done
- Watercare has adopted an Energy Policy that commits the company to being net-zero carbon by 2050, with incremental steps.
- In October 2017, Watercare committed to the Climate Change Leadership statement and that Watercare is measuring its greenhouse gas emissions and publicly report on them, has set a public emissions reduction target consistent with keeping with 1.5 degrees of warming, and is also work with its suppliers to reduce their greenhouse gas emissions. As noted above, we especially support the efforts this coming year to measure and report on GHG emissions.
- Watercare is also committed to the United Nations Sustainable Development Goals (SDGs), including Goal 13 which is to "take urgent action to combat climate change and its impacts". In this regard, we are pleased that Watercare will be identifying internal climate change targets to be reported on publicly.

Raksha Tiwari  
Hutham Barakat  
Grant Hewison

[grant@granthewison.co.nz](mailto:grant@granthewison.co.nz)

## APPENDIX

### Climate change

The projected impacts of climate change are captured in Watercare's Enterprise Risks, and are therefore reflected in our current and future planning and operational requirements.

In late 2016, Watercare adopted an Energy Policy that commits the company to being net-zero carbon by 2050. This 2050 target mirrors that proposed by the Zero Carbon Bill.

In October 2017, Watercare committed to the Climate Change Leadership statement which means Watercare takes climate change seriously in its business, including i) we measure our greenhouse gas emissions and publicly report on them, ii) we set a public emissions reduction target consistent with keeping with 2 degrees of warming, and iii) we work with our suppliers to reduce their greenhouse gas emissions. Watercare also believes the transition to a low emissions economy is an opportunity to improve New Zealand's prosperity by i) supporting the Paris Agreement and New Zealand's commitment to it, and ii) supporting introduction of a climate commission and carbon budgets enshrined in law.





Watercare is also committed to the United Nations Sustainable Development Goals (SDGs) and is a signatory to the Water Services Association of Australia's pledge signed by major Australian and New Zealand water utilities in 2017, advocating for the SDGs as a plan of action for people, planet and prosperity. Watercare has made the commitment to support and promote the 17 SDGs including Goal 13 which is to "take urgent action to combat climate change and its impacts".

We are using the Integrated Reporting framework and its six capitals to embed sustainable thinking, including in relation to climate change, in everything we do and progress our contribution to the SDGs. In the 2019 financial year, business process will include integrated thinking and business units will map and measure their contribution to the SDGs.

In 2018, Watercare will finalise a Climate Change Mitigation and Adaptation Strategy, which will update the climate change related vulnerabilities, and associated actions to reduce emissions and address the implications of climate change on Watercare's existing and future assets and operations.

## Fraud and Corruption Policy

5.1

Purpose			Team		
Information	Discussion	Approval	Prepared	Recommended	Submitted
			<b>JR Davies</b> Head of Internal Audit	<b>M Bridge</b> Chief Financial Officer	<b>R Jaduram</b> Chief Executive
Intellectual capital	People and culture	Community and stakeholder relationships	Financial capital & resources	Natural environment	Assets and Infrastructure
					

### 1. Recommendation

That the Board approves the Fraud and Corruption Policy (**Appendix 1**).

### 2. Purpose and context

The Fraud and Corruption Policy ('Policy') was last reviewed in 2017. As part of the regular programme to refresh Watercare policies, the Policy has been refreshed by management and recommended for approval by the Audit and Risk Committee ('ARC').

### 3. The details

Management and the ARC made minor changes to the Policy.

Specialists from PwC also reviewed the Policy and compared it to similar policies used by their other clients. The aim of this review was to check whether Watercare's Policy reflected the content/themes of other similar sized companies and represents good practice.

PwC advised that the Policy is in good shape and identified three good practice elements already included in the Policy, namely:

- Watercare's commitment to promoting an anti-fraud culture (zero tolerance to fraud)
- definitions of fraud and corruption to help employees recognise fraudulent activities
- roles and responsibilities are clearly outlined in the Policy


PwC also recommended other improvements to the Policy. In particular, changes have been recommended to better reflect the principles around the awareness of fraud. These recommendations have been incorporated into the Policy.

### 4. Next steps

Following approval, the Policy will be published on the Watercare intranet and the details communicated to all staff via an e-mail from Senior Management.





<b>Watercare Services Limited</b> <b>POLICIES AND PROCEDURES</b>		
Policy number: FRAUD AND CORRUPTION	Last revision date: October 2017	
Approved for issue by: Board	This revision date: October 2019	

## Fraud and Corruption Policy

### A. Overview And Scope

Watercare is committed to maintaining the highest standards of integrity in the workplace and to preventing fraud, corruption or unacceptable behaviour.

Unauthorised possession (theft/robbery), unauthorised use, misappropriation, fraud, corruption, impropriety and dishonesty are unacceptable to Watercare Services Limited ('Watercare'). Watercare treats any such acts seriously and will investigate all suspected instances whether these involve Watercare employees, representatives or agents working on behalf of Watercare.

This policy applies to any actual, alleged or suspected fraud or corruption involving employees, directors, contractors, consultants, seconded personnel, representatives, vendors and/or any other parties with a business relationship with Watercare.

This policy should be read alongside Watercare's other policies - *Protected Disclosures (Whistle-Blower)*; *Conflicts of Interest*; and *Gifts and Inducements*.

### B. Promoting an Anti-Fraud Culture

Watercare requires staff at all times to act honestly and with integrity to safeguard Watercare's resources. All staff are required to report suspected fraud and participate pro-actively in protecting Watercare's assets and reputation and the value that these represent. Watercare promotes an anti-fraud culture through the following:

- a zero tolerance to fraud
- a Whistle-Blower Service for staff and contractors to report serious wrongdoing
- any allegation of fraud, anonymous or otherwise will be investigated
- there will be consistent handling of cases without regard to position held or length of service
- consideration of whether there have been failures of supervision. Where this has occurred, disciplinary action may be initiated against those responsible
- any losses resulting from fraud will be recovered, if necessary through civil action
- all suspected or actual frauds will be reported to our external auditors in line with the requirements from the Auditor General and may be referred to an appropriate law enforcement authority

### C. Definitions

**Fraud** is the deliberate practice of deception in order to receive unfair, unjustified or unlawful gain and for the purpose of this policy includes forms of dishonesty. Within this definition, examples of fraud may include, but are not limited to:

Policy number: FRAUD AND CORRUPTION

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- unauthorised possession or use, or misappropriation of funds or other assets
- impropriety in the handling or reporting of money or financial transactions
- forgery or alteration of any document or computer file/record belonging to another person or entity
- forgery or alteration of a cheque, bank draft or any other financial instrument
- bribery, corruption or coercion
- destruction, removal or inappropriate use/disclosure of records, data, materials, intellectual property or assets for gain

**Corruption** is the lack of integrity or honesty (especially susceptibility to bribery) or the use of a position of trust for dishonest gain. Examples of when corrupt conduct occurs include:

- The use, or attempt to use, knowledge, power or the resources of Watercare for personal gain or the advantage of others
- Acting dishonestly or unfairly or breaches public trust
- A member of the public influences, or tries to influence, a Watercare employee or representative to use his or her position in a way that is dishonest, biased or breaches public trust

All agreements for/with all agency staff, seconded personnel, contractors and consultants should contain an express obligation on them to comply with this policy.

This policy distinguishes between fraud and error. Within this definition, “error” refers to an unintentional misstatement of information, such as financial information, including the omission of an amount or a disclosure.

If there is any question as to whether an action constitutes fraud, unauthorised possession or corruption, contact in the first instance the Head of Internal Audit or the independent Whistle-Blower Service.

## D. Purpose

The purpose of this policy is to ensure that any cases of suspected fraud or corruption are dealt with appropriately in order to protect the assets, reputation and staff of Watercare.

This policy also raises awareness about how to recognise fraud and corruption, as well as behaviours and circumstances known to be associated with it.

## E. Policy Procedures

### 1. Recognising fraud and corruption risks

There are three particular conditions often associated with fraud and corruption:

- incentives/pressures – staff or external parties have an incentive or are under pressure, which motives them to commit fraud or wrongdoing e.g. personal financial trouble
- opportunities – circumstances exist that allow staff to commit fraud or corruption, such as an organisation not having appropriate fraud and corruption controls in place, or staff are able to get around or override ineffective controls e.g. managers being able to approve their own sensitive expenditure
- attitudes – staff are able to rationalise committing fraud e.g. holding attitudes like “everyone else is doing it”

## 2. Reporting suspected fraud or corruption

All suspected fraud should be reported to the Head of Internal Audit. Great care will be taken during an investigation of suspected fraud or corruption to avoid mistaken accusations or alerting suspected individuals that an investigation is underway.

The Head of Internal Audit will be guided by the following:

- the employee or other complainant or person reporting the activity/behaviour may remain anonymous
- employees who report serious wrongdoing in the workplace can be protected by the Protected Disclosures Act 2000
- all enquiries concerning the activities under investigation from the suspected individual, his or her lawyer or representative, or any other enquirer must be directed to the Head of Internal Audit
- no information concerning the status of an investigation will be disclosed, except with the approval of the Chief Executive where an employee is suspected of unauthorised possession or fraud, and
- fraud perpetrated against Watercare will be reported to our insurers, the external auditors and the Serious Fraud Office as required

The reporting individual will be informed of the following:

- not to contact the suspected individual in an effort to determine facts or demand restitution
- not to discuss the case, facts, suspicions or allegations with anyone unless specifically instructed

## 3. Investigating suspected fraud or corruption

Unless otherwise directed by the Chief Executive, the Head of Internal Audit will have the primary responsibility for the investigation of all suspected unauthorised possession, fraudulent or corrupt acts or behaviour as defined in this policy. In all cases, the Head of Internal Audit will immediately inform the Chief Executive of the suspected fraud, and will obtain the Chief Executive's consent in relation to the proposed investigation.

Where any issues involve the Chief Executive, the Head of Internal Audit will liaise directly with the Chair of the Audit and Risk Committee.

Where there are any issues relating to the Head of Internal Audit or the Chief Financial Officer, the investigation will be under the direct management of the Chief Executive, or their nominee.

Where the suspected fraud or corruption involves an employee, the Chief Executive will be advised of the suspected act immediately so that appropriate resources may be applied to assist with the investigation.

The Chief Executive will advise the Chair of the Audit and Risk Committee and the Chair of the Board at the time of any alleged, suspected or confirmed fraud, and will provide regular updates on any investigation. The Head of Internal Audit will undertake this role if the issue relates to the Chief Executive.

If any allegation of fraud is made via the Serious Fraud Office or any other regulatory authority, the parties to undertake the investigation and the reporting lines will be determined by the Chair of the Audit and Risk Committee, who will then advise the Chief Executive.

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Any investigative activity required will be conducted on an impartial basis, i.e. it will not be prejudiced by factors which might include the suspected wrongdoer's length of service, position/title or relationship with Watercare. Each investigation will be structured the same way to provide uniformity of work:

- develop an investigation plan
- gather and review information related to the allegation
- use expert resources (if required)
- prepare a final report for the Chief Executive or Chair of the Audit and Risk Committee

Decisions to refer the investigation results to the appropriate law enforcement agency and/or regulatory agencies for independent investigation will be the exclusive domain of the Chief Executive who will receive a recommendation in this regard from the Head of Internal Audit.

This policy has limited application in the case of unauthorised possession of money or goods by any person not employed by Watercare. A robbery or unauthorised possession must be immediately reported to the New Zealand Police and Watercare's Security Manager. Internal Audit must also be notified as soon as possible and be kept informed of any Police investigation.

### Right of access for Internal Audit

The Head of Internal Audit (and anyone acting on his/her behalf) has:

- free and unrestricted access to all of Watercare's records and premises
- the authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets and other storage facilities without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of the investigation.

### Consequences of an investigation

An investigation may result in a recommendation to terminate a supplier's, consultant's, or contractor's contract, or in the case of an employee, the commencement of a disciplinary process, the outcome of which may be dismissal of the employee where appropriate.

The following applies as appropriate:

- any decision to begin a disciplinary process or to terminate an employee's employment at the conclusion of that process will be at the sole discretion of the Chief Executive
- fraud or corruption perpetrated against Watercare will be reported to the Head of Internal Audit, and the Chief Executive
- where instances of fraud or corruption are substantiated, any recommendation to take no action will also be referred to the Chief Executive for authorisation

### F. Authorities And Responsibility

All employees and representatives	<ul style="list-style-type: none"> <li>• adherence and compliance with this policy, procedure and guideline</li> <li>• advise the Head of Internal Audit or Whistle-Blower Service as soon as they become aware of, or suspect fraud or corruption</li> </ul>
All Managers and Senior Officers	<ul style="list-style-type: none"> <li>• ensure appropriate controls are in place at all levels to safeguard against fraud and corruption and to take action to implement and maintain these controls</li> <li>• regularly review transactions and activities that may be susceptible to fraud and corruption (as applicable to their role)</li> <li>• promote the principles of this policy</li> </ul>

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	<ul style="list-style-type: none"> <li>• notify the applicable personnel of the requirements of the policy, procedures and guidelines</li> <li>• report to the Head of Internal Audit where there are any instances where this policy is not adhered to</li> </ul>
Head of Internal Audit	<ul style="list-style-type: none"> <li>• develop, consult, seek approval of and implement policy and aligned processes for the development of a fraud and corruption response for Watercare</li> <li>• guide/approve system development to support policy/process</li> <li>• interpret and administer requirements of policy/process relating to the fraud and corruption response</li> <li>• have regard to the need to comply with all relevant employment law principles, and guidelines for the collection of evidence</li> <li>• monitoring and updating of this policy and procedure</li> <li>• communicating any policy changes across the entire organisation</li> <li>• where a fraud has occurred, Internal Audit should understand how the internal controls failed to prevent the fraudulent activity and identify remediation steps</li> <li>• manage the reporting of fraud to the New Zealand Police where approved by the Chief Executive</li> </ul>
Chief Executive	<ul style="list-style-type: none"> <li>• authorise investigation by the Head of Internal Audit or other parties as may be agreed between the Chief Executive and the Chair of the Audit and Risk Committee</li> <li>• notify the Chair of the Audit and Risk Committee and Chair of the Board at the time of any alleged, suspected or confirmed fraud</li> <li>• authorise any notification to New Zealand Police or statutory authority</li> </ul>
Chair of Audit and Risk Committee	<ul style="list-style-type: none"> <li>• receive from the Chief Executive notification of alleged, suspected or confirmed fraud and receive updates on any investigation, and a final report on conclusion of the investigation</li> <li>• confirm with the Chief Executive parties responsible for and process to investigate fraud where this is not to be undertaken by the Head of Internal Audit</li> <li>• if any allegation of fraud is made via the Serious Fraud Office or any other regulatory authority, determine the parties to undertake the investigation and the reporting lines, and advise the Chief Executive accordingly</li> <li>• update Board members as appropriate</li> </ul>

Employees and representatives should make themselves familiar with Watercare's policies, procedures, guidelines and business rules, particularly those which govern and guide processes and functions in relation to their specific role. Ignorance of Watercare's policies and processes is not an acceptable excuse if a breach occurs.

Breach of a policy may result in disciplinary action being taken against employees, up to and including dismissal and the termination of a representative's agreement/arrangement with Watercare.

## G. Related Policies

This policy should be read alongside Watercare's other policies - *Protected Disclosures (Whistle-Blower)*; *Conflicts of Interest*; and *Gifts and Inducements*.

## H. Approval

Approved by the Board on [date].

5.1

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**Report to the Board of Watercare Services Limited**  
Prepared for the 26 November 2019 Board meeting



6.2

## Chief Executive's report for October 2019

### HIGHLIGHTS AND LOWLIGHTS

#### 1. Health, Safety & Wellness (HSW)

- There was one Lost Time Injury (LTI) and two Restricted Duties Injuries (RDI) involving a Watercare employee in October 2019.
- There were two Lost Time Injuries (LTI) and two Medical Treatment Injuries (MTI) involving contractors in October 2019.
- The rolling 12-month Lost Time Injury Frequency Rate (LTIFR) for employees is 6.90 per million hours, exceeding our target of  $\leq 5$ .
- The rolling 12-month Total Recordable Injury Frequency Rate (TRIFR) for employees is 13.23 per million hours, remaining below our target of  $\leq 20$ . However, the injury frequency rate has been trending upwards since October 2018.
- **iCare reporting system now live:** We launched our new HSW reporting software on 1 November 2019.
- **Wellbeing Programme:** In October 2019 we held a healthy habits programme as well as Mental Health First Aid training to our leaders.
- **Rosedale wastewater treatment plant:** We held a breakfast to celebrate a positive culture at this plant
- **MSN Safety reset:** Amanda Singleton, Chief Customer Officer is leading a refresh and reset of the MSN's HSW culture.

#### 2. SOI measures

- We measure 13 of our 16 SOI targets monthly. The one target that we are not meeting is the percentage of real water loss. A number of initiatives are being implemented to reduce our non-revenue water. Unfortunately, about 30 million litres of water was used to fight the fire at the Sky City Convention Centre and this will add to the volumes of non-revenue water for the year.

#### 3. People, Capability and Learning:

- The percentage of voluntary leavers and absences due to illness all remain below our limits.
- The number of FTEs remains below our budget.
- Our people celebrated Diwali in late October 2019.

**4. Customer service:**

- **NPS** is 47 (12-month rolling average). The score has increased three points on last month after focussing on improved communication and work-force management.
- **E-billing:** Remains steady at 53.3% as migration activity is now on hold until we cut-over to the new billing system.
- **Complaints:** Complaint resolution remains steady and within our service level agreement at 96.6%.
- **Customer satisfaction score:** The 12-month rolling average remains steady at 77%. The score for this month was 78.5%.
- **100,000 new connection milestone reached:** In October 2019 our development team processed Watercare's 100,000 new connection for a new water meter since integration.

**5. Community and stakeholder relationships:**

- **Māori engagement:** This month there has been an increased focus on working with iwi on cultural engagement and inductions for the Central Interceptor project. Preparations were also made for the proposed workshop between executives of Watercare and Waikato Tainui to be held in November 2019. Contributions were made towards the implementation and preparation of the joint Council and CCOs Maori Outcomes report 2018/19.
- **Local Board engagement:** Documents were collated to send to the chairs of the newly elected local board on the vision, purpose and performance of Watercare.
- **New Council Sworn in and New Committees established:** Council has four new councillors and two new committees, including a CCO Oversight Committee. Cr Linda Cooper has been appointed Watercare's Liaison Councillor.
- **St Mary's Bay and Masefield Beach Stormwater/Wastewater project:** All of the appeals and s274 matters relating to Auckland Council's application for a stormwater outfall have been resolved. A consent order will be made by the Environment Court in November 2019.
- **Waikato District Council (WDC):** The first month of operating the three waters functions for WDC by Watercare was successfully completed. The Watercare office has been established in Te Rapa.
- **Local Government Act 2002 Amendment Act 2019 –** This amendment promotes CCOs and sets out new rules around how CCOs must operate and report (the majority of the rules are already practised by Watercare). These become operative from 21 October 2019.
- **A new drinking water regulator:** Minister Nanaia Mahuta announced the formation of a new Crown entity to regulate drinking water. Legislation is expected to be introduced in the coming months with the regulator in place during 2020.
- **Water Supply & Wastewater Network Bylaw 2015 due for review:** Watercare is leading the project to support Auckland Council in the review of the Bylaw.
- **Public Tours of Hūnua Dams:** We held very successful public tours of our southern dams.
- **Communications snapshot:** A snapshot of external media, internal, customer and stakeholder communications is included in this report.

## 6. Natural Environment

- **Water resources outlook:** Auckland's water situation has improved as the region received above normal rainfall in October 2019. Dam levels the week beginning 18 November 2019 were 88.3%, against a historical average of 91.58%. Watercare has continued optimised abstractions from Waikato and Onehunga to ensure sufficient water resources over the coming summer.
- **Resource Management Act Consent Compliance:** There were no category 4 non-compliances. There were three Category 3 non-compliances in August 2019. Two of the Category 3 non-compliances have been carried over from last month (a one long term water issue at Huia Village (not related in any way to the replacement Huia Water treatment Plant at Waima), and a wastewater issue in Helensville). Both issues have negligible environmental effect. The new third Category 3 non-compliance concerns the Kingseat wastewater treatment plant.
- **Our Marine Environment 2019:** MfE has released a comprehensive report on key issues affecting our oceans, seas, coastlines and estuaries. The report notes that if sea levels rise by 1.5m, as is predicted by 2100, more than 6,000 km of water/wastewater/stormwater pipes will be at risk throughout New Zealand.
- **Sustainable Business Network's Climate Change and Business Conference 2019:** Several Watercare staff, including the CE attended this well-attended conference. Minister Shaw and the Prime Minister Jacinda Ardern both presented.

## 7. Strategic Transformation Programme update:

- Work continues on Release 8 delivery of our Strategic Transformation Programme, including our new billing platform, which will go live on 25 November 2019.

## FUTURE OUTLOOK

### TWO NEW DIRECTORS FORMALLY WELCOMED

On 1 November 2019, we welcomed two new directors:

- **Dave Chambers** is a highly experienced business leader with a background in large-scale customer-centric organisations. He was Managing Director of Progressive Enterprises New Zealand and Director of Woolworths Supermarkets in Australia and has held various operations leadership roles. Previously he was a board member of the New Zealand Business and Parliament Trust. He is currently a Director of Paper Plus New Zealand Limited.
- **Frances Valintine** (CNZM), is a thought-leader in emerging and disruptive technologies with 20 years' experience across business, technology and education. The CEO and founder of The Mind Lab and the Tech Futures Lab, she is a Companion of the New Zealand Order of Merit for services to



education and the technology sector. Frances is a professional board member and sits on a number of boards including Callaghan Innovation, On Being Bold Limited and the Dilworth Trust Board, amongst others.

Dave and Frances, as well as Hinerangi Raumati-Tu'ua, who was appointed on 1 August 2019, were formally welcomed into the company by fellow director, Brendon Green. Brendon delivered a whakatau where he greeted our three in-coming directors in Māori by acknowledging their backgrounds and welcoming them to the table (nau mai haere mai ki te Tepu a nga Ringatohu a Watercare).

6.2

### **PIPELINE OF INFRASTRUCTURE WORK**

The newly established New Zealand Infrastructure Commission, Te Waihanga, (of which the CE is a Director) recently published an expanded pipeline of major capital projects. The pipeline includes over 500 investments in public infrastructure with a total value of \$21.1 billion over the next 10 years. Early indications are that nearly \$670m of works are expected to move from business case to procurement between now and March 2020. Transport projects make up the largest proportion of the \$21.1b of projects tallied so far, counting for about a third of the forecast spending.

Watercare's spend on capital projects over the next 10 years totals around \$5.5b (around a quarter of the published national pipeline).

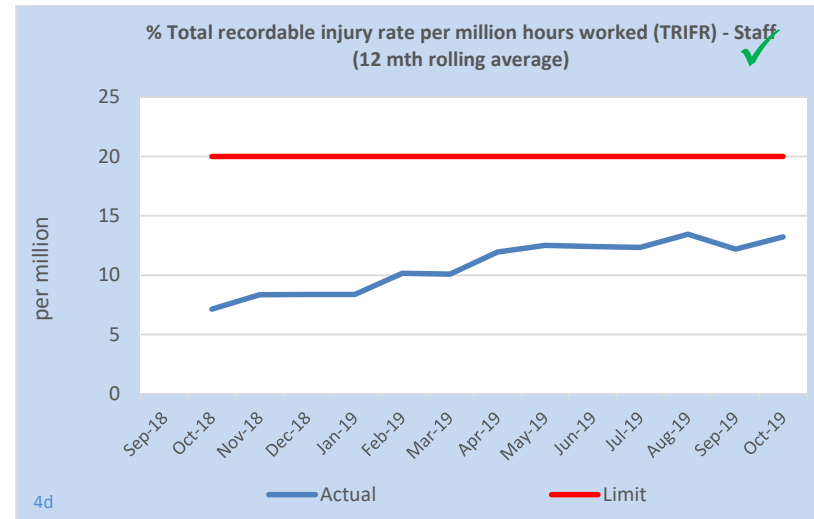
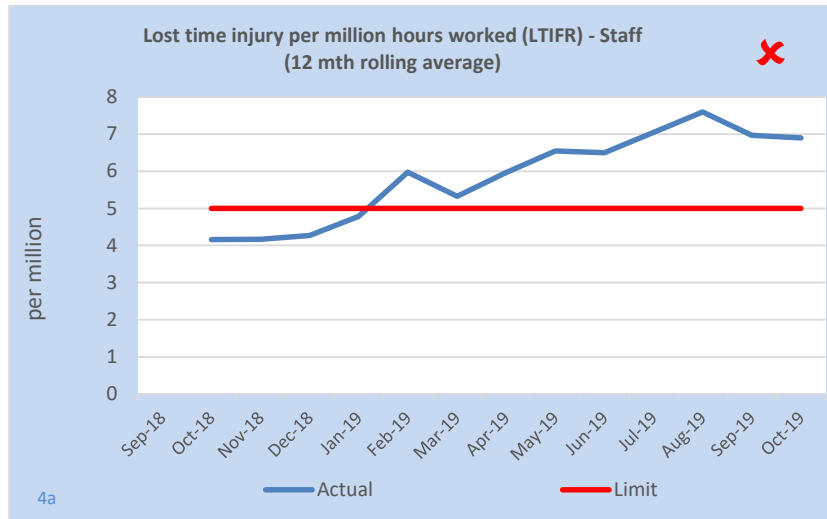
### **POPULATION PREDICTIONS**

Predicting New Zealand's population growth has never been straightforward but is vital for infrastructure providers such as Watercare. In the last month, we have learnt that New Zealand will soon hit 5 million people. However, back in 2005, Statistics New Zealand issued a press release that predicted New Zealand's population would hit 5 million in 2050, (refer NZ Herald article "NZ population prediction was 30 years out") [https://www.nzherald.co.nz/business/news/article.cfm?c\\_id=3&objectid=12285103](https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12285103)).



Raveen Jaduram  
Chief Executive

## 1. HEALTH, SAFETY & WELLNESS UPDATE



6.2

Worker/Severity.	Description of injury/incident	Our learnings	The actions we have taken
Watercare Lost Time Injury six days duration	<p>A worker experienced pain in his back whilst digging/reinstating/backfilling a hole.</p> <p>The worker is currently on a return to work programme which will be reviewed in November.</p>	<ul style="list-style-type: none"> <li>Manual handling remains Watercare's, and New Zealand's, highest cause of injury</li> <li>Reinforces the need to explore engineering controls to minimise exposure to manual handling.</li> <li>There is also value in workers doing a series of stretches and warm-up activities before work.</li> </ul>	<ul style="list-style-type: none"> <li>A toolbox meeting was held to discuss Manual Handling and the importance of stretching before commencing the task.</li> <li>On-going reminders through H&amp;S Committee Meetings and toolbox meetings.</li> <li>Stretching exercises are encouraged at all toolbox meetings</li> </ul>

Worker/Severity.	Description of injury/incident	Our learnings	The actions we have taken
Watercare Restricted Duties Injury	A worker pulled/strained his back whilst digging. Following a medical examination he was placed on ten days restricted duties to ensure the injury did not get any worse.	<ul style="list-style-type: none"> <li>As above</li> </ul>	<ul style="list-style-type: none"> <li>As above</li> </ul>
Watercare Restricted Duties Injury	A worker was using a hydraulic breaker when the tip became stuck. In an attempt to get it free, he lost his balance and felt a sharp pain in his back. A medical examination confirmed he had sustained a lumbar sprain and the worker was placed on restricted duties for ten days.	<ul style="list-style-type: none"> <li>HSW team will explore opportunities to use more engineering controls with the work team</li> <li>Manual handling injuries continue to be an area of focus.</li> </ul>	<ul style="list-style-type: none"> <li>A toolbox meeting was held to discuss Manual Handling and the importance of stretching before commencing the task.</li> <li>On-going reminders through H&amp;S Committee Meetings and toolbox meetings.</li> <li>Prevention awareness was completed.</li> <li>The worker had a pre-existing injury, so his activity should have been managed to minimise exposure to manual handling tasks</li> </ul>
Contractor Lost Time Injury One day duration	A worker was drilling holes in order to install steel brackets. Despite wearing safety glasses, a small piece of plastic debris became lodged in his eye. The debris was removed by a doctor the following day. Antibiotics were prescribed to avoid infection and a medical certificate was issued for one day off work.	<ul style="list-style-type: none"> <li>This injury illustrates the need to regularly review risks and controls</li> </ul>	<ul style="list-style-type: none"> <li>PPE was reviewed for this task, and goggles have been recommended for future work of this type. This was communicated across sites.</li> </ul>
Contractor Medical Treatment Injury	A worker cut his hand whilst using a 5" grinder. He lost his footing and temporarily lost his grip with the side handle of the grinder. As a result, his finger came into contact with the disc. He was wearing the required PPE at the time of the incident, namely latex gloves and ninja gloves.	<ul style="list-style-type: none"> <li>Preparation and planning for tasks is important to ensure they go smoothly</li> </ul>	<ul style="list-style-type: none"> <li>The worker was immediately taken for treatment where he received two stitches for the cut, and his finger was splinted to prevent movement.</li> <li>The worker returned to work the following day.</li> <li>Toolbox communication to all workers emphasising the importance of a stable work platform</li> </ul>

Worker/Severity.	Description of injury/incident	Our learnings	The actions we have taken
Contractor Lost Time Injury Ongoing One day to date	<p>A truck driver was delivering 350 kg rolls of geotextile to the Fulton Hogan yard at Puketutu Island. During the unloading of the rolls, the driver fell from the flatbed trailer. This resulted in a broken wrist, damage to the driver's knee and bruising.</p> <p>The geotextile roll also fell from the truck but did not hit anybody.</p>	<ul style="list-style-type: none"> <li>Perception of low risk that comes with task familiarity can lead to poor practice</li> </ul>	<ul style="list-style-type: none"> <li>The driver was treated by a first aider and an ambulance was called. He was admitted to hospital with a broken wrist that required surgery for bone re-alignment.</li> <li>A further MRI and CAT scan determined there was no long-term damage to his knee.</li> <li>The driver is currently recovering at home.</li> <li>Work at Puketutu construction site was stopped and the contractor ran a safety refresh session for all workers.</li> <li>Investigation findings are pending.</li> <li>Work will re-start at the Puketutu construction site following successful review of the investigation outcomes and delivery of site documentation.</li> </ul>
Contractor Medical Treatment Injury	<p>A worker was re-attaching a hydraulic fitting on an excavator. During this process the worker's hand slipped, resulting in the steel hydraulic fitting striking the worker in the mouth. The worker sustained a chipped incisor tooth that required medical treatment to repair.</p>	<ul style="list-style-type: none"> <li>Workers need to purge the pressure prior to working with hoses.</li> <li>Worker's need to position themselves or the equipment at a safe working height (chest to waist) and out of head-strike range</li> <li>Taking care of workers builds trust and a positive culture</li> </ul>	<ul style="list-style-type: none"> <li>Work was stopped, and the worker was taken to the medical centre for assessment. He had his tooth repaired the following day.</li> <li>The task was reviewed, and it was established that the worker had not released the pressure from the hose prior to re-attaching.</li> <li>The incident was communicated at Toolbox across all CI sites</li> </ul>

**LOST TIME INJURY SEVERITY**

Month	Description of injury	Critical Risk	Time off duration
July	Chemical Burns	Yes – Exposure to Chemicals	1 day
July	Back injury	No – Manual Handling	3 days
August	Broken bones in foot	Yes – Dropped Object	44 days - ongoing
September	Back injury	No – Manual Handling	6 days
October	Back injury	No – Manual Handling	14 days - ongoing
October	Broken wrist	Yes – Fall from Heights	1 day - ongoing

**SIGNIFICANT INCIDENTS/HAZARDS/NEAR MISSES/CLOSE CALLS**

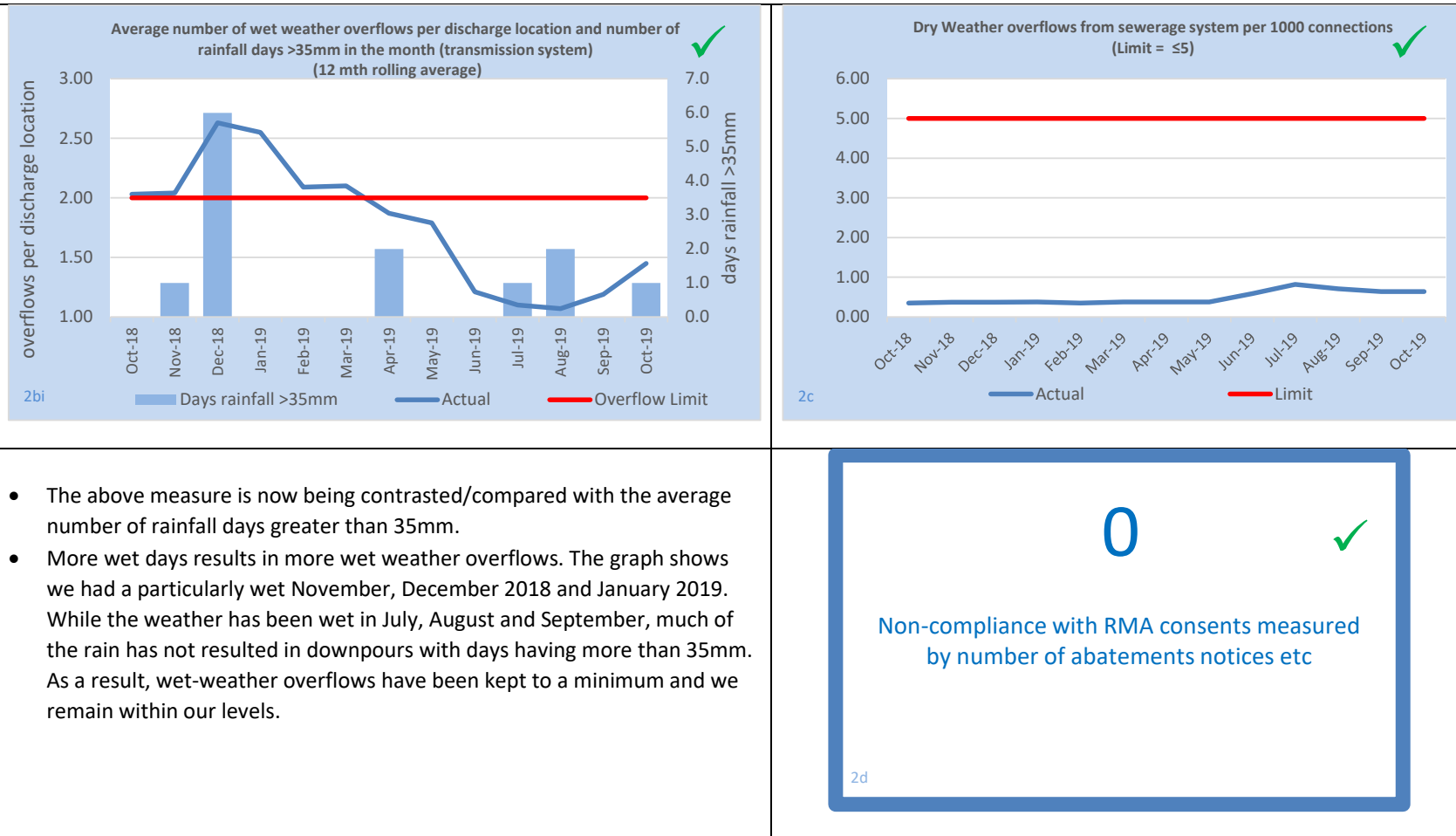
There was one significant incident in October 2019 involving a contractor.

Worker	Description of injury/incident	Our learnings	Corrective Action Recommendations
Contractor Significant Incident involving a critical risk (working on or around water bodies)	A diver became temporarily tangled in debris/rubbish at a depth of 18m while cleaning intake screens at Lower Huia Dam. Support staff on the surface successfully freed the diver from the entanglement after 10 minutes. The standby diver onsite was available but not required and the diver exited the water without injury or distress.	<ul style="list-style-type: none"> <li>This is a positive example of good planning with standby resources to assist should unforeseen events happen. Working on or around water bodies is one of Watercare's significant safety risks.</li> </ul>	<ul style="list-style-type: none"> <li>No corrective action but the positive messages to be shared among staff and contractors.</li> </ul>

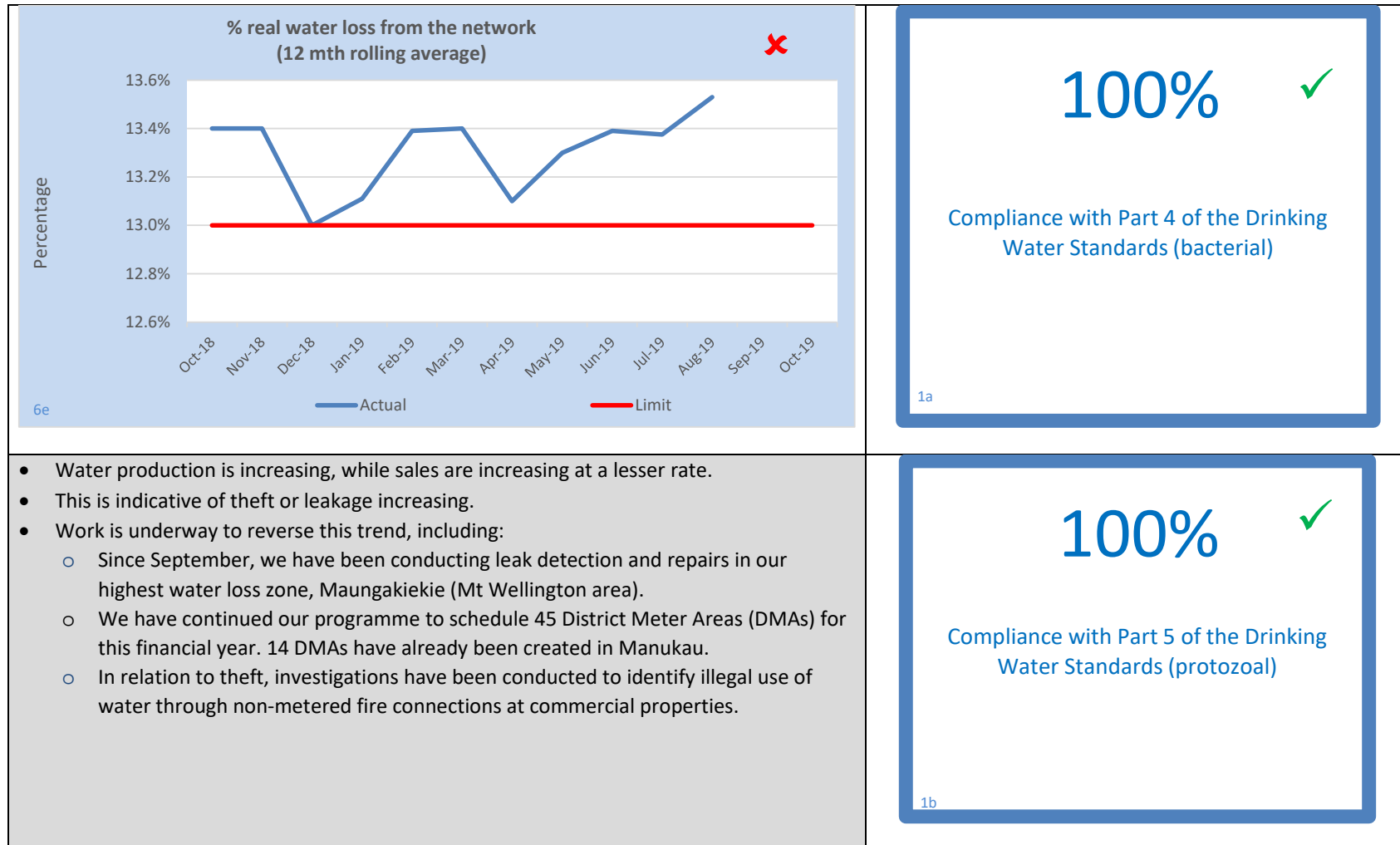
**HEALTH, SAFETY & WELLNESS continued...**

<b>Rosedale Culture Celebration</b> <ul style="list-style-type: none"> <li>• The Rosedale Infrastructure Project Team held a breakfast to acknowledge the Operations, Infrastructure and Contractor team creating a positive and safe culture which is delivering excellent outcomes.</li> <li>• All parties acknowledged the importance of the relationship between all members of the group founded on honest communication, alignment and support.</li> <li>• Of note was a focus on making safety easier, and recognising the importance of learning from the things that go right.</li> </ul>	<b>Safety Reset - MSN</b> <ul style="list-style-type: none"> <li>• The leadership team at MSN have asked for support to refresh and reset the group's HSW culture.</li> <li>• The reset will be led by Amanda Singleton and will be supported by the HSW, People &amp; Capability and the Learning and Occupational Development teams.</li> </ul>
<b>Wellbeing Programme</b> <ul style="list-style-type: none"> <li>• The October 2019 healthy habits programme had mixed uptake across sites but was generally well received.</li> <li>• We continue with delivery of Mental Health First Aid training for leaders. This programme is being delivered by St Johns. Feedback from attendees has been very positive e.g. <i>"Just wanted to say thanks for organising these, although it was personally confronting at times, it was so worthwhile and it's great that so many people will have a much better awareness and be able to provide better support to others."</i></li> </ul>	<b>iCare HSW Reporting System</b> <ul style="list-style-type: none"> <li>• The iCare HSW reporting system has been rolled out across the business.</li> <li>• Early feedback has been positive noting ease of use and accessibility.</li> <li>• We are making minor adjustments through November over the warranty period and plan further enhancements in 2020.</li> </ul>

## 2. SOI MEASURES – 2019-2020 - Natural environment



## SOI MEASURES – 2019-2020 - Assets and Infrastructure



6.2





## SOI MEASURES – 2019-2020- Community and Stakeholder relationships



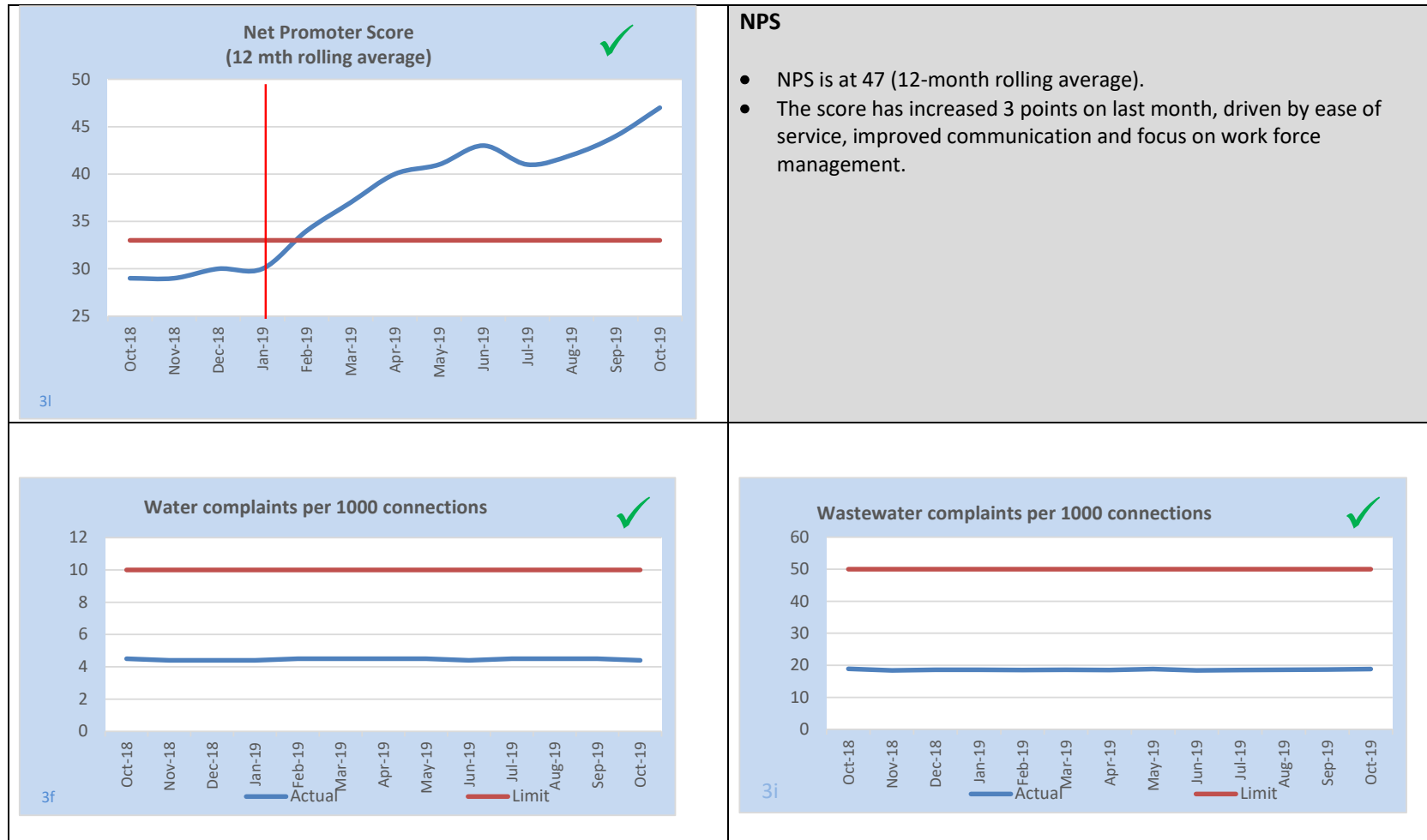
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## SOI MEASURES – 2019-2020 - Community and Stakeholder relationships

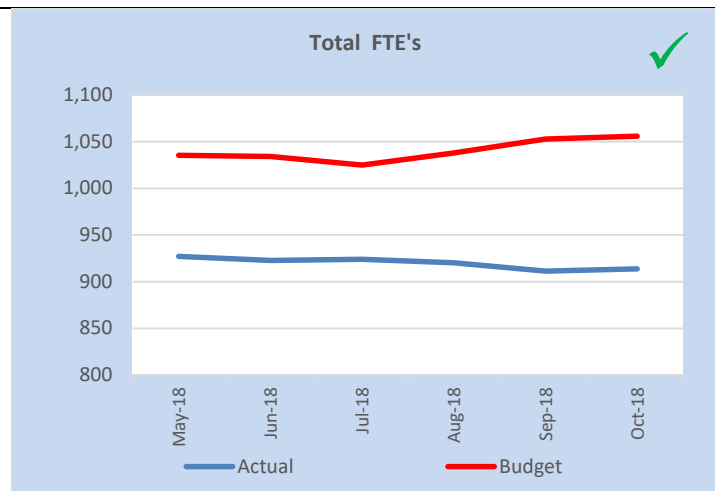
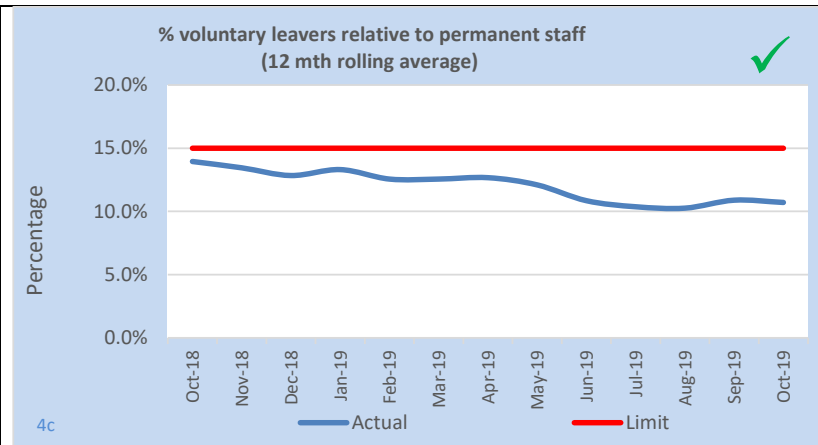
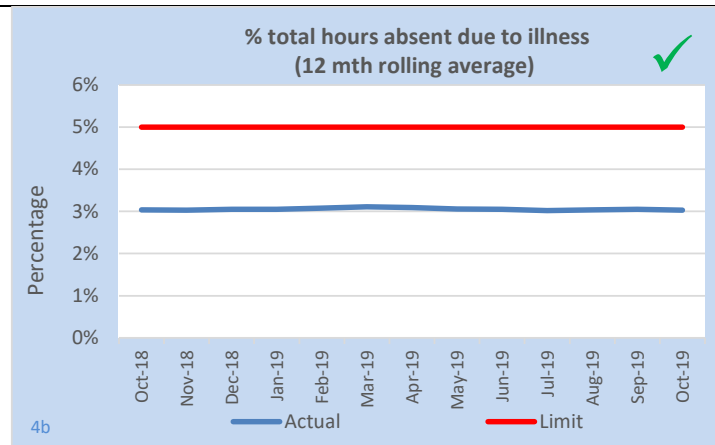


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## SOI MEASURES – 2019-2020 - Community and Stakeholder relationships continued



### 3. PEOPLE, CAPABILITY AND LEARNING

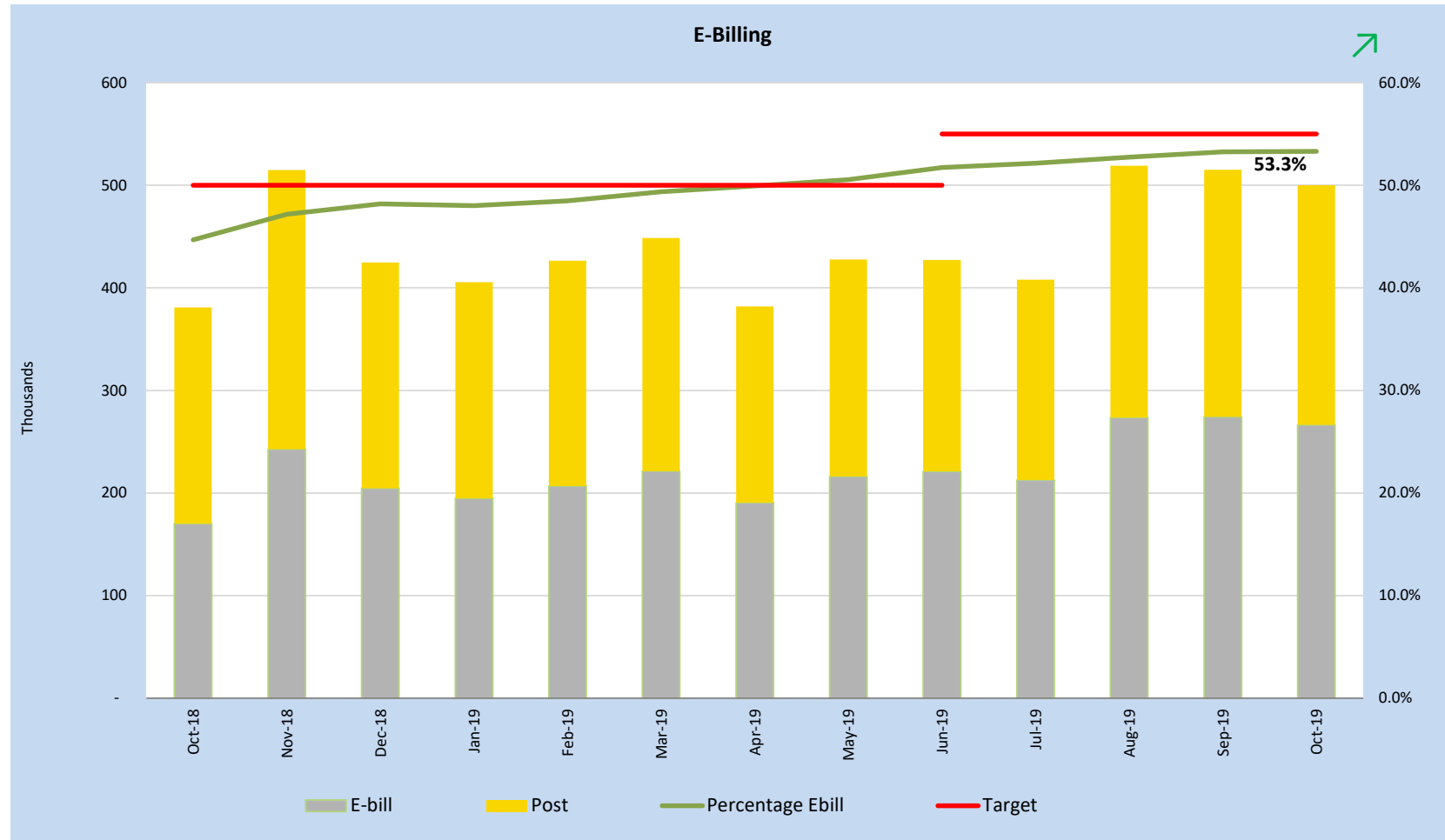


#### DIWALI CELEBRATED AT NEWMARKET

- Staff came together on 23 October 2019 to celebrate Diwali in the Newmarket Hub.



## 4. CUSTOMER SERVICE

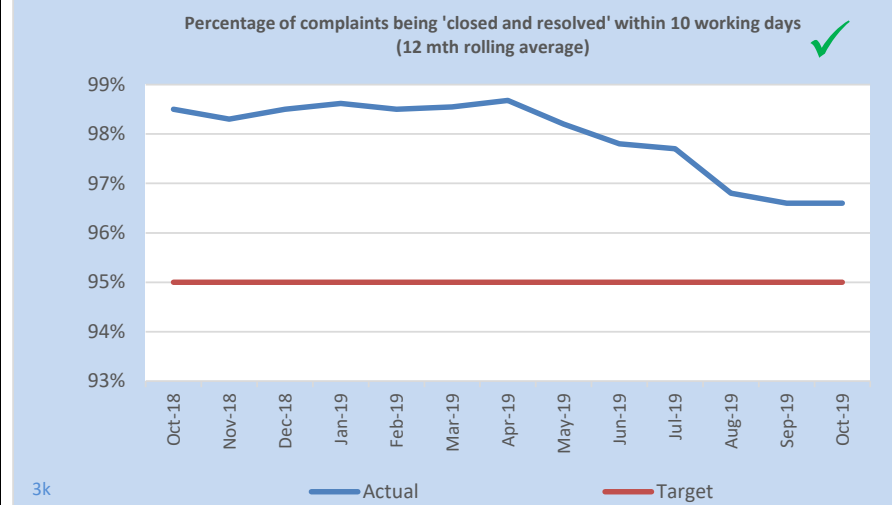
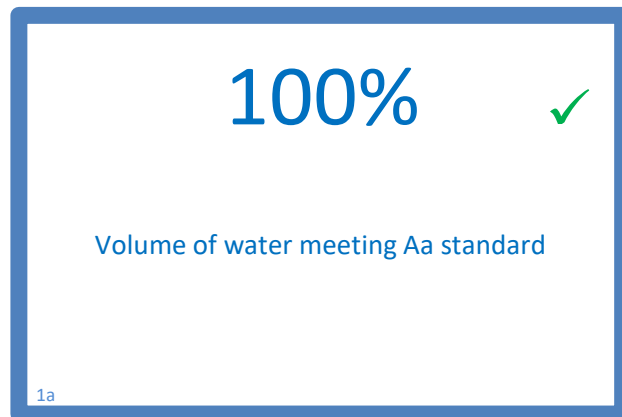
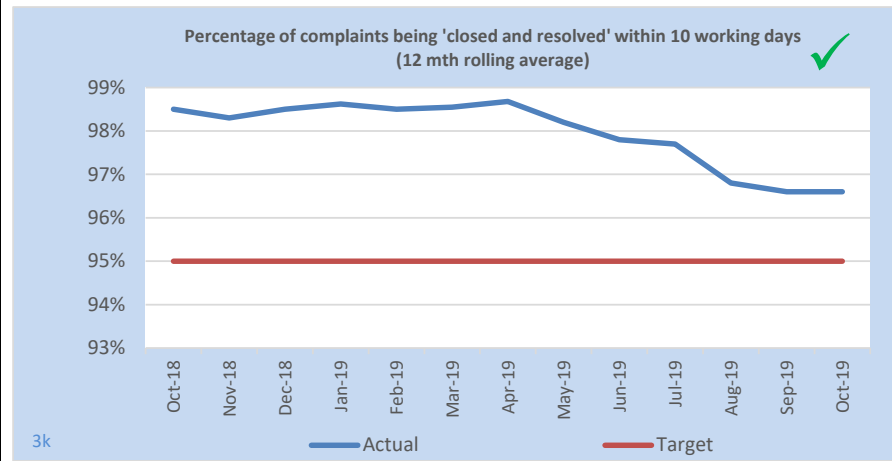


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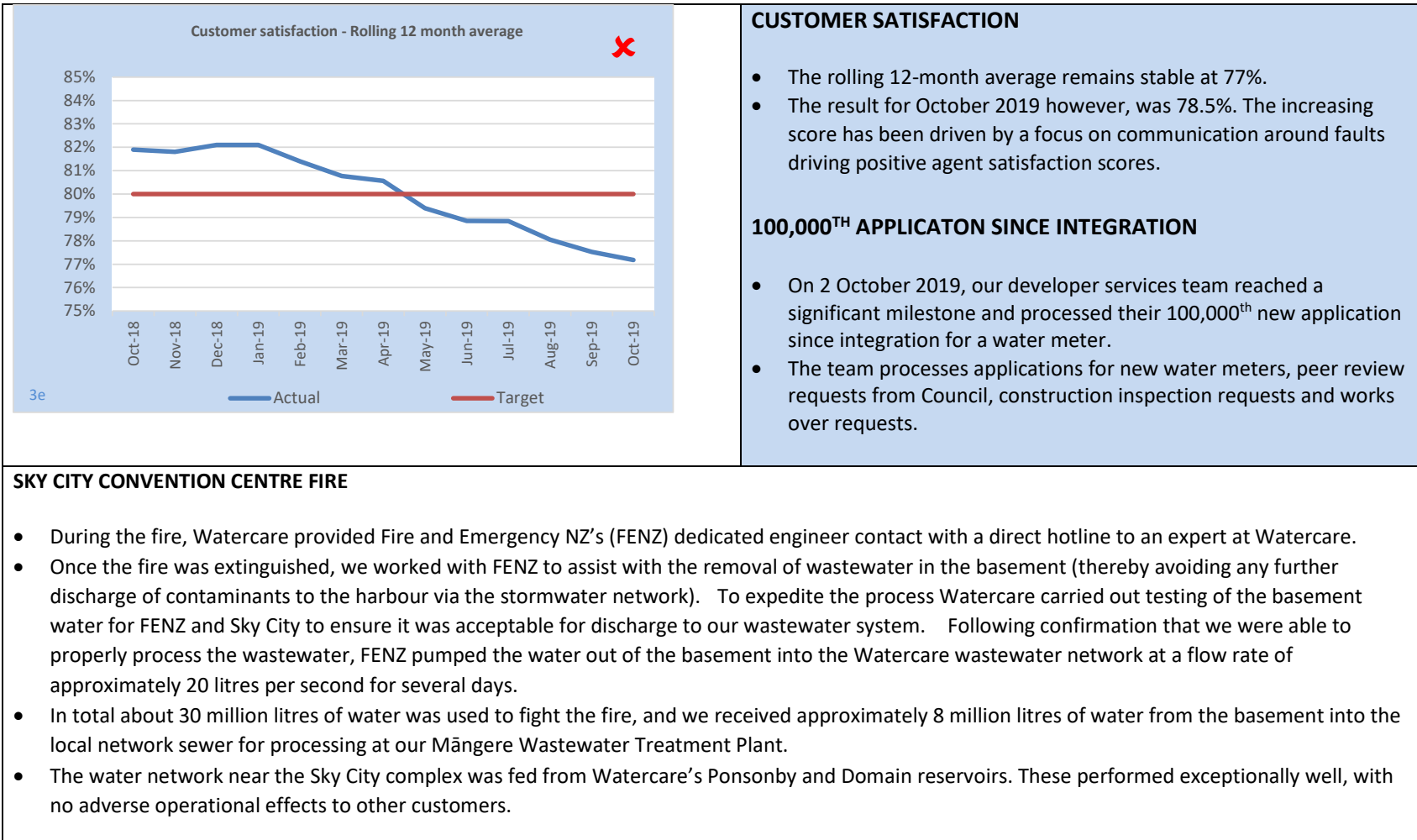
## CUSTOMER SERVICE continued

**COMPLAINTS**

- Complaints remain stable and within our service level agreement at 96.6%



## CUSTOMER SERVICE continued



## 5. COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE

### MĀORI ENGAGEMENT IN OCTOBER 2019

- This month there has been an increased focus on working with iwi on cultural engagement and inductions for the Central Interceptor project. CI activities have included:
  - Meetings with Ngārimu Blair, Ngāti Whātua ki Ōrākei, Tracey Davis, Ngāti Whātua ki Kaipara, Watercare CE and Senior Management and Tame Te Rangi (Chair Mana whenua Managers kaitiaki forum) to discuss Central Interceptor Project Māori Outcomes.
  - Ghella Abergeldie JV and Watercare Central Interceptor Project Team participating in a cultural induction at Makaurau Marae. Arrangements involved liaising with Mana whenua Chair, Tame Te Rangi & Te Ahiwaru representative Kowhai Olsen
  - Various discussions with the Central Interceptor Team, as well as the Mana whenua Forum Chairman, Tame Te Rangi regarding cultural protocols, cultural inductions, technical advice, management plans and Mana whenua input going forward.
  - Holding a Mana whenua forum on Sustainability Outcomes for the Central Interceptor project.
- Preparations were also made for the proposed workshop between executives of Watercare and Waikato Tainui to be held in November 2019.
- Contributions were made towards the implementation and preparation of the joint Council and CCOs Maori Outcomes report 2018/19.
- Watercare's senior leadership team met with Te Warena Taua and staff of Te Kawerau a Maki, regarding Puketutu Island.
- Watercare participated in a Mana whenua kaitiaki forum hui. This hui included Watercare project leads on operational projects.
- Watercare attended the Māori Outcomes Steering Group meetings at Auckland Council.
- Watercare's Chief of Operations, Shane Morgan has been working with Auckland University staff regarding the Ngā Tapuwae Mark Ford Scholarships.
- Watercare staff and Board member, Brendon Green, have been exploring Māori procurement opportunities.
- Watercare staff have been working with Waikato District Council regarding Te Reo Māori support.

6.2



**COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE continued...**

<p><b>LOCAL BOARD ENGAGEMENT</b></p> <ul style="list-style-type: none"> <li>Local Board interaction was limited over the October/November period as the newly elected Local Board members settled into their positions and meetings are held to appoint the Chairs.</li> <li>A briefing was held with the new Albert Eden Local Board to introduce Watercare and update on the upcoming Central Interceptor works.</li> <li>Several other introductory workshops are being arranged by local board services staff.</li> <li>The focus remains on the liaison with Puketapapa and Albert Eden Local Boards required to ensure the necessary agreements are in place prior to the start of Central Interceptor works in local parks and reserves.</li> </ul>	<p><b>NEW COUNCIL SWORN IN AND NEW COMMITTEES ESTABLISHED</b></p> <ul style="list-style-type: none"> <li>The fourth Auckland Council was sworn in on Friday, 1 November 2019.</li> <li>The Council welcomed four new Councillors:             <ul style="list-style-type: none"> <li>Pippa Coom (Waitematā and Gulf)</li> <li>Tracy Mulholland (Whau)</li> <li>Angela Dalton (Manurewa)</li> <li>Shane Henderson (Waitakere).</li> </ul> </li> <li>The Council has subsequently announced:             <ul style="list-style-type: none"> <li>A formal review into the CCOs; and</li> <li>A new committee structure, which includes a CCO Oversight Committee (<b>Appendix A</b>).</li> <li>Each CCO will be appointed a Liaison Councillor. Watercare's Liaison Councillor is Cr Linda Cooper.</li> </ul> </li> </ul> <p><b>ST MARY'S BAY AND MASEFIELD WATER QUALITY IMPROVEMENT PROJECT</b></p> <ul style="list-style-type: none"> <li>Healthy Waters was granted a consent for a stormwater project in St Mary's Bay.</li> <li>The consent was opposed by the St Mary's Bay Resident's association and several other parties.</li> <li>Watercare assisted Healthy Waters in the negotiations with the Residents Association and other appellants.</li> <li>All of the appeals and s274 matters against the grant of consent to Healthy Waters for its St Mary's Bay project have been resolved.</li> <li>A consent order will be made by the Environment Court in November 2019.</li> </ul>
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## COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE continued...

### LOCAL GOVERNMENT ACT 2002 AMENDMENT ACT 2019 – COUNCIL CONTROLLED ORGANISATIONS

- The Local Government Act 2002 has been amended to promote CCOs, especially for the water and transport services.
- The Act now requires the following:
  - CCOs to take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, flora and fauna and other taonga when making decisions that may significantly affect land or a body of water
    - Watercare already does this
  - CCOs to include forecast financial statements in their SOIs
    - Watercare already does this
  - Council must consider whether knowledge of tikanga Māori may be relevant to governance of a CCO when identifying the skills, knowledge and experience required of CCO directors
    - The Watercare Board is adopting a curriculum, with Brendon Green and Richard Waiwai's guidance, which covers tikanga Māori.
  - Council must publish CCO SOIs, half-yearly and annual reports on their websites within one month of receipt/adoption and must maintain these on their websites for a period of no less than seven years (this is not required before 21 January 2020)
    - Watercare publishes our SOIs and Annual Reports on our website and these are provided to Council so they may also publish them on their website.

6.2

## COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE continued...

A NEW DRINKING WATER REGULATOR	
<ul style="list-style-type: none"> <li>On 25 October 2019, Local Government Minister, Nanaia Mahuta announced the establishment of a new independent water regulator.</li> <li>A “<i>Crown Entity (Water Services) Establishment Bill</i>” will be introduced into Parliament in December 2019. This bill would establish a drinking water regulator as a new, standalone Crown agent.</li> <li>It is anticipated that this bill would be enacted in 2020.</li> <li>All drinking water suppliers who supply to 25 people or more would need to register with the regulator.</li> </ul>	
PROPOSED GOVERNANCE	FUNCTIONS OF THE WATER REGULATOR
<ul style="list-style-type: none"> <li>The regulator would have a governance board comprising between 5 and 7 members, appointed by Ministers. It would not be a policy agency.</li> <li>It is also proposed that a “Maori Advisory Group” also be established to advise the regulator. Ministers would appoint between 5 and 7 members to this Group.</li> <li>In addition to a regulator, it is also proposed that an “Establishment Unit” and a “Transition Board” be set up, both to operate for 18 months. <ul style="list-style-type: none"> <li>The Establishment Unit would be set up by the DIA.</li> <li>A Transition Board would be appointed by Ministers in early 2020, at which point governance of the Establishment Unit would be provided by that Board, accountable to Minister Mahuta, and the Minister of Health. 8 to 14 staff, plus a director and interim CE would be required in total.</li> </ul> </li> </ul>	<p>The new regulator will enforce water standards with water suppliers who provide supplies to 25 people or more. This will include small private networks in rural remote areas, maraes and some rural schools.</p> <p>We understand that the drinking water regulator’s functions will not just be limited to drinking water and will also include delivery of certain functions relating to wastewater and stormwater (to be provided for under legislation). These are to include:</p> <ul style="list-style-type: none"> <li>Providing oversight and operation of national standards for wastewater discharges and overflows.</li> <li>Setting national performance metrics for wastewater and stormwater.</li> <li>Collecting, analysing and publishing performance information provided by wastewater and stormwater operators.</li> <li>Identifying and promoting national guidelines and good practices for wastewater and stormwater network design and management.</li> <li>Providing input into national expectations for compliance, monitoring and enforcement approaches for wastewater and stormwater network design and management.</li> <li>Identifying and monitoring emerging contaminants in drinking water, wastewater and stormwater</li> </ul> <p>In addition, the Bill will amend section 125 of the LGA 2002 to require councils to undertake an extended assessment of drinking water services.</p>

## COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE continued...

### WAIKATO DISTRICT COUNCIL (WDC) STATUS UPDATE

- Office mobilisation is now complete, with all services transitioned from Waikato District Council premises to the new premises at Te Rapa (except for the works depot/mobile plant)
- October 2019 performance against KPIs were very good. Only one monthly KPI is tracking slightly above annual average target (water service response time <45 minutes).
- The first Waters Governance Board meeting is scheduled for 20 November 2019. October 2019 performance will be reported on at this meeting.
- The transition plan is being implemented. The focus is on assets and the AMP, which is due for completion on 30 May 2020. This will inform the future price path and funding plan.
- The relationship with WDC is solid and progressing as expected. WDC is recruiting a relationship contract manager to ensure smooth communications between the two organisations.
- Support is being provided to the WDC team from Watercare Newmarket, as required.
- Condition assessment will recommence in December 2019, with a target completion date of 31 January 2020.

### WATER SUPPLY AND WASTEWATER NETWORK BYLAW 2015 DUE FOR REVIEW

- Section 158 of the Local Government Act 2002 requires that Auckland Council now review (within 5 years) the Bylaw in accordance with section 160 of the Local Government Act 2002. Both Watercare and Auckland Council consider it appropriate that Watercare lead the project to support Auckland Council in making decisions on the Bylaw review.
- Watercare is currently in the process of initiating the project. Watercare staff will undertake the appropriate research and engagement, reporting and support to the Regulatory Committee, Hearing Panel and Governing Body for the review.
- A "Findings Report" must be approved by the Auckland Council Regulatory Committee before end of June 2020. This Findings Report will require research to be completed, as well as initial engagement with Mana whenua and key stakeholders. It will inform the next phase, which could be update, overhaul or revocation of the bylaw.

## COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE continued...

### PUBLIC TOURS OF THE HŪNUA DAMS

We recently held very successful public tours of our Hūnua Dams for around 50 members of the public.


The headworks team hosted the tours and provided insights into how the four earth dams were constructed and how they store and supply 60% of Auckland's water. Visitors also saw one of New Zealand's largest reforestation projects, in which around 400,000 native plants have been planted in an area once occupied by a former private pine forest. Feedback from one of our visitors is below:

*"It was very well-organised, informative and a great day. All of the staff (Roseline, James, Joe and others) were incredibly knowledgeable - we were very impressed with all of the Watercare staff and the work going on out there (particularly the native regeneration work). Thanks to you for organising it and to the staff who gave up their Saturdays to be there!"*





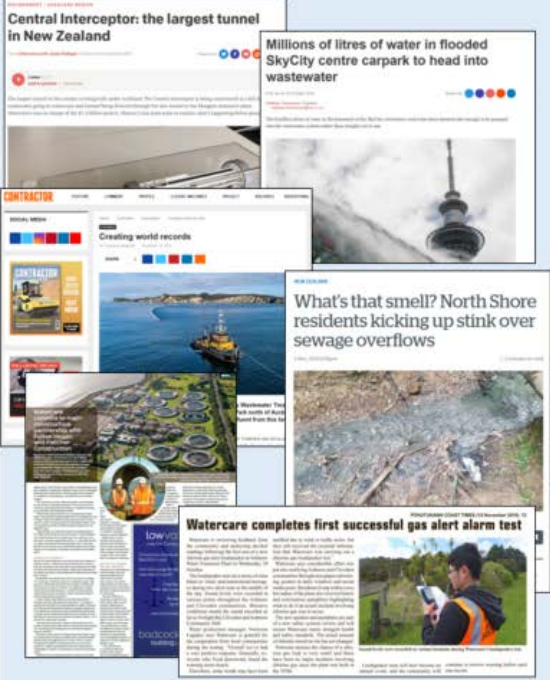
## COMMUNICATIONS SNAPSHOT



*Enabling engaged communities and stakeholders*

### Media

Media highlights for the month include: an in-depth interview with Central Interceptor executive programme director Shayne Cunis on Radio New Zealand, a feature on the Enterprise Model in Construction News, a feature on Army Bay Wastewater Treatment Plant in Contractor Magazine, and Watercare's role in the firefighting efforts at SkyCity International Convention Centre. A beach water quality warning at Browns' Bay received national and local coverage. Work is underway to repair the public wastewater network; we have kept the media and community informed of our plans.




**Central Interceptor: the largest tunnel in New Zealand**

**Millions of litres of water in flooded SkyCity centre carpark to head into wastewater**

**What's that smell? North Shore residents kicking up stink over sewage overflows**


**Watercare completes first successful gas alert alarm test**



*Enabling safe, happy and empowered teams*

### Staff

We organised staff tours of our Hunua dams and forest revegetation project. The half-yearly roadshow and expo is currently underway and is receiving excellent engagement from staff. It is travelling to all sites, including the Waikato office. A WDC staff member features in the roadshow presentation - a day in the life of David Luke. We continued to profile staff and project milestones.




**Lab technician Harshad Patel recognised for long service**


**Come and see our dam and native regeneration project in the Hui area ranges**

### Public

We continue to receive an amazing response to our free water stations; more than 10 community events ranging from World AIDS Day, Tamaki Herenga Waka Festival, Pasifika Festival and various Christmas festivals have applied for their use since their launch in September.

We also ran a public tour of the Hunua Dams and forest revegetation project and over 50 members from the community attended.

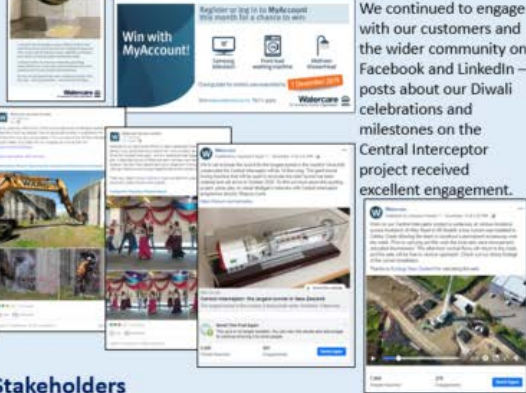




*Enabling customer trust and value*

### Customers

We promoted the MyAccount functionality for customers through a bill insert and we have seen a significant increase in the uptake. In December, customers will receive a bill insert about disposing of holiday cooking fats.



**Don't let blocked drains spoil your holiday**

**Win with MyAccount!**


**We continued to engage with our customers and the wider community on Facebook and LinkedIn – posts about our Diwali celebrations and milestones on the Central Interceptor project received excellent engagement.**

### Stakeholders

We hosted minister for the environment, David Parker, at the Central Interceptor construction site at Māngere to hear about the project.

We hosted a community open day at Snells Algies for the upcoming wastewater upgrades and received excellent engagement from those who attended.

We organised a loudspeaker test at Ardmore Water Treatment Plant for the Chlorine gas alert and engaged with the community before and after the exercise to inform them of the associated safety initiatives.



**Watercare**

## 6. NATURAL ENVIRONMENT



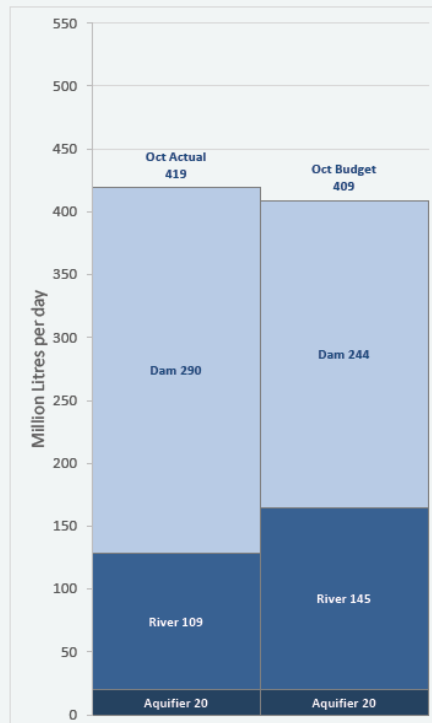
## Water outlook for November 2019

### Rainfall for October



	Waitakere	Hunua
October Actual	154.6	182.1
October Normal	144.6	144.8
Jan – Oct Actual	1313.6	1198.5
Jan – Oct Normal	1475.7	1471.7

### Average daily water produced



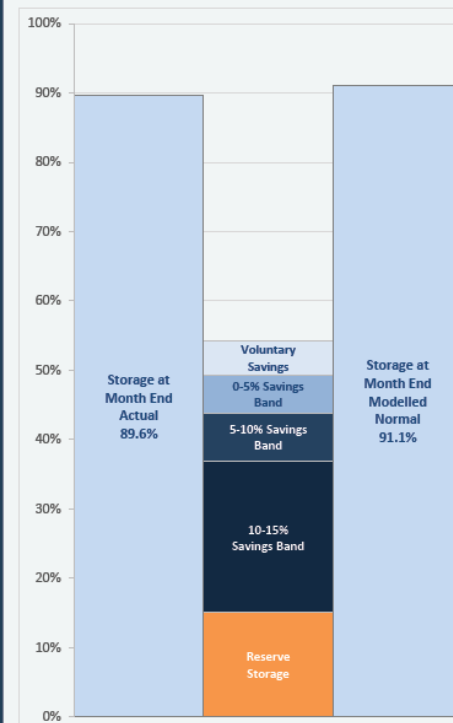
### Water resources position

- Total system storage increased through October, from 84.2% to finish the month at 89.6%, after above normal rainfall for the Waitakere and Hunua Ranges was recorded for the month.
- Dam storage is at 89.6% compared to the FY2020 budgeted storage response of 91.1% for a modelled normal response for October. Storage remains slightly below levels that would normally be experienced at this time of year (91.9%), if compared with the historical average (1981-2010). October's storage response was above that of a five year dry (79.8%) and is well above drought management trigger levels for mandatory restrictions (49.3%).
- Abstractions from Waikato and Onewhunga continued to be optimised throughout October to reduce abstraction pressures on the storage lakes.
- Total water treatment plant production was 2.4% above budgeted volumes for October, and 3.7% above budget for the Financial Year to date.

### Long range forecast position

- Normal rainfall is forecast for most of the North Island, including Auckland, for November.
- November temperatures are expected to be mostly above average, with a few cooler periods.
- Predictions of slightly below normal rainfall are continued to be forecasted for the remainder of the year but with lower confidence.
- Continued optimised abstractions from Waikato and Onewhunga, should ensure sufficient water resources for the coming summer.

### Total system storage



## RESOURCE MANAGEMENT ACT COMPLIANCE



<b>October 2019</b>	<b>Compliance proceedings</b>	<b>Nil</b>	<b>Environmental incidents of significance</b>	<b>Nil</b>
<b>Summary</b>	<b>Category 4 non-compliant consents</b>	<b>Nil</b>	<b>Category 3 non-compliant consents</b>	<b>3</b>

7 of our 485 active consents were technically non-compliant. Three non-compliances were Category 3, no non-compliances were Category 4.

	May	June	July	Aug	Sep	Oct
<b>Number of total active consents</b>	490	482	484	474	475	485
<b>Number of non-compliant consents<sup>1</sup></b>	9	10	21	12	17	7
<b>Number of non-compliant category 3 conditions<sup>2</sup></b> <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	0	3	2	2	3
<b>Number of non-compliant category 1 or 2 conditions<sup>2</sup></b> <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>	14	15	16	17	18	8

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



	Background and Reason for Non-Compliance	Summary of Current Actions	Current Self-Assessed Council Compliance Rating
<b>WATER TREATMENT</b>			
<b>Huia Village</b>	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.	Advice from resource consent planning is that, despite the environmental effects of bypassing recycling are less than minor, the site would need a new consent (not a variation) if Watercare does not implement an engineering solution. A new consent application would have a very high probability of formal notification, and the associated costs of a Council hearing and consultancy fees would be much higher than implementing the engineering solution.  On-site testing confirms that there is an engineering solution. A business case for the engineering solution (as the preferred option) is being prepared.	3 – Ongoing issue (negligible environmental impact)
<b>WASTEWATER TREATMENT</b>			
<b>Helensville</b>	On-going water quality issues at the compliance point.	Contractual issues have delayed the start of works (now scheduled to start in January), which means works may not finish until May 2020 (original finish was March 2020, assuming a November start date).	3 – Ongoing issue (negligible environmental impact)
<b>Kingseat</b>	Quality and volume non-compliance	The Kingseat WWTP had exceeded its discharge volume limit in August 2019, and did not meet its discharge quality limits in March 2019. Watercare advised Auckland Council of both exceedances.  Auckland Council has formally asked Watercare to further investigate to confirm there are no ongoing issues. The Council has highlighted condition 15 of the Kingseat WWTP consent, which relates to the network and has asked for details of recent maintenance and any ingress and infiltration investigations. Watercare will send a response to Council by the end of November.	3 – Formal request for investigation (low-negligible environmental impact)

## NATURAL ENVIRONMENT AND CLIMATE CHANGE continued

### OUR MARINE ENVIRONMENT 2019

- The Ministry for the Environment (MfE) recently released “*Our Marine Environment 2019*”, a comprehensive report of key issues affecting New Zealand's oceans, seas, coastlines and estuaries, focusing on the impacts of human activities on the quality of those environments.
- It has a focus on land-use activities affecting the marine environment:
  - *Issue 1: Our native marine species and habitats are under threat*
  - *Issue 2: Our activities on land are polluting our marine environment*
  - *Issue 3: Our activities at sea are affecting our marine environment*
  - *Issue 4: Climate change is affecting marine ecosystems, taonga species, and us*
- In terms of wastewater, the report identifies urban wastewater networks as a transporter of contaminants into marine environments and notes that improvements to the wastewater and stormwater systems should be pursued.
- The report also considers the potential effects of climate change on the marine environment. It says that if sea levels rise by 1.5 metres, as is projected to occur by 2100, more than 6,000 kilometres of drinking water, wastewater and stormwater pipes will be at risk.
- There is no submission process or formal reform proposals resulting from the report at this stage.
- This report will likely be used by MfE to inform their work and law reform programmes for the marine environment over the next few years.

### SUSTAINABLE BUSINESS NETWORK'S CLIMATE CHANGE & BUSINESS CONFERENCE 2019

- Several Watercare staff and the CE attended the Climate Change and Business Conference in Auckland in early October 2019.
- Prime Minister Jacinda Ardern closed the conference which was attended by over 300 people over two days.
- Watercare's Chris Thurston, Head of Sustainability was one of the panel of speakers at the conference and shared his insights on adapting to climate change impacts beyond sea-level rise. The CE was also on a panel to discuss learning from experience, what worked, what didn't and why.
- Some key takeaways from the conference included:
  - Climate change risk is not limited to just physical risks - it includes transitional risks (e.g. changing legislation and regulations) and liability risks (including liability of directors).
  - Minister James Shaw jointly opened the conference. He spoke clearly and frankly about the sheer scale of legislative reform expected in the short term. The Emissions Trading Scheme reforms will be extensive.
  - The concept of a "homogenous blob syndrome" was discussed, where climate change is identified as "one risk" on an organisation's risk register. However, organisations need to understand what it tangibly means for their business.



## 7. STRATEGIC TRANSFORMATION PROGRAMME (STP) UPDATE

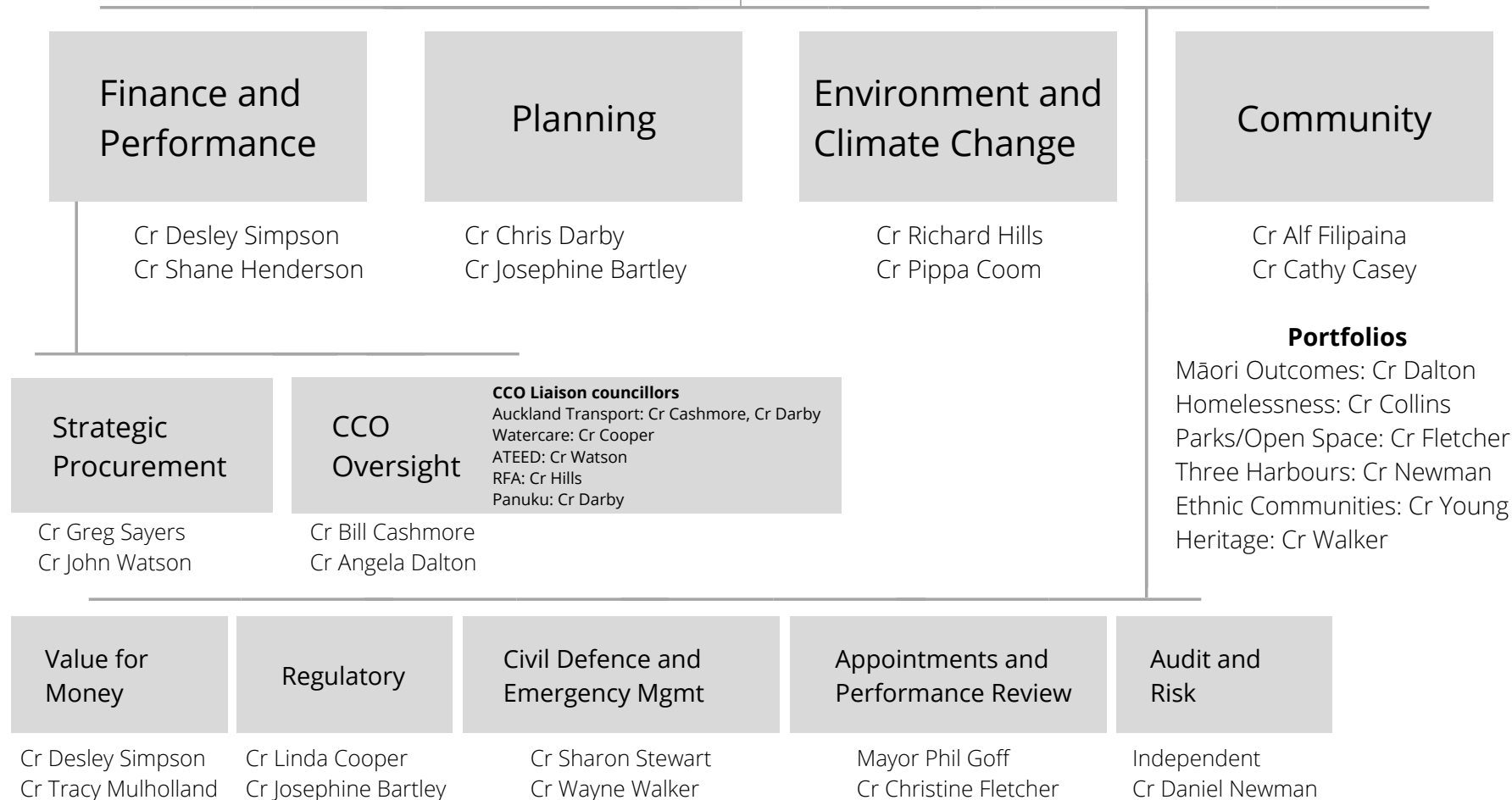
RELEASE 8 WORK UNDERWAY	OTHER AREAS UNDERWAY
<ul style="list-style-type: none"> <li>• STP continues to progress to programme with Release 8 delivery. The new billing platform has successfully completed the parallel run with the focus now being on transition and cutover activity in preparation to switch across to the new platform. Go live of the new billing system is planned for Monday 25 November.</li> <li>• Work continues across the development of the faults and work order management work flow across Watercare, MSN and contractors. This is a challenging piece of work across multiple platforms and multiple organisations and includes a full upgrade to the existing field service management solution for MSN.</li> <li>• The Enterprise Asset Management solution was rolled out to the remaining operational sites, including Ardmore Water Treatment Plant, during November.</li> </ul>	<ul style="list-style-type: none"> <li>• Web portal integrated with the new core billing functionality ready for cutover</li> <li>• Development of the activity tracker to view all work order activities across Watercare completed and in use with pilot group</li> <li>• Development and user testing of the JSA across Watercare continues towards pilot</li> <li>• Supporting the new financial and project management activities and develop and migrate remaining functionality</li> <li>• Develop and rollout of predictive connected network models moving closer towards a digital twin of our network</li> <li>• Development of our Nerve Centre capability</li> </ul>

## 8. DELEGATED AUTHORITY OF THE CHIEF EXECUTIVE

<p><b>In October 2019, Watercare processed five deeds, instruments or document, with the delegated authority provided to the Chief Executive by the Board.</b></p> <ul style="list-style-type: none"> <li>• 1 x section 17 Public Works Act notice securing land for Watercare Services Limited</li> <li>• 1 x agreement for sale and purchase disposing of a parcel of Watercare land</li> <li>• 2 x agreements for sale and purchase acquiring land for the Grey Lynn Tunnel project</li> <li>• 1 x agreement to grant easement in favour of Watercare</li> </ul>	<p><b>In October 2019, there were five Capex/Opex contracts, over \$100,000, approved by the CE in accordance with the delegated authority provided to the Chief Executive by the Board.</b></p> <ul style="list-style-type: none"> <li>• Supply of Lab Consumables and Instruments (Bio-Strategy Limited)</li> <li>• WDC Condition Assessment Stage 2 (Jacobs New Zealand Limited)</li> <li>• Greenhithe Bridge Watermain Duplication Site Supervision (Aecom New Zealand Limited)</li> <li>• Helensville WWTP Tidal Pond Upgrade (Fulton Hogan Limited)</li> <li>• Mangere Clarifier #3 Rebuild (McConnell Dowell Constructors Limited)</li> </ul>	<p><b>In October 2019, there were two capex approvals totaling \$3.462m 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.</b></p> <ul style="list-style-type: none"> <li>• Delta V Upgrades - \$362,400</li> <li>• DTMAN Electrical Reticulation Upgrade Project - \$3,100,000</li> </ul>
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## Appendix A

# GOVERNING BODY






6.2

# Board - Public Session - Directors' Corporate Governance Items

Board Planner 2019 / 2020

	November	December	January	February	March	April	May	June	July	August	September	October	November	December	
Meetings	Board	26-Nov	17 Dec (Teleconference)	28-Jan 11am-3pm	20-Feb 8.30am-12.30pm	No Board Meeting - CI induction and tour on 26 March 2020	28-Apr 8.30am-12.30pm	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			28-Jan 8-10am				25-May 1pm-3.30pm		27-July 1pm-3.30pm	24-Aug 10am-12.30pm		27 Oct 1.30pm-4pm		
	Te Tangata Komiti			29 Jan (8.30-10.30)			29-Apr 10-12am			29 July 8.30-10.30am	24 Aug 1-3pm			26 Nov 8.30-10.30am	
	AMP & Major Capex Committee	13 Nov 9.30am-12pm				6/03/2019 (9.30-12pm)	23/04/2019 (9.30-12pm)			28/07/2019 (after board meeting)				19/11/2019 (9.30-12pm)	
	STP Committee		TBC			TBC: Final close out meeting									
	Committee for Climate Action					TBC		TBC			TBC				
Events	Community and Stakeholder Relationships			Congratulate 2019 Award Winners (After board meeting)	TBC: Meet the Diversity & Inclusion Committee	Govering Body Workshop TBC	TBC: Joint meeting with Wellington Water	TBC: Meeting with the WDC Waters Governance Board		Action 2030 Symposium TBC	Govering Body Workshop TBC				
Governance	Charter reviews			PRAC charter	AMCC Terms of Reference			A&R Charter	Corporate Governance charter						
	Policy reviews	Fraud Policy					Good Employer Policy	Sensitive Expenditure Policy IGCs	Health, Safety & Wellness	Risk Management Policy (2021)					
	Risk report due to Council			Risk report (due to council 31 Jan)			Risk report (due to council 1 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			Report to Board			Report to Board		
	Compliance			Statutory compliance			Statutory compliance			Statutory compliance			Statutory compliance		
	H&S Quarterly report			Oct-Dec 19 Report			Jan-Mar 20 Report			Apr-Jun 20 Report			Jul-Sept 20 Report		
	Shareholder interaction	Q1 briefing to CCO Oversight Committee 11 December		Q2 quarterly report due on 24 February (to be approved by Board at January meeting)		Q2 briefing to COO Oversight Committee TBC	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	Puketutu Site visit after Board meeting				CI Induction and site visit to CI sites	Site Visit		Site Visit		Site Visit		Site Visit			
Board Training	Board training & development	H&S Board Update & Personal Safety & Security		Board evaluation check- in	Climate Change and Director Duties	Board evaluation check-in	Compliance training	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: Future water sources for a Growing Auckland	Strategy Day: 28 February Board Deep Dive: Price of Water		Deep Dive: Council Debt Ceiling/Risk Mitigation	Strategy Update:TBA		Deep Dive: TBA		Strategy Update:TBA		Deep Dive: TBA	
Business planning	Key finance and business decisions		Auckland Council Draft Annual Plan - approve Watercare input	Approve half year accounts Draft Auckland Council Annual Plan - approve Watercare input	a) approve financials for Draft SOI including projected 20/21 price increases, b) approve long term financials for Auckland Council modelling AMP (Final)	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		2020/21 Letter of Expectation to be received	Draft 2020-2023 SOI for Board's review	Approval of Draft 2020-2023 SOI			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
			<b>E McBride</b> Governance Manager	<b>R Fisher</b> Company Secretary	<b>R Jaduram</b> Chief Executive
Intellectual capital	People and culture	Community and stakeholder relationships	Financial capital & resources	Natural environment	Assets and Infrastructure
					

7.2

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



Report to the Board of Watercare Services Limited  
Prepared for the 26 November 2019 Board meeting

## Directors' appointment terms and committee memberships

7.3

Purpose			Team		
Information	Discussion	Approval	Prepared	Recommended	Submitted
			<b>E McBride</b> Governance Manager	<b>R Fisher</b> Company Secretary	<b>R Jaduram</b> 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 2021
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 2021
David Thomas	1 November 2014	31 October 2020
Frances Valintine	1 November 2019	31 October 2021



**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)	Committee Chair			✓	
Dave Chambers		Committee Chair			
Nicola Crauford			✓	Committee Chair	✓
Brendon Green	✓		Committee Chair		Committee Chair
Hinerangi Raumati-Tu'ua	✓				
David Thomas	✓	✓			
Frances Valintine			✓	✓	✓

*\*Board Chair attends in ex-officio capacity*

