

WATERCARE SERVICES LIMITED

AGENDA	BOARD MEETING	Tuesday 28 January 2020
Venue	Watercare Services Limited, Level 3, 73 Remuera Road, Newmarket	
Time	11.30am	

Open Public Meeting

Item	Spokesperson	Action sought at governance meeting	Supporting Material
1 Apologies	Chair	Record apologies	
2 Minutes of Meeting	Chair	Approve Board Meeting Minutes 26 November 2019	Board Minutes 26 November 2019
3 Disclosure of Directors' Interests	Chair	For noting	Report
4 For discussion			
4.1 Safety Moment	All	For sharing	Nil
4.2 Chief Executive's Report	Raveen Jaduram	For discussion	Report
4.3 Board Committee Updates	Committee Chairs	For discussion	Nil
5 For information			
5.1 Board training: Climate Change duties of Directors	Mark Baker-Jones	For information	Nil
6 Directors' Corporate Governance Items			
6.1 Board Planner	Chair	For noting	Report
6.2 Disclosure of Senior Executives' Interests	Chair	For noting	Report
6.3 Directors' Appointment Terms and Committee Memberships	Chair	For noting	Report
7 General Business	Chair	For discussion	Nil
Date of next meeting	Thursday 20 February 2020		
Venue	Newmarket		

MINUTES

DRAFT

SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Watercare Services Limited, 73 Remuera Road, Remuera, Auckland
DATE	26 November 2019
TIME	9.00am
STATUS	Public Session

	<p>Present: Margaret Devlin (Chair) Nicki Crauford Brendon Green David Thomas Dave Chambers Frances Valentine</p> <p>Board intern Colin Magee (from start until 9.15am)</p>	<p>In Attendance: Raveen Jaduram (CE) Marlon Bridge Emma McBride Steve Webster Rob Fisher Amanda Singleton Rebecca Chenery Jason Glennon Peter Rogers David White James Davies (from start until end of item 6.1 (8.40am)) Bronwyn Struthers (from start until 9.25am) Chris Thurston (for item 4.1 only) Emma Baker (for item 4.1 only) David Hawkins (from 9.35am to end of meeting)</p>	<p>Members of the Public:</p> <p>Dr Grant Hewison Raksha Tiwari Hutham Barakat, all for item 4.1 only</p>
1.	<p>Apologies</p> <p>Apologies were received from Julia Hoare and Hinerangi Raumati-Tu'ua. Prior to the meeting, both directors provided the Chair with feedback on the papers.</p> <p>Apologies were also received from Shane Morgan (Chief Operations Officer) and Shayne Cunis (Executive Director Central Interceptor).</p> <p>David Hawkins (Chief Corporate Affairs Officer) sent his apologies for arriving late to the meeting.</p>		
2.	<p>Minutes of Previous Meetings</p> <p>The Board resolved that the minutes of the public section of the Board meeting held on 30 October 2019 be confirmed as true and correct.</p>		
3.	<p>Review Disclosure of Directors' Interests</p> <ul style="list-style-type: none"> Nicki Crauford will be a director of CentrePort Limited Group from 8 December 2019. <p>The report was noted.</p>		
5.	<p>The Board then dealt with items 5.1 and 6.1.</p> <p>For Approval</p> <p>5.1 Fraud and Corruption Policy James Davies, Head of Internal Audit, spoke to the paper.</p>		

- The Fraud and Corruption Policy has been refreshed and has been reviewed and recommended for approval by the Audit and Risk Committee.
- Once approved by the Board, fraud and corruption awareness training will be provided to staff via an online module.
- The Board requested four minor additions to the Policy prior to approval, namely:
 - page 17 of Boardbooks– stress that the Whistle-blower service is both independent and confidential
 - page 19 – All suspected fraud should be reported to the Head of Internal Audit or the Whistle-blower service.
 - page 20 –The Board is to be advised if a staff member is terminated for fraud
 - page 21 – If there is a material breach of the Policy, the shareholder should be advised by the Chair on a no-surprises basis.

The Board resolved to **approve** the policy, subject to the minor changes being made.

James Davies departed the meeting at this point (9.40am).

For Discussion

6.1 Safety Moment

Bronwyn Struthers, Head of Health, Safety & Wellness (HSW) provided a safety moment.

- Bronwyn recently moved to a new house. Her professional movers included a very large, strong Samoan man. Being so large and strong, he was naturally suited to this type of manual labour. However, after chatting with the man, Bronwyn discovered that his body was starting to suffer as a result of his work. As the man had a young family to care for, he was starting to think about how he needed to take better care of his body and even consider a different job as he gets older.
- This story is applicable for many of Watercare’s manual workers.

The Board then returned to item 4.

Chris Thurston, Head of Sustainability, Emma Baker, Watercare university student intern, and three members of the public, Dr Grant Hewison, Raksha Tiwari and Hutham Barakat joined the meeting.

For Information

4.1 Public Deputations

Dr Grant Hewison (Waitemata Low Carbon Network), and Raksha Tiwari and Hutham Barakat (both of the Equal Justice Project) were welcomed to the meeting by the Chair.

- Our three guests were unable to attend the October 2019 public Board meeting due to exam commitments.
- The groups provided a joint written submission addressing Watercare’s performance under the SOI (included in the Board papers). The groups have now also had an opportunity to review the Committee for Climate Action Terms of Reference.
- The groups regularly attend and present at CCO meetings. Later today, they are attending the Auckland Transport (AT) Board meeting where they will be encouraging AT to follow Watercare’s lead and form a Committee for Climate Action.
- Dr Grant Hewison introduced the public deputation by noting the following:
 - Watercare is “light years ahead of the other CCOs”. However, this makes sense as security of water supply in a changing climate is at the heart of our business.
 - Since they last presented to the Watercare Board in May 2019, Auckland Council has declared a climate emergency. Council is now working through what this means in practice. The bushfires

	<p>in Australia are evidence that the climate crisis is already underway and something we need to deal with now.</p> <ul style="list-style-type: none"> ○ Auckland recently faced a potential water supply crisis recently after a long, hot, dry summer. Thankfully it rained in late winter and Auckland's water supply situation has improved significantly. That said, if there were a few more months of dry weather, then Watercare and Auckland would have faced a crisis heading into summer. <p>– Raksha Tiwari and Hutham Barakat then addressed the meeting.</p> <ul style="list-style-type: none"> ○ They urged Watercare to be more diligent in their reporting of carbon emissions. ○ They noted that Watercare uses a 1990 baseline for carbon emissions for the company. While a reader with a scientific background may be able to understand the derivation of this figure, the average member of the community would not. Further information regarding this baseline should therefore be provided in future reports where this baseline is used. ○ Watercare's SOI notes that Watercare is going to adopt internal climate change targets. This is an innovative step and Watercare taking a leadership position in the Council family. <p>– Dr Grant Hewison recommended Watercare consider issuing a separate report, detailing our climate action measures. The Annual Report could be used for reporting success stories from Watercare, our suppliers and contractors.</p> <p>– In relation to the Committee for Climate Action Terms of Reference, the groups consider this to be very forward thinking and were especially pleased to see that a rangatahi/youth member was to be appointed to the Committee. The Equal Justice Project would be keen to participate if possible. In the meantime, the groups look forward to learning more about the age, skills, demographic and responsibilities of the rangatahi members and how it will work in practice. The group also encouraged Watercare to ensure the rangatahi members undergo sufficient training and induction. Other questions raised in relation to the Committee included whether the meetings would be open or closed to the public, and likewise, whether the papers and minutes would be made public.</p> <p>The Chair thanked our guests for attending the meeting and their engagement with Watercare on these issues, including their suggestions for the Committee.</p> <p><i>Chris Thurston, Emma Baker, Dr Grant Hewison, Raksha Tiwari and Hutham Barakat departed the meeting at this point.</i></p>
6.	<p>6.2 Chief Executive's Report</p> <p>The report was taken as read. The Executive team responded to questions from the Board.</p> <p><i>Health, Safety & Wellness (pages 26-30 Boardbooks)</i></p> <p>Amanda Singleton, Chief Customer Officer, discussed the first three injuries which occurred in the MSN team.</p> <ul style="list-style-type: none"> - MSN workers have suffered a series of back injuries resulting from manual handling. - Amanda Singleton is attending the H&S meetings at MSN and the HSW team is continuing refresher courses around correct manual handling procedures. We are also looking at ways workers can move heavy items in ways that protect their backs. - The Board queried whether our older workers can shift into other roles that do not involve as much heavy lifting. Bronwyn Struthers, Head of HSW advised that of the five manual handling back injuries that have occurred recently, most involved younger workers, under 40 years of age. That said, HSW and Management are conscious that older workers may need additional support to move into less physical roles. <p>Steve Webster, Chief Infrastructure Officer discussed the contractor injuries.</p>

- The incident involving the Geotech rolls was the most serious incident of the month (page 28 of Boardbooks). The driver got out of his cab to help steady the rolls of Geotech on the back of the truck. Whilst doing so, he fell backwards off the truck and broke his wrist. He also suffered ligament damage to his knee. A 350kg roll of Geotech also fell off the truck and so the damage could have been much worse.
- The worker is currently recovering at home.
- The driver should never have gone onto the back of the truck as he was not inducted to work on the site. He was only there to drive the truck and should have been either in his cab or in the exclusion zone for drivers. Additionally, the observer should have stopped the driver going onto the truck to assist with the unloading of the Geotech.
- Once the injury happened, the work site was shut-down immediately. A full investigation commenced, toolbox meetings were held with our workers and contractors to ensure the site was re-set before reopening.
- The Board queried whether workers suffer any disciplinary action for not following standard operating procedures. Steve Webster confirmed that this does occur, but any such action needs to be balanced with ensuring the culture on our sites and with our contractors and sub-contractors remains positive.

Colin Magee departed the meeting at this point (9.15am).

Roadshows and expo (Page 46 of Boardbooks)

Raveen Jaduram, CE, discussed the recent half-yearly roadshows he attended around our sites, including the new Waikato office. The theme of the roadshows was “Becoming Future Fit”.

- Senior managers engaged with staff at of our sites, receiving questions and direct feedback from our people.
- Encouragingly, our people are now comfortable asking the CE and Chiefs questions more than they were a few years ago.
- The CEs presentations to our people at the roadshows include a HSW element, reminding our people that they have the power to say no to any task they consider unsafe, and that they are also empowered to be part of safer solution.

Bronwyn Struthers departed the meeting at this point (9.35am).

Sky City Fire (Page 39 of Boardbooks)

- Following last month’s fire, we have charged Sky City wastewater charges for the wastewater pumped from the basement of the construction site, which was then processed at our Māngere wastewater treatment plant. We are unable to charge for the water used for firefighting.
- For the rest of FY20, our non-revenue water SOI measure will be “normalised” so that the drinking water used for firefighting is not referred to every month.
- Brendon Green reported that he has recently returned from the ASPIRE (Asia Pacific) water conference in Hong Kong. At the conference, utilities discussed non-revenue water loss in detail. Tokyo and Singapore’s non-revenue loss is around 5%, Taiwan around 15%, but other cities were around 30% to 50%. Cities such as Tokyo and Singapore are achieving very low levels of loss using systematic measurements across their networks. The work Watercare has underway, setting up multiple DMA (District Metered Areas), is a step in the right direction.

New billing platform (page 51 of Boardbooks)

- Rebecca Chenery, Chief Digital Officer and Amanda Singleton, Chief Customer Officer, updated the Board on the implementation of the new billing platform for 460,000 Watercare customers.




	<ul style="list-style-type: none"> - The “cutover” was delayed by one week. However, this was the correct decision as the additional week allowed our people to be completely ready for the cutover and it subsequently went very smoothly. Only minor glitches arose over the weekend. - Yesterday, we did a billing run of 10,000 invoices and there were only 14 exceptions, which is a normal result. - The Board congratulated the team on a tremendous effort and a job well done. <p>Public tours of the Hūnua Dams (page 45 of Boardbooks)</p> <ul style="list-style-type: none"> - The Board commended our people for the recent public tours of the Hūnua Dams. - Dave Chambers reported that both he and Frances recently attended the Auckland Council new director induction session. At the session Council officers were very complimentary of the way Watercare opened its sites to members of the public as this helps to build trust with our communities. <p>6.3 Board Committee Updates</p> <p>AMP & Major Capex Committee (Chaired by Nicki Crauford)</p> <p>Nicki Crauford provided the Board with an update on the most recent AMCC meeting on 13 November 2019.</p> <ul style="list-style-type: none"> - The Committee had a detailed discussion about the AMP and received the usual major project update reports (the format of which is being updated and improved). The AMCC also received a progress update report on the Enterprise Model framework. - Following the meeting, several Committee members visited the Hūnua 4 work site in Newmarket. This stage of the project will cost under \$100m, so is not on the AMCC work plan. However, the overall project (comprising 11 stages) is a major project that will have taken 8 years when completed. The overall project is a 31km water pipeline from Redoubt Rd Manukau to Khyber Pass. The Manukau Road to Khyber Pass stage is the last of the 11 stages. <p>STP Committee (Chaired by Brendon Green)</p> <p>The next STP Committee will be held on Monday, 16 December 2019.</p> <p>Te Tangata Komiti (Chaired by Dave Chambers)</p> <p>Dave Chambers updated the Board on the most recent meeting on 30 October 2019.</p> <ul style="list-style-type: none"> - The Committee changed its name to Te Tangata Komiti (The People Committee). - The Committee is reviewing the forward work plan and has requested further updates from Management on efforts to increase diversity and inclusion and measure the culture of the organisation. <p>Audit and Risk Committee (Chaired by Julia Hoare)</p> <p>The next ARC Meeting is on 28 January 2020.</p>
7.	<p>Directors’ Corporate Governance Items</p> <p>7.1 Board Planner</p> <ul style="list-style-type: none"> – The Chair, CE and CFO will attend the first meeting of the CCO Oversight Committee at Council on 12 December 2019.

	<p>The report was noted.</p> <p><i>David Hawkins joined the meeting at 9.35am.</i></p> <p>7.2 Disclosure of Senior Executive's Interests</p> <ul style="list-style-type: none"> - Raveen Jaduram, CE, has been appointed to the Board of the Water Services Association of Australia (WSAA). <p>The report was noted.</p> <p>7.3 Directors' Appointment Terms and Committee Memberships</p> <ul style="list-style-type: none"> - The STP Committee will be disestablished in early 2020. - All STP Committee members will become members of the newly formed Committee for Climate Action. Brendon Green will be Committee Chair. - The Chair also advised that Auckland Council had agreed to extend Colin Magee's term for a further 6 months. The Chair will be working with Auckland Council on the Board Intern Programme. <p>The report was noted.</p>
8.	<p>General Business</p> <p>There was no general business.</p>
	<p>The meeting closed at 9.40am.</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

Margaret Devlin
Chair

Disclosure of Directors' interests

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

1. Purpose and context

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

2. The details

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

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

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

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



Report to the Board of Watercare Services Limited

Prepared for the 28 January 2020 Board meeting



Chief Executive's report for December 2019

HIGHLIGHTS AND LOWLIGHTS

1. Health, Safety & Wellness (HSW)

- There were two Lost Time Injuries (LTI) involving Watercare employees in December 2019.
- There were no injuries involving a contractor in December 2019.
- The rolling 12-month Lost Time Injury Frequency Rate (LTIFR) for employees is 9.02 per million hours, exceeding our target of ≤ 5 .
- The rolling 12-month Total Recordable Injury Frequency Rate (TRIFR) for employees is 15.23 per million hours, remaining below our target of ≤ 20 .
- **Māngere Galley Accessways – Risk Review:** the risks associated with access and work in the underground galleries at Māngere is underway.
- **WorkSafe engagement:** WorkSafe is producing a video for workers to view during the CI induction process.

2. SOI measures

- We measure 13 of our 16 SOI targets monthly. All of these measures are meeting their targets. The three other SOI targets, real water loss, non-revenue water and gross per capita consumption measures will be reported in February 2020, as the consumption data needs to be finalised and checked in our new billing and customer system, IPS. The NPS score also could not be measured for December 2019 as the new IPS system also affected the voice of the customer survey process. The 12 month rolling average remains the same as last month.

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.
- **Award winners:** In the 2019, Watercare projects and people were recognised at a number of awards. These award winners are listed in the report and will be acknowledged at the January 2020 Board meeting with a celebratory morning tea.

4. Customer service:

- **E-billing:** Customers receiving e-bills instead of posted invoices rose 3.1% in December 2019 to 56.9%. The rise in e-bill adoption followed a campaign we ran from September-November encouraging customers to sign up to My Account and receive their bills by email.
- **Complaints:** Complaint levels remain stable and within our service level agreement at 96.3%. With changes to IPS we need to re-train and streamline consistent capture and closure of complaints which is underway.
- **Customer satisfaction:** This score cannot be reported for December 2019 due to IPS cut over. It has impacted the VoC survey process.

5. Community and stakeholder relationships:

- **New Zealand Productivity Commission – Local Government Funding and Financing:** This findings report was released in December 2019. Government will respond in 2020.
- **Infrastructure Funding and Financing Bill:** This Bill introduces a tool will help councils fund and finance infrastructure so that housing developments happen earlier than planned, without putting pressure on council balance sheets.
- **Water Services Regulator Bill:** This bill establishes a new crown agent and Water Services Regulator, Taumata Arowai. Watercare will be making submission on the Bill.
- **Māori engagement:** Over December 2019, there was a continued focus on the Central Interceptor project and then Enterprise Model and involving mana whenua in these projects and working on Māori outcomes in Tāmaki Makaurau.
- **Local Board engagement:** Notice of local issues and responses to escalations continue to be shared and resolved in the interests of no surprises.
- **Waikato District Council (WDC):** In December 2019, Watercare achieved all of its KPIs and there were no signification operational or customer issues.
- **Communications snapshot:** A snapshot of external media, internal, customer and stakeholder communications is included in this report.

6. Natural Environment

- **Water outlook for January 2020:** Total system storage decreased through December 2019 from 86.8% to finish the month at 82.6%. Rainfall in the Waitakere Ranges was above normal, but rainfall in the Hūnua Ranges was 68% of the historical average. Dam levels the week beginning 20 January 2020 were 77.79%, against a historical average of 85.78%. We are continuing optimised abstractions from Waikato and Onehunga to reduce abstraction pressures on the storage lakes. Total water treatment plant production was 5.2% above budgeted volumes for December, and 4.5% above budget for the financial year to date.

- **Resource Management Act Consent Compliance:**
 - Watercare currently holds 493 consents across Auckland and Waikato. Of these, 202 relate to water takes or discharges to water, air, or land. Water takes and discharges are the activities most likely to have non-compliances.
 - In December 2019, 14 of our 202 active discharge and take consents across Auckland and Waikato were technically non-compliant; twelve under Auckland Council and two under Waikato Regional Council. Two non-compliances were Category 3 (both in Auckland). One non-compliance is Category 4 (an ongoing water quality issue at a compliance point - Helensville). There was a single environmental incident, which breached Section 15 of the Resource Management Act. This incident was due to a broken wastewater pipe in Warkworth. Effects were limited and short-term.
- **Various consultation documents:** Discussion documents and reports have been released on sea level rise, the Emissions Trading Scheme and Accelerating Renewal Energy and Energy Efficiency.
- **Australian bush fire implications for water operators and how Watercare manages fire prevention in our operating areas:** Watercare operations are monitoring the bushfire situation in Australia and have offered support via WSAA. We have also commenced a review of Watercare's bush fire mitigation and management practices.

FUTURE OUTLOOK

Top 5 issues for Boards in 2020

The Institute of Directors released its annual "Top 5 Issues for boards". For 2020, the top 5 issues are:

1. Climate action
2. Governing for purpose
3. Data and privacy
4. Reputation and trust
5. Board leadership.

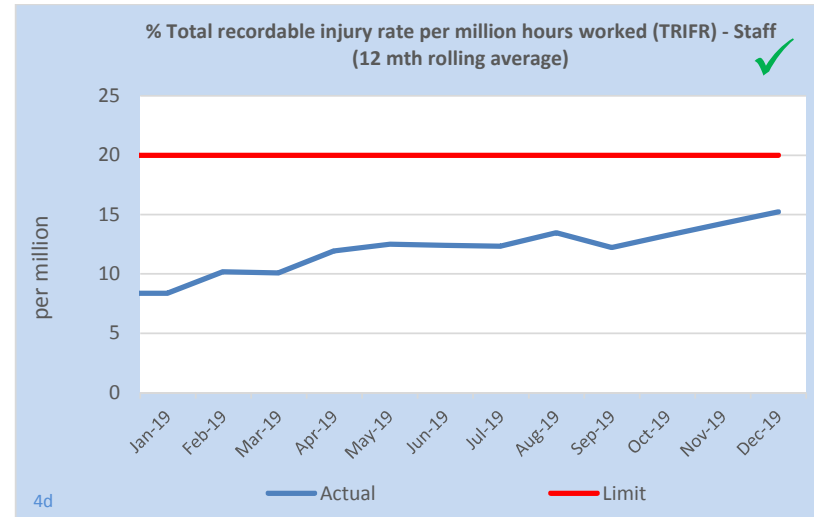
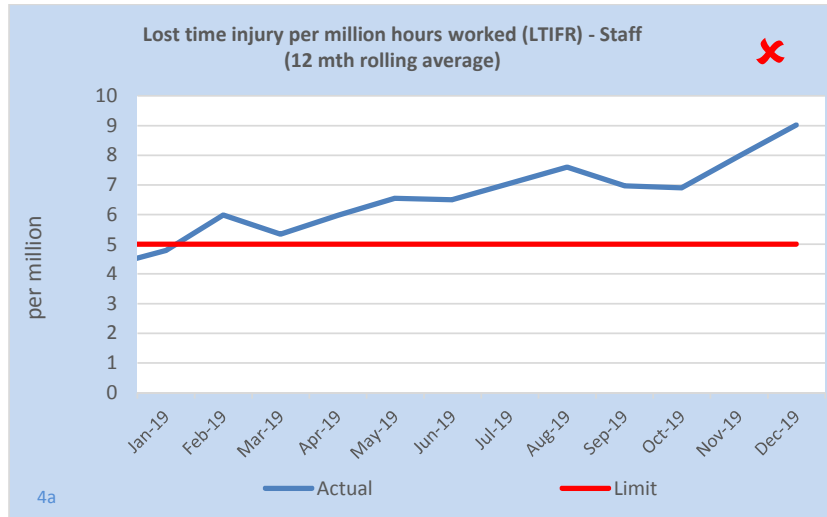
Upcoming Board activity

- Te Tangata Komiti meeting – 29 January 2020
- Committee for Climate Action Meeting – 18 February 2020
- February Board meeting – 20 February 2020
- Celebration at Māngere - the CI's underground stage commencing – 24 February 2020
- Board catch up – 27 February 2020
- Board Strategy Day – 28 February 2020
- Board's health, safety and wellness induction – Central Interceptor Project – 26 March 2020.



Raveen Jaduram
Chief Executive

1. HEALTH, SAFETY & WELLNESS UPDATE



Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
Watercare Lost Time Injury Ardmore WTP 6530 19/12/19	No – Manual Handling Four weeks off work	A worker complained of soreness in his lower back. He went to the doctor and was deemed unfit for work for four weeks.		<ul style="list-style-type: none"> The incident is currently under investigation by the P&C team and our injury management provider

Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
Watercare Lost Time Injury MSN 6607 24/12/19	No - Manual Handling Four days off work	A worker strained his lower back while lifting concrete slabs onto the back of a truck. He felt no pain at the time but went to his doctor four days later and was deemed fully unfit for the next four days. The worker did not report the incident. The HSW team became aware of the incident when the medical certificate came through from our Injury Management provider 12 days later.	<ul style="list-style-type: none"> • Early reporting enables early treatment which supports effective recovery and management of injuries • Supervisor monitoring is critical to ensure procedures are followed 	<ul style="list-style-type: none"> • The worker has been questioned about why he did not report the incident at the time • All workers have been reminded of the importance of early reporting and early treatment • The concrete slabs are a two-person lift. The need for appropriate lifting techniques has been reinforced with the worker • Manual handling principles have been reinforced with the wider team
Watercare First Aid Injury Māngere WWTP 6594 23/12/19	Yes – Biological Hazard Follow-up testing required	The worker was using a small metal hook to clear a blockage in the screens building. A hypodermic needle concealed in a bundle of rags, penetrated the worker's glove and pierced his thumb.	<ul style="list-style-type: none"> • The contents of blockages can contain anything and tools must be used to clear material from equipment 	<ul style="list-style-type: none"> • The worker was advised by the Occupational Health Nurse to attend A&E to have the wound investigated • The wound was cleaned, and initial blood-test results are clear. Follow-up blood tests to be conducted in February • More suitable tools have been provided for the task and stab-proof gloves are being identified and sourced

Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
Watercare First Aid Injury Māngere WWTP 6604 23/12/19	Yes – Hazardous chemical exposure No time off work	During a polymer delivery, the transfer hose coupling failed. Despite wearing PPE, two workers had polymer in their eyes. They both experienced soreness in their eyes and first aid treatment was provided. The delivery company had recently changed.	<ul style="list-style-type: none"> Management of change – new workers are not familiar with the nuances of our sites, so we need to coach them until all parties are confident with procedures and equipment 	<ul style="list-style-type: none"> Polymer cleaned up at spill location Watercare operator has closely monitored subsequent deliveries and has provided coaching to delivery drivers Reviewed equipment and applied an engineering control to improve security of the fitting during delivery Both parties are undertaking a review of the delivery SOP to see if any further improvements can be made

SIGNIFICANT INCIDENTS/HAZARDS/CLOSE CALLS

There was one significant incident in December 2019

Worker, type of incident and location	Description of injury/incident	Our learnings	Corrective Action Recommendations
Ponsonby Reservoir 6461	<p>A stainless-steel vent plate fell from the side of the reservoir down to the private car park approximately 5 metres below.</p> <p>Weather was a contributing factor as the winds were high at the time.</p> <p>The plate fell safely to the ground without causing personal harm or damage to property. It appears that the cause of the incident was due to one or more nuts which were holding the plate in place becoming loose.</p>	<ul style="list-style-type: none"> A review of fixtures and fittings is required on the plant maintenance schedule 	<ul style="list-style-type: none"> An inspection of all vent plates was conducted at the time and we are confident no further plates will fall WorkSafe were notified. WorkSafe are confident we investigated promptly and thoroughly and have closed the event Inspection and maintenance of all plates on our reservoirs have been added to the maintenance schedules. A full inspection with a cherry picker will be conducted in February and any required remedial action will be taken at that time

HEALTH, SAFETY & WELLNESS continued...**Risk Review – Māngere Gallery Accessways**

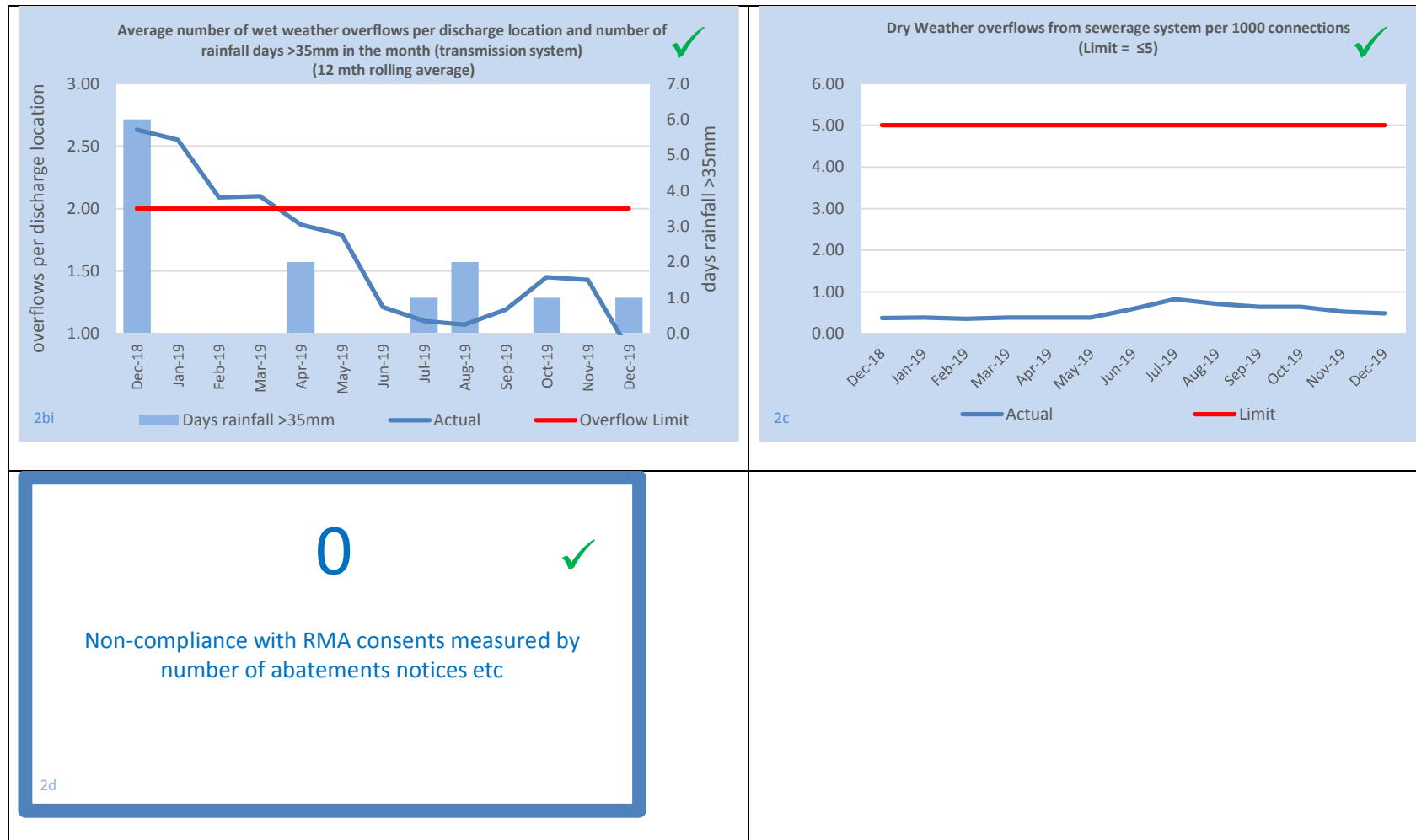
- In response to an issue raised by union members, union representatives, members of the Operations and Maintenance Teams and the HSW Team conducted a review of risks associated with access and work in the underground galleries at Māngere.
- Watercare is confirming controls and compiling recommendations for review and discussion.

WorkSafe Engagement

We continue to develop a positive relationship with WorkSafe, particularly via the Central Interceptor project. WorkSafe suggested they produce a video for the CI Induction so all workers understand the role WorkSafe plays in improving HSW and to demonstrate the collaboration and consultation between all parties.

The first cut of the video will be delivered in January.

2. SOI MEASURES – 2019-2020 - Natural environment



SOI MEASURES – 2019-2020 - Assets and Infrastructure

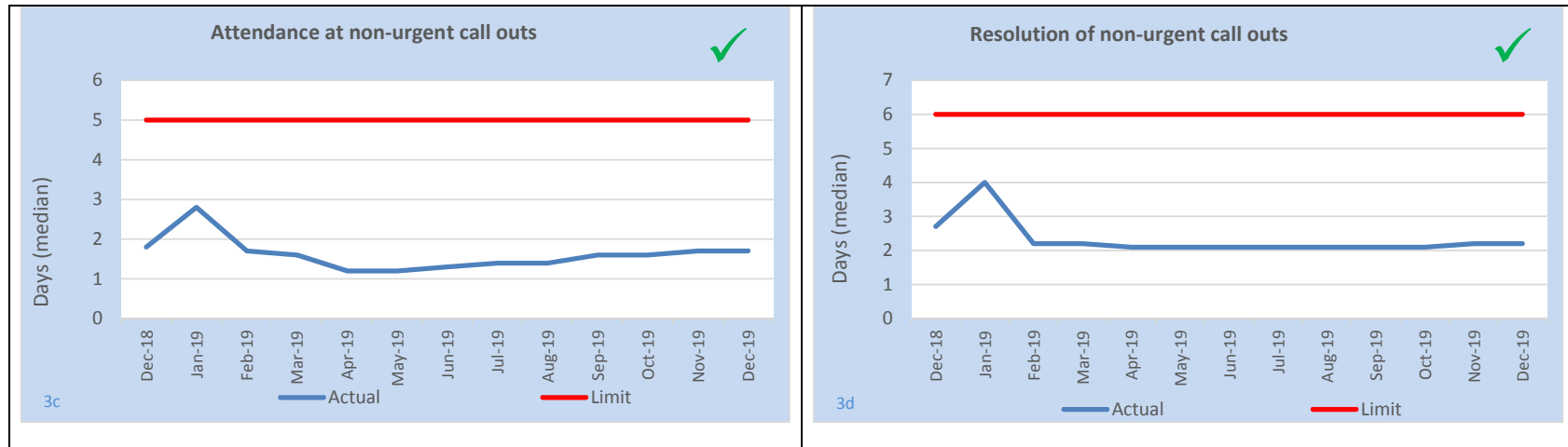


<div>100% ✓</div> <div>Volume of water meeting Aa standard</div> <div>1a</div>	<div>100% ✓</div> <div>Compliance with Part 4 of the Drinking Water Standards (bacterial)</div> <div>1a</div>
<div>100% ✓</div> <div>Compliance with Part 5 of the Drinking Water Standards (protozoal)</div> <div>1b</div>	

SOI MEASURES – 2019-2020- Community and Stakeholder relationships



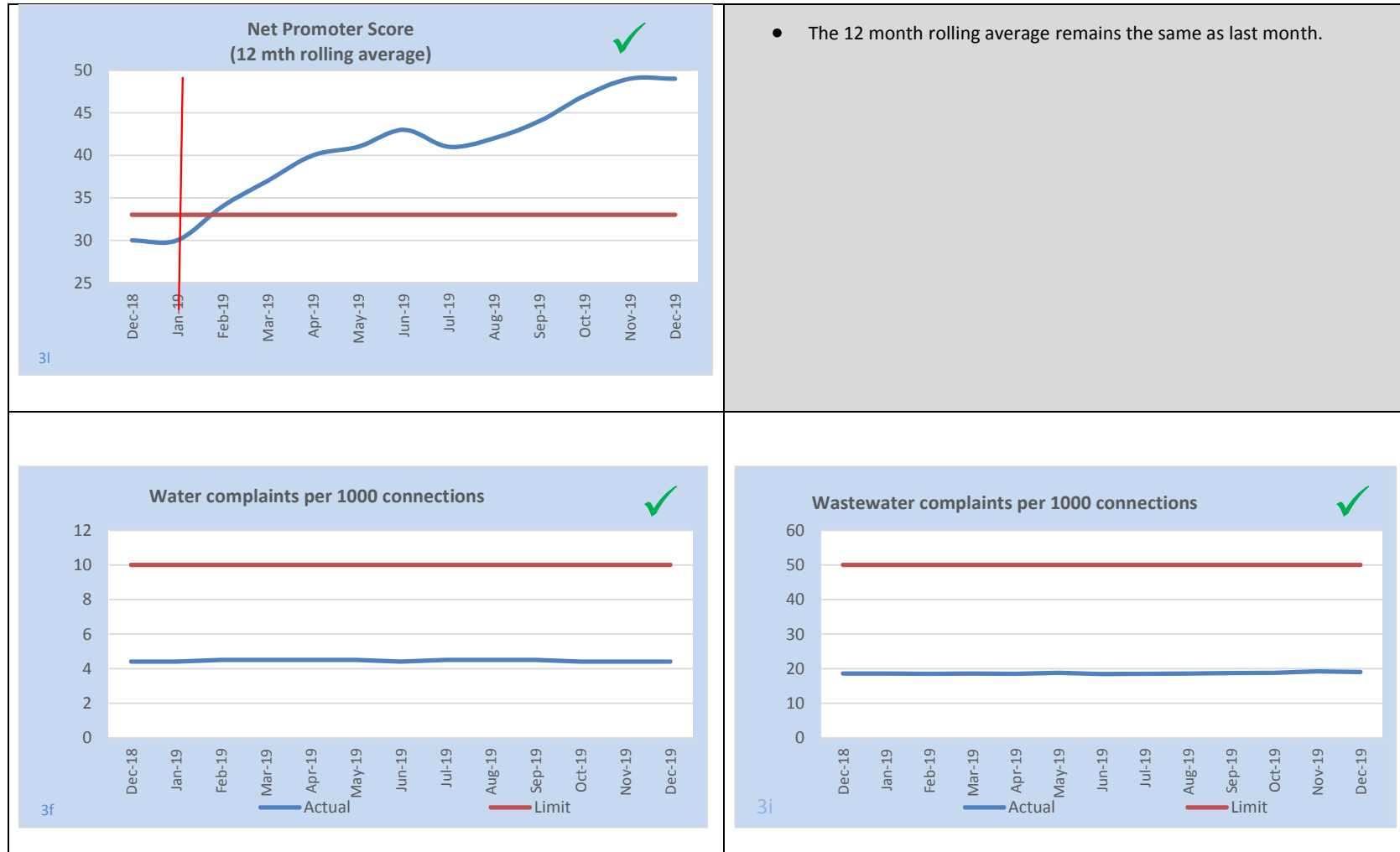
SOI MEASURES – 2019-2020 - Community and Stakeholder relationships



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



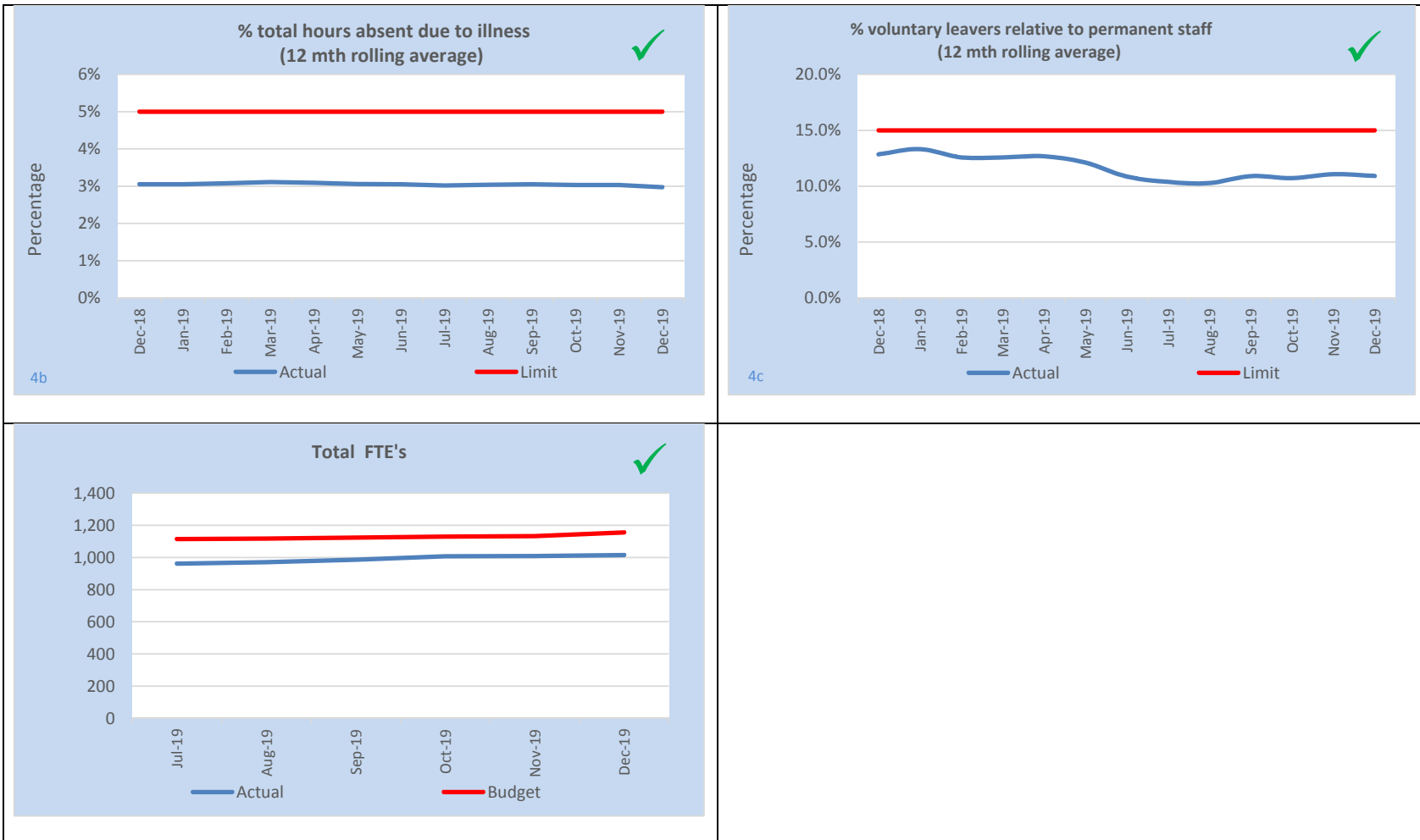
4.2



3. PEOPLE, CAPABILITY AND LEARNING



4.2



PEOPLE, CAPABILITY AND LEARNING continued

AWARD WINNERS – 2019

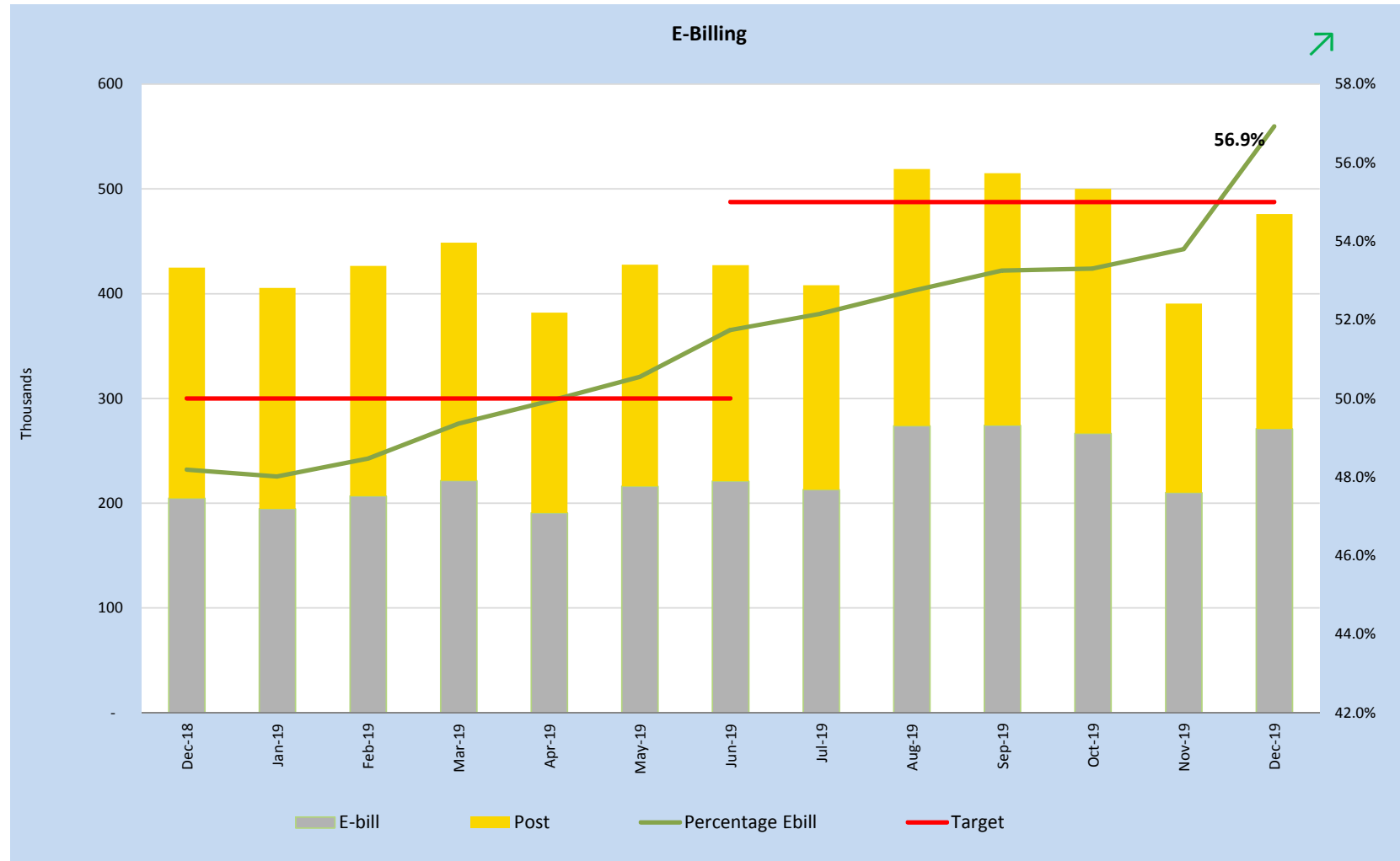
During the 2019 calendar year, our people and projects were recognised at numerous awards. A summary is set out below. These people will be recognised and celebrated at the board meeting on 28 January 2020.

Awards	Details
Water NZ Awards	<p>Stephen Grace, Engineering Manager, CI, co-wrote the winning Hynds Paper of the Year titled “Developing a corrosion Strategy to protect NZ’s largest Wastewater Asset”.</p> <p>Mark Bourne, Head of Servicing and Consents, co-wrote to the Hynds Paper of the Year Runner Up titled “A “How To Guide” for Securing 25 Year Discharge Consents”.</p> <p>The Army Bay Outfall project, which was managed by John McCann, Project Manager and Dirk DuPlessis, Project Manager, won Project of the Year. This is a great achievement for the team and the third year in a row that Watercare has won this award.</p>
New Zealand Trade & Industrial Waters Forum	<p>Annette Hemingway, Trade Waste Compliance Advisor, won the inaugural Bob McWilliams Memorial Award for excellence and passion.</p>
Australasian Reporting Awards.	<p>Watercare’s 2018 Annual Report, won the Best Sustainability Reporting Award (Public and NFP Sector).</p> <p>The report also won its 14th consecutive Gold Award.</p> <p>The team responsible for production of the report includes Rachel Hughes, Communications Manager, Chris Thurston, Head of Sustainability, Julian Stewart, Financial Controller, Dan Keys, Financial Accounting Manager, Andrew Oxnam, Business Performance Analyst, Emma McBride, Head of Governance, Anusha Vishnampet, Communications Advisor.</p>
Sustainable Business Network Awards	<p>Olivia Philpott, Sustainability Advisor CI Project, received a commendation for the ‘Millennial on a mission’ award for her work on climate change mitigation.</p>

Awards	Details
Civil Contractors New Zealand (CCNZ) construction excellence awards 2019	James Eardley , Project Manager, Wynyard Quarter Pump Station project was recognised in the projects under \$5 million category while
	John McCann, Projects Manager, and Dirk DuPlessis, Project Manager , the Army Bay Wastewater Outfall pipe was recognised in the projects between \$20-\$100 million category at in Rotorua.
International No-Dig conference at Florence	John McCann and Dirk DuPlessis , Army Bay Wastewater Upgrades won " International project of the year 2019 "
NO-DIG Down Under conference in Melbourne	John McCann and Dirk DuPlessis , Army Bay Wastewater Upgrades won New Technology of the Year award.
Infor awards 2019	Watercare won the Infor Customer Excellence Award for driving innovation and showcasing exceptional business results. Rebecca Chenery, Chief Digital Officer, and Paul De Quaasteniet, Head of Digital Delivery, headed up the STP programme. Our four value stream leads were Tim Barry, Infrastructure Interface Manager, Jason Pascoe, head of Customer Experience, , Suzanne Naylor, Smart Networks Manager, and Julian Stewart, Financial Controller.
Association of Consulting Engineers New Zealand award	Sven Harlos, Project Manager , Māngere BNR was the ACENZ Gold award winner.
Wasteminz Awards	Rob Tinholt , Resource Recovery Manager, won best written paper award (waste and recycling) at the WasteMINZ awards for this paper titled "The potential value of biosolid in NZ, an industry assessment".

4. CUSTOMER SERVICE

4.2



5. COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE

NEW ZEALAND PRODUCTIVITY COMMISSION - LOCAL GOVERNMENT FUNDING AND FINANCING

On 30 November 2019, the New Zealand Productivity Commission completed its inquiry into local government funding and financing and presented its final report and recommendations to the House of Representatives. Government will respond in 2020.

The Inquiry summarised their findings as follows:

- **Radical reform is not required.** The current rates-based system remains appropriate for New Zealand. International experience offers no clearly superior alternative.
- **But there are areas of significant funding pressure.** These pressures are highly uneven across councils with small, rural councils serving low-income communities under particular pressure.
- **Targeted solutions are needed to tackle these pressures.** Key recommendations include new tools to help councils fund and manage growth, and additional support from central government to help councils adapt to major pressures, such as climate change.
- **Councils need to lift their performance to help manage funding pressures.** This includes making better use of all existing funding tools. Transparency is key, and a number of recommendations are aimed at improving the transparency of local government funding decisions and performance.
- **A better relationship between central and local government is essential.** An agreed protocol would help end the practice of central government imposing responsibilities on local government, without appropriate funding. The Crown should also be paying for council services it receives on its properties and developments.
- **Regional spatial planning will better prepare councils for the future.** It is a key tool for achieving more efficient use of resources, and better coordination between councils, and local and central government.

A graphic summary of the report is set out on the following page.

COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE continued

Local government funding and financing

Final report
New Zealand Productivity Commission, November 2019**Councils currently have a wide range of funding options**

- The scope of local government responsibilities in New Zealand is relatively narrow
- But councils have a high degree of autonomy in choosing what they do and how to fund it
- In more devolved countries, local governments have greater responsibilities but rely more heavily on revenues from central government, which come with conditions on how they are spent
- Any funding must come from either local residents or general taxpayers
- Changes to the funding framework should preserve local autonomy and accountability

Rates growth has been flat at an aggregate level

- At an aggregate level, total real rates per person have grown in line with incomes since the early 1990s
- And council expenditure has been focused on essential infrastructure

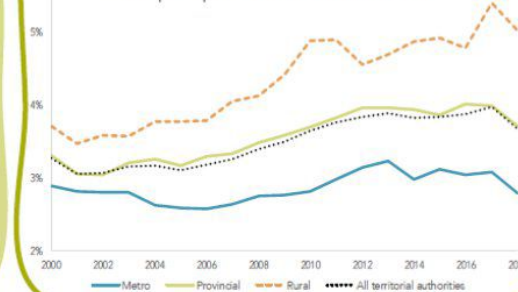
But there are areas of significant funding pressure

1. Adapting to climate change
2. Meeting the demand for growth infrastructure
3. Unfunded mandates
4. Coping with tourism growth

The scale of some of these pressures is significant, and they are highly uneven across councils

Small, rural & low-income councils are under particular pressure

Rates per capita as a % median adult income

**The property rates-based system remains appropriate for NZ**

- Radical reform is not required; and there is no clearly superior alternative to a property-tax-based system, given the modest scope of local government in NZ
- Targeted solutions should be used to tackle funding pressures

Making better use of available tools

- Significant scope exists for councils to make better use of the current funding tools, and improve their performance, productivity and decision making to help relieve funding pressures
- Councils must get better at managing the political economy of setting rates. Better community engagement, improved capability and greater transparency are the keys to this

1. Climate change

- National legal framework for climate change adaptation urgently required, as well as science and guidance
- Central government co-funding for at-risk council infrastructure

**3. Unfunded mandates**

- Crown should pay its way – cover costs of council services to Crown property and pay development contributions on its developments
- “Partners in Regulation” protocol to avoid future unfunded mandates

**2. Growth infrastructure**

- Special Purpose Vehicles
- Volumetric charging for wastewater
- Road-congestion pricing
- Legal clarity around targeted rates for value capture

**4. Tourism**

- Funding gap is small, so new tools unlikely to provide net benefit to councils
- Councils should instead make better use of available tools, incl. rates
- International tourists provide revenue at least equal to their costs, but not directly to councils
- Central government tourism funding for councils is justified but should be better targeted

There are principled reasons why central government should co-fund some of these pressures. The costs of doing so are difficult to estimate, but by far the largest item will be support for council infrastructure at risk from climate change (in the order of \$150m a year over 20 years)

Lifting council performance and transparency

- New regulatory regime for 3 waters sector
- Mandatory Audit & Risk Committees
- Fundamental review of performance reporting regime
- Mandatory performance measures published by a central agency
- Itemised rates bills

Affordability for households

- Rates Rebate Scheme is poorly targeted and unfair – replace it with a national rates postponement scheme or at least shift it to online
- Remove 30% cap on uniform charges

Taxing vacant land?

- Such a tax would suffer definitional problems, have high admin costs and be ineffective in improving the supply of available housing
- Other approaches to improving housing supply would be more effective and are preferable

COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE continued**INFRASTRUCTURE FUNDING AND FINANCING BILL**

On 12 December 2019, Parliament, via Minister Twyford, released the Infrastructure Funding and Financing Bill. Submissions close on 5 March 2020.

- This Bill establishes an alternative funding and financing model (a Tool) to address the challenges of providing infrastructure to support housing and urban development.
- Minister Twyford has said the Tool will help councils fund and finance infrastructure so that some housing developments happen a decade earlier than currently planned, without putting pressure on council balance sheets.
- Water and transport projects, including roads, cycleways and public transport infrastructure, could be funded using the Tool, along with community amenities such as parks and environmental resilience infrastructure such as flood protection. Once built, the assets would transfer to the relevant public body – usually a council. That public body would then be responsible for the ongoing operation and maintenance of the assets.
- Subpart 3 – sets out SPV’s powers relating to construction. These specific powers include powers equivalent to those of local authorities under the Local Government Act 2002 to construct infrastructure on private land (*clause 96*).
- The powers also include the ability to construct, place, and maintain water services infrastructure on roads and public areas and, for that purpose, break up roads and public land (*clause 97*).

Core elements of the Tool include:

- Finance for the infrastructure project (or a bundle of projects) would be raised through a stand-alone entity (a Special Purpose Vehicle or SPV). The SPV would be enabled by legislation to raise finance for the infrastructure project, collect a multi-year levy to repay the finance, and contract for the delivery of the infrastructure.
- To fund the project, the levy would be paid by those who are expected to benefit from the infrastructure project. This levy would be collected by councils via their normal rates collection mechanisms, on behalf of the SPV. Typically, a levy would last between 25 to 50 years. This time frame reflects the life of the infrastructure and helps ensure the costs are spread across the generations that benefit from it. The levy ends once the infrastructure is paid for.
- A Government support package would cover certain tail risks that cannot be managed by either the SPV or local authority.
- All infrastructure assets built using the tool would transfer to the relevant public body, which in most circumstances will be a council.

COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE continued

<p>WATER SERVICES REGULATOR BILL INTRODUCED TO PARLIAMENT</p> <ul style="list-style-type: none"> On 11 December 2019, the Water Services Regulator Bill – Taumata Arowai, was introduced to Parliament by Minister Mahuta. Watercare will be making a submission - submissions close 4 March 2020. This Bill implements the Government’s decision to create a new regulatory body to oversee, administer and enforce a new drinking water regulatory system. It establishes the Water Services Regulator – Taumata Arowai – as a new standalone Crown entity and is part of a broader package of reforms This Bill is largely administrative in nature. The wider reforms to the drinking water regulatory system, including Taumata Arowai detailed functions and enforcement powers, will be provided for in the Water Services Bill, which is expected to be introduced in early 2020. 	<p>POWERS OF THE NEW REGULATOR</p> <p>New Zealand’s new water regulator, Taumata Arowai, will:</p> <ol style="list-style-type: none"> 1. Have an organisational structure that prioritises drinking water regulation and safety 2. Help build and maintain public confidence in drinking water safety 3. Build capability among drinking water suppliers by promoting education and training 4. Ensure that tikanga Māori and Te Mana o te Wai with regard to drinking water will be enabled and supported; and contributes to improved environmental outcomes for fresh water by providing central oversight and guidance relating to wastewater and stormwater networks.
<p>WAIKATO DISTRICT COUNCIL – STATEMENT OF PROPOSAL – WAIKATO 2070</p> <ul style="list-style-type: none"> Waikato District Council (WDC) released its “Statement of Proposal: Waikato 2070 - Draft Growth and Economic Development Strategy” in mid-November 2019. Watercare did not make a submission but is working directly with WDC to provide feedback on the Strategy. 	

COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE continued**MĀORI ENGAGEMENT IN DECEMBER 2019**

- Over December 2019, there was a continued focus on the Central Interceptor project and the Enterprise Model and involving mana whenua in these projects and working on Māori outcomes in Tāmaki Makaurau. The Central Interceptor two day induction programme for new workers on the project includes a cultural induction kaupapa.
- In December, our people attended the Mana whenua Managers Kaitiaki forum hui.
- Our people have also continued to engage with Auckland Council, attending Māori Outcomes Steering Group meetings at Auckland Council led by Tania Winslade GM of Te Waka Anga Whakamua ki Uta Unit.
- Work continued on developing a Te Reo Māori me ōna Tikanga Framework for Watercare Board Members 2020.
- Our people attended a number of hui, including with Ngāti Naho regarding the WDC, Te Waka Angamua staff, wānanga at the Manukau Civic Chambers, new strategic direction for TWA and Māori Outcomes.

LOCAL BOARD ENGAGEMENT

- During January Updates were sent to Hibiscus and Bays, Manurewa and Rodney Local Boards on Local Project works and overflows.
- Local board activity has been limited over January as the Local Board activity does not pick up again until February when workshops and business meetings get underway. Notice of local issues and responses to escalations continue to be shared and resolved in the interests of no surprises.

WAIKATO DISTRICT COUNCIL (WDC) STATUS UPDATE

- December 2019 performance against KPIs were excellent with all KPI's being achieved.
- No significant operational or customer issues were experienced in December.
- Several Key strategic papers were submitted to the Waters Governance Board for the December Meeting and positively received. The Raglan WWTP consenting paper was accepted and an extraordinary meeting of the Council will be held to secure funding for the remaining work required to enable the lodgement of the consent in late 2020.
- The transition plan is being implemented. Work on the AMP has commenced and planning has commenced for the preparation of a Business Plan for the contract.
- Recruitment of key vacancies is progressing. A Commercial Adviser and Treatment Plant operator have been appointed and will commence in January and interviews for a Project Manager and Maintenance Controller are continuing.
- Support is being provided to the WDC team from Watercare Newmarket, as required, both remotely and on the ground.
- The asset condition assessment is continuing with over 50% of Assets now inspected. The work is expected to be completed by late February.

COMMUNICATIONS SNAPSHOT



Enabling engaged communities
and stakeholders

Media

Media highlights for the month include an in-depth, positive feature in Metro Magazine about the beach water quality in Auckland and what Auckland Council and Watercare are doing to address it through the Central Interceptor and the Western Isthmus, another story in Stuff about the overflows at Meola Creek and CI's role in addressing those, coverage on the widespread water restrictions across New Zealand where Watercare's water efficiency campaign is also featured, and coverage on the Mayor's visit to the CI's Māngere worksite on the occasion of the hydrofrase trial.



Enabling safe, happy and
empowered teams

Staff

We continued to promote project and staff milestones and distributed our last electronic internal newsletter, Yoursource, for 2019.



Public

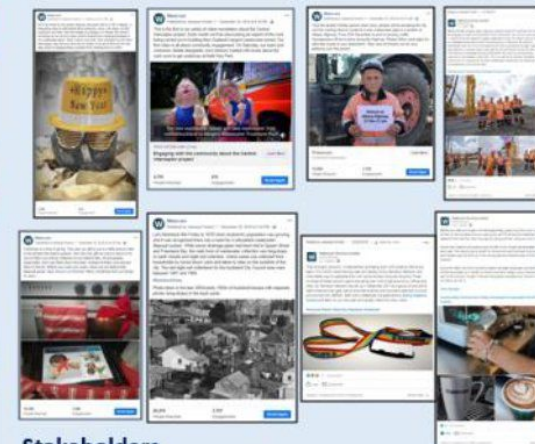
Our free water stations continue to be popular with the public; we have already booked them out for every weekend till April 2020.



Enabling customer trust and value

Customers

We continued to engage with the community and our customers before and during the holidays with informational posts about projects that would impact commuters (Albany), disposing of cooking oils and grease from holiday meals and flashbacks to historical photos of Auckland's water and wastewater infrastructure.



Stakeholders

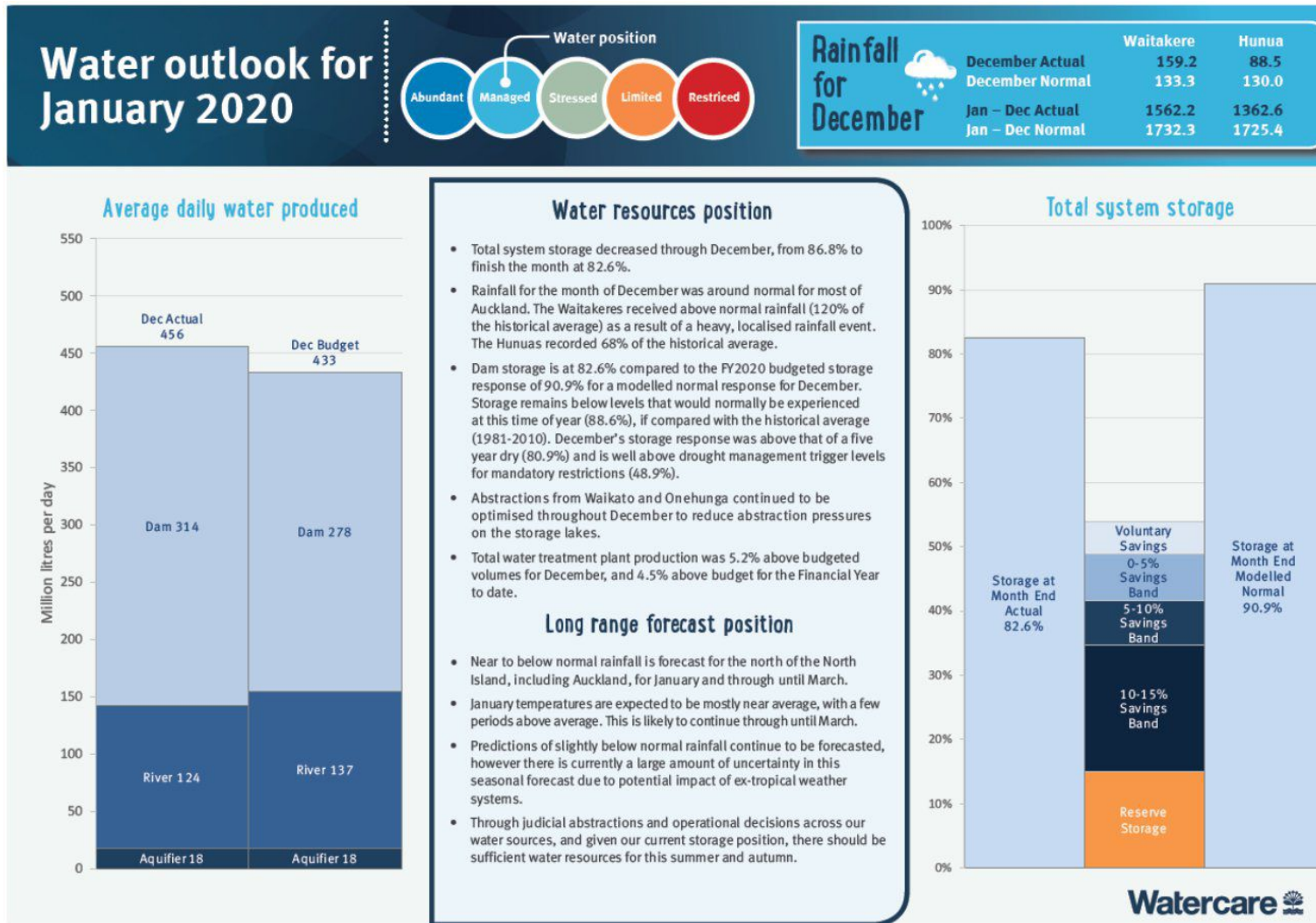
We hosted a community event at Snells Beach for the Snells-Algies Wastewater Upgrade project. About 100 children from the Snells Beach School participated in a naming competition for the project's tunnel boring machine and Piper emerged as the winner.



We hosted the Mayor at the Māngere site for the Central Interceptor project where a new 15-metre high 'hydrofrase' drilling machine was unveiled and began operating.

Watercare

6. NATURAL ENVIRONMENT



RESOURCE MANAGEMENT ACT COMPLIANCE – Auckland Council



December 2019 Summary	Compliance proceedings	Nil	Environmental incidents of significance	1
	Category 4 non-compliant consents held by Watercare	1	Category 3 non-compliant consents held by Watercare	2

A broken pipe in Warkworth caused an Environmental Incident on 10 December 2019. Helensville, which has been self-assessed as a Category 3 non-compliance in previous months, was graded Category 4 by Auckland Council during an inspection in December due to ongoing non-compliances. Since Watercare is currently implementing a solution, no formal sanctions have been issued.

	June	July	Aug	Sep	Oct	Nov
Number of non-compliant consents held by Watercare in Auckland¹	17	7	14	4	5	12
Number of non-compliant category 3 or 4 conditions² <i>Non-compliance where the result will have or has the potential to have an adverse or significant adverse effect on the environment, or where there has been a repeat of a lower score non-compliance.</i> <i>We would typically receive notification or have warning of a category 4 non-compliance well before we prepare this report.</i>	3	2	2	3	2	3
Number of non-compliant category 1 or 2 conditions² <i>Technical non-compliance with no more than minor potential or actual adverse effect to the environment. For example, reports provided after due date.</i>	14	12	14	5	8	8

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

Area	Background and Reason for Non-Compliance	Summary of Current Actions	Current Self-Assessed Council Compliance Rating
WATER TREATMENT			
Huia Village	Long-term issue. Consent has a condition for some recycling of process discharges back to the dam, but this recycling has not been possible given the existing infrastructure at site. Instead, all discharges go direct to Huia Stream, but monitoring shows no adverse environmental effects.	Engineering works to install new pipeline being carried out. Expected completion end of summer 2020.	3 – Ongoing issue (negligible environmental impact)
WASTEWATER TREATMENT			
Helensville	On-going water quality issues at the compliance point. Upgraded to Category 4 after Auckland Council inspection.	Relining of pond and construction of pond cover scheduled to start in January 2020 with completion by May 2020.	4 – Ongoing issue (Auckland Council assessment)
Denehurst	Vegetation on irrigation field has slowly decreased over time. Planting-density no longer meets resource consent requirements, and lack of vegetation likely reducing irrigation field efficacy for passive wastewater treatment.	Revised landscaping and maintenance plan commissioned. Business case based on this plan in development to enable replanting late summer 2020	3 – Auckland Council assessment after inspection; small scale irrigation means effects on groundwater likely less than minor.

Area	Background and Reason for Non-Compliance	Summary of Current Actions	Current Self-Assessed Council Compliance Rating
NETWORK			
Warkworth	10 December 2019 - Loss of up to 30,000 L untreated wastewater to stormwater network from a broken pipe in Warkworth. Breach of Section 15 of the RMA (not a consent matter). Effects on receiving environment (Mahurangi River) limited because discharge went to a blocked stormwater catch pit and so most of the loss was held or flowed back over the roadside away from river. Irrespective, MPI issued short-term closure notice to Mahurangi oyster farmers, as initial estimate was up to 60,000 L (and the blocked catch-up was only discovered during clean-up).	Contractor (Downer) repaired the pipe and cleaned up the spill within 8 hours of the event. Testing of receiving environment for bacterial indicators (E. coli) and norovirus was commissioned to expedite re-opening of oyster farms – all samples collected (over 48 hours) came back negative for noroviruses. Mana whenua parties also alerted – with a formal report to mana whenua on the incident due in January.	ENVIRONMENTAL INCIDENT – Low volumes to receiving environment (so significant dilution). Effects limited to immediately downstream of spill and temporary (duration of spill only). No evidence of long-term or widespread environmental effects.

RESOURCE MANAGEMENT ACT COMPLIANCE - Waikato Regional Council



December 2019 Summary	Compliance proceedings	Nil		Environmental incidents of significance			Nil
	Category 4 non-compliant consents held by Watercare	Nil		Category 3 non-compliant consents held by Watercare			Nil
		June	July	Aug	Sep	Oct	Nov
Number of non-compliant consents held by Watercare in Waikato ¹		2	5	3	3	3	2
Number of non-compliant category 3 conditions² <i>Non-compliance where the result will have or has the potential to have an adverse or significant adverse effect on the environment, or where there has been a repeat of a lower score non-compliance.</i> <i>We would typically receive notification or have warning of a category 4 non-compliance well before we prepare this report.</i>		0	0	0	0	1	0
Number of non-compliant category 1 or 2 conditions² <i>Technical non-compliance with no more than minor potential or actual adverse effect to the environment. For example, reports provided after due date.</i>		1	5	4	3	3	2

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

NATURAL ENVIRONMENT continued

VARIOUS CONSULTATION DOCUMENTS	
In December 2019, several consultation documents and research reports, which Watercare is reviewing.	
<p>DEEP SOUTH CHALLENGE – SEA LEVEL RISE</p> <p>The Deep South Challenge (DSC) is hosted by NIWA and is a research collaboration between various Crown Research Institutes, universities and research providers. Their mission is to enable New Zealanders to adapt, manage risk and thrive in a changing climate.</p> <p>DSC has just released a suite of research papers looking at the broad question of liability for damage caused by sea level rise:</p> <ul style="list-style-type: none"> • Sea-level rise and local government: Policy gaps and opportunities • Adaptation to Sea-Level Rise: Local Government Liability Issues • Case Studies on Insurance and Compensation after Natural Disasters • The extent of EQC liability for damage from sea-level rise • Treaty of Waitangi duties relevant to adaptation to coastal hazards from sea-level rise. 	<p>REFORMING THE NEW ZEALAND EMISSIONS TRADING SCHEME: PROPOSED SETTINGS - CONSULTATION DOCUMENT</p> <ul style="list-style-type: none"> • The Government, via Minister Shaw, released this document proposing to set initial regulations that will allow auctioning to begin under the reformed ETS scheme at the end of 2020 or early 2021. • This is earlier than originally planned. The newly formed Climate Change Commission will then recommend its first emissions budget for the period 2022-25. • Submissions close 28 February 2020. Watercare will contribute to Council's submission to this Bill.
	<p>ACCELERATING RENEWABLE ENERGY AND ENERGY EFFICIENCY - DISCUSSION DOCUMENT</p> <ul style="list-style-type: none"> • The Government, via Minister Shaw, released this document that focuses on two major work streams: <ul style="list-style-type: none"> ○ encouraging energy efficiency and the uptake of renewable fuels in industry; and ○ accelerating renewable electricity generation and infrastructure. • This paper examines a range of barriers and issues and seeks feedback on a range of options to accelerate the use and supply of renewable energy and energy efficiency technologies.

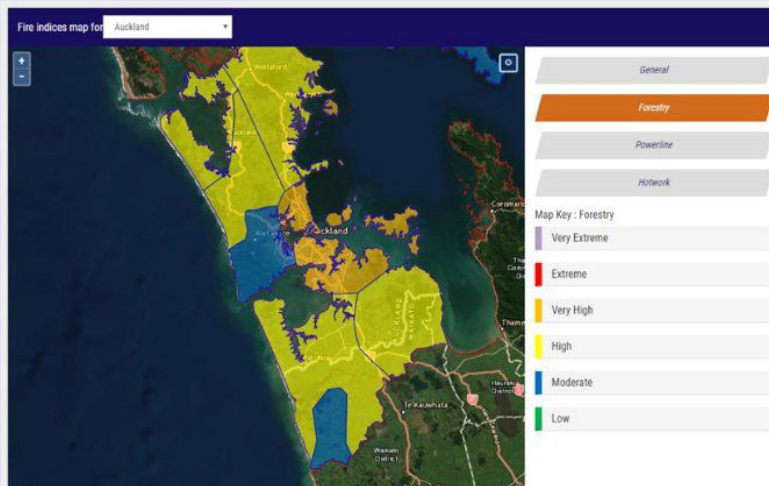
NATURAL ENVIRONMENT continued

AUSTRALIAN BUSH FIRE IMPLICATIONS FOR WATER OPERATORS

- The first of the catastrophic major Australian bush fires began at the beginning of September 2019.
- Several rural water supplies have been destroyed in the fires and the primary Sydney Water catchment has been burnt and is now at risk of sediment contamination with changing weather conditions.
- We have contacted our peer water utilities in NSW and Victoria through our membership in WSAA, and we have offered support of our specialist resources including trades, engineers and water quality scientists. To date, they do not require our assistance.
- Watercare has commenced a review of our own bush fire mitigation and management practices. While there is no immediate threat due to the more resilient nature of New Zealand bush and our climatic conditions that includes greater rainfall, we are considering how these mitigations may evolve in a climate change future. Of immediate interest is to better understand the state-of-the-art for firebreak construction, as we further invest in tree planting in the Hūnua catchments.

Watercare is also considering what a volunteer fire fighting capability might entail.

JANUARY 2020 FIRE RISK OF FORESTS AROUND WATERCARE'S HUIA AND HŪNUA DAMS:



Huia/Waitakere: Moderate

Hūnua Ranges: High to Very High

NATURAL ENVIRONMENT continued

HOW WATERCARE MANAGES FIRE PREVENTION IN OUR OPERATING AREAS

- Fire prevention is a dual responsibility, with both parties responsible for fire prevention within their operating areas
- Fire suppression is the responsibility of the New Zealand Fire and Emergency.
- Watercare meets yearly with the Rural Fire Department and is also regularly corresponds with the service.

Within the Headworks:

- All hot work (i.e. work that causes sparks) is undertaken under Watercare's Control of Work framework and requires authorised persons to approve the work, careful observation during and after the work.
- All power supply infrastructure (power lines, poles and transformers) are inspected regularly to track condition and to look for any damage.
- Vegetation around power lines is inspected yearly and trimmed where necessary to ensure a 2.5m clear radius around the lines.
- Vegetation around power poles is trimmed yearly to ensure a clear 2.5m radius around the base of each pole.
- All roads are maintained and mowed regularly to ensure that there is no long grass on the road edges which vehicle exhausts could ignite.
- Buildings and critical infrastructure are fitted with smoke detection devices.
- All buildings and vehicles are fitted with appropriate fire extinguishers.

Within the Hūnua Forest:

- As per the works done in within the Headworks
- When harvesting of pine forests is undertaken, the contractor monitors and communicates fire danger daily. If the level increases to 'high risk' – hot work is restricted to before 8am and after 6pm only. Any work which could provide a source of ignition is monitored. A fire spotter is appointed.
- Should the fire risk increase further – tasks and machinery are assessed and are potentially restricted to only work during certain hours.
- Complete restriction of access – no public should be entering the plantation pine area within the Hūnua Ranges. This is stated at all potential entry points.
- Ensuring that plants planted in the Hūnua Forest Regeneration Project are deemed 'low flammability' (i.e. New Zealand natives, and not gum trees).
- Maintenance of existing firefighting water supply ponds within the plantation pine area.

7. DELEGATED AUTHORITY OF THE CHIEF EXECUTIVE

<p>In December 2019, Watercare processed two deeds, instruments or document, with the delegated authority provided to the Chief Executive by the Board.</p> <ul style="list-style-type: none"> • A Consent Order in favour of Watercare • An Agreement for Sale and Purchase for Watercare to acquire land. 	<p>In December 2019, there were 11 Capex/Opex contracts, over \$100,000, approved by the CE in accordance with the delegated authority provided to the Chief Executive by the Board.</p> <ul style="list-style-type: none"> • Glendowie Branch Sewer Upgrade - Contractor replacement (TSA Management Limited) • Water for Life Platform (Stage 2: Build, launch & promote) (Fluke Creative Limited) • Herne Bay Separation Project - Private Property Drainage Field Investigations (Galaxie Contractors Limited) • 22kV Capital works at Watercare's Pukekohe WWTP (Counties Power Limited) • Drury South Trunk Sewer Development - WW Servicing Package 2 (Fulton Hogan Limited) • Rosedale Delta V Upgrade FEED (Emerson Process Management New Zealand) • Central Interceptor - Buildmedia Realspace Site Model (Buildmedia Limited) • Consultancy advice for reimagine Māngere Project (NEWhub Corp) • Māngere WWTP Digester Area Electrical Upgrade - Switchboards Supply (Lynn Electrical Company Limited) • Drury South WW Servicing - Package 3C (Dempsey Wood Civil Limited) • Hingaia Wastewater Servicing Scheme (Fulton Hogan Limited) 	<p>In December 2019, there were no capex approvals signed in accordance with the delegated authority provided to the Chief Executive by the Board in relation to Capex approvals below a threshold of \$15m.</p>
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Board - Public Session - Directors' Corporate Governance Items




Board Planner 2020

		January	February	March	April	May	June	July	August	September	October	November	December
Meetings	Board	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			6 Mar (9.30-12pm)	23 Apr (9.30-12pm)			28 Jul (after Board meeting)				19 Nov (9.30-12pm)	
	STP Committee			TBC: Final close out meeting									
Events	Committee for Climate Action		18 Feb (8.30-10.30am)		22 Apr (2.30-5pm)				6 Aug (1.30-3.30pm)		13 Oct (9-11.30am)		
	CCO Oversight Committee meetings			24 Mar (M Devlin)	22 Apr (10-11.30am)	26-May	23-Jun		11 Aug (M Devlin)	22 Sept (possible date for Watercare Board/Council workshop7)	27-Oct	24-Nov	8 Dec (M Devlin)
	Community and Stakeholder Relationships	Congratulate 2019 Award Winners (After Board meeting)	20 February: Board meeting with Wellington Water Board		TBC: Meet the Diversity & Inclusion Committee	TBC: Meeting with the WDC Waters Governance Board			Action 2030 Symposium TBC				
	Charter reviews			AMCC Terms of Reference	Te Tangata Charter	A&R Charter	Corporate Governance charter						
	Policy reviews	Annual review of Board delegations to the CE			Good Employer Policy	Sensitive Expenditure Policy IGCs	Our Commitment to Health, Safety & Wellness	Risk Management Policy (2021)				Fraud & Corruption Policy (2021)	
Governance	Risk report due to Council	Risk report (due to Council 31 Jan)			Risk report (due to Council 31 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		Q2 quarterly report due on 24 February (to be approved by Board at February 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 COO 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
Board Training	Site Visits			CI Induction and site visit to CI sites	Site Visit		Site Visit		Site Visit		Site Visit		
	Board training & development	Climate Change and Director Duties (Mark Baker-Jones)	Board evaluation check-in	No meeting	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	
	Strategic planning & Deep Dives	Deep Dive: The price of water	Board Deep Dive: Alternative water sources Board Strategy Day: 28 February		Deep Dive: Council debt ceiling/risk mitigation		Deep Dive: TBA		Deep Dive: TBA	Strategy Update:TBA		Deep Dive: TBA	
	Key finance and business decisions	Approve half year accounts	a) approve financials for Draft SOI including projected 20/21 price increases, b) approve long term financials for Auckland Council modelling		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	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

6.2

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

1. Purpose and context

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

2. The details

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




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



Report to the Board of Watercare Services Limited
Prepared for the 28 January 2020 Board meeting

Directors' appointment terms and committee memberships

6.3

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

1. Purpose and context

This paper provides an update on:

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

2. The details

Table 1: We have eight directors

Our directors are appointed by Auckland Council

Director	Original appointment date	End of term
Margaret Devlin (Chair)	1 November 2016	31 October 2022
Dave Chambers	1 November 2019	31 October 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*

