

WATERCARE SERVICES LIMITED

AGENDA	BOARD MEETING	Tuesday 28 May 2019
Venue	Watercare Services Limited, Level 3, 73 Remuera Road, Newmarket	
Time	9.30am	

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 30 April 2019	Board Minutes 30 April 2019
3 Disclosure of Directors' Interests	Chair	For noting	Report
4 For approval			
4.1 Shareholder's feedback on Watercare's Draft Statement of Intent - 2019-2022	E McBride	For approval	Report
5 For discussion			
5.1 Safety Moment	All	For sharing	Nil
5.2 Chief Executive's Report	R Jaduram	For discussion	Report
5.3 Board Committee Updates	Committee Chairs	For discussion	Nil
6 For information			
6.1 Water Efficiency Strategy Implementation update	A Singleton	For information	Report and Presentation
6.2 Strategic Business Plan Update	Execs	For information	Presentation
7 Directors' Corporate Governance Items			
7.1 Board Planner	Chair	For noting	Report
7.2 Disclosure of Senior Executives' Interests	Chair	For noting	Report
7.3 Directors' Appointment Terms and Committee Memberships	Chair	For noting	Report
8 General Business	Chair	For discussion	Nil
Date of next meeting	Monday 29 July 2019		
Venue	Watercare, Level 3, 73 Remuera Road, Newmarket		

MINUTES

SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Watercare Services Limited, 73 Remuera Road, Remuera, Auckland
DATE	30 April 2019
TIME	9am
STATUS	Public Session

	<p>Present: J Hoare (Acting Chair) N Crauford B Green C Harland D Thomas (from 10.10am to end of meeting)</p>	<p>In Attendance: R Jaduram (CE) J Glennon D Hawkins E McBride R Chenery S Morgan S Webster R Fisher A Singleton M Bridge P Jones (from start until the beginning of item 4) B Struthers (from start until end of HS&W section in the CE's report (item 4.2) C Tucker (from start until 10am) G Stuart (from 9.55am to end of item 5.2)</p>	<p>Members of the Public:</p> <p>Two members of the public from the Titirangi Protection Group, Megan Fitter and Gina Mitchell.</p> <p>One member of the public from the Waima & Woodlands Residents and Ratepayers Association, Steve Westward</p> <p>One member of the public who is a neighbour to the Huia Water Treatment Plant, Tamara George</p> <p>One member of the public from the Urban Forest Protection Group and Guardians of the Waitakere Ranges, Lisa Prager</p> <p><i>All members of the public attended from the start of the meeting, until the beginning of item 4.</i></p>
1.	<p>Apologies</p> <p>Apologies were received from M Devlin (Chair), and C Magee (Board Intern).</p> <p>D Thomas also provided apologies for the first part of 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 April 2019 be confirmed as true and correct.</p>		
3.	<p>Review Disclosure of Directors' Interests</p> <p>The report was noted.</p> <ul style="list-style-type: none"> - N Crauford has been appointed the Independent Chair of the Joint Governance Board, Chorus and Visionstream UFB Connect. - N Crauford is a Member of the EPA Decision Making Committee, OMV Great South Basin marine discharge consent application. 		
	<p>Additional item: Address from two members of the public regarding the Huia Water Treatment Plant Replacement Project</p>		

Prior to the Board meeting, Megan Fitter, representing the Titirangi Protection Group, and Steven Westward, Chair of the Waima & Woodlands Park Residents and Ratepayers Association (WWPRRA) requested permission to attend the Board meeting to express their respective group's concerns around the Huia Water Treatment replacement plant. Ms Fitter and Mr Westward were supported at the meeting by Gina Mitchell (Co-Chair of the Titirangi Protection Group) and Lisa Prager, who represents the group, Guardians of the Waitakere Ranges.

Ms Tamara George (a Manuka Road resident, who lives next door to the Huia Water Treatment Plant), also attended the meeting to observe.

The members of the public were welcomed to the meeting by the Acting Chair. Ms Prager was advised she was not permitted to video or record the meeting, as she had not obtained prior approval (as required by Watercare's guidelines for public attendance at board meetings, which are available on the Watercare website).

- Mr Westward addressed the Board first, representing WWPRRA. Mr Westward explained that he has both ecological and social concerns regarding the Huia project. He has attended all Community Liaison Group (CLG) meetings and is addressing the Board today as he felt he had exhausted his options with the operational side of the business, and wished to bring his concerns to the Board.
- Mr Westward's ecological concerns included the loss of an ecological corridor, loss of native trees, and damage to streams in the area. The ecological surveys conducted of the area highlighted problems. However, the WWPRRA considers the pest control proposal by Watercare does not effectively mitigate the ecological damage caused to the area. He is also concerned about Kauri Dieback and ensuring the sludge disposed of by Watercare from the new plant does not spread the disease.
- Mr Westward's social concerns included the disruption the construction of the project will have on local residents and neighbours, as well as increased heavy traffic around the area. Mr Westward noted that whilst a Social Impact Survey had been undertaken, the results of the Survey had not been explained to the CLG. He was also disappointed to find out that one of the reservoirs was being relocated via the Local Paper, rather than directly from Watercare.
- Mr Westward noted that there are hurt feelings in the community and they feel ignored by Watercare.
- Ms Fitter then addressed the Board, representing the Titirangi Protection Group (TPG). Ms Fitter lives in Little Muddy Creek and has attended all CLG meetings representing the TPG.
- The TPG joined the CLG but was concerned it was merely a "tick the box" exercise. The TPG is grateful that Watercare funded the CLG to engage their own ecologist (Shona Myers) to review the work of Watercare's independent expert (Boffa Miskell). However, the TPG is disappointed they have not seen the final Assessment of Environmental Effects report.
- Ms Fitter explained her concerns with the replacement project included the risk of spills flowing to the Manukau Harbour, the control of sediment at the top of the hill, the safety of storing chlorine gas at the plant (if this is released, it could settle in the valley below, which could be fatal). Ms Fitter does not consider these risks have been addressed by Watercare.
- Ms Fitter concluded her presentation by advising if the project proceeds, it will be opposed.
- The Acting Chair thanked the members of the public for their submissions.
- **Attached as Appendix A** is a copy of the response subsequently sent to Ms Fitter and Ms Westwood by the Company Secretary.

	<i>All five members of the public then departed the meeting at this point.</i>
4.	<p>For Discussion</p> <p>4.1 Safety Moment</p> <p>This item was not discussed at the meeting.</p> <p>4.2 Chief Executive's Report</p> <p>There was a general discussion regarding the CE's report.</p> <p>Health, Safety and Wellness (HS&W)</p> <p>B Struthers, Head of HS&W updated the Board on a number of injuries and near misses that occurred in March 2019.</p> <ul style="list-style-type: none"> - B Struthers explained that all of our sites have regular safety inspections. The CE's report mentions a small step, which a worker tripped on, twisting his ankle. This is a "trigger risk" that our people should look for during their safety inspections. We have reminded our people to be mindful of these inspections and ensure they are done thoughtfully and effectively. - The Board and B Struthers discussed the incident involving the injured toddler in detail. <ul style="list-style-type: none"> o B Struthers confirmed that the Police and Worksafe have both confirmed that there was no fault on the part of Watercare staff. o St John ambulance, Police and Oranga Tamariki all attended very quickly. The toddler was in hospital overnight. o Police advised Watercare not to reach out to the family. o In the meantime, a neighbour of the family has reached out to Watercare expressing concern for the Watercare workers involved in the accident. o Watercare's HS&W team has been focusing on the wellbeing of these two workers. They were shaken after the event, but keen to return to work immediately. They were directed to stay home from work for the rest of the day as well as the following day, and then ease back into work the next week after a briefing with the HS&W team. Both workers are now doing well. - The incident involving the cutting of an asbestos pipe was also discussed at length by the Board. <ul style="list-style-type: none"> o B Struthers confirmed that his event was disappointing. The Contractor did not follow the procedure, which had been signed off by the Contractor, Watercare and Worksafe. Fortunately, the supervising engineer alerted Watercare and we immediately stopped work on the site. Initially the Contractor did not treat Watercare's concerns seriously (they considered it a paperwork issue). However, the Contractor now clearly knows we are extremely disappointed that they did not follow the correct procedure and this was unacceptable. They are also aware they will be under a higher level of scrutiny in future and need to rebuild trust with Watercare. o The incident was independently assessed. Whilst the new procedure was not authorised by the agreed procedure, it was found to be a safe procedure. o The incident was "potentially reportable" to Worksafe. We advised the Contractor of this, but did not report it to Worksafe. That said, the Contractor still had to go back to the Asbestos Worksafe Group for approval of the new procedure, so the Asbestos Worksafe Group is aware that this Contractor had not followed the original signed-off procedure. o The initial response from the Contractor suggests that they have an internal cultural/institutional issue to address.

- For Watercare, we have learnt that our people and our contractors need to be continuously educated and reminded that if they change a procedure, they need to go through the required paperwork to get a new procedure approved.
- In response to Board questioning, Management explained that they do not financially penalise contractors for not following procedures. That said, we are less likely to choose these contractors for future jobs. In the meantime, we are striving to get better HS&W outcomes from our contractors. The proposal in future is to have fewer contractors, and by working closely together with them, lift standards (e.g. via the Enterprise Model).
- In relation to service strikes, B Struthers confirmed that we are sharing the information we are learning with our contractors via our Project Managers in the Infrastructure team. We will then start working with the operational teams.
- The Acting Chair noted that it was great to see Watercare working to improve our people's financial literacy. In response to questioning, J Glennon, Head of People & Capability, noted that the level of adult literacy of our staff is hard to gauge. Some staff will have issues and this is something that can be addressed by Watercare in the future.
- The HS&W team is working on initiatives to reduce presenteeism. "Presenteeism" is when a staff member is present at work, but their mind is on other things (e.g. home, family, financial stresses) or they are physically unwell, but still at work. The cost of "presenteeism" through lack of productivity is estimated to be around \$4-12b to the New Zealand economy every year.

B Struthers left the meeting at this point (9.40am).

SOI Measures

- The per capita consumption measure (page 27) and real water loss from the network measure (page 29) are connected. S Morgan, Chief Operations Officer, explained that as consumption rises, losses go up. Last year, we had high levels of consumption in December/January. This year, we had high consumption in January/February. We are also seeing climate shifts. This creates complexity around budgeting. The leakage rate is not moving, consumption is moving, so water loss is increasing. There is some level of theft of water and instances of meters not having been installed. Higher levels of loss (due to theft) occur in the summer months, when there is more construction occurring, and contractors steal water to build houses and control dust.
- For next month, S Morgan noted that we would graph rainfall against the wet-weather overflows thereby demonstrating the direct connection (page 28).
- Traffic disruption caused by construction works was generally discussed in light of the update on page 39 regarding traffic delays in Glen Innes. In response to questioning from the Board, R Jaduram, the CE, explained that business owners get upset if we do not run to our programme. However, we always tell our people and contractors to support local, affected businesses. By way of example, our staff and contractors are encouraged to purchase goods from the local shops.
- R Fisher, Company Secretary explained that claims for losses cannot be made under the Public Works Act unless the particular property is physically taken as part of the public works. Affected businesses may have a nuisance claim, e.g. dust, but they are generally unable to claim for financial loss of business.

G Stuart, Special Projects Analyst, joined the meeting at this point (9.55am).

	<p>4.3 Board Committee Updates</p> <p>Audit and Risk Committee (ARC)</p> <ul style="list-style-type: none"> - E McBride, Governance Manager, noted that the next ARC meeting is on 27 May 2019. <p>People, Remuneration and Appointments Committee (PRAC)</p> <ul style="list-style-type: none"> - The next PRAC meeting is today, after the Board meeting. <p>Strategic Transformation Programme Committee (STPC)</p> <ul style="list-style-type: none"> - The last STPC was in March 2019. The next one is scheduled for 1 July 2019. <p>AMP and Major Capex Committee (AMCC)</p> <ul style="list-style-type: none"> - The next AMCC is 28 May 2019.
5.	<p>For Information</p> <p>5.1 Our Strategic Business Plan Update</p> <p>S Webster, Chief Infrastructure Officer, spoke to the presentation.</p> <ul style="list-style-type: none"> - The 8th Robotic Process Automation (RPA) is related to Direct Debits. - International Women's Day was celebrated in March. The Chair passed on her congratulations to R Chenery, Chief Digital Officer, and A Singleton, Chief Customer Officer, for arranging a successful event across all of our sites. - The Learning and Development Team's SURF and IMMERSE systems are new software programmes that allow our people to review and plan their own development path and do self-directed learning (e.g. Linked-in Learning). SURF and IMMERSE were developed in response to last year's Ask Your Team survey results. - A Singleton noted that a Water Efficiency Update will be presented to the Board in May. - S Webster attended the launch of the Construction Accord. This was also attended by the Prime Minister and many other members of Government and business. It was a very successful launch and well attended. Watercare's new Enterprise Model aligns with the Accord. - It was noted that while the Accord has been generally well received, some in the industry have expressed concerns that the Accord could result in larger contractors being favoured, with opportunities for sub-contractors being limited. The Board asked Management to be mindful of this perception in the marketplace. An update on the Accord will be provided to the Board in May, including details of what the Accord means in practice, generally and for Watercare specifically. <p><i>D Thomas joined the meeting at this point (10.10am)</i></p> <ul style="list-style-type: none"> - The NPS score for March 2019 was 50. The rolling 12 month average is 37 (up 3 points). In future months, the NPS graph will include a red line in January 2019, indicating when the questioning changed. - The "Watercare Why" themed roadshows at our sites have been very successful. - D Hawkins, Chief Corporate Affairs Officer, updated the Board on the Watercare Guardians project. This is being refined and will launch in August 2019. It will have a separate website, and we will be working, for example, with local community groups who are improving the environment (e.g. the water quality of local streams). - D Hawkins also updated the Board on the consultation undertaken on the Huia water treatment replacement plant, a matter which was addressed by the members of the public earlier in the meeting.

	<p>Over 1,600 emails have been responded to and over 40 hours of CLG meetings held. Many changes have been made to the plans as a result of the consultation. The CLG comprises a wide range of groups, and not all of these groups are in agreement – some are pleased with the consultation process undertaken by Watercare. Others, such as the members of the public who attended today, are not satisfied with Watercare’s consultation process.</p> <p>5.2 Infrastructure Growth Charges (IGCs) – a review of current policy and application</p> <p>M Bridge, Chief Financial Officer, and G Stuart, Special Projects Analyst, spoke to the paper.</p> <ul style="list-style-type: none"> - IGCs are charged when a contract is created, usually at the time of connection when a water meter is installed. - In the metropolitan area, we currently charge customers 71% of the cost of growth. In 2016, the Productivity Commission recommended that Watercare charge customers 100% of the cost of meeting growth. - Watercare maintained a buffer as every customer benefits from new customers and because a particular project can have elements of growth, level of service and replacement. An assessment has to be made of the combination of each element, and there is some level of uncertainty in this process. - We explained our position to the Productivity Commission and they understood and were generally supportive. - Recently, we have undertaken a number of initiatives to help customers to pay their IGCs. For example, some customers can now lease an IGC (e.g. short term car washes). We also have an independent objection process. - Another issue raised by the Productivity Commission was to charge a range of different IGCs related to the cost of meeting growth in a particular area. In rural areas, we charge different IGC amounts, and some areas pay more than others. By way of example, in the case of Kawakawa Bay, the local community requested a more sophisticated vacuum pumped treatment plant, which ended up costing more. Therefore Kawakawa Bay customers pay more for IGCs than other rural customers. This approach is in line with that advocated for by the Productivity Commission. In the metropolitan area there is a standard charge for an IGC. We have only one pricing regime for water and wastewater charges. Also, IGC funds are expended on ‘nodes’. For example, the BNR plant. The BNR services a large part of Auckland, regardless of the distance from a particular new development to the BNR. - Further updates to the IGC regime will be made as and when required. Otherwise, at a minimum, every three years a report will be provided to the Board.
6.	<p>Directors’ Corporate Governance Items</p> <p>6.1 Board Planner</p> <p>The report was noted.</p> <ul style="list-style-type: none"> - C Harland, Chair of the PRAC, requested that the PRAC meeting be held before the June Board meeting. - The CE queried whether a June 2019 Board meeting was necessary. Propero’s recommendation last year was to hold fewer Board meetings, and last year, we did not have a June 2019 Board meeting. <p>6.2 Review Executive Management Disclosure of Interests</p> <p>The report was noted.</p>

	<p>6.3 Director Appointment Terms and Committee Memberships</p> <p>The report was noted.</p> <ul style="list-style-type: none"> - The Acting Chair reported that appointment process for two new directors is underway. <ul style="list-style-type: none"> o A preferred candidate for the first position has been identified. o Interviews for the second position will occur in May.
7.	<p>General Business</p> <p>Nil.</p>
	<p>The meeting closed at 10.30am.</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

Julia Hoare
Deputy Chair



Appendix A

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7 May 2019

Stephen Westward
Megan Fitter

Response to your address to the Board

Thank you both for the manner in which you expressed your concerns to the Board.

Background

Your understanding that the Board does not become involved in operational decisions is correct. The Board has a governance role and sets the strategic direction for the organisation.

The mission statement for the organisation is "Reliable, safe and efficient water and wastewater services".

In our 2018 Annual Report, "Safe, Clean, Reliable drinking water" was one of the three highest ranked topics that external and internal stakeholders raised. The other two were health and safety and long term financial stability.

Given the importance of providing "safe, clean, reliable drinking water", the replacement of the aging Huia water treatment plant has been top of mind for the Board for several years. You will know that the existing plant supplies around 20% of the needs of Aucklanders. You will also know that it is not possible to close down the existing plant, demolish the tanks and construct a new plant on the existing site.

Selection process for the proposed site

Watercare Management have been involved in a lengthy process over a period of several years in selecting a site for the replacement plant.

Management have been reporting to the Board at regular interval on the process which started with an analysis of over 100 potential sites. This number was reduced to 60, then to 20 and so on, down eventually to two sites in Parker Road and the sites now proposed in Manuka Road and Woodlands Park Road.

The Board received a detailed report from Management at its public meeting of 30 May 2017. Members of the public were in attendance that day from the local community.

The Watercare Board accepted the recommendation of Management and independent specialist consultants to locate the replacement Huia water treatment plant on the Manuka Road site with associated reservoirs on the Woodlands Road site.

In so resolving the Board required the design:

"avoiding wherever possible significant trees and significant ecological effects, undertake offset mitigation"
and

"set up a Community Liaison Group (CLG) or similar, and undertake consultation with stakeholders".

As requested by the Board, Watercare established the CLG in July 2017 and your organisations are members of the group. As such you have had the opportunity to participate in the 13 meetings held over the past 20 months.

Watercare has responded to Community Consultation and made modifications

You told the Board “there is little indication that the concerns have been listened to and it has quickly turned into a tick box exercise”.

The Board does not accept that criticism of Management as being fair. Watercare has provided at its cost, an independent planner/EC commissioner to advise the CLG on planning matters. Also, Watercare has met the costs of an independent ecologist to advise the group.

Watercare was aware there were concerns held by some in the community regarding the size of the plant proposed for Manuka Road. Accordingly, the layout of the plant has been modified and the footprint reduced.

The CLG expressed particular concerns regarding the location and effects of the two reservoirs proposed on the Woodlands Park Road site. This led Management and its technical advisors to reconsider this issue.

It was determined that the necessary storage of treated water could be provided in two 25 MLD reservoirs, only one of which will be needed when the new plant is commissioned. This means only one reservoir will now be located on the Woodlands Park Road site. This reservoir will be located as far East as possible on the site thereby avoiding the stand of native trees including kauri which were of great concern to the CLG and others. The contour of the site rises to the East, so the majority of the reservoir will be below ground.

The second reservoir will be located on the site of the existing treatment plant site. The heritage building will be restored and retained, and the balance of plant removed.

Your statement that “countless healthy native trees including kauri will be destroyed” is not factually correct. The Board has been advised that a very detailed survey of the sites has been undertaken to identify the size, species and frequency of trees. No kauri have been identified within the development area. It is regrettable that even one tree has to be removed which is why Management have proposed offset mitigation, involving setting up and funding a Trust.

The outline of the way in which the Trust would operate in the event the necessary resource consents are granted will be set out in the Assessment of Environmental Effects (AEE). The Trustees will be drawn from entities such as the Local Board and the CLG.

Ms Fitter said “the TPG has not yet seen the final AEE”. That is because the report has not yet been finalised. This is because of the significant amendments made to the original proposal as a result of consultation. The amended reports which form the basis for the AEE are currently being completed. However, the Board understands that the report authors have presented their findings to the CLG. The site plans for the reservoirs are still being finalised. These will be available shortly as part of the application and AEE.

Outline of the next steps

It is the wish of the Board that the applications for resource consent and the AEE be finalised as soon as possible.

Auckland Council will be requested to publicly notify the application and extend the submission period to the maximum permitted by the Resource Management Act.

Once notified, the period for submissions will commence and you will have the opportunity to make a formal submission and be heard in support of the submission.

Conclusion

The consultation for this project has been very intensive over a period of several years commencing even before a site was selected. Watercare has funded independent experts to advise the CLG on statutory planning and ecology.

The layout of the plant has been amended and the footprint reduced in area.

The layout of the two reservoirs has been changed and significant mature trees, including kauri, on the Woodlands Park Road site have been avoided.

Management has complied with the direction of the Board to:




- Avoid, wherever possible, significant trees and ecological effects;
- Undertake offset mitigation,
- Set up the CLG, and;
- Consult with stakeholders.

Yours sincerely



Rob Fisher
Company Secretary

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"> • Chair, Harrison Grierson Limited • Director, Meteorological Services of NZ Limited • Director, Waikato Regional Airport • Chair, 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 • Member, National Infrastructure Advisory Board
• Catherine Harland	<ul style="list-style-type: none"> • Director, McHar Investments Limited • Director, Interface Partners Limited • Trustee, One Tree Hill Jubilee Educational Trust • Member, Auckland Regional Amenities Funding Board • Member, Urban Planning Pillar Critical Friends • Member of the Committee of Broadway Park Owners' Society Incorporated. • Independent Chair of the Aircraft Noise Community Consultative Group.

Director	Interest
Julia Hoare	<ul style="list-style-type: none"> • Director, AWF Madison Group Limited • Director, New Zealand Post 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 • Chair, Auckland Committee, Institute of Directors • Member, Advisory Panel to External Reporting Board • Member, Institute of Directors National Council' • Member, The Sustainable Finance Forum Leadership Group
Nicola Crauford	<ul style="list-style-type: none"> • Director, Environmental Protection Authority (EPA) • Member of Electoral Authority, Cooperative Bank Limited • Specialist Advisor, WorleyParsons New Zealand Limited • Director and Shareholder - Riposte Consulting Limited • Director, Orion New Zealand Limited • Chair, GNS Science Limited • Deputy Chair, Fire and Emergency New Zealand • Independent Chair, Joint Governance Board, Chorus and Visionstream UFB Connect. • Member, EPA Decision Making Committee, OMV Great South Basin marine discharge consent application
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 • Executive Director, Advanced Biotech NZ • Executive, Te Rūnanganui o Ngāti Hikairo • Management contract, Tainui Kawhia Minerals • Representative of Waipapa Marae, Kawhia, Te Whakakitenga o Waikato Tainui. • Runanga Manukau Institute of Technology - Te Whakakitenga o Waikato representative
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



Shareholder's feedback on Watercare's draft SOI 2019-2022

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. Recommendation

We recommended that:

- The proposed response to the shareholder's comments and the related proposed additions or amendments be approved
- The Board approves the submission of the amended SOI to Auckland Council by the deadline of 30 June 2019 subject to formal approval of price increases in Item 3.2 of the Confidential agenda of the 28 May 2019 Board meeting; and
- The Board approves the letter to the Mayor to be sent with the SOI.

2. Purpose and context

Watercare is required, under Section 64 of the Local Government Act 2002 (the Act), to produce a Statement of Intent (SOI) for a period of three years, the purpose of which is to provide:

- a public statement of the activities and intentions of a council-controlled organisation (CCO) for the year and the objectives to which those activities will contribute; and
- provide an opportunity for shareholders to influence the direction of the organisation; and
- provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

Schedule 8 of the Act sets out the required contents of the SOI and requires that a draft is to be presented to the shareholder by 1 March each year. This has been done.

Not only does the SOI set out the intended strategic direction for Watercare, but some of the operational performance measures in the SOI form part of the performance measures that are included in Auckland Council's long term plan (LTP).

The SOI and associated performance measures and the annual performance reporting are all subject to audit by the Auditor General.

2. The details

2.1 The timetable of the SOI process

The SOI process begins with the Mayor's Letter of Expectation. Watercare received the Letter of Expectation on 10 December 2018.

Following receipt of the Mayor's Letter of Expectation, a draft 2019/22 SOI was prepared, approved by the Board and submitted to Auckland Council on 1 March 2019.

Watercare received draft feedback from Council Officers and this was provided to the Board in the April 2019 Board papers.

Watercare has now received the final and formal feedback from Auckland Council on the draft 2019-2022 SOI and is required to provide an opportunity for the public to comment on the amended document at the public board meeting on 28 May 2019. Following that, the document is to be approved by the Board for submission to Auckland Council by 30 June 2019.

The approved SOI will then be formally adopted by Auckland Council in August 2019.

2.2 Our shareholder, Auckland Council, provided formal feedback

The Mayor wrote to the Chair on 30 April 2019 setting out in detail the shareholder's comments on the draft SOI. A copy of the letter is appended as **Appendix 1**. The letter includes comments that are generic to all of Auckland Council's CCOs, as well as comments specific to Watercare.

2.3 Watercare has considered the shareholder's comments

Watercare's proposed responses to the Shareholder's comments are detailed in the table below.

An amended version of the draft 2019-2022 SOI is appended as **Appendix 2**. This version incorporates the proposed amendments set out in the table below, minor editorial changes and an updated target for the performance measure *"Number of dry-weather overflows from Watercare's sewerage system, expressed per 1000 sewerage connections to that sewerage system"*.

Watercare Specific Shareholder Comments	Proposed Watercare Response:
Climate Change The draft SOI describes Watercare's commitment to transition to be a low-carbon organisation that is resilient to climate impacts. The SOI would benefit from listing the key programmes and their timeframes from your Climate Strategy.	The updated SOI now lists our four value streams and 14 portfolios of work, together with timeframes (refer page 10-11).
Once the Auckland Climate Action Plan (ACAP) has been agreed, Watercare should also include an appropriate performance measure so it can demonstrate tangible progress towards these goals.	The updated SOI notes that once the ACAP has been agreed, Watercare will include an appropriate climate change based performance measure in its next SOI. (refer point 1, page 12).

Watercare Specific Shareholder Comments	Proposed Watercare Response:
<p>Work programmes arising from the value for money review</p> <p>The draft 2019-2022 SOI contains a general commitment to support the 'value for money' reviews and implement the recommendations where required. The SOI includes a commitment to notify Council of changes to its asset management plan. However, one of the specific actions which has come from the three waters review is a collaborative effort with Auckland Transport and Healthy Waters to align asset management frameworks through the Asset Management Coordination Group. This should be included the SOI and progress reported on regularly to Council.</p>	<p>The updated SOI includes a statement that Watercare will continue to contribute to the development of the Asset Management Coordination Group. This has led to the creation of common summary Asset Management Plans being published and examination of the ways in which our asset management frameworks may be aligned (refer page 23).</p>
<p>In addition, the value for money review noted that Watercare and Healthy Waters should be encouraged to participate in the 2020 Water Services Association of Australia Asset Management Benchmarking process. Watercare should include this in the SOI.</p>	<p>The updated SOI now includes a statement that we will consider participating in the 2020 Water Services Association of Australia Asset Management Benchmarking process (refer page 23).</p>
<p>Performance measures</p> <p>Almost all of the performance measures in your SOI are mandatory national measures, which the Government has signalled it will review as part of the Three Waters review. However, the average number of dry weather overflows has been significantly under the target of 10 (per 1000 connections to the wastewater system) for the last three financial years (between 0.3 and 0.5 average overflows). Watercare should include a more ambitious target for this measure.</p>	<p>The updated SOI includes a more ambitious target for this performance measure of 5 or less, instead of 10 or less (refer page 28).</p>
<p>Māori outcomes</p> <p>The draft 2019-2022 SOI describes how Watercare works to build and maintain effective relationships with Māori. However, there is no specific reference to the four Māori Outcomes Priorities agreed in the 10-year Budget 2018-2028 (the work programmes for these are currently under development). Watercare should include this in its SOI.</p>	<p>The updated SOI now states that Watercare will continue its work with the Te Toa Takitini executive leadership group to lead and influence better outcomes with Māori for Tāmaki Makaurau/Auckland by focusing on the four Māori Outcomes Priorities agreed in the 10 year Budget 2018-2028 (refer page 3).</p>
<p>Waikato District Council service provision</p> <p>Auckland Council will consider whether to endorse a proposed agreement between Watercare and the Waikato Water Governance Board during May. If the arrangement does progress, Watercare should include more detail around the arrangement in the 2019-2022 SOI. This will also help to avoid the possible perception of any cross-subsidy from Aucklanders.</p>	<p>The SOI now includes an Insight story about the WDC agreement and confirms that there will be no cross subsidy from Aucklanders in favour of Waikato customers and that we will also make sure our service to Aucklanders is not compromised (refer page 4).</p>

General Shareholder Comments	Proposed Watercare Response:
<p>The Council is seeking consistency in the provision of their financial information for its CCOs. In completing the final SOI, CCOs must ensure that the financial information is agreed with Council staff and includes the following:</p> <ul style="list-style-type: none"> i. 2017/2018 actual results ii. 2018/2019 long-term plan (LTP) budget, updated for any carry-forwards from 2017/2018 and any other agreed changes iii. 2019/2020 budget consistent with annual plan submission to Council iv. 2020/2021 and 2021/2022 LTP budget, updated for any changes agreed as part of the 2019/2020 Annual Plan v. a breakdown by activity as LTP vi. agreed non-strategic asset sales targets. 	<p>The updated SOI includes all of these elements (refer pages 23-26).</p>
<p>In addition, performance measures should align with the LTP. CCOs should ensure that in the final documents:</p> <ul style="list-style-type: none"> • LTP measures are clearly identified • measures and targets are worded exactly as in the Annual Plan 2019/2020 • 2017/2018 actual performance is included, and 2018/2019 and the next three years' targets. These should be updated for any changes agreed as part of the Annual Plan 2019/2020. 	<p>Non-LTP measure are indicated with an *.</p> <p>Watercare has two non-LTP Measures (refer page 28).</p> <p>The measures and targets are worded exactly as in the Annual Plan.</p> <p>2017/2018 actual performance is included, as well as the next three years' targets (refer page 28).</p>
<p>CCOs should continue to work closely with Auckland Council staff on providing consistent and transparent financial and performance information.</p>	<p>The SOI already included a page dedicated to driving efficient, transparent and stable financial management (refer page 23) .</p> <p>The updated SOI now also includes a specific statement that we will continue to work closely with Auckland Council staff on providing consistent and transparent financial and performance information (refer page 24).</p>
<p>Your final SOI should include a commitment to the no surprises protocols set out in the Governance Manual for substantive CCOs.</p>	<p>The no-surprises protocol/commitment was already mentioned in the SOI. The updated SOI mentions no-surprises four times (refer pages 12, twice on page 19 and 21).</p>
<p>The final SOI should also include a statement on how Watercare will continue to build on and improve its engagement with Councillors and the diverse communities of Auckland.</p>	<p>The SOI already included many sections detailing our commitment to improving engagement with Councillors, Local Board and diverse communities of Auckland.</p> <p>The updated SOI now specifically refers to the diverse communities of Auckland (refer page 19).</p>
<p>Auckland Council is leading the development of an Integrated Infrastructure Planning Platform. It will provide a single platform across the group</p>	<p>The SOI already included a statement that Watercare will continue to collaborate with Council and other members of the Council</p>

General Shareholder Comments	Proposed Watercare Response:
with reliable data on existing and required infrastructure, and your final SOI should commit to resourcing participation in this initiative.	group to closer integrate its planning to assist in addressing infrastructure challenges for Auckland (refer page 23).
Auckland Council is working with the Mana Whenua Kaitiaki Forum on Te Hōanga. This is an initiative to make the engagement processes open to all nineteen mana whenua entities with interests in Tāmaki Makaurau more effective and efficient for mana whenua and the Council group. Watercare will need to actively participate in this project, and should include this in its final SOI.	The updated SOI includes a statement that Watercare is committed to working on the Council Group's Te Hōanga initiative to make the engagement process with all 19 mana whenua entities more effective and efficient (refer page 20).
The Local Government Act requires (Schedule 8, clause 9(1)(i)) that each CCO should include in its final SOI 'the procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation.' As a matter of procedure, this needs to be included in each of the final documents.	The updated SOI now refers to the requirements of Schedule 8 (refer page 22).

2.4 We have also included financial projections in the final draft SOI

At the 28 April 2019 Board meeting, the Board approved revisions to the financial projections for input to the Auckland Council Annual Budget (annual plan) 2019-20 and longer term financial projections to 2028. The revised projections resulted from changes to the timing of capex for the Central Interceptor following the announcement of the final bidder. There was a flow-on effect to finance costs and depreciation.

The approved projections form the basis of the SOI financials included in the new version of the 2019/22 SOI for the three years, 2019-20, 2020-21 and 2021-22, appended at Appendix 2. The exception is interest cost which, in the SOI, reflects Watercare's accounting policy of capitalising interest. Auckland council does not capitalise interest.

The projections assume annual price increases of 2.5% for the water tariff, 3.3% for the wastewater tariff and 3.0% for IGCs.

An additional column has been added to show the 2017/2018 actual results, as requested through the Shareholder comments on the draft SOI.

Appendix 3 is a reconciliation of revenue and expense disclosures, for the 2017/2018 year by way of example, between;

- the SOI, and
- the Watercare 2018 Annual Report.

2.5 We have drafted a cover letter to the Mayor

Appendix 4 is a draft letter to the Mayor which will be sent with the SOI 2019-2022.





30 April 2019

Margaret Devlin
Chair
Watercare Services Limited

By email

Tēnā koe Margaret

RE: Shareholder comments on Watercare's draft Statement of Intent 2019-2022

The Finance and Performance Committee considered Watercare's draft Statement of Intent 2019 - 2022 (SOI) at its 16 April 2019 meeting.

The Committee resolved to make some comments that are specific to Watercare and a number of general comments that relate to each CCO.

Staff from Watercare should work with council staff to ensure that these comments and any minor editorial changes are reflected in your final SOI.

Specific shareholder comments

Climate change

The draft SOI describes Watercare's commitment to transition to be a low-carbon organisation that is resilient to climate impacts. The SOI would benefit from listing the key programmes and their timeframes from your Climate Strategy. Once the Auckland Climate Action Plan has been agreed, Watercare should also include an appropriate performance measure so it can demonstrate tangible progress towards these goals.

Work programmes arising from the value for money review

The draft 2019-2022 SOI contains a general commitment to support the 'value for money' reviews and implement the recommendations where required. The SOI includes a commitment to notify council of changes to its asset management plan. However, one of the specific actions which has come from the three waters review is a collaborative effort with Auckland Transport and Healthy Waters to align asset management frameworks through the Asset Management Coordination Group. This should be included in the SOI and progress reported on regularly to council. In addition, the value for money review noted that Watercare and Healthy Waters should be encouraged to participate in the 2020 Water Services Association of Australia Asset Management Benchmarking process. Watercare should include this in the SOI.

Performance measures

Almost all of the performance measures in your SOI are mandatory national measures, which the Government has signaled it will review as part of the Three Waters review. However, the average number of dry weather overflows has been significantly under the target of 10 (per 1000 connections to the wastewater system) for the last three financial years (between 0.3 and 0.5 average overflows). Watercare should include a more ambitious target for this measure.

Māori outcomes

The draft 2019-2022 SOI describes how Watercare works to build and maintain effective relationships with Māori. However, there is no specific reference to the four Māori Outcomes Priorities agreed in the 10-year Budget 2018-2028 (the work programmes for these are currently under development). Watercare should include this in its SOI.

Waikato District Council service provision

Auckland Council will consider whether to endorse a proposed agreement between Watercare and the Waikato Water Governance Board during May. If the arrangement does progress, Watercare should include more detail around the arrangement in the 2019-2022 SOI. This will also help to avoid the possible perception of any cross-subsidy from Aucklanders.

General shareholder comments

The council is seeking consistency in the provision of their financial information for its CCOs. In completing the final SOI, CCOs must ensure that the financial information is agreed with council staff and includes the following:

- i. 2017/2018 actual results
- ii. 2018/2019 long-term plan (LTP) budget, updated for any carry-forwards from 2017/2018 and any other agreed changes
- iii. 2019/2020 budget consistent with annual plan submission to council
- iv. 2020/2021 and 2021/2022 LTP budget, updated for any changes agreed as part of the 2019/2020 Annual Plan
- v. a breakdown by activity as LTP
- vi. agreed non-strategic asset sales targets.

In addition, performance measures should align with the LTP. CCOs should ensure that in the final documents:

- LTP measures are clearly identified
- measures and targets are worded exactly as in the Annual Plan 2019/2020
- 2017/2018 actual performance is included, and 2018/2019 and the next three years' targets. These should be updated for any changes agreed as part of the Annual Plan 2019/2020.

CCOs should continue to work closely with Auckland Council staff on providing consistent and transparent financial and performance information.

Your final SOI should include a commitment to the no surprises protocols set out in the Governance Manual for substantive CCOs. The final SOI should also include a statement on how Watercare will continue to build on and improve its engagement with councillors and the diverse communities of Auckland.

Auckland Council is leading the development of an Integrated Infrastructure Planning Platform. It will provide a single platform across the group with reliable data on existing and required infrastructure, and your final SOI should commit to resourcing participation in this initiative.

Auckland Council is working with the Mana Whenua Kaitiaki Forum on Te Hōanga. This is an initiative to make the engagement processes open to all nineteen mana whenua entities with interests in Tāmaki Makaurau more effective and efficient for mana whenua and the council group. Watercare will need to actively participate in this project, and should include this in its final SOI.

The Local Government Act requires (Schedule 8, clause 9(1)(i)) that each CCO should include in its final SOI 'the procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation.' As a matter of procedure, this needs to be included in each of the final documents.

We look forward to receiving the final SOI by 30 June 2019.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Phil Goff', with a stylized flourish at the end.

Phil Goff
MAYOR OF AUCKLAND

Copy to: Deputy Mayor Bill Cashmore
Councillor Ross Clow, Chair, Finance and Performance Committee
Councillor Penny Hulse, Chair, Environment and Community Committee
Councillor Chris Darby, Chair, Planning Committee
Stephen Town, Chief Executive, Auckland Council
Raveen Jaduram, Chief Executive, Watercare Services Limited

Statement of Intent 2019 to 2022



He mihi

Tuia te rangi e tū nei, tuia te papa e takoto nei.

Kia mihia te mano tini kua mene ki ngā Hawaiki katoa, rātou te tutūtanga o te puehu, te whiunga o te kupu i ngā wā takatū ai rātou. Waiho ake rātou ki a rātou, tātou te urupā o rātou mā, ngā waihotanga mai e hāpai nei i ō rātou wawata, tūmanako hoki.

E ngā maunga whakahī, e ngā wai tākunukunu, e ngā tōpūtanga tāngata nui rawa o Tāmaki Makaurau, Tāmaki herenga waka, tēnā rā koutou katoa.

E manakohia kia piki ake o ā tātou mahi ngātahi āmuri ake nei. Anei rā te tāuaki hei tātaki i aua manako, heoi anō, inā kē te nui o ngā mahi hei kawē ake e eke ai tō mātou wawata.

Unite thus the heavens above; unite thus the land beneath us. Let us acknowledge the many who have assembled in the homelands, they who raised the dust, who whipped up a storm of words when restless. The dead have passed on and we, the repositories of their memory, remain to carry forth their hopes and aspirations.

To thy mountains, thy cool sequential waters, the many ethnicities and peoples throughout Tāmaki Makaurau, warm and heartfelt greetings to you all.

We come together to seek a new way forward, united in our shared responsibilities, and committed to achieving. Clearly, much is yet to be done if we are to give credence to our vision.

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06	Who we are	23	Driving efficient, transparent and stable financial management
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08	Working together to achieve the vision for Auckland	27	Appendix B Our legislative framework
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12	Working together with the Council group		
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Message from the Chair

“Our work is vital for life, keeps people safe, and helps our communities to flourish.”

Watercare Services Limited (Watercare) delivers 100% ‘Aa’-grade drinking water¹, day in, day out, to our customers. Drinking water appears. Wastewater disappears. We provide these core services while meeting the challenge of a changing natural and business environment, driving efficiencies, ensuring staff arrive home safe every day and addressing evolving residential and business customer expectations.

Our strategic priorities for 2019-2022

In relation to the four Watercare strategic priorities listed in the Mayor’s Letter of Expectations:

- We will continue to work collaboratively with Council, who will lead the development of the Council’s group position and response to any proposals to central government’s Three Waters review (refer to page 12 and 22 for more details).
- We are continuing to investigate commercial arrangements and other funding sources which are in the best interests of the Council group, without compromising service delivery for Aucklanders or the delivery of priorities for the Auckland region (refer to page 13).
- We intend to stay on schedule and on budget for the delivery of the Central Interceptor (refer to page 14)
- We will continue to participate in any work involving the Crown and Council regarding alternative funding options (refer to page 13).
- The Western Isthmus Water Quality Improvement Programme is a key priority for us. We will continue to proactively engage with Healthy Waters and the wider community on this very important initiative (refer to pages 12, 17, 21 and 19).

Programme delivery, including implementation of the Auckland Plan 2050

Watercare’s challenge is to meet the demands of the growth occurring, and planned, for Auckland without compromising quality, efficiency nor the environment. Our Asset Management Plan (AMP) provides input to, and is consistent with, the Auckland Plan 2050 and Auckland Council’s Long Term Plan 2018-2028. Our AMP details \$5.76 billion in projects that have been planned and sequenced for the next 10 years to ensure the water and wastewater networks continue to have sufficient capacity and resilience to meet growing demand.

We will continue to collaborate with the Council Group, Government developers and the public. This is to ensure both Council and the Government’s growth objectives can be met.

Community and stakeholder engagement remain a priority

Our projects are often significant and can be disruptive to neighbours. Proactive, open and transparent community and stakeholder engagement is ‘business as usual’ for Watercare. The Central Interceptor and Western Isthmus projects are no exception and early engagement with our neighbours and the community is already well underway. Further examples of the work we are undertaking in this area is detailed on page 21.

Climate change

Watercare will continue to work with the Council group and other stakeholders to combat climate change and its impact, including reducing or capturing carbon emissions. Initiatives underway already are energy efficiency and energy neutrality. We are also transitioning land from commercial to native forestry in the Hūnua Ranges, where millions of native plants will be planted over the next 30 years. We recently finalised our Climate Change Strategy, which sets out the future direction for Watercare as we embark on our journey to operate a low-carbon organisation that is resilient to climate impacts. This strategy encompasses the adaptation and mitigation measures that we will take and sets ambitious targets for the future.

¹ The Ministry of Health checks many different aspects of the water before it is given a two-letter grading. The first letter represents the quality of the water leaving the treatment plants. The second letter represents the quality of water received at homes and businesses. An ‘Aa’ grade means the drinking water is of a high quality.

Working with tangata whenua (Māori)

As a result of the spiritual significance of water to Māori, Watercare has long acknowledged the need for effective engagement and dialogue with Māori. Over many years, we have developed an extensive working relationship with mana whenua in the Auckland and Waikato regions, to continue to promote and foster kaitiakitanga (guardianship) outcomes for water.

Watercare will continue its work with the Te Toa Takitini executive leadership group to lead and influence better outcomes with Māori for Tāmaki Makaurau/Auckland by focusing on the four Māori Outcomes Priorities agreed in the 10 year Budget 2018-2028. These four outcomes are Marae development, Kaitiakitanga outcomes (Particularly water), Reo Māori outcomes and Māori Business, Tourism and Employment.

Working with Auckland Council

As Auckland's water and wastewater services provider, Watercare continues to work closely with Auckland Council to ensure that the city's vision is achieved. Our board welcomes the opportunity to work collaboratively with the Mayor and Councillors to develop joint strategies and policies which achieve efficiencies and provide greater benefit to our customers and the ratepayers of Auckland.

This Statement of Intent (SOI) sets out Watercare's response to the Mayor's Letter of Expectation, our obligations and how we intend to fulfil our mission to provide safe, reliable and efficient water and wastewater services to all of Auckland. Our SOI highlights the various initiatives on which we are collaborating with the Council group and reaffirms our continued commitment to working with Council and other infrastructure providers to enable the region's sustainable growth and development.

MARGARET DEVLIN

Chair

Where we operate

Watercare operates water and wastewater services from Wellsford to Pukekohe, and also provides water and wastewater services to communities in Tuakau and Pokeno in the North Waikato.

INSIGHT: Watercare to provide services to Waikato District Council (WDC) via a contract of service

Watercare to provide services to Waikato District Council (WDC) via a contract of service

Watercare has worked closely with WDC since 2010, when we began providing wastewater services to Tuakau and Pokeno. From 2015, we have also provided drinking water to both of those communities under contract to WDC.

From 1 July 2019, Watercare will operate Waikato District's waters services for a period of up to 32 years. WDC will continue to own all of the assets, while Watercare will manage the infrastructure above and below the ground.

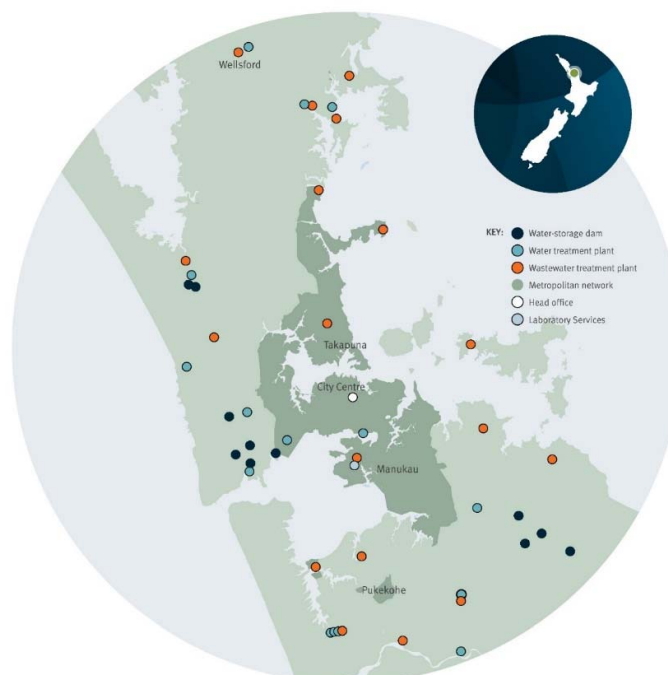
There will be a two-year transition period, after this period we will move to the full operational contract.

During the transition period Waikato customers will continue to deal with WDC for billing, faults and leaks as they do now. Watercare will use those two years to develop the asset management plan, a funding plan, and a subsequent long term pricing plan, all of which will be agreed by the WDC Waters Governance Board.

During the transition we will consult with Auckland customers, as required under s137 of the Local Government Act. The outcome of this consultation, together with agreement on the asset management and funding plans will provide the direction for the next 30 years of the contract. We have every intention to enter into the operational period of the contract unless factors outside of our control prevent us from doing so.

Watercare plans to make an acceptable return under the contract so we can assure our Auckland customers they will not be cross-subsidising services to Waikato. We will also make sure our service to Aucklanders is not compromised while we provide the services to Waikato district customers.

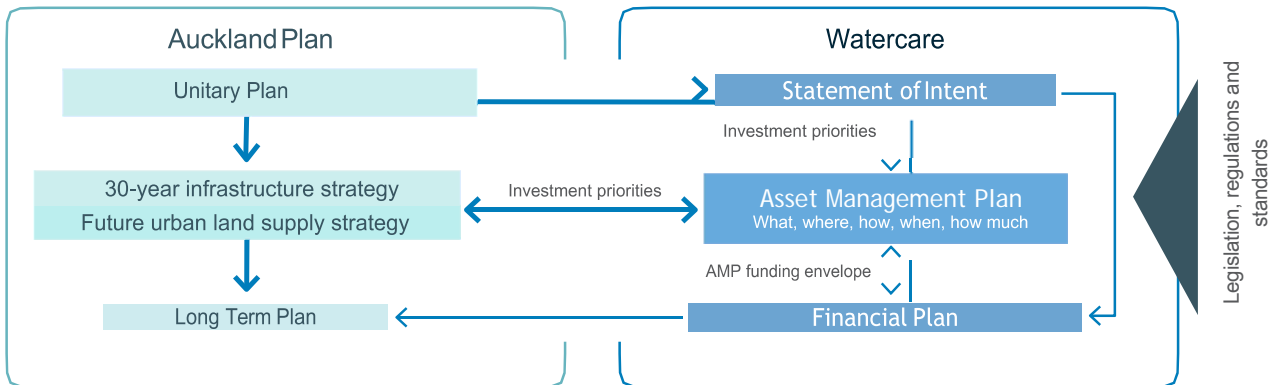
Watercare will keep Auckland Council informed throughout the first two years of this contract through our Quarterly Reports.



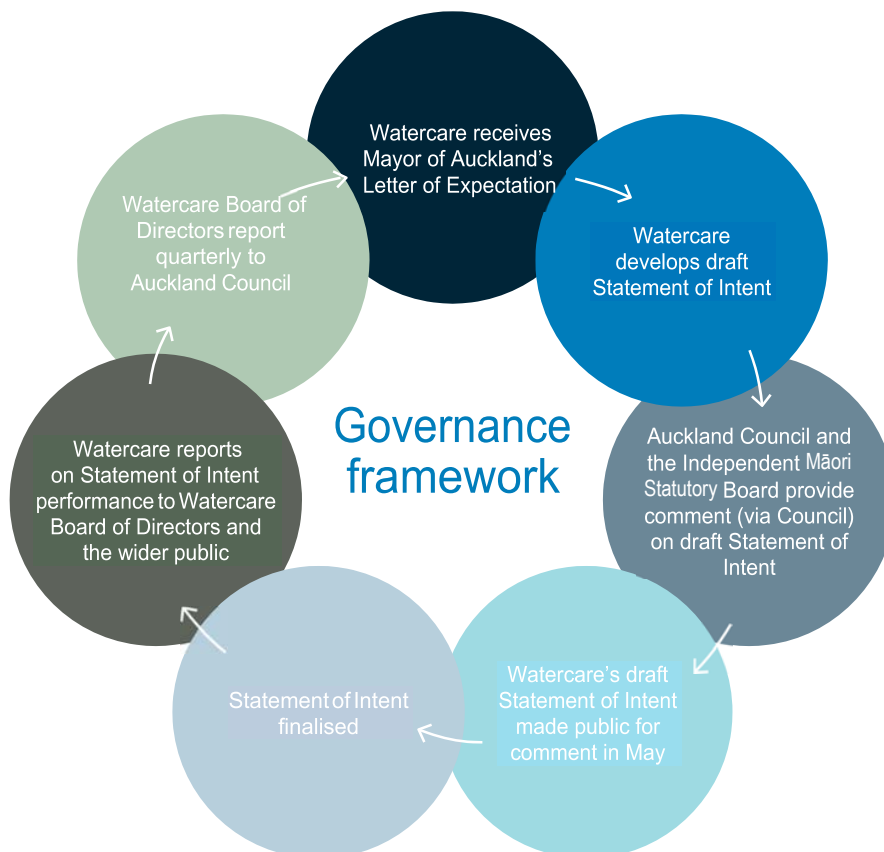
Purpose of our Statement of Intent

In accordance with Schedule 8 of the Local Government Act 2002, our annual SOI publicly states the activities and intentions of Watercare for the next three years, together with the objectives and outcomes which will be delivered.

Our SOI provides an opportunity for our shareholder to influence the direction of the company and provides a basis for the accountability of directors for performance of the organisation.



See *Our Legislative Framework* in Appendix B for more information on our legal responsibilities.



Who we are

Our vision

Trusted by our communities for exceptional performance every day.

Better tomorrow than we are today | Pai ake apōpō atu i tēnei rā

Our mission

Reliable, safe and efficient water and wastewater services.

Our brand statement

Our work is vital for life, keeps people safe, and helps communities to flourish.

Watercare is a lifeline utility that provides essential services to Auckland. Our mission – to deliver reliable, safe and efficient drinking water supply and wastewater services – is critical to the economic, social and environmental health and well-being of our communities.

Watercare is a Council-controlled organisation (CCO), wholly owned by Auckland Council.

To deliver our vision and mission, we have prioritised four strategic areas of focus.

Customer focus: To fulfil our vision of providing exceptional service, we strive to understand our customers and stakeholders and engage with them in a meaningful way.

Business excellence: For Watercare, the drivers underpinning business excellence are the recruitment and retention of the right people, ensuring their health and well-being, and the implementation of smart processes and fit-for-purpose technology.

Financial responsibility: Every dollar Watercare spends has an impact on the price our customers pay for services. We are obliged to be an efficient, minimum-cost provider with due consideration for long-term asset investment.

Fully sustainable: Watercare's business is intrinsically linked to the natural environment and significantly impacts the communities in which we operate. Integrating sustainability into everything we do is key to our role as a trusted community and iwi partner.



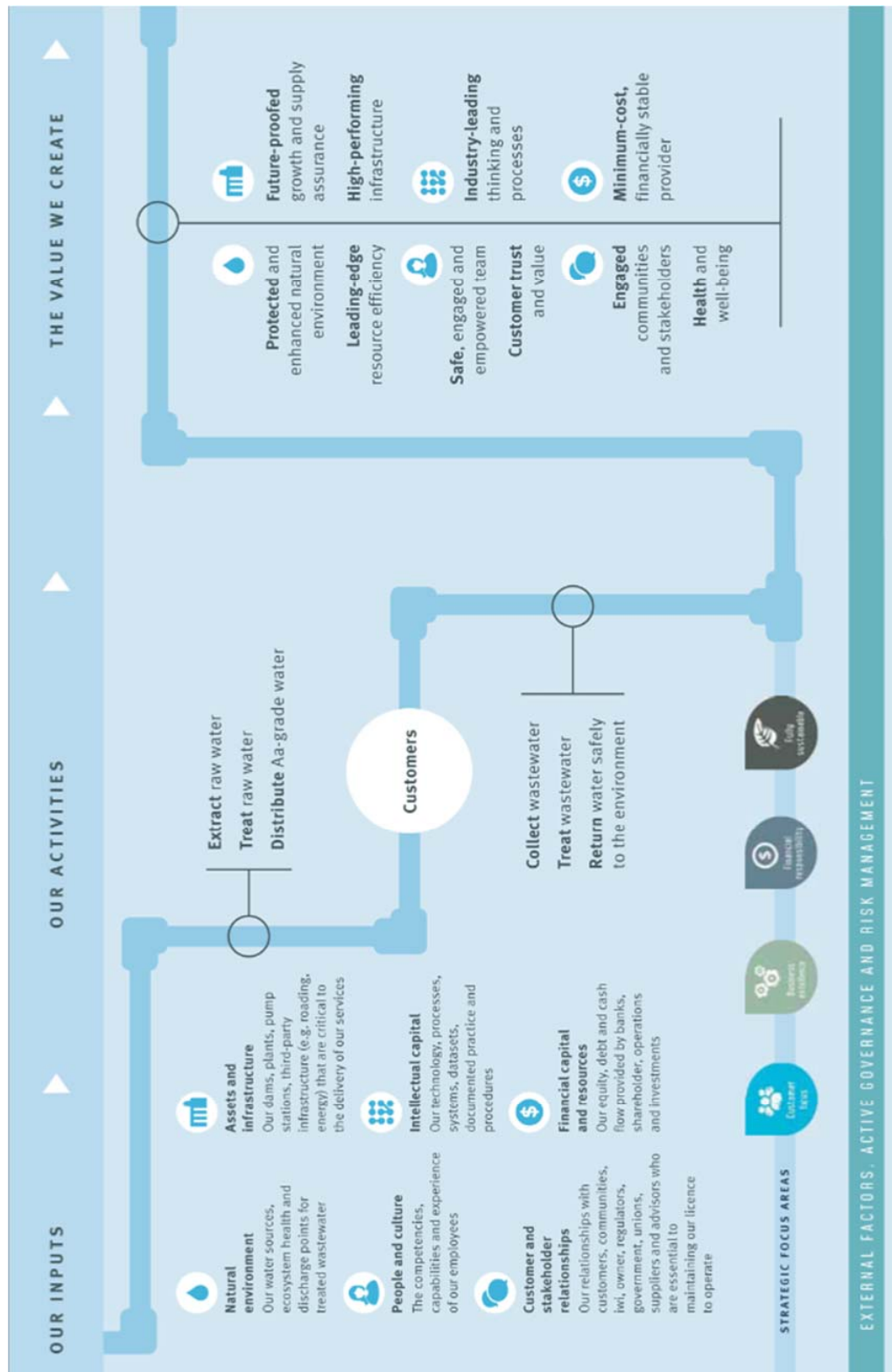
I care, we care, Watercare

We continue to invest heavily in our people, their training and their safety at work. Health and safety in and around our worksites is paramount to us and always has been. The concept, “I care, we care, Watercare” is embedded throughout our organisation; and recently, our health and safety strategy has been extended to include an additional focus on the physical and mental wellness of our people. We want all of our people to be safe, healthy and engaged at work, and for them to go home safely to their families each night. We monitor our people's health and safety using traditional health and safety metrics such as the Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Injuries Frequency Rate (TRIFR), absence levels and turnover. We also conduct regular pulse surveys to measure our people's level of work satisfaction and engagement.

How we create value – our value creation model


4.1

Our value creation model shows our six capital inputs, and the activities we agree create value for our people, customers, shareholder, stakeholders and our communities.



Working together to achieve the vision for Auckland

We are fully committed to working with the Auckland Council group to implement the Auckland Plan 2050, including the Development Strategy, relevant performance measures and any associated guidance. The table below sets out the Auckland Plan outcomes, and how Watercare contributes to these outcomes.

Auckland Plan outcomes	Degree of contribution	How Watercare contributes
Māori identity and wellbeing  Investing more in youth to help advance Māori well-being	Primary	<ul style="list-style-type: none"> • By actively fostering and maintaining relationships with local Māori, including via the Mana Whenua Kaitiaki Forum • By providing technical advice related to water supply and septic tanks in marae • By realising rangatahi (our youth's) potential and promoting scholarships for Māori • By integrating Māori identifiers including a focus on te reo Māori
Homes and places  Ensuring healthy, affordable housing for all Aucklanders today and in the future	Primary	<ul style="list-style-type: none"> • By collaborating with the wider Council group to support areas of growth identified by Council, including nodes and development areas • By aligning major infrastructure development for future urban areas with the Council's Future Urban Land Supply Strategy (FULSS) • By proactively engaging with Housing New Zealand and HLC to plan, fund and deliver water and wastewater infrastructure to support their major urban transformation programmes - in particular, Northcote, Mt Roskill, Māngere, Tāmaki and Oranga • By reliably and efficiently delivering high-quality 'Aa'-grade water to all our customers • By reliably collecting and treating wastewater and returning it safely to the environment • By ensuring customers experiencing financial hardship can access support through the Watercare-funded Water Utility Consumer Assistance Trust
Environment and cultural heritage  Using growth as an opportunity to protect and enhance our environment	Primary	<ul style="list-style-type: none"> • By working with Auckland Council on the Auckland's Waters Strategy to achieve the Auckland Plan 2050's objectives of adapting to a changing water future • By planning and providing resilient infrastructure that is adaptive to future changes including climate change • By collecting and treating wastewater effectively, and managing the effects on receiving environments • By actively promoting water-efficient technologies and behaviours to consumers and homebuilders • By working to reduce water demand through operational improvements • By working with Auckland Council on the Watercare Heritage Assessment Project to determine approaches for protecting and promoting historic heritage
Belonging and participation  Ensuring Auckland is inclusive and that all Aucklanders can participate fully	Secondary	<ul style="list-style-type: none"> • By reliably delivering 'Aa'-grade water to all our customers • By reliably collecting and treating wastewater and returning it safely to the environment • By holding open days at our water and wastewater plants • By providing a free water education programme to schools
Transport and access  Improving transport choices so we can move easily around Auckland	Secondary	<ul style="list-style-type: none"> • By ensuring Watercare works with Council, Auckland Transport, NZTA and other utilities to align infrastructure projects wherever possible, to minimise effects on traffic and neighbourhoods
Opportunity and prosperity  Equipping people for future jobs	Secondary	<ul style="list-style-type: none"> • By providing a pipeline of employment opportunities • By building a resilient workforce in the water and wastewater industry

Climate change

We believe that climate change is one of the largest challenges which we face as a country and a business. We are committed to taking responsibility to play an active role in dealing with this issue.

We have recently finalised our Climate Change Strategy, which sets out the future direction for Watercare as we embark on our journey to operate a low-carbon organisation that is resilient to climate impacts. This strategy covers specific actions that we will take immediately. It also establishes a pathway of monitoring and understanding, between now and 2025, so that we can adapt to the changing climate based on evolving data and projections.

We are aligned with the most recent science, to keep global warming within 1.5 degrees Celsius, and our targets reflect that. We will continue to work with Auckland Council to ensure our strategy complements the targets, activities and approach being established in the Auckland Climate Action Plan.

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.



Tiny buds of Mānuka growing in the Hūnua Ranges

In late 2016, we adopted an Energy Policy that commits Watercare 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 Leaders Coalition. This means that we take climate change seriously in our business, including: i) we measure our greenhouse gas emissions and publicly report on them, ii) we set a public emissions reduction target (and we have since updated this target to keep within 1.5 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 the introduction of a climate commission and carbon budgets enshrined in law.

In addition, Watercare is committed to the United Nations Sustainable Development Goals (SDGs) and is a signatory to the Water Services Association of Australia's (WSAA) 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".

Climate change impacts Watercare on an environmental and social level.
Key areas are represented by these five United Nations Sustainable Development Goals:



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 to progress our contribution to the SDGs. Business processes now include integrated thinking, and business units plan to start mapping and measuring their contribution to the SDGs.



Watercare's adaptation work plan will focus on the delivery of nine short term portfolios by 2025 with the overarching aim of improving monitoring protocols and establishing a greater understanding of existing asset resilience to future threats. These are characterised into three value streams – (1) Informed decision making; (2) Assets; and (3) External dependencies. Desired future states within these portfolios have been established to provide a direction of travel and numerous individual actions are being mapped in the short term.

The fourth value stream (4) Mitigation, focusses on delivery of five portfolios to meet the Net Zero emission by 2050 and the 45 percent reduction by 2030 targets.

During 2019 a work plan will establish priority functions and future timelines. This comprises three stages:

- Stage 1: Establish framework and identify teams
- Stage 2: Initiate priority activities that are required as building blocks
- Stage 3: Integration of climate change considerations, tools and processes to adopt a 'business as usual' (BAU) approach.

Our 14 programmes of Climate Change work are categorised into four value streams:

1st value stream: Informed Decision Making

1. **Climate Modelling:** Update climate change modelling to include wider Watercare servicing areas not currently included in the NIWA models. Ensure that the existing models are constantly updated as new information comes to light. Proactively use climate change modelling during the planning phase of infrastructure to ensure future resilience.
2. **Understanding impact of climate change of demand patterns:** Update the tools that Watercare uses to understand demand patterns to include the future impacts of climate change.
3. **Understanding water source resilience:** Create an improved understanding of the quality and volume of water currently available in Watercare catchments. Includes updating baseline storage in dams whose volumes have been affected by sedimentation build-up following recent storm events and modelling platforms to utilise changes in current and future rain patterns.
4. **Understanding our effects and responsibilities on the environment:** Investigate the required environmental monitoring to inform future decision making such as groundwater modelling at Puketutu Island.
5. **Emergency preparedness:** Continued assessment of individual asset and site vulnerability to power and communication outages and the effect of road closures due to extreme events.

2nd value stream: Assets

6. **Understanding treatment resilience:** Continue to research and investigate water treatment technologies to manage raw water quality risk. These include ultrasonic units for algae reduction, powdered activated dosing (Huia WTP) and ultraviolet disinfection retrofit at Ardmore water treatment plant. Investigate improvements in monitoring of wastewater flows to understand impacts on flow and load variability.
7. **Understanding network resilience:** Understand the impact of a changing climate on our network. Focus areas include temperature increase impacts on chlorine decay in water networks, investigation of the possible flotation risks of transmission assets and flow gauging and modelling of the wastewater networks.

3rd value stream: External Dependencies

8. **Portfolio 8: Development and land use:** Continuing engagement with Auckland Council and developers to understand future climate change vulnerabilities where growth is occurring. Keeping up to date and liaising with central Government on policies and guidance on climate adaptation.
9. **Portfolio 9: Partnerships with utilities:** Continue to foster partnerships with utilities, including those providing lifeline services so that we can continue to operate during emergencies and take a multi-agency approach to planning for the long-term.

4th value stream: Mitigation

During the 2020 financial year, road maps will be created for each portfolio of emission reduction.

10. **Planting and carbon removals:** The Hūnua ranges re-vegetation project is to enhance slope stability and drought resilience through planting of natives and drought resilient plants. Ongoing development of this project will include an understanding of the carbon sequestration potential and those of other forestry assets.
11. **Energy efficiency and generation:** Watercare will be working towards an energy savings target of 8GWh by 2022. An active programme is in place to drive an improvement in business practice, including the selection of energy efficient options in new projects and optimisation of current assets.
12. **Energy neutrality at major waste water treatment plants:** Continue progress on initiatives that support the target of energy neutrality at Māngere and Rosedale waste water treatment plants by 2025.
13. **Treatment process emissions:** Establish a better understanding of process emission measurement techniques and collaborate on opportunities for reduction with other water utilities.
14. **Low carbon infrastructure:** Initiate a process of reviewing and rethinking design standards, facility plans, servicing strategies and business cases to include a lens that consistently considers carbon emission impact in infrastructure. A baseline of current carbon emissions in infrastructure projects will be established to support the 40% reduction target by 2025.

Working together with the Council group

Natural environment



Value being created:

- **Protected and enhanced natural environment**
- **Leading edge resource efficiency**

1. As set out on pages 9-11, climate change impacts, now and in the future, are already key considerations in Watercare's planning process. Our Climate Change Strategy is a critical tool to ensure that we contribute to enabling the Auckland region to reduce its emissions and be resilient to the effects of climate change. Watercare will thoroughly look at its long-term business model, operational and strategic risks and vulnerabilities, planning and assumptions. We are working with Auckland Council on the development of its Auckland Climate Action Plan (ACAP) to ensure an alignment between target setting, mitigation activities and sharing learnings on a consistent and effective approach to climate change. This collaboration will help make sure consistency is achieved between the ACAP and Watercare's Climate Change Strategy. Once the ACAP has been agreed, Watercare will include an appropriate climate change based performance measure in the next SOL.
2. We will continue to be supportive of, and to collaborate with, Auckland Council and Auckland Transport to lead the development of the 10-year project outcomes for the Western Isthmus Water Quality Improvement Programme, including construction of Watercare's Grey Lynn Wastewater Tunnel.
3. We engaged NIWA to deliver a hydrodynamic and water quality model for the Manukau Harbour. This is a large research programme and will provide one of the first 3D models of this kind worldwide. The final model will be delivered at the end of 2019. Watercare has designed this work with collaboration in mind, giving co-ownership of the models to the Council. The project management involves Watercare, Healthy Waters, iwi and the Research and Evaluation Unit (RIMU), part of Auckland Council's Auckland Plan, Strategy and Research department. All partners are very satisfied with this united approach. The solid relationship established from this collaborative work is enabling further discussions on improving the quality and efficiency of environmental monitoring in the Manukau Harbour.
4. In 2017, Watercare acquired the forestry rights over Council-owned land in the Hūnua Ranges, in the catchment of the water storage reservoirs. We are working closely with Council officers on plans to progressively rehabilitate approximately 2,000 hectares of land back to native forest over a two- to three-decade programme. A forest management plan will be developed with mana whenua involvement, and regeneration trials are being undertaken.
5. Watercare will participate in a collaborative process with the Council group to update its strategic planning and meet the requirements of the national policy statements on urban development capacity and freshwater management.

Customer and stakeholder relationships



Value being created:

- **Engaged communities and stakeholders**
- **Health and wellbeing**

1. Watercare commits to continuing to work collaboratively and share information with Council, including adherence with the no-surprises protocols as set out in the Governance Manual for substantive CCOs.
2. We will continue to support the 'value for money' reviews being undertaken by Council as required by Section 17A of the Local Government Act 2002. We continue to actively participate in these reviews, and support Council's objectives. Watercare will implement recommendations from the reviews as appropriate to Watercare. In addition, we are committed to participating in all future reviews.
3. Watercare will continue to collaborate with Healthy Waters and Auckland Transport to develop the Auckland's Waters Strategy.
4. We will continue to collaborate with Local Boards in the manner set out on page 19 of this document.
5. Watercare will continue to collaborate with Council and the wider Council group to improve Māori outcomes to mana whenua and mātauranga (kinship group) in Auckland in the manner set out on page 20. For example, we are working closely with Council on an ongoing basis as it prioritises the Te Toa Takitini and collaborates with Te Waka Angamua ki Uta.
6. We will continue to prioritise positive and proactive dialogue and engagement with the community in order to lift trust levels amongst our community and stakeholders. This type of engagement is a key part of all significant projects, including the Central Interceptor and the Western Isthmus Water Quality Improvement Programme (refer to item 2 in Natural environment).
7. Watercare will continue to collaborate with Council to refine the Council group's position and response to any proposals from central government's Three Waters review.
8. Watercare will continue to collaborate with Auckland Council on submissions relating to bills, policy statements, regional plans and similar documents and consult with the Council before making its own submissions in cases where Watercare has a specialist need to submit. Recent examples are:
 - Joint submission to MBIE's "Urban Development Authorities (UDA's) – Discussion Document"
 - Waikato District Council's District Plan Review
 - Waikato Regional Council's Plan Change Number 1, Variation 1, and Further Submissions to Plan Change 1
 - Ministry for the Environment's "Our Climate, Your Say: Consultation on the Zero Carbon Bill – Discussion Document"
 - Ministry for the Environment's "Improvements to the New Zealand Emissions Trading Scheme" and Forestry New Zealand's "A Better ETS for Forestry".

People and culture**Value being created:**

- **Safe, engaged and empowered teams**
- **Customer trust and value**

1. Watercare will continue to regularly participate in the Council's Consenting Made Easy programme.

Financial capital and resources**Value being created:**

- **We are a minimum-cost, financially stable provider**

1. Watercare will continue to investigate commercial arrangements and other funding sources to either achieve savings, or develop alternative revenue sources, where this is in the best interests of the Council. For example, a contract with Waikato District Council will generate additional revenue. This, in turn, has a positive effect on the Council's debt to revenue ratio. Such arrangements must not compromise service delivery for Aucklanders or the delivery of Auckland's priorities.
2. We will continue to participate in any work involving the Crown and Council regarding alternative funding options.
3. Watercare will continue to actively participate in Council group procurement activities, including the development of the Group Procurement Strategy, Group Digital Roadmap Framework and the Supplier Code of Conduct.
4. Watercare will continue to work with Council and the other CCOs to maximise the savings and benefits in relation to its combined insurance programme.

Intellectual capital**Value being created:**

- **Industry led thinking and processes**

1. We will continue to actively support the desired outcomes of the Safeswim monitoring programme when making infrastructure investment decisions, and to work with Council to achieve the outcomes of this programme.

Assets and infrastructure**Value being created:**

- **Future proofed growth and supply assurance**
- **High performing infrastructure**

1. Watercare will reflect agreed changes in its own strategic planning and Asset Management Plan (AMP). Specific strategies and plans where we are working with Auckland Council include:
 - Refresh of the Auckland Plan
 - Development of the Auckland's Waters Strategy
 - Development of watershed plans
 - Developing Council's approach to implementing the National Policy Statement for Freshwater Management.
2. We will continue to notify Council of any substantive changes made to our AMP outside of the annual updates provided.

INSIGHT: Central Interceptor wastewater project to start construction in mid-2019

The Central Interceptor wastewater tunnel is a critical project that will deliver far-reaching benefits for the people of Auckland. This extensive wastewater project will reduce wet-weather overflow volumes into the Waitematā Harbour by up to 80%. At the same time, the tunnel will provide increased capacity to store and carry the wastewater of Auckland's fast-growing population.

The tunnel will run for 13 kilometres from Western Springs to a new pump station at the Māngere Wastewater Treatment Plant. At 4.5 metres in diameter, it will be Auckland's largest wastewater tunnel and the biggest wastewater project ever undertaken in New Zealand.

Chief Executive Raveen Jaduram says the Central Interceptor is a big step forward for Auckland: "This project will improve the health of our city's waterways by reducing wet-weather overflows and provide for population growth. Not only that, its construction will create employment and opportunities for the region."

Lying at depths of between 22 and 110 metres below the ground's surface, the tunnel and its linking sewers will be supported by 17 shafts along the route. The shafts collect and transfer wastewater into the tunnel, and at the end of the tunnel, a major pump station will direct all flows to the Māngere Wastewater Treatment Plant.

The Ghella-Abergeldie joint venture will construct the tunnel. This joint venture combines more than 30 years of tunnelling expertise in New Zealand with over 150 years of Italian and international tunnelling experience and the ability to ensure the utmost skill and competence in the delivery of this landmark project.

Ghella has successfully completed numerous projects of this scale worldwide. These include the Legacy Way tunnel project in Brisbane which achieved world records in tunnel-boring machine excavations. Currently, Ghella is working on some of the biggest tunnelling projects around the world, including the Follo Line in Oslo, the Sydney Metro and the Riachuelo sewage system in Buenos Aires.

Shayne Cunis, executive programme director for the Central Interceptor, is pleased with the disciplined procurement approach.

"Our intention has always been to stick to our plan. We do what we say and the people of Auckland can take comfort that Watercare is delivering on its promises of improving Auckland's infrastructure."

Construction will commence in mid-2019. The first stages of work are site establishment and the construction of the shafts. Tunnelling is scheduled to commence in late 2020 with project completion scheduled for 2025.

VALUE BEING CREATED:

- Protected and enhanced natural environment
- High-performing infrastructure
- Industry-leading thinking and processes



Enabling growth

Location, scale and timing of new development matters when planning for growth. Watercare works closely with the Council group to identify areas where there is capacity to support growth in the short to medium term. We also align our longer term planning of new or upgraded infrastructure to meet Council's spatial development priorities and give effect to the Long Term Plan and Council's Future Urban Land Supply Strategy (FULSS).

The planning and construction of water and wastewater infrastructure can have long lead times.

The alignment of service provision with the FULSS, and vice versa, allows Watercare to plan, consent and construct bulk water and wastewater infrastructure efficiently to enable Council's growth requirements.

Summary of key water and wastewater projects

The resilience of Watercare's water and wastewater supply systems was demonstrated during a number of extreme weather events over the past few years. Watercare will continue to build on our strong foundations with a series of planned upgrades and replacements for our water and wastewater supply network over the next three years.

This will help Auckland achieve the Auckland Plan 2050's objective of adapting to a changing water future.

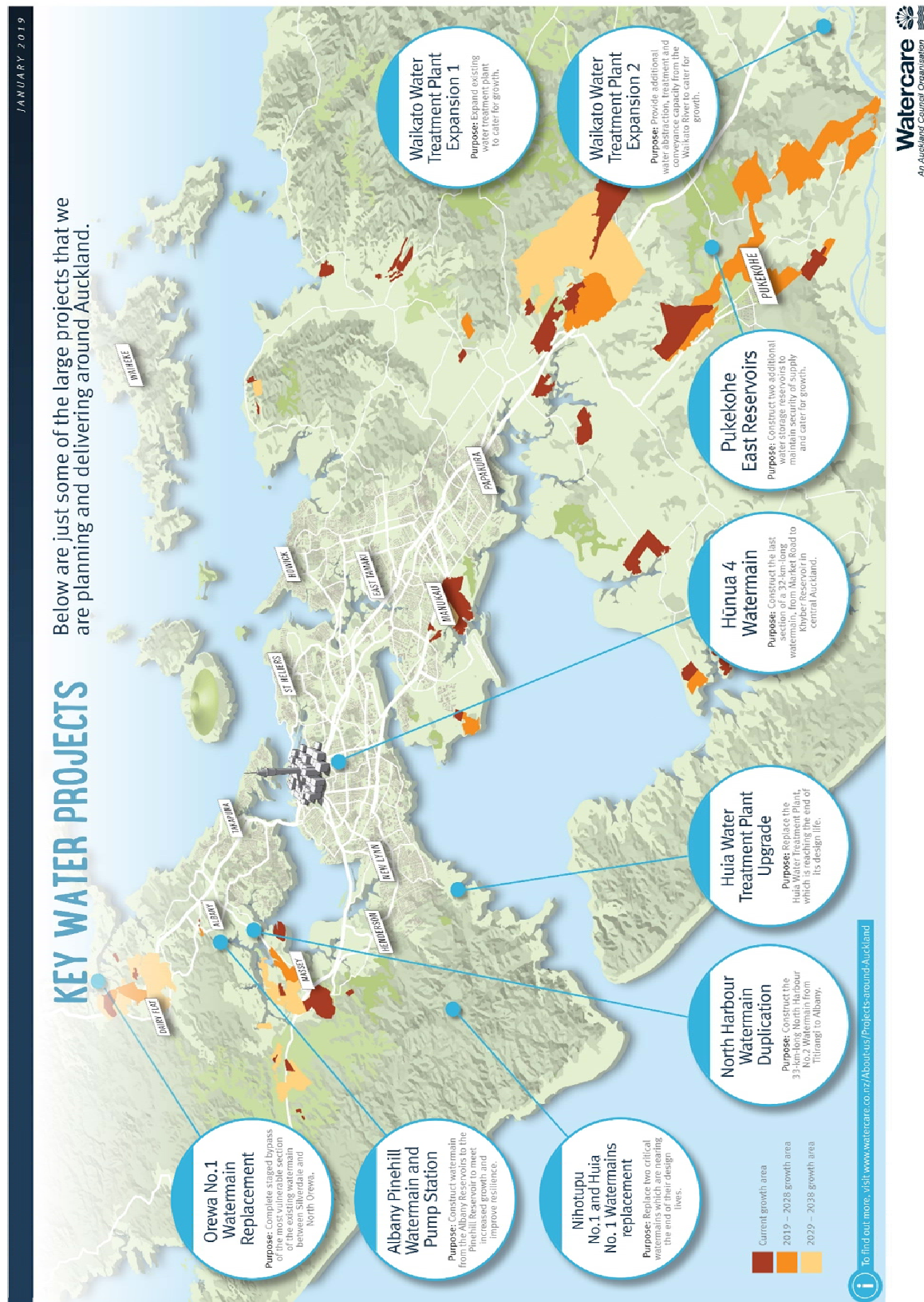
That means our infrastructure will enable growth in the areas identified for development by Council.

We also ensure our infrastructure development is aligned with Council's local place making and urban regeneration priorities. Watercare acknowledges Council's request for the CCOs to actively participate in the integrated governance of urban regeneration priority areas, and we are committed to work with Council in this regard. In particular, we are working proactively with the wider Council group and the Government to enable regeneration of existing urban areas with a significant social housing component.

Veolia Water in Papakura, like Watercare throughout the rest of Auckland, responds to growth areas identified by Auckland Council. Accordingly, we will require Veolia Water, within the terms of the agreement between the parties, to ensure it is providing the necessary water and wastewater infrastructure to meet growth.

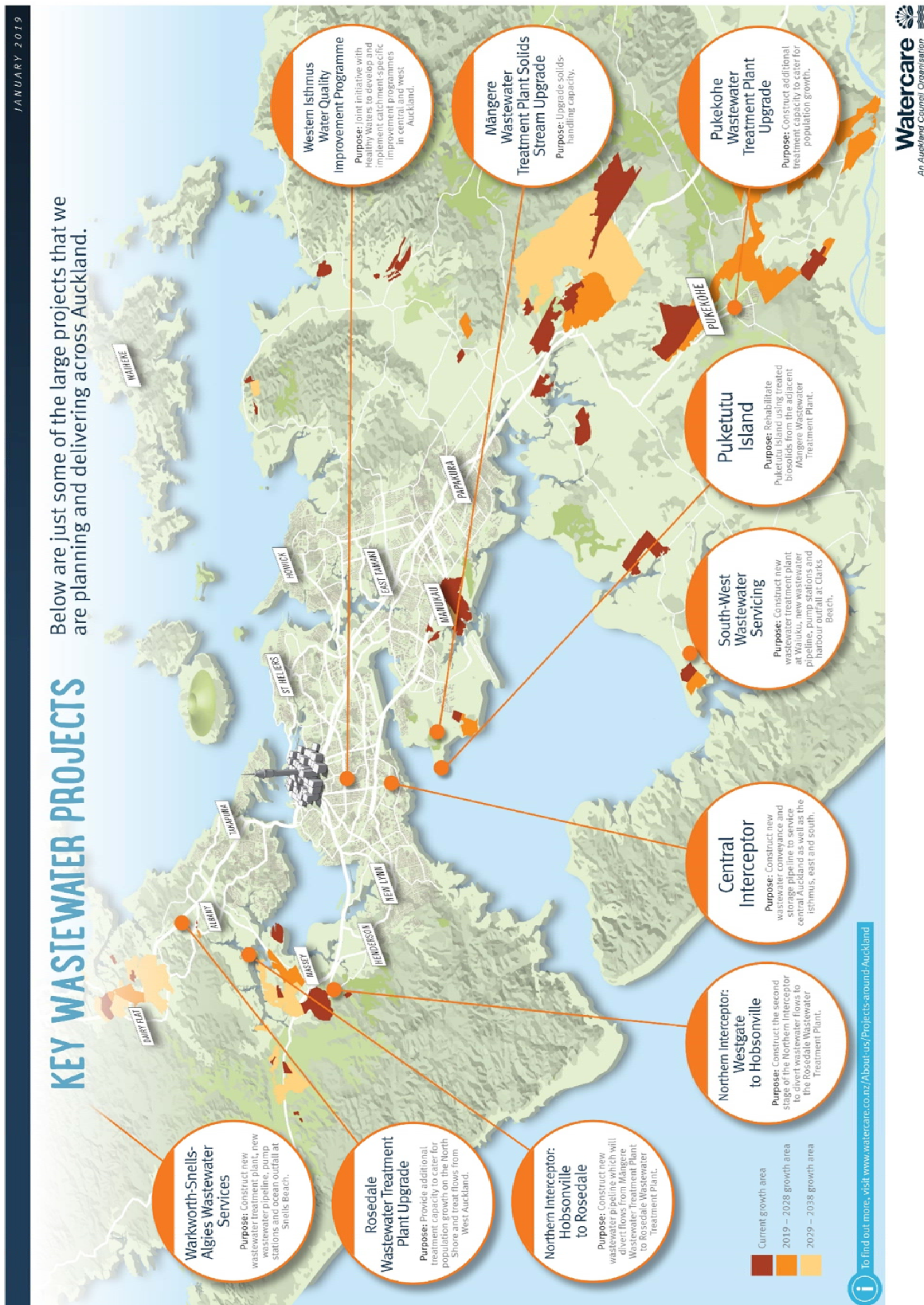
	Major water projects	Description	Work to be carried out over the next three years
1	Hūnua 4 Watermain	Construction of the last section of a 32-kilometre-long watermain that will run from Market Road to Khyber Reservoir in central Auckland	The contract has been let for construction from Market Road to the Khyber Pass Reservoir. Ninety per cent of the construction will be tunnelled, thereby avoiding significant congestion down Manukau Road and through to the Khyber Pass Reservoir. Completion due early 2021.
2	North Harbour Watermain Duplication	Construction of the North Harbour No. 2 Watermain, which will run for 33 kilometres from Titirangi to Albany	Duplication of the watermain over Upper Waitematā Harbour to be completed in 2020. The section from Upper Harbour to Albany to be constructed over the next three years, with the remainder to be completed progressively by 2026.
3	Pukekohe East Reservoirs	Construction of two additional water storage reservoirs to maintain security of supply and cater for growth	First reservoir in construction and expected to be completed by 2021.
4	Waikato Water Treatment Plant Expansion 1	Expansion of the capacity of the existing water treatment plant to cater for additional demand arising from growth	Increase of maximum water treatment plant production capacity from 150 MLD to 175 MLD has been completed. Chemical systems capacity upgrades to be completed by 2020.
5	Waikato Water Treatment Plant Expansion 2	Provision of additional water abstraction, treatment and conveyance capacity from the Waikato River to cater for additional demand arising from growth	A consent has been lodged for an additional take from the Waikato River and awaits processing by Waikato Regional Council. Technical work is being updated and work on the Assessment of Environment Effects has been put on hold pending further consultation with Waikato Tainui. The preparation of a Cultural Impact Assessment is required. Based on feedback from Waikato Regional Council, the application is likely to be processed in 2019.
6	Nihotupu No.1 and Huia No. 1 Watermains replacement	Replacement of two critical watermains which are nearing the end of their design lives	Construction expected to be completed by early 2022.
7	Huia Water Treatment Plant Upgrade	Replacement of the Huia Water Treatment Plant which is reaching the end of its design life and the provision of improved treatment processes that will maintain supply and improve levels of service	Consent process to be completed and detailed design commenced during this period.
8	Orewa No.1 Watermain Replacement	Completion of a staged bypass of the most vulnerable section of the existing watermain that runs between Silverdale and North Orewa	The northern 4.3km of this watermain will be constructed through the Millwater development, across Orewa River, and connect to the Maire Road Reservoir. The southern 0.3km will be constructed through Silverdale and will facilitate commissioning of the entire 7km replacement between Silverdale and the Maire Road Reservoir.
9	Albany Pinehill Watermain and Pump Station	Construction of a watermain from the Albany Reservoirs to the Pinehill Reservoir to meet increased growth and to improve the resilience of the supply to the area of the North Shore supplied by the Pinehill Reservoir. The project also delivers a replacement chlorine booster to treat the inflow to the reservoirs.	Works in construction and expected to be completed by early 2020.

Watercare Services Limited – 2019-2022 Statement of Intent



Summary of key wastewater projects

	Major wastewater projects	Description	Work to be carried out over the next three years
1	Central Interceptor	Construction of a new wastewater conveyance and storage pipeline to service central Auckland as well as the isthmus, east and south	Design is complete. Procurement is in progress with the contract to be let in early 2019. Construction is planned to commence in 2019 and be completed by December 2025.
2	Northern Interceptor: Hobsonville to Rosedale	Construction of a new wastewater pipeline which will divert flows from the Māngere Wastewater Treatment Plant to Rosedale Wastewater Treatment Plant	Construction to be completed by early 2021.
3	Northern Interceptor: Westgate to Hobsonville	Construction of the second stage of the Northern Interceptor to divert wastewater flows from Whenuapai, Redhills, Kumeu, Huapai and Riverhead catchments to the Rosedale Wastewater Treatment Plant. This project is dependent on the delivery of the Northern Interceptor from Hobsonville to Rosedale	Obtaining the necessary consents and land owner approvals during this period with completion due by 2025.
4	Rosedale Wastewater Treatment Plant Upgrade	Provision of additional treatment capacity to cater for population growth on the North Shore and treat diverted wastewater flows from West Auckland, which are currently served by the Māngere Wastewater Treatment Plant	Design and construction to be completed by early 2020.
5	Pukekohe Wastewater Treatment Plant Upgrade	Construction of additional treatment capacity to cater for population growth in the Pukekohe Wastewater Treatment Plant catchment	Application for discharge to the Waikato River has been granted. Enabling works completed in 2018. Design is complete and construction to be completed in stages by 2021, in line with growth expectations.
6	Māngere Wastewater Treatment Plant Solids Stream Upgrade	Upgrade of solids handling capacity of the Māngere Wastewater Treatment Plant	Work is delivered in packages. Five have been completed. The upgrade of the biosolids conveyors to be completed in stages until 2020.
7	Puketutu Island/ Te Motu a Hiaroa	Rehabilitation of Puketutu Island using treated biosolids from the adjacent Māngere Wastewater Treatment Plant	Continue the monofill operation to rehabilitate Puketutu Island.
8	Warkworth-Snells-Algies Wastewater Services	Construction of a new wastewater treatment plant, new wastewater pipeline, pump stations and ocean outfall at Snells Beach	Design has commenced and construction is targeted for completion by 2022.
9	South West Wastewater Servicing	Construction of a new wastewater treatment plant at Waiuku, new wastewater pipeline, pump stations and harbour outfall at Clarks Beach	Consent has been obtained. Design has commenced with construction completion expected by 2025.
10	Western Isthmus Water Quality Improvement Programme	Joint initiative with Healthy Waters to develop and implement catchment specific improvement programmes in the priority catchments of Westmere, Avondale, Freemans Bay, Grey Lynn, Herne Bay, Meola, Motions, Oakley, Pt Chevalier, St Marys Bay and Waterview	Planning is underway with the target completion date of 2028.



Engaging with the diverse communities of Auckland

Watercare provides lifeline services to Auckland. Our water and wastewater services are critical to the economic, social and environmental health and well-being of our communities. Recognising this, we engage with our stakeholders and the diverse communities of Auckland through a wide range of forums in order to build trust and maintain transparency and openness.

Customers

We engage by:

- Making information available via a number of channels and in different ways, including written, face-to-face, open days, digital and via social media
- Consulting with customers on topics that affect them to ensure their needs are understood and considered
- Engaging with developers, early in their planning process, to determine infrastructure requirements to cater for the water and wastewater needs of new developments
- Holding forums for developers, their consultants and contractors to inform them of our plans for infrastructure development
- Collecting feedback through various channels, including from our customer feedback system and through our regular customer experience surveys
- Delivering experiences that make things easier for our customers; then we measure how well we are servicing the needs of our customers via our Voice of the Customer surveys and our Net Promoter Score (NPS), which is a SOI performance measure
- Analysing feedback from our customers and using it to drive business improvements, and to look at what we can do better or differently to reduce issues and complaints
- Conducting annual customer focus groups on specific issues
- Running a free water education programme in schools



Members of the public at the Waikato Water Treatment Plant Open Day

Local Boards

We engage by:

- Building enduring relationships with Local Board Chairs and representatives by providing timely and accurate responses to their information needs
- Sharing information on Watercare-related matters including infrastructure planning and construction projects in the interests of no surprises
- Collaborating with Auckland Council to share information and promote the Western Isthmus Water Quality Improvement Programme via Local Boards
- Collaborating with Auckland Council to share information about the Safeswim programme via Local Boards
- Working with Local Boards to educate the community on causes of wastewater overflows (fats, wet wipes etc.) and actions they can take to prevent them
- Using innovative new ways to help share information via Local Board community networks. Some Local Boards have featured in short information videos uploaded to YouTube, which can also be shared via the Local Board Facebook pages.
- Working with Local Boards to promote the inflow and infiltration programme aimed at removing stormwater from the local wastewater network. Local Boards in problem areas are helping to promote the programme, including smoke testing, which can help identify and resolve private drainage issues, thereby reducing potential for wet-weather overflows.
- Collaborating with Local Boards and the community to gather input into future projects such as the Huia Water Treatment Plant, consent renewals for the Army Bay Wastewater Treatment Plant and planning for the Western Isthmus Water Quality Improvement Programme.
- Forming Community Liaison Groups (CLGs) in the manner set out on page 21.

Local residents and community groups that neighbour our worksites

We engage by:

- Using a variety of channels to ensure there are no surprises regarding potentially disruptive works. Information is communicated via various channels, including: flyers, newsletters, door-to-door communication, advertisements, signage, radio broadcasts, local resident and business association information meetings, community open days and direct mail
- Providing opportunities for the community to have input into decision-making during the planning of new infrastructure with a view to minimising delays in statutory approval processes under the Resource Management Act 1991
- Ensuring our staff and sites can be easily identified by continuing to align our branding, signage and marketing collateral to the Council group's brand guidelines as appropriate and where cost effective.

Tangata whenua (Māori)

We engage by:

- Promoting and supporting mana whenua relationships. The Watercare Mana Whenua Kaitiaki Forum's (MWKF) role includes integrated decision-making on matters significant to Māori across the Auckland Council group. Watercare maintains its relationship at an operational level with MWKF through bi-monthly meetings with the Mana Whenua Kaitiaki Managers' Group – Water Sector – and continues to expand this sector's work by facilitating group meetings with other stakeholders working in this area. The Auckland's Waters Strategy is a prime example of this. Watercare will work with Auckland Council to optimise the governance for engaging with mana whenua across the Council group
- Developing, working and maintaining relationships with mana whenua affected by Watercare operations and initiatives to ensure effective Māori participation, an empowered organisation and strong Māori communities
- Increasing Watercare's capability and understanding of Māori values and cultural impact
- Providing technical advice related to water supply and septic tanks to promote the health of marae, Papakāinga and Māori housing
- Realising rangatahi's potential, including proactively promoting the Mark Ford Scholarship to Māori
- Promoting te reo Māori outcomes
- Strengthening our relationship with Waikato Tainui by working with their representatives and executive management team. This relationship commenced when Watercare first applied to take water from the Waikato River to assist in meeting Auckland's need for water. With the projected growth for Auckland, a second application to take water has been lodged. Watercare is working closely with Waikato Tainui to ensure that the health and well-being of the Waikato River remains paramount
- Implementing Watercare's Māori Responsiveness Plan
- Regularly meeting with representatives of the 19 mandated mana whenua entities. In this regard, Watercare is also committed to working on the Council Group's Te Hōanga initiative to make the engagement process with all 19 mana whenua entities more effective and efficient.
- Committing to the refined priorities of Te Toa Takitini, the specific project/programme contributions and any related performance measures. These are reported on through Watercare's quarterly reports.
- Continuing to participate and implement the findings of the current Tiriti o Waitangi Audit.
- Working with the Tūpuna Maunga of Tāmaki Makaurau Authority in relation to Watercare infrastructure on Maunga.

Infrastructure providers

We engage by:

- Participating in the Auckland Infrastructure and Procurement Group forums and working groups
- Co-ordinating planned major works with Auckland Transport and other infrastructure providers, such as New Zealand Transport Agency (NZTA) and Vector, to ensure 'best for Auckland' outcomes
- Continuing to work closely at technical and managerial levels with Auckland Transport, the Auckland Motorway Alliance, NZTA and other infrastructure providers to plan and deliver complex infrastructure solutions in the road and motorway corridors
- Working closely with industry experts and attending regular sessions with Civil Contractors New Zealand and the Association of Consulting Engineers New Zealand to ensure safe, practicable and sustainable outcomes
- Recognising the importance of integrated planning to achieve the efficiencies expected and envisioned by Auckland Council, Watercare continues to be committed to working closely with Auckland Council on the Auckland's Waters Strategy
- Collaborating with the Council group on the Western Isthmus Water Quality Improvement Programme



(L-R) Watercare Chair Margaret Devlin, Mayor Phil Goff, Jack Ruck and Vern Rosier both of Ngāti Manuhiri at the official opening of the new Warkworth Water Treatment Plant. A powerful moment from the opening was the unveiling of a pouwhenua that stands at the entrance to the plant and depicts Waawaia, the Taniwha of Te Awa Waihe. This signifies the relationship between the land, environment and Ngāti Manuhiri who are Mana Whenua for Puhinui (Warkworth).

INSIGHT: Best-practice stakeholder engagement to build trust

Stakeholder engagement for Watercare is embedded into our everyday operations, whether it is the delivery of service, the construction of new infrastructure or transacting with our customers. Our value creation model recognises that our relationships with our stakeholders - customers, communities, iwi, Council, Councillors, other CCOs, central government, unions, suppliers and advisors - are essential to maintaining our social licence to operate and build trust and confidence in Watercare and the wider Council group.

We proactively identify our stakeholders work to understand their needs and requirements. We work to ensure that we maintain open lines of communication and adhere to a 'no-surprises' policy. This is critical to us achieving our vision of being trusted by our communities.

Building social equity also provides us with resilience should we encounter unexpected challenges during a project. We do this through a number of ways including public open days at our plants, regular meetings with community groups and Local Boards, as well as by informal celebratory barbecues to thank communities for their patience while we undertake projects within their area. We provide a free water education programme to schools and about 7,000 students benefit from this every year.

Throughout the Auckland region, we have facilitated the formation of a number of Community Liaison Groups (CLG), including CLGs for the Huia Water Treatment Plant Replacement Project, the Pukekohe Wastewater Treatment Plant upgrade and the Western Isthmus Water Quality Improvement Programme. We also have a well-established CLG in Manukau to cover our Manukau/Puketutu Island activities. These CLGs help us to be aware of local issues and concerns and are an effective platform through which ongoing relationships can be maintained.

Since 2011 our Environmental Advisory Group (EAG) has advised, supported and challenged management's approach to sustainability and environmental matters. The EAG provides a robust external sounding board for our work and supports us in our vision to be "trusted by our communities for exceptional performance everyday". The EAG is independent and comprises seven individuals with interest and expertise in either water, wastewater or both.

Alongside this work, we hold regular industry briefings for our suppliers, contractors and consultants. These briefings provide an opportunity to engage with the wider industry and share our strategy and future programme of works with our suppliers.

We also actively promote and support mana whenua relationships, including via the Mana Whenua Kaitiaki Forum, and continue to expand this sector's work by facilitating group meetings with other stakeholders working in this area. Consultation with interested mana whenua is regarded as "business as usual" and an integral part of Watercare's planning and operational procedures. Successful iwi engagement for such projects is not measured by the actual spend but by the relationships formed and mutual outcomes that such partnership achieves. Iwi have supported projects such as the South West wastewater and Pukekohe treated wastewater discharges.

We engage with our customers through a range of channels: phone, mail, email, our website and social media. Our quarterly newsletter, *Tapped In*, allows us to proactively engage with our customers and share updates on our programmes and initiatives. Through our Strategic Transformation Programme, we are working on new ways to leverage technology to better interact with our customers and simplify their transactions. We work hard to deliver experiences that make it easy for our customers to interact with us.

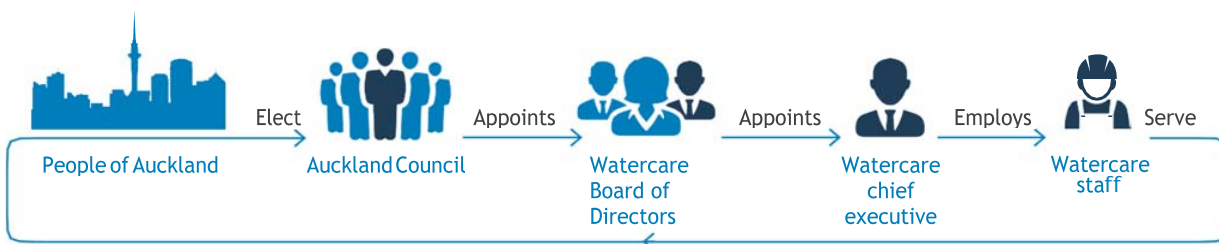
VALUE BEING CREATED:

- Customer trust and value
- Engaged communities and stakeholders



Students from Viscount School in Māngere spent several weeks researching local flora and fauna. Their posters were turned into information panels for Watercare's Coastal Walkway in Māngere.

Managing and measuring our performance



Watercare's board is ultimately responsible for all decision-making by the company. The directors and the management team are committed to ensuring the company applies best-practice governance policies and procedures. As at 1 March 2019, there are four subcommittees being: 1) Audit and Risk, 2) People, Remuneration and Appointments, 3) a subcommittee to oversee the Strategic Transformation Programme, and 4) a subcommittee to oversee the Asset Management Plan, and all major capital expenditure projects over \$100 million including the Central Interceptor.

Our board undergoes board performance reviews bi-annually, in line with the Council adopted process.

Watercare ensures we fulfil the public meetings stipulation of the Local Government (Auckland Council) Act 2009 which requires Auckland Council's CCOs to hold two public meetings a year and the timing for these is set out below. Dates and times are publicly notified in advance with agendas and minutes made available on our website.

Watercare works diligently to meet our legal obligations and act in accordance with the Governance Manual for substantive CCOs, which sits alongside this SOI and forms part of the annual binding agreement between Council and Watercare. Page 15 of the CCO Governance Manual includes the procedures when CCOs subscribe for, purchase or otherwise acquire shares in any company or other organisation, as required under Schedule 8, Clause 9(1)(i) of the Local Government Act 2002.

We are committed to participating in the design and implementation of group-wide policies. Watercare is also supportive of the development of Council group foundation principles and standards (where required). We are currently working with Council to review the SOI process.

Watercare is also committed to working collaboratively in relation to 'out of sequence' future urban development.

See *Our Legislative Framework* in Appendix B for more information on our legal responsibilities.

Date	Purpose	Form of public notification
28 May 2019	Consider Shareholder comments on draft SOI	Public notice
29 October 2019	Consider performance against SOI targets	Public notice
May 2020	Consider Shareholder comments on draft SOI	Public notice

Managing risk

We have an established risk management policy and framework, which follows the guidance of the ISO 31000 risk management standard. Risks are identified and evaluated using likelihood and consequence scores and ranked. The highest-ranked and significant emerging risks are regularly reviewed by senior Management and the board via management and board-level reporting.

As part of the risk management framework, Watercare Management have a Risk Management Steering Committee to monitor emerging risk and risk-mitigating actions and strategies.

The internal audit function produces an annual plan that is approved by our Audit and Risk Committee with quarterly reporting by management against the plan to the committee. The Audit and Risk Committee maintains oversight of progress and must be satisfied that recommendations arising from internal audit's work are fully addressed by management.

Watercare also provides Council's Audit and Risk Committee with a quarterly report outlining our risk management framework, approach, processes and an overview of the top risks with associated mitigation actions.

A detailed assessment of the current risk position for two key risks that are likely to be front of mind to Councillors is also included in these reports.

Measuring our performance

We have an agreed set of performance measures and targets which form the basis for accountability to delivering on Council's strategic direction, priorities and targets. These are reported on a quarterly basis in accordance with the governance manual for substantive CCOs.

The measures and targets include the mandated measures of the Department of Internal Affairs and those that were agreed with Council as part of the Long Term Plan 2018–2028. Our performance measures are included in Appendix C. Watercare will, with Auckland Council, identify additional effective, appropriate and meaningful measures that will arise from the Government's Three Waters review across New Zealand. This includes working on identifying appropriate climate change measures and targets.

The SOI performance measures also include a Net Promoter Score, which measures how well we are doing with our customers.

Driving efficient, transparent and stable financial management

We understand and appreciate that our customers expect us to be financially responsible as every dollar we spend has an impact on the price they pay for water and wastewater services.

Watercare funds and finances all of its operating costs and capital projects through water and wastewater service charges, infrastructure growth charges and borrowings. That means we self-fund what we deliver and do not receive rates money from Auckland Council. Our financial position enables us to fulfil the \$5.76 billion commitment we have made to the Auckland community in our Asset Management Plan (AMP). Watercare's funding envelope has been aligned for the provision of service identified in the FULSS.

Our financial management is underpinned by robust plans and policies, supported by a comprehensive risk and audit programme.

To be financially stable over the long term, we take the following into consideration when managing our capital investment programme: risk, future demand, debt levels, interest costs and inter-generational equity.

Our AMP defines Watercare's best engineering and business judgment of the capital investment required to maintain the integrity of our infrastructure base over a 20-year period.

It helps us to decide what, where, how, when and how much we invest to build and maintain our water and wastewater assets.

Watercare will continue to collaborate with Council and other members of the Council group to closer integrate its planning to assist in addressing infrastructure challenges for Auckland.

Watercare will also continue to contribute to the development of the Asset Management Coordination Group. This has led to the creation of common summary Asset Management Plans being published and examination of the ways in which our asset management frameworks may be aligned.

Watercare will also consider participating in the 2020 Water Services Association of Australia Asset Management Benchmarking process.

We have implemented efficiency initiatives across major areas of expenditure, including a network efficiency programme and a capital delivery optimisation programme.

The network efficiency programme is focused on reducing the cost of operating and maintaining our retail network while maintaining the appropriate level of service.

The capital delivery optimisation programme includes the introduction of a revised capital projects delivery business model and a target to deliver five per cent savings through more efficient capital spend.

The following summary of financials supports the delivery of the strategic objectives and performance targets for Watercare.

Operating budget

Operating budgets (\$million)	2017/2018 Actual	2018/19 Revised LTP*	2019/20 Annual Plan	2020/21 Revised LTP*	2021/22 Revised LTP*
Revenue	522.3	536.3	561.9	586.1	615.5
Fees and charges	490.5	509.0	533.2	556.3	581.8
Grants and subsidies	-	-	-	-	-
Other revenue	31.8	27.3	28.7	29.8	33.7
Direct expenditure	217.6	219.9	228.1	235.7	244.4
Employee related costs	73.0	75.2	77.9	80.5	83.3
Grants, contributions, sponsorship	0.1	0.7	0.7	0.7	0.7
Other expenditure	144.5	144.0	149.5	154.5	160.4
Net direct expenditure (income)	(304.7)	(316.4)	(333.8)	(350.4)	(371.1)
Funding from Auckland Council	-	-	-	-	-
Revenue from vested assets	(30.2)	(31.0)	(20.8)	(21.5)	(22.2)
Other non-operating income	-	-	-	-	-
Net finance expense	82.1	74.5	84.3	85.5	86.3
Depreciation and amortisation	220.0	248.8	252.4	256.5	287.8
Net losses (gains)	29.3	8.0	8.0	8.0	8.0
Income tax	38.1	43.2	44.2	49.0	53.4
NET EXPENDITURE (INCOME)	34.6	27.1	34.3	27.1	42.2

* The revised budget in the financial tables represents the LTP budget adjusted for approved changes.

Net direct expenditure by area

Expenditure (\$million)	2017/2018 Actual	2018/19 Revised LTP	2019/20 Annual Plan	2020/21 Revised LTP	2021/22 Revised LTP
Net direct expenditure (income)	(304.7)	(316.4)	(333.8)	(350.4)	(371.1)
Wastewater Service	(217.8)	(229.1)	(242.5)	(255.1)	(270.9)
Water Supply	(86.9)	(87.3)	(91.3)	(95.3)	(100.2)

Our commitment

Watercare supports the Council's drive for greater transparency in budgeting, operating expenditure and reporting and is committed to:

- Demonstrating value for money across all expenditure
- Continuing to work with Council to align its capital investment programme with Council's 10-year budget
- Benchmarking front-line and back-office expenditure, including regularly publishing results on Watercare's website
- Exploring alternative operating revenue streams wherever possible
- Keeping a strong focus on managing sensitive expenditure lines
- Communicating clearly and in plain English with all of our customers and stakeholders.

Watercare recognises challenges the Council faces in relation to funding and commits to continuing to work with Council in this regard. We also keep Council informed, via our quarterly reports, of any significant operational challenges we may happen to face in the future.

Watercare commits to optimise efficiency and value and remove unnecessary duplication. We will continue to work closely with Auckland Council staff on providing consistent and transparent financial and performance information.

We also commit to consider, where appropriate, different approaches to core systems and business processes, shared back-office delivery and alignment with the Council group's investment.

Capital expenditure

For detailed capital expenditure list, please refer to Appendix A.

Expenditure (\$million)	2017/2018 Actual	2018/19 Revised LTP	2019/20 Annual Plan	2020/21 Revised LTP	2021/22 Revised LTP
- to meet additional demand	169.5	260.4	381.1	327.8	320.8
- to improve the level of service	34.1	55.7	76.3	69.1	71.1
- to replace existing assets	127.3	108.8	160.8	139.2	144.9
Total capital expenditure excluding capitalised interest	330.9	424.9	618.2	536.1	536.8
Capitalised interest	-	15.7	17.7	29.5	36.3
Total capital expenditure including capitalised interest	330.9	440.6	635.9	565.6	573.1
Sources of capital funding	330.9	440.6	635.9	565.6	573.1
Infrastructure growth charge	89.1	95.8	101.1	103.2	107.6
Debt	5.5	102.9	285.3	197.5	180.7
Asset sales	13.7	-	-	-	-
Operating surplus (Net direct income less finance expense)	222.6	241.9	249.5	264.9	284.8

Specific expenditure towards Māori outcomes

Initiatives (\$thousand)	2017/2018 Actual	2018/19 Revised LTP	2019/20 Annual Plan	2020/21 Revised LTP	2021/22 Revised LTP
Iwi engagement on Watercare projects	1,214	1,240	1,290	1,320	1,350

Other Financial Information

Current value of assets	The current value of Watercare's assets as 30 June 2018 was \$10.1 billion based on the net asset value of the Watercare group as disclosed in the audited financial statements.				
Financial reporting	Watercare's financial reporting to Auckland Council will be in accordance with the requirements of the CCO Governance Manual.				
	2017/2018 Actual	2018/19 Revised LTP	2019/20 Annual Plan	2020/21 Revised LTP	2021/22 Revised LTP
Asset sales (\$million)	13.7	-	-	-	-
Shareholder equity ratio	70%	68%	66%	66%	65%

Appendix A

Detailed capital expenditure list

Expenditure (\$million)	2017/2018 Actual	2018/19 Revised LTP*	2019/20 Annual Plan	2020/21 Revised LTP*	2021/22 Revised LTP*
Capital Expenditure (excluding capitalised interest)	330.9	424.9	618.3	536.1	536.9
Wastewater					
Central Interceptor	5.9	17.4	137.0	188.6	173.6
Collection System	63.9	70.6	37.9	36.2	19.3
Northern Interceptor	4.8	14.8	76.5	31.4	32.6
Shared Services Plant & Equip	6.4	7.6	7.1	3.0	4.3
Shared Services Process Improvement	10.8	16.9	14.5	3.7	4.0
Southern Interceptor Augmentation	3.3	3.9	3.0	6.3	-
South-West Wastewater Servicing	0.1	4.3	10.3	50.9	68.6
Warkworth-Snells-Algies Wastewater Servicing	6.4	8.1	77.9	44.7	26.9
Wastewater ECS	2.0	5.4	3.5	1.4	0.9
Wastewater Treatment	100.4	122.5	56.8	47.1	48.0
Western Isthmus Programme	0.1	2.0	19.2	17.5	34.5
WWTP Regulatory Compliance	2.2	0.4	1.7	1.4	-
Capex efficiency	-	(15.6)	(20.3)	(21.6)	(20.6)
Water supply					
Dam Rehabilitation	0.3	0.7	0.7	0.7	0.7
Huia Water Treatment Plant Upgrades	1.5	-	-	5.6	11.5
Hūnua No. 4 Water Supply Scheme	7.0	16.8	45.8	-	-
North Harbour 2 Watermain	3.5	12.6	10.4	20.3	20.4
Shared Services Plant & Equip	4.3	3.9	3.7	1.5	2.2
Shared Services Process Improvement	5.6	11.9	4.2	2.0	2.0
Treated Water Network	70.4	94.7	113.5	90.9	109.1
Waikato WTP Augmentation	5.9	2.1	10.8	-	-
Water ECS	0.7	1.0	0.9	0.9	1.4
Water Source and Headworks	-	0.5	2.2	4.6	-
Water Sources Regulatory Compliance	0.5	0.3	0.5	0.5	-
Water Treatment Plant	24.9	31.3	10.1	5.1	5.0
Capex efficiency	-	(9.2)	(9.7)	(6.6)	(7.6)

* The revised budget represents the LTP budget adjusted for approved changes.

Appendix B

Our legislative framework

Watercare is a limited liability company registered under the Companies Act 1993, and a local government organisation under the Local Government Act 2002. Watercare is subject to regulation governing planning, health and environmental matters. We became a substantive Council-controlled organisation (CCO) on 1 July 2012.

The principal regulators include Auckland Council, Waikato Regional Council and the Ministry of Health. We provide these and other regulatory bodies with information on the impacts of existing policy and regulation on our activities. We also contribute and respond to the development of relevant statutory and regulatory changes affecting water, wastewater and the lifeline utility sector.

The legislative framework enabling and governing our operations as the provider of water and wastewater services in Auckland is found largely in six Acts and amendments:

- Local Government Act 2002
- Local Government (Tāmaki Makaurau Reorganisation) Act 2009
- Local Government (Auckland Council) Act 2009
- Local Government (Auckland Transitional Provisions) Act 2010
- Companies Act 1993
- Health Act 1956 and the Health (Drinking-Water) Amendment Act 2007

As a CCO, we have, in carrying out our activities and functions, principal objectives under Section 59 of the Local Government Act 2002, including to:

- Achieve the objectives of Auckland Council, both commercial and non-commercial, as specified in this Statement of Intent
- Be a good employer (as defined in clause 36 of Schedule 7 of the Local Government Act 2002)
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which we operate and by endeavouring to accommodate or encourage these interests when we are able to do so.

Our obligations to deliver water and wastewater services for Auckland are established under Part 5, Section 57(1), of the Local Government (Auckland Council) Act 2009, which stipulates that an Auckland water organisation:

- Must manage its operations efficiently with a view to keeping the overall costs of water supply and wastewater services to its customers (collectively) at the minimum levels, consistent with the effective conduct of its undertakings and the maintenance of the long-term integrity of its assets
- Must not pay any dividend or distribute any surplus in any way, directly or indirectly, to any owner or shareholder
- Is not required to comply with Section 68(b) of the Local Government Act 2002 (avoiding the requirement to pay a dividend)
- Must have regard for public safety (for example, the safety of children in urban areas) in relation to its structures.

















Also under the legislative framework:

- We must give effect to the relevant aspects of the Council's Long Term Plan, act consistently with other specified plans and strategies of the Council and ensure compliance at all times with Section 57, Section 58 of the Local Government (Auckland Council) Act 2009
- At least two board meetings a year are required to be held in public one before 30 June to consider the Council's comments on the draft Statement of Intent (SOI) for the upcoming financial year, and one after 1 July to consider our performance under the SOI for the previous financial year. In practice, all of our board meetings are open to the members of the public (with our constitution and Section 7 of the Local Government Official Information and Meetings Act 1987 permitting certain private matters to be dealt with in private).
- Our financial statements, the SOI and specified long-term plans must be audited by the Auditor-General, or by an auditor acting on behalf of the Auditor-General.

The Auditor-General is the auditor of Watercare's financial statements. The Auditor-General has appointed Andrew Burgess, using the staff and resources of Deloitte, to undertake the external audit work on behalf of the Auditor-General, in accordance with the Auditor-General's Audit Standards, which incorporate New Zealand Auditing Standards. Deloitte must satisfy the independence requirements of the Auditor-General and External Reporting Board.

Appendix C

Our performance measures (* Non-Long Term Plan measures)

Link to Watercare's integrated capitals	Measure	2017/18 Actual	2018/19 Target	2019/20	2020/21	2021/22
	The extent to which Watercare's drinking water supply complies with Part 4 of the Drinking Water Standards New Zealand (bacteria compliance criteria)	100%	100%	100%	100%	100%
	The extent to which Watercare's drinking water supply complies with Part 5 of the Drinking Water Standards New Zealand (protozoal compliance criteria)	100%	100%	100%	100%	100%
	Median response time for attendance for urgent call-outs: from the time that Watercare receives notification to the time that service personnel reach the site	54 mins	≤60 mins	≤60 mins	≤60 mins	≤60 mins
	Median response time for resolution of urgent call-outs: from the time that Watercare receives notification to the time that service personnel confirm resolution of the fault or interruption	3 hours	≤5 hours	≤5 hours	≤5 hours	≤5 hours
	Median response time for attendance for non-urgent call-outs: from the time that Watercare receives notification to the time that service personnel reach the site	3 day	≤5 days	≤5 days	≤5 days	≤5 days
	Median response time for resolution of non-urgent call-outs: from the time that Watercare receives notification to the time that service personnel confirm resolution of the fault or interruption	3 days	≤6 days	≤6 days	≤6 days	≤6 days
	The total number of complaints received by Watercare about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply f) Watercare's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system	4	≤10	≤10	≤10	≤10
	Net promoter score – strive to achieve a score ≥33 (12-month rolling average)*	N/A	30	33	36	36
	The number of dry-weather overflows from Watercare's sewerage system, expressed per 1000 sewerage connections to that sewerage system	0.3	≤10	≤5	≤5	≤5
	Attendance at sewerage overflows resulting from blockages or other faults: median response time for attendance – from the time that Watercare receives notification to the time that service personnel reach the site	48 mins	≤60 mins	≤60 mins	≤60 mins	≤60 mins
	Attendance at sewerage overflows resulting from blockages or other faults: median response time for resolution – from the time that Watercare receives notification to the time that service personnel confirm resolution of the blockage or other fault	3 hours	≤5 hours	≤5 hours	≤5 hours	≤5 hours
	The total number of complaints received by Watercare about any of the following: a) sewerage odour b) sewerage system faults c) sewerage system blockages d) Watercare's response to issues with its sewerage system expressed per 1000 connections to the Watercare's sewerage system	19	≤50	≤50	≤50	≤50
	Average number of wet-weather overflows per engineered overflow point per discharge location in the transmission system (12-month rolling average)*	1.7	≤2 overflows per year	≤2 overflows per year	≤2 overflows per year	≤2 overflows per year
	Compliance with the Watercare's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by Watercare in relation to those resource consents	a) 0 b) 0 c) 0 d) 0	a) ≤2 b) ≤2 c) ≤2 d) 0	a) ≤2 b) ≤2 c) ≤2 d) 0	a) ≤2 b) ≤2 c) ≤2 d) 0	a) ≤2 b) ≤2 c) ≤2 d) 0
	The percentage of real water loss from Watercare's networked reticulation system (12-month rolling average)	13.1%	≤13%	≤13%	≤13%	≤13%
	The average consumption of drinking water per day per resident within the territorial authority district (12-month rolling average)	278	266 +/- 2.5%	264 +/- 2.5%	262 +/- 2.5%	260 +/- 2.5%

Watercare Services Limited

Registration Number: AK/519049

Registered office:

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Website: www.watercare.co.nz

Watercare 
An Auckland Council Organisation

Watercare Services Limited**Reconciliation of revenue and expense disclosures for 2017/2018 between the SOI and Watercare 2018 Annual Report**

Annual Report Classification	Disclosure in SOI	Financial Year. \$million	
		SOI 2019-22 Actual 2017/18	Annual Report 2017/18
Revenue			
Fees & charges	Operating Budget: Fees & Charges	490.5	490.5
Other direct revenue	Operating Budget: Other Revenue	31.8	31.8
Infrastructure Growth Charges	Capital Expenditure: Sources of Capital Funding	89.1	89.1
Vested Assets	Operating Budget: Revenue from vested assets	30.2	30.2
Total revenue	Operating Budget: Revenue	641.6	641.6
Expenses			
Employee Related Costs	Operating Budget: Employee related costs	73.0	68.4
Asset operating Costs			56.9
Maintenance Costs			44.0
Other Expenses	Operating Budget: Other expenditure	144.5	48.3
	Operating Budget: Grants, contributions	0.1	
Total operating expenses	Operating Budget: Direct Expenditure	217.6	217.6
Depreciation	Operating Budget: Depreciation & amortisation	220.0	220.0
Finance Costs	Operating Budget: Net Finance Expense	82.1	82.1
Income Tax Expense	Operating Budget: Income Tax	38.1	38.1

Note 1. Reclassification between Employee costs and Other expenditure

Employee related costs in SOI	73.0
less other labour costs, classified as other expenditure in Annual Report (mainly contract labour, staff training, and health & safety costs)	4.6
Employee benefit expenses in 2018 Annual Report	68.4

Total direct expenditure of \$217.6m is the same in both formats





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X June 2019

APPENDIX 4

Mayor Phil Goff
Mayor of Auckland
Private Bag 92300
Wellesley Street
Auckland 1142

BY EMAIL

Dear Mayor Goff

Watercare's response to the shareholder's comments on draft Statement of Intent 2019-2022

On behalf of the Board of Watercare Services Limited (Watercare), I would like to thank you for your comments on our draft Statement of Intent 2019-2022 (SOI) set out in your letter of 30 April 2019.

In accordance with the Governance Manual for Substantive CCOs, I am pleased to **attach** a revised version of Watercare's SOI. This updated version of our SOI addresses the shareholder comments.

In particular, the updated SOI:

- Provides more detail around our climate change strategy work and includes a commitment to include an appropriate climate change based performance measure in our SOI, once the Auckland Climate Action Plan has been agreed
- Confirms our commitment to the development of the Asset Management Coordination Group
- We note that we will consider participating in the 2020 Water Services Association of Australia Asset Management Benchmarking process.
- Includes a more ambitious target for the performance measure "*Number of dry-weather overflows from Watercare's sewerage system, expressed per 1000 sewerage connections to that sewerage system*". The new target is 5 or less instead of 10 or less.
- Clearly states that we will continue our work with the Te Toa Takitini executive leadership group to lead and influence better outcomes with Maori for Tāmaki Makaurau/Auckland by focusing on the four Māori Outcomes Priorities agreed in the 10 year Budget 2018-2028. The SOI also expresses that Watercare is committed to the Te Hōanga initiative to make the engagement process with Auckland's 19 mana whenua entities more efficient and effective.

- Includes more detail around the Waikato District Council agreement. The SOI explains that the contract has two phases. It also explains that Watercare will need to make an acceptable return under the contract and not cross-subsidise services to Waikato. We will also make sure our service to Aucklanders is not compromised.

If you have any questions in respect of our response, please let me know.

Yours sincerely

Margaret Devlin
Chair
Watercare Services Limited

Report to the Board of Watercare Services Limited
Prepared for the 28 May 2019 Board meeting

Chief Executive's report for April 2019

HIGHLIGHTS AND LOWLIGHTS

1. Health, Safety & Wellness

- There was one Restricted Duties Injury (RDI), one Medical Treatment Injury (MTI) and one Lost Time Injury (LTI) involving Watercare employees and no recorded injuries involving contractors in April 2019.
- The rolling 12-month Lost Time Injury Frequency Rate (LTIFR) for employees has risen to 5.97 per million hours just exceeding our target of ≤ 5 .
- The rolling 12-month Total Recordable Injury Frequency Rate (TRIFR) for employees has also risen to 11.95 per million hours, remaining below our target of ≤ 20 .

2. SOI measures

- Three SOI measures are not being met. The average consumption of drinking water per day per resident, as well as the number of wet-weather overflows per discharge location, both remain slightly above our targets. The percentage of real water loss from the network is also above our target of 13%.

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.
- Watercare has nominated itself for two Awards at the upcoming Diversity Works Awards.
- Our people can now make a confidential disclosure to the PwC whistle-blower service via a secure web-portal.

4. Customer service:

- We have almost reached our e-billing target of 50%, with 49.9% of our customers now receiving e-bills.
- NPS continues to track strongly at 40 (12 month rolling average).

- Calls have returned to normal levels, enabling us deliver improvements in grade of service, agent satisfaction and first time fix.
- Unassisted payments are at all-time high of 91.3%. This is being assisted by the introduction of new payment options for our customers, such as Ali Pay, Wee Chat and Apple Pay.

5. Community and stakeholder relationships:

- **Māori engagement:** We continued to work on Mana Whenua Outcomes by working with Council and Auckland's 19 Iwi.
- **Local Board engagement:** We continue to keep Local Boards up to date with local water and wastewater issues in their areas.
- **Communications update:** Stuff.co.nz published a major feature on our Puketutu Island rehabilitation project. Our videos on Facebook and LinkedIn are attracting thousands of views. We also held a dawn blessing for the CI project.

6. Resource Management Act compliance:

- **Resource Consent Compliance:** There were no Category 3 or 4 non-compliances in April 2019.
- **Wastewater leak in Hillsborough:** The Onehunga Branch Sewer Rising Main had a leak. When the leak was discovered, it was immediately contained and then temporarily repaired to prevent any further discharge of wastewater to the environment. Council's Pollution Response Team were involved in notifying the public of the incident and we continue to monitor the water in this coastal area. This is not a non-compliance issue in that there is no breach if a Resource Consent condition.

7. Digital update:

- Our STP Billing production release was a success and work is now underway to move the remainder of our accounts over to the new billing solution.
- Work continues on the 1 July 2019 production release. This includes a new financial system that will replace SAP, a new project management solution, as well as a new asset management solution.

8. Assets and infrastructure

- **Construction Sector Accord:** We have committed to this accord, which aligns with the outcomes we are seeking via our new Enterprise Model for construction.
- **More awards for Māngere BNR:** The Māngere BNR has been selected as a finalist for two Australasian awards.
- **Hunua 4 Tunnel Boring Machine:** Following a competition run at Starship Hospital, our Tunnel Boring Machine has been named Amiria, the Te Reo version of Amelia. Amiria will drilling for 2.5km below some of Auckland's busiest streets in Newmarket/Epsom.

9. Natural Environment

- Mayor Phil Goff officially opened our first Solar Array in Pukekohe, together with Mercury CE, Fraser Whineray and Watercare's CE.

FUTURE OUTLOOK

Waikato District Council (WDC) – three waters arrangement:

- Watercare is currently negotiating a commercial contract with Waikato District Council regarding the provision of waters services to the Waikato District.
- On 21 May 2019, our Shareholder, Auckland Council, unanimously endorsed Watercare entering into this arrangement.
- The two year transitional phase of the contract starts on 1 July 2019.

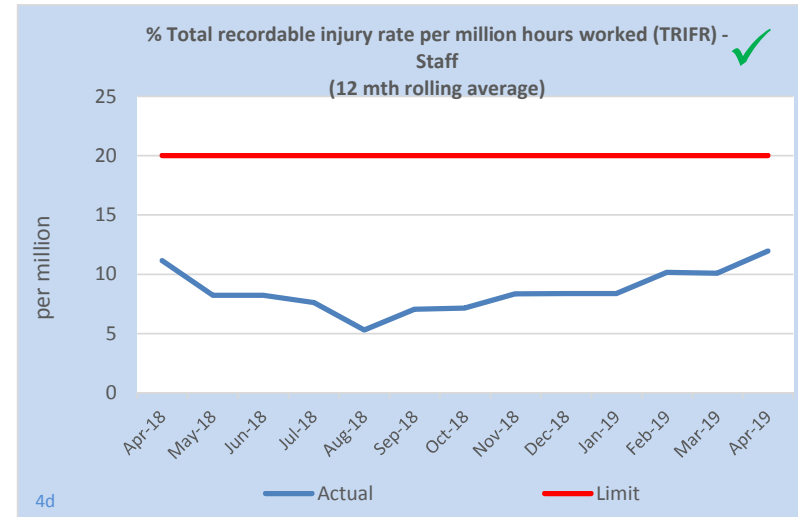
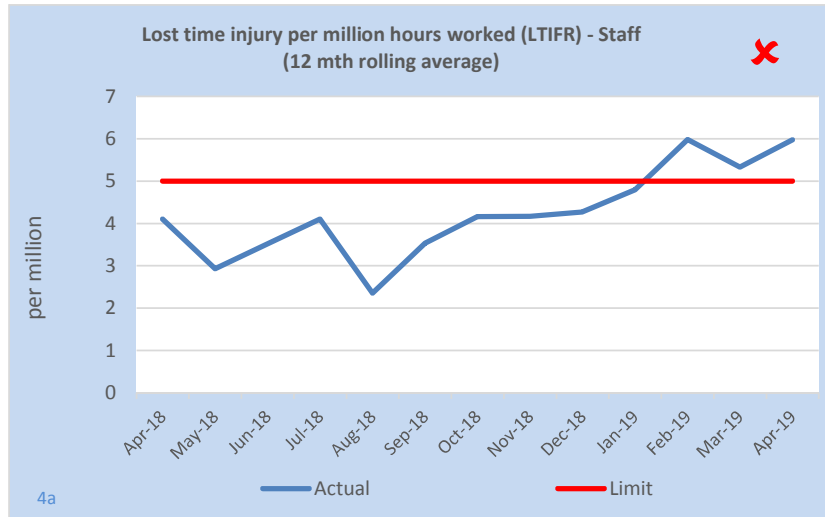
Upcoming Board activity

- The next Board meeting is on Monday, 29 July 2019.



Raveen Jaduram
Chief Executive

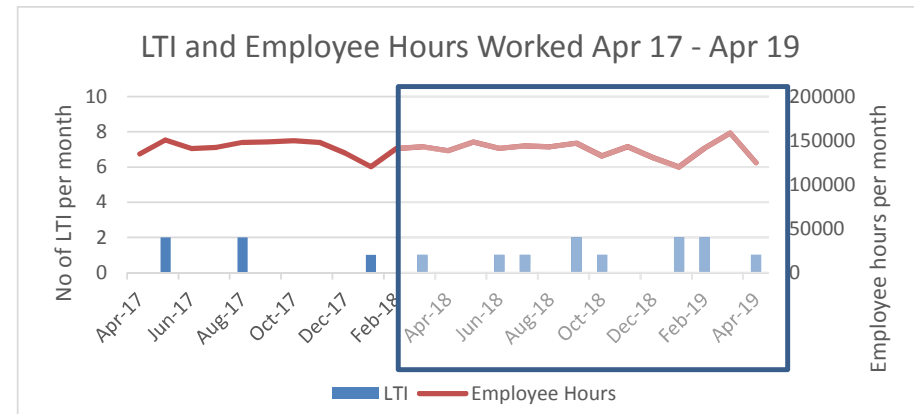
1. HEALTH, SAFETY & WELLNESS UPDATE



Lost time injury frequency rate (LTIFR) is a rolling twelve calculation.

The number of LTIs over the previous 12 months ranges from 0-2 per month. Employee hours were consistently between 130 – 140,000 each month for the first part of the 12-month period. However, the number of hours worked has been more variable in the second part of the year. While the number of LTIs each month has never been more than 2/month, the number of months in which LTIs have occurred has increased. This combination of factors has seen the LTIFR increase above our limit.

This pattern justifies further attention and our HS&W team, in conjunction with the Digital team, is investigating a safety maturity measurement tool to improve visibility on key lead indicators.



Health, Safety and Wellness continued

5.2

Worker	Description of injury/incident	Our learnings	The actions we have taken
Watercare <i>Restricted Duty Injury</i>	<p>A service person noticed a dull pain, discomfort and a limited range of movement to their right shoulder following the use of a hydraulic rock breaker.</p> <p>The worker was taken to a medical centre where the injury was confirmed as a shoulder sprain.</p> <p>Following an assessment with The Back Institute, the worker was placed on restricted duties for two weeks and received physiotherapy treatment.</p>	<p>The service person had not experienced pain from using this equipment before. There have not been any other notifications of pain by other operators using the rock breaker. The worker could not identify anything that was different in their work environment on this particular day.</p> <p>This demonstrates that there are many variables associated with physical tasks and the use of the body. Early identification of pain and discomfort can minimise the degree of injury and shorten recovery time.</p>	<p>The work crew have conducted a review of the Safe Work Procedure for the use of the hydraulic rock breaker to identify opportunities for improvement.</p>
Watercare <i>Medically Treated Injury</i>	<p>Recently, a networks engineer was onsite, investigating a leak at a customer's property when they were bitten on the arm by a dog.</p> <p>The owner had the dog on a lead and passed the lead to their child whilst showing the worker the issue under the house. The child was unable to control the dog when it lunged for the worker.</p> <p>The worker sought medical treatment for minor injuries to their arm and has recovered well.</p>	<p>The key to preventing the potential of being bitten by an animal is to request that they are effectively restrained before entering a property.</p>	<p>A 'Toolbox Talk' was used to communicate with the networks team.</p> <p>A proposal has been made to extend dog awareness training to all customer facing staff in June.</p>

Worker	Description of injury/incident	Our learnings	The actions we have taken
Watercare <i>Lost Time Injury</i>	A worker stepped from a ledge inside the Māngere Bridge onto an uneven surface. He twisted his ankle and felt severe pain. The worker was taken to hospital where an x-ray identified a hairline fracture. He was deemed unfit to work for seven days.	Planning and risk assessment is required for the whole job, right up to site egress.	The work team have re-launched the Take 5 risk assessment booklets and received a training session on risk assessment and hazard management. The site has been reviewed and options for improving access / egress are currently being assessed.

SIGNIFICANT INCIDENTS/HAZARDS/NEAR MISSES

There was one significant incident involving a contractor in April.

Worker	Description of injury/incident	Our learnings	The actions we have taken
Contractor Incident Puketutu Island	The drum on a 20T roller seized, leaving the roller immobile at the entrance to the biosolids placement area. A mechanic and bulldozer operator attempted to tow the machine with chains. These chains were not the correct tool for the job. The chains broke under the load with the potential to cause significant harm. No-one was hurt and there was no damage to equipment.	The chain break was reported in an open and honest way, which is the key to continuous improvement in safety behaviour. Although steps were put in place to minimise the risk of injury or damage to property, the chain should not have been used to tow the machine.	Site traffic was safely diverted to ensure that the roller was isolated in a safe work zone. The following day, the correct procedure was implemented to safely move the roller. An additional certified and correctly rated towing strop is to be kept on site. The Chief Infrastructure Officer and Construction Officer met with the owner of the contract company to discuss concerns and resolution. Learnings following the incident were communicated to all of the contractor's staff. All contractor workers are to review and acknowledge the correct towing procedure.

Health, Safety and Wellness continued

4801 AUDIT

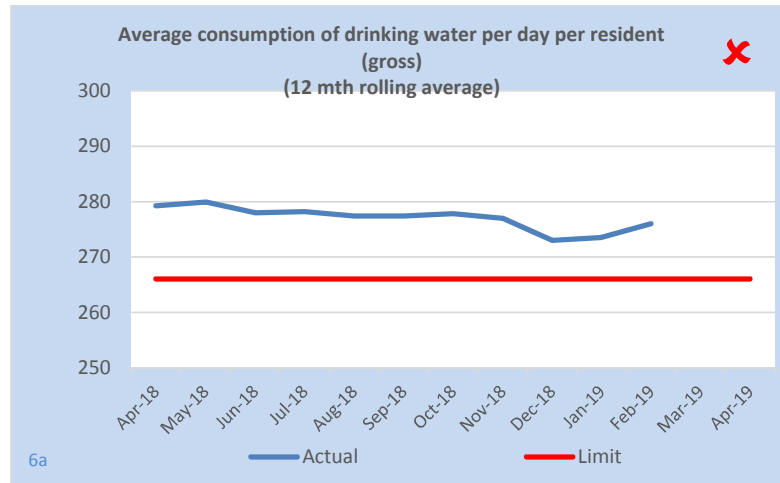
- Telarc conducted an audit against the AS/NZS 4801 standard in late April/early May 2019.
- Two minor non-conformances were identified:
 - Lack of evidence of effective contractor monitoring and evaluation
 - Out-of-date documents on site safety noticeboards
- Audit findings will be reviewed, and actions will be developed and communicated to the business by the end of May.

EVACUATING SAFETY FROM NEWMARKET HEAD OFFICE

Newmarket's Fire Wardens met with the Head of Risk and Resilience to discuss the risks of congestion in the stairwells during building evacuations.

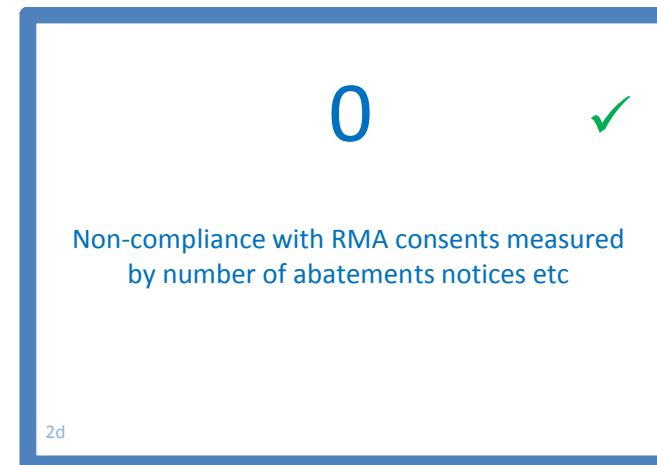
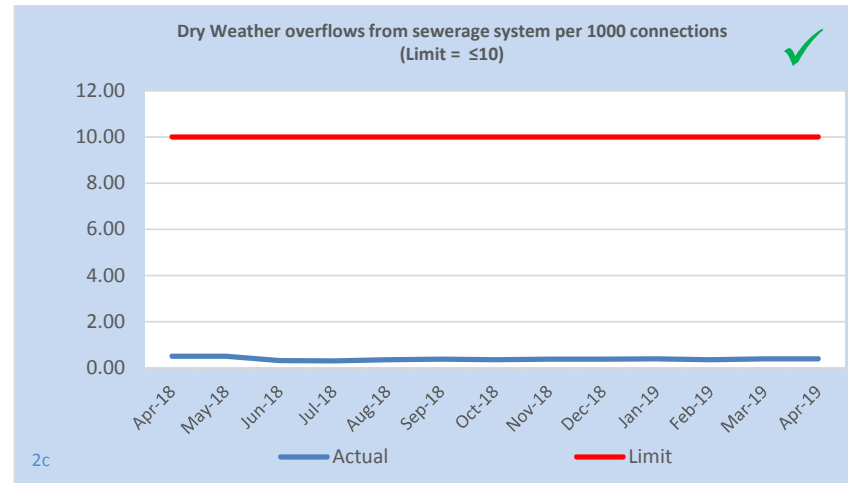
In the future, staff will be directed by the Fire Wardens to ensure there is an even spread of people using each of the stairwells during evacuations.

2. SOI MEASURES – 2017-2018 - Natural environment

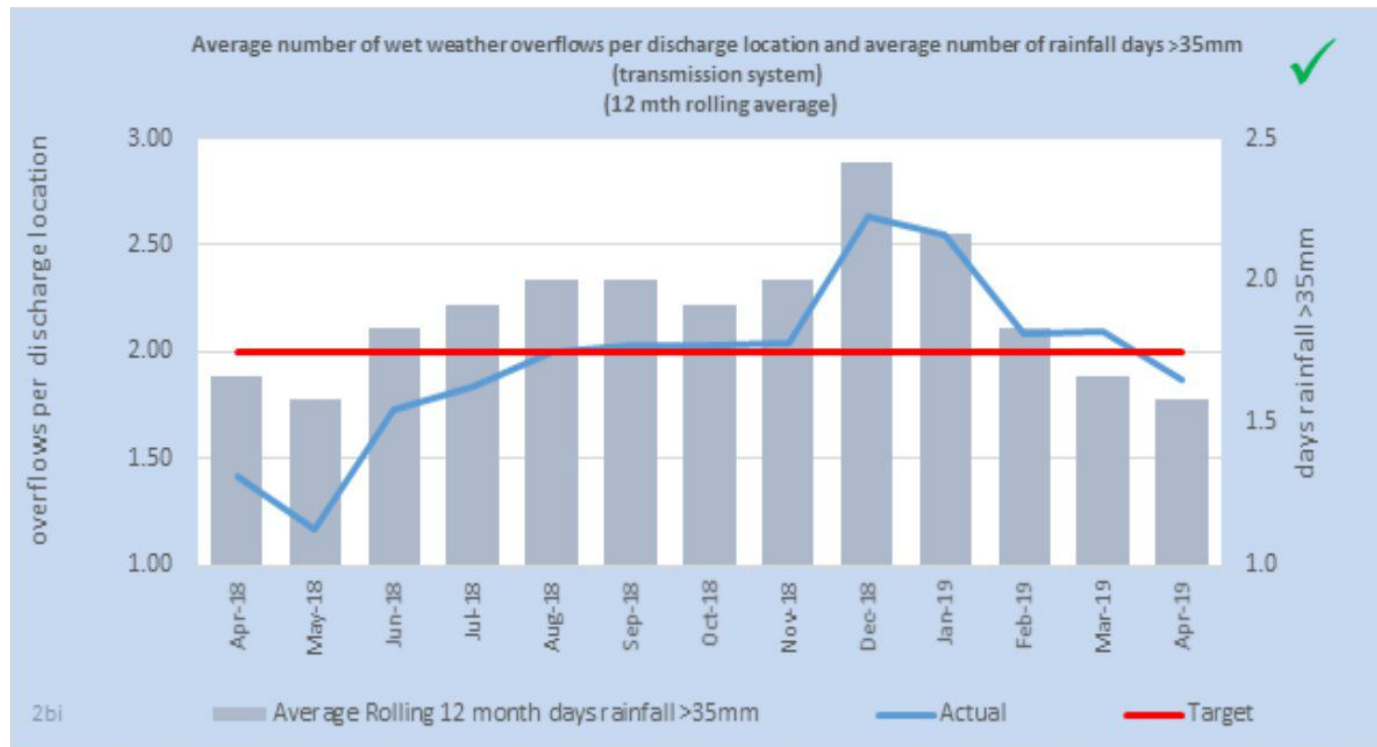


An update on our Water Efficiency Strategy, and initiatives to lower the average consumption of drinking water, per day, per resident, is being presented to the Board in May 2019.

Management are also awaiting the official Census results, so the population figures for Auckland can be clarified.



SOI MEASURES – 2017-2018 - Natural environment continued

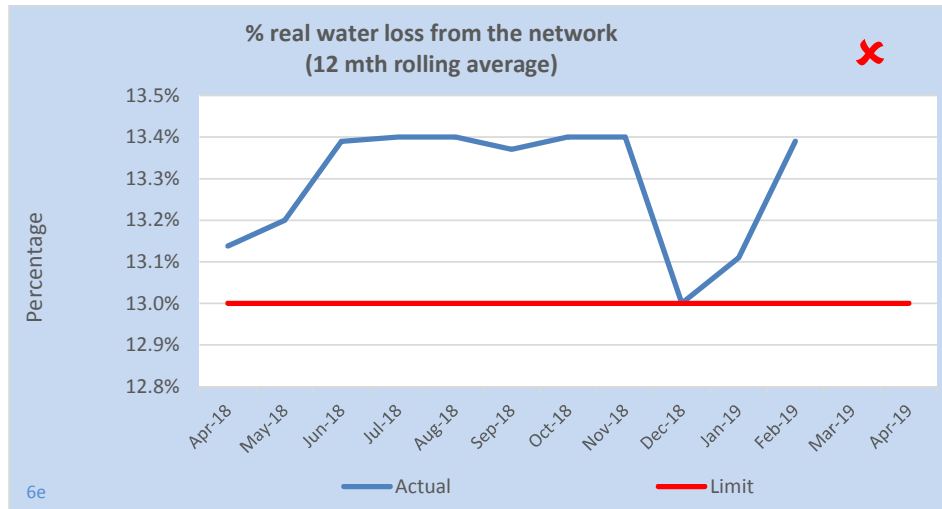


This measure is now being contrasted/compared with the average number fo rainfall days greater than 35mm.

More wet days results in more wet weather overflows.

The graph shows we had a particularly wet November, December 2018 and January 2019.

SOI MEASURES – 2017-2018 - Assets and Infrastructure



- We are continuing our work into the accuracy of our Bulk Supply Points. This issue will be addressed in the Water Efficiency Update being presented to the Board in May 2019.
- In the meantime, our teams are continuing to:
 - pursue operators for revenue where water is being taken without permission or payment, or without meters
 - accelerate the replacement of old meters with new, accurate meters; and
 - ensure water meters are read in line with our programme.

100%



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

1a

100%



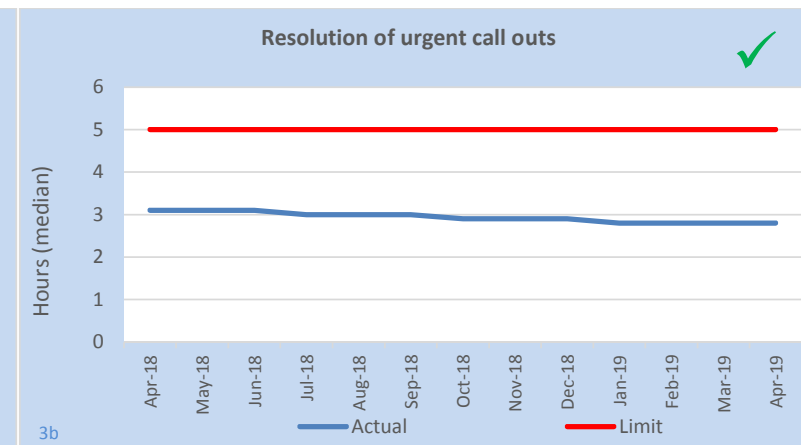
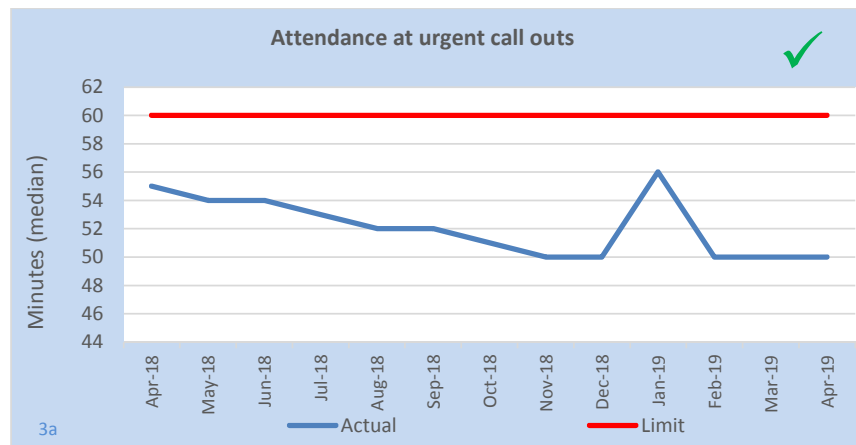
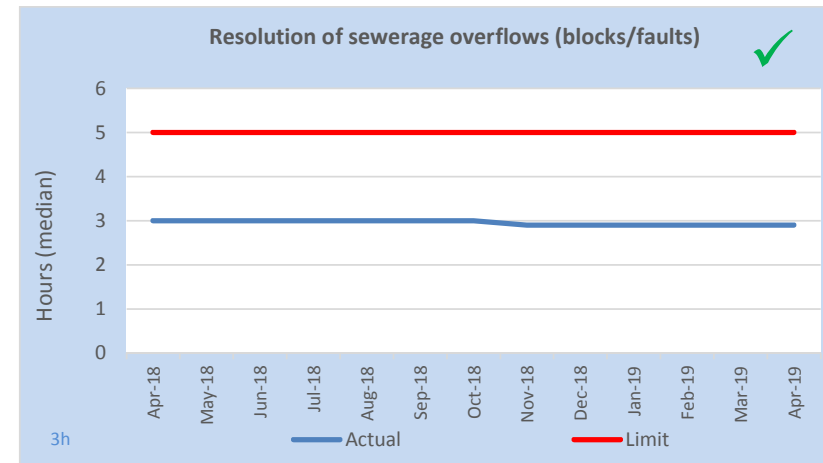
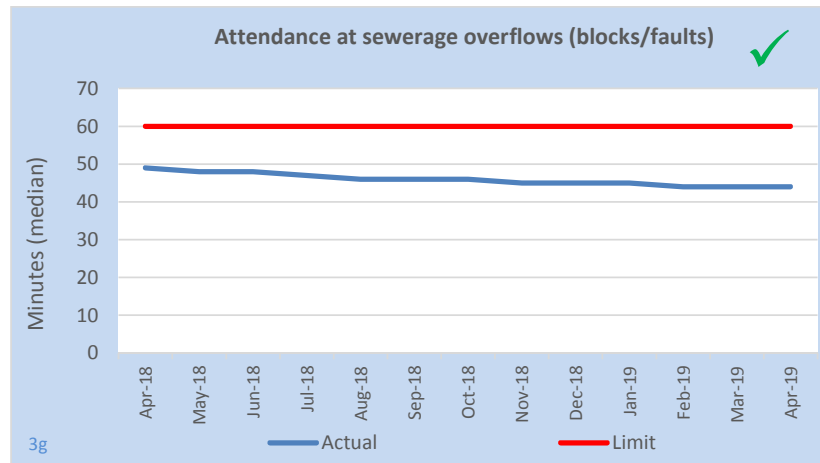
Compliance with Part 5 of the Drinking
Water Standards (protozoal)

1b

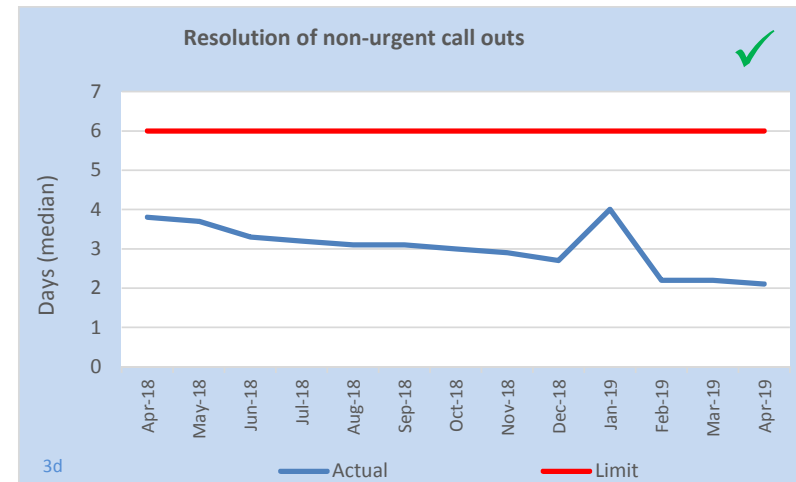
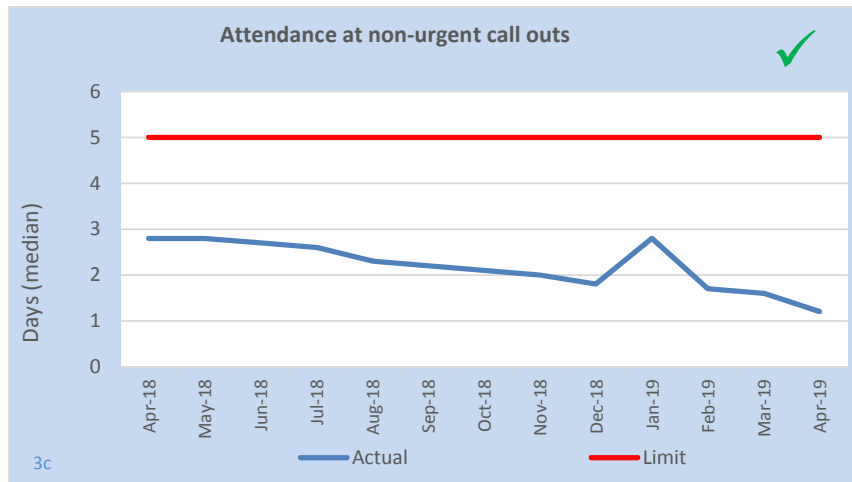


SOI MEASURES – 2017-2018 - Community and Stakeholder relationships

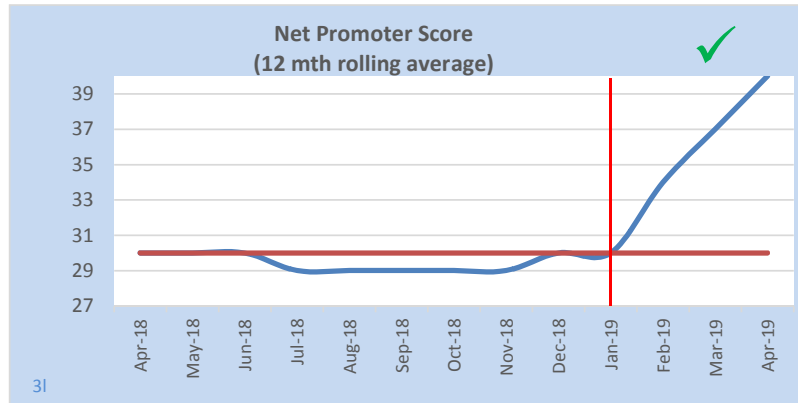
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SOI MEASURES – 2017-2018 - Community and Stakeholder relationships

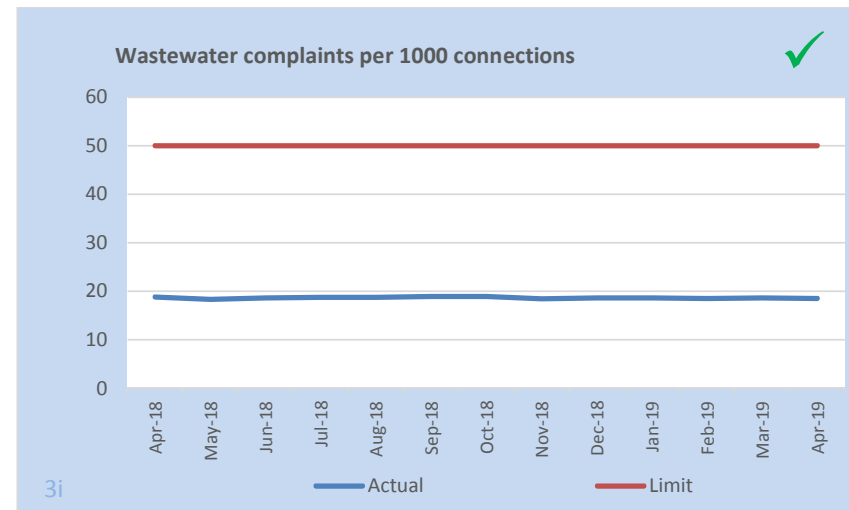
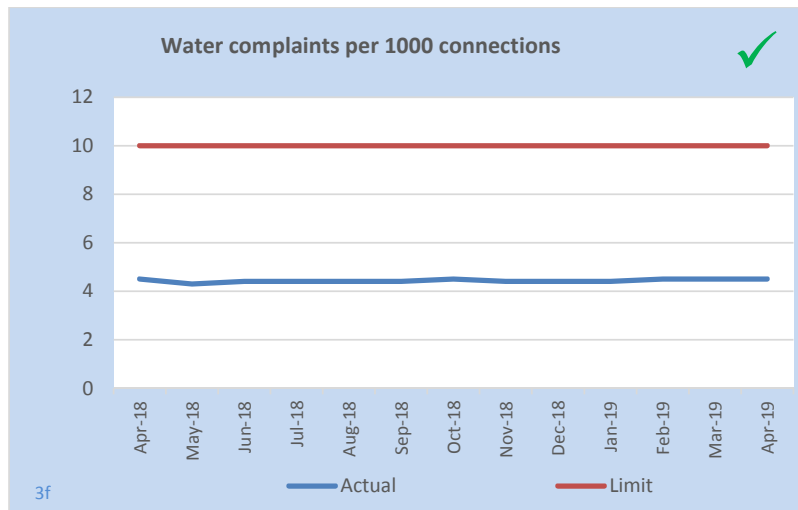


SOI MEASURES – 2017-2018 - Community and Stakeholder relationships continued

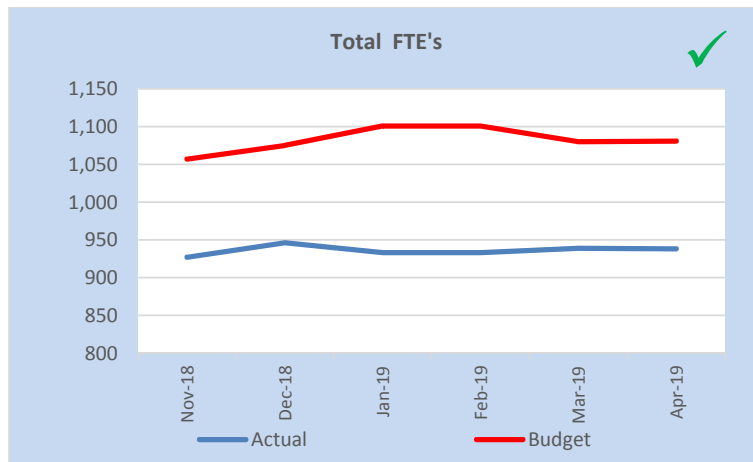
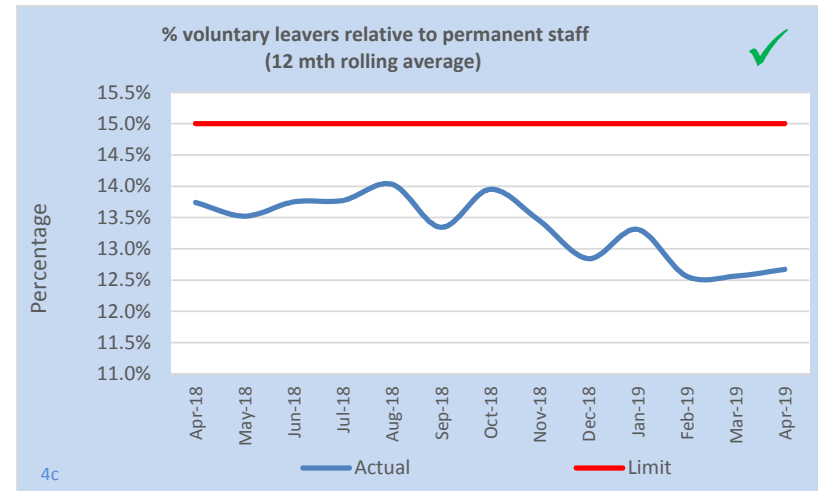
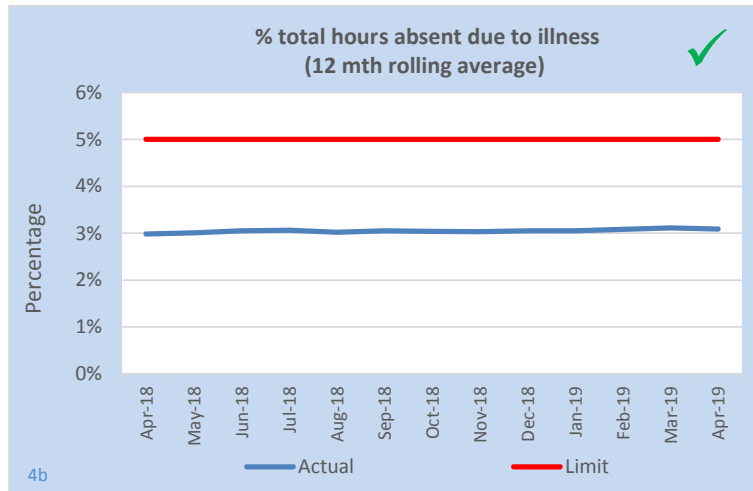


NPS

The Net promoter score is 40 (12 month rolling average), up 3 points from last month. In April, our customer service teams focussed on having better quality conversations with our customers.



3. PEOPLE, CAPABILITY AND LEARNING



NEW WHISTLEBLOWER PORTAL

- PwC has expanded the independent Whistle-Blower Service provided to Watercare to include a new method for making a disclosure.
- Our people can now make a disclosure using a secure web portal.
- To maintain the anonymity of anyone wishing to make a disclosure online, our network settings have also been updated so that there is no tracking of staff visiting the portal.

Our people, capability and learning continued

DIVERSITY WORKS AWARDS – NOMINATIONS 2019

Watercare has nominated itself for two awards, as explained below.

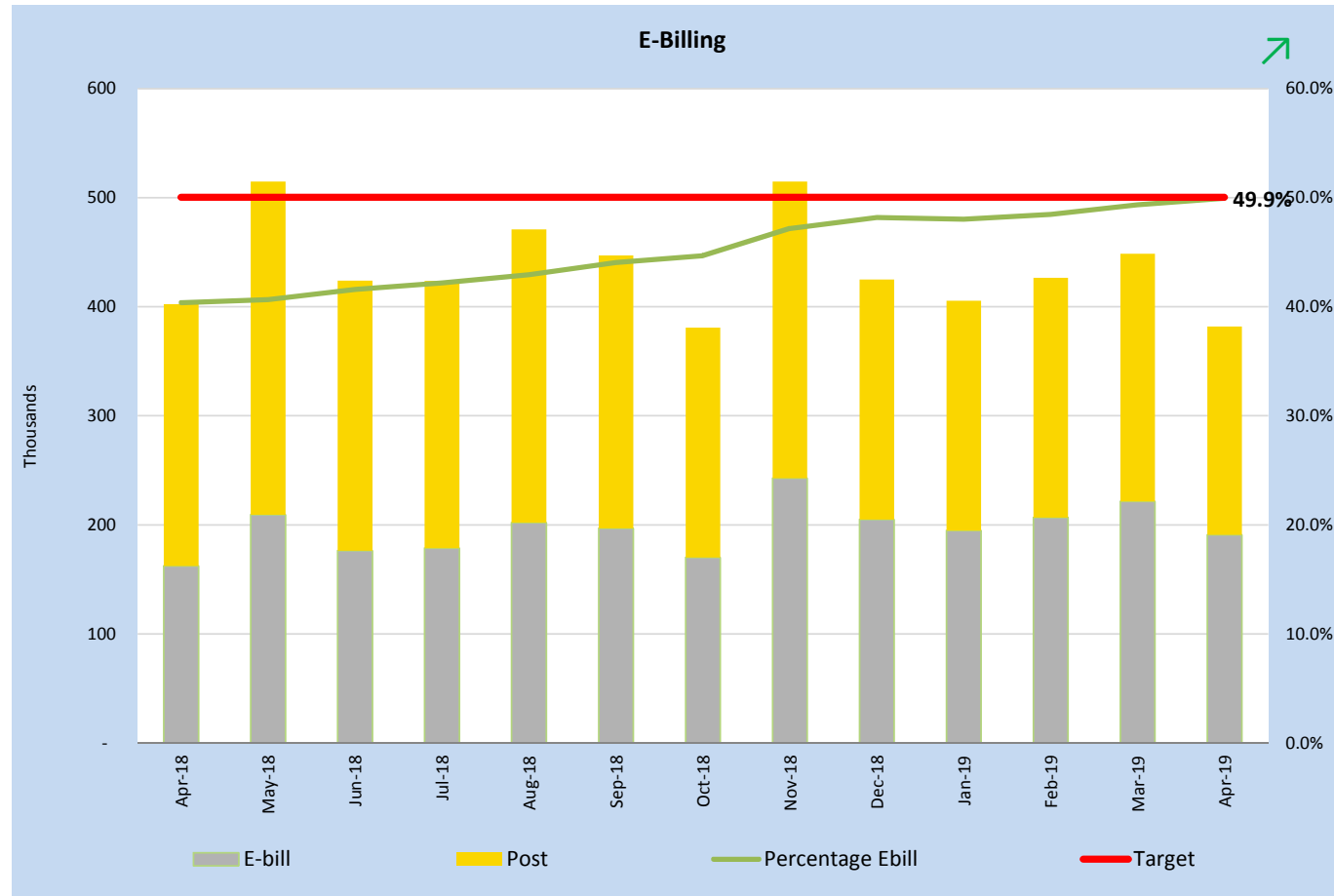
Cultural Celebration Award

- Watercare put forward a nomination for this award based on the 'Learning and living Tikanga Māori' initiative.
- This initiative was developed as a key part of the Māori responsiveness program, with a view to increasing Watercare's commitment and capability in working with Iwi.
- The 18-week initiative enables employees to participate in the Level 3 NZQA Tikanga Māori course, building on their knowledge and their ability to create more genuine, honest and long-term relationships with Iwi.
- The initiative was developed to not only celebrate the culture of our staff who are Māori, but also broaden the knowledge of our team from other cultures and backgrounds.
- The NZQA course was chosen as a key part of the strategic partnership Watercare holds with Te Wānanga o Aotearoa. It focuses not only on the language of te reo but also on Māori practices and rituals.

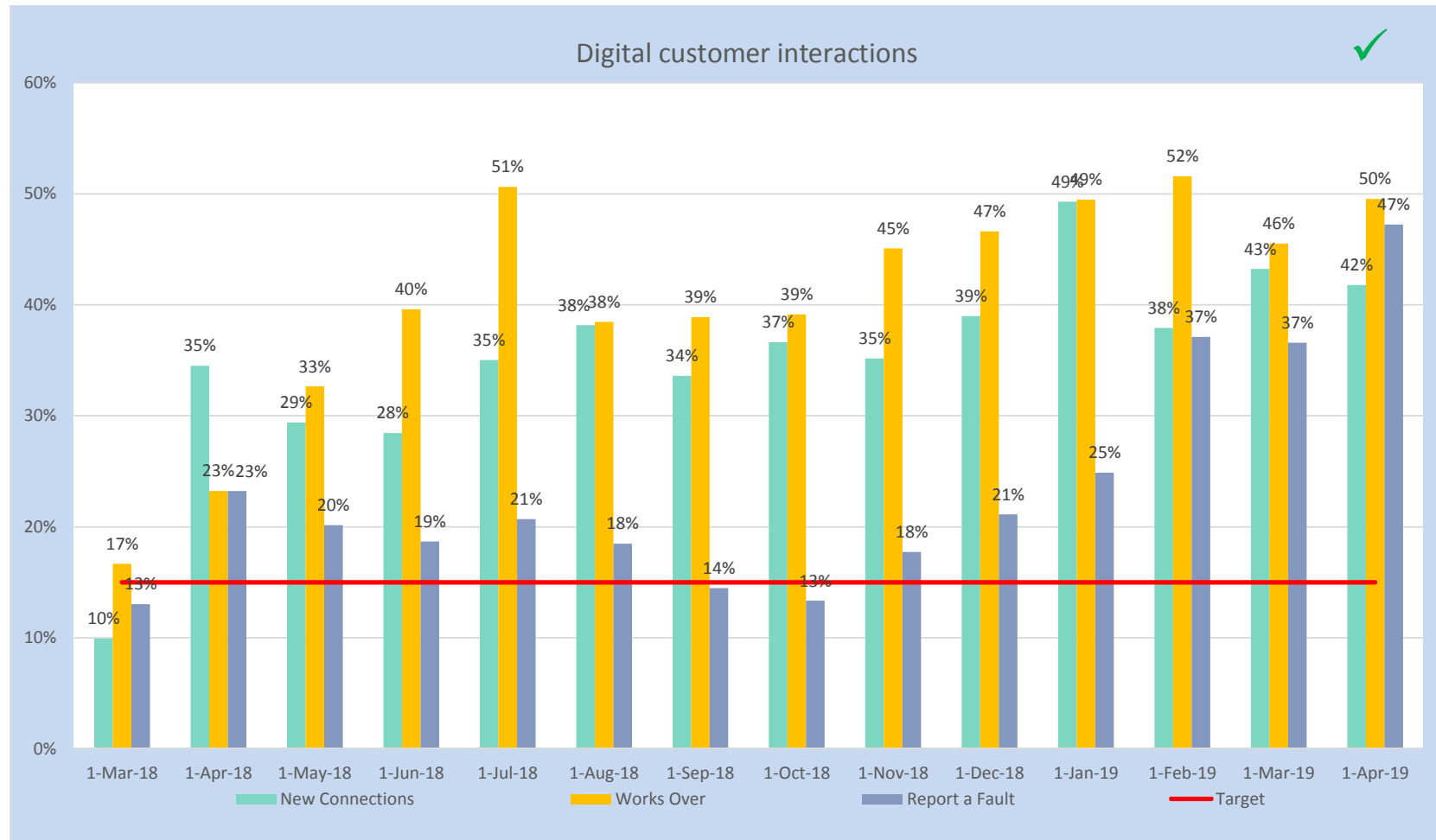
Walk the Talk Award

- Watercare nominated Chief Operations Officer Shane Morgan for the Walk the Talk award.
- Shane plays a key role in championing diversity within the business, supporting both our strategy and brand.
- He demonstrates this by promoting and embracing the values of a diverse workforce, which will allow us to be more able to deliver on customer experience targets, improve quality and efficiency and achieve innovation goals.
- Shane has been instrumental in the success of the Learning and living Tikanga Māori program. He has also championed the graduate programme to support a structured on-boarding process for young graduates, and has been an avid promoter of gender equality within the operations leadership team.

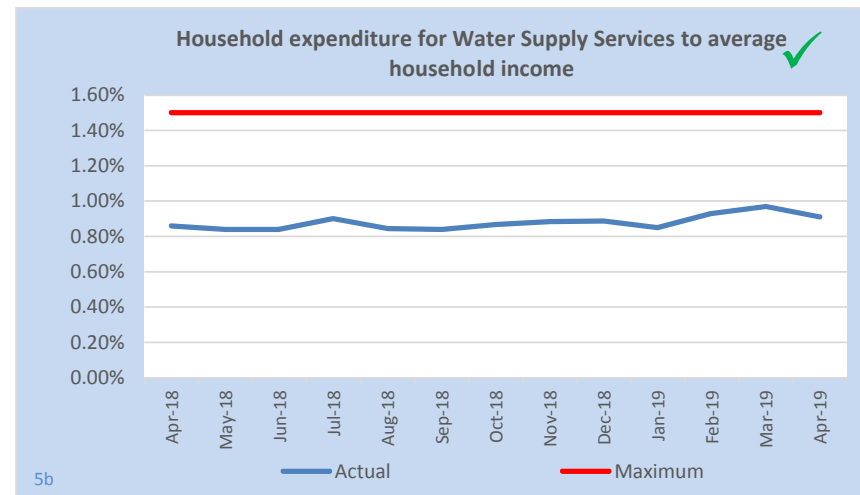
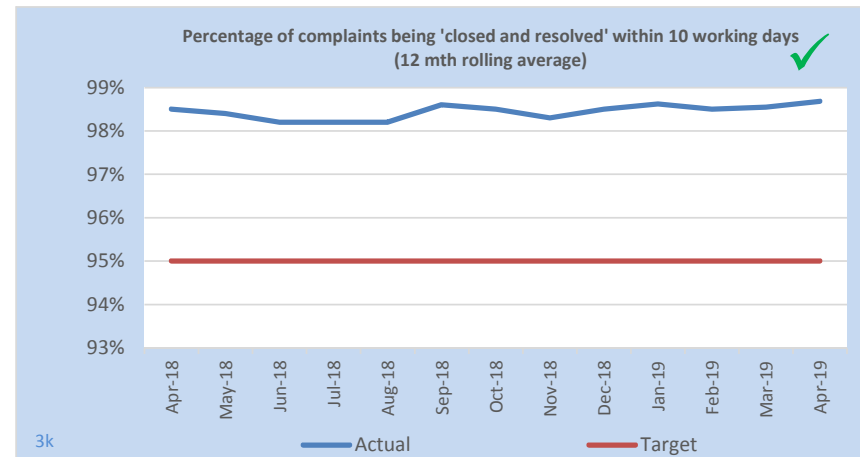
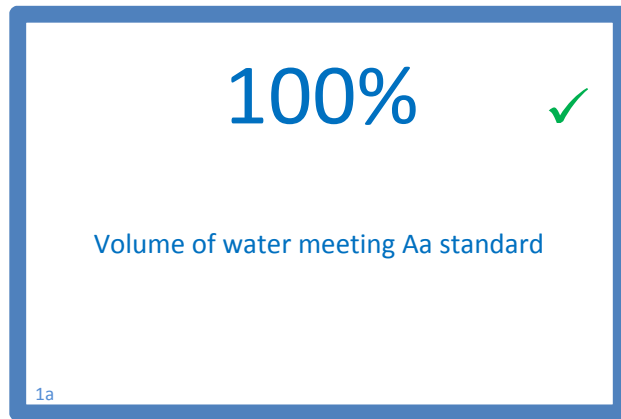
4. CUSTOMER SERVICE



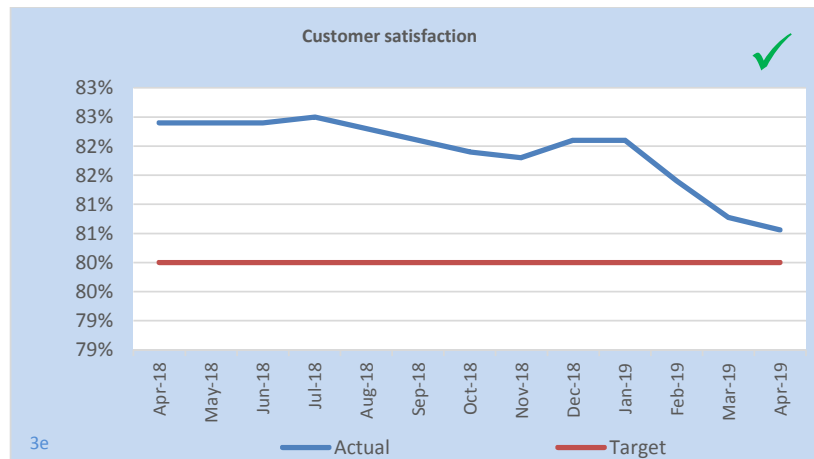
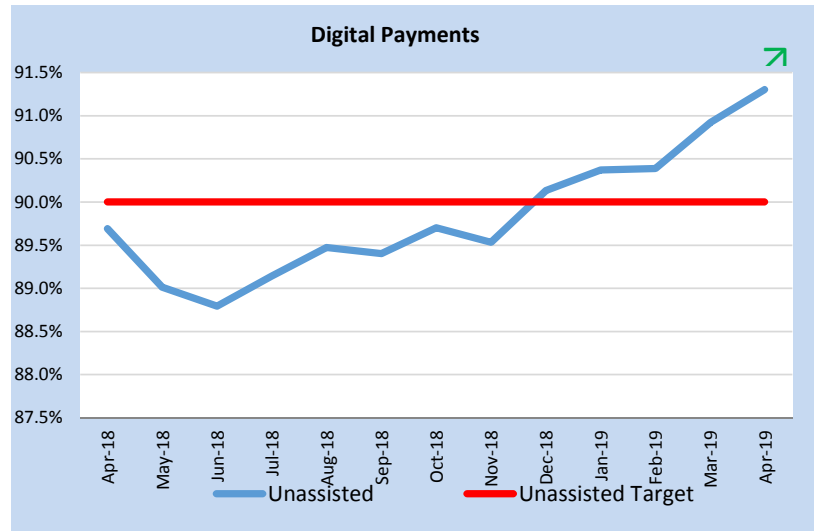
CUSTOMER SERVICE continued



CUSTOMER SERVICE continued



CUSTOMER SERVICE continued



CUSTOMER SATISFACTION

- 80.6% of customers surveyed were satisfied with Watercare's delivery of water and wastewater services (12 month rolling average), which is a very slight decrease from last month.
- Actions under way to ensure continued focus on quality conversations and follow up with the customers to drive the right outcomes.

5. COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE

MĀORI ENGAGEMENT IN APRIL 2019

- Meeting with the Māori king's son, Whatumoana Paki regarding Toi Māori.
- Arrange meeting for Te Motu a Hiaroa relationship with CE Raveen & Governance
- Discussions and meeting with Waikato Tainui – Donna Flavell CEO & GM Rights and Interests Taipu Paki, GM Communications Jason Ake regarding Puketutu Island.
- Meetings at Auckland Council Te Toa Takitini portfolio to provide Watercare response to the 9 priorities, including Water, Marae, Economic Development, Rangatahi, Mana whenua engagement, Papakainga Development.
- Strategic meetings regarding Central Interceptor, including with the Mana whenua Forum Chairman, Tame Te Rangi. Work has covered various topics including archaeological reports and advice on the cultural component for the signing of CI project contracts.
- Reviewing and supporting our Project Lead, on the Army Bay WWTP discharge project including consultation with mana whenua representatives.
- Attending mana whenua Kaitiaki forum hui with Watercare project Leads on operational projects, including work with Kowhai Olsen regarding the Makaurau Marae.
- Arranging high-level relationship hui with Ngāti Tamaoho Chair, Dennis Kirkwood, CE Raveen Jaduram and Company Secretary Rob Fisher.
- Arranging meeting Te Uri o Hau, arrange meeting Ngāti Rehua Ngāti Wai ki Aotea governance and Te Motu a Hiaroa Governance.
- Attend and lead discussions for Watercare with regarding the Te Hōanga input into the Value for Money Implementation Progress Report into Māori Engagement
- Meeting with Patience Te Ao, Chair, Te Taniwha o Waikato regarding the Pukekohe WWTP.
- Meeting with Sophie Johnson, Marae project lead, Auckland Council regarding Hoani Waititi Marae, Henderson.

LOCAL BOARD ENGAGEMENT

- Franklin Local Board received information on climate change and sustainability initiatives while details of a wastewater main break in the coastal marine area were shared with the Puketapapa Local Board.
- The Waitakere Ranges and Whau Local Boards were advised of updates on the Huia Number 1 watermain project including the potential for escalations related to traffic controls.
- Hibiscus and Bays Local Board representatives joined Albany ward councillors and Watercare project staff for an official opening of the Army Bay Wastewater Treatment Plant upgrades. Julia Parfitt, the chair of the Local Board, acknowledged the excellent work by the project team including the way in which the Local Board and public were kept informed. A copy of her letter is attached as **Appendix A**.
- Māngere and Manurewa Local Boards received briefings on the Central Interceptor Project and Carrol Elliot agreed to join Watercare at a briefing to the Māngere Wastewater Treatment Plant Community Liaison Group regarding proposed spoil handling in Māngere for the Central Interceptor project.
- Updates on Glen Innes wastewater upgrades continue to be sent to the Maungakiekie-Tamaki local board and ward councillor.

COMMUNICATIONS SNAPSHOT



Enabling engaged communities and stakeholders

Media

Media highlights for the month include: coverage about the Puketutu Island rehabilitation project in Stuff; a story about the wastewater network repairs in Hillsborough (proactive) and a write-up about the opening of Army Bay Wastewater Treatment Plant in Hibiscus Matters. Our climate change strategy and resource recovery efforts involving bio solids have been featured as spreads in Water New Zealand's May Journal.



Wastewater upgraded

A \$31 million upgrade to Watercare's Army Bay Wastewater Treatment has been completed after 18 months' work. The project included upgrades to a pump station and a new UV disinfection treatment facility and replacement of an outfall pipe, which extends approximately 1.2km into the Tiri Channel. Much of the tunnelling was done by a tunnel boring machine, which set a new world record for the longest stretch of pipe laid (1929m) using the 'direct pipe' tunnelling method in a continuous drive. The completion of the work was marked by a small on-site celebration on May 6. The refurbishments mean the plant will continue to treat wastewater to a very high standard and can manage growth across Orewa, Silverdale and Whangaparaoa.



Enabling safe, happy and empowered teams

Staff

Internally, we continued to profile staff achievements and project milestones as well as IGC team's revenue assurance efforts with laundromats across Auckland. We promoted Watercare's first ever wellness survey and invited staff nominations to be part of a diversity and inclusion committee.



Engineers celebrate as Army Bay Wastewater Treatment Plant refurbishment is completed



Dawn blessing marks start of Central Interceptor journey



Enabling customer trust and value

Customers

We informed our customers and communities about Ministry of Health's guideline on flushing taps to clear residual metals in the private network and we refreshed our fats, oil and grease leaflet to make it more user-friendly.

We continued to engage with our customers and the wider community on Facebook and LinkedIn – videos showing the progress on Pukekohe East Reservoirs (3564 views) and the completion of Army Bay Wastewater Treatment Plant (3121 views) have proved to be very popular. Our Throwback Thursday post featuring the Upper Huia Dam construction and our project updates received very high engagement.



Stakeholders

We organised a dawn blessing at Māngere Wastewater Treatment Plant for the Central Interceptor project and hosted several members of the local board at the completion of Army Bay Wastewater Treatment Plant upgrades: the attendees were extremely complimentary about the way the project was managed and the community and stakeholders kept engaged throughout.



Watercare



6. RESOURCE MANAGEMENT ACT COMPLIANCE

5.2

April 2019 Summary	Compliance proceedings	Nil	Environmental incidents of significance	One on the Onehunga Rising Main
	Category 4 non-compliant consents	Nil	Category 3 non-compliant consents	Nil

15 of our 495 active consents are technically non-compliant, but none are in Category 3 or 4

	Nov	Dec	Jan	Feb	Mar	Apr
Number of total active consents	486	485	485	485	489	495
Number of non-compliant consents ¹	12	12	10	9	13	15
Number of non-compliant category 3 conditions <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 conditions <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>	20	18	11	13	14	18

Notes:

1 – excludes trade waste consents

WASTEWATER PIPE LEAK IN HILLSBOROUGH – ONEHUNGA RISING MAIN

- On 23 April 2019 a wastewater leak was discovered on the Onehunga Branch Sewer Rising Main (a 750mm pipe). The leak was identified by one of our electricians, who noticed odour whilst working on the nearby Hillsborough Pump Station.
- The leak was located in an area close to 39 Fredrick Street, Hillsborough, in the Coastal Marine Area. The main is 2m below the seabed.
- Our team immediately worked to contain the leak to prevent further discharge to the environment. Our contractor then carried out repairs as soon as it was safe to do so, taking into account the tides, which restrict the work times and how long repair teams can work each day. The repairs were challenging as the site required constant dewatering of the excavation, due to the high water table. The repairs were undertaken whilst the rising main remained live, so this also meant the repair methodology needed to be tailored to ensure our teams remained safe.
- The repairs, which were completed under an emergency resource consent, are now complete, with only reinstatement to be completed.
- This is the second time in three years (last occurred July 2016) that this particular Rising Main has leaked in this manner. The previous leak was in a different part of the pipe, but involved the same kind of failure (i.e. a failure at the rubber ring joint). This Rising Main has rubber ring joints every 2.4m, and runs for 250m under the sea bed. In light of this, it is not practicable to inspect and repair every ring joint on this Rising Main.
- We have commenced work on the new Watercare Central Interceptor. When this is put in to service, it will result in this old Rising Main being decommissioned. In the interim period, we are using a structural engineer to advise on whether any additional work should be done to suitably augment the pipe for the remainder of its life, which is around 6-7 years.

WE ARE WORKING WITH COUNCIL AND ARE KEEPING THE COMMUNITY, INCLUDING LOCAL IWI, INFORMED

- When the leak was discovered, our team immediately notified Auckland Council as required under the Resource Management Act. Council Officers from the Pollution Response Team immediately inspected the area and erected signs to notify the public of the incident.
- We also notified local mana whenua to provide them with an update on the incident.
- Water quality testing in the surrounding area is ongoing.
- It has been difficult to quantify the volume of the leak as it was below ground. However, our team who worked on the leak have confirmed that it was comparatively minor given the volume of wastewater that moves through this pipe every day.
- While unconfirmed, this leak may have contributed to the recent odour issues experienced in parts of Hillsborough.

7. DIGITAL UPDATES



STRATEGIC TRANSFORMATION PROGRAMME (STP) UPDATE

WATERCARE FIRST PRODUCTION RELEASE

- In early May 2019, STP completed a production release for Billing with the first 544 accounts moved into the new billing solution. Called 'Watercare First', Watercare owned accounts were used to enable us to run through numerous billing scenarios, including various routes and industry types (domestic and commercial).
- The release has been incredibly successful and work is well underway in preparation for moving the remaining accounts across.

RELEASE 6 WORK CONTINUES

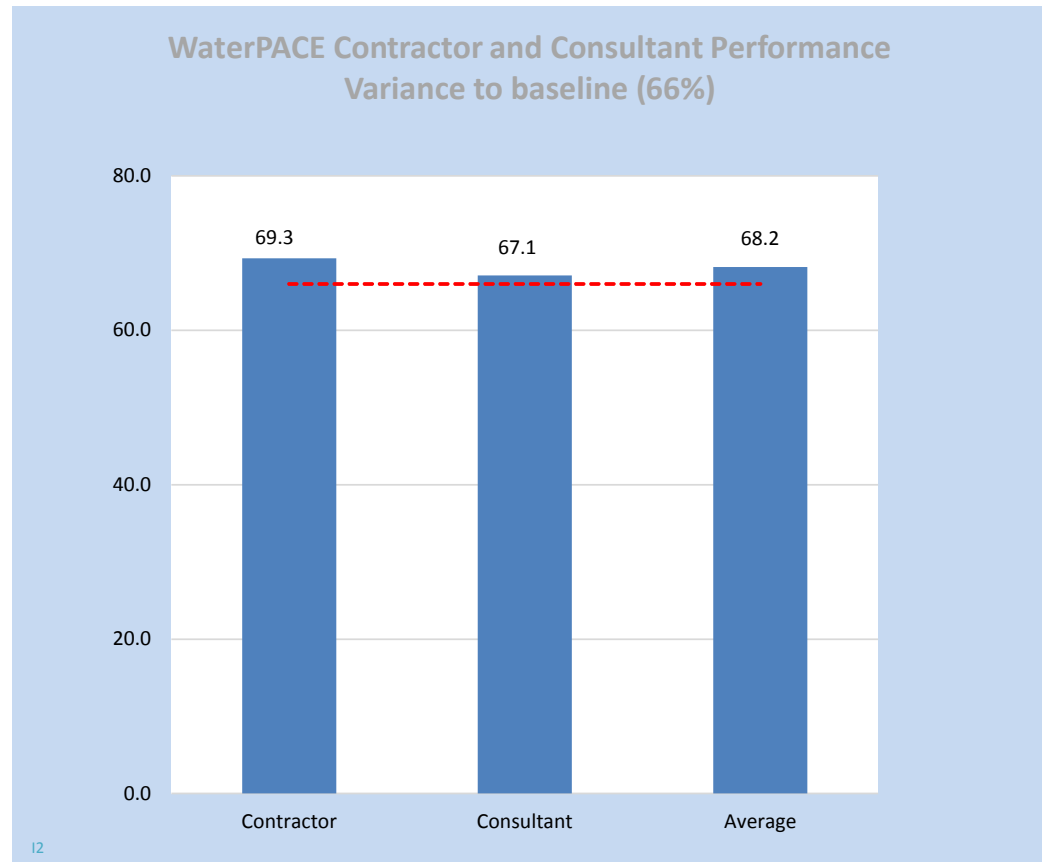
Work continues in Release 6 for preparation of the July 1 production release which includes:

- The new financial system of record, replacing SAP. All core financial activity will move to the new solution with the remaining functionality being migrated from SAP over the course of this calendar year
- Migration of all project management activities from legacy systems to the new solution. The new functionality will provide significant improvements across programme and project management activities by replacing the existing cumbersome and manual business systems and processes
- Asset management will move to the new solution with the migration of selected northern region assets from SAP to the new asset management platform – a significant amount of activity has gone into enhancing asset data to enable asset management and analytic capability for Watercare.

8. ASSETS AND INFRASTRUCTURE



CONSULTANT AND CONTRACTOR PERFORMANCE



WaterPace measures the performance of our contractors and consultants.

The baseline target for “good performance” is 60%.

Our contractors and consultants average performance score remained relatively steady at 68.2%, which is still over the baseline target and well above our target for FY19 of 66%.

The scores are an average of the scores our Project Managers give the contractors/consultants in areas including:

- Project leadership
- Risk management
- Communication and responsiveness
- Customer focus
- Health and Safety relationships, management and compliance
- Administration, documentation and handling of variations

Assets and Infrastructure continued

CONSTRUCTION SECTOR ACCORD

- Watercare, via the CE, was involved in the development of the Construction Sector Accord.
- Watercare has committed to supporting the vision, goals and principles of the Accord.
- While the Accord covers homes, buildings and infrastructure, the majority of the content and direction of the Accord is common across all sectors.
- The Accord is the first step in the transformation of the New Zealand construction industry.
- Management will continue to engage and support the next steps in the delivery of the Accord's vision.
 - In many aspects of the Accord, Watercare is leading the industry with the introduction of the Enterprise Model (EM).
 - The table below depicts the alignment between the Accord priority work areas and the outcomes Watercare is seeking from our Enterprise Model. These outcomes have been communicated to the marketplace and are included in the construction partner RfP issued to the market for the Enterprise Model on 1 May 2019.
- **Appendix B** Is a copy of the Accord.

Accord Priority Work Areas	Watercare EM requirements
Enhanced industry leadership, collaboration and organisation	We will integrate our supply chain into the delivery of our infrastructure programme. The senior leaders in our supply chain will form a governance group to drive the collaboration and performance.
Better business performance	We are targeting improved performance through the delivery of our 40:20:20 Vision.
Improved culture and reputation	Trust is at the core of the EM. We will actively promote the culture and performance to the wider construction market to ensure other industry participants see the benefits we are delivering.

Accord Priority Work Areas	Watercare EM requirements
Grow workforce capability and capacity	Providing a long-term contract to the constructors, consultants and eventually other key suppliers comes with a requirement to develop and implement a plan to lift capability and capacity.
Better risk management and fairer risk allocation	Business plans, and designs will be developed with early contractor involvement. Risks will be identified, reviewed and a decision on who is best suited to manage will be a key aspect of the development of construction pricing. Risk will be priced in an open book manner.
Improved health and safety at work	Our 40:20:20 Vision has a safety improvement component. Lifting the capability and capacity will have at its core health and safety outcomes.
Better procurement practices and improved pipeline management	We have provided the market with a detailed pipeline for 3 years. We have been using a mixture of procurement practices that are selected on a best for project basis. The EM is the next evolution in procurement and pipeline management.
Improved building regulatory systems and consenting processes	A specific target of the EM is to challenge the costs and time associated with the current system and processes.

Assets and Infrastructure continued

TWO MORE AWARD NOMINATIONS FOR MĀNGERE BNR

- Māngere BNR has been selected as a finalist out of all NZ and Australian projects over the last two years for the Institute of Public Works Engineering Australasia international project awards.
- Māngere BNR is also a finalist at the Association of Consulting Engineers New Zealand awards 2019.
- Winners will be announced in September 2019.

TUNNEL BORING MACHINE – NAMING COMPETITION RUN THROUGH STARSHIP

- Our Tunnel Boring Machine on the Hunua 4 project has started the first drive of its 3km journey under some of Auckland's and New Zealand's busiest roads on its way to our reservoirs at Khyber Pass Road.
- The TBM has been named Amiria, with the name chosen through a competition with the children at Starship Hospital.
- The winning name is a te reo Māori version of the name Amiria and means hard-working or industrious.
- Two of the drives that Amiria will bore, go through 2.5km of basalt in the Auckland volcanic field.

5.2



9. NATURAL ENVIRONMENT

PUKEKOHE SOLAR ARRAY OFFICIALLY OPENED

- On 17 May 2019, Mayor Phil Goff and Mercury Chief Executive, Fraser Whineray, joined Raveen Jaduram, Watercare CE to officially open our first solar array at Pukekohe Wastewater Treatment Plant.
- We installed the solar array in December last year and commissioned it in February 2019. The long, hot summer has seen the array operate effectively, generating more than 54,000 kWh so far— enough to power seven average NZ households for a year.
- The array will reduce our CO2 emissions by nine tonnes annually. It is significant both for its scale and sophistication and is currently one of the largest solar arrays in New Zealand.
- Two more arrays are being installed at our Wellsford Wastewater Treatment Plant and our Redoubt Road Reservoir, Manukau. The Redoubt Road reservoir will feature a Tesla Powerpack, so that the solar electricity generated can be stored for use at night-time, resulting in a 75% reduction in grid use



10. DELEGATED AUTHORITY OF THE CHIEF EXECUTIVE

In April 2019, Watercare processed two deeds, instruments or documents, with the delegated authority provided to the Chief Executive by the Board.

- A Grant of Concession in favour of Watercare over the Department of Conservation 'Puhinui Reserve' in Warkworth
- An Approval in Principle to the proposed Hunua Cycleway Proposal.

There was one Capex and Opex contract, over \$100,000, approved by the CE in accordance with the delegated authority provided to the Chief Executive by the Board:

- Purchase of Flanges for the Pukekohe East Reservoir (Balcombe Engineering)

There were four capex approvals totaling \$6.945 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.

- North Western Wastewater Networks Control Cabinets Replacement (\$300,000)
- Replacement 4x4 Vehicle for Sampling (\$46,000)
- Panmure Bridge Pipelines & Local Networks Relocations: Construction
C-13037 Hunua No. 2 Local Networks Watermains
C-13038 Howick Interceptor Rising Main & Local Network Sewers (\$5,743,000)
- Māngere RC HV-Turbo Blowers Repairs & Upgrades (\$856,400)

16 May 2019

Raveen Jaduram
Chief Executive Officer
Watercare Services Ltd
Private Bag 92521
Wellesley Street
AUCKLAND 1411

Dear Raveen

On behalf of the Hibiscus and Bays Local Board, I wish to express the board's appreciation for the new Army Bay wastewater treatment plant recently built. The local board members were given the opportunity to visit the site on several occasions and were able to see the various stages of the build and the future operation proposed.

This project, through excellent management, has ensured that the wastewater treatment plant has been delivered on time and below budget.

I would also like to mention special thanks to Brent Evans, Leanne McKenzie and the entire project team for keeping both the public and the local board well informed throughout the development.

Kind regards



**Chairperson
HIBISCUS AND BAYS LOCAL BOARD**



**A shared commitment between government
and industry to transform the construction sector**

APRIL 2019

ACCORD MINISTERS



[Signature]

Hon Jenny Salesa
Minister for Building
and Construction



[Signature]

Hon Phil Twyford
Minister for Housing and
Urban Development



[Signature]

Hon David Parker
Minister for Economic
Development



[Signature]

Hon Iain Lees-Galloway
Minister for Workplace
Relations and Safety



[Signature]

Hon Shane Jones
Minister for
Infrastructure



[Signature]

Hon Chris Hipkins
Minister of Education
Minister of State Services



[Signature]

Hon David Clark
Minister of Health

GOVERNMENT AGENCIES

The following agencies have specific responsibilities in this Accord and are accountable for delivering the government commitments, and their monitoring and reporting.

Housing New Zealand
Housing New Zealand Corporation

**MINISTRY OF HOUSING
AND URBAN DEVELOPMENT**

**NZ TRANSPORT
AGENCY**
WAKA KOTAHU

**TE TAI OHANGA
THE TREASURY**

WORKSAFE
Mahi Haumaru Aotearoa

**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI

ACCORD DEVELOPMENT GROUP



Peter Reidy
CEO, The Fletcher
Construction Company




Chris Bunney
DCE, MBIE




Rick Herd
CEO, Naylor Love




Steve Killeen
CEO, Downer NZ




Michael Sentch
Manager, Project Unite




Raveen Jaduram
CEO, Watercare




Juergen Link
GM Assets and
Technology, Fonterra




Steve Evans
CE, Fletcher Residential




Roger McRae
Chair, CHASNZ




Bill Newson
National Secretary, E Tū




Doug Johnson
MD, Tonkin + Taylor




Janine Stewart
Partner, MinterEllison




David Kelly
CE, Registered Master Builders




Geoff Hunt
Chair, Construction
Strategy Group



MESSAGE FROM THE MINISTER



A thriving construction sector is vital to New Zealand's social and economic wellbeing. We need more affordable houses, safer and greener buildings, and new and upgraded infrastructure. Projections show signs of sustained growth in the industry over the next six years. The industry provides work for nearly 250,000 people and contributes around \$15 billion to our economy each year.

We all rely on the sector for the built environment we live, work and play in and the infrastructure we depend on.

But right now the sector is facing challenges that compromise its ability to keep pace with our growing needs. The sector is grappling with skills and labour shortages, poor risk management, unclear regulations and construction pipeline, and a lack of coordinated leadership.

As both the industry regulator and a major client, government is in a position to help transform the sector. Through this Accord, we are committing to a new way of working with industry so we can meet the challenges together. The Accord is a significant first step in our partnership to tackle the issues holding the sector back, to work together to support a more productive, innovative and safer industry.

A high-performing construction sector is good for everyone. This Accord supports the Government's overall plan for New Zealand—to create an economy that's growing and working for us all, and to improve the wellbeing of New Zealanders and their families.



Hon Jenny Salesa
Minister for Building
and Construction

MESSAGE FROM THE ACCORD DEVELOPMENT GROUP CHAIR



The development of the Construction Sector Accord represents a significant opportunity for the industry to partner with government to make real change in the construction sector.

The Government has given clear commitments to the industry and to the people of New Zealand to take transformative action in the sector. The Accord process is the chance for the industry, our clients and our people to align and respond.

Our role as the Accord Development Group has been to trigger a commitment across the industry to do things differently, and to hold each other to account on the promises we're making here. Together with government, we have agreed a shared vision for the sector, identified the primary challenges we need to respond to, defined the behaviours we need to adopt and the areas we need to work on to create a new level of performance. We believe delivering change quickly requires a shift in industry culture that can only be achieved through collaboration with existing industry groups and representatives.

From here, the Group will oversee the development and delivery of the construction sector transformation plan. This phase of work has the Ministers' endorsement and support amongst the industry. We are looking forward to engaging more widely with industry participants, customers, workers and suppliers in order to meet the significant challenges we face, then communicate a single plan with one clear voice.

We have an obligation to our people and to all New Zealanders to build a higher performing construction sector. This is an opportunity we are grabbing with both hands.

Peter Reidy

Chair, Accord Development Group
and Chief Executive, The Fletcher
Construction Company

CONSTRUCTION SECTOR ACCORD SUMMARY



5.2

Shared goals



Increase
productivity



Raise
capability



Improve
resilience



Restore confidence,
pride and reputation

Outcomes for New Zealanders

Safe, healthy and durable homes, buildings and infrastructure that support the wellbeing of our communities.

Workforce Safe, secure, rewarding careers

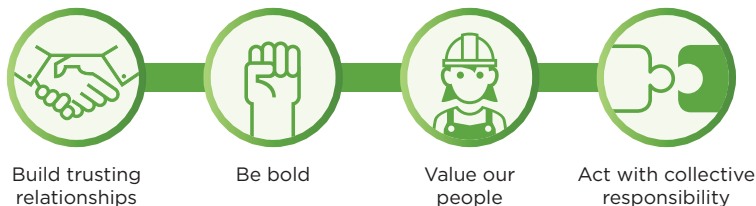
Industry customers Functioning competitive market

Industry Sustainable, resilient, successful businesses

Government A construction sector that supports the wellbeing of all New Zealanders



Guiding principles



Priority work areas

Industry-led	Shared	Government-led
<ul style="list-style-type: none"> › Enhanced industry leadership, collaboration and organisation › Better business performance › Improved culture and reputation 	<ul style="list-style-type: none"> › Grow workforce capability and capacity › Better risk management and fairer risk allocation › Improved health and safety at work › More houses and better durability 	<ul style="list-style-type: none"> › Better procurement practices and improved pipeline management › Improved building regulatory systems and consenting processes

Our pledge



We agree to:

- › Hold ourselves and each other accountable to this Accord and challenge contrary behaviour
- › Work together to develop a plan for change that has collective intent
- › Work differently to build a stronger partnership between government and industry
- › Promote the Accord and encourage others to commit to it
- › Engage regularly to discuss and report on progress

PURPOSE OF THE ACCORD

The purpose of the Accord is to strengthen the partnership between government and industry and be a catalyst to transform the construction sector for the benefit of all New Zealand.

APPROACH

Government and industry leaders have agreed to take a two-phased approach to the Accord process.

This Accord document completes the first phase where government and industry have agreed a shared set of goals and principles that signal a new way of working together. The Accord sets out priority work areas and some high-level commitments to action for transformation.

In the next phase, the sector will collaborate on a wider basis to develop a more detailed construction sector transformation plan to meet the challenges and achieve the outcomes outlined in this Accord.



CONTRIBUTORS

This Construction Sector Accord has been co-developed by Ministers, government agencies and industry leaders.

Ministers

Building and Construction, Housing and Urban Development, Economic Development, Workplace Relations and Safety, Infrastructure, Education, State Services and Health.

Agencies

Ministry of Business, Innovation and Employment, Ministry of Housing and Urban Development, WorkSafe, Housing New Zealand, NZ Transport Agency and the Infrastructure Transactions Unit within Treasury.

Industry

The industry Accord Development Group includes leaders from construction businesses, industry clients, industry bodies, health and safety organisations, and worker representatives.



OUR VISION

A high performing construction sector for a better New Zealand.

The wellbeing of New Zealanders is supported by safe and durable homes, buildings and infrastructure, built by a productive, capable, resilient and proud sector.



5.2

SHARED GOALS

Increase productivity – A productive, value-driven and efficient construction sector able to produce more for each dollar spent.

Raise capability – A skilled and capable workforce that meets New Zealand's growing housing and infrastructure needs.

Improve resilience – Strong, sustainable businesses with the capacity to innovate and adapt to change and disruption.

Restore confidence, pride and reputation – A high-performing, transparent and trusted sector we can all be proud of.

OUTCOMES FOR NEW ZEALANDERS

Achieving our shared goals will deliver benefits across the sector and for all New Zealanders.

New Zealanders

Safe, healthy and durable homes, buildings and infrastructure that support the wellbeing of our communities.

Workforce

Safe, secure, rewarding careers

- › Job security
- › Career pathways and opportunities to upskill
- › Trusted and respected professions
- › Greater diversity
- › An environment that supports thriving mental health and wellbeing
- › Increased earning power

Industry customers

Functioning competitive market

- › Quality durable builds
- › Value for money
- › Fit-for-purpose options for products and services
- › Consistent, reliable and timely project delivery
- › Transparency
- › Capacity and flexibility to meet customer needs

Industry

Sustainable, resilient, successful businesses

- › High performance culture
- › Workforce capacity and capability
- › Greater pipeline certainty and confidence to invest for the future
- › Profitability and stronger balance sheets
- › A collaborative industry
- › Trust and confidence in the construction sector
- › Fair risk allocation
- › All our people home safe every day

Government

A construction sector that supports the wellbeing of New Zealanders

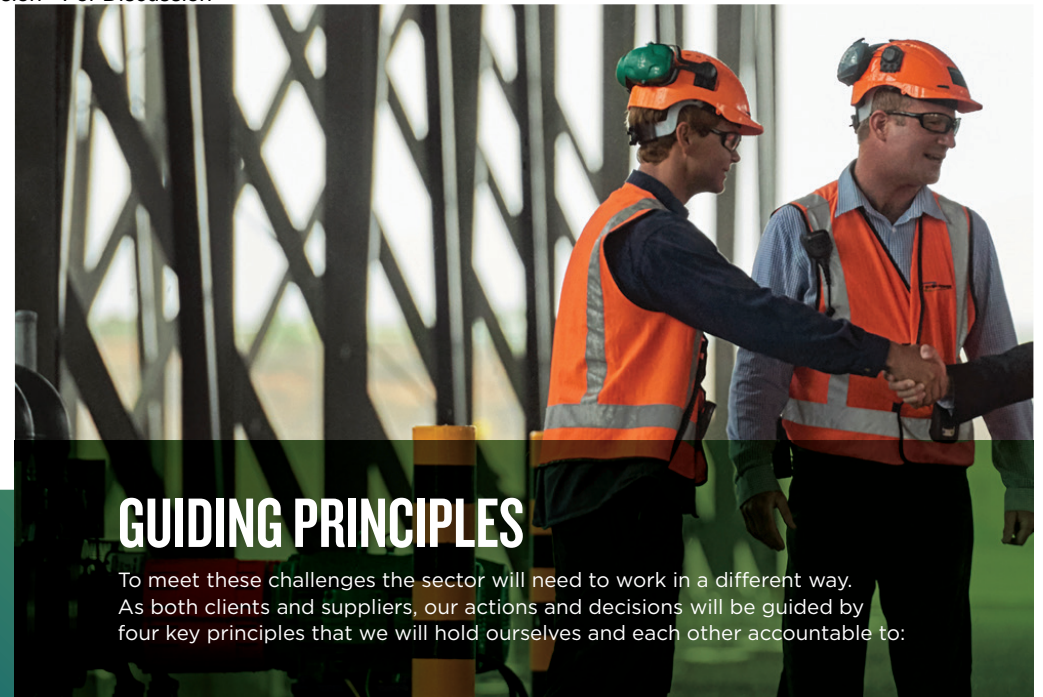
- › Healthy and safe Kiwis
- › Access to quality affordable housing
- › Stable, healthy and more productive construction sector
- › Strong, reliable and enduring infrastructure
- › Better whole-of-life value for taxpayers
- › Sustainable buildings and infrastructure created with minimal environmental impact

THE CHALLENGE

Both government and industry recognise there is a gap between where the sector is now and where it needs to be to meet the future needs of New Zealanders. This Accord is a joint commitment to make a step change towards becoming a higher-performing, more productive sector.

For success we need:

- › Strong leadership and governance
- › A connected and collaborative sector
- › A broad workforce of qualified, competent and skilled people
- › Investment in new technology and other innovation
- › Whole-of-life thinking across the sector
- › Positive behaviours that cultivate trust and respect
- › Resilient businesses
- › Good risk management and fair allocation
- › Clear and effective regulations
- › A world-class health and safety culture
- › A well-planned and transparent public sector pipeline
- › Fair, transparent and consistent procurement practices
- › Cultures and behaviours that allow the industry to thrive and make construction a great place to work.



GUIDING PRINCIPLES

To meet these challenges the sector will need to work in a different way. As both clients and suppliers, our actions and decisions will be guided by four key principles that we will hold ourselves and each other accountable to:

Build trusting relationships

This means:

- › Being accountable
- › Acting with empathy and respect
- › Focusing on delivering quality
- › Being transparent on the value and allocation of risk
- › Working in a collaborative and inclusive way

Be bold

This means:

- › Fostering innovation, and research and development
- › Not accepting conduct and culture contrary to the principles of the Accord
- › Sharing success and learning from failure
- › Focusing on whole-of-life value when buying and building



Value our people

This means:

- › Fostering careers to nurture the industry's future
- › Recognising and rewarding effort and success
- › Embracing diversity and inclusion
- › Supporting better outcomes for Māori
- › Prioritising health, safety and mental wellbeing

Act with collective responsibility

This means:

- › Planning for the long term
- › Acting as a custodian for the sector's future
- › Sharing knowledge and lessons learnt
- › Prioritising environmental sustainability

We will follow these principles in our work and hold ourselves and each other to account if we fall below these standards.

PRIORITY WORK AREAS

Together we have identified a set of priority areas for action that will help us deliver our vision. The nature of the work areas means some will be jointly led, while others will be led primarily by government or industry, in consultation with each other.

INDUSTRY-LED

1. Enhanced industry leadership, collaboration and organisation

Collaborate and build stronger alignment between industry leaders to create a more coordinated response to the challenges facing the sector.

2. Better business performance

Create and implement initiatives to develop high-performing businesses. Improve business resilience, productivity and profitability to ensure a healthy and sustainable industry.

3. Improved culture and reputation

Promote a culture in the industry that supports trust between all parties throughout the value chain and the ecosystem that supports it. This is required to restore public confidence and improve the industry's attractiveness to capable people.

SHARED

GOVERNMENT-LED

4. Grow workforce capability and capacity

Increase the number of skilled workers and lift the industry's capability in order to meet New Zealand's growing housing and infrastructure needs.

5. Better risk management and fairer risk allocation

Rebalance risk in the sector so it sits with the party best able to manage it. Improve the understanding of construction risks and their impact and costs.

6. Improved health and safety at work

Reduce the number of people being harmed by work and create a safe construction sector that supports wellbeing and improves productivity.

7. More houses and better durability

Boost the supply of housing and ensure all new houses are built to perform well over their lifetime.

8. Better procurement practices and improved pipeline management

Create a more certain, visible and better coordinated pipeline of government construction work. Improve government and industry procurement practices so they are more consistent, focus on good value and enable the industry to succeed.

9. Improved building regulatory systems and consenting processes

Make changes to the regulatory system to better support and enable transformation in the construction sector.

GOVERNMENT COMMITMENTS

As both a regulator and a major client for the construction industry, the government has already committed to a programme of work that will contribute to the priority work areas.

Industry agree the government can have the most immediate impact in transforming the sector by helping build skills and capacity, better planning and communicating the construction pipeline, and improving the way it procures construction projects.

Grow workforce capability and capacity - Construction Skills Action Plan

This is a cross-agency plan to encourage more people into construction careers and increase business investment in training and development. Phase one of the plan includes several initiatives aimed at raising capacity in the sector. Future phases will focus on lifting capability.

The plan includes proposed changes to the government's procurement rules that will incentivise firms to invest in training by making it part of the criteria for tender evaluations.

Improved pipeline management - a new independent infrastructure body

The government will establish the New Zealand Infrastructure Commission, Te Waihangā, to create a coordinated long-term plan for all government construction projects. Work is already underway within Treasury to publish a pipeline of upcoming projects to provide greater certainty to the industry and encourage investment in skills and technology.

Better procurement practices - new rules and capability support

Changes to the government's procurement rules and the construction procurement guides will:

- › require agencies to apply the best practice set out in the guides where appropriate, and better support them to do so
- › provide more detail on risk to improve agencies' understanding and ability to manage it
- › require most agencies to submit an assessment on their general procurement performance so areas for improvement can be identified

The new Infrastructure Commission will also provide support and guidance to agencies on their major procurement projects. It will introduce a whole-of-life approach to infrastructure projects so the cheapest price is not chosen over the best long-term value.

Other government commitments that will contribute to the priorities include building regulatory reform, new ways of working with industry to make building state houses more efficient, initiatives to improve the building consenting process, and health and safety initiatives to reduce harm in the industry.

See loose leaf insert for more detail on government commitments to transformation.



INDUSTRY COMMITMENTS

The industry supports the government's commitments and will be a key partner in their delivery. It will provide coordinated consultation and advice to support decision-making and action.

The Accord Development Group recognises industry must play a significant role in sector transformation and there are a number of initiatives already planned and underway. Our early commitments to the priority work areas are focused on collaboration, health and safety, skills, and risk management.

Enhanced leadership, collaboration and organisation – coordinate industry representation and initiatives

The Accord Development Group is committed to working with government to deliver a construction sector transformation plan by the end of 2019. In this second phase of the Accord process, the Group will work with wider sector representatives to consult, build support and incorporate existing work programmes into the transformation plan.

Improved health and safety – industry-led changes to culture and approach

The industry is committed to supporting Construction Health and Safety New Zealand (CHASNZ) to take leadership on improving health and safety performance in the industry. CHASNZ will target clear expectations, consistency of standards, and workforce competency across the industry. It will support health and safety as an integral part of construction business ensuring there is a specific focus on information sharing, worker engagement and empowerment, mental health and wellbeing, and safety leadership as an ethical responsibility across the supply chain.

Better risk management – knowledge sharing

The Group will initiate the development of a workshop programme for industry training and knowledge sharing on risk management, within six months. This programme will build the industry's capability to understand, value and manage risk.

Grow workforce capability and capacity – partnering to address skill gaps

The Group will support the government Construction Skills Action Plan by collaborating with the Ministry of Business, Innovation and Employment to assist in identifying specific skill shortage areas and future requirements. Industry, government and education providers will then collaborate through the second stage of the Construction Skills Action Plan to build capability where needed.



18 19

OUR PLEDGE

We agree to:

Hold ourselves and each other accountable to this Accord and challenge contrary behaviour

Work together to develop a plan for change that has collective intent

Work differently to build a stronger partnership between government and industry

Promote the Accord and encourage others to commit to it

Engage regularly to discuss and report on progress

NEXT STEPS

In the next phase of the Accord process government and industry will work together to:

- › Develop the detailed transformation plan
- › Encourage wider sector representation and input
- › Establish a shared governance structure to lead the development and implementation of the plan
- › Integrate existing sector group activity with the plan
- › Establish work programmes with specific timeframes
- › Define performance measures to monitor execution of the plan

Be part of the Accord and keep
up to date on progress at
www.constructionaccord.nz



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New Zealand Government

Report to the Board of Watercare Services Limited

Prepared for the 28 May 2019 Board Meeting

Water Efficiency Strategy implementation update

6.1

Purpose			Team		
Information	Discussion	Approval	Prepared and Recommended		Submitted
			A Singleton Chief Customer Officer		R Jaduram Chief Executive
Intellectual capital	People and culture	Community and stakeholder relationships	Financial capital & resources	Natural environment	Assets and Infrastructure
					

1. Recommendation and key point

That the Board notes this update from the February 2019 paper on the implementation of our Water Efficiency Strategy.

Key points

- Watercare is making steady progress on the implementation of the proposed water efficiency programme.

2. Purpose and context

To provide an update on the four key initiatives in which Watercare is investing towards meeting our water efficiency target. This target is to reduce Auckland's average rate of consumption by 15%, by 2025 as compared with 2004.

The four key programmes include:

- Leveraging metering technology to reduce non-revenue water and support top-of-mind consumption awareness, while improving leak management
- Encouraging water efficient new-builds
- Working with sports clubs and schools to improve their water efficiency
- Driving greater appreciation for the value of water among Aucklanders through an education and awareness campaign.

3. The details

3.1 Our challenge

We have a target to reduce the average water consumption of Aucklanders by 15% between 2004 and 2025 from 298 litres to 253 litres per day per person. Current average demand is 276 litres per person per day.

The average rate of consumption is calculated as the gross per capita consumption (GPCC), i.e. the total volume of water delivered into the network from the water sources/treatment plants divided by connected population of Auckland.

We are mindful that this calculation is skewed by the increase in commercial consumption as more businesses establish their manufacturing and production facilities in Auckland. The high quality and low price of our water is a key factor in this relocation trend. Therefore, we also calculate a Domestic PCC, using billed domestic consumption per population in Auckland (excluding Papakura and Waikato). This analysis demonstrates that we are making good headway. However, it is still somewhat skewed as households connected to rain water tanks switch to our network during dry periods (as is clearly visible in the blue lines below and during the past summer).



3.2 Initiatives to address further reduction in consumption

3.2.1 Improving our ability to reduce non-revenue water

- In February 2019, we committed to accelerating the creation of District Metered Areas (DMAs) and to deliver it in two years rather than 12 years as per Water Efficiency Strategy. This was driven by the assumption that DMAs will allow us to target our efforts in areas of high loss and theft, rather than a scatter gun approach across the whole city. We prioritised Waitakere for this as it already had many district and/or area meters installed, which only needed to be re-activated.
- Capex approval for further area meters is under way. Our Digital team is also creating a tool to accurately measure and report on consumption per geographical area.
- By November 2019 we will have reporting for 30 areas, up from only one in February 2019. Our aim is to have all areas in our geographical footprint covered by February 2021.
- With the establishment of small team of Revenue Assurance specialists, we are targeting the identification of an average 50 illegal connections per month. This will further reduce non-revenue water.

3.2.2 Leveraging metering technology

Meter replacement programme

- Our meter replacement programme is proving to be an effective way of reducing non-revenue water, with around 9.5% increase in billable consumption on replaced meters.

Smart metering solutions for Commercial Customers

- Based on insights from a design thinking session with commercial customers, we know that their requirements vary. At one end of the spectrum, these customers want raw data to understand consumption patterns and insightful dashboards with exception alerts. At the other end of the spectrum, these customers would like data links fully integrated with their own production systems.
- We are starting with customers who want simple data. By the end of August 2019, we will distribute smart meters to 100 commercial customers. This will enable these customers to drive towards their own water efficiency targets, for example:
 - One customer with very high water consumption has a current year target to improve their water efficiency by 3.05%
 - Another customer's target is to reduce their water usage by one third by 2030.
 - Global companies entering the New Zealand market, often have strict sustainability imperatives, which will support reduced water consumption.

Smart metering solutions for Domestic Customers

- Analysis from our Waiuku trial indicate that approximately 85% of leaks in this area were low volume leaks (defined as being less than half a litre loss min). Our smart meters identified these leaks within 48 hours. Consequently, our assumption is that up to 85% of leaks are currently not identified on properties until the leak increases in velocity, which can take several months. While the volume of water wasted per incident is very small, it can add up to significant volumes. Thames Water, for example, invested in a "Leaky Loo" campaign to counter the impact of dripping toilets (which in isolation seem negligible) on wasteful consumption.
- We will install domestic smart meters in the newly acquired customer base in Broadway Park apartments in Newmarket (360 customers).
- Based on an audit of the current metering assets, we can install smart meters in 80 Broadway Park properties by the end of July 2019. Once the procurement process for smart meter units is complete, we will install the remaining 280 smart meters by the end of October 2019.

3.2.3 We will encourage developers to build water efficient new build homes

A design thinking workshop was held in February 2019 with six key developers in Auckland. This covered 80% of our commercial market. The workshop produced these insights:

- **Fittings:** in most cases, products being installed already meet our efficiency expectations
- **Appliances:** water efficient washing machines provide the best opportunity
 [Note: We are in discussions with appliance providers to develop a collaborative approach towards incentivising all domestic Watercare customers, not just developers, to invest in these appliances.]
- **Rain tanks/grey water:** a key requirement for developers to consider new initiatives is cost neutrality. From their perspective, the additional cost of installing rain tanks or grey water tanks is prohibitive. They currently only install rain tanks to meet resource consent requirements. In addition, this requirement is not part of the Unitary Plan for future developments, leaving developers with little to no incentive to invest in these tanks.

3.2.4 We have an integrated plan to drive awareness and education among customers

To achieve better cut through of our objectives, we will deliver a single, integrated campaign targeting schools, sports clubs and local communities. This amalgamates programmes three and four noted above at point 3.

Our core message will promote the value of tap water, which, over time, will encourage Aucklanders to recognise the value of water and discourage wasting this resource.

We will optimise the campaign by leveraging our existing schools programme, providing a teacher support toolkit on the value of water, while incentivising water efficient behaviour among students through gamification.

At sports clubs and in the broader community, the messaging of easily accessible, top quality drinks on-the-go (tap water) will centre around the roll-out of a network of Watercare branded water fountains. We will also encourage cafes and restaurants to get involved by allowing free refills and promoting tap water.



Appendix

Smart meter technology solution

We have completed a market scan providing the following insight:

Internationally, countries such as Singapore, Japan, Spain, Malta, Belgium, UK, Australia and some states in America are progressively rolling out smart meters for network management and customer billing.

1. These international cases typically have meters above ground, which is different to New Zealand.
2. Below the ground smart meters represent some challenges in maintaining the condition of the meter and signal strength in varying terrain.
3. In Australia, all major cities are progressing towards a smart water network, using a scaled implementation approach; Sydney Water being the most advanced. A range of communication networks have been selected by each water company to cater for varying terrain, and to avoid being locked into proprietary solutions. The one common network selected by all is Narrowband IoT (NB-IoT).
4. To avoid being locked into proprietary solutions and to cater for varying terrain, all the cases we investigated have selected devices and networks with NB-IoT.
5. In New Zealand, four IoT networks are available; NB-IoT, SigFox, LoraWAN, WMBus. Following Australia's lead we are completing a scaled implementation, progressing towards a fully connected smart suburb where both smart metering and network sensing are optimised.

6.1

Strategic Business Plan update

Board meeting – 28 May 2019



Intellectual capital

Goal	2018/2019 Target	Progress to date
Customer - Enhanced digital enablement for customers	<p>Increase uptake of e-billing (Target – 50%)</p> <p>Channel migration from assisted to unassisted – 5% increase per year</p> <p>Proactive vs Reactive customer engagement split: 15/85</p>	<ul style="list-style-type: none"> As at April 2019, ebilling update is 49.9% as we have been proactively targeting customers with emails to sign up to e-Bill Digital interactions this year has increased by 19% versus last year
Efficiency - Implement robotic process automation (RPA) to drive back office efficiencies	8 in total	<ul style="list-style-type: none"> Target achieved. Further work on automation of suitable processes continues.

6.2



People and Culture

Goal	2018/2019 Target	Progress to date
Develop a 3-year culture programme aimed at helping our people live our values	<p>Measure shift towards greater levels of collaboration, agile ways of working and self-motivated teams</p> <p>Develop and implement a diversity agenda</p>	<ul style="list-style-type: none"> High level re-design of the Newmarket office is in progress. Five new neighborhoods will be formed, namely, Operations, Infrastructure, Customer, Digital and Corporate. Nominations are open for staff wishing to be included on our Diversity and Inclusion Committee.
Talent Optimisation	A Talent Development Programme has been developed and implemented (capability matrix as the base of this project)	<ul style="list-style-type: none"> We are currently working on the talent development plans. We have identified talent down to Tier 3.
Learning and Development	All employees have access to learning and development programs	<ul style="list-style-type: none"> The pilot for Digital and Customer has commenced for SURF and IMMERSE. A wider roll out will follow.
Employee engagement	<p>69%</p> <p>Develop and establish an Employee NPS (employer of choice measure)</p>	<ul style="list-style-type: none"> Employee Engagement will be measured in early June 2019. The second eNPS was completed in May 2019. Results are being assessed.

6.2



Financial capital and resources

Goal	2018/2019 Target	Progress to date
Assist Council with its debt to revenue challenges	Business cases to the Board in respect of the Waikato District Council three waters management and one other opportunity.	Waikato District Council <ul style="list-style-type: none"> We have started the three month mobilisation phase. The target date for contract signing is 31 May 2019, with the start date remaining 1 July 2019.
Assist Council to review its debt challenges	Comprehensive review evaluating options for Watercare to alleviate Council's debt to revenue issue.	<ul style="list-style-type: none"> We have identified new revenue streams (refer to Waikato District Council). Our performance on revenue and debt is outperforming our budget. We are working with Treasury and DIA regarding balance sheet structuring with Infrastructure Funding and Financing (IFF) Framework.
Ensure Watercare is 'future-fit' for a potential industry restructure	Identify and influence regulatory model and potential legislative changes. Prepare for any impending changes.	<ul style="list-style-type: none"> We are continuing to provide information to DIA when requested. No new discussion occurred during April 2019.
Assist Council with debt to revenue challenges	Achieve \$7m savings target set in 2018/2019 budget.	<ul style="list-style-type: none"> Efficiency savings are challenging and now slightly behind budget due to unplanned maintenance costs being ahead of budget. Further efficiency opportunities continue to be identified.

6.2



Natural environment

6.2

Goal	2018/2019 Target	Progress to date
We are preparing for climate change	<p>We will create and implement a Climate Change Strategy and associated Sustainability statement. Strategy released.</p> <p>We will collaborate with Auckland Council, Government agencies and other utilities to implement agreed plans and meet climate change targets.</p>	<ul style="list-style-type: none"> Following the release of our Climate Change Strategy we now are developing a detailed plan to deliver on the strategy. We continue to work with Auckland Council on the Auckland Climate Action Plan and other areas where appropriate. We have met with CCO's to discuss terminology, tools and approach for carbon measurement and reporting.
We will develop a water efficiency strategy	Achieve Year 1 goals in the Auckland Water Efficiency Strategy 2017 to 2020	<ul style="list-style-type: none"> Water care is making steady progress on the implementation of water efficiency program. Paper being presented at board meeting.
We will deliver on carbon and energy initiatives that create value to our business	We continue to work on the roadmap for Energy Neutrality at Māngere and Rosedale, saving 37 Gwhr/annum by 2025.	<ul style="list-style-type: none"> Thermal hydrolysis design at Rosedale is proceeding to construction, completion in 2020. Planning for Māngere Thermal Hydrolysis is underway with a completion date of June 2024. The 37 Gwhr/annum target will be achieved by 2025. Energy week was held 13-17th May and included launch of new 8GWh energy improvement target by 2022 and our Energy Improvement Revolving Fund Our first major solar array was launched at Pukekohe WWTP. Wellsford and Redoubt Road arrays will be installed by June 2019. An infrastructure build carbon reduction target of 40% has been set.
We will create financially beneficial value added biosolids products from our wastes	We are researching a range of commercial biosolids 'products'	<ul style="list-style-type: none"> We are continuing to exploring opportunities with third parties around beneficial reuse of biosolids.



Assets and Infrastructure

6.2

Goal	2018/2019 Target	Progress to date
We will deliver the Central Interceptor	Successfully negotiate and award the CI construction contract.	<ul style="list-style-type: none"> Construction starts in August 2019.
We will reduce our infrastructure capital TOTEX (total expenditure approach to build and operate water assets)	We will implement two new initiatives to reduce our TOTEX.	<ul style="list-style-type: none"> The RfP for two constructors was provided to the market on 1 May 2019, on time. Responses are required by 3 June 2019.
We will improve consultant and contractor performance	We will improve the overall WaterPace score by 10%.	<ul style="list-style-type: none"> Monthly reviews being undertaken. Current performance remains 15% above the June 2018 baseline.
We are increasing our preparedness to deal with extreme and unforeseeable events	We will introduce a Resilience Policy and develop an action plan.	<ul style="list-style-type: none"> Resiliency development pathway Board paper submitted in September 2018. Staff awareness of Resiliency is the theme of the current series of business Expo's circulating all of Watercare's sites.



Community and stakeholder

Goal	2018/2019 Target	Progress to date
Customer - Improved Net Promoter Score (NPS) (16/17 baseline = 27)	NPS \geq 30	<ul style="list-style-type: none"> NPS has increased to 40. Stabilised contacts, especially in faults and billing, is enabling us to deliver a better grade of service.
We are engaged with our stakeholders	We will progress the conversation on the value of water and link this to our brand identity.	<ul style="list-style-type: none"> Update on the Water Efficiency Strategy being presented to the Board in May 2019. Our new information portal regarding the value of water is under design – launch is scheduled for the second half of 2019. We continue to hold events, such as the Army Bay opening, and Pukekohe Solar Array Opening, involving the Mayor, community, our people, Local Board members and media. In June, we plan a small event in the Hunua ranges to celebrate our tree planting project. This event will involve local schoolchildren.

6.2

Board Planner 2019




		May	June	July	August	September	October	November	December
Meetings	Board	28-May	No board meeting (NB: Strategy day on 24 June as well, with Board dinner)	29-Jul	30-Aug	24-Sep	30 Oct (with Board dinner on the 29th)	26-Nov	17 Dec (Teleconference)
	Audit and risk committee	27 May (3pm-5pm)		29 July (before Board meeting)	23 Aug (9-11am)		29 Oct (3-5pm)		
	People, Remuneration and appointments committee		25 Jun (9-10am)	17 July (10-12pm)	30 Aug (after Board Meeting)		29 Oct (1-3pm)		
	STP Committee			1 July (10-12pm)		24 Sept (after Board Meeting)		25 Nov (3-5pm)	
	AMP & Major Capex Committee	28 May (after board meeting)			29-Aug (5-6.30pm)			TBC	
Events	Community and Stakeholder Relationships				19-20 August, Watercare Symposium				
Governance	Charter reviews	A&R Charter AMCC Terms of Reference					PRAC charter	STP Terms of Reference	
	Policy reviews	(2020 - Sensitive Expenditure Policy) (2020 - IGCs)				Tax Risk Management Policy		Fraud Policy	
	Delegations			Annual review of board delegations to CE					
	Risk report Due to Council	15-May			7 Aug and 21 August				TBC
	Enterprise Risk report to Board			Report to Board			Report to Board		
	Compliance			Statutory compliance			Statutory compliance		
	Shareholder interaction	Q3 quarterly report due 31 May 2019 (to be approved by the Board on 28 May)	Q3 briefing to F&P Committee 19 June 2019 (J Hoare)	Q4 quarterly report due 16 August (to be approved by Board at July meeting)	Governing Body Workshop - 29 August at 9.30am	Q4 briefing to F&P Committee 11 September 2019 (M Devlin) Auckland Council's A&R Committee Date TBC	Q1 quarterly report due 31 October 2019 (to be approved by Board at the October meeting).		Q1 briefing to F&P Committee TBA
	Site Visits		Site Visit (after Board Meeting)	Site Visit (after Board Meeting)		Site Visit (after Board Meeting)		Site Visit (after Board Meeting)	
	H&S Quarterly report			Apr-Jun 19 Report			Jul-Sept 19 Report		
	Board training & development	Propero observing		H&S Board Update	Propero reporting back to the board				
Business strategy	Strategic planning		Strategy Workshop 24 June followed by Board Dinner						
Business planning	Key finance and business decisions	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 2019/20 Budget Mayor's Treasury Guarantee Letter due by 30 June	Approve Auckland Council Reporting Pack	a) approve 2019/20 accounts, b) delegate final sign off of 2019/20 Annual Report	Update from WUCAT	AMP		Auckland Council Draft Annual Plan - approve Watercare input*
	Statement of intent	Present shareholder SOI feedback at public meeting. Public Deputations received.	Final 2019-2022 SOI approved and issued to shareholder		Final 2019/2022 SOI adopted by Auckland Council		2018/2019 SOI Results to be presented to Board at Public Meeting. Public Deputations received.		2020/21 Letter of Expectation to be received

* Statutory public Board meeting - deputations invited

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

Report to the Board of Watercare Services Limited
Prepared for the 28 May 2019 Board meeting

Disclosure of senior executives' interests

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

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"> Steering Committee Member – Business Leaders' Health and Safety Forum Board Member – Committee for Auckland Director – J N Jaduram Corporation Limited (Fiji) Member - Auditor-General's Local Government Advisory Group
Rob Fisher	<ul style="list-style-type: none"> Deputy Chair – Middlemore Foundation President – Auckland University Rugby Football Club 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



Report to the Board of Watercare Services Limited
Prepared for the 28 May 2019 Board meeting

Directors' appointment terms and committee memberships

7.3

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

2. The details

Table 1: We have six directors.

Our directors are appointed by Auckland Council

Director	Original appointment date	End of term
Margaret Devlin (Chair)	1 November 2016	31 October 2022
Brendon Green	1 November 2016	31 October 2022
Nicola Crauford	1 April 2014	31 October 2021
Julia Hoare (Deputy Chair)	1 November 2013	31 October 2020
David Thomas	1 November 2014	31 October 2020
Catherine Harland	21 April 2011	31 October 2019

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

Our four committees assist in the process of corporate governance

Committee Chairs and members are appointed by the Chair

Director	Audit and Risk	People, Remuneration & Appointments	Strategic Transformation Programme	AMP & Major Capex
Margaret Devlin (Chair)	*	*		✓
Julia Hoare (Deputy Chair)	Committee Chair			✓
Catherine Harland		Committee Chair	✓	✓
Nicola Crauford			✓	Committee Chair
David Thomas	✓	✓		
Brendon Green	✓		Committee Chair	

**Board Chair attends in ex-officio capacity*