

WATERCARE SERVICES LIMITED

AGENDA	BOARD MEETING	Friday, January 29, 2021
Venue	Watercare Services, Level 3 Boardroom, 73 Remuera Road, Remuera	
Time	9.30am	

Open Public Meeting

Item	Spokesperson	Action sought at governance meeting	Supporting Material
1 Opening Karakia	Brendon Green		
1.1 Meeting Administration	Chair	For discussion	Nil
2 Apologies	Chair	Record apologies	Nil
3 Minutes of Meeting			
3.1 Minutes of 24 November 2020	Chair	Approve Board Meeting Minutes of 24 November 2020	Board Minutes 24 November 2020
3.2 Minutes of 23 December 2020	Chair	Approve Board Meeting Minutes of 23 December 2020	Board Minutes 23 December 2020
4 Disclosure of Directors' Interests	Chair	For noting	Report
5 Public Deputations	Chair	For information	Verbal update
6 For information			
6.1 December 2020 Central Interceptor Report	Shayne Cunis	For information	Report
6.2 Drought Update	Mark Bourne	For information	Presentation
6.3 Learning and Organisational Development	Jason Glennon and Drew Thorensen	For information	Presentation
6.4 CCO Review Outcome - Update	Rob Fisher	For information	Report
7 For approval			
7.1 Corporate Governance Charter Review	Rob Fisher	For approval	Report
7.2 Te Tangata Komiti Charter	Jason Glennon	For approval	Charter
8 For discussion			
8.1 Safety Moment	All	For sharing	Nil
8.2 Acting Chief Executive's Report	Steve Webster	For discussion	Report
8.3 Board Committee Updates	Committee Chairs	For discussion	Nil
9 Directors' Corporate Governance Items			
9.1 Board Planner	Chair	For noting	Report
9.2 Disclosure of Senior Executives' Interests	Chair	For noting	Report
9.3 Directors' Appointment Terms and Committee Memberships and meeting attendances	Chair	For noting	Report
10 General Business	Chair	For discussion	Nil
10.1 Closing Karakia	Brendon Green		
Date of next meeting	Friday 26 February 2021		

MINUTES

3.1

SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Watercare Services, Level 3, 73 Remuera Road, Remuera
DATE	24 November 2020
TIME	10.15am
STATUS	Public Session

	<p>Present: Dave Chambers Brendon Green David Thomas Hinerangi Raumati-Tu'ua (Meeting Chair) Frances Valintine</p> <p>Board intern Colin Magee</p>	<p>In attendance : Steve Webster Amanda Singleton Shane Morgan Rebecca Chenery David Hawkins Rob Fisher Jason Glennon Bronwyn Struthers Shayne Cunis Mark Bourne Richie Waiwai Jason Pascoe Jodie Atkin Pinaz Pithadia Zelda Kalmeier</p>	<p>Guests: Katy Doyle (Radio NZ)</p>
1.	<p>Brendon Green opened the meeting with a karakia.</p> <p>1.1 Meeting Administration</p> <p>The Board welcomed Katy Doyle from Radio NZ.</p>		
2.	<p>Apologies</p> <p>Apologies were received from: Nicki Crauford; and Margaret Devlin, Marlon Bridge and Nigel Toms were also apologies as they were required to attend a Council CCO Oversight committee meeting from 10.30am.</p>		
3.	<p>Minutes of Previous Meetings</p> <p>The Board resolved that the minutes of the public section of the Board meeting held on 27 October 2020 be confirmed as true and correct with two corrections:</p> <ol style="list-style-type: none"> 1. the word 'considered' item 5 was to be changed to 'interviewed'; and 2. the date of the Te Tangata Komiti meeting was to be changed to 25 November 2020. 		
4.	<p>Review Disclosure of Directors' Interests</p> <p>Hinerangi Raumati-Tu'ua is now Chair of the Aotearoa Fisheries Limited.</p>		

5.	<p>Public Deputations</p> <p>There were no public deputations.</p>
6.	<p>For Information</p> <p>6.1 October 2020 Central Interceptor Report</p> <p>Shayne Cunis, Executive Programme Director for CI, spoke to this paper.</p> <p>The tunnel boring machine (TBM) is now in New Zealand and a naming ceremony will be held on 14 December 2020.</p> <p>Shayne provided an update on the progress of the project. He also noted that there has been good stakeholder feedback from the Dundale Avenue site.</p> <p>A number of staff have returned to Australia, but they have visas to enable their return to New Zealand and they have places booked at Managed Isolation and Quarantine (MIQ). A number of Italians have also left New Zealand, but they do not have bookings for MIQ as yet and may not be able to return until February. There are other resources in place to address this situation.</p> <p>The tunnelling engineer and plant manager of the TBM will remain in the country and work will continue over the Christmas break at Māngere.</p> <p>The Board asked about the risk of disruption claims that might arise in relation to changes to the Western Isthmus Water Quality Improvement Project. Shayne advised that every change incurs a cost but the changes made were necessary. However, we need to ensure that any necessary changes are to be made now, as changes cannot be made in the late stages of the project.</p> <p>The Board asked about the number of close-calls in health, safety and well-being. Shayne advised that close-calls had occurred on confined sites and were related to manual handling. The items were either too heavy, or the employee was not in the required physical condition to manage the weight. He noted that the Contractor has learned from the incidents. Shayne also confirmed that there have been two stand-downs in relation to potentially serious incidents.</p> <p>In response to a question from the Board, Shayne confirmed that the increase in groundwater drawdown at Māngere Pump Station has not resulted in settlement of any of the assets on the site.</p> <p>The Board also asked about the GAJV works at Māngere Pump Station, for which the report lists that the Contractor is proposing to self-perform delivery of the works. Shayne advised that an update will be provided in the December CI report.</p> <p>Resolution</p> <p>The Board noted the report.</p> <p>6.2 Drought Update</p> <p>Mark Bourne, Head of Servicing and Consents, tabled the drought report in the meeting and it is Appendix 1 to these minutes.</p> <p>Mark highlighted the following from the report:</p> <ul style="list-style-type: none"> - The storage position was set at 75% in May. - At the end of October the storage level targets were re-set to 67%, which is consistent with past storage positions. - We will remain at stage one water restrictions throughout the summer.

- We currently have 159 years of real rainfall data within the ISMM (Integrated Source Management Model). This has been extended by stochastic method to produce 1,000 years of synthetic rainfall record. The 10th percentile was chosen as the most appropriate response for the coming summer. This then provides the forecast lake storage levels that will be reported against.
- Water storage is currently at 72%.
- Our current rolling seven-day average demand is 408MLD and the target is 430MLD, and so we are currently well below target.
- The target for February 2021 is 510MLD as there will be greater demand at that time of the year.
- Demand has declined due to the rain at the beginning of the month, therefore non-storage production has been decreased.
- Council were due to review the restrictions on Thursday 26 November 2020.
- The Mayor issued a press release this morning, announcing that Council would consider implementing 'summer restrictions'. Those restrictions would allow residential customers to use a hose provided it has a trigger nozzle and is attended.
- As part of the consent to use water from the Hamilton City consent, restrictions in Auckland must be equivalent to those imposed in Hamilton. The restrictions under consideration by Council would be in line with those in place in Hamilton most summers.

The Board asked where non-storage production is coming from.

Mark informed the Board that:

- an average of 4.3MLD comes from Pukekohe; and
- the Onehunga aquifer has not dried up as previously expected, given the lack of rainfall, and is producing 19.2MLD.
- The Pukekohe bore was opened last week by the Mayor, and is operating successfully.
- At Hays Creek Dam in Papakura, 90% of equipment is on site and is being assembled. However, due to border restrictions, personnel who are critical to the commissioning of the dam, are currently held up in Singapore, unable to enter New Zealand.
- A shut-down is planned, on the Waikato 50 project, between Christmas and the New Year.

6.3 Customer Channel, Live Chat Implementation

Amanda Singleton, Chief Customer Officer, Jason Pascoe, Head of Customer Experience, and Zelda Kalmeier, Customer Experience Delivery Specialist, presented this paper.

Jason explained that as customer expectations change, we have a responsibility to meet those expectations. The objective is to provide customers with a digital-first approach. We currently offer contact through email and voice calls, but we need a more dynamic means of communication. The answer to that is a live chat function.

This project was conceived and delivered within five weeks. The benefits of live chat are:

- it provides customers with a digital-first option;
- it increases the choices available for customers;
- it is more convenient; and
- it allows us to proactively engage with customers if they have any difficulties in using the channel.

Zelda provided the Board and management with a demonstration of how live chat works and explained the benefits that it provides.

There was a discussion about AI and how the bot will learn responses to increase its capacity, thereby decreasing the need for live agents.

	<p>Amanda Singleton said the long-term aim is for all customers to be able to engage in their own language, including te reo.</p>
7.	<p>For Discussion</p> <p>7.1 Safety Moment</p> <p><i>Heart attack incident on the Tuakau site on the Waikato 50 project</i></p> <p>Bronwyn Struthers informed the Board about a recent incident on a construction site where an employee (contractor) had a heart attack. She informed the Board that the actions of the team on site were exemplary. CPR was administered and the defibrillator was used and used correctly. Staff cleared a space for the helicopter to land so that the employee could be airlifted to hospital. This man has recovered well and recently returned to the site for a visit.</p> <p>Bronwyn notes that such successful outcomes, for these kinds of incidents, are very uncommon and the success was due to the reaction of the team on site. She noted that Watercare has acknowledged the team's efforts.</p> <p>It was noted that the incident and the response was shared across other Watercare sites to raise awareness.</p> <p>The Board asked for acknowledgement to be made to staff involved to thank them for their response in an emergency.</p> <p><i>Daily steps initiative during the lock-down period</i></p> <p>Amanda Singleton shared a video made by her team showing various teams across Watercare sites dancing to 'Jerusalem'.</p> <p>The initiative was aimed at keeping staff moving during the lockdown period as well as to bring them together for some fun. The video was posted on social media and has so far attracted over 1200 views. Great comments have been received from all over the world.</p> <p>7.2 Acting Chief Executive's Report</p> <p>The report was taken as read. Management responded to questioning from the Board.</p> <p>In the absence of Marlon Bridge (Acting Chief Executive), Steve Webster (Chief Infrastructure Officer) presented the report.</p> <p><i>E-billing</i></p> <p>The Board asked whether the change to e-billing reporting is material. Amanda Singleton responded that it is not. E-billing was being reported on the basis of emails and traditional 'snail' mail. This has now been changed and the report will now be based on whether a customer receives an e-bill or a hard copy.</p> <p><i>Māori Engagement & Outcomes</i></p> <p>It was suggested that Richie Waiwai, Kaitiaki Manager, provide a report for the Board each month, highlighting one of the 19 iwi of Tāmaki Makaurau. The support of Ngāti Tamaoho to the opening of the Pukekohe Water Treatment Plant was noted.</p>

	<p>Health, Safety & Wellbeing Update</p> <p>The Board asked about the incident in which two vehicles driven by members of the public collided in a head-on collision in a traffic-controlled area. Steve Webster confirmed that one of them ran the red light. Shane Morgan, Chief Operations Officer, informed the Board that the phasing of the lights had been reviewed and wait times were no longer than a minute. This incident occurred in a very busy area, but most of the heavy construction is now complete.</p> <p>There was a discussion about managing long-term fatigue, including the encouragement given to staff to take leave over the Christmas period; as well as the management of excessive leave balances.</p> <p>In response to a question from the Board regarding Covid-19, Shane Morgan explained that the team have a general watching brief and are ready to go back into lockdown should the need arise.</p> <p>HSW external review</p> <p>Jason Glennon informed the Board that his team are still waiting on the Terms of Reference. At this time the companies that are capable of conducting such a review are tied up with other work and so proposals have not yet been received from them. It is unlikely that there will be any movement on this before Christmas.</p> <p>7.3 Board Committee Updates</p> <p>AMP and Major Capex Committee (AMCC)</p> <p>The last meeting of the AMCC was held on 19 November 2020.</p> <p>Strategic Transformation Programme Committee (STP)</p> <p>The meeting of this sub-committee was planned for 23 November 2020. This meeting had to be deferred as the required reports were not going to be ready for that date. This committee is now scheduled to meet on 9 December 2020.</p> <p>Te Tangata Komiti (TTK)</p> <p>The Committee had not met since the last Board meeting. The next committee meeting was scheduled for 25 November 2020, the day following this Board meeting.</p> <p>Committee for Climate Action (CCA)</p> <p>Brendon Green, Chair of this sub-committee, informed the Board that this committee had recently met (13 October 2020). At that meeting the sub-committee reviewed carbon emissions mitigation. The solar array at Rosedale was discussed extensively. It was noted that the savings in carbon emissions from the solar array make up half of our target figure.</p> <p>Brendon also noted that Watercare's carbon emission reduction target is 45% by 2050 while Auckland Council's is 50%. Anglian Water aims to be carbon neutral by 2050.</p> <p>Audit and Risk Committee (ARC)</p> <p>The committee meet next in February. It was noted that there is no need for a meeting in January.</p>
8.	<p>Directors' Corporate Governance Items</p> <p>8.1 Board Planner</p> <p>No changes are required. The Planner was noted.</p> <p>8.2 Disclosure of Senior Executive's Interests</p> <p>No changes are required.</p>

	<p>8.3 Directors' Appointment Terms and Committee Memberships and meeting attendances</p> <p>No changes are required.</p>
9.	<p>General Business</p> <p>Jason Glennon, Chief People Officer, introduced Wal McQuarrie to the Board. Wal was celebrating 50 years with Watercare. He is our Principal Dam Safety Engineer and has been fundamental to Watercare becoming a leader in dam safety since he joined us in 1970. Jason informed the Board that Wal has worked on numerous projects over the years and is a fantastic mentor to younger team members. Jason said it is phenomenal that Wal has dedicated his considerable expertise to Watercare for such a long period of time.</p> <p>The Board acknowledged Wal for his work, noting the significance of dam safety to the city of Auckland.</p> <p>Wal was given a standing ovation by all present.</p>
	<p>Brendon Green provided a closing Karakia.</p> <p>The meeting closed at 11.55am.</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

Hinerangi Raumati-Tu'ua
Board Member

Drought Update: 24 November 2020
For Watercare Board
and
Liaison Councillor

Status Report – to week ending 22 November 2020

Monthly storage commenced 1 November 2020 67.0%

Target storage for 30 November 2020 63.6%

	Status at 22 Nov	Target for 22 Nov
Storage at end of week	72.3%	64.6%
7 Day Demand (m ³ /day)	408,414	433,200
Month to Date (m ³ /day)	402,243	433,200
Non-Storage 7 Day Production (m ³ /day)	191,843	190,000
Storage 7 Day Production (m ³ /day)	217,585	237,500
7 Day Rainfall (% of normal)	25.4%	84%
Month to Date Rainfall (% of normal)	145.3%	84%
Coming Week Rainfall Forecast (% of normal)	161%	84%
Coming 4 week	106%	84%

Drought Update for 25 November 2020

Drought Response Forecast - November 2020 to February 2021

	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21
A Lake storage levels (target % at end of month) <i>Actual</i>	63.6%	60.4%	56.4%*	50.7%*	46.8%*	46.5%
B Average daily use (target MLD) <i>Actual</i>	430	440	460	510	465	432
C Waikato & Onehunga production forecast (MLD) which includes maximising Waikato WTP above the current consent from July 2020 (extra 10MLD) and August (extra 20MLD), and the addition of Pukekohe Stage 1 August (extra 2.5MLD)	191.5	189	188	186	186	187
D Abstraction from the storage lakes (MLD) <i>Actual</i>	238	251	273	325	280	245
E Total lake recharge required (MLD) for the month <i>Actual</i>	235	250	278	287	280	245
F Normal monthly rainfall (mm) <i>Actual</i>	123	133	103	105	114	132
G Estimated rainfall to follow targeted storage response	84%	65%	59%	50%	56%	70%
H Forecast rain conditions MetService (% of normal)[#] <i>Actual</i>	106%	136%	133%	107%	90%	159%
I Forecasted rain conditions (NIWA)	Normal to above normal rainfall			Normal to above normal rainfall		

*restriction zone

[#]MetService seasonal forecast presented 17 November highlighted that summer rainfall predictions have lower skill due to the typically unreliable nature of ex-tropical rainfall

Note: Month-end storage position is based on following approximately a 1 in 10 year dry event commencing from the 1 November 2020 storage position. Based on the current seasonal forecasts this is a conservative position

Augmentation status update – to 24 November 2020

Location	Underway now			
	Pukekohe Bore Capex Approved	Hays creek dam in Papakura Capex Approved	Waitakere Water Treatment Plant Capex Approved	Waikato Water Treatment Plant (existing plant)
On track				
Action	Bringing this bore back into service by setting up modular Water Treatment Plant and local network connections	Bring this dam back to service by setting up modular Water Treatment Plant and local network connections	Maximising abstractions	Maximising abstraction
Additional supply and date that supply comes online	Production outcome of 5MLD has been achieved Phase 2 works are underway, to be completed late March 2021	Yield = 8MLD Daily Peak = 12 MLD Stage 1 = 6MLD by January 2021	Peak = increase from 16 to 24MLD ETA: 24 MLD August 2021	Extra 25MLD in service
Action underway	Phase 2 works are underway: <ul style="list-style-type: none"> Completion of the site works Completion of mechanical and electrical installation works Control System enhancements Installation of fluoride dosing systems WTP operating reliably. Phase 2 underway 	<ul style="list-style-type: none"> Papakura No.2 pipeline replacement is nearing completion. Planning underway to progress key tie-in activities Following a management review of augmentation projects, Papakura WTP maximum production capacity is now 12 MLD as opposed to 18 MLD 95% of temporary plant assets are on site. Mechanical and Electrical works in flight Permanent plant foundation works are in flight Due to boarder restrictions key personnel are having difficulty securing room in managed isolation facilities, this may impact on programme. We have received great support from the Major's Office to address this issue 	<ul style="list-style-type: none"> Funding has been confirmed and project to deliver enhancements to kick-off as soon as possible Scope for Filter 1 and Filter 6 rehabilitation confirmed The recommendations from the structural assessment report from ACH will be incorporated into the filter rehabilitation contract. The contract specification is under preparation. Following a management review of augmentation projects, the scope has been increased to facilitate the delivery of a greater system yield benefit Improvements will be delivered to increase capacity from 16 to 24 MLD. The 8 MLD increase offsets the 6 MLD decrease at Papakura and can be done within the total approved budget A more detailed programme of works to achieve the target of 24MLD within the given timeframe is being developed 	<ul style="list-style-type: none"> Waikato Chemical Upgrade is progressing on site with blower improvements and Hypo and Lime facility construction. This will further improve the reliability and sustainability of the 175MLD production

Location	Ardmore Water Treatment Plant Awaiting Capex Approval	Onehunga Water Treatment Plant Capex approved	Waikato 50 Capex approved
On track?			
Action	Reduce minimum flow to reduce abstraction pressure on dams	Maximising abstractions	Design, consent and build new plant to process the additional water available under the seasonal take and the 2013 application when granted – Waikato A Capex needs development
Additional supply and date that supply comes online	Reduce Water Treatment Plant output to allow enhanced conjunctive use of other water sources. ETA: December 2020 Long term improvements: December 2021	Maximise production from the existing Water Treatment Plant. Restore Maximum Production Capacity up to 24 MLD. Stage 1: 22MLD by January 2021 Stage 2: 24MLD by April 2021	Stage 1 = 50 MLD by May 2021
Action underway	<p>Prior to the drought the Ardmore Water Treatment Plant minimum flow was 140 MLD. The low flow trial was successful, and the plant operated steadily at 80MLD. As demand increases as we move into spring, Ardmore is required to operate at higher flows</p> <ul style="list-style-type: none"> This trial will mean that the maximum production capacity of Ardmore will be limited to 250 MLD, until a summer set point operating change is made Based on the current experience a programme of works is being developed to deliver longer term improvements to allow Ardmore to operate more reliably at these low flows. A business case will be submitted upon completion of the scoping activities 	<ul style="list-style-type: none"> First stage increases to 20 MLD completed Filter rehabilitation works contract negotiations complete. Final contract engagement in place. The contractor is established on site. The new magnetic flowmeter has been delivered to site, procurement of new treated water pump filter inlet piping is underway New operating philosophy has been developed Treated Water pump testing complete and has confirmed that this system can deliver 24MLD Control systems enhancements are being developed The filter inlets (actuated valves & spools) have been upgraded Due to international logistical issues, there has been a delay to getting new filter media into New Zealand Further investigation underway to increase the capacity of the Pearce Street raw water pump station 	<ul style="list-style-type: none"> For stage 1 - Project team consisting of Watercare staff, designer and contractor has been formed, with a co-located office for design and site office for construction Typically, 80-100 contractors on site now and to be increased to over 300 in coming months and still over 60 staff working on the detailed design at the BECA co-location office Concept design of intake structure, Waikato A treatment plant complete Winter take consent for 100MLD and summer take consent for 25MLD received Boost pump station design complete, pumps manufactured and tested, consent obtained, and construction progressed ahead of schedule Detailed design progressed to 90% for Waikato 50 for 50MLD expansion by May 2021 Floating intake pump station detailed design complete and consent obtained Risks reviewed on a fortnightly basis Long lead items ordering complete Iwi hui held on site and weekly update hui arranged Treated water pump station piling complete, Waikato 50 treatment plant underground pipework complete and slab started, High Voltage works progressed Waikato 50 raw water pipeline works commenced on site

Non-Revenue Water status update – to 24 November 2020

Activity	Pressure Management	Creating smaller District Metered Areas	Leakage Control	Meter Replacements	Theft
On track?					
Action	<p>Pressure reductions in geographical zones to reduce the number of bursts, the volume lost through leakage and the demand.</p> <p>Note: careful consideration is taken to ensure that the level of service (LOS) is maintained across the network</p>	<p>65% of the City with District Meter Area's less than 10,000 connections installing meters and valves to create geographical areas in which we can measure:</p> <ul style="list-style-type: none"> Supply Consumption Non-revenue water 	<p>Increase ground surveying of leak detection to 6,000km a year. Contractor has been appointed</p> <p>Fix all moderate to major leaks detected within 5 days</p>	<p>Improve accuracy of customer meters by replacing per year:</p> <ul style="list-style-type: none"> 30,000 domestic 1,000 non-domestic <p>NOTE: This work will decrease the volume of water consumed-unbilled. It is unlikely decrease demand</p>	<p>Meter fire connections in specified properties to monitor for illegal use.</p> <p>NOTE: This work will decrease the volume of water consumed but unbilled. It is unlikely to decrease demand.</p>
Actions Underway	<p>First set of zones reduced to lowest acceptable level (completed by July 2020):</p> <ul style="list-style-type: none"> Papatoetoe – reduced by 100kpa, no known customer complaints. Small, sustained decrease in reported faults; 15% reduction in minimum night flow observed and sustained equating to 80ML/Y. Beach Haven – reduced by 40KPA, no known customer complaints, small decrease in reported faults. No district meters in place so minimum night flow is unable to be quantified. Otara east & west reduced by 130kpa, no known customer complaints. 10% drop in breaks and 20% reduction in minimum night flow observed and sustained, equating to 270ML/Y. Business case to establish the next tranche of 30 DMAs will be put forward for FY22. This will allow pressure reduction in almost 20% of the city's metropolitan network (by volume). Design work on DMAs has begun, proposal to commence design in Mangere airport is being written in collaboration with Kāinga Ora (housing NZ) 	<p>Stage 1 Waitakere:</p> <ul style="list-style-type: none"> Rezoned from 6 to 24 DMAs by August 2020 (95% completed - delay due to shutdown scheduling conflict at one site) <p>Stage 2 Maungakiekie:</p> <ul style="list-style-type: none"> Rezoned from 1 to 4 DMAs by December 2020 (40% completed -traffic plans application sent to AT) <p>Stage 3 to be integrated with pressure management programme.</p> <ul style="list-style-type: none"> Scoping of the next tranche of 30 DMA's will commence in December 2020, following this a subject to funding a business case to establish the 30 DMAs will be put forward for FY20-21. This will allow pressure reduction in almost 20% of the city's metropolitan network (by volume). Design work on DMAs has begun, proposal to commence design in Mangere airport is being written in collaboration with Kāinga Ora (housing NZ) 	<ul style="list-style-type: none"> Zones currently in progress <ul style="list-style-type: none"> Mangawhau 313km (50% completed) Montana 51km (50% completed) Duke street 81km (on hold) Hillsborough 167km (on hold) Total km surveyed to date: 2040 Total leaks found: 1398 Total MLD confirmed saved: 3.2 MLD Zones completed (Maungakiekie, New Lynn, Otara, Clarks beach, Green bay, CBD, Onehunga, Otahuhu, Northcote, Devonport, Pakuranga, Bombay, Pukekohe, Mangere, Waiuku.) 	<ul style="list-style-type: none"> Work started in July 2020 and ongoing throughout FY21: <ul style="list-style-type: none"> 11,858 domestic meters replaced YTD, progress will be reported 1st of every month Business case for 1000 non-domestic smart meters and schools has been approved and installation planned for January 2021 Data loggers for smart meters have been ordered and list of customers has been shared with network contractors Meeting planned for 27 November with network contractors to discuss the work plan to replace 400 meters 	<p>Property fire supply is being monitored to determine if theft is occurring. All 6 sites now installed</p> <p>Potential theft cases are reported to the Revenue Assurance team, they also conduct weekly audits at greenfield sites to identify additional theft from the water network.</p> <ul style="list-style-type: none"> Alongside managing theft of services through the wastewater network, the Revenue Assurance team have received the following for FY 2021 YTD 78 potential cases of theft of water services have been reported Of the cases reported, 43 have been confirmed as theft and chargeback completed (typically through end capping a connection or installing a meter and recovering costs) The remaining 35 cases are under investigation
Estimated Benefits	<ul style="list-style-type: none"> Papatoetoe - 0.1MLD Beach Haven - 0.1MLD Otara east & west - 0.2MLD Mangere airport – 1.6MLD Howick – 1.0MLD Konini – 0.2MLD Maungakiekie – 1.7MLD Waitakere – 0.9MLD Flat Bush – 2.8MLD <p>Total: 8.6 MLD by April 2022 (includes Tranche 1 and 2)</p> <p>Benefits are based on:</p> <ul style="list-style-type: none"> reducing average pressure which results in reduced faults, reduced leakage, and a small reduction in customer demand 	<ul style="list-style-type: none"> The creation of DMAs is an enabler to maximise the efficiency of pressure management and leakage control DMAs enable the benefits of all NRW initiatives to be monitored and tracked 	<p>Total: 6000km surveyed and 9.6 MLD saved by Jun 2021 (Opex funding of \$780K budgeted and approved)</p> <p>Note: predicted savings are based on leak detection contractor's analysis of each leak found</p> <p>Note: these savings are realised under the basis of:</p> <ul style="list-style-type: none"> All leaks detected can be fixed within 5 days of reporting A renewals program is overlaid alongside the leak detection works and is in its design life. This is evident in Maungakiekie where a second sweep of the zone revealed that over 130 new underground leaks had occurred within a 6 months period estimated of 1.6MLD saved every 1000km. This is a conservative estimate based on 75% of the savings achieved throughout FY19 of: 394km swept in Maungakiekie – (1MLD predicted savings) 260km swept in Mangere Airport – (0.4MLD predicted savings) 	<p>Benefits are \$3.6 M per annum additional revenue based on:</p> <ul style="list-style-type: none"> 8% revenue gain in domestic meters 6% revenue gain in non-domestic meters 460 l/d average consumption of domestic meters 22,000 l/d average consumption of non-domestic meters Value of water sold: \$4.36 per 1KL 	<ul style="list-style-type: none"> Benefits will be determined post trial
Future Expenditure	<ul style="list-style-type: none"> Total 8.6 MLD savings estimated 11 months from approval of tranche 2: <ul style="list-style-type: none"> Opex: \$1.4M Capex: \$7.7M 		<ul style="list-style-type: none"> Total 15 MLD savings estimated for FY22 which would require: <ul style="list-style-type: none"> Opex: \$800K (Leak detection 9.6MLD, management approval) Capex: \$60M (Watermain renewals, Board approval) 	<ul style="list-style-type: none"> \$1.2M annually in additional water and wastewater charges which requires: <ul style="list-style-type: none"> Capex: \$6.75M (Meter replacement capex) 	<ul style="list-style-type: none"> Increased expenditure Depending on trial results <ul style="list-style-type: none"> Unit costs to be determined at end of trial

MINUTES

SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Watercare Services, Level 3, Meeting Room 5, 73 Remuera Road, Remuera
DATE	23 December 2020
TIME	08.00 am
STATUS	Public Session

	<p>Present:</p> <p>Margaret Devlin (Chair) (Teams) Dave Chambers Nicki Crauford (Teams) Brendon Green David Thomas Hinerangi Raumati-Tu'ua (Teams) Frances Valintine (Teams)</p>	<p>In attendance :</p> <p>Nigel Toms (Acting CFO) Steve Webster Amanda Singleton David Hawkins Rob Fisher Jodie Atkin Pinaz Pithadia Anin Nama (Acting Chief Operations Officer) Carl Tucker (via Teams)</p>	<p>Guests:</p>
	<p>Brendon Green opened the meeting with a karakia.</p> <p>Meeting Administration</p> <p>The Chair introduced the meeting and explained that Board meetings are not normally held this late in December. This reflected the level of engagement and process followed with Auckland Council to address the AMP investment requirements and the impact on the overall Council Group debt headroom</p> <p>This meeting was required to approve, or otherwise, the Watercare 10-year AMP and pricing profile to comply with the Council's timetable for the completion of the Long Term Plan (LTP) ahead of the LTP consultation process.</p> <p>The Chair also set out the proceedings for the day, being discussion about the paper on investment and pricing, and a number of matters of general business including Board delegating to the Audit and Risk Committee, the approval of the Quarterly Report to Council; director appointments; water demand; and the tie-in work that is scheduled for the Waikato water treatment plant.</p>		
1.	<p>Apologies</p> <p>Apologies were received from Marlon Bridge (Acting CE), Shane Morgan, Rebecca Chenery, Jason Glennon, and Shayne Cunis.</p>		
2.	<p>For Approval</p> <p>2.1 Management recommendation for investment programme and pricing to support Council's draft 2022-2031 Long Term Plan</p> <p>The Chair introduced the meeting noting that the purpose is to look at our investment programme and the pricing required to support Council's draft LTP.</p>		

Nigel Toms, Acting CFO, noted that although the Three Waters Reform process is underway, and may be beneficial to Watercare, it has not come to fruition yet and so no assumptions in relation to it, have been included in the pricing profiles considered.

Nigel confirmed that Management is asking the Board to approve a water and wastewater tariff increase of 7% for the next two years, being financial year 2022-23, 9.5% up to financial year 2029, and 3.5% for the last two years of the LTP. In terms of IGC increases, the pricing recommendation is for a 12% increase for financial year 2022, followed by an increase of 8% for all following years. That will move Watercare towards full recovery of growth asset costs and provides a capital programme across the 10 years of \$8.1B.

Nigel noted that the Watercare Board had previously been presented with an investment programme to meet the current and future Auckland demand for water and wastewater services, which identified the need for higher investment than in the 2018 AMP.

The programme, referred to as the 'base case', would require \$8.9B across the LTP years. Normally this would be managed by a combination of tariffs, charges and debt.

Due to the bringing forward of works to meet the challenge of the severe drought in 2020, we have \$209M more debt at FY 2021 than anticipated.

Further, due to Covid-19, Auckland Council is forecasting that there will be a decrease of over \$1B in revenue in the next three years. This limits the Council's capacity to borrow, and as a result of that, Council has requested a reduction in the debt to revenue ratio.

Therefore, the only way to fund the level high level of investment within the AMP is to increase tariff charges.

In the view of Management, the \$8.9B required to fund the base case would require an unaffordable price increase for customers, especially given the Covid driven financial challenges faced by many of them. The pricing scenario proposed here funds a reduced capital program of \$8.1B and balances the increased risk profile. Nigel explained that there is more risk associated with the proposed programme due to capital expenditure constraints, but it provides a more affordable price path for customers.

The Board and Management then discussed how affordability for customers was ascertained. Amanda Singleton, Chief Customer Officer, addressed this issue noting that the research shows that customers are willing to pay more for their water, to an extent, but they want to see value for what they are paying. It will therefore be important to communicate to customers what benefits they will see as a result of the price increase.

The proposed pricing was also discussed in the context of Council's proposed rate increase of 5%, as against our proposal of 7% in the first year.

It was also noted the proposal runs for 10 years, and given the uncertainty of the last year, it is likely that the next 10 years will also see significant changes. It was noted that the LTP is reviewed every three years and so the price path will also be reviewed.

It was noted that a fixed charge would provide better certainty of revenue, however, it was also noted that over many years Watercare has had a policy of volumetric charging whereby the more water you use, the more you pay. This enables people to reduce their water use and save money. A fixed price increase would be contrary to that approach.

Steve Webster, Chief Infrastructure Officer, spoke to the Asset Management Plan process. Steve noted that building the AMP commenced in late 2019, before Covid arose. It was a bottom-up process, looking at what assets Auckland required with no constraints on finance. This is now referred to as the 'base case'. The factors influencing the AMP included growth, statutory compliance, the need for renewals, the need for resilience in the network, and the need to provide for climate change mitigation strategies. He noted that the process for generating the AMP capital investment process was iterative and was challenged across the business, including by the Capital Oversight Committee (a committee of the

executive team), the AMP and Major Capex Committee (a Board sub-committee) and was reviewed by the Board itself which accepted the base case as the preferred investment programme for Watercare.

Management had also engaged extensively with Council staff as the various scenarios were developed.

The various scenarios had also been presented to the Council Finance and Performance Committee during this quarter.

The Board acknowledged that the various pricing scenarios developed have been through a very robust process over a number of months which has provided a greater understanding of the base case.

The Board noted the significant difference between the base case and the 2018 AMP. It was noted that a significant portion of the difference is attributable to renewals and growth.

It was noted that the proposal does involve a breach of the Council's debt covenant. However, Council staff have agreed that this can be managed under the group debt constraints. It was explained that each CCO will have debt challenges at different times. Council has agreed that Watercare may increase its debt at times when other CCOs will have less debt and the group, as a whole, will remain within affordable debt constraints.

The Productivity Commission's recommendations, to recover 100% of the cost of growth assets, was also discussed. The proposed pricing path would see this achieved by the end of the LTP period.

The possibility of smoothing the price increases was discussed. It was noted that this would enable the debt to be repaid more quickly but would load all of the cost onto today's customers and would be counter to intergenerational equity.

The Board and Management further discussed the relative effects of the price increase on customers, noting that the cost of water is low in comparison with expenses such as energy, communication and transport.

Watercare's ability to manage unforeseen events was then discussed. It was noted that this price path does not allow for any headroom that would require expenditure if a significant event occurred. Should such an event occur, requiring significant expenditure, there would need to be a re-prioritisation of the AMP. It was noted that this does present a risk and puts Watercare in a very tight situation. It was also noted that in light of debt constraints, carrying a contingency is not an option. Therefore, the risk must be carried.

Steve then explained the associated risks of the proposed price path. The reduction in works that can be carried out will increase the risk of: failure of assets; loss of services; increased overflows into the environment; the need to revise Watercare's SOI (Statement of Intent) performance measures; the water reduction strategy targets will not be met as leakage detection will not be completed at the same level; energy neutrality targets will not be met; and there will be no contingency for a significant adverse event.

It was noted that the debt constraints are causing similar issues across the entire Auckland Council family.

It was also noted that although the proposed pricing will deliver fewer projects than the base case, it will nonetheless still deliver more projects than envisaged three years ago under the 2018 AMP.

It was noted that while some Kāinga Ora projects will not be funded, others are funded by Kāinga Ora itself, and those 'shovel ready' projects will go ahead as planned.

It was also noted that the reduction in renewals works will result in increased costs for those works in future.

The Water Industry Commission for Scotland (WICS) recommendations were discussed. Of note, is the recommendation that Watercare needs to increase its capital expenditure, and to achieve that without being economically inefficient, the current debt constraints need to be removed.

	<p>It was noted that in Watercare's first full year of operation after integration, it took \$100M less from the pockets of Aucklanders than the previous water entities as a result of better efficiency. This was followed by very low, and, in some years, no price increases for the last ten years. It may be the case therefore, that there is an element of the need to catch-up.</p> <p>It was also noted that although Council are increasing rates by 5% (and an average of 5.34% including targeted rates), as against the proposed 7% increase for the coming year, these increases come from very different bases. The actual cost increase of rates being far higher than the actual cost of the increase to the price of water. It was also noted that customers retain some control over their spend on water as they can reduce their usage. The same cannot be said of rates.</p> <p>There was a discussion around the need for clear communication and messaging with both Auckland Council and customers in relation to what will and will not be delivered under the current proposal and the risks associated with the reduction in capital expenditure.</p> <p>The Board approved Management's recommendation of the following price increases and capital expenditure programme for input into the Council's draft 2022–2031 Long-Term Plan (LTP) and consultation document:</p> <ul style="list-style-type: none"> • Water and wastewater tariff increases of 7% on 1 July 2021 and 1 July 2022 followed by an annual price rise of 9.5% to FY29, with a 3.5% annual price increase for the final 2 years of the LTP. • Increases in Infrastructure Growth Charges of 12% from 1 July 2021 followed by an 8% price rise annually. • A capital programme of \$8.1B (\$real) over the 10-year period from 1 July 2021 to 30 June 2031. <p>The Chair confirmed that she would advise the Mayor and Councillor Cooper of the Board's decision.</p>
3.	<p>General Business</p> <p>Quarterly Report (Q2)</p> <p>The Board agreed to delegate authority to the Audit and Risk Committee to approve the Q2 Quarterly Report to Council at its committee meeting on 3 February 2021.</p> <p>Director appointments</p> <p>The Chair informed the Board and Management that interviews for the vacant directors' positions will be held in January 2021. In the meantime, David Thomas' tenure will be extended to the end of February 2021.</p> <p>Water demand</p> <p>David Hawkins, Chief Corporate Affairs Officer, advised that the demand has increased significantly since the easing of water restrictions, which was not unexpected. The media campaign has been intensified and Mark Bourne, Head of Servicing and Consents, has done a number of media interviews. Support from the media has been significant. This has all resulted in a recent decrease of water use of 17MLD.</p> <p>Waikato 50 Tie-in work</p> <p>Anin Nama, Manager Improvement Programme, advised that this work is still scheduled to proceed. Demand and the weather are being monitored but there is nothing as yet that would indicate that the work cannot go ahead. The 'go/no go' procedure is in place and Steve Webster and Nigel Toms will be available to sign off on whether or not the work goes ahead.</p>

	<p>The Chair thanked the Board and Management for their work over the last twelve months and wished everyone a happy Christmas.</p> <p>The meeting closed at 9.40am.</p>
--	--

CERTIFIED AS A TRUE AND CORRECT RECORD




Margaret Devlin
Chair

Report to the Board of Watercare Services Limited

Prepared for the 29 January 2021 meeting

4

Disclosure of Directors' interests

Purpose			Team		
Information	Discussion	Approval	Prepared and Recommended	Submitted	
			Rob Fisher Company Secretary	Nigel Toms Acting Chief Financial Officer	
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 directors to keep an Interests Register, which must be disclosed to the Board of the company.

2. The details

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

Director	Interest
Margaret Devlin	<ul style="list-style-type: none"> • Director and Chair, Lyttleton Port Company Limited • Director, Waikato Regional Airport • Director, Titanium Park (wholly owned subsidiary of Waikato Regional Airport) • Director, Waimea Water Limited • Director, Aurora Energy • Director, IT Partners Group • Councillor, Waikato University • Deputy Chair, WINTEC • Independent Chair of Audit and Risk Committee, Waikato District Council • Director, Infrastructure New Zealand • Chair, Advisory Board Women in Infrastructure Network • Chair, Hospice Waikato • Chartered Fellow, Institute of Directors • Member, Institute of Directors, Waikato Branch Committee

Director	Interest
Nicola Crauford	<ul style="list-style-type: none"> • Chair, GNS Science Limited • Chair, Electricity Authority • Director and Shareholder - Riposte Consulting Limited • Board member - Kāinga Ora - Homes and Communities • Director – CentrePort Limited Group • Trustee – Wellington Regional Stadium Trust • Advisory Board member – Stats NZ
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, Hiringa Energy Limited • Director, Peak2Peak Limited • Executive Director, Advanced Biotech NZ Limited • Management contract, Tainui Kawhia Minerals • Australia-NZ representative, Wattstock LLC (USA) • Representative of Waipapa Marae, Kawhia, Te Whakakitenga o Waikato Tainui • Runanga Manukau Institute of Technology - Te Whakakitenga o Waikato representative • Member – Waikato District Council – Infrastructure Committee • Advisor – Te Taumata Aronui – Ministry of Education • Adjunct Senior Fellow – University of Canterbury – Department of Chemical Engineering
Hinerangi Raumati-Tu'ua	<ul style="list-style-type: none"> • Chair, Parininihi Ki Waitotara Incorporated • Trustee, PKW Trust • Chair, Ngā Miro Trust • Chair, Nga Kai Tautoko Limited • Chair, Te Kiwai Maui o Ngaruahine Limited • Director, Taranaki Iwi Holdings Management Limited • Chair, Aotearoa Fisheries Limited • Director, Sealord Group Limited • Director, Port Nicholson Fisheries GP Limited • Director, Te Puia Tapapa GP Limited • Director, Tainui Group Holdings Limited • Executive Member, Te Whakakitenga O Waikato

Director	Interest
	<ul style="list-style-type: none"> • Member, Venture Taranaki
Dave Chambers	<ul style="list-style-type: none"> • Director, Paper Plus New Zealand Limited • Director, Living Clean NZ Limited • Director, Turners and Growers Fresh Limited
Frances Valentine	<ul style="list-style-type: none"> • Director and CEO, The Mind Lab Limited • Director and CEO, Tech Futures Lab Limited • Director, Harcourt Jasper Limited • Director, Pointed Tangram Limited • Director, Harper Lilley Limited • Director, On Being Bold Limited • Director, Sandell Trustees Limited • Selection Advisor, Edmund Hillary Fellowship • Trustee, Dilworth Trust Board • Futures Advisor, BNZ Bank



Report to the Board of Watercare Services Limited

Prepared for the 29th January 2021 Board meeting

Central Interceptor report for December 2020

HIGHLIGHTS AND LOWLIGHTS

- The concrete pour for the Māngere Pump Station base slab was successfully completed on 23 December with 1368m³ poured in 17 hours. This is the single largest concrete pour on the project and was a great way to finish 2020.
- The Rising Main works at Māngere is progressing with all surface pipe welding completed and the main trench nearing completion.
- The Tunnel Boring Machine (TBM) naming ceremony went ahead at the Māngere Pump Station with the Mayor, Mana Whenua, WSL Board Chair and the Italian Ambassador in attendance.
- Border restrictions are still in place however visas have been granted to all expatriate personnel returning to New Zealand following visits home to visit family for the Christmas period.
- The first two trial precast concrete segment rings were cast at the Wilson's Precast plant.
- All sites observed the yearly Christmas shut down with the exception of some necessary works at the Māngere Pump Station site.

FUTURE OUTLOOK

- The completion of the Wilson's Precast concrete segment plant will be in January 2021. This plant was initiated as a result of the supply agreement with CI but will also produce the concrete segments for CRL.
- The assembly of the TBM gantries and components to begin in January 2021.
- The micro TBM will arrive in New Zealand in January 2021.
- Works will commence on the Walmsley Park site in January 2021.



Shayne Cunis

Executive Programme Director, Central Interceptor

1. PROJECT SUMMARY



HEALTH, SAFETY & WELLNESS

Worksafe:

- Following Worksafe's visit in November, two Improvement Notices were issued for crane lifting practices. Work is now underway with the GAJV to review procedures and training requirements and crane cameras have now been approved to be installed.

Fitness Testing:

- In preparation for underground tunnelling works, comprehensive fitness testing was conducted for all relevant staff by the GAJVs staff nurse. This also included WSL personnel.

Christmas shutdown and New Year Restart:

- Shutdown pre-inspections were carried out on all sites to ensure they were left in a safe and secure condition. Works continued at Māngere over the holiday period with security personnel in place on those days when a complete shutdown occurred.
- There is emphasis on a safe restart to work following the holiday break, with a First Day Back programme to be completed for all staff at MPS and May Road.

DELIVERY

Māngere Pump Station:

- Shaft dewatering is ongoing to mitigate against groundwater inflows below the base slab to ensure that no groundwater pressure is exerted on the base slab.
- Construction of the inlet shaft permanent walls has commenced.
- Trenching for the rising main on the coastal section as well as pipe prefabrication is nearing completion.

May Road:

- Shaft A excavation has continued to depth of 36.1m below ground level
- Construction works on Roma Road access are nearing completion.

Keith Hay Park:

- Construction works have ceased and will recommence in Q1 2021.

Haycock Avenue:

- Excavation of the shaft has commenced and reached a depth of 9m below ground level.

Dundale Avenue:

- Piling for the shaft has been completed.

Miranda Reserve:

- Site establishment activities have been completed.

Walmsley Park:

- Preliminary site establishment activities have continued.

PEOPLE

- Despite the continued entry restrictions at New Zealand's border, our Construction Manager and Engineer to the Project has the approvals to arrive back in NZ in mid-January. Ex-pat staff have been supported to gain multiple-entry visas to minimise the risk of not being able to return to New Zealand due to the strict border controls in place should they visit their home countries.
- In the November employee engagement survey, the Central Interceptor team increased its engagement score from +41.7 in July to +58.8. The most common theme driving this increase was a positive view of the work environment and culture.

RISKS

- Section 5 provides greater detail on the current risks in play and the movements from last month.
- There have been no significant risk developments during the month of December.
- May Rd Access and Groundwater inflow into MPS main shaft have been removed from the heatmap as they have progressed to a point of being "low risk".
- Preparations to commence tunnelling continues with heightened focus on tunnelling associated risks.

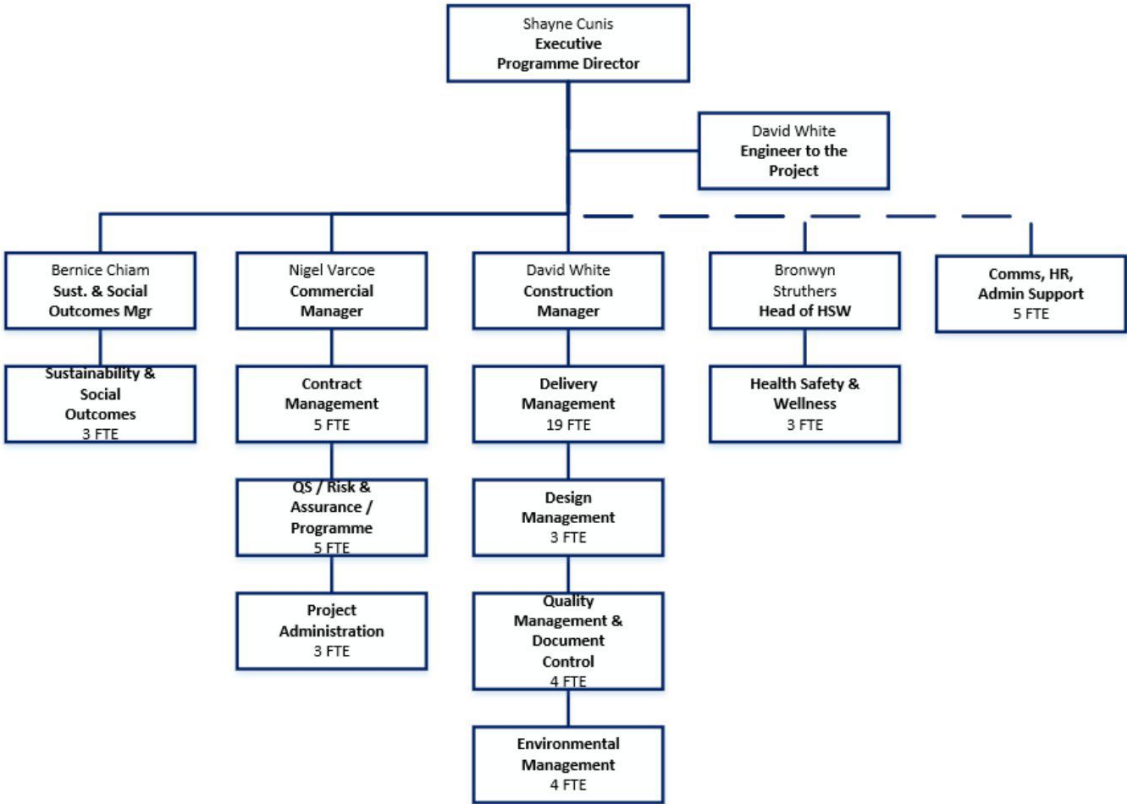
CONSENTS & APPROVALS

- Council site inspections at Māngere, May Road, Haycock, Dundale and Miranda were carried out and were fully compliant.
- Application for the construction of a Haul Road at Western Springs can now be finalised and submitted. The landowner, Regional Facilities, was reconsidering the proposal but have now confirmed we can proceed.
- Lease negotiations with May Road Properties continue. A joint stormwater management approach, for 54 Roma Road (Watercare land) and 105 May Road (leased land) is to be investigated. This also offers an opportunity to redesign the stormwater retention area as a wetland.

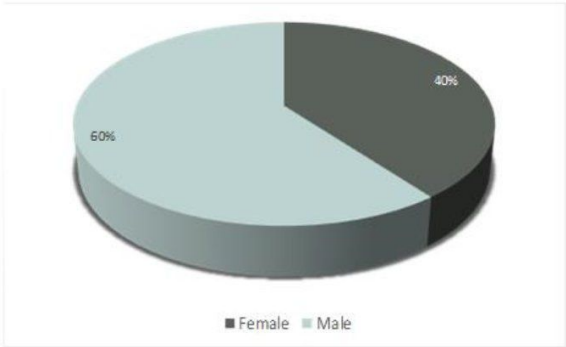
STAKEHOLDER & COMMUNICATIONS

- The TBM naming ceremony went ahead at Māngere Pump Station site on 14 December. Addresses by the Mayor, Mana Whenua, WSL Board Chair and the Italian Ambassador.
- The CI Discovery Centre was unveiled to key stakeholders at the TBM naming ceremony.
- The quarterly Meola Creek Community Liaison Group meeting was held with a workshop on restoration plans for Norwood Reserve, next to our Norgrove Ave construction site.

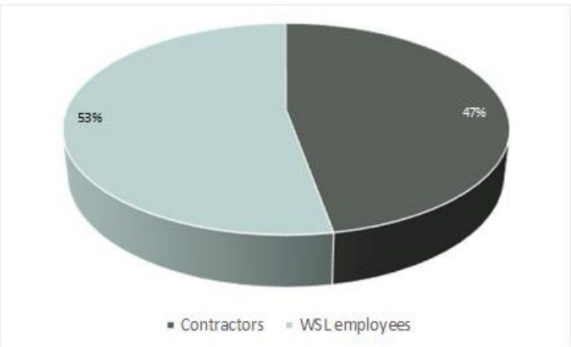
2. ORGANISATION STRUCTURE



Gender balance



Workforce split



3. Health, Safety & Wellness

Watercare, its partners and the GAJV worked a total of 60,925 hours in December 2020. The rolling Lost Time Injury Frequency Rate (12 monthly) is 1.34 and the Total Recordable Injury Frequency Rate (TRIFR) is 2.67 per million hours

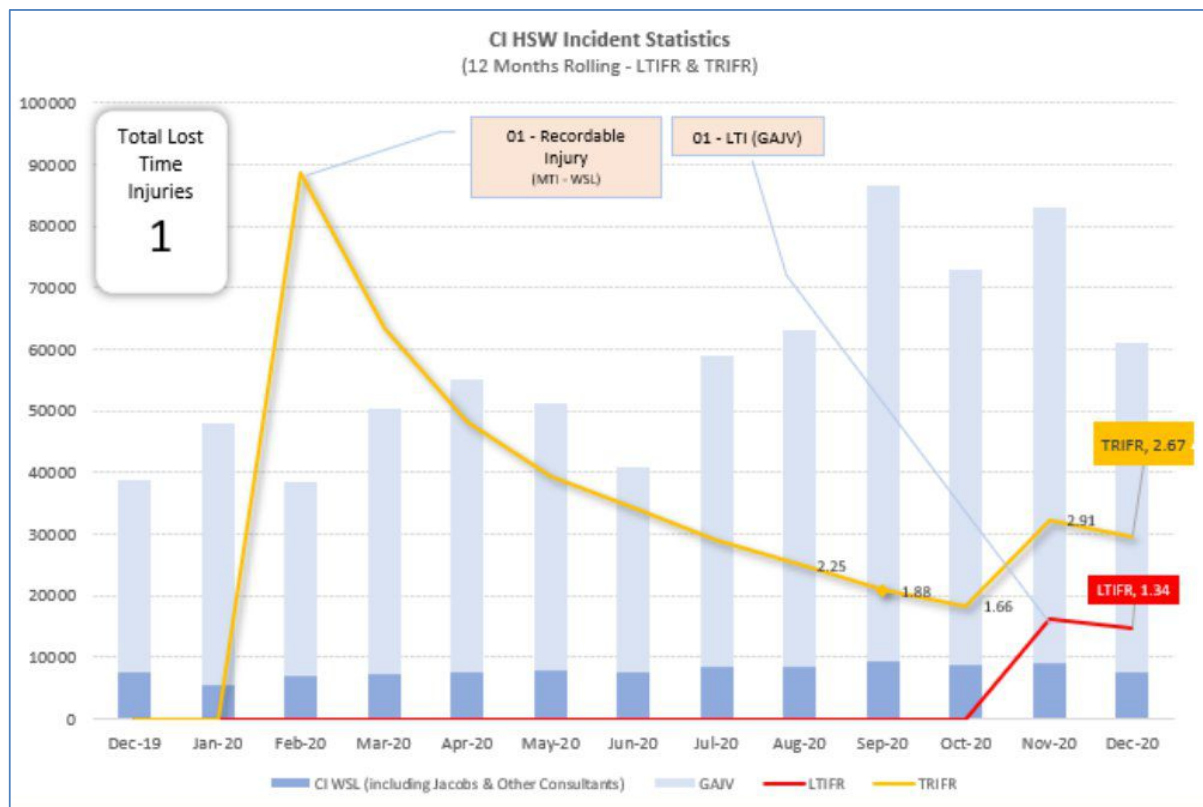


Figure 1: H&S Statistics (12 months rolling rate)

GAJV reported a total of two minor first aid, two near miss and a report only incident during this period.

	Hours Worked*	FAI	MTI	LTI	Close Call	PD	RO	NI
Watercare Employees	3,551	0	0	0	0	0	0	0
Jacobs Construction Management	1,789	0	0	0	0	0	0	0
Other Consultants*	2,380	0	0	0	0	0	0	0
Ghella Abergeldie JV	53,206	2	0	0	2	0	1	0
Total	60,925	2	0	0	2	0	1	0

*Includes Jacobs Design Support and Grey Lynn Tunnel (91% of hours worked).

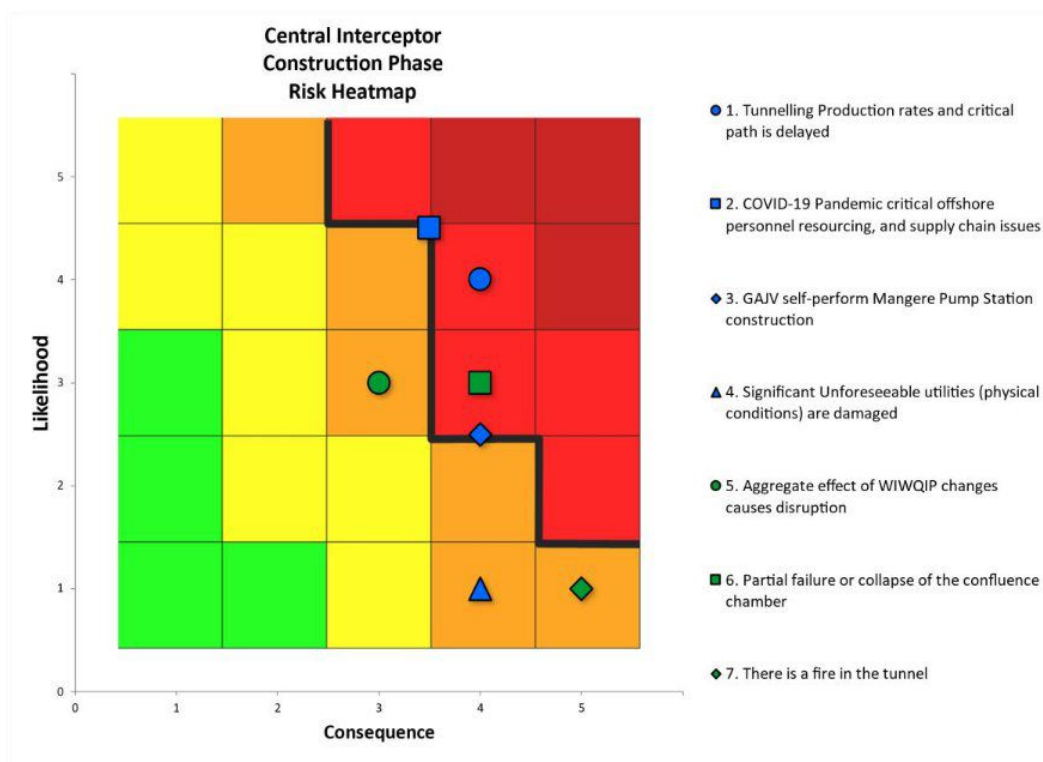
Classification	Description
First Aid Incident (FAI)	Refers to any injury that can be treated on the job site without causing lost workdays. Treatment for first aid incidents includes cleaning minor cuts, scrapes or scratches, treating a minor burn, applying bandages or dressings, cold compress, cold pack, ice bag or splint.
Medical Treatment Injury (MTI)	A medical treatment injury (MTI) is defined as an injury or disease that resulted in a certain level of treatment (not first aid treatment) given by a physician or other medical personnel under standing orders of a physician. This does not include preventive medications.
Restricted Duties Injury (RDI)	A restricted duties injury (RDI) is defined as an injury or disease that resulted in a physician or other medical practitioner limiting a worker's hours or work activities for a period of time.
Loss Time Injury (LTI)	A lost-time injury is something that results in a fatality, permanent disability or time lost from work. It could be as little as one day or shift.
Close Call	A close call is an incident which did not result in injury, illness or damage, but could have potentially done so.
Property Damage (PD)	Is when damage to a structure, plant, light vehicle etc. has occurred.
Report Only (RO)	An incident, injury, illness that is not work related and/or has happened away from the project, including a vehicle accident occurring to and from works etc.
Notifiable Incident (NI)	An incident that is required to be notified to WorkSafe.
Combination of incidents	In a result where there are multiply classifications, the highest severity and outcomes must be taken into consideration.
















4. Risks

Existing Risks

Due to the Christmas break and associated site shutdowns, there have been no significant movements in any of the existing risks over the month, with the exception of excessive groundwater inflow into the Māngere Pump Station main shaft and the May Rd access road risks, both of which were flagged for removal in last month's report.

Preparations to commence tunnelling continues with heightened focus on tunnelling associated risks.

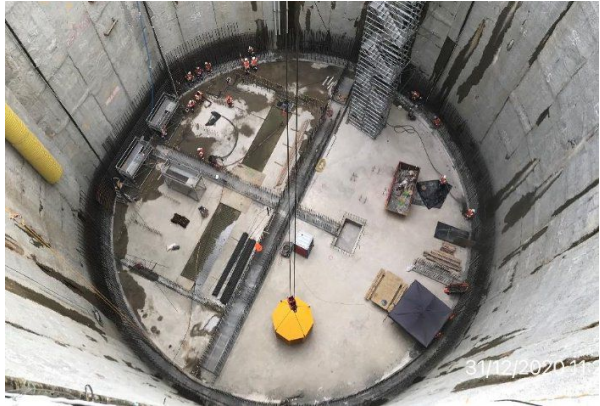


Risk Description		Risk Reduction Actions
Tunnelling production rates and critical path is delayed Ground conditions are more adverse than baselined in GBR results in delays to programme and additional costs.	 	Additional probe drilling for specific ground conditions. We will actively monitor ground conditions and tunnelling rates during operation. TBM has facility for real-time monitoring.
COVID-19 Pandemic critical offshore personnel resourcing and supply chain issues Resourcing – critical staff not able to obtain exemptions to be able to enter New Zealand. Now presents a critical risk to the project.	  	\$5M expenditure to procure TBM from Germany instructed in late February 2020. Engagement with GAJV for critical resourcing requirements from overseas. WSL can offer endorsements if necessary, to pass government requirements. Close monitoring of supply chain impacts due to COVID-19 incl. engagement with suppliers.
GAJV self-perform Mangere Pump Station construction Contractor proposing to self-perform delivery of Māngere Pump Station works. Quality and/or commissioning issues arising from insufficient capability within Contractor to successfully deliver works.		Approval process and in-depth review of contractor capabilities. Engagement of appropriate sub-consultants where required. The GAJV presented their delivery plan, but it had significant areas of concern. At this time, we have not approved and highlighted that any delays in delivery are, in our view, a result of the contractor's performance.
Significant utilities (unforeseeable physical conditions) are damaged Utilities not shown on drawings or with visible evidence on site. Inadequate investigations.		Ensure services investigations are undertaken by the Contractor. Review Contractor method statements and risk assessments for utility location.
Aggregate effect of WIWQIP changes causes disruption Sum of WIWQIP changes impacts GAJV scheme procurement activities. Limited internal WSL resource availability to manage additional workload causes delays.	 	Change management process in place. Considering all viable options for delivery of WIWQIP work, and impact of timeframe for delivery of works without impacting CI performance warranties. Jacobs resourcing available to support CI team members.
There is a fire in the tunnel Construction with pre-installed liner, some incident eg. electrical fire causes the lining to catch fire. Fire in the tunnel impedes evacuation and rescue operations.	  	Electric loco to reduce flammable risk. Detection and suppression systems. PHMPs being agreed with Worksafe. Tunnel management controls around ignition sources. AME system - real-time personnel tracking. Integrated and comprehensive emergency management system. Early contractor engagement with mines rescue. Limiting visitor and personnel access to essential only. Comprehensive underground induction.
Partial failure or collapse of the confluence chamber A lack of understanding/underestimation/inaccurate assessment of the existing asset condition. The Contractor's methodology is unsuitable, or a deviation from the approved approach.	  	Prov Sums removes cost pressure for condition survey and investigation to provide the most appropriate solution. Work will proceed on least risk option. Shutdown works to be programmed for dry season/periods of low flow. Workshop between contractor, designers, and treatment plant to identify the most appropriate solution

5. Photo Update – December 2020



MPS – Naming ceremony for the CI TBM - Hiwa-i-te-Rangi



MPS – Main shaft base slab concrete pour completed



Haycock Ave – Site layout during shaft excavation



Miranda Reserve – Site layout after completion of site establishment



MPS - Main shaft base slab concrete pour in progress

6. Construction Programme

When is the Central Interceptor being built?

6.1





Central Interceptor
Watercare

Report to the Board of Watercare Services Limited

Prepared for the 29 January 2021 Board meeting

Learning and Organisational Development (L&OD)

6.3

Purpose			Team		
Information	Discussion	Decision	Prepared	Recommended	Submitted
			Drew Thoresen Head of L&OD	Jason Glennon Chief People Officer	Nigel Toms Acting CFO
Intellectual capital	People and culture	Community and stakeholder relationships	Financial capital & resources	Natural environment	Assets and Infrastructure
					

1. Recommendation and key points

That the Board notes the Learning and Development initiatives completed in 2020 as part of the deep dive review detailed in the Te Tangata Komiti work plan for 2021.

2. Purpose and context

At the beginning of 2020 the L&OD team committed to three strategic goals for Watercare. This paper and accompanying presentation provide further detail on the initiatives delivered to achieve these goals which were:

1. Our people are thriving, enabling Watercare to deliver exceptional service to our community during a time of change.
2. Get our basics right — focus on our systems and frameworks, demonstrate our role, and empower the growth of our people.
3. Future proof Watercare — high performance culture, agility, diverse capability and people, customer centricity, and a purpose led organisation.

3. The details

The following programmes were delivered in 2020.

Leadership

- 202 leaders attended performance and goal setting conversations training.
- Leading the Watercare Way leadership framework and competencies launched via targeted communication channels.

Surf — Performance & Career Pathways system

- 80% of employees with performance conversations and goals captured.
- All base role profiles now current and stored within the system.
- Core competencies assigned correctly to each role.
- Critical roles identified and highlighted.

Immerse — Learning Management System

- Over 7000 course completions captured via the system during 2020 by employees.
- All business units have a relevant homepage and content.
- Online contractor site and Watercare company onboarding induction.
- 581 self-directed learning hours completed by employees.
- Compliance, diversity and inclusion, wellness and resilience course built internally.
- Three-part Unconscious Bias course completed by all tier one to six people-leaders.

Toolkits & Resources

- Online leadership resources, frameworks, and toolkits.
- Contractor portal registration website.
- Predictive Index — recruitment and people development and coaching tool.
- Learning portals accessible to all employees ie. LinkedIn and Bookboon.

Talent Development

- Future Stars programme for 24 staff identified as talent, launched and completed. Identified projects presented back to the business.
 - One of the four identified projects, “Provide a decentralised wastewater treatment plant”, is currently being developed into a business case to be developed further.
- Growing Greatness women’s programme (technical and engineering); nine women identified across Watercare participated.

Leadership Programme 2021

- 155 Tier four, five, and six people-leaders are scheduled into the 2021 development pathway, that includes:
 - Deeper dive into Leading the Watercare Way core competencies.
 - Leading with Communication.
 - Coaching for performance.
 - Giving developmental feedback.



Learning and OD Framework and Priorities

Board Presentation - January 2021

Prepared by Drew Thoresen - Head of Learning & Organisational Development

Succession Summary



Leadership

- 202 leaders attended performance and goal setting training events
- All tier people leaders completed unconscious bias online training
- Predictive Index tool utilized by talent and hiring leaders to identify the right fit for critical & future roles
- Clear line of sight on all tier people leaders across functions



Career Pathways

- Reviewed roles & perspective competencies
- Four corporate inductions revised, made relevant & current incl contractor & sites (know your Wai)
- Project New Graduate program launched
- Surf enabled with correct role profiles via role consolidation process incl core competencies
- Surf career pathways in final development for launch for critical roles
- Critical role learning pathways defined incl refreshers for all critical roles in development with NZ water



Talent

- Future Stars talent Program incl D&I x 24 identified across all functions via nine box talent mapping tool
- D&I Growing greatness for women in tech & engineering function
- HR Business Partners worked with the business to identify key talent via Talent mapping and succession planning sessions.
- Predictive Index profiling

To fuse talent, succession and development of staff linked to the capability gaps in our organisation.



6.3

Future Talent – 'Ones to Watch'

- Top individuals who regardless of organisational level, role or professional background, have been identified as having the potential to progress significantly further and faster than their peers and who may be capable of becoming the next generation of executives

Name	Gender	Current position	Division	Background: Experience and qualifications. Personal drive and career aspiration	Career Potential: Longer term career potential Shorter term development & experience required
Daniel Miller	Male	Billing Advisor	Retail Operations	MSc Statistics. Daniel has managed sales teams and targets for a global US corporate. Has been looking for opportunities to use his past experience in roles that are focused on lifting customer experience.	Customer (Commercial) liaison roles
Shentelle Levi	Female	Billing Senior	Retail Operations	Commenced National Diploma in Business. Has been a senior for the past 2 years. Is the billing lead for the training of staff. Has requested to be considered for leadership roles.	Leader/Trainer/Coach Support to complete Dip (currently suspended)
Jyoti Manchineela	Female	Receiving Senior	Retail Operations	Joined the receiving team in 2012 and has been a senior since 2014. Keen contributor when there are discussions about improving business processes.	Business improvement specialist/Finance Analyst



Our Purpose

Trusted by the business to build a high performing organisation through increased people capability and capacity

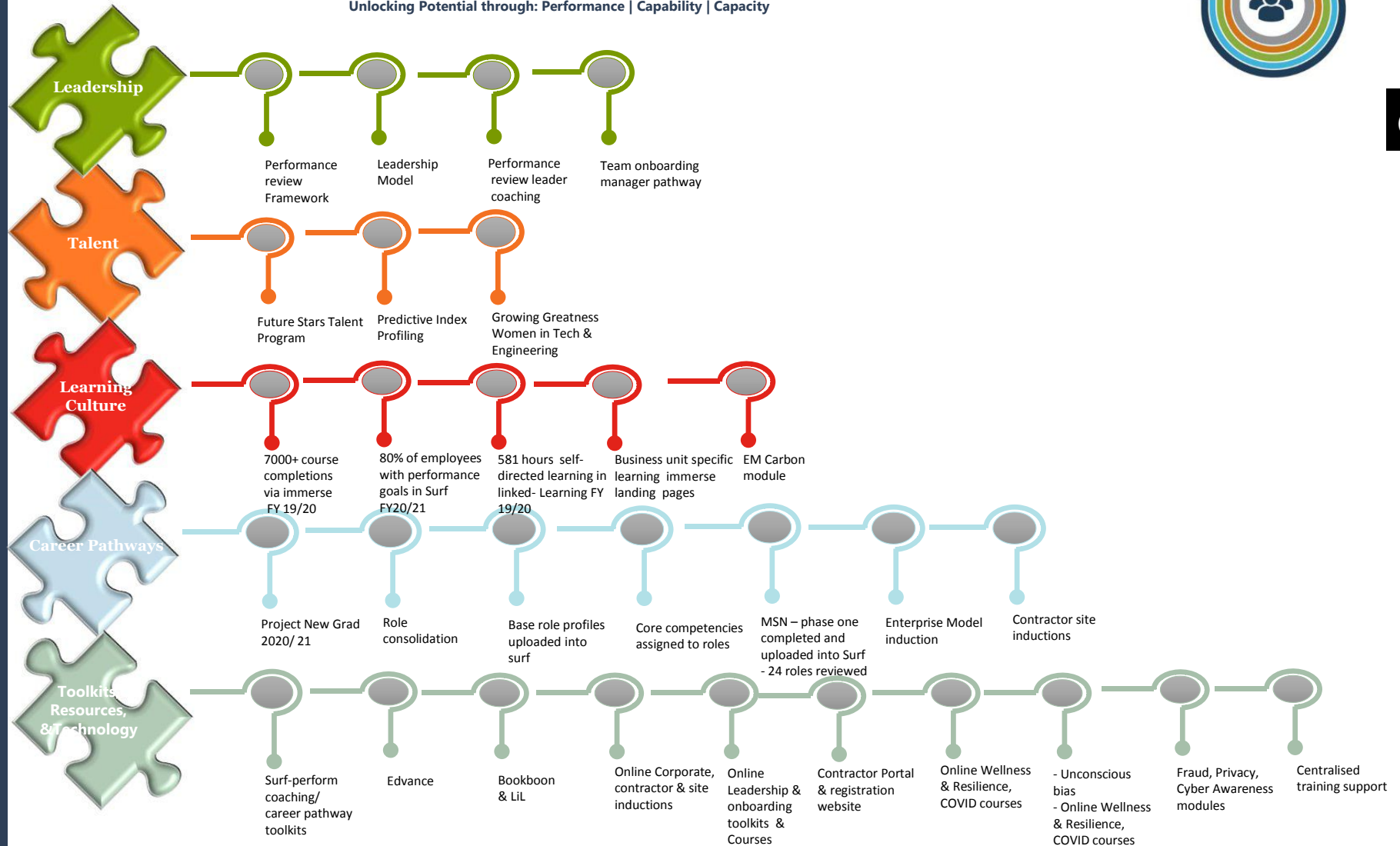
Our people have the right knowledge, tools and resources, and they perform at their full potential.

Our Objective

We consistently demonstrate our value by enabling and empowering the growth of our people.

Learning & Organisational Development- What's been delivered!

Unlocking Potential through: Performance | Capability | Capacity



6.3

Our Purpose

Trusted by the business to build a high performing organisation through increased people capability and capacity

Our people have the right knowledge, tools and resources, and they perform at their full potential.

Our Objective

We consistently demonstrate our value by enabling and empowering the growth of our people.

Learning & Organisational Development- 2021 Roadmap (TBC budget dependent)



Leadership

Feb – March

Leading the Watercare way kick off – Internal

March - August

Coaching the Watercare way – internal/ external

June - July

Mid , EOY performance, and goal setting conversations – Internal

August/ Sept

Finance 101 – internal -

Oct/ Nov

Recruit the best – Predictive Index – Internal



Talent

May

Future Stars Talent Program External / Internal

April

Growing Greatness Women in Tech & Engineering

March - May

Mentoring the Watercare way – Internal/ External

June

Growing Greatness Men in Tech & Engineering



Learning Culture

Feb

Wānanga Māreikura (Maori women's) Program External

TBC

Nga Kete Akoranga Courses – Maori & Pacifica (Auck Council program)

Transition into BAU best practice

– Jan - Dec

Water Reform New ways or Working

Feb

Watercare Wellbeing & High Performing teams' program - currently in pilot at Rosedale funded by Operations



Career Pathways

Jan - June

Continuation of phases 2-5 Role skills matrix review
Know you Wai onboarding pathways

Feb

Enterprise Model induction

July

Project Management Learning Framework



Toolkits, Resources, & Technology

Jan - March

Deployment of Career Pathways - Surf

Fraud, Privacy, Cyber Awareness modules

Re Launch WalkMe over IPS & LN

Feb – July

Online Leadership/ Management Hub - Immerse

Feb - Dec

Centralised Training Support Model -

Human Synergistics's Leadership Impact Program – Tier 3 Leaders

re-Water

6.3

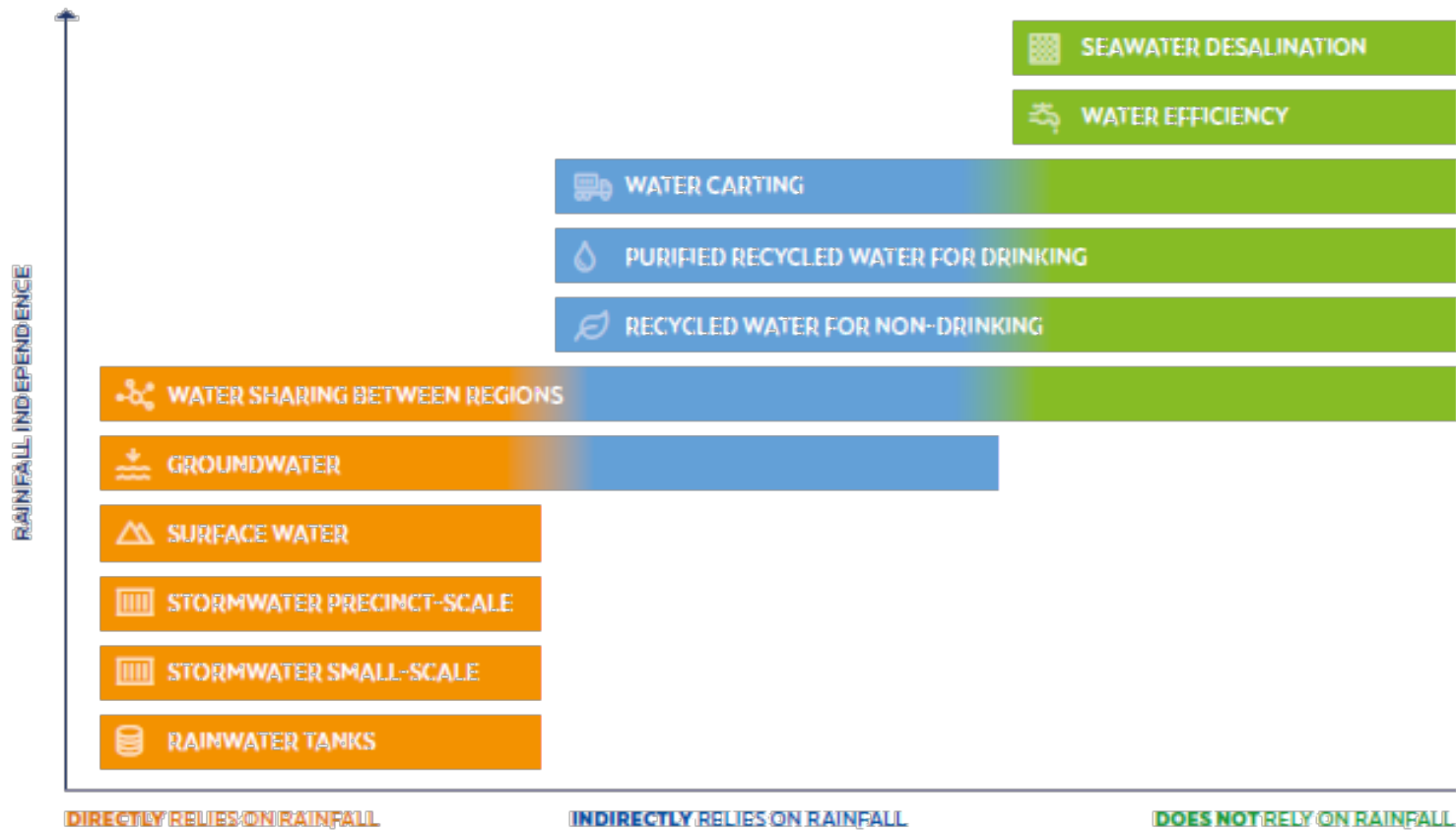
A drought-proof solution to diversify Auckland's water sources



Farheen Faizareen, Myra Toomata, Liam Templeton, Ilze Gotelli (Project Sponsor), Brendon Dockary, Rebecca Lloyd, Daniel Miller



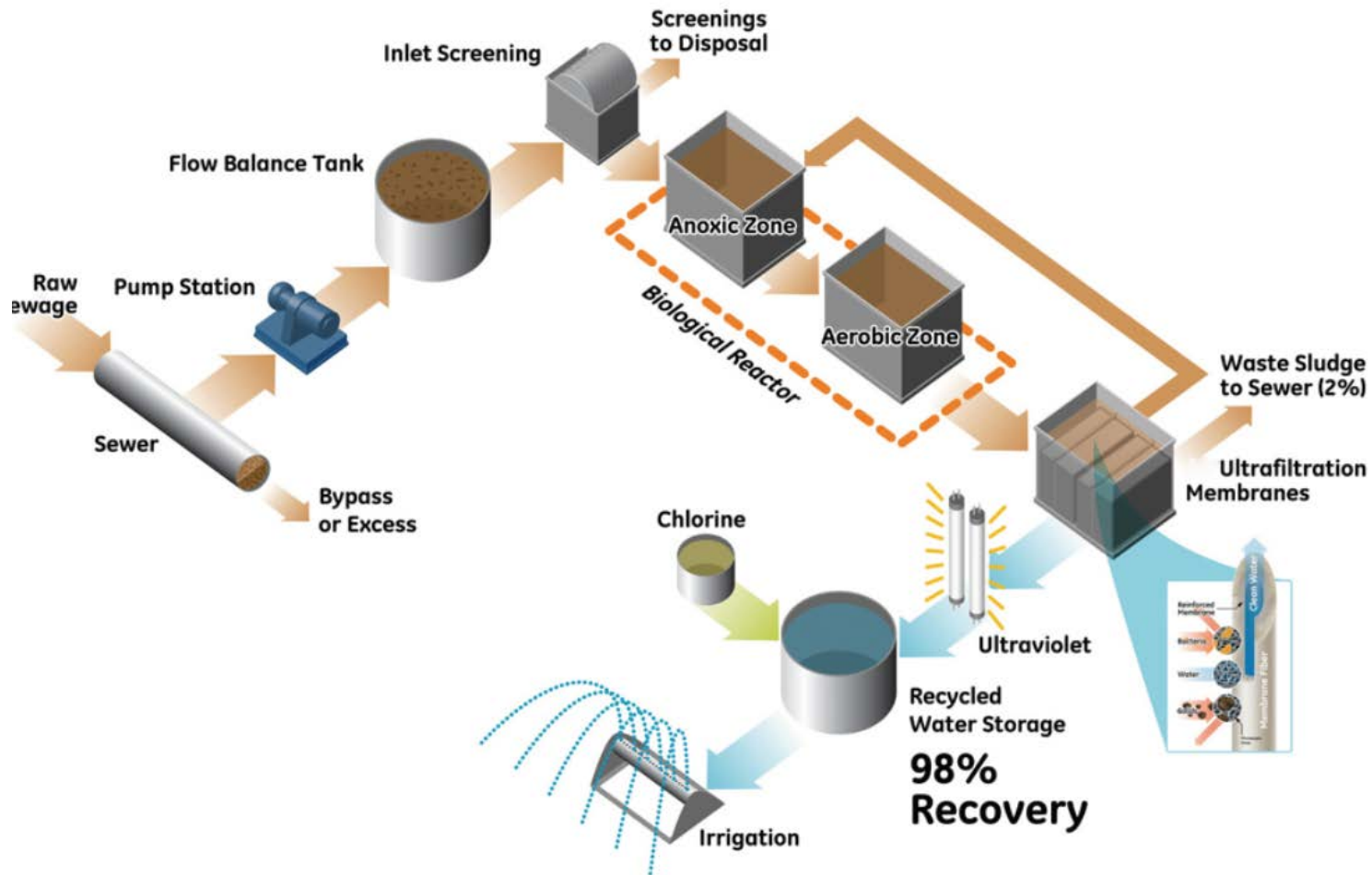
Building Auckland's Drought Resilience



6.3

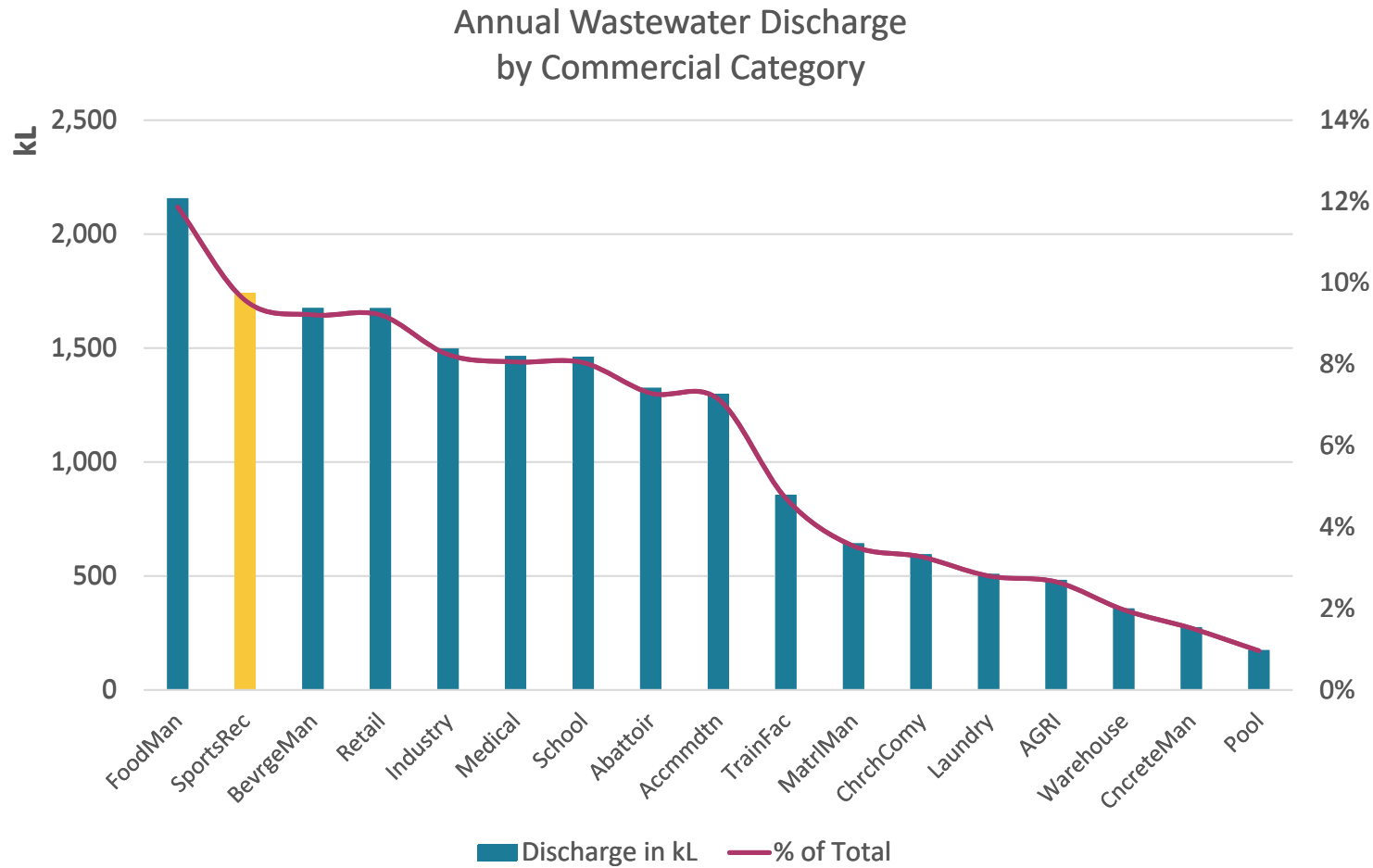


re-Water Concept



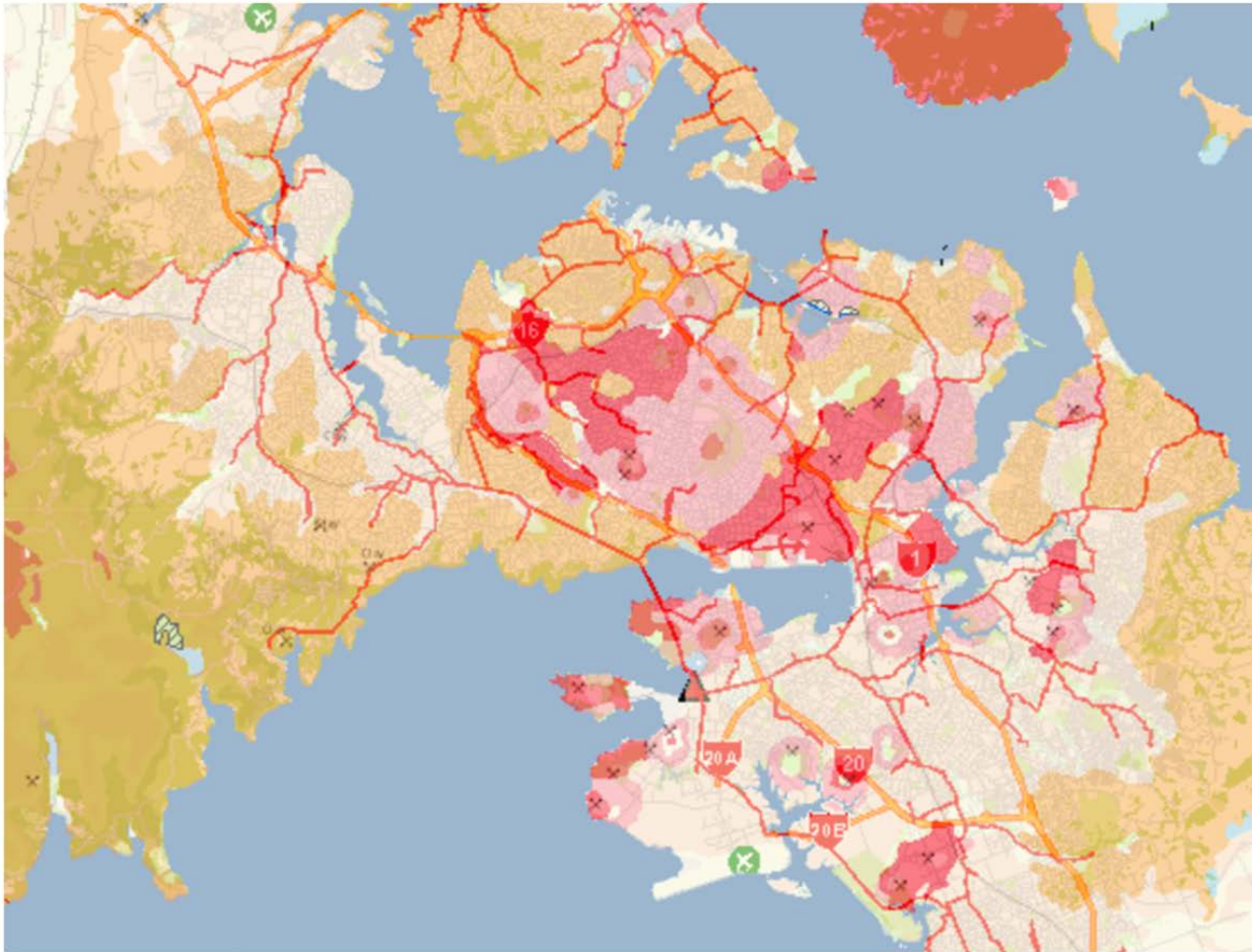
6.3

Why greenspaces make sense



6.3

Possible Applications in Auckland



Ideal Soil Type

Sewer Main

6.3





6.3

Titirangi Golf Course

Case Studies, Precedent, and Recommendations



SYDNEY

“

Sydney Water initially couldn't get its head around the concept (of sewer mining), but the more [we] looked, the more it made sense.

Kurt Dahl, Permeate Partners on behalf of PHGC

”



MELBOURNE

“

Curlewis Golf Club has secured a long term, sustainable and cost-effective source of irrigation water and regained a viable basis of business.

Smart Water Fund speaking re; Curlewis GC

”

6.3



A person wearing a white dress shirt and a dark suit jacket is holding a small white rectangular sign in front of their chest. The sign has the text "What's in it for Watercare?" written on it in a bold, black, sans-serif font. The person's face is not visible, and the background is dark and out of focus.

**What's
in it for
Watercare?**

re-Water

The drought-proof solution to diversify Auckland's water sources

Presented by: Brendon Dockary, Farheen Faizareen, Rebecca Lloyd,
Daniel Miller, Liam Templeton and Myra Toomata

Barriers



6.3







Report to the Board of Watercare Services Limited

Prepared for the 29 January 2021 meeting

CCO Review Recommendations

6.4

Purpose			Team	
Information	Discussion	Approval	Prepared and Recommended	Submitted
			Rob Fisher Company Secretary	Nigel Toms Acting Chief Financial Officer
Intellectual capital	People and culture	Community and stakeholder relationships		
				

1. Purpose and context

This is the second update to the board, following the initial report in September 2020 outlining the process and initial actions to complete.

- All CCO review recommendations relevant to Watercare have been assigned an executive lead.
- The CCO Monitoring Group is tasked with coordinating CCO responses on behalf of the Council CE and has now appointed an overall programme lead (Phil Wilson). Whilst several of the action items (Tables 1-3) do have timeline indications, we expect additional clarification within the next month.

2. Progress made

Table 1 recommendations that can be actioned now.

2 of 24 are specific to Watercare.

- The Council formulates a three waters strategy (15). [Work continues via the joint working group to progress the water strategy, including direct next steps on the supply and demand work initiated in 2020. We have also contacted two cities with established water strategies and scheduled calls to discuss the process they went through \(Cape Town and Gold Coast\).](#)
- Watercare (and AT) submit their AMPs and detailed supporting information (16). [The recommendation relates to a requirement for alignment \(with AT\) to inform Council's urban growth strategy. The submission process this year has been impacted by COVID-19 and reduced revenues across the Council Group. The AMP \(Scenario 4\) has now been submitted as per the 23 December 2020 Board meeting.](#)

Non-Watercare specific.

- Council reviews the way it requires CCOs to monitor and report on risks and risk mitigation measures (19). [Since November, reports have been submitted in a new format to the Group Risk meetings \(monthly\) and Auckland Council Audit & Risk committee meetings \(quarterly\). Feedback will be requested at next quarterly meeting in February.](#)

- The Council develops a template CCOs must use when drafting their statements of intent (23). [Following discussions between Company Secretary and the CCO Monitoring Group, an SOI template was proposed and subsequently finalised.](#)
- CCO chairs meet four times a year to strengthen relationships, build trust and generally provide a forum to share information and views (48). [In place, no further action required.](#)
- New Council and CCO staff receive instruction during their induction on the need for CCOs to operate at arm's-length but also to be accountable to the Council (50). [We propose engagement of an external legal party \(specialising in governance\) to draft/revise for use by Council and CCOs as applicable and include in all staff inductions.](#)

Table 2 recommendations that require CCOs and Council to work together.

3 of 18 are specific to Watercare.

Resolve consent processing delays (17) and clear measurable minimum performance levels when reviewing consent applications and formal mechanism for objections (18). [Combined. A 'resource consent referral improvement' project was initiated in October 2020, jointly led by Auckland Council, Watercare and Auckland Transport, consisting of a Steering Group \(Craig Hobbs, Steve Webster, Jenny Chetwynd, Kataraina Maki\) and a Working Group. Senior Leaders have been engaged to assess the underlying issues in the end-to-end consenting process. Next milestone is to validate recommendations ensuring a balance of Council, public and applicant interests whilst providing certainty and on-time processing, by February 2021.](#)

Non-Watercare specific.

- Council completion of a Māori Outcomes Framework, to provide guidance to CCOs when engaging with Mataawaka (36). [Richard Waiwai presented a draft to the Board in November with feedback noted. The draft was subsequently reviewed with Lou Ann Ballantyne at Council \(Head of Strategic Māori Outcomes\). Final version with updates to be presented at the February 2021 Board meeting, with an expectation that Council and the other CCOs may adopt as baseline.](#)
- CCOs use a template for their Māori responsiveness plans ([now Outcomes](#)) and collaborate with one another and seek input from Māori entities during the drafting process (37). [Draft approved at December Board meeting following dialogue by Richard Waiwai with Ngā Mātārae GM and Auckland Council Policy group. CCO review meeting scheduled for February.](#)
- CCOs continue to work with the Independent Māori Statutory Board to monitor and report more effectively on Māori responsiveness plans. (38). [In place, ongoing.](#)
- CCOs engage directly with the Independent Māori Statutory Board and the Mana Whenua Kaitiaki Forum to work on joint initiatives that benefit Māori (39). [In place, quarterly meetings established. Note: Watercare does not attend the Kaitiaki Governance forum under Auckland Council. \(We attend the Kaitiaki Managers Forum\).](#)
- Ngā Mātārae, the Mana Whenua Kaitiaki Forum and CCOs arrange a hui to establish a more coordinated and meaningful way of working together to reduce the number of meetings Māori entities are expected to attend and contribute to (40). [Not wholly relevant to Watercare in stated context. Existing bi-monthly hui with a separate Kaitiaki Managers forum with a focus on operational projects continue.](#)
- CCO chief executives establish a group, led by the Council's chief executive, that meets monthly to deal with any common or significant problems, risks or developments (47). [In place, meeting fortnightly.](#)
- Job descriptions refer to the need to contribute to Māori outcomes (52). [Draft Māori outcome statements have been received ahead of a formal letter of notice, will be reviewed for inclusion into all job descriptions going forward.](#)

- Council updates its brand guidelines to ensure clear and consistent use (57). [Watercare currently complies with brand guidelines \(the only CCO which does\) and continues to attend Council working group.](#)
- CCOs follow the Council's quality advice standards and encourage staff to participate in its quality advice training (59). [Determined this relates to quality of written advice. In review, to roll out and distribute in February.](#)
- The Council and CCOs work together to draw up group policies on shared services, the development of leadership talent and remuneration (61). [Focused on remuneration to date. Ongoing working discussions with other CCOs to agree principles across Council and CCOs, prior to CCO CPO involvement.](#)

Pending

- The Council and CCOs review the quality of the service their call centres provide, including by ensuring an up-to-date, group-wide phone directory is on hand containing job descriptions and contact details of all staff (41). [An initial discussion with Claudia Wyss \(Council\), follow up clarification requested in December 2020 but not yet received.](#)

Table 3 recommendations that require further work.

Non-Watercare specific.

- The Council ([Governing body](#)) exercises its statutory powers under section 92 of Local Government Auckland Council Act 2010 [in writing](#) if it has any concerns that a CCO is not acting consistently with any strategy (33). [Company Secretary proposed wording changes, accepted by CCO Monitoring Group.](#)
- The Council and CCOs explore options to give ratepayers a more effective voice in what happens in Auckland and also how, short of court proceedings, to challenge CCO or Council decisions (56). [Company Secretary to propose a Council Ombudsman role to be established.](#)
- The Council makes compliance with the procurement policy mandatory on all CCOs to reduce costs and minimise duplication (64). [Auckland Council, AT and Watercare have jointly revised the group procurement policy to include CCO review comments and recommendations. This will be presented at the Audit & Risk committee in February 2021.](#)

Local Boards

- CCOs and Local Boards reset how they engage with one another (34). [December workshops with CCO local board liaisons \(including Brent Evans\), CCO Monitoring Group and Local Board Chairs. Feedback is being compiled to present back at a workshop, to be scheduled.](#)
- CCOs make more effort to co-ordinate how they consult the community on and implement local projects (53). [Watercare already operates an open and effective model with CCOs, Local Boards and Communities. Will continue to engage and incorporate changes as appropriate.](#)



Table 1: Summary of Recommendations that can be actioned now

Rec.	Recommendations that can be actioned now and request Auckland Council chief executive to implement
15	The council formulates a three-waters strategy and includes a reference in the strategy to Watercare's obligation to consult the council about the broad direction of pricing and water services.
16	Watercare and Auckland Transport submit their asset management plans and detailed supporting information to the council every year so it can assess how well the plans give effect to its urban growth strategy.
19	The council reviews the way it requires CCOs to monitor and report on risks and risk mitigation measures.
20	The council establishes a small team to draw up detailed, implementable strategies that give CCOs more strategic direction, starting with strategies on water, economic development and stadiums.
21	The council establishes a strategic planning process in which CCO boards and the governing body hold workshops to discuss CCO work programmes and priorities, with the results fed into each CCO's letter of expectation and statement of intent, as well as into the annual budgeting and planning processes.
22	The council prepares a statement of expectation setting out its expectations of each CCO and of CCOs generally.
23	The council develops a template CCOs must use when drafting their statements of intent, as well as a set of common key performance measures they must include, to ensure consistency in length, detail, presentation and benchmarks.
24	CCOs' first and third quarterly reports concentrate more on any emerging risks or any developments that may require CCOs to adjust their priorities.
25	The council creates a senior position responsible for day-to-day management of council-CCO relationships to take some of the load off its chief executive.
26	Councillors have a day-long induction at the start of their three-year term on their responsibilities as CCO shareholders, the separation of governance from management, and how to best govern CCOs as arm's-length organisations.
27	The governing body spends half a day each year visiting each CCO to better understand its business and culture and to informally build relationships.
28	The council reviews the liaison councillor role at the start of the 2021 financial year.
29	The council rewrites its governance manual so the focus is squarely on its expectations of CCOs, removing policies to a separate document and requiring incoming directors and senior managers to read the manual.
30	The council gives its CCO governance and external partnership unit more resources to strengthen monitoring of CCOs.
31	The council updates and clarifies its no surprises policy.
32	The council draws up a protocol governing information requests between the governing body and CCOs.
35	The council, working with the Independent Māori Statutory Board, the Mana Whenua Kaitiaki Forum and CCOs, clarifies for CCOs what each of these three entities' respective roles are at the governance level, and how CCOs should engage with each entity.
43	CCO boards have a more ethnically diverse membership and include more individuals with relevant subject matter expertise and public sector experience.
48	CCO chairs meet four times a year to strengthen relationships, build trust and generally provide a forum to share information and views.
49	The quarterly meetings of council and CCO executive leadership teams have a formal agenda.
50	New council and CCO staff receive instruction during their induction on the need for CCOs to operate at arm's-length but also to be accountable to the council.
51	CCO chief and senior executives' job descriptions include requirements about collaborating with the council, following council directions and meeting council expectations.
58	The council monitors CCOs' compliance with its brand guidelines.

Table 2: Recommendations that require CCOs and the council to work together

Rec.	Recommendations where the Auckland Council chief executive is requested to work with CCO chief executive(s) to implement
2	The merged entity explores, at the council's direction, the critical need for joint management and operation of the city's four stadiums with the Eden Park Trust.
3	The council explores with the War Memorial Museum and MOTAT bringing both institutions into the merged entity and seeks such legislative change as is necessary.
4	Auckland Transport and the council jointly prepare the regional land transport plan, the draft of which the council endorses before going to the CCO's board for approval.
5	Auckland Transport and the council form a working group to clearly delineate their bylaw-making powers and formalise the result in a memorandum of understanding.
7	Auckland Transport and the council explore urgently with the Ministry of Transport and the New Zealand Transport Agency how to streamline funding processes.
17	The council, Watercare and Auckland Transport resolve consent processing delays and if this does not happen, the council assumes responsibility for assessing the water and transport components of consents.
18	The council reaches agreement with Watercare and Auckland Transport on clear, measurable minimum performance levels expected of them when reviewing consent applications, and establishes a formal mechanism to allow objections to the way both CCOs enforce their codes of practice.
36	The council urgently completes the Māori Outcomes Framework, which should include guidance on how CCOs engage with mataawaka, and afterwards CCOs update and align their Māori responsiveness plans accordingly.
37	CCOs use a template for their Māori responsiveness plans and collaborate with one another and seek input from Māori entities during the drafting process.
38	CCOs continue to work with the Independent Māori Statutory Board to monitor and report more effectively on Māori responsiveness plans.
39	CCOs engage directly and at a more senior level with the Independent Māori Statutory Board and the Mana Whenua Kaitiaki Forum to work on joint initiatives that benefit Māori.
40	Ngā Mātārae, the Mana Whenua Kaitiaki Forum and CCOs arrange a hui to establish a more co-ordinated and meaningful way of working together to reduce the number of meetings Māori entities are expected to attend and contribute to.
41	The council and CCOs review the quality of the service their call centres provide, including by ensuring an up-to-date, group-wide phone directory is on hand containing job descriptions and contact details of all staff.
44	The council and CCOs have common values and expectations of staff and management behaviour that collectively set the tone for the broader culture of all council organisations.
45	CCOs appoint a lead agency when working jointly on projects.
46	The council, Auckland Transport and Panuku jointly communicate to the public about urban development and transport infrastructure matters.
47	CCO chief executives establish a group, led by the council's chief executive, that meets monthly to deal with any common or significant problems, risks or developments.
52	Job descriptions refer to the need to contribute to Māori outcomes.
54	CCOs report regularly on the nature of the complaints they receive and how long they take to resolve them.
55	CCOs' statements of intent contain a key performance indicator on complaint-handling.
57	The council updates its brand guidelines to ensure the pōhutukawa logo is used in a clear, consistent and flexible way on all council-funded services, activities and facilities, including when used alongside CCO operational brands.
59	CCOs follow the council's quality advice standards and encourage staff to participate in its quality advice training.
61	The council and CCOs work together to draw up group policies on shared services, the development of leadership talent and remuneration.
63	CCOs discuss their proposed collective bargaining strategy with the council.

Table 3: Recommendations that require further analysis





Rec.	Recommend further analysis is undertaken and request that the Auckland Council chief executive works with the CCO chief executive(s) on how best to implement
8	The council identifies a more stable source of funding for Panuku during the preparation of the next long-term plan.
10	The council amends the Panuku constitution to make clear its twin purpose of redeveloping urban areas and managing the council's non-service property.
11	The council assumes responsibility from Panuku for disposing of non-service properties (excluding those in the CCO's own unlock-and-transform areas).
14	Panuku continues to manage the council's non-service property until the council produces a property strategy and considers whether to combine all property services in one place.
33	The council exercises its statutory powers under section 92 of Local Government Auckland Council Act 2010 if it has any concerns that a CCOs is not acting consistently with any strategy.
42	The council gives CCOs guidance on how to balance public and commercial interests and amends their constitutions to make explicit that each CCO must meet both objectives.
56	The council and CCOs explore options to give ratepayers a more effective voice in what happens in Auckland and also how, short of court proceedings, to challenge CCO or council decisions.
62	Shared services have formal supplier/purchaser agreements, with agreed service levels.
64	The council makes compliance with the procurement policy mandatory on all CCOs to reduce costs and minimise duplication.

Report to the Board of Watercare Services Limited

Prepared for the 29 January 2021 Board meeting

Corporate Governance Charter Review

7.1

Purpose			Team		
Information	Discussion	Approval	Prepared and Recommended by	Submitted	
			Rob Fisher Company Secretary	Nigel Toms Acting Chief Financial Officer	
Intellectual capital	People and culture	Community and stakeholder relationships	Financial capital & resources	Natural environment	Assets and Infrastructure
					

1. Purpose

The purpose of this paper is for the Board to consider the revised version of the Corporate Governance Charter (“the Charter”). This review is scheduled for August 2022 and has been brought forward at the request of the Board partly as a result of the recommendations made by the CCO Review Panel.

2. Recommendation

- (i) That the Board agree to the revisions proposed to be made to the Charter. A marked-up copy is attached.
- (ii) That the Charter be reviewed again in August 2021 (rather than August 2022), by which time more recommendations of the CCO Review Panel will have been implemented. This may require further revisions to the Charter.

3. Background

Auckland Council, at its meeting on 27 August 2020, agreed unanimously to accept the recommendations of the CCO Review Panel.

There were 64 recommendations, of which, only five were specific to Watercare. None of those matters require any revision to the Charter.

A large number of the recommendations require action by the Council or by the Council Group led by Council. It is possible when Council advances that work that this may require further revisions of the Charter. By way of example, work is underway on the development of a Group Remuneration Policy. In the meantime, there are several modest revisions to the Charter which are recommended. These will align the Charter with the recommendations that have been actioned.

The Board also requested: that the review capture other statutory duties and responsibilities, e.g. climate change, and; include detail around Boards engagement with Iwi; and update that part of the Charter dealing with Committees.

The proposed revisions:

CCO Review recommendations:

1. In Section 2 of the Charter, the role of the Board – add a reference to the “Statement of Expectations” after the reference to the SOI (Recommendation 22 refers).

The Statement of Expectations is a tool recently provided for under the Local Government Act 2002. Work has commenced on the tool which will contain some sections of the common expectations for CCOs which are currently in the CCO Accountability Policy. Examples are: best practice governance principles; relationships with Council, committees, iwi and hapu; culture and collaboration.

The Statement of Expectation is to reflect the method and manner of achieving objectives and priorities. It is the “how” document.

2. In Section 3 of the Charter, the key activities of the Board include compliance with Part 5 of the Local Government (Auckland Council) Act 2009. (Recommendation 21 refers). This is referenced under the Role of the Board but only section 57 of Part 5 is referred to.

The CCO Review Panel referred to the need for Council to make two significant improvements to the Auckland Governance Model. One was to give CCOs clear strategic direction; the other to give CCOs guidance on how to strike a balance between commercial and public interests.

The Panel also referred to the Council’s many plans, policies and strategies offering no practical strategic direction to CCOs. As an example, the Panel referred to the total absence of a Water Strategy.

So, we can look forward to Council becoming more strategic in its approach and indeed the development of the Water Strategy has been underway for several months.

Accordingly, it is **recommended** that reference to s58 of the Local Government (Auckland Council) Act 2009; Auckland water organisations, “*Water organisations must give effect to LTP and act consistently with other specified plans and strategies of Council*” be added after reference to Section 57. (Note: s58(c)3 provides that nothing in this section authorises non-compliance with s57).

3. In Section 3 of the Charter under Risk Management, I **recommend** adding “*reporting to Council quarterly including any new/emerging risks*” that reflects Recommendation 24.
4. In Section 3, Stakeholders, customers are not specifically referred to. It is **recommended** that customers be referred to as a stakeholder group to which Watercare must communicate effectively. The only stakeholders specifically referred to are the shareholder and iwi.
5. Statutory Duties and Responsibilities
There are a large number of Acts and regulations which Watercare is obliged to abide by. These cover matters such as; Health and Safety; Local Government and Public Law; Finance; Consumer Protection; Human Resources; Operations; and Environment.

6. Your attention is drawn to the reference under Legal and Statutory duties to “Act in accordance with the Constitution and the law relating to Watercare and companies generally”.

Accordingly, I do not recommend addressing all of the numerous pieces of legislation. However, I do **recommend** adding “and other statutes” after the reference to compliance with the Companies Act 1993 in the section Legislative Responsibilities.

7. Board’s engagement with Iwi

I do not recommend that the detail of the engagement of the Board and management be included in the Charter. However, I do **recommend** that the words “the nineteen Iwi entities of Tamaki Makaurau and the Independent Māori Statutory Board, and Local Boards” be added to the second bullet point under Stakeholders in place of “including Iwi”.

8. Committees

I **recommend** adding the words “the Board may establish or disestablish committees to assist in the process of corporate governance” at the end of Section 4 of the Charter.

Corporate Governance Charter

7.1

1. Purpose

This is the Corporate Governance Charter (Charter) for Watercare Services Limited (Watercare). This Charter identifies the principles of corporate governance that assist the Board of Directors of Watercare ('Board') in performing their duties.

2. Role of the Board

The Board members have been appointed by Auckland Council (shareholder) to govern Watercare. Within the constraints of the legislation, Constitution and the Statement of Intent¹ (SOI) and Statement of Expectations (SOE), the Board:

- establishes Watercare's purpose
- defines desirable outcomes
- approves major strategies for achieving these outcomes
- sets the overall policy framework within which the business of Watercare is conducted
- monitors management's performance with respect to the above matters.

The Board delegates day-to-day management to the Chief Executive.

Watercare's obligations to deliver water and wastewater services for Auckland (Watercare's Obligations) are set out in Part 5 section 57(1) of the *Local Government (Auckland Council) Act 2009*. This 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;
- must have regard for public safety (for example, the safety of children in urban areas) in relation to its structures.

¹ Watercare became a Council-Controlled Company on 1 July 2012 and is governed under a Statement of Intent (SOI).

Section 58. This stipulates:

- An Auckland Water Organisation must give effect to the relevant aspects of the LTP.
- An Auckland Water Organisation must act consistently with the relevant aspects of any other plan (including a local board plan) or strategy of the Council to the extent specified in writing by the governing body of the Council.

3. Key activities of the Board

The primary role of the Board is to exercise leadership, enterprise, integrity and judgement in delivering Watercare's Obligations. Having regard to the interests of our shareholder and stakeholders and achieving sustainability.

Key activities of the Board include:

Legislative Responsibilities

- Setting the price of water and wastewater services
- Complying with Part 5 of the Local Government (Auckland Council) Act 2009, as set out above at point 2
- Complying with all relevant obligations the Board has under the Companies Act 1993 "and other statutes"

Oversight of Management

- Appointing the Chief Executive
- Reviewing the terms and conditions of the Chief Executive's contract
- Setting and monitoring the objectives for the Chief Executive
- Monitoring the Chief Executive's performance against the above objectives
- Overseeing the operation of Watercare's business to ensure it is being managed appropriately
- Reviewing progress on major projects, strategic plans and operating plans
- Monitoring the financial performance of Watercare including approving:

- budgets
- capital expenditure and investments above delegations operating expenditure outside budgets and delegations.

In the normal course of events, day-to-day management of Watercare will be in the hands of the management.

Ethics

- Ensuring Watercare adheres to high standards of ethics and corporate behaviour
- Ensuring business is conducted in an honest, ethical, responsible and safe manner
- [Safeguarding the reputation of Watercare, the Watercare brand and building public trust and confidence in Watercare and the wider Council Group](#)
- Effectively and confidently manage complaints regarding unacceptable behaviour that are escalated to the Board
- Promote ethical and responsible corporate behaviour, including leading by example.

Governance

- Acting in the best interests of Watercare in a manner based on transparency, accountability and responsibility²
- Balancing these interests against Auckland Council's expectations of Watercare as a Council Controlled Organisation³
- Monitoring the effectiveness of our governance practices
- Monitoring the integrity of all financial and non-financial reporting to the shareholder.

Strategy

- Defining our purpose and setting the strategic direction
- Overseeing management's implementation and achievement of our strategic direction.

Stakeholders

- Serving the legitimate interests of the stakeholders of Watercare and accounting to them in a clear, transparent and accessible manner
- Ensuring that Watercare communicates effectively with the shareholder, [customers](#) and all other stakeholders, including [nineteen](#) iwi [entities of](#)

[Tamaki Makaurau and the Independent Māori Statutory Board and Local Boards](#)

- Ensuring that Watercare complies with all relevant laws and regulations and that it meets its contractual obligations

People

- Approving and monitoring our health and safety systems, with a view to ensuring the health, wellbeing and safety of Watercare's employees, contractors, agents, and also the public at Watercare sites
- Ensuring Watercare is a good employer and acts in accordance with Watercare's Good Employer Policy

Risk Management

- Ensuring Watercare has appropriate risk management/regulatory compliance policies in place, including defining the limits to acceptable risk
- [Regularly reviewing processes and procedures to ensure the effectiveness of internal systems of control](#)
- [Report to Council quarterly including any new/emerging risks](#)

[4. Board committees](#)

To assist in the process of corporate governance, the Board has established five Committees.

1. Audit and Risk Committee
2. Te Tangata Komiti
3. Strategic Transformation Programme Committee
4. Asset Management Plan (AMP) & Major Capex Committee.
5. Committee for Climate Action

The Board is responsible for oversight of any Committee. Committees may make recommendations to the full Board, but do not make decisions on behalf of the ~~board~~ [Board](#) unless specifically mandated to do so.

Committee Chairs and members are appointed by the Chair.

[The Board may establish or disestablish committees to assist in the process of corporate governance.](#)

² Note: Under the Watercare's Constitution, Directors may act in the best interests of the shareholder

³ Auckland Council's expectations of Watercare are set out in the Governance Manual for Substantive CCOs and the CCO Accountability Policy.

4.5. Duties imposed on Board members

Each Board member must understand the specific legal requirements of their position since this will form the basis of the duties and responsibilities of the individual Board member.

There are three types of duties imposed on Board members:

- **Fiduciary Duty**

The fiduciary duties of a Board member are to, act honestly, avoid conflicts of interest, and generally act in what the Board member believes to be the best interests of Watercare as a whole. Noting that under the constitution set by the shareholder, a Board Member may act in the best interests of the shareholder where there is no conflict with legislation.

- **Duty of Care and Diligence**

Each Board member must exercise the care, diligence and skill that a reasonable person would exercise in the same circumstances.

- **Legal and statutory duties**

These are duties imposed upon Board members by statute and common law, and the Constitution.

In accordance with these requirements, Board members of Watercare will:

- Discharge their duties in good faith and honesty in what they believe to be the best interests of Watercare and with the level of skill and care of a well-informed Board member of an important company
- Promote a corporate culture that embraces diversity and inclusiveness
- Owe a fiduciary duty to Watercare using the powers of office only for a proper purpose, in the best interests of Watercare as a whole
- Act with required care, diligence and skill, demonstrating reasonableness in their decisions
- Make adequate disclosure to the Board of any actual or potential conflicts of interest
- Act in accordance with the Constitution and the law relating to Watercare and companies generally
- Act for the benefit of Watercare as a whole
- Not make improper use of information gained through their position as Board members
- Not take improper advantage of the position of a Board member

- Not allow personal interests, or the interest of any associated person, to conflict with the interests of Watercare
- Make reasonable inquiries to ensure that Watercare is operating efficiently, effectively and legally towards achieving its goals
- Undertake diligent analysis of all proposals placed before the Board
- Not agree to Watercare incurring an obligation unless the Board member believes at the time, on reasonable grounds, that Watercare will be able to perform the obligations.

5.6. Role of individual Board members

The Board decides what matters are delegated to either specific Board members or management and what controls are in place to oversee the operation of these delegated powers.

Board members have no individual authority to participate in the day-to-day management of Watercare. This includes making any representations or agreements with any other party including employees, unless such authority is expressly delegated by the Board. The delegation is by resolution, to the Board member (including the Chair) either individually or as a member of a sub committee.

Board members are expected to give of their specific expertise generously to Watercare.

In respect to any matters not dealt with in an open meeting, Board members will keep Board discussions and deliberations absolutely confidential.

Board members are expected to be forthright in Board meetings. They have a duty to question, request information, raise any issue, and fully canvas any aspects of any issue. Votes must be cast on any resolution according to their own opinion. Outside the Boardroom, Board members will support the letter and spirit of Board decisions in discussions with all external parties including staff.

A Board member present at a Board meeting will be presumed to have voted in favour of a resolution of the Board unless they expressly dissent or expressly abstain from voting.

Confidential information received by a Board member in the course of the exercise of their duties remains the property of Watercare. It is improper to disclose it or to allow it to be disclosed. An exception would be if disclosure has been authorised by the person from

whom the information was obtained, or is required by law.

A Board member will not engage in any conduct likely to bring discredit upon Watercare.

A Board member must not agree to the business being carried in such a way that there is substantial risk of serious loss of reputation.

A Board member has an obligation at all times to comply with the spirit as well as the letter of the law and with the principles of this charter.

Board members are expected to provide feedback to the Chair if they have any suggestion to improve the performance/effectiveness of the Board.

Board members will act in good faith and conduct themselves in a manner that is consistent with generally accepted procedures for the conduct of meetings at all meetings of the Board.

6.1 Disclosure of interest/Conflicts of interest

Board members must make adequate disclosure to the Board of any actual or potential conflicts of interest. These include the interests of Watercare, the Board member and associates of the Board member. All disclosures of interest are recorded and tabled at each Board meeting.

Generally, when a Board member has a conflict of interest, the individual is expected to withdraw for the relevant portion of the meeting.

6.7. Role of Chair

The role of the Chair is to lead the Board. The Chair is expected to fulfil the following responsibilities:

- Ensure that the Board provides leadership and vision to Watercare
- Assess and implement a balanced Board membership within the confines of the shareholder appointment process
- Ensure that the Board is participating in setting the aims, strategies and policies of Watercare
- Ensure that there is adequate monitoring of the pursuit and attainment of the goals of Watercare
- Ensure that the Board reviews the human resources of Watercare
- Make certain that the Board has adequate information to undertake effective decision making and actions
- Ensure that administrative tasks such as the circulation of Board papers are carried out efficiently and effectively

- Direct the Board discussion to effectively use the time to address important issues
- Develop an ongoing and healthy relationship with the Chief Executive
- Guide the ongoing development of the Board as a whole and individual Board members
- Lead the Board's relationship with the shareholder
- Ensure that all Board members are encouraged to actively participate in Board discussions and decisions
- Ensure that all new Board members are provided with an appropriate induction programme.

The Chair will also:

- Chair board meetings
- Establish the agenda for board meetings in conjunction with the Chief Executive.

7.8. Board process and proceedings

8.1 Board meetings

- Board members will meet in-person at least 10 times per year. Additional meetings (including via teleconference) may be scheduled at the discretion of the Directors. Directors also may be required to participate in strategy and professional development workshops.
- The agenda and papers for the meeting will be circulated to all Board members in the week prior to the meeting
- The agenda will be constructed having regard to the Board's annual board planner
- The agenda will allow the Board to exercise adequate monitoring of company performance
- Agenda items will be supported by sufficient information to allow effective decision making.

8.2 Conduct of meetings

- The Chair will determine the degree of formality required at each meeting while maintaining the decorum of such meetings
- The Chair shall ensure that all members are heard
- The Chair will maintain sufficient control to ensure that the authority of the Chair is recognised so that a degree of formality can be reintroduced when required
- The Chair will ensure that the decisions and debate are completed with a formal resolution recording the conclusions reached.
- The Chair will take care that decisions are properly understood and well recorded

8.3 Board minutes

- Minutes will contain a brief review of the discussion plus the official resolution adopted by the Board
- All decisions will be recorded by way of a formal resolution
- Board members who dissent or abstain may ask to have their dissent or abstention recorded in the minutes
- Material conflicts of interest will be recorded in the minutes.

8.9. Key Board functions

9.1 Delegation of authority

Legislation and Watercare's Constitution provide the Board with all the powers necessary for managing, directing and supervising the management of the business and affairs of Watercare.

The Board has in turn delegated an appropriate level of authority to the Chief Executive, for the operation and management of Watercare. Under the Constitution Board Members remain accountable for all delegated authority.

9.2 Public representation

Official representation of Watercare publicly (including news media comments) will be by the:

- Chair;
- Chief Executive; or

in accordance with the External Relations and Media Contact Policy.

9.3 Execution of documents

Generally, documents will be signed by the management of Watercare, provided it is within their delegated authority. Where documents are required to be signed by two directors (including signing delegation to the Chief Executive for such documents), details of each signing will be notified to the Board in the Chief Executive's report. Such signings are deemed to be ratified at the next Board meeting.

9.4 Supporting the Chief Executive

It is recognised that a key component of Board member duties is providing a sounding board for the Chief Executive's ideas.

In recognition that the Chief Executive/Board relationship is critical to effective governance, Board members should provide frank and honest advice to the Chief Executive. All advice should be constructive in nature and provided in a positive manner. The Chief Executive is not to regard advice from individual Board members (including the Chair) as instructions. Only the Board as a whole may instruct the Chief Executive.

9.5 Chief Executive evaluation

The Chief Executive's evaluation will be undertaken at least once a year by the Board.

9.6 Board composition

As far as possible within the constraints of the shareholder appointments process, the Board should ensure that Board appointments result in a diverse mix of directors which has a balance of:

- skills,
- knowledge;
- experience; and
- perspectives

which together add value and to bring independent judgement to bear on the ~~decision~~-making process.

9.7 Board evaluation

- At least every two years, the Board will conduct a formal evaluation of its performance.
- The evaluation will be aligned with any process required by the shareholder including the opportunity to have input into the shareholder appointment process

9.8 Board Member development

In order to continually improve Board performance, all Board members are expected to undergo continual professional development.

Where skill gaps are identified, Board members may be provided with training and resources to address them by Watercare at the discretion of the Chair.

9.9 Remuneration

Board member remuneration will be determined from time to time by the shareholder.

Remuneration will be paid on a monthly basis.

Watercare will reimburse reasonable and properly incurred travel, accommodation and other costs with the approval of the Chair. The Chair's costs are to be reviewed and approved by the Chair of the Audit and Risk Committee.

Payment of Board Member fees may be suspended for prolonged absence at the discretion of the Chair, after a thorough investigation of the reason for the absence.

9.10 Director indemnity and insurance

Watercare will ensure that there is current Directors' and Officer Liability insurance cover (including 'run-off' insurance cover) for all Board members and for Senior Managers. Similarly, written indemnities will also be provided for these individuals.

10. Inconsistency with Constitution

To the extent that there is any inconsistency between this Board Charter and the Constitution, the Constitution will prevail.



11. Review of the Charter

This Charter was reviewed by the Board in August 2020 and will next be reviewed in August ~~2022~~2021.

7.1

Report to the Board of Watercare Services Limited
Prepared for the 29 January 2021 Meeting

Te Tangata Komiti (TTK) Charter

Purpose			Team		
Information	Discussion	Approval	Prepared and Recommended by	Submitted	
			Rob Fisher Company Secretary	Nigel Toms Acting Chief Financial Officer	
Intellectual capital	People and culture	Community and stakeholder relationships	Financial capital & resources	Natural environment	Assets and Infrastructure
					

7.2

1. Recommendation

That the Board approves the updated TTK Charter (**Appendix 1**).

2. Purpose and context

Clause 6 of the TTK Charter requires the TTK to undertake, with management assistance, an annual review of its performance, purposes, responsibilities and Charter.

TTK must then advise the Board of the outcome of that review, along with any recommended changes. Any changes to the TTK Charter must be approved by the Board. There are no changes, except for updating the date the Charter was reviewed. As part of the regular programme to refresh Watercare policies, the Charter has been refreshed by the Management.

3. The details

To assist the Board, TTK Committee has reviewed the TTK Charter in August 2020 and seeking approval of the Board in this meeting.

Appended for the Board's review is **Appendix A**, being a marked-up version of the Charter.



Te Tangata Komiti Charter

7.2

1. Purpose and Composition

The Te Tangata Komiti (TTK) is a committee established by the Board of Directors of Watercare Services Limited ('Watercare').

The primary purpose of the TTK is to assist the Board of Directors of Watercare ('Board') in reviewing Watercare's people strategies, remuneration policies and practices, monitoring diversity and overseeing the appointment, performance and remuneration of the Chief Executive. The TTK will:

- Aim to ensure sound policies and processes are in place to attract and retain outstanding people as Chief Executive and Senior Executives¹; and
- Establish the remuneration framework for the Chief Executive and Senior Executives
- Establish the remuneration policy and package for the Chief Executive.

The TTK will be independent of management and comprise not less than two Directors of the Board, plus the Chair and Deputy Chair of the Board as ex-officio members with voting rights.

The Board will appoint, remove or replace the members and Chair of the TTK ('Chair'). The Chair of the Board of Directors may not be the Chair of the TTK.

2. Meetings

Meetings of the TTK will be held as required, typically four times a year.

Meetings of the TTK will be held at the discretion of the Chair at any time or if requested by any TTK member, the Board or the Chief Executive.

A quorum is a majority of members.

Members may participate in, or conduct a meeting of the TTK through the use of any means of communication by which all members participating can hear each other during the meeting and participation by such means will constitute presence in person at the meeting.

A recommendation or decision in writing, signed or assented to by more than half of the members of the TTK is as valid and effective as if it had been passed at a meeting of the TTK duly convened and held. Any such recommendation or decision may consist of several documents (including by email or other similar means of written communication) in like form, each signed or assented to by one or more members of the TTK.

The TTK will appoint an appropriate person to act as Committee Secretary ('Secretary') who will be a company employee or advisor as nominated by the TTK from time to time. The Secretary, in conjunction with the TTK Chair will be responsible for coordination of all TTK business including meeting scheduling, agendas, policy reviews, distribution of papers, minutes, and communication with the Board and management.

Minutes of each meeting will be taken, circulated promptly in draft form to the Chair, confirmed at the following meeting and then signed by the Chair as a correct record of proceedings of the meeting.

The TTK may have in attendance management (including the Chief Executive), other personnel or any external parties it deems necessary to provide appropriate information, explanation or assistance.

From time to time the Chair may request that the TTK meet without these persons present.

Directors who are not members of the TTK may attend meetings but do not have voting rights.

3. Authority

The TTK is authorised by the Board to deal with matters as set out in the Responsibilities section of this Charter and provide oversight in four distinct areas:

- Committee Governance
- People Strategy
- Chief Executive Performance
- Such other responsibilities as the Board at any time considers appropriate.

¹ Senior Executives: Executive Team and Senior Management Team.
Executive Team: Chief Executive Officer and direct reports.
Senior Management Team: Direct reports to Executive Team and other selected senior managers.

The TTK does not have the power or authority to make a decision in the Board's name or on its behalf. It may:

- submit recommendations to the Board, on all matters within its areas of responsibility that require a decision; and
- for occasions where authority has been specifically delegated to it by the Board, make decisions.

The TTK will not become involved in day-to-day operations, functions or decision-making by management or employees.

4. Access and independent advice

To fulfil its functions, duties and responsibilities the TTK is authorised by the Board to have all necessary access to, and seek any information it requires from, any employee, consultant or advisor to Watercare. All employees are directed by the Board to cooperate with any request made by the TTK.

The TTK is authorised by the Board to have access to external parties without management present, to request additional information or explanations.

The TTK is authorised by the Board to obtain, at the expense of Watercare, independent legal or professional advice (including market surveys and reports, executive search consultants or other outside advisors with relevant experience and expertise) it considers necessary to discharge its responsibilities.

5. Responsibilities

The TTK will provide assistance to the Board in fulfilling its people strategies and policies. The duties and responsibilities of TTK members are additional to those they have as a member of Watercare's Board.

In carrying out its responsibilities, the TTK will:

5.1 Committee governance

- Establish and review the schedule of annual activities of the TTK.
- Ensure minutes and papers (including documents tabled at meetings) for all TTK meetings are provided to the Board. The Chair will report to the next Board meeting on the outcomes, findings and recommendations of the TTK meeting.
- Investigate any matter brought to its attention within the scope of its responsibilities, retaining independent legal or professional advice for this purpose if, in its judgment, that is appropriate.

Unless identified in this Charter or otherwise directed by the Board, the TTK will have no delegated authority in regard to its findings and recommendations

5.2 People strategy

- Review, with input from the Chief Executive, Watercare's people (human resources) strategy including organisation structure, capability development, diversity and inclusiveness initiatives, and make recommendations to the Board.

- Monitor components of succession planning, reviews and selection processes for Senior Executives.
- Review the structure, packages and level of remuneration for Senior Executives.
- Review employee survey processes, provide feedback on content, consider results and monitor the progress of management improvement plans established in response to findings.
- Annually review Watercare's workforce diversity (including gender and culture), progress toward achieving any diversity policy and objectives, and make recommendations to the Board.
- Monitor the "future of work" and wellness of Watercare's people.
- Consider adherence to and changes in employer statutory obligations.

5.3 Chief Executive performance

- Conduct an annual review to ensure remuneration practices are consistent with market practice.
- After discussion with the Board, annually set the performance goals for the Chief Executive, review performance against objectives and make recommendations to the Board regarding the performance, components of remuneration and any adjustments.
- Provide, as it deems necessary, more frequent feedback to assist the Chief Executive's development.
- Provide guidance or input to the Chief Executive on the performance of direct reports and receive the Chief Executive's evaluation thereof.
- Via the TTK Chair, liaise with the Chief Executive on major organisational changes, proposed redundancy, disciplinary action and/or termination of any Senior Executive.
- Where the TTK determines it appropriate, conduct an exit interview with a Senior Executive, via the Chair or another designated member.
- In conjunction with the Chief Executive, participate in the recruitment of his/her direct reports, including involvement by the Board Chair, TTK Chair or relevant Board Member, in the final selection process and/or panel.
- Lead any selection process required from time to time for the role of Chief Executive including identifying the competencies required for the role, the terms and conditions of employment, and making related recommendations to the Board.

5.4 Other responsibilities

- Examine and report to the Board on any matters referred to the TTK by the Board.

6. Review of the TTK Committee and Charter

The TTK will undertake, with management assistance, an annual review (or more often as conditions dictate) of its performance, purpose, responsibilities and Charter. It will advise the Board of the outcome of that review along with any recommended changes.

Any changes to the TTK Charter must be approved by the Board.

This Charter was last reviewed by the TTK in ~~October-August 2018~~2020; and approved by the Board in January 2021~~November 2018~~.

7.2

Report to the Board of Watercare Services Limited
Prepared for 29 January 2021 Board Meeting



Acting Chief Executive's Report for December 2020

HIGHLIGHTS AND LOWLIGHTS

1. Health, Safety & Wellbeing

- There were two Lost Time Injuries (LTI) involving Watercare employees in December 2020.
- There was one Lost Time Injury and three Medical Treatment Injuries (MTI) involving contractors in December 2020.
- The rolling 12-month Lost Time Injury Frequency Rate (LTIFR) for employees is 8.70 per million hours, exceeding our target of ≤ 5 .
- The rolling 12-month Total Recordable Injury Frequency Rate (TRIFR) for employees is 16.93 per million hours, more than comfortably meeting our target of ≤ 20 .

2. Drought Update

- The update on the status of the augmentation projects and the update on the status of non-revenue water are included in this report. Up to date storage and forecast figures will be provided during the Board meeting.

3. SOI Measures and Customer Service

- 97.1% of complaints were 'closed and resolved' within 10 working days (12-month rolling average).
- Rolling agent behaviour score (satisfaction with our services) is rising. It is currently just under target at 73.55% and will be ahead of target by June 2021 if we can maintain our current level of service.
- Rolling customer NPS is +38, and is also on trajectory to be ahead of target by the end of June. Launch of the chat service has been a success with chat NPS at 83.
- It appears that customers are still in the mindset of not wasting water even though some restrictions on outdoor use have been relaxed. Water efficiency, as reported by our rolling water efficiency metric, remains well ahead of target at 73%, the same as November and December 2020. Many customers mention collecting water from different household activities to water their gardens.
- Our rolling trust score still has some catching up to do at 49%, with 'water quality' the theme that people who trust us, are most likely to mention. 'Drought' and 'poor value for money' are the themes most mentioned by those who don't trust us.
- eBilling dropped slightly to 59%, largely driven by a backlog of change of ownerships that were processed and are awaiting customer email information to be provided.

4. People, Capability and Learning

- Due to many staff having been on leave for the majority of December, there is no update this month. The statistics, however, are provided as usual.

5. Community and Stakeholder Relationships

- The Local Board Chairs held a CCO review workshop in December with support staff and CCO representatives to discuss recommendations and review opportunities for improvements.
- The Central Interceptor team informed the local board of their decision not to proceed with the alternative access option for the Lyon Ave site.
- **Waikato District Council:** Work is continuing to finalise the AMP and LTP scenarios in preparation for public consultation in February 2021. Works are continuing on the Meremere WWTP upgrade with good progress being made on the pond reclamation works.
- **Legislation update, including submissions on various bills:** Public submissions on the Water Services Bill close on 2 March 2021 and has been referred to the Health Select Committee. It is proposed that Watercare will develop its own submission and keep Council informed.
- **Māori Engagement & Outcomes:** Among the numerous engagements listed is the Watercare Māori (Māreikura) staff cultural wānanga, held at Makaurau Marae, Ihumātao.
- **Communications snapshot:** Our people appeared in primetime media with a Seven Sharp piece on how we are using 100 longfin eels to reduce the population of pest fish in our dams.

6. Natural Environment

- Water Resources position: total system storage increased through December, starting at 72.6% and finishing at 68.1%.
- Rainfall for December was well below normal for Auckland's catchments.
- Storage remains below normal for this time of year.
- Rain for January is forecast to be near to above normal for Auckland.

7. Strategic Consents

Among the strategic consents in this report is the North East Wastewater Conveyance (Warkworth to Snells). The first application, for the works in Lucy Moore Reserve, was granted in December 2020. Also, in relation to the Western Water Supply Strategy, a second round of discussions was held on 6 December 2020 to determine the appropriate kauri dieback protocols to be adopted. The hearing will be reconvened within the next two months.

8. Enterprise Model Update

Delivery of key drought augmentation projects is progressing very well, with a number now in completion. An assessment of the remainder of the capital programme continues now that we have a capital profile following the 23 December 2020 Board meeting.

9. Assets and Infrastructure

- On 29 December 2020, we successfully completed the tie-ins for the Waikato 50 project.
- A summary of the Māori outcomes/focus of our key contractors is provided. The contractors are Fulton Hogan, Fletcher Construction, Ghella Abergeldie JV, Downer, and Citycare.

10. Resource Consent Compliance

- Watercare currently holds 532 active consents across Auckland and Waikato. Of these, 200 relate to water takes or discharges to water, air, or land. Water takes and discharges are the activities most likely to have non-compliances.
- In December 2020, nine of our 200 discharge and take consents were technically non-compliant: nine under Auckland Council and none under Waikato Regional Council. No non-compliances were Category 3 or 4.

11. Delegated Authority of the Chief Executive

In December 2020, one document was required to be signed by Nigel Toms with delegated authority. There were 16 Capex/Opex contracts, over \$100,000 approved by the Acting Chief Executive and there were two capex approvals signed.

12. Preparation for Future Water Service Regulation

The Ministry of Health and the future regulator, Taumata Arowai, have changed how water suppliers are required to demonstrate the good management of the drinking-water supply. The Public Health Grading is no longer supported as a tool for achieving a safe and secure water supply. Therefore, drinking water will no longer be referred to 'Aa' grade water.

A Water Safety Plan (WSP) is now used to clearly demonstrate organisational support and commitment by senior leadership to provide safe and secure drinking-water through organisational policies and strategies, plans and budgets.

To conform to this new regulatory framework, and to meet the requirements of external auditing, all Watercare documents will need to adopt the new terminology. Such documents are now to refer to the senior leadership commitment to WSPs. In particular, these documents include:

- the Strategic Plan;
- the SOIs;
- Board papers and minutes; and
- any joint policies between Watercare and Auckland Council.

13. Waikato Matters

On 30 June 2020, after considering the advice provided by the Environmental Protection Authority (EPA), the Minister for Environment under section 142(2) of the Resource Management Act 1992 (RMA), issued a direction to 'call in' Watercare's 2013 Waikato River water take application and refer the matter to a Board of Inquiry.

The Minister for the Environment appointed an independent Board of Inquiry on 10 August 2020 to hear and decide the Watercare Waikato River water take proposal. The Board consists of:

- Chief Environment Court Judge David Kirkpatrick — Chair;
- Linda Te Aho — Waikato River Authority nomination; and
- Anthony Wilson — infrastructure technical specialist.

The 2013 application sought an additional 200,000m³/day (net) of water. Watercare has reduced the proposed take to 150,000m³/day (net) and amended the requirements of the associated consents. The proposed volume is consistent with the signed Kawenata with Waikato Tainui. The application is for resource consents associated with the construction of a new water intake, the taking of surface water, and discharges from a new planned water treatment plant at the existing Waikato Water Treatment Plant.

Waikato-Tainui technical staff were part of the project team review of the alternative assessment and the options analysis for the intake structure. The project team has held consultation meetings with key users of the Waikato River (eg. Winstone Aggregates, Fonterra, Glenbrook Steel Mill, Horticulture NZ, Mercury Energy, Fish and Game, DOC and the Waikato River Care Group). Consultation with all stakeholders will continue throughout the consenting process.

The amended application was submitted with the EPA on 11 December 2020. The submission included 15 technical documents including a detailed alternative options assessment. The EPA will undertake a completeness check of the application during December 2020 and January 2021.

The application will be publicly notified on 12 February 2021, with public submissions closing 26 March 2021. The EPA will confirm hearing dates at the close of public submissions. The project team has commenced preparation of evidence for the hearing.

14. Non-potable water supply

Watercare is continuing to work closely with Auckland Council on several initiatives resulting from a jointly prepared Auckland Supplementary Water Supply Action Plan 2020.

Servicing non-connected Auckland residents through existing bulk supply filling stations and new bore sources filling stations

- Watercare and Auckland Council are developing two new treated ground water supply sites at Orewa and Karaka to supplement supply to outreach communities relying on rain tank supply. These new sites will provide additional resilience to the existing bulk supply filling stations which at times may close due to high demand placed by tanker operators. This creates stress on the local network. The Orewa site will be operational by early February 2021. Feasibility to implement the Karaka site is ongoing.

Non-potable supply

- There are currently three collection sites serving the construction and small business segments, with total consumption since May 2020 to date is 59 million litres. Watercare is continuing to work with the construction sector to provide longer-term sustainable supply options.

Parks irrigation

- Watercare is continuing work with Auckland Council and has identified four community parks where potable water can be replaced by ground water supply for irrigation. The next phase is for Auckland Council to incorporate the bore supplies into the parks irrigation system. The work has started at Eden Park where ground water will be used to irrigate its fields. The works are expected to be completed in stages between January and March 2021.

Water carriers' engagement

- Watercare and Auckland Council held forums with water carriers during December 2020. The forums provided an update on the current water situation and programmes underway to assist the water carriers during their peak summer period. The forums were well received.

15. Watercare and Healthy Waters' Joint Operational Planning

A number of joint media interviews were carried out by Anin Nama (Manager Improvement Programme, Watercare) and Craig Mcilroy (Healthy Waters) during January 2021 in response to the recent media interest in water quality.

Watercare and Healthy Waters continue to work on joint initiatives towards better environmental outcomes, for example the Western Isthmus. The collaborative operational investigation and planning has recently been strengthened by Watercare and Healthy Waters taking a one team approach, with Watercare taking the lead role. The approach has been endorsed by the Council's Executive Team.

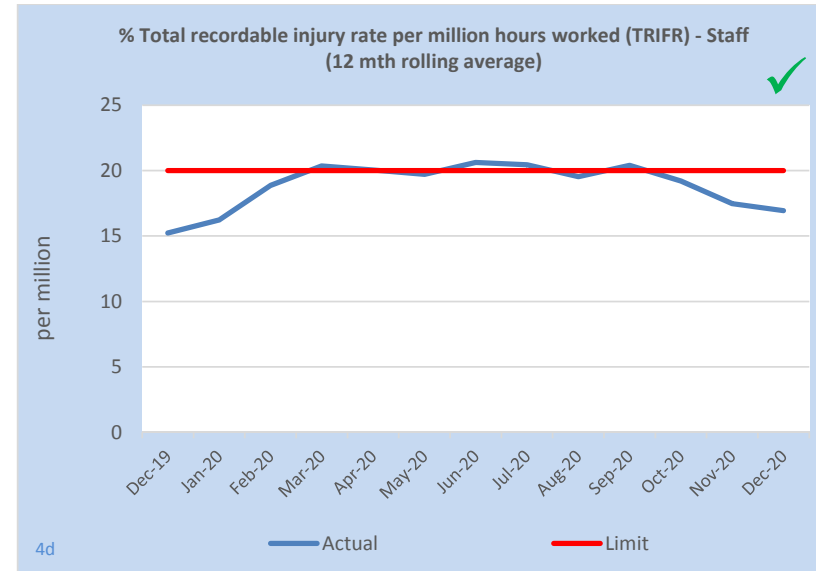
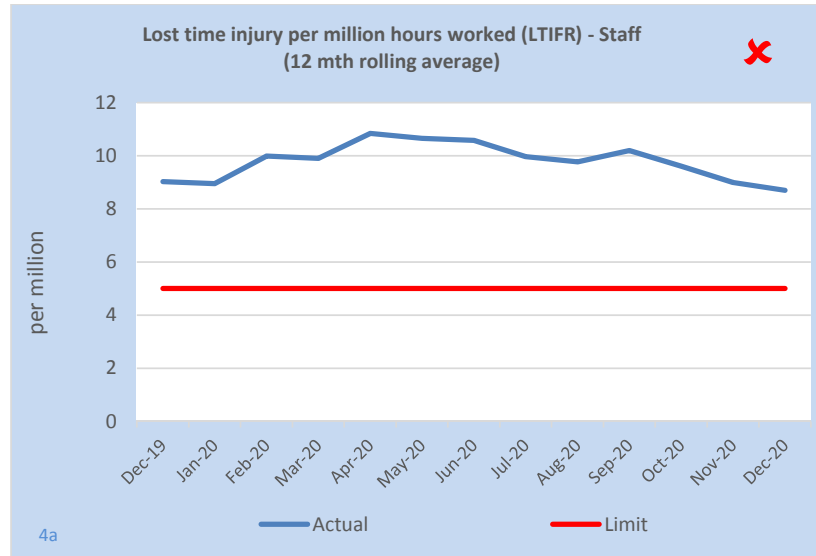
FUTURE OUTLOOK

Upcoming Board activity

- Audit and Risk Committee meeting 3 February 2021
- AMP and Capex Committee meeting 18 February 2021
- Committee for Climate Change Action 19 February 2021
- Board meeting 26 February 2021
- Board meeting 30 March 2021

Steve Webster
Chief Infrastructure Officer

1. HEALTH, SAFETY & WELLNESS UPDATE



HEALTH, SAFETY & WELLNESS UPDATE continued

Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
Watercare LTI Customer-Laboratory 16764 21/12/20	No – Manual Handling LTI – 10 days	While moving a full tray of samples, a worker's wrist twisted and was injured. The worker received first aid on site. When the wrist pain did not improve, the worker went to a doctor where a sprain was diagnosed, and the worker was deemed fully unfit for work for ten days.	<ul style="list-style-type: none"> Early treatment gives us the best opportunity to manage the injury and minimise injury impact. 	<ul style="list-style-type: none"> The procedure and controls were reviewed. Supervisor and Injury Management emphasised the need for early reporting and treatment with the worker.
Contractor MTI Operations – Citycare 16246 30/11/2020	Yes – Hit by moving object MTI – Treatment only	A worker was flushing a wastewater line when the end of the hose with a solid elbow joint flicked and caught the worker on the forehead, resulting in an injury. The worker was taken to the medical centre for assessment and treatment. The hose joiner was found to have been incorrectly fitted.	<ul style="list-style-type: none"> Plant and equipment must be inspected regularly to ensure all components are secure and complete. 	<ul style="list-style-type: none"> Contractor has: <ul style="list-style-type: none"> - corrected the fitting; - initiated monthly team plant inspections to identify issues and improve staff knowledge/awareness regarding plant, trailers, equipment; - revised SOPs and re-trained and competency assessed all operators with revised practices; and - released a safety alert .

Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
Contractor MTI Customer – Arthur D Riley 16756 14/12/20	No – Manual Handling MTI – Treatment only	A meter reader lifted a large steel lid to read the meter. He felt a pain in his lower back which became worse as the day went on. The worker was assessed and treated by a doctor.	<ul style="list-style-type: none"> Manual handling risks must be eliminated where possible. 	<ul style="list-style-type: none"> Contractor assessed the lid and found it to be wide and heavy: - to be replaced with a lid made of lighter material or have lid cut into two.
Contractor MTI Infrastructure – Fulton Hogan 16772 21/12/2020	No – Manual Handling MTI – Treatment only	A truck driver was operating a 6-wheeler tipper truck and noticed the tail gate was not shut properly. The driver opened the tail gate towards himself to release any material that may have been preventing the tail gate from closing. When the driver closed the tail gate, their little finger jammed in the latch removing skin on the finger-tip. The driver was taken to the doctor where they received stitches before returning to work the following day.	<ul style="list-style-type: none"> Moving parts present risks to workers. Eliminate where possible. 	<ul style="list-style-type: none"> Contractor has: - toolboxed awareness of pinch points with all workers.

1.1 SIGNIFICANT INCIDENTS/HAZARDS/CLOSE CALLS

There were two significant incidents in **December 2020**.

Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
Contractor Infrastructure - Fletchers Incident 16486 09/12/20	Yes – plant and equipment	A cable came loose on a 100-tonne crane and damaged non-structural railing. The site foreman immediately stopped work and locked-out the crane. The crane company attended site and repaired the crane.	<ul style="list-style-type: none"> Inspect before commencing work. 	<ul style="list-style-type: none"> Crane repaired and tested. Railing replaced. Contractor to investigate cause of damage. Report due in January 2021.
Contractor Infrastructure – March Cato Incident 16552 09/12/20	Yes – Service Strike	A work crew were excavating a trench. The digger operator was on a break when another worker noticed a small section of the trench was left to dig out. The worker decided to help out and started to dig the section of trench. The worker was not aware of the power cable and struck it with the digger bucket. Power was out in local area as a result. The worker had not signed onto the permit, nor did they have a spotter.	<ul style="list-style-type: none"> Workers will sometimes make errors with the intention of helping. Reinforce the need to check with the supervisor first. 	<ul style="list-style-type: none"> The workers digging the trench excavation had completed the excavation checklist the previous day. Both were comfortable with the location of all services and signed off locations, along with the spotter. The worker who struck the cable has been counselled regarding not following procedure.

External Audits

Our ACC accreditation was finalised and signed off in December. We have commenced preparation for the Major Hazard Facility (MHF) audit at Ardmore Water Treatment Plant in March.

Starting Work Safely

We are supporting infrastructure sites to start work safely following the Christmas break. The focus of the Back to Basics campaign in January is 'Safe to Start'.



1.2 A-FRAMES

In the November Chief Executive's Report, there was an incident in the Waikato relating to the use of A-frames. The Board asked for clarity around whether concrete paths are being installed to enable the safe use of A-frames, or whether it is intended that these will no longer be used.

The following is the response to this query:

1. The A-frames are still being used, however, we have extensively modified them by the retrofit of outriggers to stabilise the units. We have also completed ground improvement works at the Te Kowhai Plan to ensure the A-frames only travel over gravelled level ground rather the uneven grassy slopes.
2. There are three other similar lifting A-frames at other sites across the Waikato District. All frames have had outriggers installed and the sites have been assessed for whether ground improvements are required.

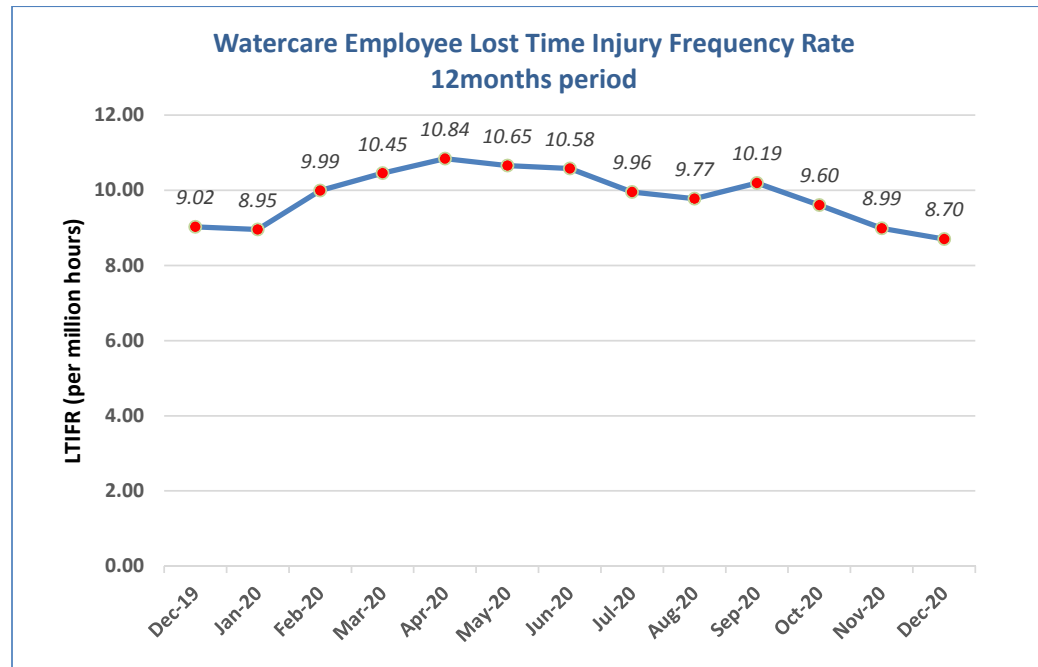
1.3 HEALTH, SAFETY & WELLBEING QUARTERLY REPORT: OCTOBER TO DECEMBER 2020

Lag Indicators

The rolling 12-month Lost Time Injury Frequency Rate (LTIFR) for employees currently stands at 8.70 per million hours, above the Statement of Intent target of ≤ 5 .

The rolling 12-month Total Recordable Injury Frequency Rate (TRIFR) stands at 16.93 per million hours, more than comfortably meeting the Statement of Intent target of ≤ 20 .

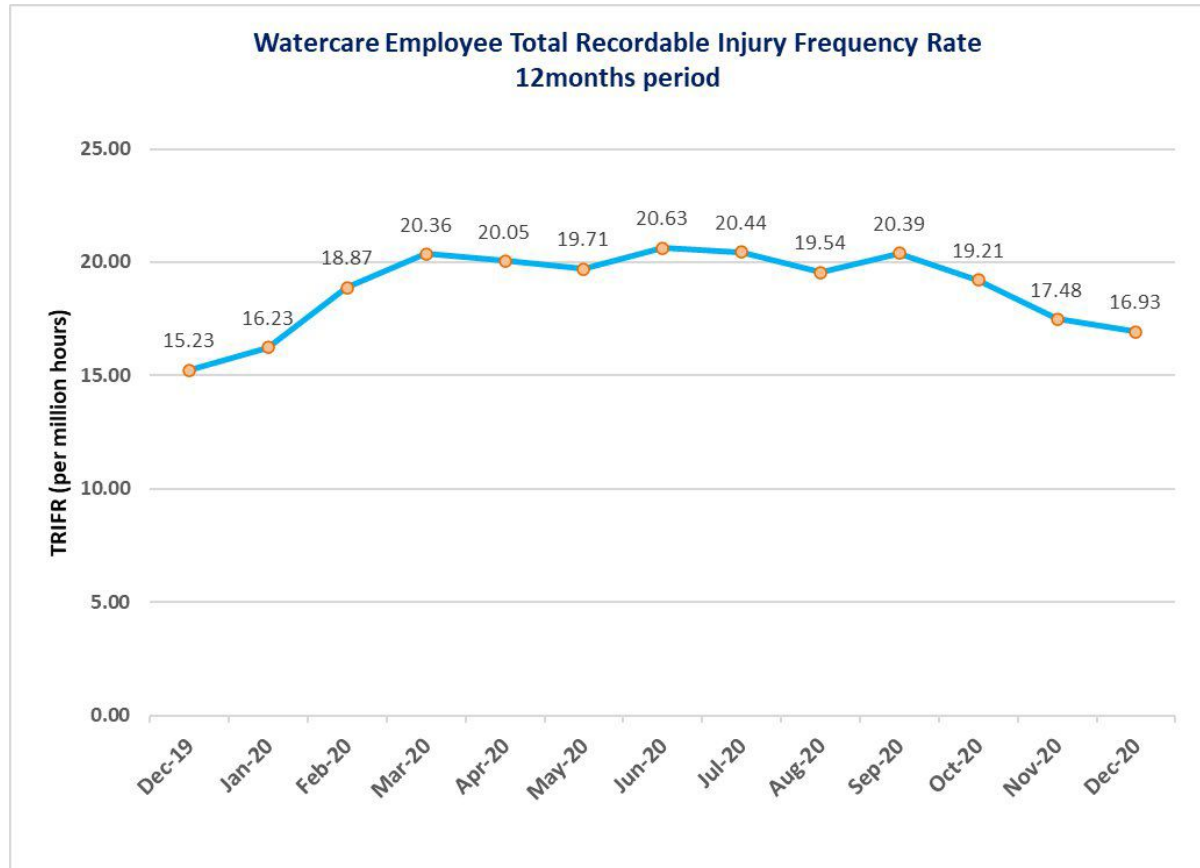
Watercare Employee LTIFR (Dec 2019–Dec 2020)



Watercare Employee December 2019 to December 2020 LTIFR per million hours

Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sept-20	Oct-20	Nov-20	Dec-20
9.02	8.95	9.99	10.45	10.84	10.65	10.58	9.96	9.77	10.19	9.60	8.99	8.70

Watercare Employee TRIFR (Dec 2019–Dec 2020)



8.2

December 2019 to December 2020 TRIFR per million hours

Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sept-20	Oct-20	Nov-20	Dec-20
15.23	16.23	18.87	20.36	20.05	19.71	20.63	20.44	19.54	20.39	19.21	17.48	16.93

Watercare Injuries per Business Unit (Oct–Dec2020)

Month	Business Unit	Restricted Duties Injury (RDI)	Medical Treatment Injury (MTI)	Lost Time Injury (LTI)	Total Recordable Injuries (MTI+LTI+RDI)
Oct-20	Operations	0	1	0	1
Nov - 20	Operations	0	0	1	1
Dec -20	Operations	0	0	2	2
3rd Quarter Total (Watercare Employees)		0	1	3	4
Total YTD (Dec 2019 to Dec 2020)		5	16	18	39

Contractor Injuries per company (Oct–Dec2020)

Month	Company	Restricted Duties Injury (RDI)	Medical Treatment Injury (MTI)	Lost Time Injury (LTI)	Total Recordable Injuries (MTI+LTI+RDI)
Oct-20	Downer	0	0	1	1
Nov-20	Ghella Abergeldie	0	0	1	1
Dec - 20	Waikato 50	0	0	1	1
	Citycare	0	1	0	1
	Arthur D Riley	0	1	0	1
	Fulton Hogan	0	1	0	1
3rd Quarter Total (Contractors)		0	3	3	6
Total YTD (Dec 2019 – Dec 2020)		5	14	9	28

1.4 HEALTH, SAFETY & WELLBEING IN WATERCARE – EXTERNAL REVIEW UPDATE

The following is a brief outline taken from the full report that was submitted to the Te Tangata Komiti on 27 January 2021.

Briefing of service providers

Potential providers were briefed that the review is to identify and find improvement opportunities in any or all the processes, procedures, or behaviours that impact HSW in Watercare. The scope is to cover the whole of the organisation, including major projects, but does not include an audit of the Safety Management System (SMS).

Providers were asked to start the review process prior to Christmas 2020, but all stated this would not be possible due to existing commitments and COVID travel restrictions. All the potential providers rely on the use of consultants and contractors from Australia and travel restrictions have created delivery issues.

Review Plan

It has been proposed that a four-step approach:

1. Safety climate survey
2. Focus groups
3. Delivery of findings and planning
4. Ongoing support

The timeline for delivery of the first three phases of the review ranges from 8 to 13 weeks. A start date in February is recommended to enable communication and set-up prior to commencement.

1.5 COVID-19 PREPAREDNESS

The COVID-19 Management Team met on 20 January 2021, to review our procedures and preparedness in response to Government initiating alerts levels that may impact Watercare and its operations. These actions include:

- re-confirming the incident controller and team leads;
- reviewing operational and project site preparations;
- reviewing critical stock levels;
- new communications to address concerns and remind staff about the continuing risk and actions they are required to take; and
- agreeing trigger points for implementation of actions, as the position escalates.

2. DROUGHT UPDATE

(water storage status report & drought response forecast to be provided at the meeting)

2.1 AUGMENTATION STATUS UPDATE – TO 20 JANUARY 2021

Location	Pukekohe Bore Capex Approved	Hays Creek dam in Papakura Capex Approved	Waitākere Water Treatment Plant Capex Approved
On track			
Action	Bringing this bore back into service by setting up modular Water Treatment Plant and local network connections.	Bring this dam back to service by setting up modular water treatment plant and local network connections.	Maximising abstractions.
Additional supply and date that supply comes online	Production outcome of 5MLD has been achieved. WTP has been performing extremely well, consistently producing ~5 MLD. Phase 2 works are underway, to be completed late March 2021.	Yield = 8MLD Daily Peak = 12 MLD Stage 1 = 6MLD during February 2021.	Peak = Restore peak production capacity from 16 to 24MLD ETA: 24 MLD August 2021.
Action underway	Phase 2 works are underway: <ul style="list-style-type: none"> completion of the site works; completion of mechanical and electrical installation works; control System enhancements; and installation of fluoride dosing systems. 	<ul style="list-style-type: none"> The Papakura Temporary WTP (tWTP) is progressing through commissioning phases. The Coagulation, Clarification, Membrane Filtration and Activated Carbon Filtration processes are currently being commissioned. Targeting the commencement of the “run-to-waste” performance testing phase early next week. It is anticipated that tWTP commissioning will be completed by 29 January Progress of pipeline installation works have been affected by: <ul style="list-style-type: none"> unforeseen ground conditions affecting the piling works associated with the new Papakura No.2 Pipe bridge; and the presence of a number of unmapped/unexpected underground services. The above issues have resulted in a one-week delay in the “go-live” date for supply from the Papakura tWTP. “Go-live” is now expected to occur on the 5 February 2021. 	<ul style="list-style-type: none"> The recommendations from the structural assessment report have been incorporated into the filter rehabilitation contract. The specification for the refurbishment of Filters 1 and 6 is finalised and has been sent to the nominated contractor to prepare a tender offer. Solids handling system improvements to be confirmed, will require external support to assess current loading and determine necessary system improvements.

Location	Waikato Water Treatment Plant (existing plant)	Ardmore Water Treatment Plant Awaiting Capex Approval	Onehunga Water Treatment Plant Capex approved
On track			
Action	Maximising abstraction.	Reduce minimum flow to reduce abstraction pressure on dams.	Maximising abstractions.
Additional supply and date that supply comes online	Waikato WTP now operates at a maximum production capacity of 175MLD.	Reduce water treatment plant output to allow enhanced conjunctive use of other water sources. ETA: December 2020 Long term improvements: TBC – Whole of System Operational Validation Required.	Maximise production from the existing Water Treatment Plant. Restore Maximum Production Capacity up to 24 MLD. Stage 1: 22MLD by January 2021 Stage 2: 24MLD by April 2021.
Action underway	Waikato Chemical Upgrade is progressing on site with blower improvements and hypo and lime facility construction. This will further improve the reliability and sustainability of the 175MLD production. Piling and foundation work of the lime and hypo facilities is complete.	Ardmore current minimum flow has been increased to 140MLD to ensure that our system is resilient for the summer period. Transition to a minimum of 80MLD will occur late Autumn/Early Winter 2021.	<ul style="list-style-type: none"> • Stage 1 has been completed but due to dry conditions the aquifer level is low and plant operation is limited by aquifer level control which reduces production to 16MLD. • Stage 2 has commenced, and the contractor is established on site and the filters refurbishment has commenced. • Further investigation to increase the capacity of the Pearce Street raw water pump station is complete. The design of the proposed piping upsize is complete.

Location	Waikato 50 Capex approved
On track	
Action	Design, consent and build new plant to process the additional water available under the seasonal take and the 2013 application when granted — Waikato A Capex needs development.
Additional supply and date that supply comes online	Stage 1 = 50 MLD by May 2021
Action underway	<ul style="list-style-type: none"> • For stage 1 — project team consisting of Watercare staff, designer and contractor is working together with a co-located office on site. • Typically, 150–200 contractors on site now and to be increased to over 300 in coming months and still over 30 staff working on some final design elements with detailed design substantially complete. • Concept design of intake structure, Waikato A treatment plant complete and BOI 150MLD consent application lodged. • Winter take consent for 100MLD and summer take consent for 25MLD received. • Boost pump station design complete, pumps manufactured and tested, consent obtained, and construction progressed ahead of schedule. • Detailed design progressed to 95% for Waikato 50 for 50MLD expansion by May 2021. • Floating intake pump station detailed design complete, consent obtained and pontoon–pump station assembly area prepared on the other side of the Waikato River with site blessing. • Risks reviewed on a fortnightly basis. • Long lead items procurement delivery monitored closely. • Iwi weekly update hui arranged. • Treated water pump station piling complete and foundations progressing, Waikato 50 treatment plant underground pipework and slab complete, high voltage works progressed and fibre relocation complete. • Waikato 50 raw water pipeline works progressed on site and HDPE pipe welding progressed. • Major tie-in work completed successfully at both the boost pump station and Waikato WTP sites.

2.2 NON-REVENUE WATER STATUS UPDATE – TO 20 JANUARY 2021

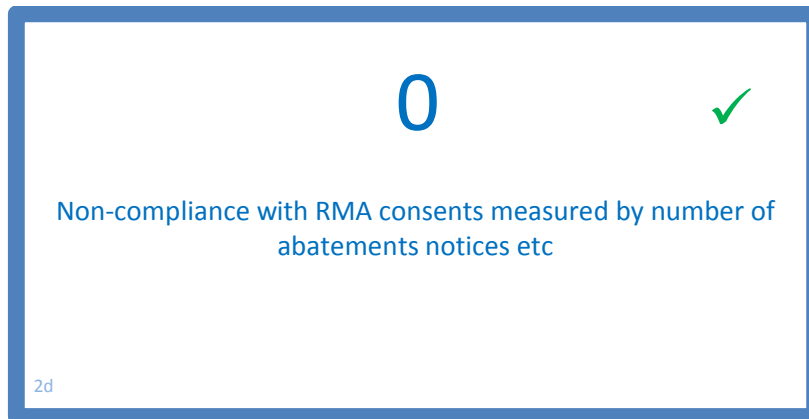
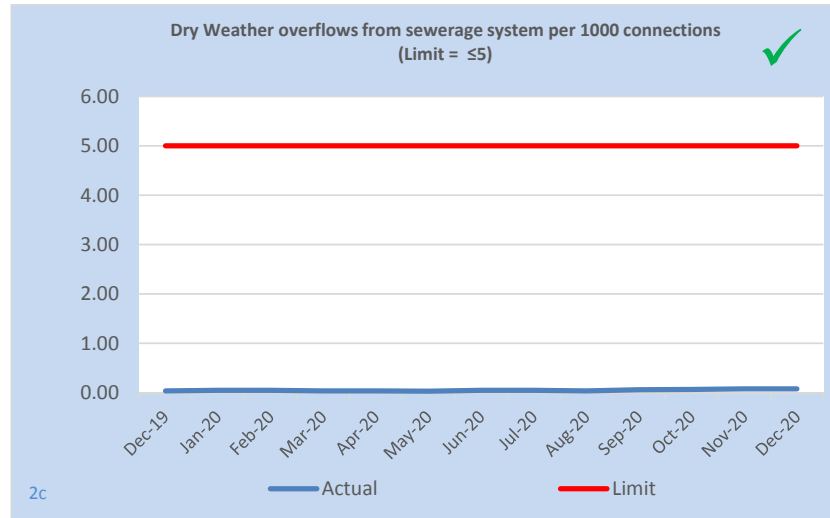
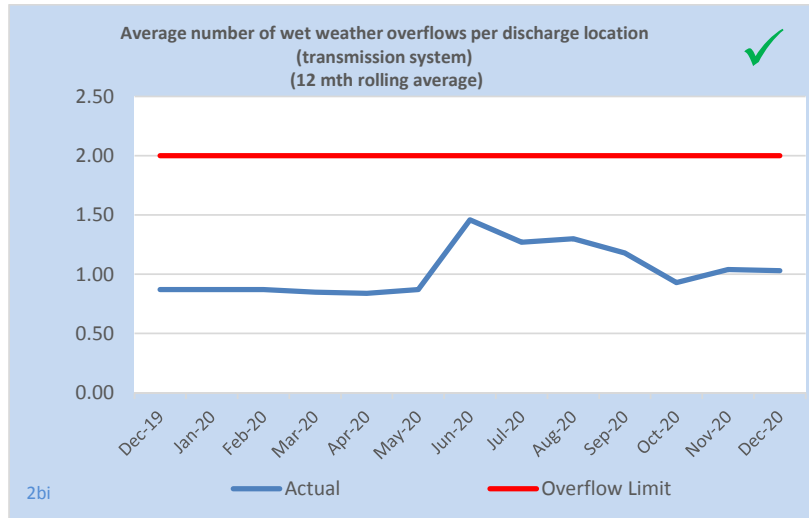
Activity	Creating smaller District Metered Areas
On track	
Action	<p>65% of the city with District Meter Area's less than 10,000 connections installing meters and valves to create geographical areas in which we can measure:</p> <ul style="list-style-type: none"> • supply, • consumption, and • non-revenue water.
Actions Underway	<p>Stage 1 Waitākere:</p> <ul style="list-style-type: none"> • Rezoned from 6 to 24 DMAs by August 2020 (95% completed — delay due to shutdown scheduling conflict at one site). <p>Stage 2 Maungakiekie:</p> <ul style="list-style-type: none"> • Rezoned from 1 to 4 DMAs (40% completed -traffic plans application sent to AT). • Design is 95% complete, construction is 35% complete. • New change request has been finalised and approved. <p>Stage 3 to be integrated with pressure management programme:</p> <ul style="list-style-type: none"> • Scoping of the next tranche of 30 DMA's has commenced in Māngere and Torbay. Preliminary investigative work is underway. • Following this, and subject to funding, a business case to establish the 30 DMAs will be put forward for FY20–21. This will allow pressure reduction in almost 20% of the city's metropolitan network (by volume). • Design work on DMAs has begun, proposal to commence design in Māngere airport is being written in collaboration with Kāinga Ora (housing NZ).
Estimated Benefits	<ul style="list-style-type: none"> • The creation of DMAs is an enabler to maximise the efficiency of pressure management and leakage control. • DMAs enable the benefits of all NRW initiatives to be monitored and tracked.
Future Expenditure	<p>Total 8.6 MLD savings estimated 11 months from approval of tranche 2:</p> <ul style="list-style-type: none"> • Opex: \$1.4M • Capex: \$7.7M.

Activity	Leakage Control
On track	
Action	<p>Increase ground surveying of leak detection to 6,000km a year. Contractor has been appointed.</p> <p>Fix all moderate to major leaks detected within 5 days.</p>
Actions Underway	<ul style="list-style-type: none"> Zones currently in progress <ul style="list-style-type: none"> Mangawhau 313km (completed) Montana 51km (completed) Duke street 81km (completed) Hillsborough 167km (completed) Total km surveyed to date: 2565 Total leaks found: 2180 Total MLD confirmed saved: 4.45 MLD Zones completed (Maungakiekie, New Lynn, Ōtara, Clarks Beach, Green Bay, CBD, Onehunga, Ōtāhuhu, Northcote, Devonport, Pakuranga, Bombay, Pukekohe, Māngere and Waiuku).
Estimated Benefits	<p>Total: 6000km surveyed and 9.6MLD saved by June 2021 (opex funding of \$780K budgeted and approved).</p> <p>Note: predicted savings are based on leak detection contractor's analysis of each leak found.</p> <p>Note: these savings are realised under the basis of:</p> <ul style="list-style-type: none"> All leaks detected can be fixed within 5 days of reporting. A renewals programme is overlaid alongside the leak detection works and is in its design life. This is evident in Maungakiekie where a second sweep of the zone revealed that over 130 new underground leaks had occurred within a 6-month period. Estimated of 1.6MLD saved every 1000km. This is a conservative estimate based on 75% of the savings achieved throughout FY19 of: <ul style="list-style-type: none"> 394km swept in Maungakiekie – (1MLD predicted savings), 260km swept in Māngere Airport – (0.4MLD predicted savings).
Future Expenditure	<ul style="list-style-type: none"> Total 15 MLD savings estimated for FY22 which would require: <ul style="list-style-type: none"> Opex: \$800K (Leak detection 9.6MLD, management approval) Capex: \$60M (Watermain renewals, Board approval)

Activity	Meter Replacements
On track	
Action	<p>Improve accuracy of customer meters by replacing per year:</p> <ul style="list-style-type: none"> • 30,000 domestic • 1,000 non-domestic <p>NOTE: This work will decrease the volume of water consumed-unbilled. It is unlikely to decrease demand.</p>
Actions Underway	<ul style="list-style-type: none"> • Work started in July 2020 and ongoing throughout FY21: <ul style="list-style-type: none"> ○ 17,528 domestic meters replaced YTD, progress will be reported 1st of every month. • Business case for 1600 non-domestic smart meters and schools has been approved and installation planned for January 2021. • Data logger's installation to begin mid-December.
Estimated Benefits	<p>Benefits are \$3.6 M per annum additional revenue based on:</p> <ul style="list-style-type: none"> • 8% revenue gain in domestic meters 6% revenue gain in non-domestic meters. • 460 l/d average consumption of domestic meters. • 22,000 l/d average consumption of non-domestic meters. • Value of water sold: \$4.36 per 1KL
Future Expenditure	<ul style="list-style-type: none"> • \$1.2M annually in additional water and wastewater charges which requires: <ul style="list-style-type: none"> ○ Capex: \$6.75M (meter replacement capex).

Activity	Theft
On track	
Action	<p>Meter fire connections in specified properties to monitor for illegal use.</p> <p>NOTE: This work will decrease the volume of water consumed but unbilled. It is unlikely to decrease demand.</p>
Actions Underway	<p>Property fire supply is being monitored to determine if theft is occurring. All 6 sites now installed.</p> <p>Potential theft cases are reported to the Revenue Assurance team, they also conduct weekly audits at greenfield sites to identify additional theft from the water network.</p> <p>Alongside managing theft of services through the wastewater network, the Revenue Assurance team have received the following for FY 2021 YTD:</p> <ul style="list-style-type: none"> • 86 potential cases of theft of water services have been reported. • Of the cases reported, 47 have been confirmed as theft and chargeback completed (typically through end capping a connection or installing a meter and recovering costs). • The remaining 39 cases are under investigation.
Estimated Benefits	<ul style="list-style-type: none"> • Benefits will be determined post trial.
Future Expenditure	<ul style="list-style-type: none"> • Increased expenditure depending on trial results. • Unit costs to be determined at end of trial.

3. SOI MEASURES — 2020-21 — Natural environment



SOI MEASURES — 2020-2021 — Assets and Infrastructure



100%



Volume of water meeting Aa standard

1a

100%



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

1a

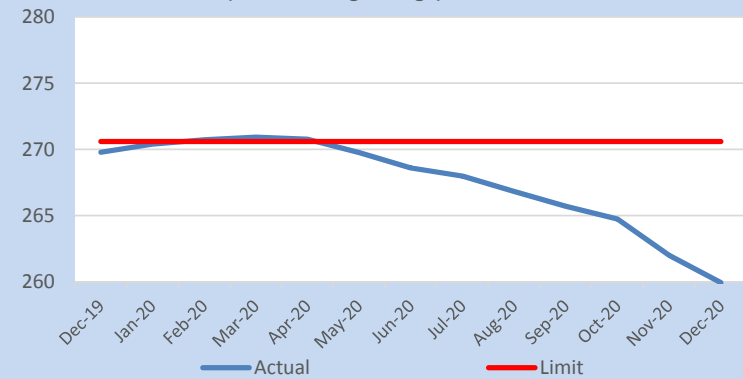
100%



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

1b

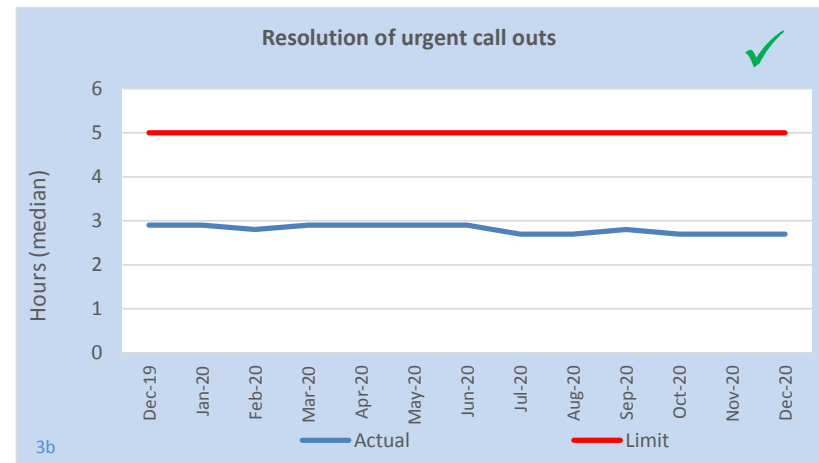
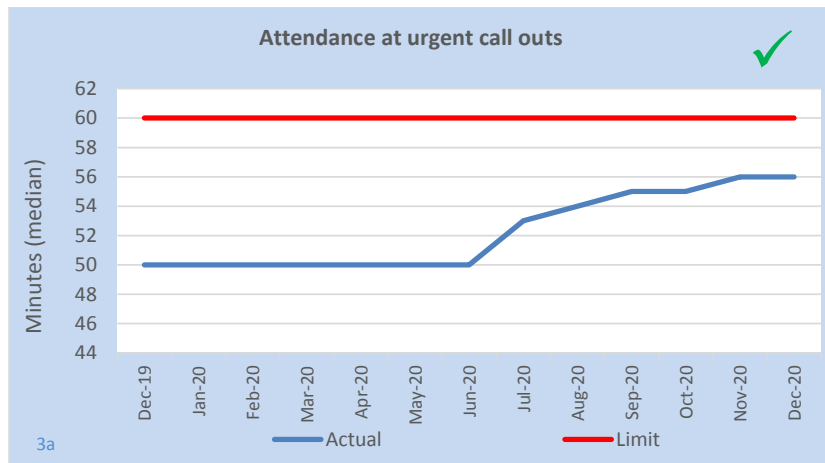
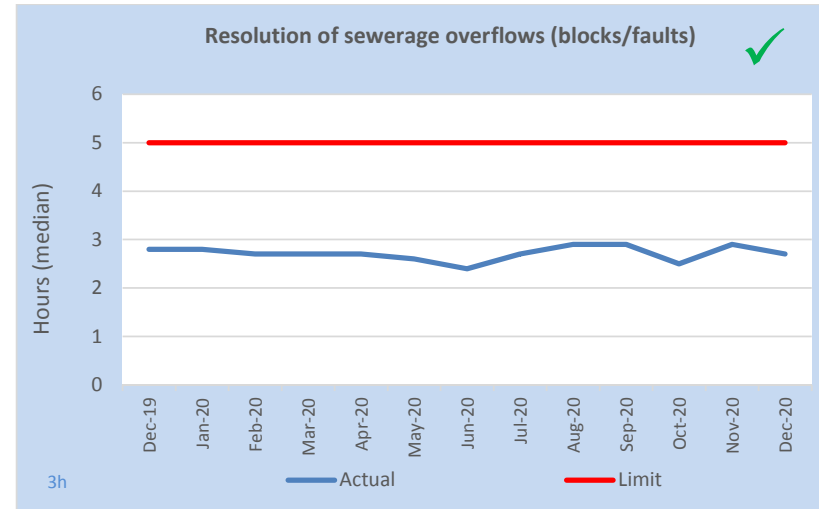
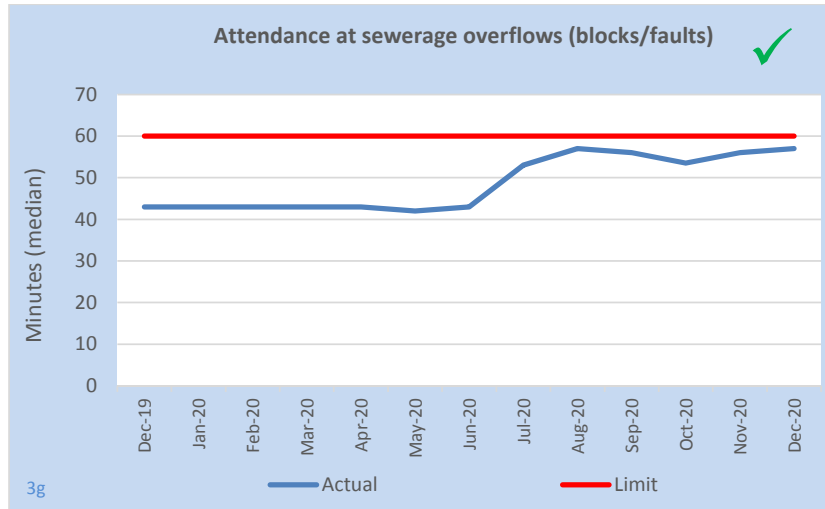
Average consumption of drinking water per day per resident
(12 mth rolling average)



6a

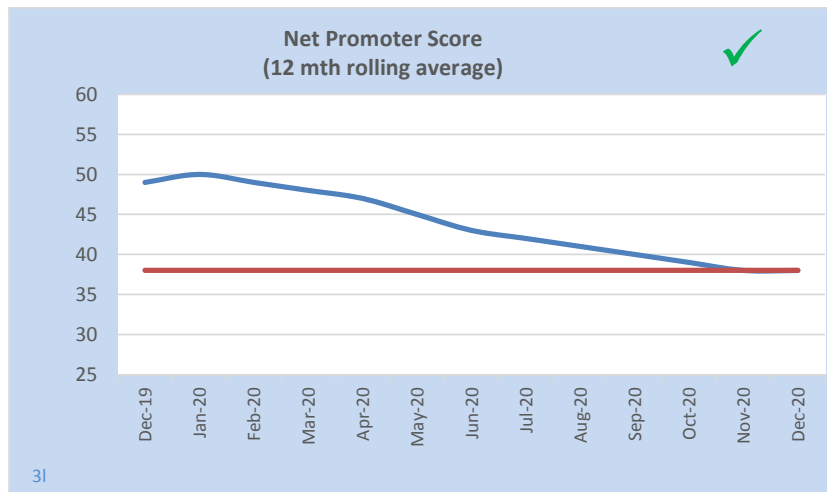
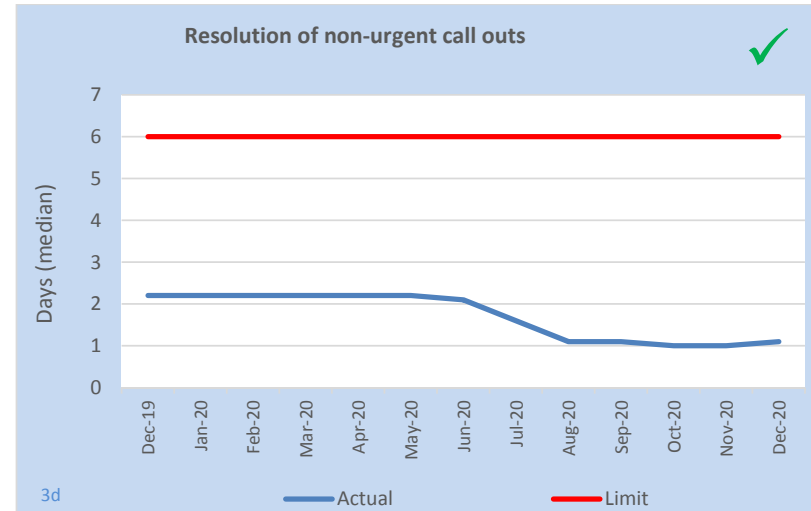
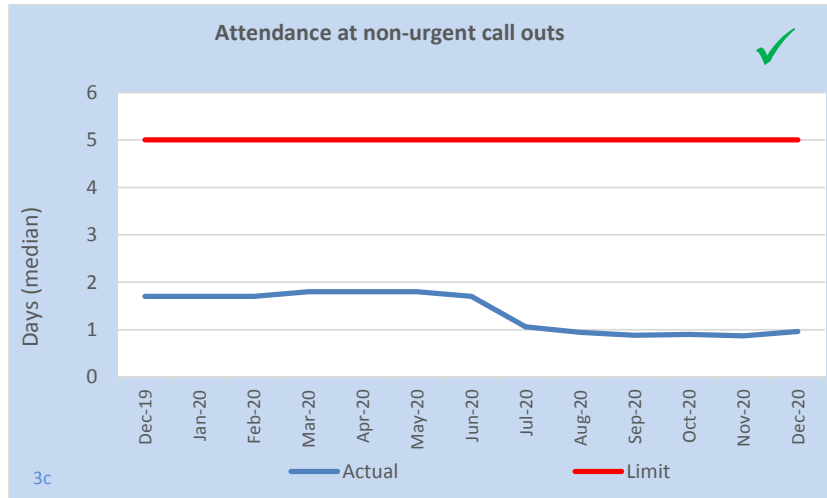


SOI MEASURES – 2020-2021 – Community and Stakeholder relationships



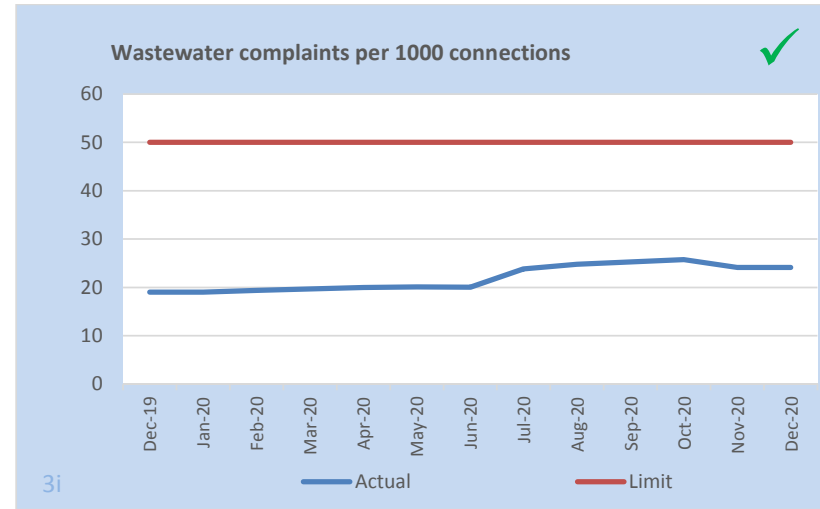
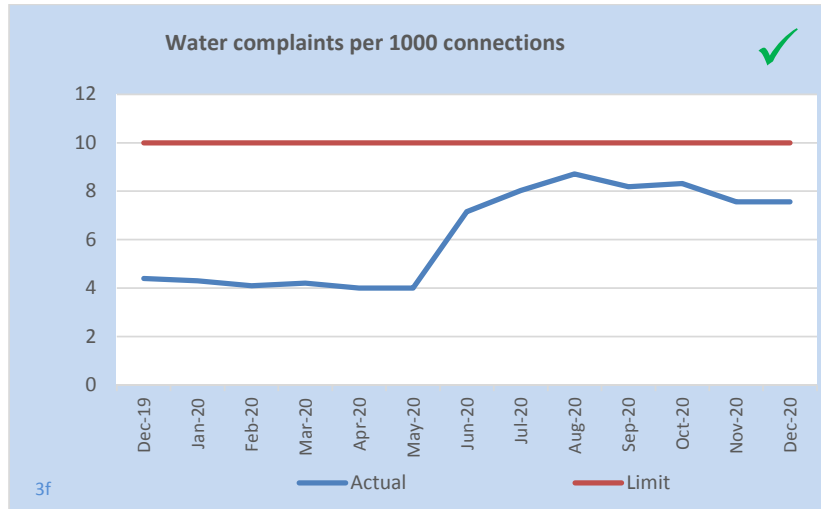


SOI MEASURES – 2020-2021 – Community and Stakeholder relationships



8.2

SOI MEASURES – 2020-2021 – Community and Stakeholder relationships



New SOI Measures for 2020-2023

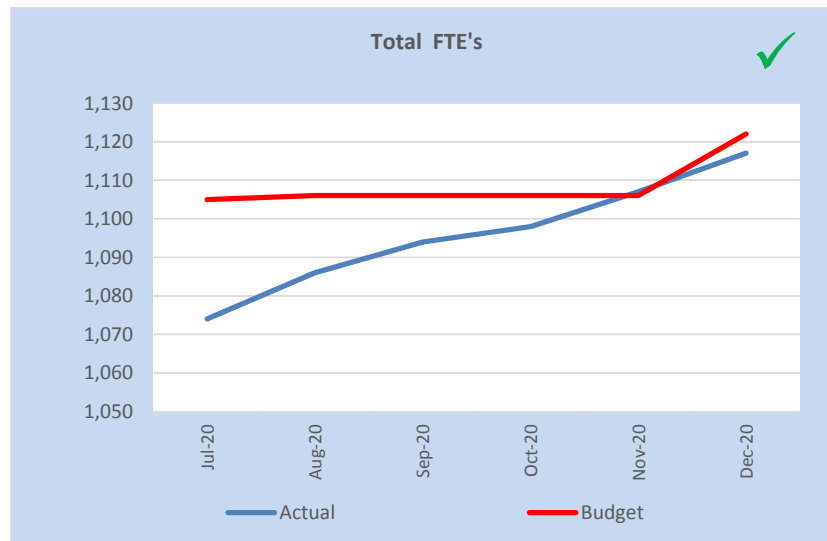
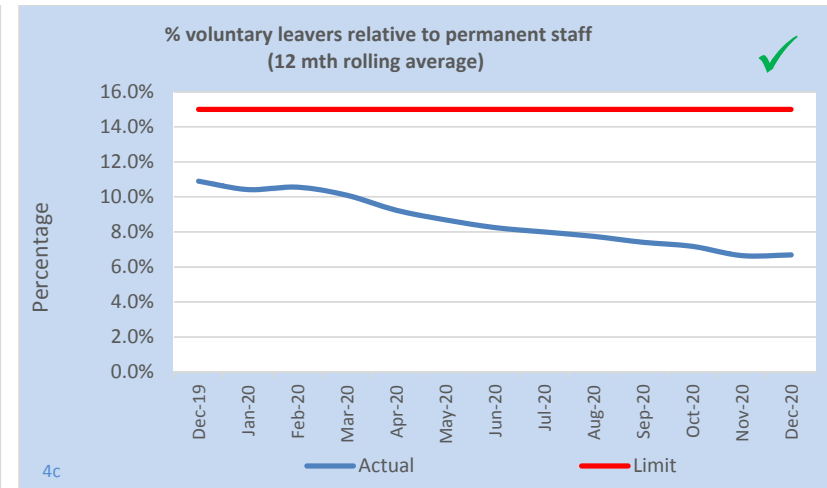
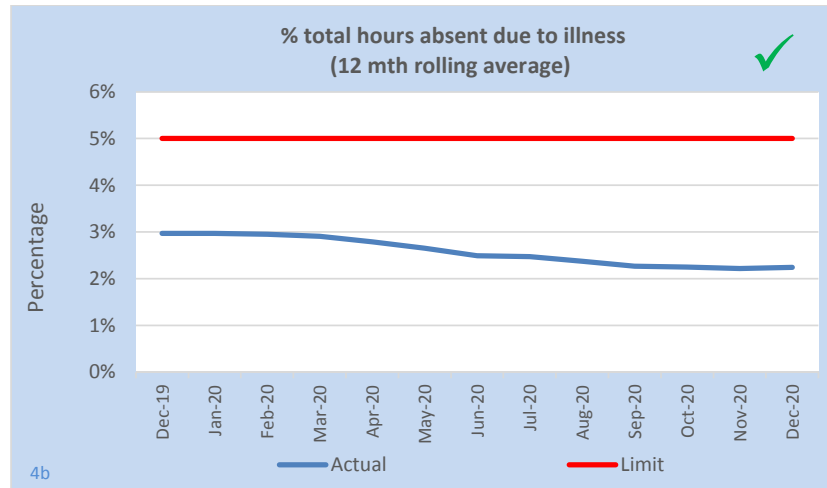
Capital	Measure	SOI Target	Commentary/Result
Customer & Stakeholder Relationships	We contribute to the delivery of Māori outcomes and deliver on the joint outcomes agreed by Council and CCOs (At least one kōrero with each of the 19 iwi every year and work with them to develop meaningful measures for Māori outcomes)	At least one kōrero with each of the 19 iwi every year	Te Taniwha o Waikato Chair, Patience Te Ao Ngāti Tamaoho, new Chair, Tori Ngataki Pending meetings with the following iwi leaders January or early Feb 2021: Ngāti Te Ata, Chair, Josy Peita Te Ākitai Waiōhua, Chair, Karen Wilson Te Uri o Hau Ngāti Whātua ki Ōrākei (Chair Marama Royal and Deputy Chair, Ngarimu Blair) Ngāi Tai ki Tāmaki (Chair James Brown and CE Tama Potaka) Ngāti Tūwharetoa Representative, Che Wilson (Note, Ngāti Tūwharetoa are outside of Tāmaki Makaurau, however the source of the Waikato river is in their territory).
Customer & Stakeholder Relationships	Watercare will operate responsibly. We will meet the 10 DIA targets that relate to customer and stakeholder relationships (refer Appendix E, numbers 3–12). (Meet 100% of DIA targets) (Complaints, Response/Resolution, Bacteria & Protozoal)	Pass/Fail	Pass
People & Culture	We will improve our employee engagement. eNPS	≥20	34.3. Result has remained stable compared to the previous survey.
People & Culture	Watercare has committed to the Diversity Agenda Accord. Improve gender workforce split in departments where the split is uneven (Identify 2020/21 baselines and improve on baseline)	10%	From Q4 2019/20 to Q1 2020/21 there has been an 1% overall increase in female representation where the split is uneven (Digital, Operations and Infrastructure). However, Operations has increased by 11% with 70 full-time permanent employees at the end of Q1 compared to 63 at the end of Q4. No update for December
People & Culture	Watercare has committed to the Diversity Agenda Accord. Attract a more diverse range of applicants to apply for jobs at Watercare (Identify 2020/21 baselines and improve on baseline)	10%	From Q4 2019/20 to Q1 2020/21 there has been a 26% increase in applications from Maori and Pacifica. No update for December

Capital	Measure	SOI Target	Commentary/Result
Financial Capital & Resources	We manage operations efficiently, keeping costs to customers (collectively) at minimum levels. Percentage of household expenditure on water supply services relative to the average household income	≤1.5	0.83%
Financial Capital & Resources	We are a financially sustainable business. Watercare group's debt headroom (Set measure in conjunction with Council and establish baseline)	Baseline is 3.54	Financial Control has obtained the financial reporting calculation used in Auckland Council's group financial statements for the debt to revenue ratio and created their own template that automatically draws data from the monthly Management Reports. The Oct-20 debt to revenue ratio was 3.46, Nov-20 ratio is 2.96 and Dec-20 won't be available till 18/01/2021.
Intellectual capital	We create new value in our infrastructure supply chain through the Enterprise Model. Establish and implement an Infrastructure Carbon Portal and corresponding toolkit to assess ways to reduce carbon emissions during the construction of water and wastewater assets. (Deliver and implement portal and toolkit. For the Enterprise Model, monitor and report on the target of a 40% reduction post 2024.)	Establish Baseline	Carbon portal progress being made through internal and external feedback sessions. Training modules continue to be completed with 144 sessions taken (across 3 modules) and there are now 69 users with access to the Carbon Portal. A trial of a 30kVA solar pod (hybrid solar generator) has started on the Waikato 50 construction site to demonstrate benefit of renewable generation on remote construction sites. The trial is also a low-cost innovation trial for P1st that can be rapidly deployed to other sites and replaces the need for electricity infrastructure to these sites and emissions from the BAU diesel generators.
Intellectual capital	We create new value in our infrastructure supply chain through the Enterprise Model. Establish and implement an Infrastructure Cost toolkit across the programme and project to deliver new ways to reduce costs during the construction of water and wastewater assets. (Deliver and implement the toolkit. For the Enterprise Model, monitor and report on the target of a 20% reduction post 2024).	Establish Baseline	An EM Toolkit structure has been set up. Recent tools added to the toolkit include a project scorecard and value capture process to measure, capture and share performance and 40:20:20 ideas/progress.
Assets and infrastructure	Watercare will operate responsibly We will meet the 2 DIA targets that relate to assets and infrastructure (refer Appendix E, numbers 14 and 15). (Meet 100% of the DIA and Auckland Plan targets) (Dry Weather and Wet Weather Overflows)	Pass/Fail	Pass

Capital	Measure	SOI Target	Commentary/Result
Assets and infrastructure	We will develop and use talent, processes and technologies to manage non-revenue water and ensure optimal supply efficiency. (Establish baseline and demonstrate continuous improvements on previous year) by 30 June 2021	Establish Baseline by 30 June 2021	Leak detection of 6000km/year is being conducted with the intention to train the capability in house. Pressure management and smart metering trials are underway citywide Planned Targets: <ul style="list-style-type: none"> • Create ** DMA's PMA's by 2023 • Maintain Real losses below 13% • By 2025 achieve **** L/C/d
Natural Environment	Watercare will operate responsibly. We will meet all DIA natural environment targets (refer numbers 1 and 2 in Appendix E). (Meet 100% of DIA targets) (Compliance, PCC)	Pass/Fail	Pass
Natural Environment	We will implement Mitigation measures in line with our responsibility to keep global warming within 1.5oC. We will reduce annual greenhouse gas emissions from Scope 1 and Scope 2 emissions (operational mitigation). (• 2020/2021: Complete work on a plan to achieve a 45% reduction in operational emissions by 2030 <ul style="list-style-type: none"> • June 2021: Finalise targets in line with ACAP • 1 March 2022: Baseline established and roadmap targets published in our next SOI. These targets will consider the contribution to the region's interim 2030 and 2050 targets. • 30 September 2022: Report on first target and publish targets through to 2024 in the 2021–2024 SOI) 	Finalise Targets by June 2021 Establish Baseline by 1 March 2022	Emission reduction road map (draft) due in January 2021. Reviewing the methodology and approach for measuring the emissions from wastewater processing with WaterNZ.
Natural Environment	Water is precious – We continue to encourage our customers to be mindful of their water use The average consumption of water per residential connection. (• 1 March 2021: Baseline established, and sector targets published in our next SOI <ul style="list-style-type: none"> • 30 September 2021: Report on target and publish targets through to 2024 in the 2021–2024 SOI) 	Establish Baseline by 1 March 2022	Connections data has been collated, need to define distinction between domestic and non-domestic and define connections

Capital	Measure	SOI Target	Commentary/Result
Natural Environment	<p>Water is precious – We continue to encourage our customers to be mindful of their water use</p> <p>The average consumption of water per non-domestic connection.</p> <ul style="list-style-type: none"> • 1 March 2021: Baseline established, and sector targets published in our next SOI • 30 September 2021: Report on target and publish targets through to 2024 in the 2021–2024 SOI) 	<p>Establish Baseline by 1 March 2022</p>	<p>Connections data has been collated, need to define distinction between domestic and non-domestic and define connections</p>

4. PEOPLE, CAPABILITY AND LEARNING



5. COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE

5.1 WORKING WITH LOCAL BOARDS

December was a busy month for interaction with local boards. The Local Board Chairs held a CCO review workshop this month with support staff and CCO representatives to discuss recommendations and review opportunities for improvement.

The Central Interceptor team informed the Local Board of their decision not to proceed with the alternative access option for the Lyon Ave site. The Local Board was grateful for the opportunity to provide input in advance.

Information on the new 'Town to Tank' water service offering was shared with the relevant local boards. In response to feedback from the Rodney Local Board applications were also accepted from eligible residents in Kumeu, Huapai and Riverhead.

Watercare joined local board representatives and the ward Councillor for Rodney at 'An Evening with the Warkworth area Community Liaison Group' where a presentation was given on the North East Wastewater Servicing Scheme. In response to public feedback at the meeting, weed control was also organised around the local treatment plant.

Water situation updates continue to be shared with the local boards including information on the easing of outdoor water use restrictions and adjustments to the non-potable water supply service.

Project updates continue to be shared with affected local boards including advanced notice of disruptive works in local roads.

5.2 WAIKATO DISTRICT COUNCIL (WDC) STATUS UPDATE

- Work is continuing with WDC to finalise the AMP and LTP scenarios in preparation for public consultation in February.
- Works are continuing on the Meremere WWTP upgrade with good progress being made on the pond reclamation works.
- Watercare Waikato has been assigned \$9 million of DIA reform water projects to undertake on behalf of WDC. The works include the desludging at Huntly WWTP and wastewater network upgrades in Ngāruawāhia.
- Watercare Waikato has completed the DIA RFI spreadsheet for WDC with the exception of the financial tabs which were completed by WDC finance.
- There were no significant treatment plant or network outages in December 2020.

5.3 LEGISLATION UPDATE – CHANGES SINCE LAST MONTH IN BLUE

- The “Water Services Bill” was introduced into Parliament on 28 July 2020. This bill will give Taumata Arowai — the Water Services Regulator — its administration, monitoring, reporting and enforcement powers. This is an extensive bill, with over 200 clauses. It is also an “omnibus bill”, which means that this bill covers a number of diverse and/or unrelated topics. [The Bill received its First Reading late last year and is now open for public submissions. Public submissions close 2 March 2021 and has been referred to the Health Select Committee. It is proposed that Watercare will develop its own submission and keep Council informed.](#)
- The Ministry for the Environment (MfE) released its Proposed National Policy Statement for Indigenous Biodiversity (NPS-IB) — and associated documents — on 26 November 2019 for public consultation. Submissions closed on 14 March 2020. As the new NPS-IB is likely to have a number of significant implications upon Watercare’s existing and future operations, Watercare made a submission highlighting these implications, especially within areas identified as Significant Natural Areas (SNA’s) that contain most of our water supply headworks. The summary of submissions were released in early September 2020. 7,305 submissions were received, with around 92% in support of the NPS-IB. [A summary of submissions was released in August 2020. It is unknown what amendments will be made as a result of submissions received.](#) The final NPS-IB is anticipated to be released in the first half of 2021 and will likely have significant implications on Watercare’s [current and future operations](#).
- Proposed Waikato Regional Plan Change 1 — Waikato Regional Council (WRC): On 18 March 2020, WRC councillors voted in favour of notifying a decisions version of Plan Change 1 (PC1) (water quality). WRC has applied to the Environment Court to extend the appeal period out to 50 working days (it is normally 30 working days). An extension was granted through to 8 July 2020. Overall, Watercare is relatively satisfied with WRC’s PC1 decisions version, and did not appeal. [Appeals are still to be heard.](#)
- The Waikato Regional Council has begun reviewing its Waikato Regional Coastal Plan and its Waikato Regional Plan. Community engagement on the Waikato Regional Plan will be held in 2020/21. As part of this review, “Variation No.6 — Water Allocation”, which became fully operative in mid-2012, will also be reviewed. Watercare was an active submitter on Variation No. 6 and will need to be actively involved in all these Plan reviews.
- The Waikato District Council is currently reviewing its District Plan. Watercare is concerned about a number of provisions within the Infrastructure and Energy chapter. We consider that changes are required to the policy framework to provide greater recognition of the functional need for water and wastewater infrastructure as it relates to our Waikato WTP and Pukekohe WWTP. Watercare presented its evidence to the Hearings Panel on 20 October 2020, and it appeared to be favourably received. Watercare is also likely to present evidence for the “Extent of Zoning” topic at the Hearings, [which are scheduled to commence](#) in February 2021.
- Waste Management New Zealand (“WMNZ”) notified a series of resource consent applications (including land use consents, discharge and water permits) to construct and operate a new regional landfill in Wayby Valley (Dome Valley). WMNZ are also seeking a Private Plan Change to include a new precinct which would be included within the Auckland Unitary Plan. This plan change would specifically recognise this proposed Auckland Regional Landfill. Submissions closed on 26 May 2020, and Watercare made submissions on the resource consents and the Private Plan Change.

Watercare neither supported nor opposed these applications, and has sought that any decisions avoid where practical, and otherwise minimise, potential adverse effects on our existing and future operations. [The Hearing commenced in November 2020 and Watercare presented its evidence on 2 December. A decision by the Hearing Commissioners is expected by February 2021, and many appeals to the Environment Court are expected.](#)

- Public submissions to NZTA’s Warkworth to Wellsford SH1 realignment opened in mid-May and closed on 29 June 2020. Watercare made its submissions, and neither supported nor opposed. This application involves both resource consents and required designations. Construction is proposed to begin in 2030 and continue for seven years. Managing any impacts on the current and future Wellsford drinking water supplies from this highway realignment and retaining site access during construction, will be important issues, as well as any flooding related issues. Hearings commenced in October 2020 and Watercare presented evidence to support its submission. The Hearings Panel decision is expected by [early 2021](#).
- In late-May 2020, the Government announced the next set of policy initiatives in the “Action for Healthy Waterways” package. The amended National Policy Statement on Freshwater Management (NPS-FM), and new National Environmental Standards for Freshwater (NES-FW) were gazetted on 5 August 2020. A new National Environmental Standard (“NES”) for Wastewater has now been delayed. Updates to the NES for Sources of Human Drinking Water are also proposed, [but an expected release date has not yet been proposed](#).
- The recommendations report from the Resource Management Review Panel, entitled “New Directions for Resource Management in New Zealand” was released in late July 2020. This report — also referred to as the “Randerson Report” — is over 500 pages and contains an extensive series of recommendations for the future resource management system in New Zealand. Watercare made a submission to the Review Panel earlier this year. It is expected that the new Government will enact many of this Report’s recommendations. These recommendations could radically amend the RMA, or even entirely replace it with three new statutes. [Watercare will need to closely review any developments within this area.](#)
- The (MfE) [has consulted](#) on its “Reducing the impact of plastic on our environment — moving away from hard-to-recycle and single-use items”. Public submissions closed on 4 December 2020. Watercare contributed some submission text to Auckland Council for inclusion into their submission — the main focus being for the Government to work towards reducing single-use plastics (especially wet wipes) that can cause wastewater network blockages.
- [Watercare is currently reviewing the “Water Supply and Wastewater Network Bylaw 2015”. Watercare is planning to take its recommended amendments to Auckland Council’s Regulatory Committee meeting in mid-February 2021 and will seek to take these out for public consultation. The Governing Body will make this decision in late February 2021. This consultation is anticipated to begin in April 2021. A “Bylaw Review Panel” will need to be formed — usually consisting of two councillors, one IMSB member, and one Watercare representative. This review panel will hear submissions and deliberate any proposed amendments. A new bylaw is expected to be released by mid-to late 2021 and will require review again by 2031.](#)
- [Engineering NZ is currently consulting on its “Chartered Professional Engineering Review Draft”, which closes on 20 January 2021. Watercare made a submission in general support but recommended some changes to the transiting timeframe \(should be shorter\), making costs more transparent, and clarifying the various pathways to professional registration.](#)

- The Climate Change Commission will release its first package of advice to the Government on the actions it must take for New Zealand to reach net-zero by 2050 and to ensure a transition to a low-emissions economy. Public submissions will be open from 1 February and close 14 March 2021. “Emissions budgets” — which will form the basis of New Zealand’s reviewed Emissions Trading Scheme (ETS) — for the next 15 years will also be proposed. Watercare will need to be aware of these proposals and may need to make a submission.

5.4 MĀORI OUTCOMES AND ENGAGEMENT

Kia ora te umanga

- High level overview of Papakura water treatment plant with Chair of Ngāti Tamaoho, Dennis Kirkwood
- Relationship meeting with Ngāti Manuhiri chair, Mook Hohnneck; Ngāti Manuhiri CEO, Nicola MacDonald; Watercare Acting CE, Marlon Bridge; and Company Secretary, Rob Fisher
- Register Māori owned businesses to Watercare procurement

Kia ora te reo

- Watercare Māori (Māreikura) staff cultural wānanga, Makaurau Marae, Ihumātāo
- Kia ora Tāmaki Makaurau framework and Cultural Induction to Watercare for 2020 Summer Interns
- Māori Philosophy, tikanga māori wānanga (learning module) for Watercare CI Staff, GAVJ interns and Watercare summer interns, Umupuia Marae, Clevedon

Kia ora te whānau

- Mana whenua involvement in CI Project and GAVJ celebration of world tunnelling day (Saint Barbara)
- Attend and support Watercare Chair, Margaret Devlin; Acting CE, Marlon Bridge; Executive Programme Director CI, Shayne Cunis; Stakeholder & Comms Lead CI, Peter Wilson; Mana whenua Chair, Tame Te Rangi; IMSB Chair, David Taipari; Panuku Chair, Paul Majurey; IMSB Rep, Glen Wilcox; and Professor Rangi Mātāmua with CI Project celebration for unveiling of Tunnel Boring Machine (TBM) Hiwa-i-te-Rangi at Māngere site

Kia ora te taiao

- Watercare CI project, GAVJ and Mana whenua Cultural Inductions, Māngere Training Centre
- Engagement for Meremere consent and discharge with Ngāti Naho, Haydn Solomon, Matua Joe Heta, Peter Crabb, Tanvir Bhamji and Anshita Jerath (Watercare), Garret Hall (Beca Consultants).
- Te Ākitai Waiōhua, Jeff Lee, Anshita Jerath, Pukekohe WTP consent, restoration, designation consent
- Mana whenua engagement with Ngāti Te Ata, Ngāti Tamaoho, Te Ākitai Waiōhua and Ngāi Tai ki Tāmaki with Papakura (Cossey’s) and Pukekohe bores project
- Watercare Mana whenua Managers kaitiaki forum December hui
- CI Project, GAVJ and Mana whenua working group, CI project dedications and consenting management plans
- Westhaven Boost pump consent, working with Ngai Tai ki Tāmaki, Ngāti Paoa Settlement Trust, Te Runanga o Ngāti Whātua and Ngāti Whātua Ōrākei

Kia ora te hononga

- Relationship meeting with Ngāti Te Ata, Josy Peita
- Relationship meeting with Chair, Independent Māori Statutory Board (IMSB), David Taipari
- Relationship meeting with Paul Majurey, Panuku Board Representative
- Relationship meeting with Chair, Ngāti Manuhiri Mook Hohnneck
- Continued communications with Mana whenua ō Tāmaki Makaurau water supply update and drought in Tāmaki Makaurau
- Whakanuiā (Celebration) CI Project, GAJV, Mayor Goff, Watercare Board Chair, Margaret Devlin, Special guests and Mana whenua, CI boring machine, TBM Hiwa-i-te-Rangi
- Engagements with Iwi regarding Waikato Awa water consents and documents Waikato 50 Project, Waikato Tainui, Te Taniwha o Waikato, Ngāti Te Ata, Ngāti Tamaoho and Te Ākitai Waiōhū. Mana whenua engagement at Waikato Treatment Plant, Tuakau with Waikato Tainui, Te Taniwha o Waikato, Waikato River Authority, Ngāti Te Ata, Ngāti Tamaoho and Te Ākitai Waiōhū re: Waikato 50 project temporary upgrade, consent processes and timelines: Papakura project consents, Pukekohe project consents
- Watercare Central Interceptor Project, GAJV and Mana whenua working group engagement meeting

5.5 COMMUNICATIONS

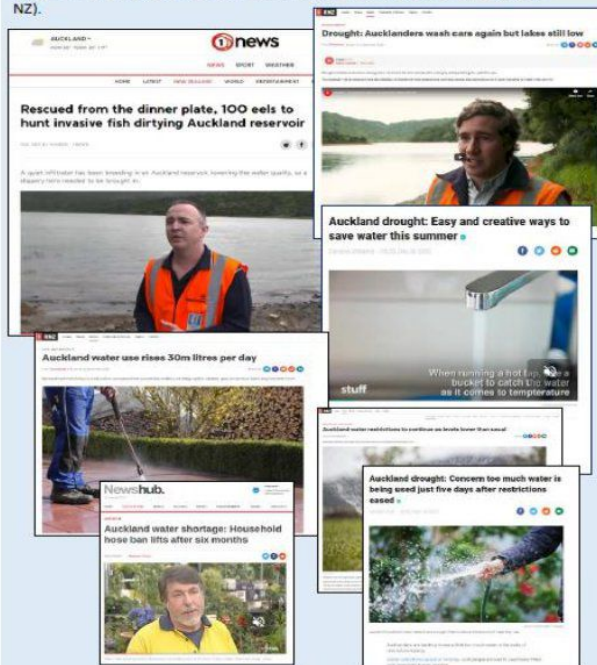
Monthly snapshot of communications and stakeholder engagement



Enabling engaged communities and stakeholders

Media

Our people appeared in primetime media with a [Seven Sharp](#) piece on how we're using 100 longfin eels to reduce the population of pest fish in our dams, and a Radio New Zealand Checkpoint story on the state of our water supply this summer. Press releases updating Aucklanders on the new restrictions, and a reminder to use water wisely when water use spiked before Christmas prompted further coverage and interview requests (Stuff, Newstalk ZB, Newshub, Radio NZ).



Enabling safe, happy and empowered teams

Staff

We highlighted staff achievements including Wal McQuarrie celebrating 50 years at Watercare, and project wins, like the Central Interceptor team being recognised for its social outcomes programme and the Pukekohe East Reservoir and Rosedale floating solar array winning big at the Auckland Council Project Awards.



Stakeholders



We continued to keep local boards and councillors informed about the latest adjustment to water restrictions, water storage levels, consumption and water supply augmentation projects. We also took part in a workshop with local board chairs regarding engagement and consultation following the CCO review.



Enabling customer trust and value

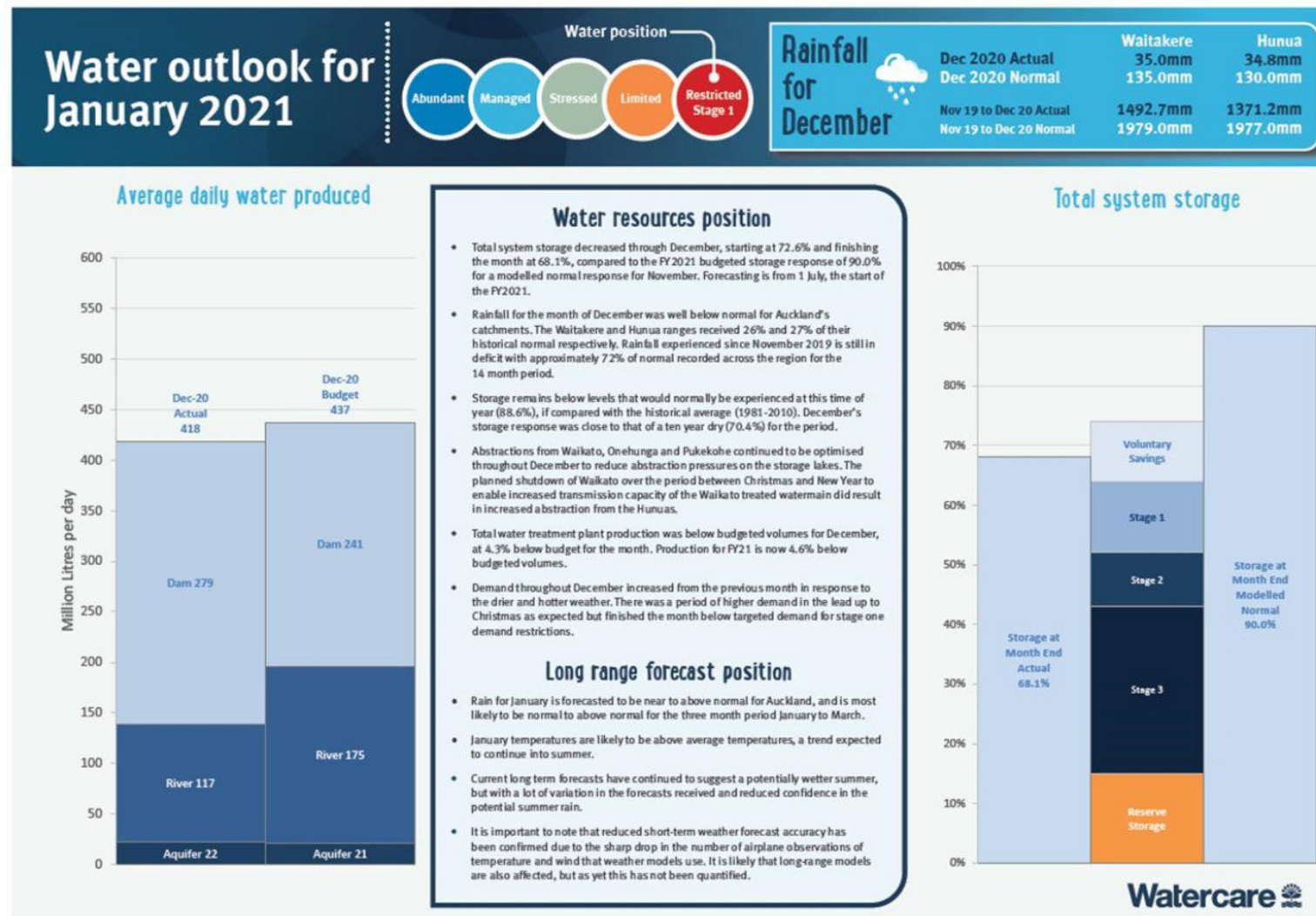
Customers and communities

We launched a new summer advertising campaign – 'Use it right and she'll be right' – to correspond with the adjusted restrictions. We made and released videos outlining water-saving tips for the garden, and how to wash your car without wasting water. Hundreds of shower timers were given away at community events including the Grey Lynn Festival and the Stonefields Christmas Market. Meanwhile Countdown distributed another 30,000 shower timers in its online orders. Our 'tell us your go-to 4-minute shower song competition' which ran exclusively on Instagram received almost 1800 entries. Five lucky winners received a waterproof UE Boom. Our water stations were popular at events including the Sir Peter's Blake Regatta, the America's Cup Christmas Race and the Howick Village Santa Parade.



Watercare

6. NATURAL ENVIRONMENT - Watercare's Drought Management Response



7. STRATEGIC CONSENTS

(Changes since last month in blue font.)

Project Name	Description of Activity	Reason for Consent / Designation	Note	Status	Lodgement Date (Target or Actual)	Decision Date (Target or Actual)	Consenting Impact on Project
Dunkirk Road Wastewater Capacity Upgrade	Shovel Ready - New pump station, storage tank, bio filter and approximately 3 km of network in the road reserve from Dunkirk Road to Pilkington Road.	Various consents TBC. Works are in Parks, private property, and the road reserve.	This Shovel Ready project is largely driven by Kāinga Ora growth, however there are also some existing level of service issues that will be resolved by the project. The business case for design and investigations was approved on 15 November 2020 with construction scheduled to start in August 2021. The project team is now progressing through preliminary and detailed design and consenting.	PLANNING ASSESSMENT	23/04/2021	25/06/2021	
North East Wastewater Conveyance - Warkworth to Snells	New alignment being investigated for the North East wastewater conveyance project.	Existing resource consents apply where the project is within the park, and under the river. However, a s127 is required to alter condition 1, to change the referenced plans. Additional resource consents are required for earthworks in the private properties.	<p>The existing consents, gained in 2016 and 2019, provide for up to four pump stations on private land, and pipeline mainly within the road corridor. The proposed new alignment includes minor changes to works in Lucy Moore Park and the river crossing but moves the pipeline from the road corridor to being drilled at depth under private properties. Design investigation is progressing, and landowners have been approached.</p> <p>The new consents will be lodged as separate applications.</p> <p><i>The first application, for the works in Lucy Moore Reserve, was granted in December 2020. An application for the works in private properties where the launch pit is sited, will be lodged in March 2021. This will enable these works to proceed while the final consents are being granted. Further applications for the full alignment will be lodged later in the year.</i></p>	MULTIPLE APPLICATIONS AT VARIOUS STAGES	26/03/2021	21/06/2021	

Project Name	Description of Activity	Reason for Consent / Designation	Note	Status	Lodgement Date (Target or Actual)	Decision Date (Target or Actual)	Consenting Impact on Project
Otara Catchment Wastewater upgrade (formerly called Otara Wastewater capacity upgrades, Otara Sewer Diversion, 205R East Tamaki Road)	Medium- and long-term wastewater improvements for the Otara catchment including re-use of the abandoned Hūnua 1 watermain, a storage tank adjacent to existing PS31, and a rising main option to follow the southern motorway.	Likely resource consents required for earthworks, vegetation, alteration, and diversion of water, structure in stream.	<p>Consultation continues with Parks and the Local Board for the 3000m³ storage tank and the proposed infrastructure in Billington Reserve. Kāinga Ora — Homes and Communities are proposing to develop their land on Billington Avenue (state housing subdivision). This provides an opportunity to purchase one or both of the residential sites at the head of the cul-de-sac and reconfigure the proposed elements that were to be erected in the Reserve onto one or both of the residential properties. This layout would be beneficial to all parties as it would remove the bulk of the structures from the Reserve, open up the end of the street and entrance to the Reserve, would allow easier construction and provide additional space if required at a later date. Watercare is currently negotiating with Kāinga Ora to purchase the property(ies).</p> <p>The alignment of the section of pipe through the property owned by George Western Foods (Tip Top) or around the Esplanade Reserve that bounds this site is still being investigated. The final alignment has not been selected at this stage due to ongoing discussions with the landowners (who are Australia based).</p> <p>Consenting is on hold as the design concept is now under further investigation.</p>	DESIGN UNDER REVIEW	TBC	TBC	
Papakura WTP - Discharge Consent	The Papakura WTP is being reinstated as a response to the drought.	Discharges to water.	<p>The temporary and permanent WTPs will require consents for discharge of off-spec water and stormwater into Hays Creek for both commissioning and operation.</p> <p>Consents for stormwater and off-spec water from the temporary WTP were granted in December 2020. An application for the permanent WTP will be lodged on 29 January 2021.</p>	MULTIPLE APPLICATIONS AT VARIOUS STAGES	29/01/2021	19/03/2021	

Project Name	Description of Activity	Reason for Consent / Designation	Note	Status	Lodgement Date (Target or Actual)	Decision Date (Target or Actual)	Consenting Impact on Project
Pukekohe WTP - Groundwater and Spring Take	The Pukekohe WTP is being reinstated as part of the drought response. The project includes renewing the existing groundwater and new spring permits.	Water take	<p>A consent application for a ground water take and a spring take was lodged with Council 21 August 2020. A formal s92 request was received seeking clarification on groundwater methodology and ecological matters related to the surface take. A formal response was provided to Council on 16 October addressing these matters.</p> <p>Ngāti Tamaoho have queried the groundwater effects of the water take. Technical information has been provided to Ngāti Tamaoho with a formal response pending.</p> <p>Proposed surface water take consent conditions have been developed by Watercare and submitted to Council. The Council Specialist has included additional conditions, these are being reviewed by Watercare.</p>	SECTION 92	21/08/2020	26/02/2021	
Waikato 'A' WTP Take, Discharges & Intake Structure	Water take, discharge and in-river works associated with a new supply from the lower Waikato River.	Water take and discharges to water.	A consent application has been lodged for an additional take and awaits processing by the Waikato Regional Council. We understand there are 103 applications ahead of ours to be processed. This application has now been “called in” and is covered below.	COUNCIL PROCESSING	23/12/2013	TBC	

Project Name	Description of Activity	Reason for Consent / Designation	Note	Status	Lodgement Date (Target or Actual)	Decision Date (Target or Actual)	Consenting Impact on Project
Waikato 'A' WTP, Water Take & Intake Structure – Board of Inquiry	Water take and in-river works associated with a new supply from the lower Waikato River.	Water take, occupation of riverbed	<p>On 30 June Environment Minister, David Parker, “called in” Watercare’s 2013 water take application from the Waikato River. The Environmental Protection Authority (EPA) administer the Board of Inquiry process. A three-member panel of commissioners has been appointed. The 2013 application will need to be refreshed to reflect new information.</p> <p>A paper has been approved to initiate the refresh. Mobilisation of the project team is complete. Workshops are being held with the different work streams.</p> <p>Watercare has fortnightly meetings with the Project Lead at the EPA to discuss progress, process and time frames. The refresh/amended application was submitted with the EPA on 11 December 2020. The EPA have concluded a completeness check of the application. The application will be publicly notified on 12 February with public submissions closing 26 March.</p> <p>Mana Whenua consultation is ongoing.</p>	COUNCIL PROCESSING	11/12/2020	12/11/2021	

Project Name	Description of Activity	Reason for Consent / Designation	Note	Status	Lodgement Date (Target or Actual)	Decision Date (Target or Actual)	Consenting Impact on Project
Waikato Interim (50MLD) WTP	An interim 50MLD WTP to be operational by May 2021.	Various Consents	<p>Watercare has resolved to construct an interim WTP at the existing Waikato site to be commissioned by May 2021. The WTP will be independent of the existing WTP and will require the design and construction of a number of pieces of infrastructure.</p> <p>The proposal will include:</p> <ul style="list-style-type: none"> • A new temporary intake structure which will be located adjacent to the existing intake structure. At this stage the location of the intake structure, including raw water pump, is likely to be located on a floating barge adjacent to the existing intake structure and fixed into position either by fixing it to the riverbank, or by temporary piles. • A new 600mm diameter rising main from the intake structure to the temporary water treatment plant. • A new temporary treatment plant with the capacity to treat 50MLD of water, treated water tank and pump station. <p>Watercare met with WRC regulatory team 9 July 2020 to streamline the consenting process.</p> <p>The Project requires numerous construction related consents. Consents and OPW have been obtained for:</p> <ul style="list-style-type: none"> • Bulk earthworks • Contractors laydown area • Treated water raising main • Earthworks and stream works associated with the WTP • Raw water raising main • Geotechnical Investigations for the Water intake structure • Water intake structure (Floating Pump Station) • Commissioning discharge consent <p>Consent lodged with WRC for:</p> <ul style="list-style-type: none"> • Operational discharge consent. 	MULTIPLE APPLICATIONS AT VARIOUS STAGES	On-going	On-going	

Project Name	Description of Activity	Reason for Consent / Designation	Note	Status	Lodgement Date (Target or Actual)	Decision Date (Target or Actual)	Consenting Impact on Project
Waikato WTP Off-spec Water/ Stormwater/ Sparging Discharge Consent Replacement	Replacement of existing discharge permits from process, stormwater and air sparging to an unnamed tributary and the Waikato River.	Discharge to water.	<p>The consents for the discharges from the existing Waikato River WTP expired in May 2017. An Assessment of Environmental Effect (AEE) and application for replacement consents was lodged in October 2016 and has been accepted for processing by Waikato Regional Council. All technical matters have been addressed with Council.</p> <p>The application has been placed on hold pending the preparation of a cultural impact assessment by Waikato Tainui/Te Taniwha o Waikato (TToW). On-site meetings have been held in November 2019 on the project.</p> <p>A Cultural Impact Assessment (CIA) in support of the application was received from TToW on 8 July 2020. The CIA and proposed conditions were provided to WRC on 10 July 2020. WRC have provided draft conditions, these are being reviewed by Watercare operations team.</p>	COUNCIL PROCESSING	26/10/2016	26/02/2021	
Western Water Supply Strategy	Upgrade or replacement of the existing Huia WTP. Includes: investigation of best location, new WTP; two new treated water reservoirs and associated pipelines.	Notice of Requirement, various regional consents.	<p>The hearing for the resource consent application commenced on the 24 February 2020. The hearing was adjourned to allow for kauri dieback testing to be undertaken. The Commissioners appointed an independent facilitator to manage the discussions on how the testing for kauri dieback would be undertaken and then analysed. The company that all parties agreed should carry out the work, has completed their surveying and forwarded their report on the testing to Watercare on the 23 November 2020.</p> <p>A second round of discussions was held on 6 December 2020 to determine the appropriate kauri dieback protocols to be adopted. The hearing will be reconvened within the next two months.</p> <p>An Outline Plan of Works (OPW) for the construction of the plant and reservoirs was lodged on 20 December 2019. Watercare has agreed that the comments from the Council on the OPW can be deferred to the release of the decision of the resource consent application so as to allow for the alignment of the conditions for the two separate applications.</p>	HEARING	24/05/2019	09/04/2021	

Project Name	Description of Activity	Reason for Consent / Designation	Note	Status	Lodgement Date (Target or Actual)	Decision Date (Target or Actual)	Consenting Impact on Project
Westhaven - North Shore Boost Pump Station	Construction of a boost pump station for delivery of water to the south-eastern part of the North Shore through watermain NS 1 & 2.	Potential designation of site and consents.	<p>The proposed site for the boost pump station (BPS) has now been agreed with Panuku, the Local Board and Waka Kotahi, and is not opposed by Mana Whenua.</p> <p>The Project Team is working through Concept Phase investigations, including Geotechnical investigations and a Geophysical Survey of the underlying reef (Significant Site to Mana Whenua).</p> <p>Preliminary Design and Consenting is now expected to begin in March 2021.</p>	PLANNING ASSESSMENT	25/06/2021	22/10/2021	
Whenuapai and Redhills Wastewater Scheme	Provision of new wastewater infrastructure to provide for the proposed growth in Whenuapai. The infrastructure includes a new Brigham Creek wastewater pump station, 2km of rising main, and just over 1km of 315mm rising main that will divert flow from Kumeu, Huapai, and Riverhead to the new pump station.	Notice of Requirement, various regional consents.	<p>Watercare is providing infrastructure in line with the Whenuapai Plan Change, enabling growth in the north. The proposed infrastructure will follow the existing arterial routes or proposed new roads in public and private land. The works will be enabled through resource consents, with a potential to designate to protect the route and the pump station sites for additional infrastructure to be delivered in several years.</p> <p>The Project Team is working with the Supporting Growth Alliance — NZTA and AT — (SGA) to co-ordinate consenting work, delivery programme, and lodgement of designation. The final basis of design report, completed 29 May 2020, was informed by engagement with SGA and the developer. A new location for the temporary pump station was proposed and agreed with the developer in September 2020. The environmental reporting has recommenced with a further site visit and investigation underway. The lodgement of consents is due in early 2021.</p> <p>Engagement with Mana Whenua has commenced, and a site visit was undertaken on 30 January 2020.</p>	APPLICATION PREPARATION	25/03/2021	26/09/2021	

8. ENTERPRISE MODEL

ENTERPRISE MODEL STATUS UPDATE AND OVERVIEW

Delivery of key drought augmentation projects is progressing very well, with a number now in completion and an assessment of the remainder of the capital programme continues now that we have a capital profile following the 23 December 2020 Board meeting.

SUCCESSES TO DATE

EMA, Governance and Contract Deliverables

- Combined Joint Governance Board and Watercare Steering Group meeting was held in December to celebrate successes and agree on ongoing alignment.
- Showcase held in December with contributions from all partner organisations which illustrated the benefits of the Enterprise Model and how it has been instrumental in driving successful solutions in difficult circumstances. It was attended by up to 100 people, in person and via Teams.
- Programme Control Group continues to strengthen intervention processes, Value Capture framework and initiative roll out and adoption.
- The Enterprise Model was formally accepted as the first Construction Sector Accord Beacon Project in December. Feedback from industry leaders is that the model is groundbreaking and needs to be heavily promoted across New Zealand.
- Joint Watercare / MBIE Construction Sector Accord Beacon Project communication continues to grow with ongoing engagement.

WORK ALLOCATION

- Construction partner allocation has been reassessed following allocation of drought augmentation projects.

PROGRAMME LEVEL OPPORTUNITIES AND OUTREACH

- Key supply chain initiatives identified. Market soundings being actioned.
- Assessment of Watercare's digital journey of the tools for asset management, construction delivery and digital design is advancing.

CARBON AND COST BASELINE

- Carbon: this baseline has been developed utilising a Carbon Portal developed by Mott McDonald. This portal has been used internationally and modified for New Zealand. This is the first carbon baseline for an infrastructure programme in New Zealand. Our carbon baseline is 374,644 tonnes over ten years.
- Cost: this baseline is based upon the 2018 AMP and is \$2.215 billion over ten years.

OPPORTUNITIES AHEAD

- Supply chain and programme level initiatives have been scoped and are being coordinated with Watercare's Supply Chain Team.
- Wider implementation of EM principles through the EM Framework and Project Management Frameworks.
- Implementing of KRA / KPI reporting structures for reporting against baselines and training regarding tools.

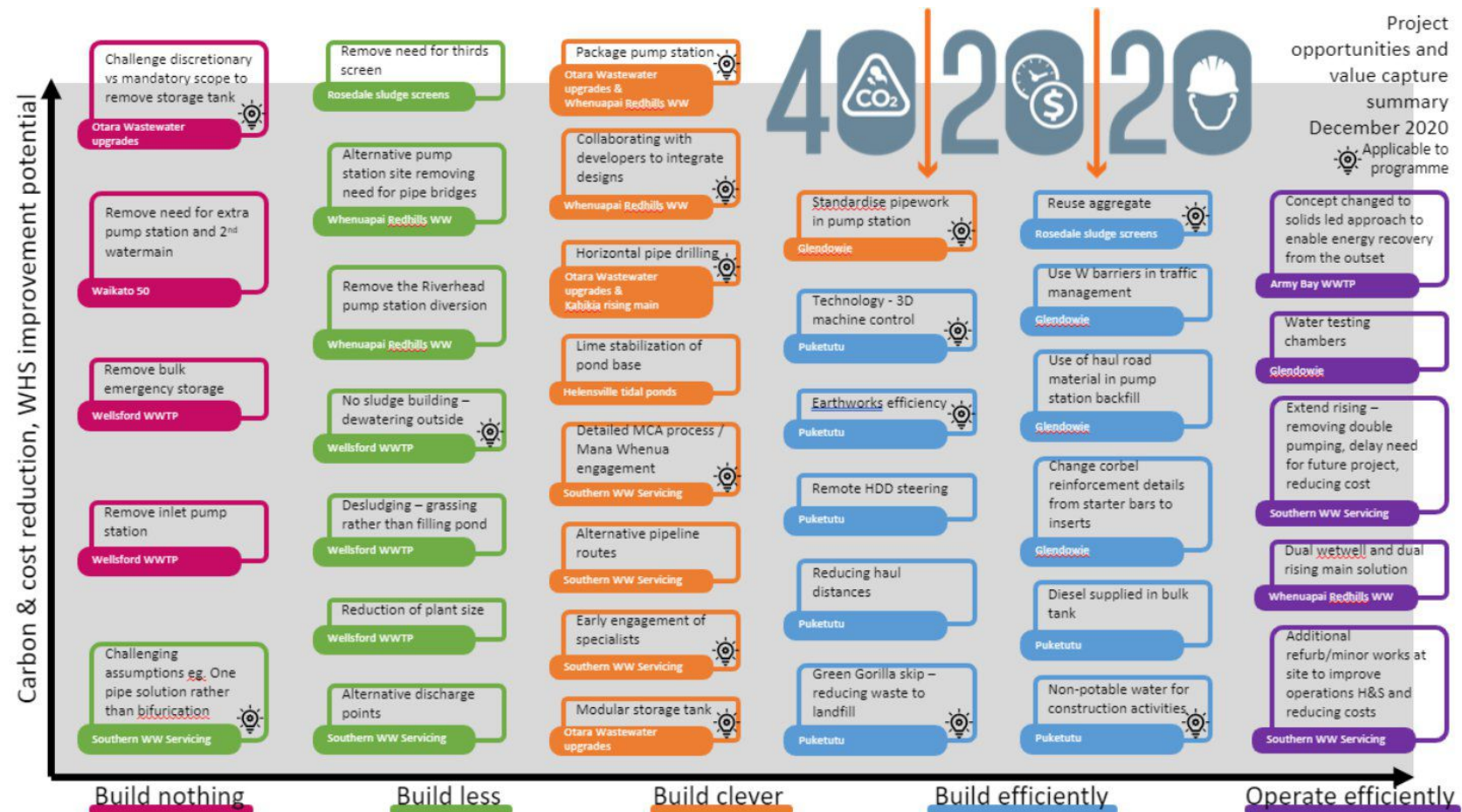
RISKS & OPPORTUNITIES

There has been no material change in the risk and opportunities from the last report.

40:20:20

The number and range of initiatives continues to grow as does the associated training material. The roll out and change management process for initiative adoption is now crucial to the success of meeting the 40:20:20 targets.

The diagram below illustrates the progress made to date with achieving the 40:20:20 targets as set against the PAS2080 carbon reduction curve.



9. ASSETS AND INFRASTRUCTURE

WAIKATO 50 TIE-INS

On 29 December 2020, we successfully completed the tie-ins for the Waikato 50 project. These tie-ins will connect the 50MLD plant and Papakura Boost Pump Station that are under construction as part of the drought works, to the existing Waikato No.1 watermain. The successful completion of the work was the outcome of many months of detailed construction and operational planning, with the Operations and Infrastructure teams working collaboratively to ensure that we could complete the works safely without affecting supply to our customers.

The work started after successful isolation and shutdown of the Waikato WTP and was completed seven hours ahead of the planned construction window. At the WTP a 12m length of the existing 1200mm diameter Waikato No.1 watermain was removed and replaced with a new pipe section including a valve and t-piece for the future Waikato 50 connection. The Papakura Boost Pump Station tie-in was more complex with two 90-degree bends to be welded into the Waikato No.1 watermain. The new 1200mm diameter pipework, which will be part of the new pump station, was completed and pressure tested in the weeks leading up to the shutdown to minimise the amount of work to be done during the critical shutdown window.

To enable the work to be completed, the Operations team had to do system reconfiguration which started three weeks prior to the cut-ins. The Ardmore WTP was brought progressively up to higher flows in the weeks leading up to the shutdown, the main treatment plants were all manned 24/7. The network was prepared for the event, including filling reservoirs, and there was no other work undertaken on our critical assets.

We thank our Enterprise Partners, Fletcher Construction and Fulton Hogan and their sub-contractors (March Cato) for their part in making this critical piece of work a success alongside the Watercare team.



8.2

CONTRATORS' PERFORMANCE IN RELATION TO MĀORI

Below is a summary of the Māori outcomes/focus of our key contractors. The contractors are Fulton Hogan, Fletcher Construction, Ghella Abergeldie JV, Downer and Citycare.

Fulton Hogan:

Fulton Hogan have had a Māori Partnership plan in place since 2016 (currently going through a refresh) as well as formal relationships in place with a number of iwi. The Māori Partnership plan is focussed on three strategic priorities being: fostering iwi relationships, developing their people competency, and developing business opportunity. These strategic priorities are supported by a suite of actions and key performance indicators to measure progress.

The strategic actions include strengthening engagement and support of local Māori communities, encouraging te reo and providing training for staff in te reo, identifying commercial partnership opportunities in land development and working with Māori owned and operated businesses. They promote a scholarship programme within local Māori communities where they operate and are expanding the development of career pathways for Māori employment. In addition, Fulton Hogan sponsor local Māori events and their local Auckland Māori group have developed a unique haka for Fulton Hogan.

Fletcher Construction:

Fletcher Construction have a number of initiatives across their business to support Māori outcomes. One of their strategic priorities is to have an 'inclusive and diverse workplace'. Their activities and initiatives include the implementation of the Tātai Fletcher Building Māori Network which is a platform to bring their Māori communities together. Fletcher Construction run several formal learning and development courses: Whakatupu identifies and promotes Māori into leadership roles; and the Connect programme is designed for people transitioning from school or unemployment into the workforce with a focus on Māori and Pasifika. Fletcher Construction consciously strives to ensure strong Māori representation in their graduate and internship programmes supported by TupuToa internship programme which is a pathway to provide professional opportunities to Māori tertiary students.

Alongside these initiatives they regularly celebrate and acknowledge events such as te reo Māori week.

Central Interceptor: Watercare and Ghella Abergeldie JV

From the onset of the project, Watercare and Ghella Abergeldie JV (GAJV), together with mana whenua, established a Cultural Outcomes Group to deliver on initiative that contributes towards progressing Mana Whenua Kaitiaki Forum's strategic objectives, and to advise on project matters concerning mana whenua.

We are currently working with mana whenua and GAJV to identify opportunities to support and encourage the Māori community to seek employment opportunities with CI. It is envisaged that this will be through targeted employment and workforce development. Currently there are six small Māori owned businesses engaged on the project to provide a variety of services.

In the coming months, the project is launching a commercial laundry service in partnership with mana whenua hapū Te Ahi Waru. This will provide laundry services for employees who wear personal protective equipment on site. It is planned to transfer the laundromat to the Makaurau Marae or iwi land when the project finishes in 2025.

The project has also partnered with First Foundation, which helps remove barriers faced by talented but financially disadvantaged students. Through First Foundation, CI is supporting two students currently in year 12 or 13 at one of the secondary schools along the tunnel route. Of Māori and Pasifika ethnicity, these students will be the first in their immediate family to attend university.

Raising the awareness of Māori culture starts with the Cultural Induction as one of the main components of the new employee and subcontractor onboarding experience, scheduled within the contractor's two-day induction. This programme introduces project staff to mana whenua history, values and fundamental engagement requirements.

In 2020, the project delivered a two-day Wānanga Māreikura programme, which was made available to the wider Watercare Māori women. This programme is designed to support our Māori staff who identify as female or irahuhua (gender-diverse) to connect with their Māoritanga and their cultural identity and build confidence and competency.

The project is committed to engaging with schools local to the project sites to supplement and support education outcomes for the children attending those schools, and also increases industry exposure across wider communities, as well as fostering increased participation in environmental management by the community. This resulted in the 16 primary and intermediate schools along the tunnel route being invited to participate in a workshop where the tunnel project was introduced, and Matariki was presented in greater detail in accordance with the teachings of Dr Rangi Mātāmua. The children each selected the most appropriate Matariki star for the name of our Tunnel Boring Machine. One of the workshops was conducted entirely in te reo Māori at Richmond Road School in the Te Whānau Whāriki unit, where those children were already incredibly well versed in Matariki and the connection to the environment.

Downer

Downer has been most successful in improving social outcomes for Māori by establishing the award-winning Māori Leadership Programme — Te Ara Whanake. This programme is aimed at equipping aspiring Māori employees with the tools and confidence needed to become a leader in the home, at work and in the community by using te whare tapa whā — a Māori approach to wellbeing — that ensures a holistic approach is used to develop the potential of the individual. The success of the program has been felt at many different levels with graduates reporting an increased self-belief and wellbeing leading to happier home lives, better physical health, greater community involvement and promotions at work. The result of having Māori promoted to managerial positions within the company both creates greater economic prosperity for those Māori families, and it better reflects the communities they serve. Te Ara Whanake has an alumni numbering over 300 and has been running for six consecutive years.

The success of Te Ara Whanake has allowed Downer to develop a suite of offerings that targets areas of disparity within communities. Other programmes include:

Wāhine Toa — styled on Te Ara Whanake, is aimed at developing female Māori leaders in a safe and supportive environment connecting them to culture and upskilling them to shine in a male-dominated industry.

Whanake ki te Ora – aimed at supporting new employees who need to make lifestyle choices and change behaviours that restrict their chances of employment.

Whakatipu Tētēkura — designed to ensure Māori school leavers are able to move directly into paid employment. A week-long residential course where participants are upskilled and gain a basic knowledge of the civils industry. They are assigned a case worker who helps remove obstacles to continued employment.

Toa Takitini — a driver licensing programme where alumni of Te Ara Whanake mentor Māori youth to a full driver's license while remaining in school and drug free.

Citycare

Citycare Water has taken a pro-active and strategic approach to ensure the recruitment of local and diverse talent. Nation-wide, Citycare Water supports sustainable long-term employment opportunities for Māori by hiring locally and developing strong partnerships with community organisations.

In South Auckland, 17% of Citycare Water's staff are Māori, of which 9% are female. The majority of Māori staff — over 75% — have been with Citycare Water for over a year, and approximately 30% have been in employment with Citycare Water for four years and more. Citycare Water has been operating in South Auckland for over 10 years and has invested in strengthening its partnerships with a number of community organisations, including the Ministry of Social Development's Mana in Mahi programme and Tāmaki Herehere ki te Tonga / The Southern Initiative (TSI), to promote apprenticeships and career opportunities for young Māori.

The programme, "Two in a Ute" is a community and skills-development focused pilot programme, run in partnership with Auckland Council's Healthy Waters. This programme creates long-term employment and growth opportunities for Māori. Out of a small team of nine, three staff are of Māori descent. The programme is designed to support individuals to grow. A recent success of this programme is that two Māori team members have been progressed into roles with expanded responsibility.

10. RESOURCE MANAGEMENT ACT COMPLIANCE



10.1 AUCKLAND COUNCIL

December 2020	Compliance proceedings	Nil	Environmental incidents of significance	0
Summary	Category 4 non-compliant consents held by Watercare	0	Category 3 non-compliant consents held by Watercare	0

	Jul	Aug	Sep	Oct	Nov	Dec
Number of non-compliant consents held by Watercare in Auckland¹	13	15	14	12	14	9
Number of non-compliant category 3 or 4 conditions² <i>Non-compliance where the result will have or has the potential to have an adverse or significant adverse effect on the environment, or where there has been a repeat of a lower score non-compliance.</i> <i>We would typically receive notification or have warning of a category 4 non-compliance well before we prepare this report.</i>	3	1	1	1	0	0
Number of non-compliant category 1 or 2 conditions² <i>Technical non-compliance with no more than minor potential or actual adverse effect to the environment. For example, reports provided after due date.</i>	9	12	12	9	14	8

Notes: 1 — excludes trade waste consents; 2 — excludes conditions duplicated across consents.

10.2 WAIKATO REGIONAL COUNCIL

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

	Jul	Aug	Sep	Oct	Nov	Dec
Number of non-compliant consents held by Watercare in Waikato¹	3	2	1	7	3	0
Number of non-compliant category 3 conditions² <i>Non-compliance where the result will have or has the potential to have an adverse or significant adverse effect on the environment, or where there has been a repeat of a lower score non-compliance.</i> <i>We would typically receive notification or have warning of a category 4 non-compliance well before we prepare this report.</i>	0	0	0	0	0	0
Number of non-compliant category 1 or 2 conditions² <i>Technical non-compliance with no more than minor potential or actual adverse effect to the environment. For example, reports provided after due date.</i>	3	2	1	4	3	0

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

11. DELEGATED AUTHORITY OF THE CHIEF EXECUTIVE

<p>For the month of December 2020, there was one document required to be signed by the Chief Executive (signed by Nigel Toms) with the delegated authority provided to the Chief Executive by the Board in relation to deeds, instruments and other documents.</p> <ul style="list-style-type: none">1 x compensation certificate protecting Watercare’s rights over a private property.	<p>In December 2020, there were 16 Capex/Opex contracts, over \$100,000 approved by the Acting Chief Executive in accordance with the delegated authority provided by the Board.</p> <ul style="list-style-type: none">Engineering and Generator Services – Master Agreement for Generator HireGenerator Rental Services Limited – Master Agreement for Generator HireVector Limited – Clevedon Wastewater Servicing (Karaka Harbourside Estate)Aggreko (NZ) Limited – Master Agreement for Generator HireSuez Water Technologies & Solutions – Supply & delivery of membranes & associated equipment for Huia Village WTPSuez Water Technologies & Solutions – Papakura WTP Membrane and Associated SystemsACH Consulting Limited – Homai Diversion (DSHMD) MH01 Rehabilitation Options AnalysisABB Limited – Waikato 50 TW VSD supplyFulton Hogan Land Development Limited – Highgate Bridge Watermain Detailed DesignCommercial Dive Engineers Limited – 80 Reelick Ave, Pakuranga Pipebridge Protection DesignKSB New Zealand Limited – Waikato 50 Treated Water PumpsKSB New Zealand Limited – Waikato 50 Raw Water PumpsFiltec Limited – Design, Supply, Installation Support and Commissioning, Support of Flocculation and ClarificationSFDC Australia Pty Limited – Annual Cloud Services RenewalMcConnell Dowell Constructors Limit – Framework Agreement for Māngere Target Asset Renewal Programme (MTARP)ACH Consulting Limited – Keven Road PS reassessment.	<p>In December 2020, there were two capex approvals signed in accordance with the delegated authority provided to the Acting Chief Executive by the Board in relation to Capex approvals below a threshold of \$15million.</p> <ul style="list-style-type: none">STWKO Power Supply Resilience - \$12.9mLa Veta Ave BSP - \$1.375mChange Request for multiple projects - \$1.08m (see table below) <table><tr><td>Mangere WWTP Solids Stream Upgrade \$30,166</td></tr><tr><td>Clevedon Water Servicing \$118,598</td></tr><tr><td>Rosedale WWTP Expansion Project-Liquid Stream \$63,096</td></tr><tr><td>Glendowie Branch Sewer Upgrade \$67,099</td></tr><tr><td>Pukekohe East Reservoir \$1,255</td></tr><tr><td>Ardmore WTP Treated Water Resilience \$133,728</td></tr><tr><td>Pukekohe WWTP Upgrade \$120,916</td></tr><tr><td>Snells Algies WWTP Ocean Outfall \$18,349</td></tr><tr><td>North Harbour WM Duplication - GBWD Northern Interceptor - Stage 1 \$460,940</td></tr><tr><td>Hingaia PS Emergency Storage \$72,282</td></tr><tr><td>Drury South WW Servicing package 2 \$1,856</td></tr></table>	Mangere WWTP Solids Stream Upgrade \$30,166	Clevedon Water Servicing \$118,598	Rosedale WWTP Expansion Project-Liquid Stream \$63,096	Glendowie Branch Sewer Upgrade \$67,099	Pukekohe East Reservoir \$1,255	Ardmore WTP Treated Water Resilience \$133,728	Pukekohe WWTP Upgrade \$120,916	Snells Algies WWTP Ocean Outfall \$18,349	North Harbour WM Duplication - GBWD Northern Interceptor - Stage 1 \$460,940	Hingaia PS Emergency Storage \$72,282	Drury South WW Servicing package 2 \$1,856
Mangere WWTP Solids Stream Upgrade \$30,166													
Clevedon Water Servicing \$118,598													
Rosedale WWTP Expansion Project-Liquid Stream \$63,096													
Glendowie Branch Sewer Upgrade \$67,099													
Pukekohe East Reservoir \$1,255													
Ardmore WTP Treated Water Resilience \$133,728													
Pukekohe WWTP Upgrade \$120,916													
Snells Algies WWTP Ocean Outfall \$18,349													
North Harbour WM Duplication - GBWD Northern Interceptor - Stage 1 \$460,940													
Hingaia PS Emergency Storage \$72,282													
Drury South WW Servicing package 2 \$1,856													




Board - Public Session - Directors' Corporate Governance Items

Board Planner 2020			Board Planner 2021												
			January	February	March	April	May	June	July	August	September	October	November	December	
Meetings	Board	15-Dec 8am-11am (Teleconference) 23-Dec Public Board Meeting	29-Jan	26-Feb	30-Mar	29-Apr		1 June (May Results)	5-July (June Results) 29-July	30-Aug	30-Sep	28-Oct	30-Nov	14-Dec (Teleconference)	
	Audit and risk committee			3-Feb			26-May			9-Aug 24-Aug		28-Oct			
	Te Tangata Komiti		27-Jan 3pm			28-Apr 10am			26-July 10am	19-Aug 10am			24-Nov 10am		
	AMP & Major Capex Committee			18-Feb 10am			20-May 10am			11-Aug 10am			18-Nov 10am		
	STP Committee														
	Committee for Climate Action			19-Feb 10am			14-May 10am			16-Aug 10am			3-Nov 10am		
	CCO Oversight Committee meetings	8 Dec (M Devlin)													
Events	Community and Stakeholder Relationships			TBC: Meet the Diversity & Inclusion Committee											
Governance	Charter reviews		Corporate Governance charter		AMCC Terms of Reference		A&R Charter	Committee for Climate Action Terms of Reference		Corporate Governance charter Te Tangata Charter					
	Policy reviews												Good Employer Policy		
	Risk report due to Council		Risk report (due to Council 22 February)			Risk report (due to Council 18 May)			Risk report (due to Council 23 August)		Risk report (due to Council 13 September)		Risk report (due to Council mid-November)		
	Enterprise Risk report to Board		Report to Board			Report to Board			Report to Board			Report to Board			
	Compliance		Statutory compliance			Statutory compliance			Statutory compliance			Statutory compliance			
	H&S Quarterly report			Oct-Dec 20 Report		Jan-Mar 21 Report			Apr-Jun 21 Report			Jul-Sept 21 Report			
	Shareholder interaction	Q1 briefing to CCO Oversight Committee TBC													
	Site Visits				Site Visit CI Induction session Personal Security - RISQ										
Board Training	Board training & development	Privacy Law (once new laws are in place)		Mental Health & Wellbeing in the workplace											
Business strategy	Strategic planning & Deep Dives														
Business planning	Key finance and business decisions	Auckland Council Draft Annual Plan - approve Watercare input*	Approve half year accounts	a) approve financials for Draft SOI including projected 21/22 price increases, b) approve long term financials for Auckland Council modelling		Auckland Council to notify Watercare of Group Treasury Interest Rate by 30 April	Present plan for Year End to A&R Approve Insurance Proposal Auckland Council and Watercare to review Treasury interest rate by 31 May		Approval of 2020/21 Budget & updated SOI Financials	a) approve 2020/21 accounts, b) delegate final sign off of 2021/22 Annual Report c) Approve Auckland Council Reporting Pack			AMP		Auckland Council Draft Annual Plan - approve Watercare input*
	Statement of intent		2021/22 Letter of Expectation to be received	Draft 2021-2024 SOI for Board's review	Approval of Draft 2021-2024 SOI		Present shareholder SOI feedback at public meeting. Public Delegations received Final 2021-2024 SOI issued to shareholder		Final 2021/2022 SOI adopted by Auckland Council			2020/2021 SOI Results to be presented to Board at Public Meeting. Public Delegations received.		2022/23 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 29 January 2021 Board meeting

Disclosure of senior executives' interests

Purpose			Team		
Information	Discussion	Approval	Prepared and Recommended by		Submitted
			Rob Fisher Company Secretary		Nigel Toms Acting Chief Financial Officer
Intellectual capital	People and culture	Community and stakeholder relationships	Financial capital & resources	Natural environment	Assets and Infrastructure
					

9.2

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
Marlon Bridge	<ul style="list-style-type: none"> • Trustee – Te Motu a Hiaroa (Puketutu Island) Governance Trust • Director – WCS Limited
Rebecca Chenery	<ul style="list-style-type: none"> • Director – Lutra Limited
Shayne Cunis	<ul style="list-style-type: none"> • Director – The Water Research Foundation (USA)
Rob Fisher	<ul style="list-style-type: none"> • Deputy Chair – Middlemore Foundation • Trustee – Watercare Harbour Clean Up Trust • Trustee – Te Motu a Hiaroa (Puketutu Island) Governance Trust
Jason Glennon	<ul style="list-style-type: none"> • Director - Michaels Ave Investments Limited
David Hawkins	<ul style="list-style-type: none"> • Nil
Shane Morgan	<ul style="list-style-type: none"> • Committee Member – International Water Association, New Zealand • Director – Lutra 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
Nigel Toms	<ul style="list-style-type: none"> • Director – TRN Risk & Resilience Consulting
Steve Webster	<ul style="list-style-type: none"> • Director – Howick Swimgym Limited



Report to the Board of Watercare Services Limited
Prepared for the 29 January 2021 meeting

Directors' appointment terms, committee memberships, and meeting attendances

Purpose			Team		
Information	Discussion	Approval	Prepared and Recommended by	Submitted	
			Rob Fisher Company Secretary	Nigel Toms Acting Chief Financial Officer	
Intellectual capital	People and culture	Community and stakeholder relationships	Financial capital & resources	Natural environment	Assets and Infrastructure
					

9.3

1. Purpose and context

This paper provides an update on:

- the tenure of the seven current directors of Watercare Services Limited
- details of the committees each director is a member of
- details of directors' attendance at Board and committee meetings over the calendar year.

2. The details

Table 1: We currently have seven directors

Our directors are appointed by Auckland Council.

Director	Original appointment date	End of term
Margaret Devlin (Chair)	1 November 2016	31 October 2022
Dave Chambers	1 November 2019	31 October 2022
Nicola Crauford	1 April 2014	31 October 2021
Brendon Green	1 November 2016	31 October 2022
Hinerangi Raumati-Tu'ua	1 August 2019	31 October 2021
David Thomas	1 November 2014	28 February 2021*
Frances Valentine	1 November 2019	31 October 2022

*extended from 31 October 2020

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

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

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

**Board Chair attends in ex-officio capacity*

Table 3: Attendance at Board and committee meetings in 2020 is detailed in the table below:

Board member attendance 2020	Attendance at Board meetings													Attendance at Audit and Risk Committee meetings					Attendance at AMP & Major Capex Committee meetings					Attendance at Strategic Transformation Project Committee meetings				Attendance at Te Tangata Komiti meetings					Attendance at Committee for Climate Action meetings								
	Board 28 January 2020	Board 20 February 2020	Board 28 April 2020	Extraordinary 19 May 2020	Board 28 May 2020	Board 30 June 2020	Board 28 July 2020	Special Board 10 August 2020	Board 25 August 2020	Board 29 September 2020	Board 27 October 2020	Board 24 November 2020	Board 23 December 2020	A&R 28 January 2020	A&R 25 May 2020	A&R 10 August 2020	A&R 24 August 2020	A&R 27 October 2020	AMCC 6 March 2020	AMCC 23 April 2020	AMCC 28 July 2020	Catch up AMCC 6 August 2020	AMCC Workshop - 15 September 2020	AMCC 19 November 2020	STPC 19 June 2020	STPC 9 December 2020			TTC 29 January 2020	TTC 29 April 2020	Catch-up TTC 11 June 2020	TTC 29 July 2020	TTC 24 August 2020	TTC 25 November 2020	CCA 18 February 2020	CCA 22 May 2020	CCA 6 August 2020	CCA 13 October 2020			
Margaret Devlin	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Nicki Crauford	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Brendon Green	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Julia Hoare	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
David Thomas	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Colin Magee (Board Intern)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Hinerangi Raumati-Tu'ua	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Dave Chambers	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Frances Valintine	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓