

WATERCARE SERVICES LIMITED

AGENDA	BOARD MEETING	Tuesday, August 25, 2020
Venue	Microsoft Teams. Recording will be available on www.watercare.co.nz following meeting due to Covid-19 Alert Level 3 requirements.	
Time	9am	

Open Public Meeting

Item	Spokesperson	Action sought at governance meeting	Supporting Material
1 Opening Karakia	David Thomas		
1.1 Meeting Administration	Chair	For discussion	Nil
2 Apologies	Chair	Record apologies	Nil
3 Minutes of Meeting	Chair	Approve Board Meeting Minutes 28 July 2020	Board Minutes 28 July 2020
4 Disclosure of Directors' Interests	Chair	For noting	Report
5 For information			
5.1 Water Utility Consumer Assistance Trust (WUCAT) update	Amanda Singleton and Jeff Morrison of WUCAT	For information	Presentation
5.2 July 2020 Central Interceptor Report	Shayne Cunis	For information	Report
5.2.1 Mining Operations and Quarrying Operations Regulations 2016 in relation to Central Interceptor	Shayne Cunis/Jon Sickling	For information	Presentation
5.3 Overview of Kāinga Ora Auckland Housing Programme	Ilze Gotelli	For information	Presentation
5.4 Drought Update	Mark Bourne	For information	Presentation
6 For discussion			
6.1 Safety Moment	All	For sharing	Nil
6.2 Chief Executive's Report	Raveen Jaduram	For discussion	Report
6.3 Board Committee Updates	Committee Chairs	For discussion	Nil
7 For approval			
7.1 Corporate Governance Charter Review	Emma McBride	For approval	Report
8 Directors' Corporate Governance Items			
8.1 Board Planner	Chair	For noting	Report
8.2 Disclosure of Senior Executives' Interests	Chair	For noting	Report
8.3 Directors' Appointment Terms and Committee Memberships and meeting attendances	Chair	For noting	Report
9 General Business	Chair	For discussion	Nil
9.1 Closing Karakia	David Thomas		Nil

Date of next meeting	Tuesday 29 September 2020
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MINUTES

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SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Watercare Services Limited, Level 3, 73 Remuera Road, Remuera, Auckland
DATE	28 July 2020
TIME	9.15am
STATUS	Public Session

	<p>Present: Margaret Devlin (Chair) Julia Hoare (Deputy Chair) Dave Chambers Nicki Crauford Brendon Green David Thomas Hinerangi Raumati-Tu'ua Frances Valintine</p> <p>Board intern Colin Magee</p>	<p>In attendance : Raveen Jaduram (CE) Marlon Bridge (Deputy CE) Nigel Toms (Acting CFO) Steve Webster Amanda Singleton Shane Morgan Rebecca Chenery David Hawkins Rob Fisher Jason Glennon Emma McBride Bronwyn Struthers (from start until mid-way through item 9.2) Shayne Cunis Mark Bourne</p>	<p>Guests: Todd Niall – stuff.co.nz journalist Alastair Cameron – CCO Governance External Partnerships One member of the public, Tom Watson (from start until end of item 7 at 10am)</p>
1.	Brendon Green opened the meeting with a karakia.		
2.	<p>Meeting Administration Nil.</p>		
3.	<p>Apologies Apologies were received from Councillor Linda Cooper and Sarah Holdem of Auckland Council CCO Oversight.</p>		
4.	<p>Minutes of Previous Meetings</p> <p>The Board resolved that the minutes of the public section of the Board meeting held on 30 June 2020 be confirmed as true and correct.</p> <p>Amanda Singleton, Chief Customer Officer reported that she had met with the Exterior Cleaning Industry Association yesterday and they had a very productive workshop.</p>		
5.	<p>Review Disclosure of Directors' Interests</p> <ul style="list-style-type: none"> - Margaret Devlin has been appointed a director of Waimea Water Limited; and ceased to be a director of MetService. 		

	<ul style="list-style-type: none"> - Julia Hoare has ceased to be a director of AWF Madison Group Limited on 30 June 2020. - Nicki Crauford is no longer a director of the Environmental Protection Authority (EPA). - Dave Chambers has been appointed as a director of Turners and Growers Fresh Limited - Brendon Green advised he is no longer an advisor to Meterme. <p>The report was noted.</p>
7.	<p>For Information</p> <p>7.1 June 2020 Central Interceptor Report</p> <ul style="list-style-type: none"> - Shayne Cunis, Executive Programme Director, Central Interceptor, provided the Board with an update. - The following video was shown to the Board of the Tunnel Boring Machine (TBM) being manufactured in Germany. https://vimeo.com/442230868 - The main German-made TBM has been named Hiwa-i-te-Rangi, after one of the seven stars of Matariki, following a competition run at local schools. - The CI project's most significant risk at present concerns the attraction and retention of key overseas based talent (e.g. from Europe and Australia) due to the Covid-19 border restrictions currently in place. The project, like many other construction projects in New Zealand, relies on overseas expertise and skills. This is especially the case when the TBM arrives later this year. One senior Italian staff member has recently returned to Italy and will not return to the project. - In terms of incoming workers, to date, the CI team has only secured one travel exemption for a Jacob's team member. Our contractor Ghella Abergeldie Joint Venture, has written to the Minister of Infrastructure, Shane Jones, as has Mayor Goff. - Nicola Crauford noted that in her other directorships, she has discovered that the New Zealand Government is prioritising returning residents and citizens; foreign and overseas workers are at the back of the queue. - Shayne reported that the CI project now involves construction works underground. Therefore, the project site is now officially a mine site from a Health & Safety perspective. - The report has a typographical error. Spend to 30 June 2020 is \$160.8m. - Several claims have been lodged by the contractor. However, these are not unexpected for a construction project of this size and complexity. - A replica training TBM was unveiled at a ceremony on 17 July 2020 and named "Kate" after Kate Edger, the first woman to earn a University degree in New Zealand, which she received on 11 July 1877. Auckland University has a charitable trust in her name which helps further higher education for women and Kate's granddaughter, Jill Smith, attended the event, as did the Mayor and members of the Watercare Board and local Iwi. <p>The Board noted the report.</p>

7.2 Drought Update

Mark Bourne, Head of Servicing and Consents, provided an update on the current water supply situation.

- In preparation for summer, Watercare requires lake storage to be 90% by 1 November every year. This year, the long-range forecast suggests this is unlikely to occur, as we are expecting lower than average rainfall this spring. Given this, we are aiming to reach at least 75% by 1 November 2020. As lake levels will be below normal levels over summer, water use restrictions are likely to continue until Autumn 2021.
- The Board were shown two tables (**Appendix A**) showing progress towards reaching the 75% target by 1 November 2020. This is being done through several interventions including:
 - a) water use restrictions and voluntary savings requiring our customers (domestic and commercial) to reduce their use of water
 - b) maximising abstractions from the Waikato River and Onehunga groundwater sources, as these reduce the need to take water from our water storage lakes
 - c) augmenting our water supply by constructing new plants at Pukekohe and at Hays Creek and the construction of an additional 50MLD treatment plant at Waikato;
 - d) increased focus on reducing non-revenue water loss.

Key points made during Mark's presentation included the following:

- The dry conditions originally predicted for spring have softened. However, there remains a degree of uncertainty around the long-term forecast. A new forecast is expected post the Board meeting.
- As at 28 July 2020, lake storage levels are 59.76%. Historically, they should be around 84%.
- Over the last week there has been some rain, and the rain that has been flowing into the storage lakes essentially equalled the amount being abstracted from the lakes. Therefore, storage levels have remained fairly stable over the last week.
- Auckland's 7-day average demand has been 395MLD, below the target of 409MLD or less.
- The amount treated at the Waikato WTP was below our target due to two power outages, which resulted in the plant processing less water than anticipated.
- The Waitakere Ranges dams are close to full, and one is spilling. These are much smaller dams than those in the South. We have been maximising the Waitakere WTP and Huia WTP to bring down the lake storage levels in the west, so these are no longer spilling. We are also maximising abstractions from the Waikato River to preserve our lake storage levels in the South. At the same time, we are minimising abstractions from Ardmore WTP, which is now operating at around 100MLD, which is the lowest it has ever been operated at. The balancing of the flows and abstractions is a delicate process for our operations team to manage.
- The agreement to share the water allocated to Hamilton City Council, but unused, is in a final form, and the necessary consent is being worked through with Waikato Regional Council. We are also working with Waikato Regional Council on the consent for the Seasonal Take. We hope to obtain agreement from HCC and the necessary consents from Waikato Regional Council shortly.

- As the Waikato River is now flowing above median levels, and has done so since 2 July 2020, we are no longer relying on the s330 emergency powers under the Resource Management Act. Instead, we are relying on our existing 2017 Winter Take consent to abstract an additional 15MLD, therefore up to 165MLD from the Waikato River.
- By the end of August 2020, the new Pukekohe East Reservoir will be complete, and we will be able to abstract a further 10MLD, therefore 175MLD from the Waikato River. The first of two necessary “tie ins” has been completed. The second will occur in late August.
- The construction and consenting works for Hays Creek and Pukekohe WTP are proceeding to plan.
- In response to questioning from the Board, Shane Morgan, Chief Operations Officer, explained about the two power cuts that affected the Waikato WTP. The first was due a car hitting a power pole. The second involved a transformer outage. In both cases, the plant was operating at 50%. At Waikato, we have two supplies of electricity, so if one goes out, the other is usually not affected. We also have very high service expectations with our supplier, Counties Manukau Power. We are currently considering whether to obtain a third electricity supply (e.g. underground power or generators).
- Mark also summarised the work the company is doing in relation to non-revenue water loss and leak management. At present, we have four zones with pressure management in place. When this happens, we have fewer “catastrophic failures” (i.e. leaks which result in lots of lost water above ground). However, with lower pressure, there is a greater risk of “weeping” occurring, which typically happens below ground and is not detectable above ground.
- In relation to leaks, we have been focussing on the Maungakiekie zone. A first leak detection sweep located 1MLD of leaks, and the second, 0.8MLD. We are now carving the zone into even smaller zones, and analysing night flows to try and determine the nature of the remaining leaks in this area.
- A paper will be presented to the August 2020 meeting regarding the Stage 1 water use restrictions, and whether the current water use restriction should continue or be modified in any way.

The Board noted the presentation.

7.3 Three Waters Reform Programme

Alastair Cameron, Manager of CCO Governance and External Partnerships, provided the Board with an update on the Three Waters Reform Programme. Alastair is a member of the Central/Local Government Three Waters Reform Programme Steering Committee. Alastair made the following key points about the proposed reform programme:

- Government proposes a three-year reform programme, which is an ambitious timeline. New Zealand’s 67 councils need to decide by the end of August 2020, whether they wish to opt-in. If they do, then they could share in over \$761m in funding in FY21. This funding would also be the “shovel ready” funding allocated to water/wastewater/stormwater projects.
- Auckland Council will not receive any of the \$761m. Instead, Auckland Council will have a separate, different conversation with Central Government about how it can help Auckland.

	<ul style="list-style-type: none"> - The reforms are designed to create “balance sheet separation”, that will allow Councils and water entities to access capital. An issue for Auckland Council to work through is the balance sheet separation with Auckland Council and Watercare. - Under the reforms, while there is no legal obligation, there is a moral obligation to engage with neighbouring councils. So neighbouring councils will want information from their neighbours on asset conditions. - Alastair’s team at Council is currently preparing a paper to go to the Governing Body in August, recommending that Auckland Council “opt-in” to the reforms. The Memorandum of Understanding with Government will run until 30 June 2021. <p>In response to questioning from the Board, Alastair also provided a brief update on the CCO Review process.</p> <ul style="list-style-type: none"> - The report is due to be completed and delivered by the Independent Review Panel to Council by 31 July 2020. - Councillors will have workshops on 11 and 12 August to discuss the review. A formal report will go to Council at the end of August 2020, which will include Council Management recommendations. <p>The Board thanked Alastair for his update.</p>
6.	<p>Public Deputations</p> <p>Mr Tom Watson, a member of the public, addressed the Board during the public deputation item. Mr Watson made the following key points and recommendations to the Board:</p> <ul style="list-style-type: none"> - Watercare needs to increase its water supply and reduce demand. He urged Watercare to increase its workforce to employ more people to fix leaks. He mentioned a leak at Laingholm which has been leaking for two years. - Aucklanders need to start catching rainwater like the Australians do and where possible, feed this back into the reticulation system. There is also an opportunity to use recycled or waste plastic to make these rainwater tanks. Mr Watson suggested that such tanks be subsidised. Currently you can buy a 1,000L tank for around \$540. - The Hays Creek dam was decommissioned in 2005, which means it has been collecting and spilling water for 15 years. Watercare would have been paying maintenance on this dam as well and it is only now that the dam is being put back into service. <p>The Chair thanked Mr Watson for his presentation and confirmed that we would respond to his presentation in writing within a week.</p> <p><i>Mr Watson departed the meeting at 10am.</i></p>
8	<p>For Approval</p> <p>8.1 Final Draft of Lutra’s Revised SOI 2020-2023</p> <p>Rebecca Chenery, Chair of Lutra, presented the report.</p> <ul style="list-style-type: none"> - The Board has seen this version of the SOI previously.

- Since then, the SOI has been revisited in light of Covid-19. However, the Lutra business has recovered quickly post-Covid-19 and the business plan remains largely unchanged. The only change to the SOI since the Board last saw it has been a strengthening of the Team Mood score targets.
- As Lutra Limited is a commercial enterprise, the financials remain withheld from the public. However, they are reported to the Board via the confidential CE's report on a quarterly basis.

The Board resolved to **approve** the Lutra Limited SOI 2020-2023 for submission to Council by 31 July 2020.

8.2 Final Draft of Watercare's Revised SOI 2020-2023

Emma McBride, Head of Governance, spoke to the paper.

- The Board had a discussion around energy savings and asked Management to review the energy savings commentary in light of the current planned capital programme, the drought response, and Covid-19.
- The Board had a robust discussion about the target for non-revenue losses. Currently the target is 13%. In response to a suggestion it could be lowered, the CE explained that we would not be able to achieve 11% losses unless the company spent significant money upgrading the network pipes. Indeed, this coarse metric is no longer used in the UK. Instead, they use different metrics such as loss/km/day. This target, and some of the other DIA targets in the SOI will be revisited once Auckland Council has developed a new Auckland water strategy. The Board requested that this be expressly mentioned in the SOI.
- The Board also requested that:
 - o the Chair's letter be updated to note that all new sources of water come with a cost; and
 - o the cover letter to the Mayor and Deputy Mayor note the work being done on the water strategy.

The Board resolved to **approve** the submission of the amended SOI to Auckland Council by the deadline of 31 July 2020, subject to the Chair and Deputy Chair providing final sign off of:

- a) the financials, which will be discussed and approved during the later confidential session of the Board on 28 July 2020; and
- b) the changes requested by the Board to the SOI commentary at this Board meeting.

The Board also resolved to **approve** the letter to the Mayor to be sent with the SOI, subject to the Chair and Deputy Chair providing final sign-off.

9.	<p>For Discussion</p> <p>9.1 Safety Moment</p> <ul style="list-style-type: none"> - Dave Chambers provided a Safety Moment. He recently attended the Central Interceptor induction programme. He considered the “Mates in Construction: part of the training “first class” and a very brave session. - Marlon Bridge, Deputy CE, also attended a CI introductory session, which includes a segment by Shayne Cunis and Francesco Saibene, Project Director at Ghella Abergeldie. The workers on the induction programme were impressed that such senior members of the team attended this Health and Safety session, and it emphasised the importance senior management place on Health & Safety. <p>9.2 Chief Executive’s Report</p> <p>The report was taken as read and Senior Management responded to questioning from the Board.</p> <ul style="list-style-type: none"> - As part of our drought Communications campaign, 15,000 Watercare branded 4-minute shower timers were distributed by Countdown to online shoppers. This resulted in many customers contacting us to try and obtain one as well. The promotion was very successful and Watercare is grateful for Countdown’s support. - There has been a spike in contractor injuries. The CE confirmed that we have been in open conversation with our contractors regarding this. An increase in the number of injuries was a trend before lockdown. Post lockdown, the number of close-calls and identification of hazards has spiked. Close calls and hazard identification is a lead indicator. We have brought together our senior people and project managers with senior people at our contractors (Fletchers, March Cato, Pipeline and Civil, McConnell Dowell and Fulton Hogan) to discuss this situation and a “get back to basics” programme. The CE and Steve Webster, Chief of Infrastructure, are also meeting with the CEs of Fletchers and Fulton Hogan. - Bronwyn Struthers, Head of Health, Safety and Wellness advised that even the senior leaders at our construction contractors are feeling the uncertainty in the marketplace, and this is influencing the wellbeing and concentration levels of their workers. The workers at the “coalface” are therefore finding it hard to focus. To address this, as noted above, we are focussing on “back to basics” training and messaging. We have also developed a workshop to develop this conversation, so we can proactively deal with this issue. We want to encourage our people to have a strong Health and Safety culture, and so they can feel comfortable reporting any issues and safety concerns to management. - The Board noted that Watercare has a firm pipeline of work for years ahead, and that our contractors should be communicating this certainty to their workers. Bronwyn noted that whilst we are communicating this to the contractors, there is a concern that this message is not being received by the workers on our projects. The Board recommended that Watercare contractors should be identified and reassured that the pipeline of future work is in place. - Senior Managers are also being encouraged by the HSW team to visit and be seen conducting H&S visits to the sites (operational and construction) more often. <p><i>Bronwyn Struthers departed the meeting at this point (10.37am).</i></p>
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- In relation to the SOI targets, the one measure that will not be met at year end is the non-revenue water loss performance measure.
- Watercare Laboratories has opened a new accredited laboratory in Wellington, staffed with two people. The laboratory mainly does work for Veolia, collects samples and does basic testing. More complicated testing is sent to Auckland.
- The Board commended the Annual Report team for their three wins at the Australasian Reporting Award.
- Rob Fisher, Company Secretary, provided an update on the Resource Management Act non-compliances. None of the three non-compliances had any adverse environmental effects. Works are underway to address the issues, but construction was delayed by Covid-19 as the works were not considered “essential” during lockdown. All three issues will be resolved by the end of August 2020.
- Shane Morgan, Chief Operations Officer, confirmed that the solar array at Rosedale is now complete. This is the largest floating solar array in New Zealand. The pond is large enough to accommodate more arrays. Watercare will use all energy generated by the array, and once it is operating, Rosedale will be 92% energy self-sufficient.
- Rob Fisher confirmed that the Huia replacement water treatment plant resource consent hearing had been adjourned so experts on kauri dieback could convene and agree on a testing regime to establish whether there is kauri dieback disease on the site. Once the testing has been undertaken over the next few months, the matter will return to the Commissioners for a decision. There is still a possibility that the decision could be appealed to the Environment Court.

The Board noted the report.

9.3 Board Committee Updates

AMP and Major Capex Committee

Nicki Crauford, Chair of the Committee, noted that the next meeting will be held after the July 2020 Board meeting on 28 July 2020.

Strategic Transformation Programme (STP) Committee

Brendon Green, Committee Chair, noted there was no update for the Board since the last updated provided at the end of June 2020.

Te Tangata Komiti

Dave Chambers, Committee Chair, reported that the next meeting will be held on 29 July 2020.

Committee for Climate Action

Brendon Green, Committee Chair, reported that the next meeting will be held on 6 August 2020.

Audit and Risk Committee

Hinerangi Raumati-Tu'ua, Committee Chair, noted that the next meeting will be held on 10 August 2020.

10.	<p>Directors' Corporate Governance Items</p> <p>10.1 Board Planner</p> <p>The report was noted.</p> <p>Board dates for 2021 have been agreed, so this planner will be extended to December 2021.</p> <p>Additional site visits will be scheduled for Board members.</p> <p>10.2 Disclosure of Senior Executive's Interests</p> <p>The report was noted.</p> <p>10.3 Directors' Appointment Terms and Committee Memberships and meeting attendances</p> <ul style="list-style-type: none"> - There is a typographical error on the meeting attendances page (page 281). Julia Hoare and David Thomas are the two directors who will be departing at the end of October 2020. The report will be updated for next month. - The Chair reported that the appointment of a new director is progressing. <p>The report was noted.</p>
9.	<p>General Business</p> <p>There was no general business.</p> <p>Brendon Green provided a closing Karakia.</p>
	<p>The meeting closed at 10.55am.</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

Margaret Devlin
Chair

APPENDIX A

Drought Update: 28 July 2020
For Watercare Public Board Meeting

Drought Update for 28 July 2020

Drought Response Forecast – Target minimum 75% storage by October 2020

	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
A Lake storage levels (target % at end of month)		49.6%*	56.0%	62.4%	68.6%	75.0%
<i>Actual</i>	43.4%	55.3%				
B Average daily use (target MLD)		410	409	405	405	415
<i>Actual</i>	423	405				
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)	167	174	180	192.5	192.5	192.5
D Abstraction from the storage lakes (MLD)		240	229	213	213	222
<i>Actual</i>	256	231				
E Total lake recharge required (MLD) for the month		435	424	408	408	417
<i>Actual</i>	192	521				
F Normal monthly rainfall (mm)	132	176	203	182	154	146
<i>Actual</i>	158	274				
G Estimated rainfall required to achieve 75% lake storage by Oct. and follow previous summer		98%	83%	90%	108%	116%
H Forecast rain conditions (% of normal) #	100%	100%	103%	111%	108%	87%
<i>Actual</i>	102%	157%				
I Forecasted rain conditions	Normal rainfall	Normal rainfall	Normal rainfall	Normal rainfall	Normal rainfall	Below normal rainfall

*restriction zone

#new forecast received from MetService shows a softening of the dry spring signal, this is in contrast to the previous forecasts leading to uncertainty

Status Report – to week ending 28 July 2020




Monthly storage commenced 1 July 2020 55.3%

Target storage for 31 July 2020 56.0%

	Status at 26 July	Target for 26 July
Storage at end of week	59.7%	55.0%
7 Day Demand (m ³ /day)	395,239	409,000
Month to Date (m ³ /day)	395,365	409,000
Non-Storage 7 Day Production (m ³ /day)	175,437	180,000
7 Day Rainfall (% of normal)	91.2%	83%
Month to Date Rainfall (% of normal)	106.5%	83%
Coming Week Rainfall Forecast (% of normal)	65.2%	83%
Coming 4 week	101.5%	83%

Notes: The reduced non-storage 7-day production was due two power outages at the Waikato WTP

Disclosure of Directors' interests

Purpose			Team		
Information	Discussion	Approval	Prepared	Recommended	Submitted
			Emma McBride Head of Governance	Rob Fisher Company Secretary	Marlon Bridge Deputy Chief Executive
Intellectual capital	People and culture	Community and stakeholder relationships	Financial capital & resources	Natural environment	Assets and Infrastructure
					

1. Purpose and context

s140 Companies Act 1993 requires all 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
Julia Hoare	<ul style="list-style-type: none"> • Deputy Chair, The a2 Milk Company Limited • Director, The a2 Milk Company (New Zealand) Limited • Director, Port of Tauranga Limited • Director, Auckland International Airport Limited • Director, Meridian Energy Limited • Chair, Auckland Committee, Institute of Directors • Member, Advisory Panel to External Reporting Board • Vice President, Institute of Directors National Council • Member, The Sustainable Finance Forum Leadership Group
Nicola Crauford	<ul style="list-style-type: none"> • Chair, GNS Science Limited • Member of Electoral Authority, Cooperative Bank Limited • Director and Shareholder - Riposte Consulting Limited • Director, Pioneer Energy 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, 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

Director	Interest
Hinerangi Raumati-Tu'ua	<ul style="list-style-type: none"> • Chair, Parininihi Ki Waitotara Incorporated • Trustee, PKW Trust • Chair, Ngā Miro Trust • Chair, Nga Kai Tautoko Limited • Chair, Te Kiwai Maui o Ngaruahine Limited • Director, Taranaki Iwi Holdings Management Limited • Director, Aotearoa Fisheries Limited • Director, Sealord Group Limited • Director, Port Nicholson Fisheries GP Limited • Director, Te Puia Tapapa GP Limited • Director, Tainui Group Holdings Limited • Executive Member, Te Whakakitenga O Waikato • Member, Venture Taranaki
Dave Chambers	<ul style="list-style-type: none"> • Director, Paper Plus New Zealand Limited • 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
Colin Magee (Board intern)	<ul style="list-style-type: none"> • Chair, Ākau Ltd and Ākau Foundation • Member, Advertising Standards Complaints Board • Contractor, College of Law • Director, C Magee Limited • Director, MyCap Limited • Director, MyCap Markets Limited • Member, Te Ārai Tūpono (Audit and Risk Committee) of Te Wānanga o Aotearoa

Water Utilities Consumer Assistance Trust

Board Update

25 August 2020

Supporting vulnerable customers

5.1

- The true impact of Covid-19 on customers' ability to pay will become clearer during the latter half of the year when Government support measures end
 - Treasury reported over 21,000 individuals were in receipt of Covid-19 Income Relief Support (CIRP) as at 31 July
 - The extended measure for unemployment, which factors in individuals who did not meet the classification requirements for official unemployment for reasons related to Covid-19, is currently at 4.6%
 - Under-utilisation increased to 12% from 10.4% in March
- Financial vulnerability is a new reality for many customers

Supporting vulnerable customers

5.1

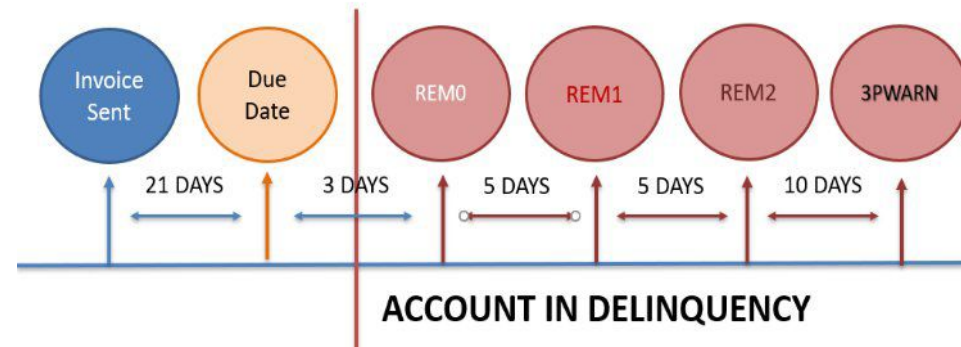
- Watercare has responded to this change by adopting key principles of engagement as outlined in the Vulnerable Customers' Board Paper
- As the number of newly vulnerable customers grows, WUCAT's role in the management of the well-being of these individuals will become a focal point

Watercare's approach to the changing economic landscape

5.1

We designed the dunning process with the introduction of our new billing system

- Its simplification is relevant to the current climate with a bias for responsible risk management
- Subjectivity removed, customers are presented with multiple options including text to pay and payment arrangements
- Watercare also offers differentiated payment methods such as Applepay, Alipay, WeChat and UnionPay



Who is WUCAT and who do they serve?

5.1

- The purpose of the Trust is to provide financial support to Watercare customers who are struggling to manage their water and wastewater charges.
- Currently the service is available only to residential customers, with the option to extend it to small businesses affected by Covid-19
- Through its financial support, Watercare enables WUCAT to assistance residential customers who are in financial strife.
- Customers are invited to seek support from WUCAT as soon as they are identified as potentially financially vulnerable. They are presented with this message as soon as they enter the dunning process:

If you are a residential customer experiencing hardship, you may consider applying for financial support. We work with the Water Utility Consumer Assistance Trust to provide additional options for customers who are experiencing hardship. You can reach them on 0800 625 8176 or apply online www.waterassistance.org.nz.

- Customers can apply for WUCAT assistance at any stage during the dunning process - even when their accounts have been referred to debt collection, have had their water restricted or where legal action is pending against them.

Support to date

5.1

2012 – 2019

- 1,665 applications received by the Trust
- 964 applications put forward to the Trustees
- 943 applications approved by the Trust

20 applications per month in the 7-year period to 2019

January 2020 – June 2020

- 52 applications received by the Trust
- 46 applications put forward to the Trustees
- 44 applications approved by the Trust

9 applications per month for the first half of 2020

It is expected that applications will increase once business outlook changes towards the end of the year.

WUCAT support journey



5.1

Report to the Board of Watercare Services Limited

Prepared for the 25 August 2020 Board meeting

Central Interceptor report for July 2020

HIGHLIGHTS AND LOWLIGHTS

- Travel exemptions have been given for 10 essential workers (9 GAJV, 1 Jacobs) for the project. Additional critical offshore staff and short term technical specialists are still required, with applications lodged and lobbying continuing. The GAJV is also proactively attempting to recruit locally wherever possible. This remains the highest risk to the successful delivery of the project.
- Shaft excavation has begun at Māngere.
- Rising main trench excavation has experienced delays due to poor ground conditions, which will result in additional costs.
- May Road Shaft A secant piling, capping beam and flood protection wall completed.
- Increased safety controls at Māngere and May Road sites now in place due to Mining and Quarrying Operations Regulations, coming into effect.

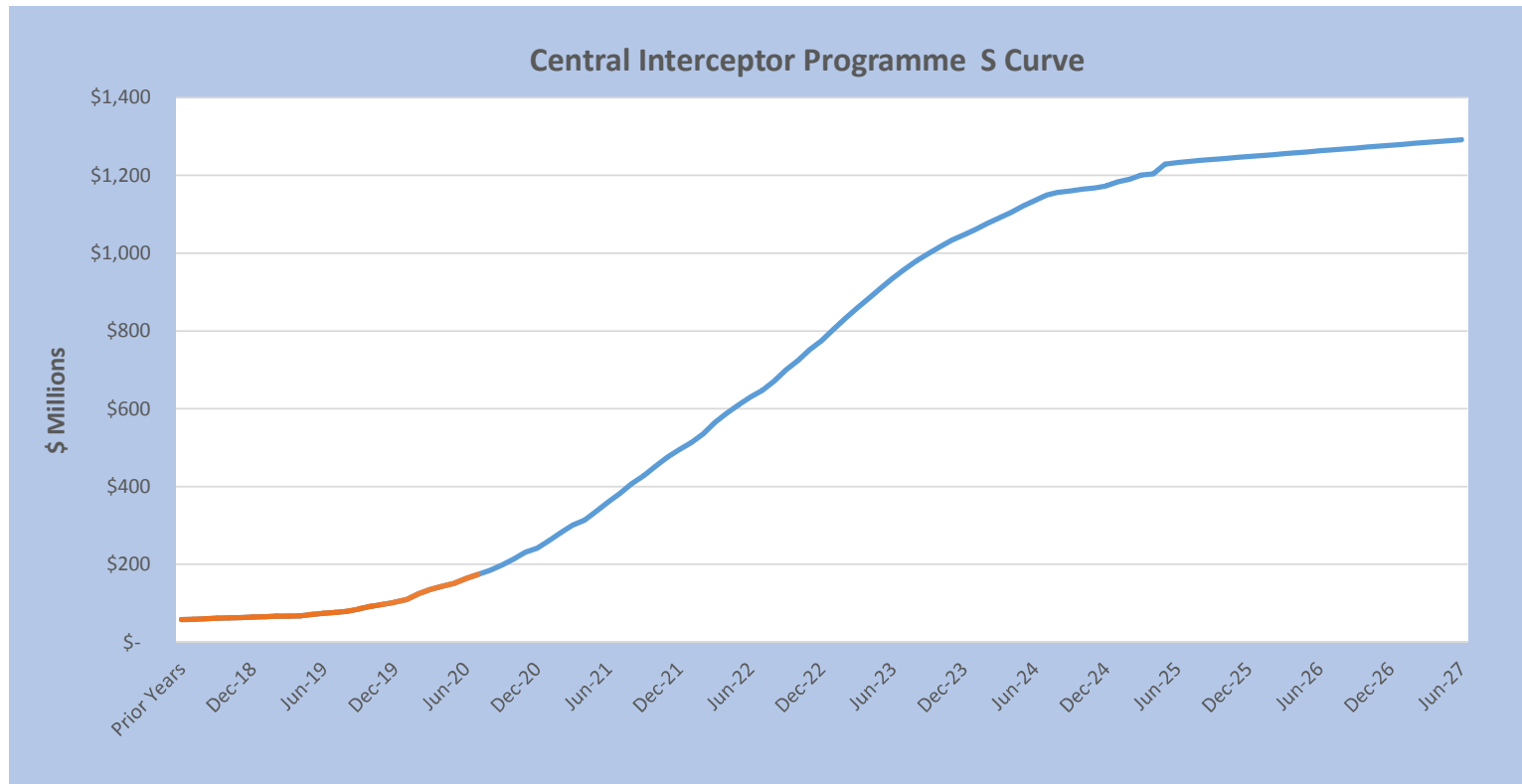
FUTURE OUTLOOK

- Excavation of May Road Shaft A to begin in August.
- TBM Factory Acceptance Testing scheduled for 21 August 2020, with Jacobs resources based in Germany to attend on our behalf.
- Ongoing efforts to secure entry and travel permits for critical project staff.



Shayne Cunis
Executive Programme Director, Central Interceptor

1. FINANCIAL SUMMARY



Project Expenditure

- Total project expenditure (including Grey Lynn Tunnel) to date is \$173.3M against an approved budget of \$1.268B. This level of expenditure aligns with the forecast.
- Western Isthmus Water Quality Improvement Programme (WIWQIP) Shaft Interface works approved. Total value \$13.5m, expenditure to date \$0.7m
- Committed Risk to date is \$10.1m. This includes COVID 19 impacts of \$7.8m (TBM relocation \$5.1m, Pre-lockdown \$0.2m, Lockdown \$2.5m)
- The Total Outturn Cost for the programme of works remains at \$1.267B.
- \$30M advance payment was issued to GAJV in March 2019, which will be repaid over the first few years of the contract. A second \$20M additional advance payment was issued to GAJV in December 2019, with \$16M of this to be repaid by July 2021 and the remainder repaid by 2023.

PROJECT SUMMARY

HEALTH, SAFETY & WELLNESS

- Watercare worked collaboratively with the GAJV on commencement of Māngere Shaft excavation, the first works on the project which fall under the Mining and Quarrying Operations Regulations. Readiness reviews were completed to ensure all physical, system and documentation related requirements were in place to enable works to commence safely and in line with approved plans and regulations.
- Watercare initiated a 'Kick-off meeting' with GAJV for the mobilisation of new project sites. The objective is to work better with the GAJV to ensure the site establishment work is planned appropriately, and suitable resources are secured prior to mobilisation. The efficient site set up of Dundale Avenue is due this initiative.
- Despite introduction of new activities and increased work fronts, there was a noticeable reduction in high potential close call during this reporting period.
- A total of 3 rewards and recognition were presented to workers for their outstanding contribution in promoting health, safety, and wellbeing in their roles.
- All Watercare Project Team members went through briefing sessions on the updated HSW Management plan. These sessions were intended to enhance the engagement in H&S process, and to refresh the project HSW objectives and strategies.

DELIVERY

- At Māngere Pump Station:
 - Shaft excavation has commenced
 - The shaft site is now designated as a Mine and is now governed under the Health and Safety at Work (Mining Operations and Quarrying Operations) Regulations 2016
 - The site access road and new carpark has been completed
 - Construction of the rising mains is ongoing
- At May Road:
 - Shaft A site is being prepared as per mine site requirements so that excavation can commence in August
 - Coring of basalt in Shaft B is ongoing
 - Construction works on Roma Road access have resumed
- At Keith Hay Park:
 - Working platform construction has been completed
- Haycock Avenue:
 - Site establishment activities are ongoing
- Dundale Avenue:
 - Site establishment has commenced

PEOPLE

- We continue to lobby the Government regarding the impact of the New Zealand border restrictions on major infrastructure projects. The Mayor of Auckland has written to the Minister of Immigration highlighting the challenges the industry is facing due to these restrictions
- Immigration New Zealand has approved travel exemptions for 10 essential workers required immediately for the project. Temporary visa applications have now been lodged for these individuals. Once approved they will be cleared to enter New Zealand and commence work immediately
- We continue to face the challenge of our existing overseas workers not being able to return home to visit family with any certainty that they will be able to re-enter New Zealand again. This is creating a retention risk for some of our critical roles
- The forecast requirements for essential workers across major infrastructure projects over the next 18 months will add further pressure to New Zealand's limited availability of quarantine facilities. In response to this we are working closely with CRLL/Link Alliance on an industry wide approach to managing ongoing quarantine requirements to ensure the continued supply of essential workers

RISKS

- Section 5 provides greater detail on the current risks in play and the movements from last month.
- The first mine site has been declared to WorkSafeNZ – Māngere PS Shaft.
- Progress has been made on bringing personnel into NZ, but this remains the highest risk on the project at this time.
- Ground conditions at the Māngere PS rising continue to prove challenging with soft ground conditions continuing to be encountered.
- Confidence is increasing in GAJVs proposal to self-perform construction of the Māngere PS. Their proposal is still to be approved.

STAKEHOLDER & COMMUNICATIONS

- Hosted the training TBM naming ceremony on 17 July. It was named 'Kate' for Kate Edger, the first woman to receive a University degree in New Zealand, in 1877. Very positive reactions to announcement on social media.
- The Temporary Park Services Provision Plan for Miranda Reserve was approved by Whau local board on 8 July.
- Supported the GAJV 'Meet the Contractor' events held on 9-10 July (Dundale Ave) and 18 July (Haycock Ave) – approximately 30-40 local residents, along with local board members, attended each two-hour session.
- Completed the options for the visitor engagement experience for the CI Mobile Visitor Centre.
- Media announcement of the name of the Tunnel Boring Machine, Matariki star, Hiwa-i-te-Rangi, as voted on by primary schools along the route of the tunnel.
- A number of project update presentations were made to interested groups, such as the Māngere Community Liaison Group. All have been positively received.

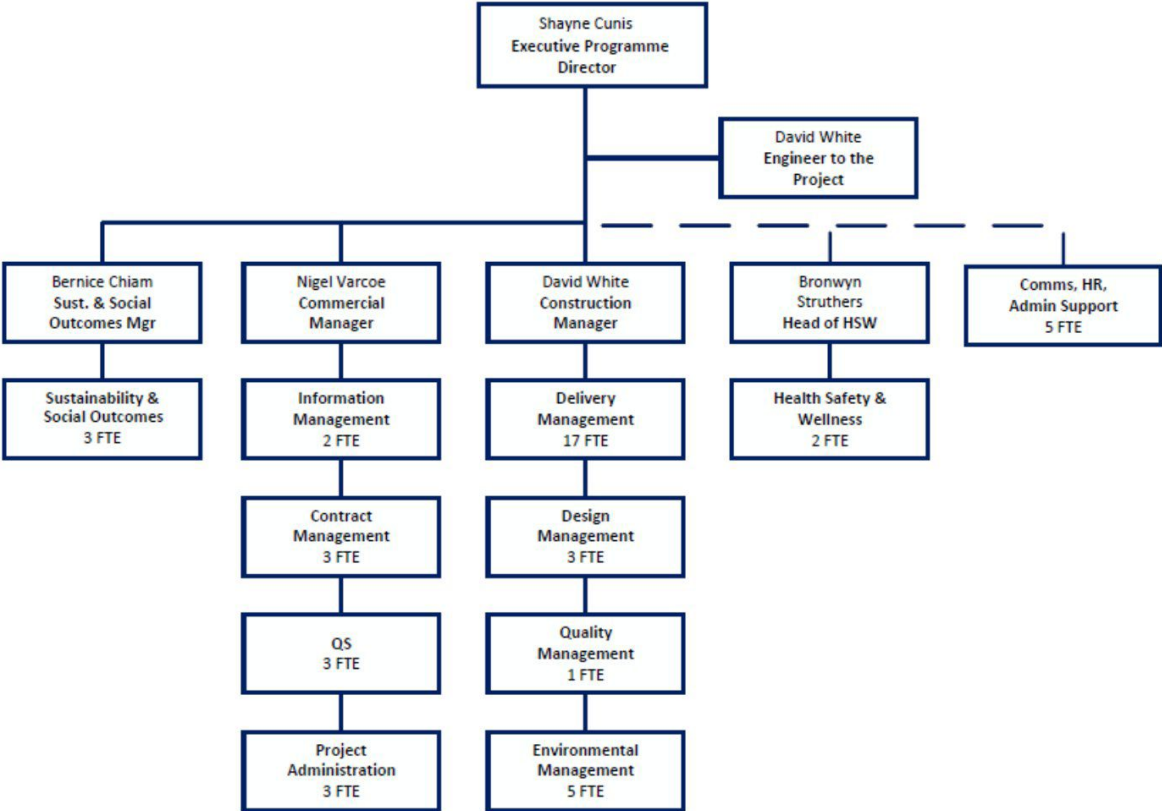
CONSENTS & APPROVALS

- The application to vary to the Activity Specific Noise Management Plan resource consent condition to delete the requirement for written endorsements has been completed. A pre-lodgement meeting with Council is scheduled for August.
- The minor non-compliance with a stormwater resource consent for May Road have been resolved. The latest inspection was rated fully compliant.
- Preliminary design phase workshop for the Public Arts process completed. Mid-point meeting scheduled for 12 August once architect rendering completed.
- Draft application for the construction of a haul road at Western Springs ready for landowner consultation. Presentation to landowner (Regional Facilities) scheduled for August.
- Two objections were received on the alignment of the Grey Lynn Tunnel, but one remains active. It is anticipated that it can be resolved satisfactorily.

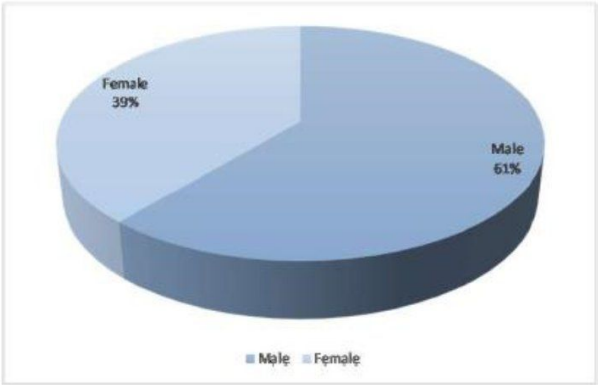
2. ORGANISATION STRUCTURE



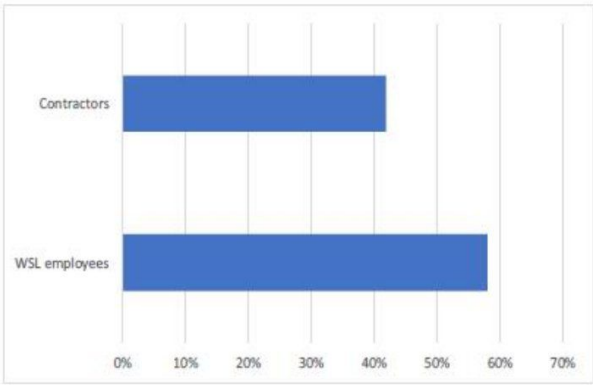
5.2



Gender balance



Workforce split



3. Health, Safety & Wellness

Watercare, its partners and the GAJV worked a total of 58,872 hours in July 2020. The rolling Lost Time Injury Frequency Rate (12 monthly) is 0 and the Total Recordable Injury Frequency Rate (TRIFR) is 4.00 per million hours.

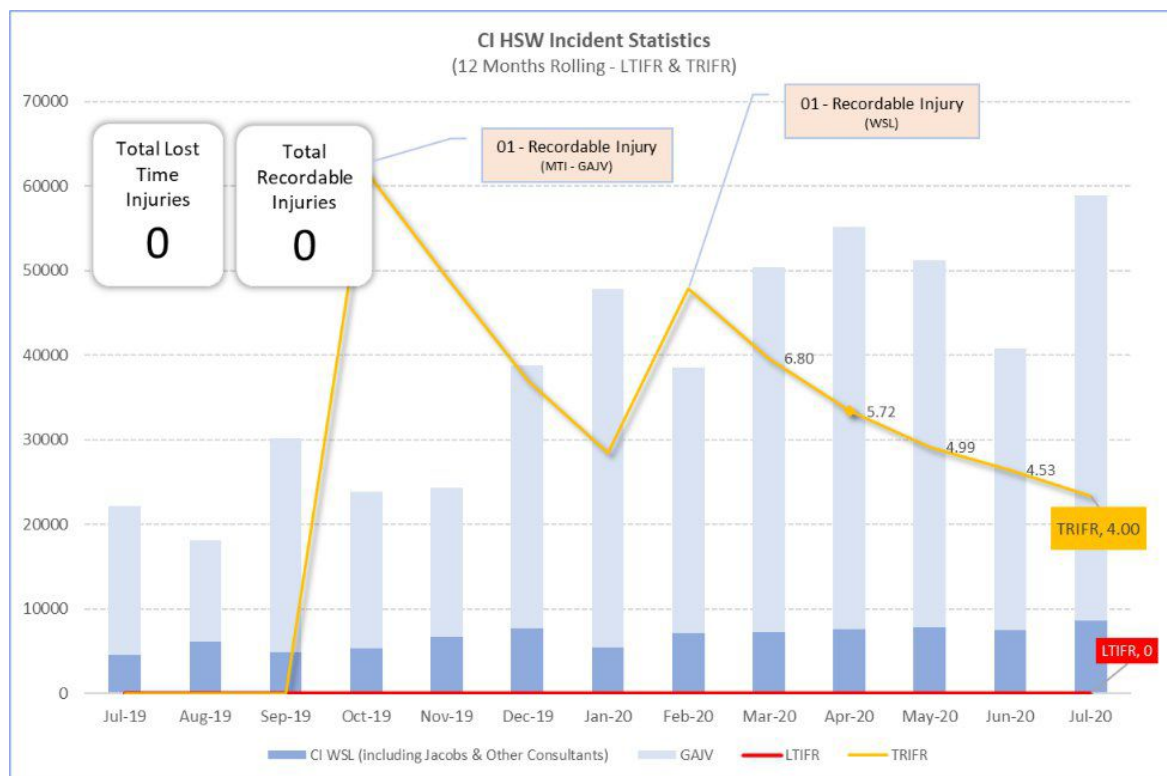


Figure 1: H&S Statistics (13 months rolling rate)

Working hours and number of HSW cases reporting during July are shown below:

	Hours Worked*	FAI	MTI	LTI	Close Call	PD	RO	NI
Watercare Employees	4,627.0	0	0	0	0	0	0	0
Jacobs Construction Management	1,877.0	0	0	0	0	0	0	0
Other Consultants*	2,092.7	0	0	0	0	0	0	0
Ghella Abergeldie JV	50,276.0	0	0	0	4	4	1	0
Total	58,872.7	0	0	0	4	4	1	0

* Includes Jacobs Design Support and Grey Lynn Tunnel (78% of hours worked)

No serious injuries or significant incidents recorded during this month.

Classification	Description
First Aid Incident (FAI)	Refers to any injury that can be treated on the job site without causing lost work days. 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 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's, Vehicle accident to and from works etc.
Notifiable Incident (NI)	An incident that requires to be Notifiable 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

Covid-19

We have now been successful in obtaining exemptions for some critical offshore personnel to enter New Zealand. This continues to present a risk to the project.

There are a range of potential impacts in the offshore supply chain and we continue to actively manage these.

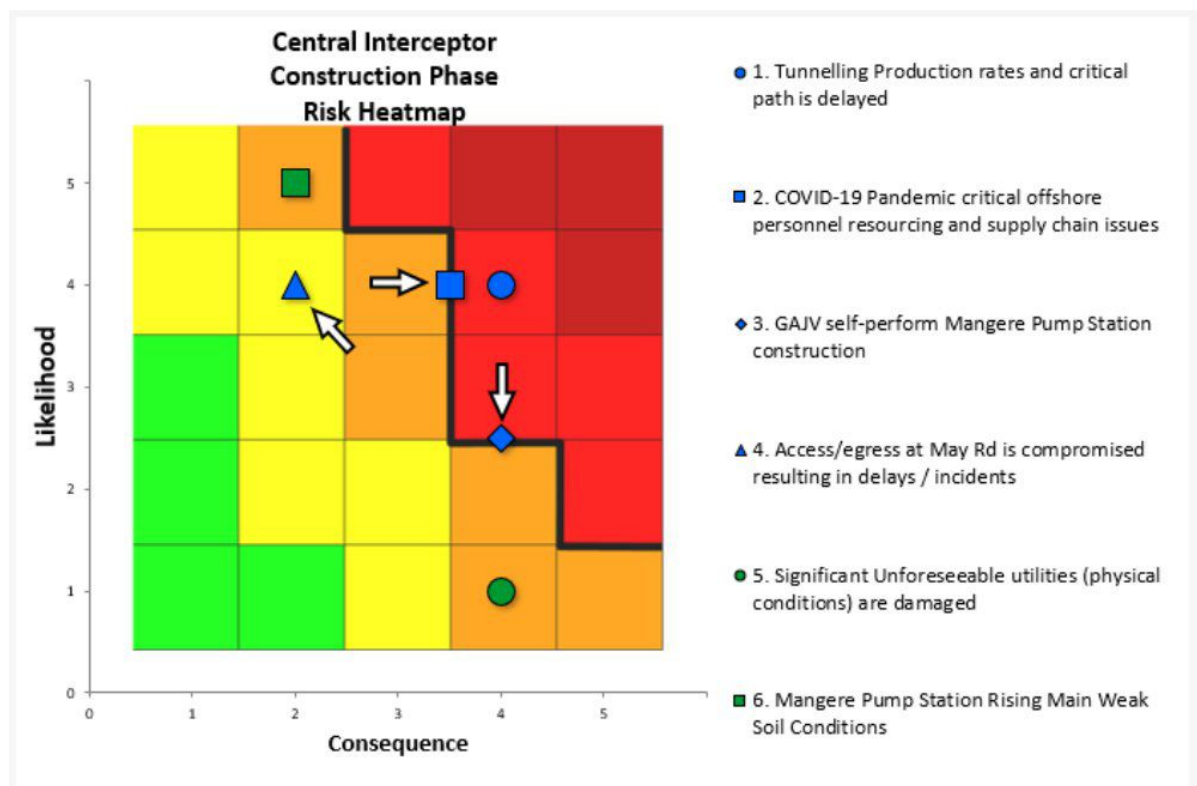
Ongoing Risks

Mangere Pump Station Rising Main installation continues to face difficulties due to much weaker ground conditions than anticipated by the design. Ground conditions are being investigated and monitored.

Mines Sites

At the end of July, Mangere Pump Station Shaft was declared a mine site to WorkSafe NZ. While excavation has only recently commenced, the mines classification requires additional controls which have been implemented on site.

Risk Heatmap













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 Mangere 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. Yet to approve.
Access/egress at May Rd is compromised due to conflicting activities from leaseholders/tenants Tenants not following TMPs/TMPs not accepted by landowner. HSE Incidents.	 	Full time warden. Additional traffic controls. Option to exercise WSL regulator rights under the Public Works Act. Regular coordination meetings. Revisit options for securing rights to the property. Heightened communications/improve relations with tenants. Roma Road access way under construction.
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.
Mangere Pump Station Rising Main Weak Soil Conditions Quality issues arising from soil conditions along route of Rising Main softer than anticipated. Additional cost will result due to revised trench and foundation approach.		Contractor reworking their work method statements to cater for changed ground conditions. Additional geotechnical investigation and foundation fill.

Photo Update – July 2020

5.2



MPS– Official commencement of mining operations



MPS – Ventilation and air quality monitoring ready for shaft excavation



May Road - Shaft A preparation for excavation/mine site setup



Dundale – Site Overview



MPS - Site overview

5. Construction Programme

When is the Central Interceptor being built?

5.2



Central Interceptor
Watercare 

Building the

CENTRAL

INTERCEPTOR

Health and Safety at Work

Mining Operations and Quarrying Operations

Regulations 2016



Central Interceptor

Watercare 
An Auckland Council Organisation

Overview of MOQO

- Arose out of Pike River
- Prescribe matters concerning health and safety in mining operations
- Safety critical roles
- Competency requirements
- Health & Safety Management system
- Audit and review
- Engagement with workers
- Principal Hazard Management Plans
- Principal Control Plans
- Emergency Management
- Environmental & Health monitoring



5.2

Central Interceptor Requirements

Watercare

- Appoints the 'Mine Operator' - GAJV.
- Responsibilities as an upstream PCBU.

Ghella Abergeldie Joint Venture (GAJV)

- Appoints the Site Senior Executive (SSE)
- Provide sufficient resources to the SSE.
- Define the mine operations
- Develops and implements the safety system.
- Notifications to WorkSafe
- Provide a safe operating environment for Workers
- Provide resources for emergency response.
- Reporting.



Site Senior Executive (SSE)

- Safety Critical Role
- Appointed by the Mine Operator
- Approved by Worksafe
- Requires specified levels of Competency
- Wide ranging responsibilities and accountabilities
- Subject to substantial fines for proven non-compliance
- Matt Mules has been approved as SSE
- Has been a SSE on 12 tunneling projects since 2014



5.2

Relationship with Worksafe

- Proactive strategy focusing on consultative relationship
- Invited WorkSafe in early to provide insights and learning
- CI demonstrating industry leadership and innovation
- Willingness to collaborate with other projects and share collateral and learning
- Delivering regulatory requirements on time and to high standards



5.2

Overview of the Kāinga Ora Auckland Housing Programme

Watercare Board Meeting - 25 August 2020

Presented by Ilze Gotelli
Head of Major Developments, Infrastructure

Kāinga Ora Redevelopment Precincts

5.3

Precinct	Removals	New Homes
Northcote	310	1,500
Mt Roskill	3,000	20,000
Mangere	2,700	10,000
Oranga	380	1,000
Tamaki	2,100	10,500
Total	8,490	43,000

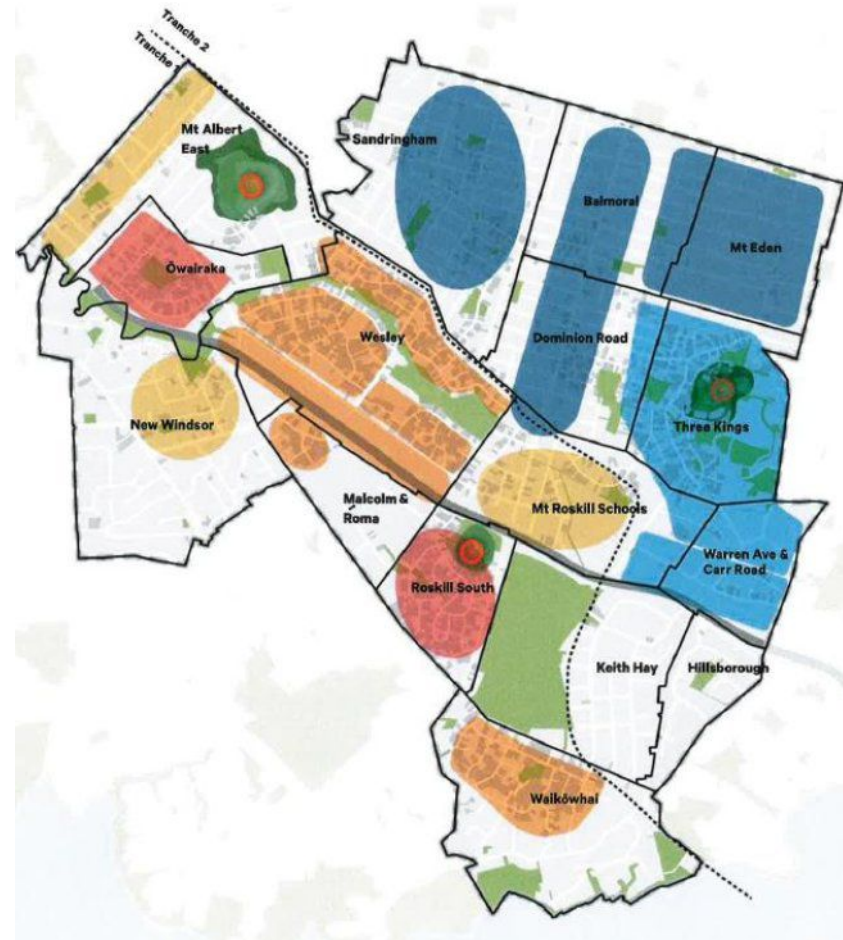
15-20 Year Build Programme



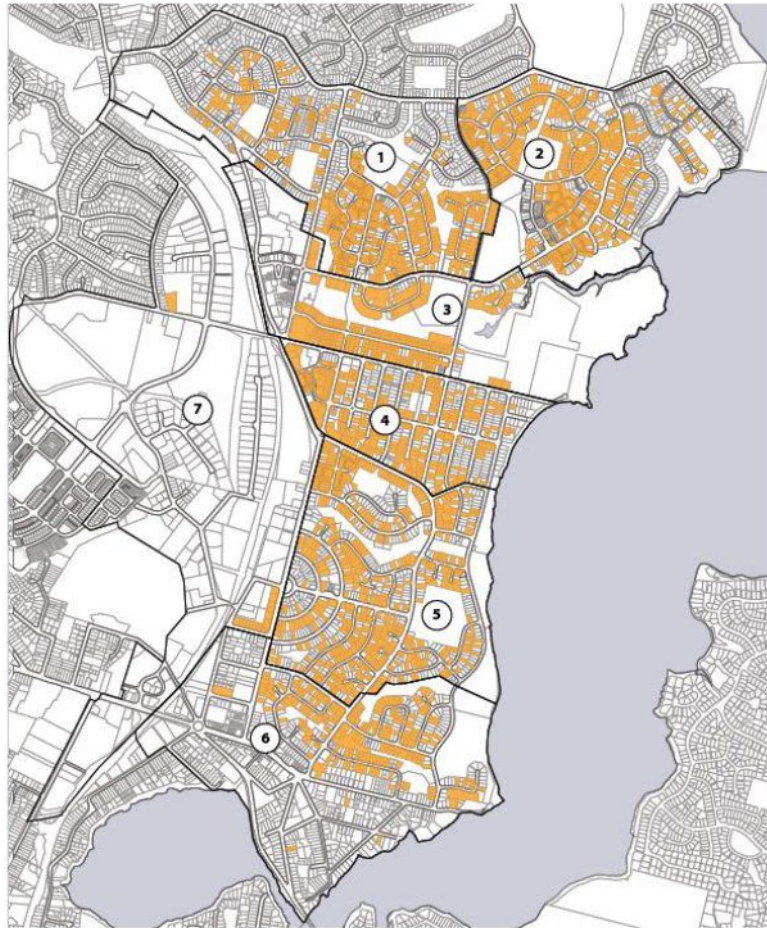
Example: Mt Roskill Redevelopment Precinct

5.3

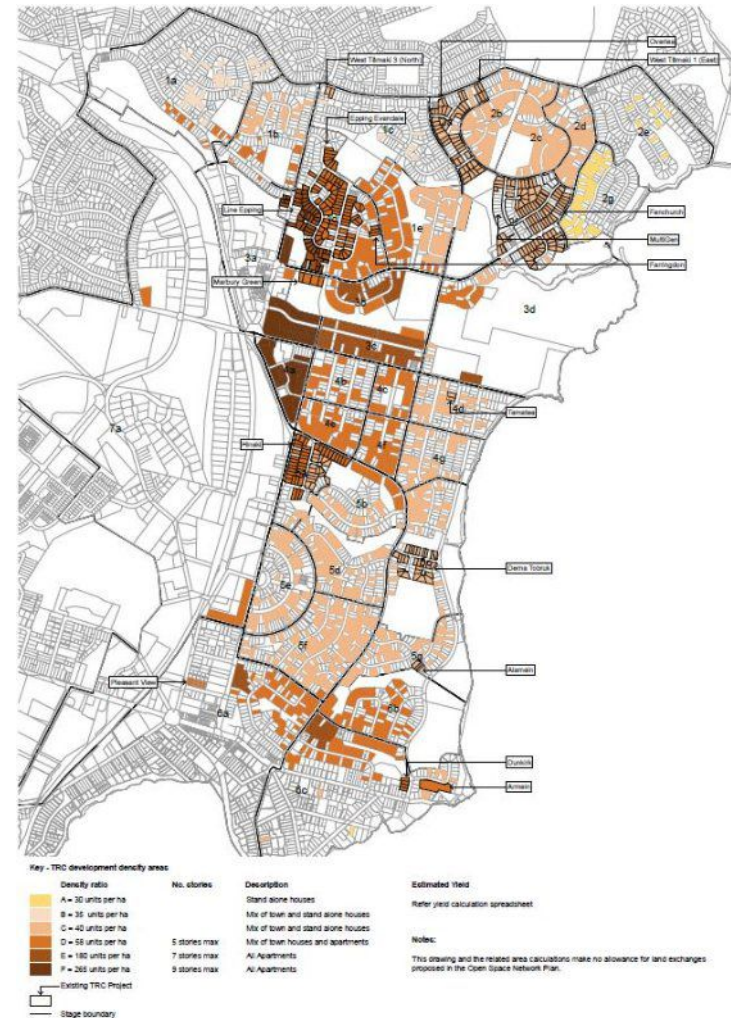
- 16 Neighborhoods
- Now Underway
 - Roskill South (1,000 new homes)
 - Owairaka (1,100 new homes)
- Next Neighborhoods
 - Wesley (5,500 – 7,200 new homes)
 - Waikowhai (750 - 900)
- Total new homes: 20,000



Tamaki Redevelopment – Increasing Density



TRC – Existing Public Housing

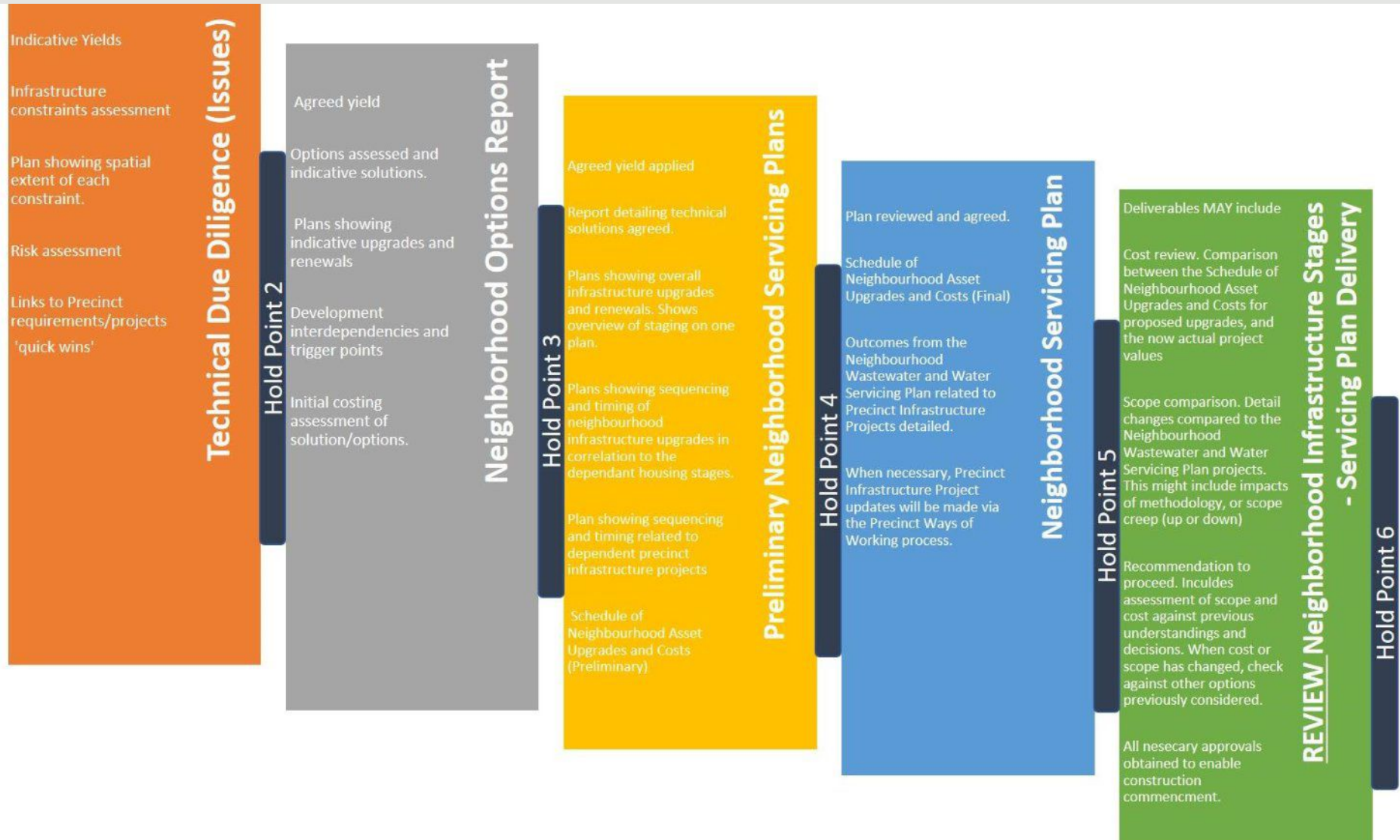


5.3



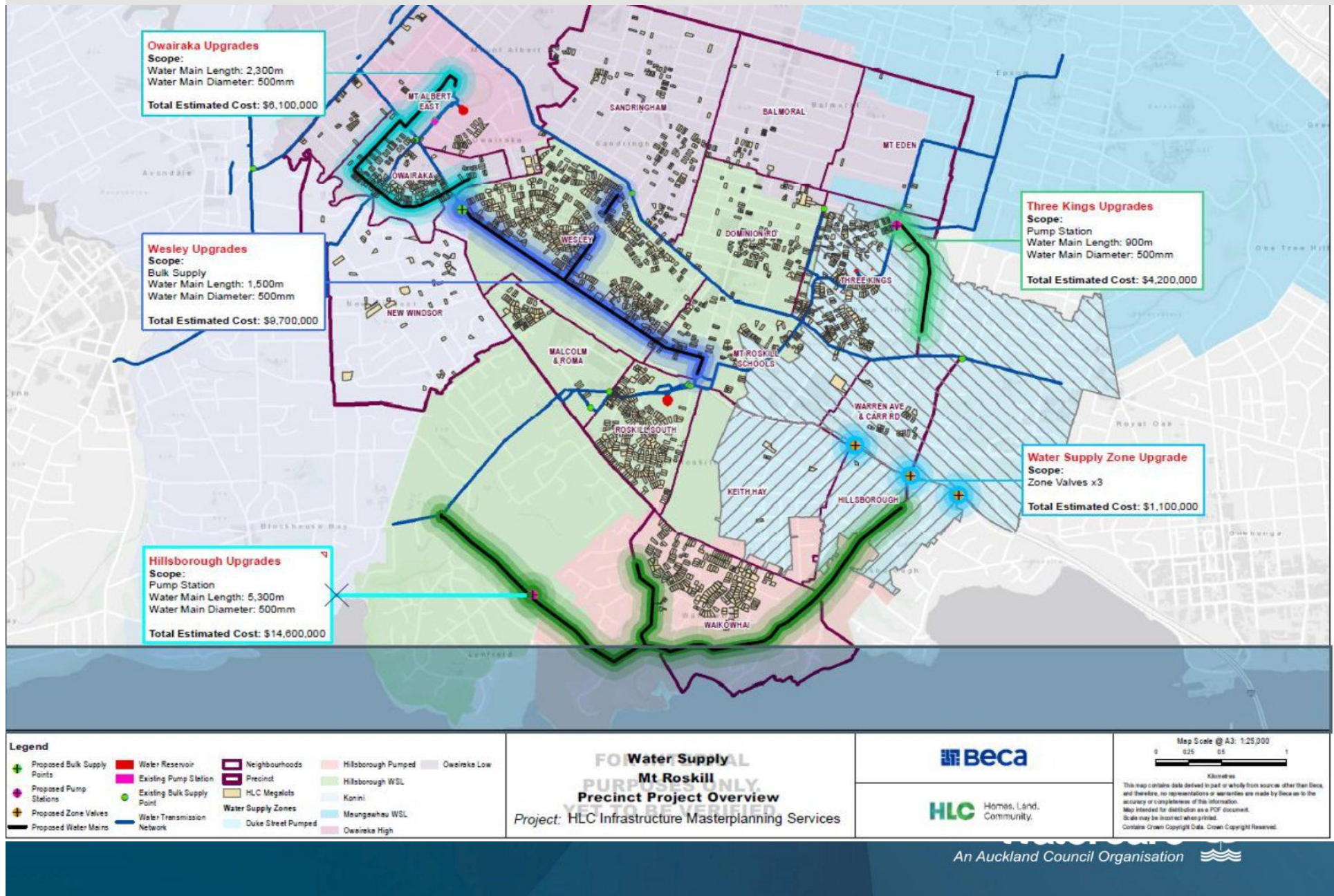
Ways of Working – Delivering Enabling Infrastructure

5.3



Unlocking Neighborhoods – Precinct Projects

5.3



Drought Update: Dated 17 August 2020

In preparation for summer, Watercare requires lake storage to be 90% by 1 November every year.

This year, the long-range forecast suggests this is unlikely to occur, as we are expecting lower than average rainfall this spring.

Given this, we are aiming to reach at least 75% by 1 November 2020. As lake levels will be below normal levels over summer, water use restrictions are likely to continue until Autumn 2021.

The attached tables show progress towards reaching the 75% target by 1 November 2020. This is being done through several interventions including:

- a) water use restrictions and voluntary savings requiring our customers (domestic and commercial) to reduce their use of water
- b) maximising abstractions from the Waikato River and Onehunga Groundwater sources, as these reduce the need to take water from our water storage lakes
- c) augmenting our water supply by constructing new plants at Pukekohe and at Hays Creek and abstraction of an additional 50MLD at Waikato.

Drought Update for 17 August 2020

Drought Response Forecast – Target minimum 75% storage by October 2020

5.4

	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
A Lake storage levels (target % at end of month)		49.6%*	56.0%	62.4%	68.6%	75.0%
<i>Actual</i>	43.4%	55.3%	59.5%			
B Average daily use (target MLD)		410	409	405	405	415
<i>Actual</i>	423	405	397			
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)		170	180	192.5	192.5	192.5
	167	174	157 [§]			
D Abstraction from the storage lakes (MLD)		240	229	213	213	222
<i>Actual</i>	256	231	240			
E Total lake recharge required (MLD) for the month		435	424	408	408	417
<i>Actual</i>	192	521	514			
F Normal monthly rainfall (mm)		176	203	182	154	146
<i>Actual</i>	132	274	134			
G Estimated rainfall required to achieve 75% lake storage by Oct. and follow previous summer		98%	83%	90%	108%	116%
H Forecast rain conditions (% of normal) #		100%	103%	111%	96%	88%
<i>Actual</i>	102%	157%	65%			
I Forecasted rain conditions (NIWA 3 month)		Normal rainfall	Normal rainfall	Normal rainfall	Normal rainfall	Below normal rainfall

*restriction zone

#new forecast presented from MetService 10 August shows a very dry spring signal, this is in contrast to the previous forecast but aligns with earlier forecasts

§non-storage production target not reached due to Waikato shutdowns to enable Pukekohe East Reservoir tie-ins and extremely low demand periods requiring further production reductions

Status Report – to week ending 16 August 2020

Monthly storage commenced 1 August 2020 59.5%

Target storage for 31 August 2020 62.4%

	Status at 16 August	Target for 16 August
Storage at end of week	61.4%	59%
7 Day Demand (m ³ /day)	384,804	405,300
Month to Date (m ³ /day)	388,220	405,300
Non-Storage 7 Day Production (m ³ /day)	175,297*	190,000
7 Day Rainfall (% of normal)	69%	90%
Month to Date Rainfall (% of normal)	76%	90%
Coming Week Rainfall Forecast (% of normal)	140%	90%
Coming 4 week	120%	90%

*Waikato production was reduced at the beginning of the week due to river flows falling below median. River levels have since recovered as of 10 August. Waikato production has also been trimmed in line with very low demand.

Report to the Board of Watercare Services Limited
Prepared for the 25 August 2020 Board meeting



Chief Executive's report for July 2020

6.2

HIGHLIGHTS AND LOWLIGHTS

1. Health, Safety & Wellness

- There was one Lost Time Injury (LTI), and one Medically Treated Injury (MTI), involving Watercare employees in July 2020.
- There was one Lost Time Injury (LTI), and three Medically Treated Injuries (MTI), involving contractors in July 2020.
- The rolling 12-month Lost Time Injury Frequency Rate (LTIFR) for employees is 9.96 per million hours, exceeding our target of ≤ 5 .
- The rolling 12-month Total Recordable Injury Frequency Rate (TRIFR) for employees is 20.44 per million hours, exceeding our target of ≤ 20 .
- **Back to Basics:** This programme is being developed to ensure our workers, at all levels of the organisation, are focussing on the key requirements of their roles.
- **Injury Management and Employee Assistance reporting:** This report includes a brief update on these two services, which are provided by external providers.
- **Industrial Athlete:** We are now piloting the industrial athlete programme with the operations team.
- **Service Strikes:** We are working on several fronts to improve performance around service strikes.
- **Covid-19:** We are currently in Alert Level 3. The Covid-19 incident management team has reformed and predicts that Alert Level 3 will remain in place until at least 26 August 2020 and could continue for an additional two further weeks to account for further contact tracing of the community transmission, taking us to 9 September 2020. The company has therefore planned to continue at Alert Level 3 through until this later date. This report includes an update on the various actions the company is taking to ensure we can continue to provide essential water and wastewater services whilst operating under Alert Level 3.

2. Financial Capital and Resources

- In November 2019 the Ministry for the Environment scheduled the Puketutu Island Rehabilitation Project (PIRP) to be subject to a waste levy of \$20 per tonne in their consultation documentation for increasing the waste levy. This would have imposed an estimated \$40M operational cost to Watercare over the next 20 years. Cabinet agreed in July 2020 that the PIRP should be exempt because of Watercare's submission.

3. SOI measures and customer service

- It is a new Financial year. This year, we have the same SOI measures as last year, plus 15 new additional SOI Performance Measures, which are aligned with our Integrated Reporting Capitals. Management will start reporting against these new measures from next month via this CE's report.
- NPS is at 42 (12 month rolling average). This is a 1 point decline compared to last month. This is largely driven by backlog of work following the first Covid-19 lockdown, significant contacts due to drought, and general negative perceptions.
- The Customer Satisfaction score declined 0.5% to 72%, against a target of 75%. This was again driven by the above factors and new staff helping with the backlog and drought impacts across faults with additional focus on addressing leaks promptly. The current conversations are challenging, and the new staff are receiving ongoing soft skills training.
- Complaints within Service Level Agreement (complaints to be resolved and closed within 10 days) has improved to 95.1% with significant focus and monitoring on resolution time frames.
- The SOI measure for "water complaints per 1000 connections" and "wastewater complaints per 1000 connections" has increased on last month. These measures are more correctly described as the number of "service interruptions" per 1,000 connections. Service interruptions include events such as no water, sewer blockages, overflows, burst mains and leaks. These service interruptions have increased due to drought conditions and Aucklanders' heightened awareness of leaks which has led to an increase in reporting.
- The eBill total is now 59.4% with continued focus on shifting customer to eBill by front line and proactive campaigns.

4. People, Capability and Learning

- The percentage of voluntary leavers and absences due to illness remain below our limits.
- The number of FTEs remains below our budget.
- The eNPS (Employee Net Promotor Score) result has risen to +36, up from the previous score of +21.
- Watercare has been named an "Employer of Choice" for 2020 by the HRD (Human Resources Director) organisation. HRD is an international organisation who run these awards annually. Companies such as XERO, CCA and Downer have won in the past.

5. Community and stakeholder relationships

- **CCO Independent Review Report:** The Panel released the Review of Auckland Council's CCOs on 11 August 2020. In summary, the Panel found the CCO model remains the right one for Auckland. However, the Panel recommended two significant improvements to the model generally;
 - a) for Council to give CCOs clear strategic direction (e.g. the lack of a water strategy was specifically highlighted); and
 - b) give the CCOs guidance on how to strike a balance between commercial and public interests.
- **Community and local board engagement:** Our activity over the last month continued to focus on the drought response. The team has also been reviewing local board plans and continuing to communicate with local communities who may be impacted by Watercare construction works.

- **Waikato District Council:** Capital works delivery is accelerating. Operationally, there were no significant outages in July 2020. Watercare is assisting WDC formulate projects to be put forward for the Water Reform Funding package.
- **Developing and Implementing Enterprise Risk and Resilience Management in Utilities Standard:** Watercare's Nigel Tom's was part of the steering group working on this new British Standard, which is likely to be used worldwide.
- **Legislation update, including submissions on various bills:** Urban Development Act came into force on 7 August 2020; this report includes a detailed update on the NPS and NES on Freshwater Management; Government has released Te Mana o te Taiao - Aotearoa New Zealand Biodiversity Strategy 2020; the Water Services Bill is unlikely to progress until the next Parliamentary term; the Randerson Report that includes recommendations on how to reform the Resource Management system has been released; the National Policy Statement for Urban Development 2020 comes into force on 20 August 2020.
- **Māori Engagement & Outcomes:** A significant focus in July 2020 continued to be Waikato Awa water consents and documents and continuing consultation.
- **Communications snapshot:** The Drought continues to receive extensive coverage in the media and current affairs shows.

6. Natural Environment

- **Watercare's Drought Management Response:** Stage 1 Water use restrictions remain in place since 16 May 2020, following the resolution of the Auckland Council Emergency Committee on 7 May 2020. As well as putting in place interventions to manage demand, we are working to reduce pressure on our water storage lakes by maximising production, returning former water sources to production, and increasing production from the Waikato River. We are also working to reduce leaks in the network.
- **Water outlook for August 2020:** At the end of July 2020, system storage was 59.5%. As at 18 August 2020, total storage was 61.4% against a historical average of around 88%. The long-range forecasts are predicting below normal rainfall from August to December.

7. Resource Consent Compliance:

- Watercare currently holds 513 active consents across Auckland and Waikato. Of these, 192 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 July 2020, 16 of our 192 discharge and take consents were technically non-compliant; 11 under Auckland Council and 3 under Waikato Regional Council. Two non-compliances in Auckland were Category 3 (one for a water treatment plant and one for a wastewater treatment plant). One non-compliance in Auckland was Category 4 (Helensville wastewater treatment plant). All three issues are on track to be resolved by August-September 2020.

8. Assets and Infrastructure

- Over the last month, our Snells Algies Ocean Outfall project team set a new world record for the longest Direct Pipe[®] drive; the Central Interceptor's Tunnel Boring Machine has been named Hiwa-i-te-Rangi, after the final star in the Matariki cluster; and our Pukekohe East Reservoir tie-in has been completed.

FUTURE OUTLOOK

UPCOMING BOARD ACTIVITY

- Governing body/Watercare Board workshop – 22 September 2020
- Board meeting – 29 September 2020
- Committee for Climate Action 13 October 2020

MOVING ON FROM WATERCARE

On 17 August 2020, I sent the following announcement to all staff:

To my fellow Watercare staff members,

Unfortunately, I had not anticipated us being in a level 3 Covid19 lockdown and would have made this announcement when I could have done so more in person. However, it is important that I share this important message as time has moved on since I made my decision to move on from Watercare at the end of October.

This is not a decision I have taken lightly, as I very much value the time we have worked together. But having considered many factors I have concluded that this is the right decision at this time.

When I was appointed CEO in October 2014, I gave a commitment to the Board to remain for six years and that time has come around. I am looking forward to an opportunity to contribute to meeting broader challenges in the infrastructure sector, which have taken on a new urgency as a result of the impact of Covid -19. Most importantly, I am confident that I leave the company in good heart and very well equipped to meet the needs of our 1.6 million customers for the vital service Watercare provides.

For me, it has been an honour and a pleasure to work with all of you. We have successfully weathered challenges like the Tasman Tempest which devastated the Hunua dams in 2017. I have been proud of how you have responded to the drought that has affected Auckland since November last year.

I am also very grateful to our customers, the people and businesses of Auckland, who have continued to record substantial water use savings – even though Aucklanders are already the most efficient users of water in the country. None of us has wanted to see the introduction of restrictions, nor the impact of these on businesses. But we have been able to bring forward investment in major initiatives to increase supply that had previously been planned. We will be bedding down these new measures and other steps over the next two months. I am confident the company will be well placed to see this drought through as it continues to meet our customers' needs.

There are too many people to name or thank here, but over the next two months I do hope to be able to get around and more personally farewell each of you.

As a team we have become a much more customer-facing organisation, made big gains in productivity and successfully taken on some of the country's largest and most complex infrastructure projects.

We can be proud of continuing to always provide clean and safe Aa grade water, achieving savings of over hundred million dollars to our customers every year and the numerous professional and industry awards Watercare has won for major projects and initiatives that have increased supply, protected the environment and helped address climate change.

Most recently, I was proud to see a substantial independent review of water supply organisations around the country by the Water Industry Commission For Scotland, which examined performance, investment and service strategies, and found Watercare was the clear leader in meeting the needs of its customers.

There will always be room for improvement. Watercare is in a very good position to build on what has been achieved to date.

As many of you know I am on the board of the New Zealand infrastructure Commission. This is an exciting and vital time across the whole infrastructure sector and an area where I am looking forward to being able to make a wider contribution.

Much of what I can contribute will come from what I have learned in working with so many of you across this company. I am confident in your ability to continue to excel and meet the needs of the people we serve. I will be following your continued success.

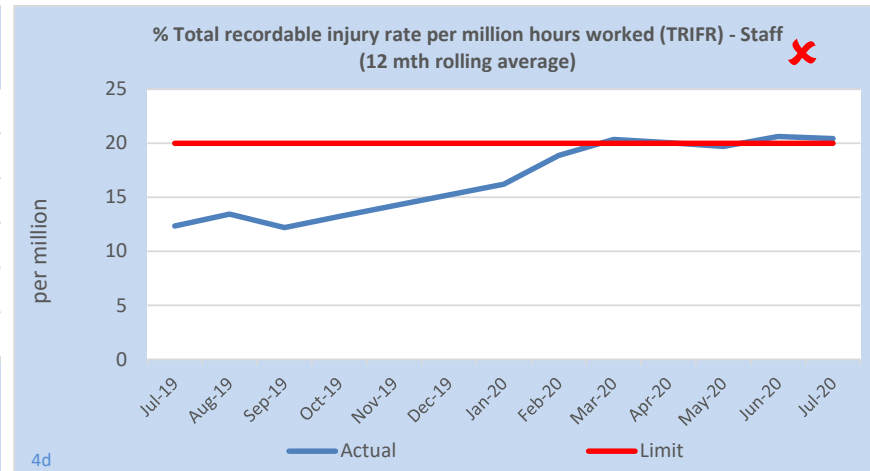
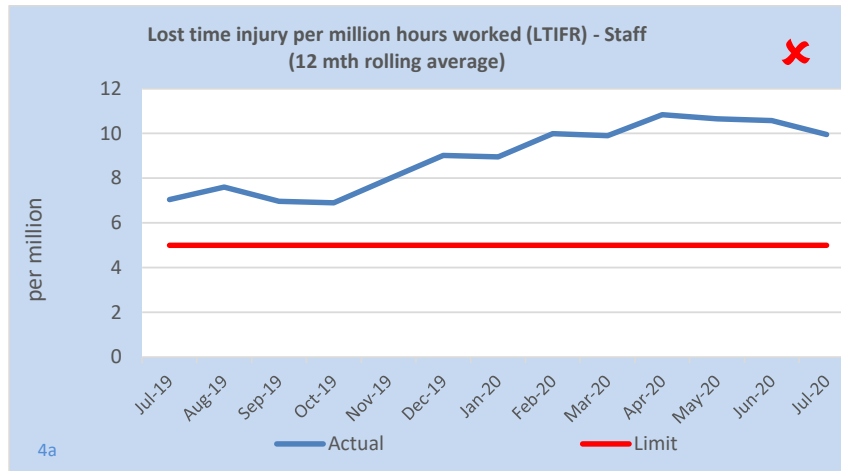
Be safe. Take care. I look forward to catching up before I leave.

Raveen Jaduram



Raveen Jaduram
Chief Executive

1. HEALTH, SAFETY & WELLNESS UPDATE



6.2

Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
Watercare MTI Customer Team 11744 02/07/2020	No – Manual Handling MTI – Treatment only	Workers who spend time on or near water are required to complete swim training. As part of the swim training course, workers practice rescuing each other from the water. A worker was being lifted out of the pool by his arms when his lifejacket snagged on the side of the pool and his shoulder was strained. The worker was in pain and arm movement was impinged. The worker was taken to the doctor and has received physiotherapy treatment.	Unexpected changes can lead to injury	<ul style="list-style-type: none"> Discussed at toolbox meeting with regards to stop if things do not feel right Discussed with the training provider to ensure appropriate safety briefings are conducted prior to training activities Training provider has conducted many courses previously without injury

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 Operations – Service Delivery 12016 27/07/20	No – Manual Handling LTI – 3 days	A worker pulled a valve across a work bench. They over-extended and strained their back. The worker was taken to the doctor and deemed fully unfit for work for three days.	Manual handling continues to lead to injuries. Back to basics and industrial athlete programmes to provide a circuit breaker.	<ul style="list-style-type: none"> Discussed at toolbox meeting regarding planning movements when manual handling Industrial athlete programme initiated with Operations team.
Contractor MTI Infrastructure McConnell Dowell/HEB 11421 02/07/20	No – Eye injury MTI – Treatment only	A worker was filing the corners of an aluminium sheet, when a filing particle went into his eye. He was wearing eye protection. The worker was taken to the doctor who irrigated the eye and removed the fragment.	Controls must be reviewed and checked to ensure they are still effective	<ul style="list-style-type: none"> The workers reviewed the risk assessment and determined the PPE was appropriate and that it must be worn correctly and in good order to be effective. All glasses on site were checked
Contractor MTI Infrastructure McConnell Dowell/HEB 11551 07/07/20	No – Manual Handling MTI – Treatment only	Two workers were carrying a ladder with a cage attached. As they walked between two large pieces of equipment, the cage struck one, bringing the load to a sudden stop. One worker's face struck the top edge of the cage, breaking one of their front teeth. The worker was treated by a dentist.	Manual handling continues to lead to injuries. Back to basics programme is in place to provide a circuit breaker.	<ul style="list-style-type: none"> Discussed at toolbox meeting regarding planning path when moving items Back to Basics programme underway with Infrastructure and Operations teams.
Contractor MTI Operations - City Contractors	No – Assault MTI – Treatment only	A work party was making a repair in an urban street. A group of local men entered the site, kicking road cones and approaching the working excavator. The Traffic Manager asked them to move along.	Situations involving members of the public can escalate quickly. Workers must have an array of people skills to manage situations effectively.	<ul style="list-style-type: none"> Workers have been supported and debriefed It was revealed that one of the offenders was recently released from prison. He was in breach of

Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
12089 23/07/20		<p>The group appeared to be looking for a fight. They attacked the Traffic Manager, flicked a lit cigarette into his face and threw a cone at him. The cone hit the Traffic Manager on their head, knocking him to the ground, and then three of the group kicked him.</p> <p>Another worker managed to break up the situation. The police were called, and they arrived with a dog handler.</p> <p>The worker was taken to A&E where their injuries were treated.</p>		<p>his parole conditions and the police were actively seeking his whereabouts.</p> <ul style="list-style-type: none"> • The Watercare security team are monitoring all interactions with the public to determine whether any escalation is occurring • Watercare security team are working with the MSN team to ensure they have skills and practices in place to manage negative interactions
Contractor LTI Operations GardenX 11549 24/06/20		<p>A worker slipped over on a pile of poly which had been left on the grass. The poly had been covered with leaves and garden offcuts.</p> <p>The worker twisted his knee and hurt his leg and was deemed fully unfit for work for one day.</p>	<p>Overlooking a step in the process led to a poor outcome. Inattention or distractions are a source of risk.</p>	<ul style="list-style-type: none"> • Poly and garden waste removed • Discussion with all workers on site about disposing of material appropriately

HEALTH, SAFETY & WELLNESS UPDATE continued

SIGNIFICANT INCIDENTS/HAZARDS/CLOSE CALLS

There were seven significant incidents in July 2020.

Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
Watercare Project/Infrastructure Site Close Call 12006 22/07/20	Yes – Working at Height	A worker was walking on a wet pipe when their foot slipped, and they almost fell. The worker was stopped and had a discussion with the supervisor.	<ul style="list-style-type: none"> Walkways, housekeeping and site layout are an important part of keeping the site safe and can be overlooked 	<ul style="list-style-type: none"> Discussion held at toolbox that workers need to plan site access to ensure there is no need to walk on pipe to collect tools or move power cables out of the way
Watercare Operations Huia WTP Incident 07/07/20 12111	Yes – Hazardous Substance Exposure	A worker was cleaning a chlorine drum prior to it being lifted. As the regulator yoke was loosened, a puff of chlorine gas sprayed the worker in the face, and he inhaled the gas. The worker tightened the yoke, stopping the leak, and the room was evacuated. The worker was checked and monitored and had no injury. The regulator yoke was subsequently found to have been faulty	<ul style="list-style-type: none"> Intellectual capital must be harnessed and shared with new operators and between sites Important to keep documents live and reviewed to align with best practice 	<ul style="list-style-type: none"> IXOM are training the site team on how to appropriately attach and disconnect the valves Reviewed the internal SOP as well as associated procedures Site has instigated a process to review SOPs as part of their weekly meetings Valve supplier is working with site team to ensure valve is appropriately maintained
Contractor Operations Downers	Yes – Service strike	Workers were using a digger in the process of repairing a water main. During the excavation a live gas pipe was ruptured 250mm below the surface. Gas lines are required to be at a minimum depth of 300mm.	<ul style="list-style-type: none"> Experienced workers can skip process steps leading to errors 	<ul style="list-style-type: none"> Workers managed site and pedestrian safety whilst repair was undertaken A water trailer was sent to site to provide customers with water

Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
Incident, Injury or illness 12172 27/07/20		Work was stopped while Vector repaired the gas pipe. Although plans were on site, they were not reviewed prior to work starting.		<ul style="list-style-type: none"> An investigation was conducted, and workers stated they used site visualisation cues to check for services which were not adequate in this instance
Watercare Operations Downers Incident 12220 15/07/20	Yes – Plant and Machinery	<p>A work crew were loading a 13T excavator onto a truck. The excavator was not loaded correctly and in the process of trying to fix it, the excavator rolled off the back of the truck.</p> <p>The driver was unhurt but there was damage to property and to the excavator.</p> <p>A crane came to site to load the excavator on the truck safely and correctly.</p>	<ul style="list-style-type: none"> Experienced workers can lower perception of risk when exposed for long periods of time. Risk assessments are an essential tool that must be completed with care 	<ul style="list-style-type: none"> An investigation was completed and reviewed by the Operations and HSW team WorkSafe discussed the event and the contractor is completing a Duty Holder Review Feedback has been provided and action review dates have been scheduled
Contractor Enfield Enterprises Close call 11751 03/07/20	Yes – Service Strike	<p>A crew was excavating an area between a footpath and a kerb. The crew had located the two services indicated on their drawings.</p> <p>A worker put a spade in the ground and grazed an electrical cable. Although other services had been marked and identified, this cable was not on the plan.</p> <p>The worker was not hurt.</p>	<ul style="list-style-type: none"> As-built drawings and Before You Dig information is not always correct. This presents a risk for many excavations in the Auckland region 	<ul style="list-style-type: none"> Operations Manager liaised with Contractor regarding Toolbox discussion.

Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
Contractor Fulton Hogan Incident, Injury or Illness 11951 19/06/20	Yes – Dropped Object FAI – First Aid Treatment	During a review of site incidents for the previous month, the contractor Safety Leadership Team found an incident classified as a close call was an incident where a worker was struck by a dropped object. During a crane demobilisation, a bracket, estimated at 25kg, fell from a height of just over two metres and struck an employee on his right arm causing significant bruising.	<ul style="list-style-type: none"> Front-line workers do not all understand hazard identification and risk management. This is particularly important with respect to critical risks. 	<ul style="list-style-type: none"> At the time, the believed no treatment was required Acknowledged escalation by Fulton Hogan Safety Leadership Team The incident was reported to WorkSafe An investigation into the incident is underway
Contractor Fulton Hogan Close call 11953 21/07/20	Yes – Suspended Loads	A crane was lifting the third of three 12m steel beams located in the carpark entrance of a Treatment Plant. During the initial lift, the beam swung around sideways nearly hitting the crane's boom. The operator then lowered the beam across the road entrance to regain control.	<ul style="list-style-type: none"> Change in task required a rigorous risk assessment 	<ul style="list-style-type: none"> Work was stopped and an investigation commenced Findings show the lifting procedure changed between the first two beams and the third For the third lift, alignment was not correct, and the beam swung In future, lift plans are to be reviewed and adhered to

HEALTH, SAFETY & WELLNESS UPDATE continued

<p>BACK TO BASICS</p> <p>Following consultation with key contractors, a Back to Basics programme is being developed to ensure workers at all levels of organisations are focussing on the key requirements of their role. The programme includes:</p> <ul style="list-style-type: none"> • Site toolbox challenge to encourage ownership and risk awareness on site • Leading Safety on Site: One day training for Project Managers, Contract Managers and leaders to build confidence and skills • Contractor forums: Quarterly forums hosted and led by Watercare for information sharing and issues to be discussed 	<p>INJURY MANGEMENT REPORTING AND OPC EMPLOYEE ASSISTANCE REPORTING</p> <p>We are working to improve our HSW reporting, providing data manually via system extracts and working with the Digital Team to create a detailed HSW dashboard. We have also established regular reporting from two key providers:</p> <p>Gallagher Bassett – Injury Management Partner</p> <ul style="list-style-type: none"> • Sprain and strain injuries remain the most prevalent injury type for Watercare accounting for 50% of claims April – June • 1/6/19 – 31/3/20. Watercare had 54 claims, total cost \$101,628, Ave cost per claim \$1882 • 1/4/20 – 30/6/20. Watercare had 15 claims, total cost \$22,484, Ave cost per claim \$1499 • Closure rate: 88% closed within 90 days, 100% closed at 182 days against ACC performance target of 100% at 273 days <p>OCP – Employee Assistance Programme</p> <ul style="list-style-type: none"> • July – December 2019: 77 sessions • January – June 2020: 108 sessions
<p>INDUSTRIAL ATHLETE</p> <p>We are piloting the Industrial Athlete programme, developed by Darrian Holten, with the Operations Team:</p> <p>(Details Below)</p>	<p>SERVICE STRIKES</p> <p>Watercare is working on several fronts to improve performance around service strikes:</p> <ul style="list-style-type: none"> • Enterprise Model safety group is leading a project to improve service identification and management. The first workshop, including Fletchers, Fulton Hogan and Watercare representatives, generated some very useful content, and a general observation reinforcing that workshops with the front line specialists is a strong route to effective improvement plans • Fulton Hogan, Fletchers and WSL approaches to be shared and will be compared to identify collective best-practice • Dave Moore, Senior Project Manager, is representing Watercare in a WorkSafe industry initiative to reduce service strikes, both by Watercare and our contractors, and of Watercare assets.

The Industrial Athlete- Program **Watercare**

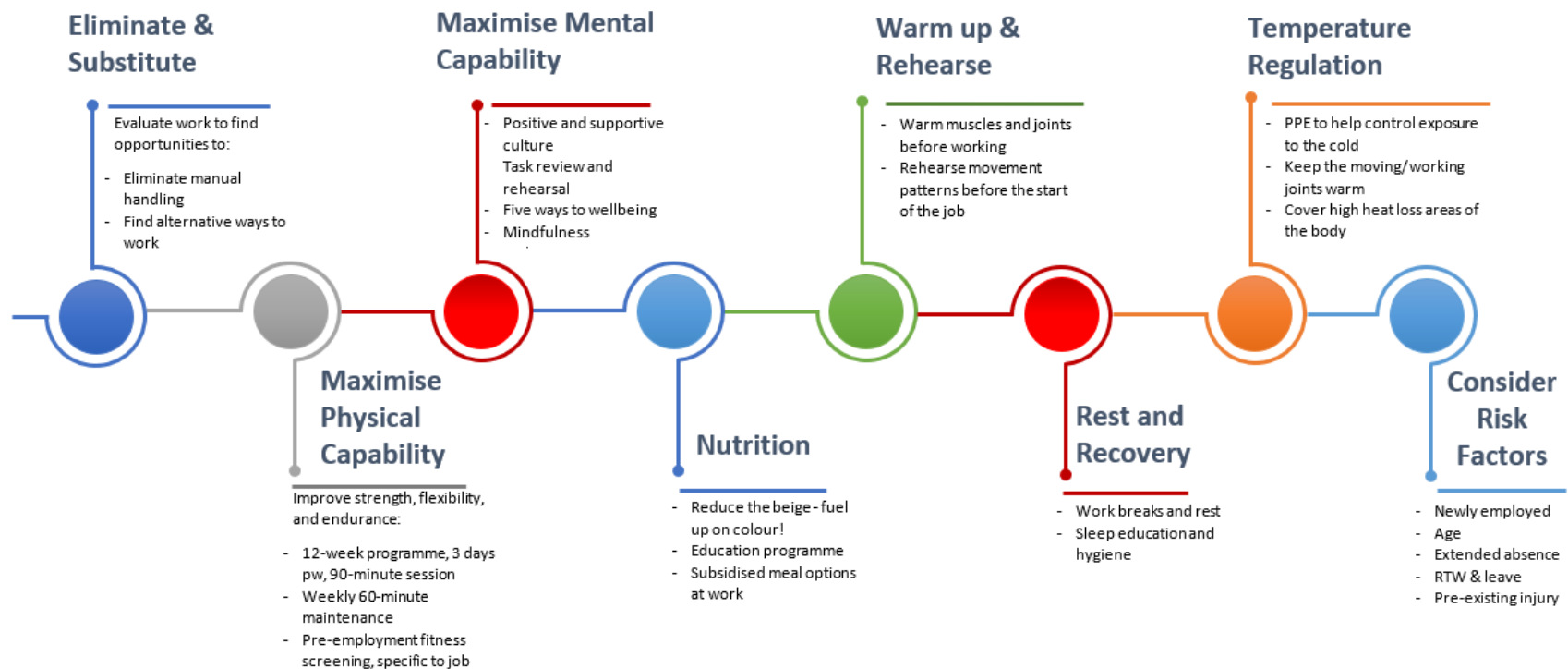
Developed by Darrian Holten

The Problem

- The Watercare injury frequency rate is increasing
- This rise does not match NZs overall trend of work-related injuries decrease
- A large portion of these were the result of manual handling (71%) that led to sprains, strains and soft-tissue injuries to backs, shoulders and necks (64%)

The Solution

- These types of injuries are often faced by athletes and sportspeople. However, athletes actively lower the risk of these injuries – through eating balanced diets, practising, warming up and focusing on their mental wellbeing.
- It is proposed that an area of the Watercare operations team (the Rosedale based Maintenance Service team) trial the Watercare Industrial Athlete programme, with the results monitored and the program expanded if successful.



COVID-19 UPDATE – AS AT 17 AUGUST 2020

We are in Alert Level 3 now through to 11.59pm Wednesday, 26 August 2020. This will be reviewed on Friday 21 August 2020. We predict that Alert Level 3 will remain in place until at least 26 August 2020 and could continue for an additional two further weeks to account for further contact tracing of the community transmission, taking us to 9 September 2020. The company has therefore planned to continue at Alert Level 3 through until this later date.

The major risks facing the company are:

- The continuing drought
- Failure to maintain safe working practices at Alert Level 3
- Community transmission accelerates beyond the current known numbers

Going into and remaining at Alert Level 3

Below are the two emails sent to staff on Friday morning, 14 August 2020 from our Chief Executive and the Covid-19 team:

Dear staff

I am reaching out to you again to provide reassurance about where we are today and where we might be next week, in relation to COVID-19 Alert Level 3.

While the reoccurrence of community transmission is not ideal, we have been here before and we emerged from it more prepared and resilient. And we will do so again.

Our COVID-19 Incident Team is back at it and they have re-established the same policies, plans and protocols we had in place a few months back. I encourage you to read them and familiarise yourselves.

*Our next steps will be decided by the Government's announcement at 5:30 this evening. We don't know what the decision will be but if we are advised that we will go to Alert Level 4, we have plans in place to deal with that and **most importantly, we will continue to provide wrap-around welfare support for our people, just as we did last time.***

This will include special COVID-19 leave, a welfare support crew for raising and communicating welfare concerns, online learning resources, deliveries for operational sites and ongoing digital support for those working from home.

In return, I ask you to take care of yourself and look out for your colleagues – I am sure many of us are stressed and uncertain about what the immediate future holds – but I again urge you to remember this: we have done this before and did it effectively so if we work together, do the right thing and be kind, we can weather whatever comes our way.

As always, if you have any questions or concerns, please reach out to the incident team at enquirycovid@water.co.nz

Stay safe, keep calm and take care.

Ngā mihi mahana

Raveen

Following on from the Friday afternoon Cabinet briefing by the Prime Minister, a further email was sent to all staff to reassure them that they could start the weekend with certainty of what the address meant for them and the Company

Hello all

We thought we'd send you an update following the announcement this evening by the Government, so you go into the weekend knowing what you can expect on Monday.

The Prime Minister has confirmed that Auckland will continue in Alert Level 3 for another 12 days, till 26 August.

This means that nothing has changed for us at Watercare, we will continue doing what we have done these last three days.

To reiterate a main wellbeing principle: If you or your team member is unwell or experiencing symptoms, please do not come into work:





- Call Healthline and follow their guidance on testing.*
- Work from home till you are cleared to return to work and let your manager/ People and Capability team know.*
- If you are required to be tested/return a negative result/return a positive result, you must inform your manager and our P&C team.*
- Keep your manager informed throughout this process to allow them to plan resourcing.*

A refresher for those of you working at home:

- Use Microsoft Teams to communicate with your team*
- Agree with your manager what work tasks you will do from home and make sure you are clear on what's expected from you*
- Stay connected, whether it is through a simple 'hi' on text, an email or through our Wellbeing app.*

Stay safe, look after yourselves and your loved ones, and have a good weekend.

Warm regards, COVID-19 Incident Response Team

COVID-19 Second Wave	Actions completed	Actions Underway
People and Culture 	<ul style="list-style-type: none"> No Watercare staff members have fallen ill with Covid-19. Regular contact is being maintained with staff working from home. We have reviewed all the protocols previously for Covid Alert Level 3. Most staff currently working at home will continue to do so. 	<ul style="list-style-type: none"> Monitor and liaise with the various Covid-19 agencies
Assets and Infrastructure 	<ul style="list-style-type: none"> All infrastructure projects, meter readings, new connections, lab services and normal operations work continue with the heightened Covid-19 protocols including hygiene, physical distancing and contact tracing protocols in place. 	<ul style="list-style-type: none"> We have checked all infrastructure protocols against CHASNZ guidance and continue to audit compliance. While there was some initial confusion on the exemptions to regional travel, Watercare has provided letters of exemption to staff and contractors that need to travel between the regions. Watercare has also advised the Department of Internal Affairs, Ministry of Business Innovation and Employment and Ministry of Health - of Watercare's status as a Lifeline Utility under the Civil Defence Emergency Management Act 2002. Police have also been contacted.
Community and Stakeholder Relationships 	<ul style="list-style-type: none"> We are continuing to liaise with Civil Defence, Lifelines and SOLGM as well as Department of Internal Affairs and Ministry of Business, Innovation and Employment. 	<ul style="list-style-type: none"> We are continuing to liaise with many third parties including Auckland Council and to ensure alignment of the best practice Covid-19 protocols and guidelines.
Intellectual Capital 	<ul style="list-style-type: none"> We are following Ministry of Health guidance on wearing of masks and have required all staff to wear face coverings in the offices and out in the field. Masks are available for staff to use, with a good stock on hand. 	<ul style="list-style-type: none"> Level 3 guidelines will continue to be updated, in line with official guidance from the Government.

2. FINANCIAL CAPITAL AND RESOURCES



Puketutu Exemption from Waste Levy Increase

In November 2019 the Ministry for the Environment scheduled the Puketutu Island Rehabilitation Project (PIRP) to be subject to a waste levy of \$20 per tonne in their consultation documentation for increasing the waste levy. This would have imposed an estimated \$40M operational cost to Watercare over the next 20 years. Cabinet agreed in July 2020 that the PIRP should be exempt because of Watercare's submission.

The submission was able to demonstrate a strong case for the exemption on the basis of the Parliamentary Hansard record of the 2008 reading of the Waste Minimisation Bill (**Appendix A**). In this record the Honourable John Carter clearly stated that the PIRP should be exempt from any levy due to the unique rehabilitative use of biosolids in restoring the volcanic cones in this project, with the purpose of gifting a regional park back to Auckland. He concluded that it was clear that biosolids used in this manner were clearly not waste and should not be subject to a waste levy.

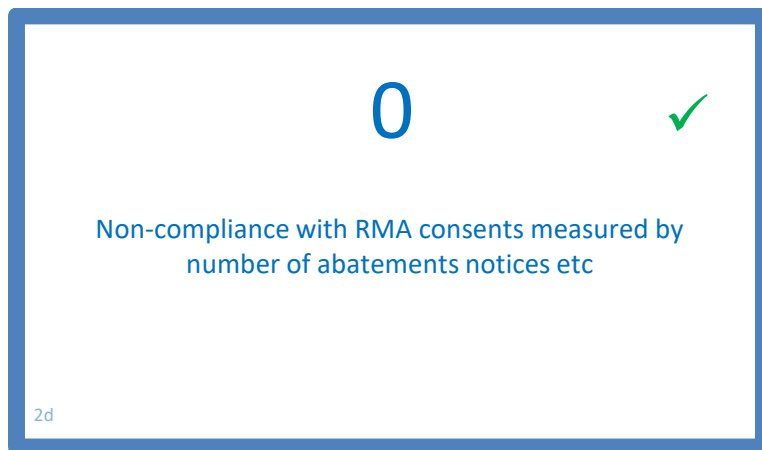
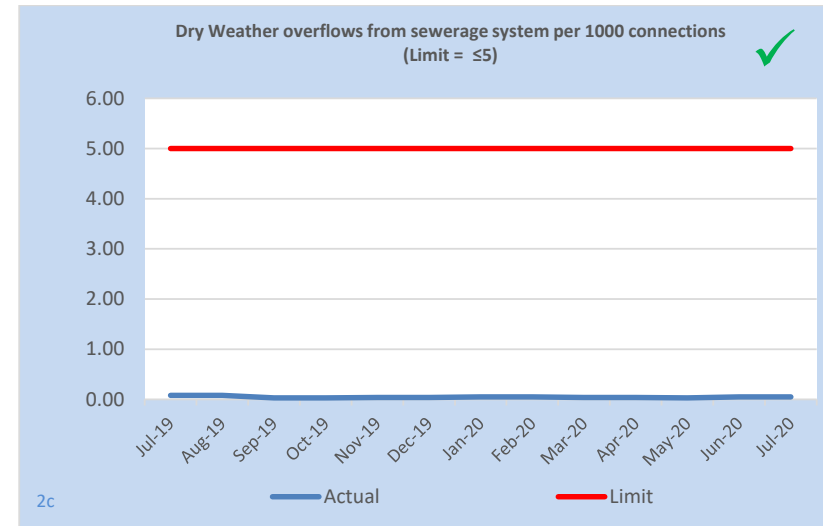
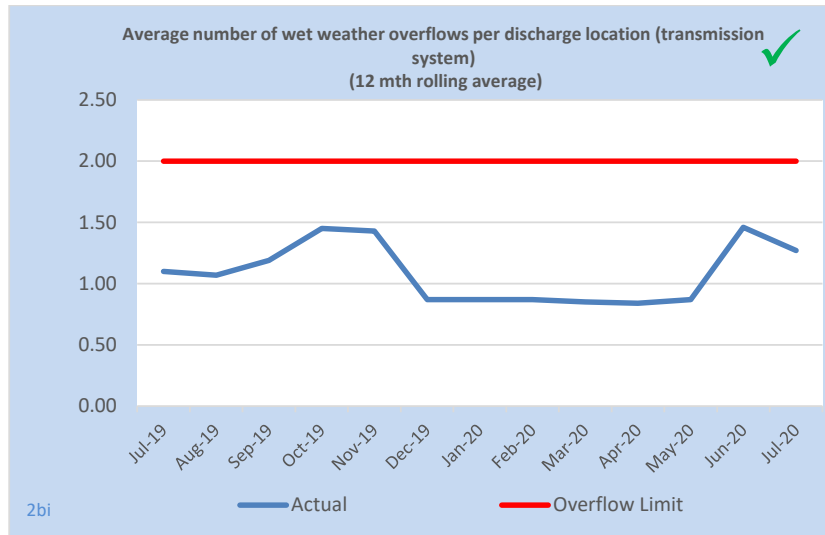
In addition to the 2008 Hansard record, the submission was able to build on a visit by Minister Sage to the PIRP in 2019 hosted by David Hawkins and Rob Tinholt (Resource Recovery Manager), and a meeting in 2020 between Rob Fisher, Rob Tinholt and Minister Sage to reiterate the unique cultural and community benefits, as well as the wider landscape restoration it provided.

The July 2020 Cabinet Paper from Minister Sage specifically reads *"... for the sake of clarity I note that Puketutu Island does appear to be a special circumstance and applying a levy to it would not necessarily achieve waste minimisation aims."*

It should also be noted that Watercare made a request to both Water NZ and Auckland Council to also submit that the PIRP should be excluded from a levy, which they both did. This was noted in the Cabinet Paper.

It should be noted that the general waste levy has been increased from \$10 per tonne to \$60 per tonne. All materials and wastes Watercare produces that go to "municipal landfills" will be subjected to this levy as it is phased in from 2021 to 2024.

3. SOI MEASURES – 2020-21 - Natural environment



SOI MEASURES – 2019-2020 - Assets and Infrastructure



100%



Volume of water meeting Aa standard

1a

100%



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

1a

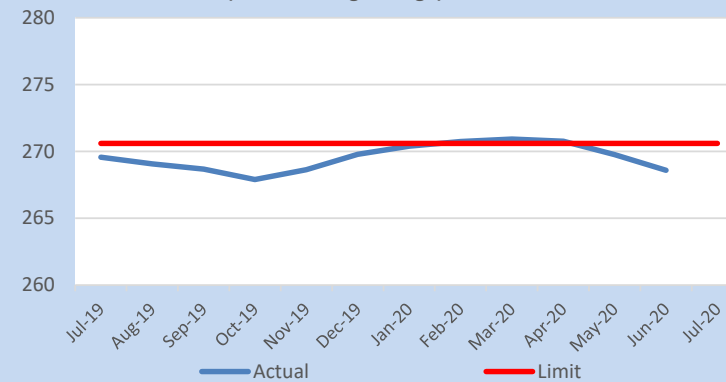
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Compliance with Part 5 of the Drinking Water Standards
(protozoal)

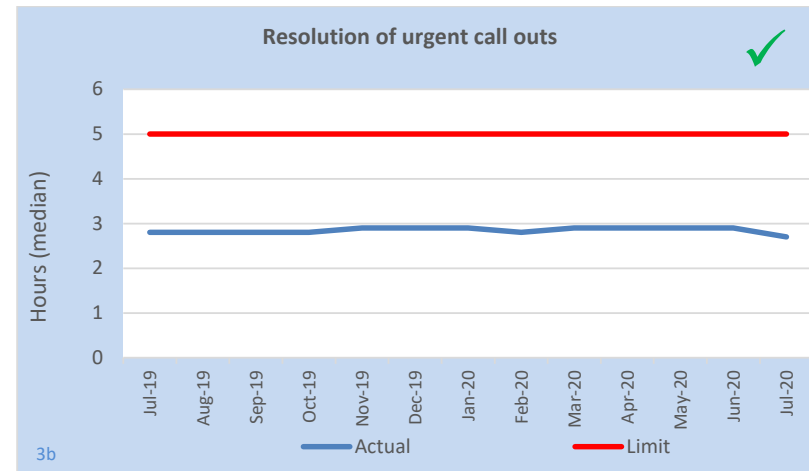
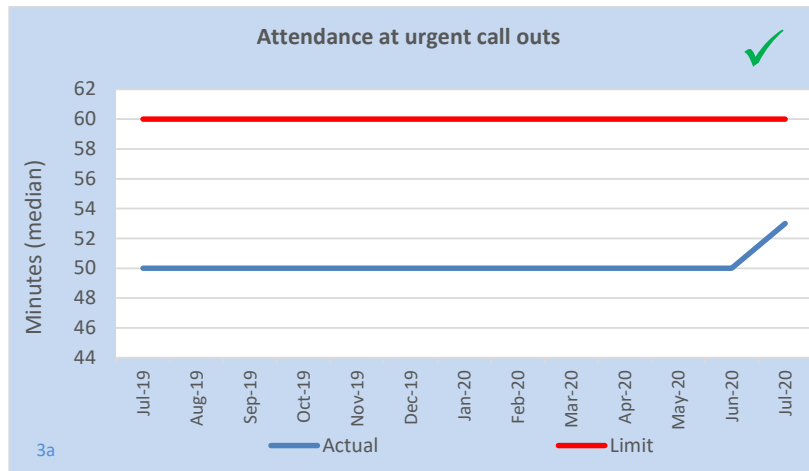
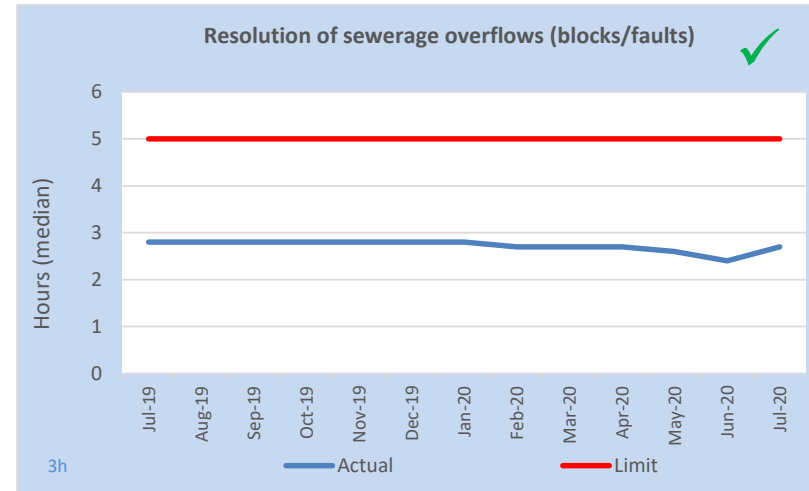
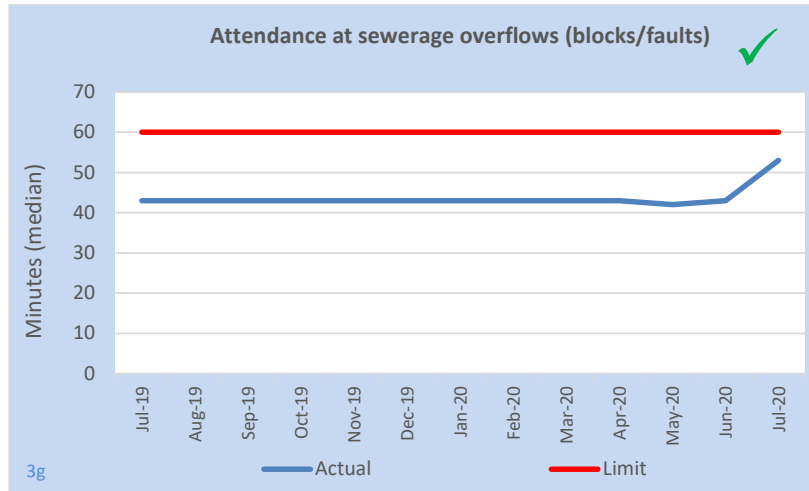
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Average consumption of drinking water per day per resident
(12 mth rolling average)

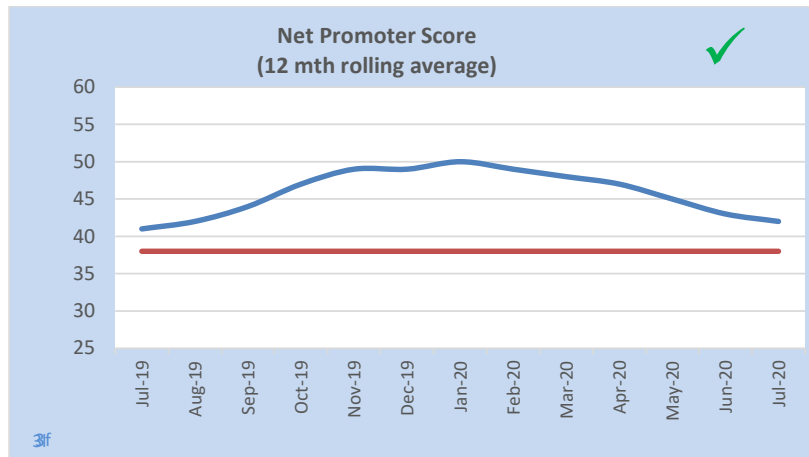
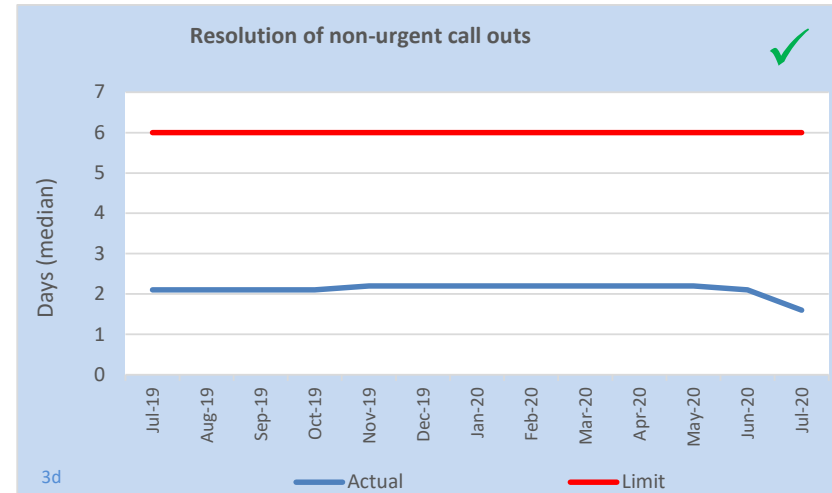
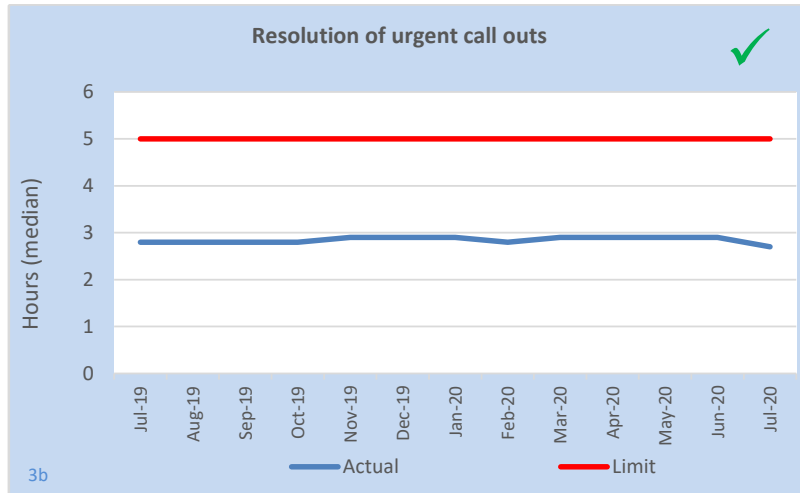


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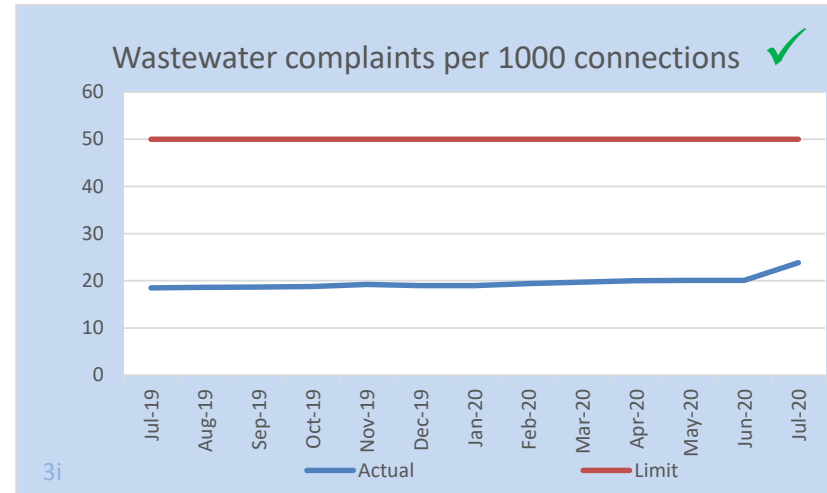
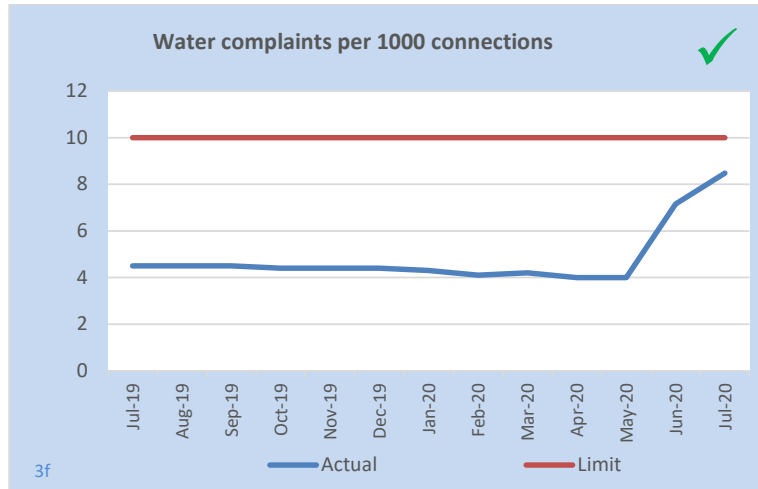
SOI MEASURES – 2020-2021- Community and Stakeholder relationships



SOI MEASURES – 2020-2021- Community and Stakeholder relationships



6.2

SOI MEASURES – 2020-2021 - Community and Stakeholder relationships**6.2**

New SOI Measures for 2020-2023

In July 2020 the Board approved Watercare's 2020-2023 SOI. Subject to any amendments requests from Council, Watercare now has 15 new additional Performance Measures. Management will start reporting against these measures from next month:

Natural environment performance measures

Source	Measure	2018/19 Actual	2019/20 Target	2020/21 Target	2021/22 Target	2022/23 Target
Department of Internal Affairs (DIA)	Watercare will operate responsibly. <ul style="list-style-type: none"> Measure: We will meet all DIA natural environment targets (refer numbers 1 and 2 in Appendix E). 	New bundled measure		Meet 100% of DIA targets		
New measure	We will implement Mitigation measures in line with our responsibility to keep global warming within 1.5°C. <p>Measure: We will reduce annual greenhouse gas emissions from Scope 1 and Scope 2 emissions (operational mitigation).</p>	N/A	N/A	<ul style="list-style-type: none"> By June 2021: Complete a plan to achieve reductions in operational emissions by 2030, including updating targets in line with ACAP 1 March 2022: New 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 2025 in the 2022–2025 SOI 		
New measure	Water is precious – We continue to encourage our customers to be mindful of their water use <ul style="list-style-type: none"> Measure: The average consumption of water per residential connection. Measure: The average consumption of water per non-domestic connection. 	NA	NA	<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 		

People and culture – performance measures

Source	Measure	2018/19 Actual	2019/20 Target	2020/21 Target	2021/22 Target	2022/23 Target
New measure	We will improve our employee engagement. <ul style="list-style-type: none"> Measure: eNPS 	N/A	N/A	≥20	≥20	≥20
New measure	Watercare has committed to the Diversity Agenda Accord. <ul style="list-style-type: none"> Measure 1: Improve gender workforce split in departments where the split is uneven 	N/A	N/A	Identify 2020/21 baselines and improve on baseline	Improve on previous year	Improve on previous year
New measure	<ul style="list-style-type: none"> Measure 2: Attract a more diverse range of applicants to apply for jobs at Watercare 			Identify 2020/21 baselines and improve on baseline	Improve on previous year	Improve on previous year

Customer and stakeholder relationships – performance measures

Source	Measure	2018/19 Actual	2019/20 Target	2020/21	2021/22	2022/23
Existing SOI measure	We will strengthen our relationship with customers. <ul style="list-style-type: none"> Measure 1: NPS 	43	33	38	40	45
New measure	We contribute to the delivery of Māori outcomes and deliver on the joint outcomes agreed by Council and CCOs.*	N/A	N/A	At least one kōrero with each of the 19 iwi every year and work with them to develop meaningful measures for Māori outcomes		
DIA	Watercare will operate responsibly. <ul style="list-style-type: none"> Measure: We will meet the 10 DIA targets that relate to customer and stakeholder relationships (refer Appendix E, numbers 3–12). 	New bundled measure		Meet 100% of DIA targets		

Assets and infrastructure – performance measures

Source	Measure	2018/19 Actual	2019/20 Target	2020/21	2021/22	2022/23
DIA and Auckland Plan	Watercare will operate responsibly. Measure 1: We will meet the 2 DIA targets that relate to assets and infrastructure (refer Appendix E, numbers 14 and 15).	New bundled measure		Meet 100% of the DIA and Auckland Plan targets		
New measure	We will develop and use talent, processes and technologies to manage non-revenue water and ensure optimal supply efficiency.	N/A	N/A	Establish baseline and demonstrate continuous improvements on previous year		










Intellectual capital – performance measures







Source	Measure	2018/9 Actual	2019/20 Target	2020/21	2021/22	2022/23
New measure	We create new value in our infrastructure supply chain through the Enterprise Model. <ul style="list-style-type: none"> Measure 1: 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. 	N/A	N/A	Deliver and implement portal and toolkit. For the Enterprise Model, monitor and report on the target of a 40% reduction post 2024.		
New measure	<ul style="list-style-type: none"> Measure 2: 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. 	N/A	N/A	Deliver and implement the toolkit. For the Enterprise Model, monitor and report on the target of a 20% reduction post 2024.		

Financial capital and resources – Performance measures

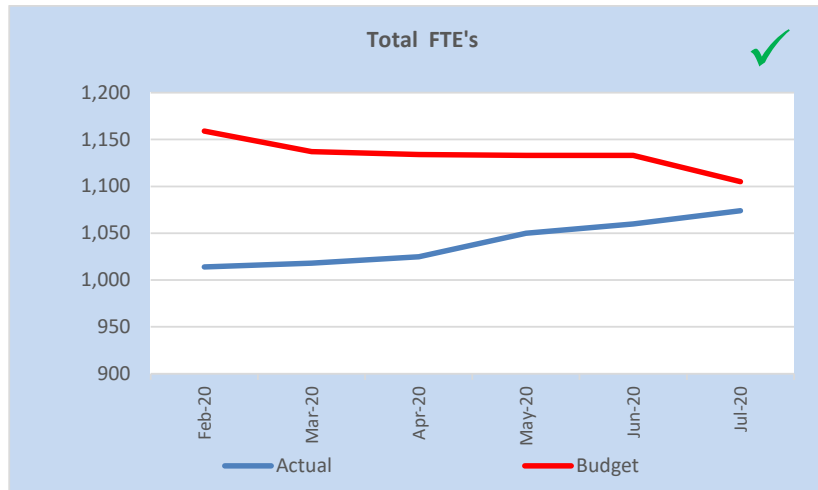
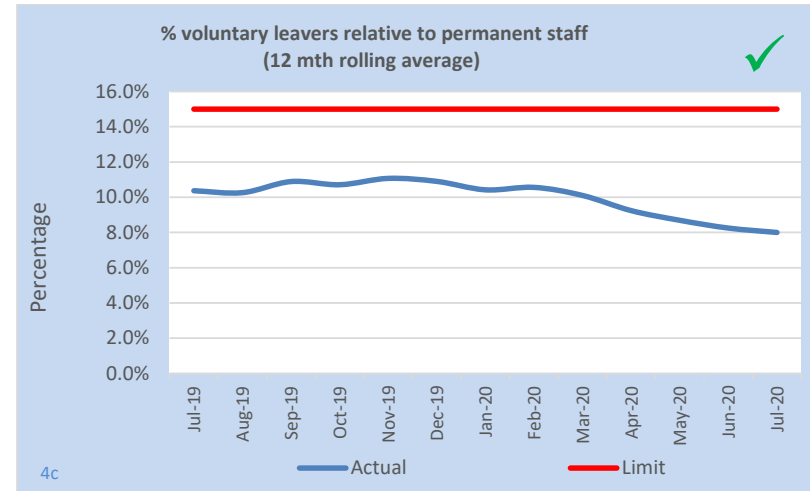
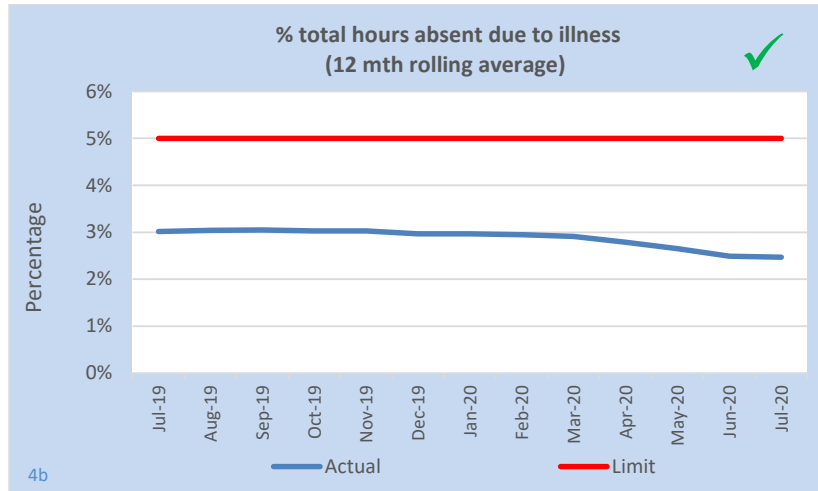
Source	Measure	2018/9 Actual	2019/20 Target	2020/21	2021/22	2022/23
New measure	We manage operations efficiently, keeping costs to customers (collectively) at minimum levels. <ul style="list-style-type: none"> Measure: Percentage of household expenditure on water supply services relative to the average household income 	N/A	N/A	≤1.5 %	≤1.5 %	≤1.5 %
New measure	We are a financially-sustainable business. <ul style="list-style-type: none"> Measure: Watercare group's debt headroom 	N/A	N/A	Set measure in conjunction with Council and establish baseline	To be confirmed	To be confirmed

Current Non-Financial SOI's (14 x Department of Internal Affairs non-financial measures and 1 x Auckland Plan* Measure)

No.	Capital	Measure	2018/19 Actual	2019/20 Target	2020/21	2021/22	2022/23
1		Compliance with the Watercare's resource consents for discharge from our sewerage system measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders (d) convictions received by Watercare in relation to those resource consents	(a) 0 (b) 0 (c) 0 (d) 0	(e) ≤2 (f) ≤2 (g) ≤2 (h) 0	(a) ≤2 (b) ≤2 (c) ≤2 (d) 0	(a) ≤2 (b) ≤2 (c) ≤2 (d) 0	(a) ≤2 (b) ≤2 (c) ≤2 (d) 0
2		The average consumption of drinking water per day per resident within the territorial authority district (12-month rolling average) (includes commercial, industrial)	270.7	264 +/- 2.5%	262 +/- 2.5%	260 +/- 2.5%	258 +/- 2.5%
3		The extent to which Watercare's drinking water supply complies with Part 4 of the Drinking Water Standards New Zealand (bacteria compliance criteria)	100%	100%	100%	100%	100%
4		The extent to which Watercare's drinking water supply complies with Part 5 of the Drinking Water Standards New Zealand (protozoal compliance criteria)	100%	100%	100%	100%	100%
5		Median response time for attendance for urgent call-outs: from the time that Watercare receives notification to the time that our service personnel reach the site	50 mins	≤60 mins	≤60 mins	≤60 mins	≤60 mins
6		Median response time for resolution of urgent call-outs: from the time that Watercare receives notification to the time that our service personnel confirm resolution of the fault or interruption	2.8 hours	≤5 hours	≤5 hours	≤5 hours	≤5 hours
7		Median response time for attendance for non-urgent call-outs: from the time that Watercare receives notification to the time that our service personnel reach the site	1.3 days	≤5 days	≤5 days	≤5 days	≤5 days
8		Median response time for resolution of non-urgent call-outs: from the time that Watercare receives notification to the time that our service personnel confirm resolution of the fault or interruption	2.1 days	≤6 days	≤6 days	≤6 days	≤6 days
9		The total number of complaints received by Watercare about any of the following: (a) drinking water clarity (b) drinking water taste (c) drinking water odour (d) drinking water pressure or flow (e) continuity of supply (f) Watercare's response to any of these issues	4.4	≤10	≤10	≤10	≤10

No.	Capital	Measure	2018/19 Actual	2019/20 Target	2020/21	2021/22	2022/23
		expressed per 1000 connections to the local authority's networked reticulation system					
10		Attendance at sewerage overflows resulting from blockages or other faults: median response time for attendance – from the time that Watercare receives notification to the time that our service personnel reach the site	44 mins	≤60 mins	≤60 mins	≤60 mins	≤60 mins
11		Attendance at sewerage overflows resulting from blockages or other faults: median response time for resolution – from the time that Watercare receives notification to the time that our service personnel confirm resolution of the blockage or other fault	2.9 hours	≤5 hours	≤5 hours	≤5 hours	≤5 hours
12		The total number of complaints received by Watercare about any of the following: (a) sewerage odour (b) sewerage system faults (c) sewerage system blockages (d) Watercare's response to issues with its sewerage system expressed per 1000 connections to the Watercare's sewerage system	18.6	≤50	≤50	≤50	≤50
13		The percentage of real water loss from Watercare's networked reticulation system (12-month rolling average)	13.1%	<13%	<13%	<13%	<13%
14		The number of dry-weather overflows from Watercare's sewerage system, expressed per 1000 sewerage connections to that sewerage system	0.59%	<5%	<5%	<5%	<5%
15		Average number of wet-weather overflows per engineered overflow point per discharge location in the transmission system (12-month rolling average)*	1.21	≤2 overflows per year	≤2 overflows per year	≤2 overflows per year	≤2 overflows per year

4. PEOPLE, CAPABILITY AND LEARNING



5. COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE



CCO INDEPENDENT REVIEW REPORT RELEASED 11 AUGUST 2020

The Independent Panel, Chaired by Miriam Dean QC, released the Review of Auckland Council's CCOs on 11 August 2020.

Background

- In 2019 Mayor Phil Goff and the Governing Body indicated their intention to carry out a review of Auckland Council's CCO model. It noted that ten years on from the amalgamation of Auckland Council is an appropriate time to independently examine whether the current model is the best way to deliver services, whether that model can be improved to address any shortcomings found, or whether more fundamental change is needed.
- An independent panel was appointed to carry out the review. Its role was to identify what is working well, what is not working, and how we can improve. It was also asked to provide recommendations to ensure the services CCOs provide are efficient and effective and their decision-making has satisfactory levels of political oversight, public transparency, and accountability.
- They did this by engaging with CCO boards, executives and staff; partner and stakeholder groups; interest groups and other like organisations; and any Aucklanders that wished to provide insights and feedback.
- CCOs provided information, access to subject matter experts and a joint submission on key areas of focus for the panel.

The Independent Review Board's report and recommendations

The panel's report was published on 11 August 2020 and contains a number of significant recommendations.

- In summary, the Panel found the CCO model remains the right one for Auckland (Page 1). However, the Panel recommended two significant improvements to the model generally; a) Council to give CCOs clear strategic direction (e.g. the lack of a water strategy was specifically highlighted); and b) Council to give the CCOs guidance on how to strike a balance between commercial and public interests.
- The Panel found Watercare was sound in its current form, but not without problems, most notably, Watercare's infrastructure expansion work (like Auckland Transport's) is not effectively coordinated with the council and its consenting work (again like Auckland Transport's) is too slow. Two other defects – although not of its own making – are the absence of a three-waters strategy to implement, and a lack of council input into the setting of long-term water prices.
- The panel saw no alternatives to the current Watercare model, and rated Watercare as follows:
 - *high* for requiring board and specialist expertise (skills the governing body would be unlikely to have)

- *high* for needing to attract people with industry knowledge and expertise (water and wastewater engineering being a highly specialised area)
- *medium* for requiring fast decision-making and innovative thinking
- *high* for the ability to tailor business-specific systems and processes
- *high* for activities that intrinsically lend themselves to economies of scale
- *medium* for lack of duplication.

In relation to Watercare, there were five specific recommendations of the Panel

1. 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. Work has commenced on this.
 2. 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.
 3. 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. Work has commenced on this.
 4. 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. Work has commenced on this.
 5. The council reviews the way it requires CCOs to monitor and report on risks and risk mitigation measures.
- In contrast to the other CCOs, Watercare fully complies with the brand requirement, because it has no operational brands. We use the pohutukawa logo, and no other, at all sites, on all vehicles, and in all marketing and communications materials.
 - In terms of accountability, Watercare received the highest positive score of all the CCOs. In relation to culture related issues, Watercare received fewer negative scores than the other CCOs.

Figure 3: Public feedback on CCO accountability

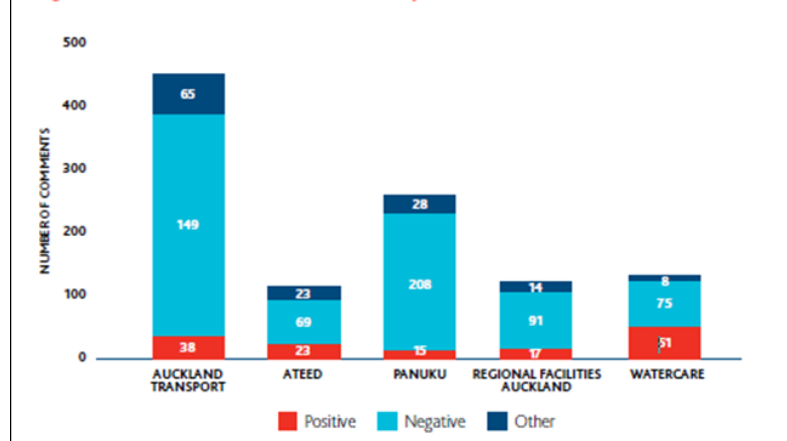
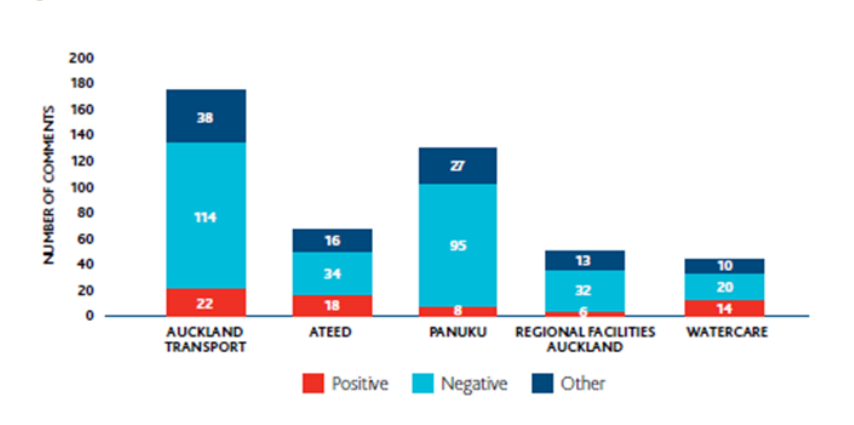


Figure 4: Public feedback on CCO culture-related issues



- The Panel noted that Watercare does not set prices with reference to the Council. In the Panel's view, the council has the right to influence the broad long-term trend in prices because pricing must reflect the public interest and also affects numerous council objectives, including where development is most attractive, not just financial ones.
- However, Watercare's board must still be able to manage its own finances and meet its legal obligations.

Next steps

- The Mayor and Councillors, together with local boards and the Independent Māori Statutory Board, will consider the report and its recommendations and make some decisions on whether to accept and implement them. They will do this through workshops and an initial decision report to the 27 August meeting of the Governing Body. Some decisions may then be referred on to other committees or further workshops as part of the 10-year Budget (Long-term Plan) decision-making process.
- Whilst this was a review of the CCOs, the report also contains several recommendations for Council. In this regard, Management can expect to receive more direction in the letters of expectation, a template for the Statement of Intent, and more input from the CCO monitoring unit. We look forward to having a clear Auckland Waters strategy, with work already underway on this important recommendation.

COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE continued

WORKING WITH LOCAL BOARDS

- Local Boards continue to be updated on the drought response. This includes responses to questions from local board members and escalations on leaks.
- Local Board Plans continue to be reviewed for relevant information which will be shared with the organisation.
- Construction related communication continues to be shared in the interests of no-surprises including briefings with relevant local boards.

WAIKATO DISTRICT COUNCIL (WDC) STATUS UPDATE

- The Asset Management Plan and Business Plan were submitted to WDC on 30 June 2020. A workshop was held with the WGB in July and the outcomes will be incorporated in the AMP prior to the WDC councillor workshops in September 2020.
- Work continues on preparing discharge consent applications for Raglan, Meremere and Te Kauwhata. The Meremere consent is on track to be lodged in late August 2020.
- Capital works delivery is accelerating with Te Kauwhata WWTP concept design and ground investigations underway and a large network renewals package of works out to tender.
- Watercare is assisting WDC formulate projects to be put forward for the Water Reform Funding package.
- There were no significant treatment plant or network outages in July 2020.

ENTERPRISE RISK AND RESILIENCE MANAGEMENT

PAS 60518:2020, Developing and Implementing Enterprise Risk and Resilience Management (ERRM) in Utilities, came into effect on 1 July 2020.

Nigel Toms, Acting CFO and Head of Risk and Resilience, has been one of the seven members of the global Steering Group working on this new standard, which has now been published under licence from the British Standards Institution.

The standard includes references and material from Watercare – with appropriate copyright disclosures.

COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE *continued***URBAN DEVELOPMENT ACT 2020**

The Urban Development Act 2020 is designed to facilitate urban development.

Operation and powers of Kāinga Ora

The Government Agency Kāinga Ora will work in partnership with iwi, local government, developers, and others in the urban development sector to deliver large-scale transformational projects. At the Urban Development Bill's second reading, Minister Twyford described these as:

projects that entail the building of whole new communities on a scale that will deliver thousands of new dwellings, new transport infrastructure, and places for businesses and industry and residential development.

This Act creates a process for “specified development projects” (**SDPs**) which would allow Kāinga Ora to access a range of significant statutory powers. These powers include an ability *to override, add to, or suspend provisions in RMA plans or policy statements within the project area; act as a consent authority (for consents under district plans) and requiring authority under the RMA; reconfigure reserves; build and alter infrastructure; and acquire land.*

SDP process vs RMA process

Minister Twyford has stated (in the Urban Development Bill's second reading) that the SDP process is designed as a joint venture vehicle that can include private developers, iwi, and councils. Therefore, applicants hoping to be involved in a SDP will need to work closely and collaboratively with Kāinga Ora.

In comparison to standard plan change or resource consent applications under the RMA, the SDP process is more streamlined. For example, consultation and notification are incorporated into the decision-making process, rather than being subject to a separate ‘notification’ decision as occurs under the RMA.

The new Act also limits appeals against draft development plans to points of law in the High Court. The High Court's decision can then be appealed to the Court of Appeal, but that appeal is final.

LEGISLATION UPDATE CONT.

NPS-FRESHWATER MANAGEMENT

- The sole objective of the NPS-FM is to manage freshwater in accordance with Te Mana o Te Wai as the fundamental concept. The final NPS-FM sets out the hierarchy of Te Mana o Te Wai obligations. **Drinking water is now expressly included within the second priority:**
 - (a) *first, the health and well-being of water bodies and freshwater ecosystems*
 - (b) *second, the health needs of people (such as drinking water)*
 - (c) *third, the ability of people and communities to provide for their social, economic, and cultural well-being, now and in the future.*
- The requirement to improve degraded water bodies, and maintain or improve all others using the bottom lines set out remains in the NPS-FM. The only exceptions to the NPS-FM's bottom line requirements are for five specified hydro-electric generation schemes, water bodies affected by naturally occurring processes, and specified vegetable growing areas in Pukekohe and Horowhenua. Water supply reservoirs and wastewater treatment ponds are not exempt.
- In relation to the requirement for regional councils to identify the values that apply to a freshwater management unit, drinking water supply is now included as an "other value that must be considered" under Appendix 1B.
- In our submission, Watercare sought that the NPS-FM be amended to require consideration of the impacts of climate change and population growth. In the final NPS-FM, the new Policy 4 is that *Freshwater is managed as part of New Zealand's integrated response to climate change.*
- Subpart 3 sets out specific requirements relating to wetlands and rivers. The effects management hierarchy relating to wetlands and rivers has been amended, so that the requirement to firstly avoid adverse effects is now only "where practicable" as opposed to "where possible". This shift is a useful change and consistent with Watercare's submissions.

NES-FM

- The NES-FM contains a suite of rules requiring resource consents for many activities, including works in natural wetlands, reclamation of rivers / streams and for structures that affect fish passage.
- There are specific rules for the construction, maintenance and operation of "specified infrastructure" in and around natural wetlands. "Specified infrastructure" is defined to include infrastructure operated by a "lifeline utility" as defined in the Civil Defence Emergency Management Act 2002. This includes Watercare's water and wastewater infrastructure.

TE MANA O TE TAI AO - AOTEAROA NEW ZEALAND BIODIVERSITY STRATEGY 2020

In early August 2020, the Ministry for the Environment released the above Strategy, which provides the strategic direction for NZ for the next 30 years, and covers all domains; land, freshwater, estuaries, wetlands, and the marine environment, and covers all indigenous and non-indigenous species.

This is not a document from the RMA framework but, as a party to the Convention on Biological Diversity, New Zealand is required to have this national biodiversity strategy and an action plan (the implementation plan is to be developed next).

This Strategy was released after submissions were called for the Proposed NPS for Indigenous Biodiversity (Watercare made a submission on this NPS)

Associate Minister for Environment Nanaia Mahuta has now agreed to extend the timeframe of the delivery of the National Policy Statement for Indigenous Biodiversity to April 2021. It is likely that this NPS will have some impacts on Watercare's current and future operations.

In terms of overall purpose and how this Strategy 2020 ties in to other policy, it is intended to provide overarching guidance to other strategies and work programmes to enable connections across related work in urban planning, primary production, climate change planning, energy, and education. For example, it is intended to provide direction for:

- regional plans, legislation, national direction and policies; and
- Predator Free 2050, biosecurity and iwi / hapū plans.

A series of Implementation Plans will be released between 2021 and 2030.

The strategy sets out five outcomes to achieve by 2050, and the pillars for achieving this include:

- improved knowledge systems; and
- having governance, legislation and funding systems in place to enable delivery of the strategy outcomes (elsewhere in the strategy it does refer to the proposed NPS-IB as a key tool for achieving Te Mana o te Taiao (the mana of the living environment)).

WATER REFORM AND THE WATER SERVICES BILL

- The Bill is part of Central Government’s “Three Waters Reform Programme”.
- It appears this Bill will not progress through Parliament until next term.
- Recent legislation has set up a Crown agent “Taumata Arowai – the Water Services Regulator” – expected to be fully operational around mid-2021.
- The Water Services Bill will give powers to Taumata Arowai and compliance officers, to administer, monitor, authorise, report on, enforce and prosecute in relation to this new drinking water regulation system. It will also likely enable Taumata Arowai to develop “environmental performance indicators” for wastewater and stormwater networks. This would be in addition to Watercare’s existing resource consent monitoring/reporting requirements.

RANDERSON REPORT - RESOURCE MANAGEMENT SYSTEM RECOMMENDATIONS

In late July, the Resource Management Review Panel, headed by retired Court of Appeal Judge Tony Randerson QC, released its report, **New Directions for Resource Management in New Zealand**.

In summary, the report recommends:

- The repeal of the RMA and its replacement with new three pieces of legislation; the Strategic Planning Act, the Natural and Built Environments Act (NBEA) and the Managed Retreat and Climate Change Adaptation Act.
- The focus of **NBEA** would be on enhancing the quality of the environment and on achieving positive outcomes to support the wellbeing of present and future generations.
- The focus of the **Strategic Planning Act** would be to address long-term strategic planning, designed to facilitate the integration of legislative functions across the resource management system.
- The introduction of new discrete legislation to manage the effects of climate change called is the **Managed Retreat and Climate Change Adaptation Act**.

The report also identifies the importance of providing for a much more effective role for Māori throughout our resource management system and makes a number of recommendations about how this can be achieved.

NATIONAL POLICY STATEMENT FOR URBAN DEVELOPMENT 2020 ("NPS-UD"), WHICH WAS GAZETTED ON 23 JULY 2020

This NPS will come into force on **20 August 2020**, although the timeframes for implementation vary across different policies. The NPS-UD replaces the existing National Policy Statement on Urban Development Capacity 2016.

The aim the new NPS-UD is to enable the intensification of housing and business development in urban areas particularly in areas with employment opportunities and good public transport networks, while also considering the integration of development with infrastructure. Other objectives are to improve housing affordability and to enable urban environments to support reductions in greenhouse gas emissions and to enable climate change resilience.

The NPS-UD differentiates "development infrastructure" and "additional infrastructure". Watercare's network would be classified as "development infrastructure". The NPS-UD policies mandate that there be engagement between local authorities and providers of both development and additional infrastructure to achieve integrated land use and infrastructure planning.

The NPS-UD categorises areas into "tiers" based on expected growth in those areas. Tier 1 encompasses the major urban areas of Auckland, Hamilton, Tauranga, Wellington and Christchurch while Tier 2 includes Whangārei, Rotorua, New Plymouth, Napier Hastings, Palmerston North, Nelson Tasman, Queenstown and Dunedin. All other urban areas not specified are categorised as Tier 3.

The headline items of the new NPS are the directives regarding building height and car parking. In city centre zones, planning documents are directed to enable building heights and density that realise as much development capacity as possible while in metropolitan centre zones the NPS-UD mandates building heights of at least six storeys, and removes the requirement for developments to provide car parking on site. Tier 1 authorities must comply with the intensification policy regarding height and density by 20 August 2022.

MĀORI ENGAGEMENT AND OUTCOMES IN JULY 2020

- In July 2020, work on Māori engagement and outcomes included Ngāti Whātua Ōrākei engagement with the Chair, Marama Royal, as well as an engagement with the Chairs of Ngāti Te Ata, Ngāti Tamaoho and Te Ākitai Waiōhūa.
- Work also continued on the CI project and Mana whenua engagement.
- In Waikato, the company had a number of engagements with Waikato Tainui and Te Taniwha o Waikato regarding various resource consents, including the Waikato 50 programme of works and consents. There was also engagement with Waiōhūa Confederation.
- In relation to the Papakura, Pukekohe and Hunua Rd Projects, consents and consent conditions, Management engaged with Mana whenua entities, Ngāti Te Ata, Te Ākitai Waiōhūa, Ngāti Tamaoho and Ngāi Tai ki Tāmaki.

PUBLIC DEPUTATION FROM MR TOM WATSON

- Following Mr Watson's address to the Board at the July 2020 meeting, the Company Secretary sent a response to Mr Watson explaining how Watercare is increasing water supply and reducing demand (**Appendix B**).

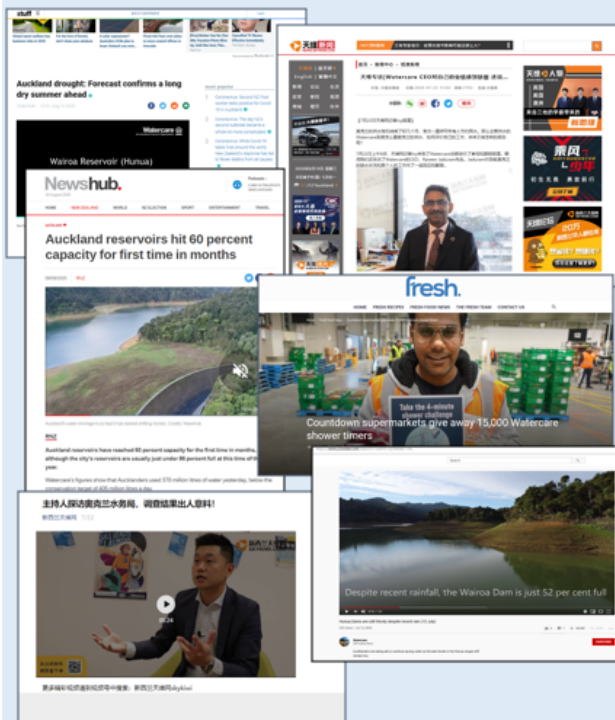
Monthly snapshot of communications and stakeholder engagement



Enabling engaged communities and stakeholders

Media

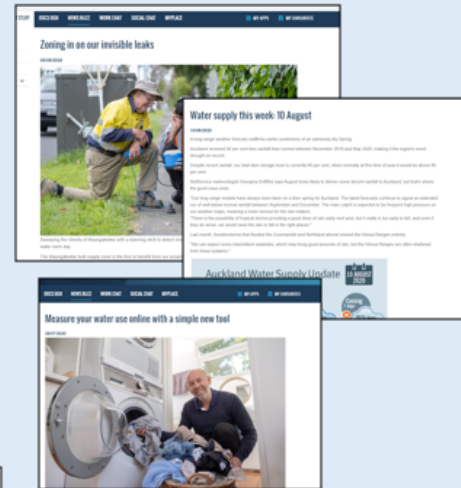
Highlights for this month include continuing coverage about the drought in: Stuff, NewsHub, RNZ, NZ Herald; two interviews (with Raveen and networks contracts manager James Lu) on Sky Kiwi focused on our response to leaks. One of our billing team members, Tina Grey, was interviewed on Magic Talk where she provided insights on high bills received by customers. Results from the CCO review mentioned all CCOs' performance but focused mainly on the proposed merger between RFL and ATEED.



Enabling safe, happy and empowered teams

Staff

We continued to share water supply and drought updates internally; stories promoted include project milestones such as the cut-ins for Pukekohe East Reservoir, opening of the new training centre for Central Interceptor; new online water audit tool we launched in partnership with EcoMatters and progress made by our leak detection programme.



Stakeholders

We continued to keep the local boards and councillors informed about the drought with water storage levels, consumption and key messages on water conservation.



We organised stakeholder events and visits for the naming of our training Tunnel Boring Machine and the inauguration of a new training centre for Central Interceptor.



Enabling customer trust and value

Customers and communities

We are distributing the winter edition of Tapped In to our 450,000 customers. The issue focused on our response to the drought, how we manage leaks, and how we have invested in planning and building essential infrastructure for Auckland.

We are working on finalising the launch of our water and wastewater illustrated books, both the hard copies and the digital, animated versions. Early childhood centres and kindergartens will receive one free copy of the new wastewater book while primary and intermediate schools will receive two free copies.



We increased our Facebook and Instagram advertising over the last week to remind Aucklanders to be water-wise while still washing hands regularly during Alert Level 3, reaching 610,000 people over the weekend alone. We expect to deliver an additional 1 million impressions by the end of this month.



6. NATURAL ENVIRONMENT WATERCARE'S DROUGHT MANAGEMENT RESPONSE

While Aucklanders are spending more time at home since the move to Covid-19 Level 3, it is pleasing to report that Aucklanders' collective water use has remained low.

Covid-19 Level 3 and what this means for our drought response initiatives

The company is continuing to press ahead with the construction programme to bring on new water sources and upgrade existing ones, while adhering to the strict safety protocols required under Level 3.

This includes work to build new modular treatment plants treating water from Hays Creek Dam and the Hickey Springs bore in Pukekohe.

Stage one water restrictions will remain in place. We have updated our external messaging to urge Aucklanders to ensure they wash their hands and continue to be waterwise while spending more time at home.

The leak detection programme continues as well

The leak detection programme is progressing very well. The latest zone completed is Otara where 120 kilometres of pipes were swept and we are now working out the estimated volume of leaks. These will be fixed with urgency. Pressure management work in Otara has also been successful and is saving an estimated 0.7 million litres a day without any associated customer complaints.

Leak detection in five new zones is now underway. Since the programme began we have swept more than 1,200 kilometres of pipes and fixed leaks with an estimated total volume of more than 3 million litres a day.

By July next year we aim to have swept 6,000 kilometres of water pipes – almost two thirds of our network.

Our crews are still busy fixing leaks in Covid Level 3, and will continue to do so, even if we were to move into Level 4.

We are continuing to engage with our commercial customers who are impacted by the restrictions

Last week our team presented to more than 40 members of the New Zealand Plant Producer Institute to bring them up to speed with the current water supply situation, the weather outlook and what this means regarding the likelihood of outdoor water restrictions continuing over summer. This information is key to helping them prepare for the challenging dry months ahead.

MetService meteorologist Georgina Griffiths and Raveen Jaduram gave presentations, which were well received.

We were able to provide reassurance that in the unlikely event of a move to stage 3 water restrictions, we would give ample notice and opportunity for consultation.

Water outlook for August 2020

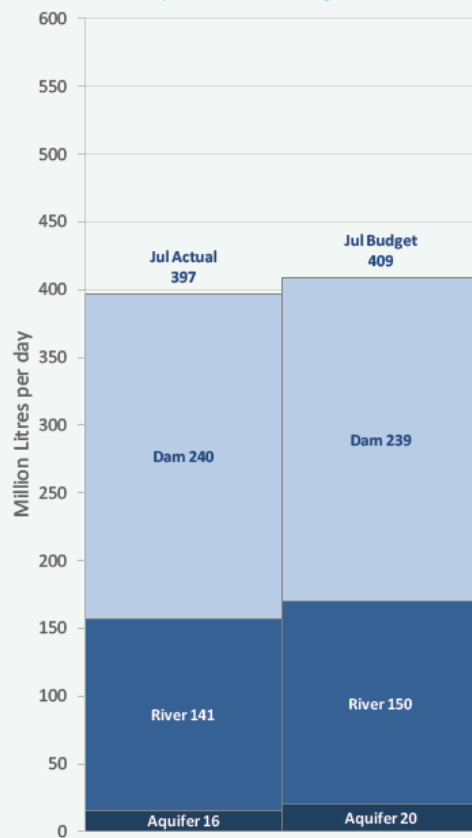


Rainfall for July



July Actual	Waitakere	Hunua
July Normal	131.50mm	131.40mm
	203.00mm	203.00mm
Nov to July Actual	959.49mm	886.36mm
Nov to July Normal	1249.00mm	1233.00mm

Average daily water produced



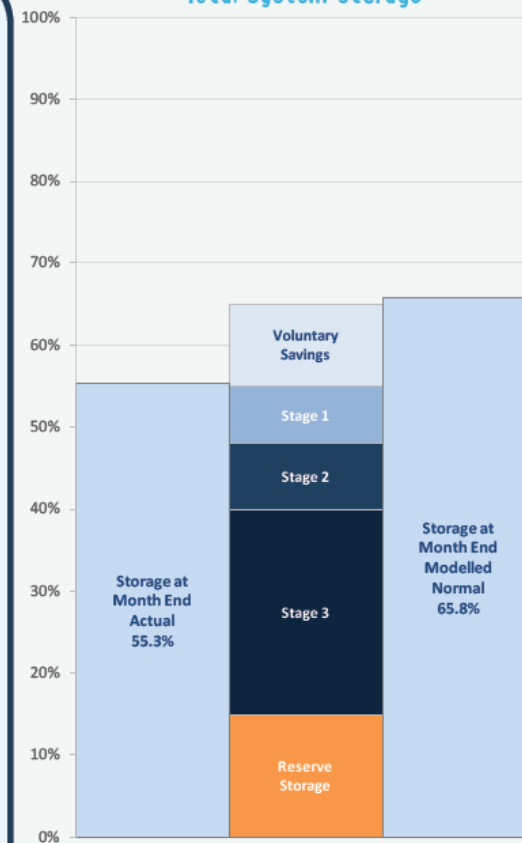
Water resources position

- Total system storage increased through July from 55.3% to finish the month at 59.5%, compared to the FY2021 budgeted storage response of 65.8% for a modelled normal response for July. Forecasting is from 1 July, the start of the FY2021.
- Rainfall for the month of July was below normal for Auckland's catchments. The Waitakere and Hunua ranges both received 65% of their historical normal. Rainfall experienced since November 2019 is still in deficit with approximately 75% of normal recorded across the region for the nine month period.
- Storage remains below levels that would normally be experienced at this time of year (85.5%), if compared with the historical average (1981-2010). July's storage response was that of an approximately a five year dry (53.4%) for the period.
- Abstractions from Waikato and Onehunga continued to be optimised throughout July to reduce abstraction pressures on the storage lakes, keeping the Waikato Water Treatment Plant running at maximum available capacity.
- Total water treatment plant production was below budgeted volumes for July, at 2.9% below budget for the start of the Financial Year.
- Demand throughout July dropped again from June in response to the change in weather as temperatures started to lower and rain returned to Auckland, the introduction of water restrictions in May and to the 'Water is precious' advertising campaign.

Long range forecast position

- Rain for August has been forecast to be near to below normal for Auckland, with a large degree of variation in the forecasts received to date.
- August temperatures have equal chances for near or above average temperatures, a trend expected to continue throughout winter.
- Current long term forecasts have reverted to a dry are suggesting that below normal rainfall is now more likely for August to December, with a potential wetter start to summer. There is again a lot of variation in the forecasts received and limited confidence in the potential summer rain.
- It is important to note that reduced short-term weather forecast accuracy has been confirmed due to the sharp drop in the number of airplane observations of temperature and wind that weather models use. It is likely that long-range models are also affected, but as yet this has not been quantified.

Total system storage



Watercare



7. RESOURCE MANAGEMENT ACT COMPLIANCE – Auckland Council

July 2020	Compliance proceedings	Nil	Environmental incidents of significance	0
Summary	Category 4 non-compliant consents held by Watercare	1	Category 3 non-compliant consents held by Watercare	2

	Feb	Mar	Apr	May	Jun	Jul
Number of non-compliant consents held by Watercare in Auckland¹	9	21	52	13	16	13
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	3	3	3	3	3
Number of non-compliant category 1 or 2 conditions² <i>Technical non-compliance with no more than minor potential or actual adverse effect to the environment. For example, reports provided after due date.</i>	6	22	36	11	14	9

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

Area	Background and Reason for Non-Compliance	Summary of Current Actions	Current Self-Assessed Council Compliance Rating
WATER TREATMENT			
Huia Village	Long-term issue. Consent has a condition for some recycling of process discharges back to the dam, but this recycling has not been possible given the existing infrastructure at site. Instead, all discharges go direct to Huia Stream, but monitoring shows no adverse environmental effects.	Upgrade underway. Completion expected in August 2020, with commissioning early September.	3 – Ongoing issue (negligible environmental impact)
WASTEWATER TREATMENT			
Helensville	On-going water quality issues at the compliance point. Remediation requires relining of the effluent pond.	Remediation work completed and will commission mid-August. Gathering effluent data to prove compliance and a re-grade will be completed in August 2020.	4 – Ongoing issue (Auckland Council assessment)
Denehurst	Vegetation on irrigation field has slowly decreased over time. Planting-density no longer meets resource consent requirements, and lack of vegetation affecting irrigation field efficacy for passive wastewater treatment.	Vegetation cleared and irrigation system being repaired. Completion now expected by September 2020 due to dependence on planting specimen availability.	3 – Auckland Council assessment after inspection; small scale irrigation means effects on groundwater less than minor.

RESOURCE MANAGEMENT ACT COMPLIANCE - Waikato Regional Council



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

	Feb	Mar	Apr	May	Jun	Jul
Number of non-compliant consents held by Watercare in Waikato¹	0	6	4	1	1	3
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>	0	4	6	1	1	3

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

8. ASSETS AND INFRASTRUCTURE

NEW RECORD AT SNELLS ALGIES

- The Snells Algies Ocean Outfall project team recently set a new world record for the longest Direct Pipe® drive by a micro tunnel boring machine (MTBM), breaking through in the Hauraki Gulf after drilling 2,021 metres beneath private farmland.
- This new record-breaking drive is 92 metres longer than the previous world record which also happened on one of our projects – the Army Bay Ocean Outfall.
- This project involves replacing ageing inground and outfall pipes and will provide capacity for growth in the area. It is expected to be completed later this year.

PUKEKOHE EAST RESERVOIR TIES IN COMPLETE

- Earlier this month, the teams successfully completed the second 'tie-in' to connect the new Pukekohe East Reservoir to the water supply network.
- Once operational, this reservoir will enable us to deliver 175 million litres of water a day from the Waikato water treatment plant and ease some of the pressure on the Hūnua dams which are still well below normal levels.

CENTRAL INTERCEPTOR TUNNEL BORING MACHINE NAMED Hiwa-i-te-Rangi

- In conjunction with local schoolchildren, we officially named our new Central Interceptor Tunnel Boring Machine (TBM) Hiwa-i-te-Rangi after the final star in the Matariki cluster. The name represents dreams or aspirations for the new year.
- The TBM has been manufactured in Germany and is currently undergoing testing. It is due to arrive in New Zealand later this year.



9. DELEGATED AUTHORITY OF THE CHIEF EXECUTIVE

<p>For the month of July 2020, there were 2 documents required to be signed by the CE with the delegated authority provided to the Chief Executive by the Board in relation to deeds, instruments and other documents.</p> <p>These were:</p> <ul style="list-style-type: none"> • 1 x Entry and Easement Agreement in favour of Watercare • 1 x Sale and Purchase Agreement to acquire land for Watercare 	<p>In July 2020, there were nine Capex/Opex contracts, over \$100,000, approved by the CE in accordance with the delegated authority provided to the Chief Executive by the Board.</p> <ul style="list-style-type: none"> • Glenvar No.3 Watermain Relocation Fairview Pump Station VSD - Brightwater Engineers Limited • Central Interceptor Project Programme Tracking and Reporting - King Planning Pty. Ltd • Design support services for new water sources Phase 1 - Hunter H2O Holdings Pty Limited • Pukekohe Water Treatment Plant - Civil Works - Cassidy Construction Limited • Process and design advice for membrane filtration system at Papakura WTP - Suez Water Technologies & Solutions • Demolition works at Papakura WTP - Ward Demolition Limited • Waikato 50 WTP Membrane System Membrane, Air Blower and Chemical Dosing Systems - Suez Water Technologies & Solutions DeltaV Guardian Support Agreement - 5 year Lifecycle Contract – Emerson Process Management New Zealand • Ardmore Resilience Project - 11kV Relocation – Vector Limited 	<p>In July 2020, there was one capex approval signed in accordance with the delegated authority provided to the Chief Executive by the Board in relation to Capex approvals below a threshold of \$15m.</p> <ul style="list-style-type: none"> • Māngere WWTP Digester 5 Rehabilitation 2020 - \$250,000
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Appendix A

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PAGE 02

Words for debate on Waste Minimisation Bill in Parliament

There is one situation in respect of this legislation as reported back by the select Committee in which it may be useful that the clarity of the committee's intentions be made absolutely clear. The situation arises from the fact that biosolids are not specifically exempted from the provisions of the legislation. Both officials and committee members have made it very clear they do not intend biosolids to be regarded as waste, on the basis that they are a valuable resource material. This view needs to be stated in debate to bring absolute clarity to the law makers' intentions should the intention of Parliament become a matter of contention in future years. This matter was fully supported by all members of the select committee.

The committee received representations covering the position of biosolids, which are a product of waste water treatment systems. The committee accepted that these are in effect land rehabilitative. Their usefulness is highlighted by the intention of Watercare Services Limited to use them in rehabilitating an old quarry at Puketutu Island in the Manukau Harbour so that when restoration is complete the quarry can be gifted to the community as an addition to the area's regional park network. This is a worthy objective that was recognised by the committee in coming to the view that these materials should not be regarded as waste that is subject to a waste levy. The legislation as it now stands is intended to reflect this.

HOUSE OF REPRESENTATIVES	
PRESENTED BY LEAVE	
BY	<i>John Carter</i>
11 SEP 2008	
<i>CR</i>	<i>4:15pm</i>

6.2

Appendix B



Watercare Services Limited

73 Remuera Road, Remuera,
Auckland 1050, New Zealand

Private Bag 92521, Victoria Street West,
Auckland 1142, New Zealand

Telephone +64 9 442 2222

www.watercare.co.nz

10 August 2020

Mr Tom Watson

Via email: tom@financialadvisors.co.nz

Dear Mr Watson

Increasing supply and reducing demand

Watercare has been doing both

Demand

We entered this summer with the water supply levels in the dams at 89%. This is normal for the time of year. January and February were both record months for low rainfall. This coincided with record demand up to 560 million litres per day (MLD).

There had not been any forecast giving advance notice of the extreme dry weather conditions. Watercare made its own assessment and commenced an extensive media campaign "Water is Precious", on 10 February 2020.

With continuing record low rainfall and forecasts of a dry spring, Watercare recommended to Auckland Council in May 2020 that Stage 1 restrictions be put in place. The purpose of the restrictions is to assist in building the levels of the supply lakes for the summer of 2020/21.

A combination of the media campaign and the restrictions has seen demand for water reduce significantly. Daily consumption for this time of the year is normally around 420MLD. The target for reduced demand is 405MLD and what is being achieved is actual consumption of a 7 day rolling average of 395MLD.

Supply

We began planning early to augment supply as follows to meet the water supply constraint that this unprecedented lack of rainfall has caused:

- i. A bore at Pukekohe is being brought back into production with 5MLD becoming available in September 2020
- ii. An agreement was reached with Hamilton City Council to use 25MLD of water from the Waikato River. This water has been allocated to HCC but currently not required for some years.
- iii. Production at the Waikato Water Treatment plant was lifted by 15MLD and will be lifted by a further 10MLD once the new 50MLD capacity reservoir at Pukekohe East is completed. The construction of the reservoir was delayed for a year because of appeals to the Environment Court. The additional 10MLD will be available at the end of this month.
- iv. The Onehunga WTP processes water from an aquifer. The plant has been expanded and will produce an additional 4MLD by September this year.
- v. Hays Creek Dam. This is not an example of poor management for 15 years, as you assert. Water from that source has not been required over the past 15 years. This is because we have had increasing volumes of water available from the Waikato River. Consent was obtained in 1998 to take up to 150MLD from the Waikato River. The plant was expanded a number of times over the years and the volumes extracted and treated increased in line with population growth and projections.

Without a drought, which no person or body predicted, Watercare has been able to produce sufficient potable water to meet current demand (including peak demand) and can meet anticipated growth to 2026 when further supply will be required.

The measures being taken in i to v above are in recognition that Auckland is experiencing the worst drought in the 120 years of rainfall records. It seems highly likely the drought will be a 1 in 200 year event.

Watercare has taken measures since the 1993/94 drought to improve resilience from a 1 in 50 year drought to a 1 in 200 year. These new upgrades will also support greater resilience to future droughts and the impacts of a changing climate.

In addition to the measures above, Watercare is fast-tracking the construction of a 50MLD water treatment plant adjacent to the existing Waikato plant. This plant will enter into production in May 2021. The cost of the augmentation measures referred to above, is in the order of \$225m including the new Waikato plant costing \$140m.

Once the drought breaks, Watercare will have significant underutilized plant until population growth catches up with supply.

Leaks

Watercare has approximately 9,000km of watermains and larger water pipes. The earliest install of watermains is the early 1900s. Due to the number of joints these are prone to leak when there is ground movement due to fluctuations in temperature which cause the pipes to move.

Every network in the world, be it water or wastewater, leaks. Our performance is 13.3% which is one of the best in New Zealand.

We agree with you that water is precious. Accordingly, we are running proactive programmes to prevent leaks by reducing pressure, active leak control and fault reporting. For example, an active leak detection sweep in Maungakiekie in December 2019 resulted in 374 leak repairs and a saving of 1MLD. A second sweep in the same area produced 181 leak repairs and a similar savings.

We currently have capital expenditure of \$231m budgeted for watermain renewals over the next 10 years which will reduce leakage.

Today we have 90 service crew who operate 24/7 including during the Level 4 Covid lockdown. We are currently repairing leaks on average at 2.8 days.

Rainwater Tanks

These are potentially of value in reducing demand on water supply and also in taking the first flush of stormwater when it rains.

There are limits to that value as it is often said rain tanks are full when you want them empty and empty when you want them full.

This past summer saw tanks run dry and long delays in obtaining refills from water tankers. The source of supply was the Watercare network and in the order of 315MLD was supplied in the first three months of this year to people who are not connected to our water network.

The provision of water tanks is primarily a matter for Auckland Council who have recently, in collaboration with Watercare, reviewed the barriers to uptake of rainwater tanks. If water is being used for outdoor use and the tank meets certain requirements for capacity and height above ground, then a consent is not required. Additionally, the fee for tanks requiring a consent is being waived by Council.

Similarly, Council could require all new builds to install rainwater tanks and we understand that is under consideration. That is something only Council can do through a combination of amendments to the Unitary Plan and to Council By-Laws. Watercare is not able to require the installation of rain water tanks.

It is clear, however, that developers and purchasers of sections generally prefer mains supply in preference to reliance on rainwater tanks. Therefore, we will still need to provide the treatment plants, the watermains and reticulation to meet these customers' needs and the peak demand in summer, which is often contributed to by those with rainwater tanks that are empty due to lack of rainfall in those months.

Watercare is reviewing its messaging in collaboration with Healthy Waters to provide guidance to Aucklanders on the options and size requirements for rain water tanks.

Water Saving Measures

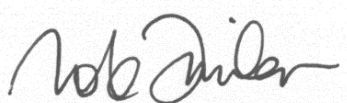
We have a variety of water saving measures which we promote to the public through mainstream media, the website, Facebook, Twitter, Instagram, WeChat, newsletters and handouts. We also partner with Auckland Council using their print and digital posters at their Service Centres. We also use ethnic newspapers and radio stations to ensure the water saving message get out to all communities.

We are currently running a competition on our Facebook page. This gives Aucklanders a chance to win a water efficient washing machine by sharing their favourite water saving tips.

Your tip of using the milk bottle in the exposed cisterns will be entered!

Thank you for your interest.




Yours sincerely



Rob Fisher
Company Secretary
Watercare Services Limited

Report to the Board of Watercare Services Limited
Prepared for the 25 August 2020 Meeting

Corporate Governance Charter Review

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

7.1

1. Recommendation

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

2. Purpose and context

Watercare's Corporate Governance Charter (Charter) was last reviewed in 2018. As part of the regular programme to refresh Watercare policies, the Policy has been refreshed by management.

3. The details

Management made minor changes to the Policy. These changes have been marked up in the appended Policy (Appendix 1).



APPENDIX

A

July 2018

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) 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.

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.

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

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

- 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 and all other stakeholders, including Iwi

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 CCO's and the CCO Accountability Policy.

- 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

4. Board committees

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

1. Audit and Risk Committee
2. ~~Performance, Remuneration and Appointments~~Te Tangata Komiti Committee
3. Strategic Transformation Programme Committee
4. Asset Management Plan (AMP) & Major Capex Committee.
- 4.5. 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 unless specifically mandated to do so.

Committee Chairs and members are appointed by the Chair.

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~~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.

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 ~~shall~~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.

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.

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 ~~will~~ shall ensure that all members are heard
- The Chair ~~shall~~ 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 ~~shall will~~ be recorded in the minutes.

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 Executives 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 ~~shall 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
- 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 ~~July 2018~~
August 2020 and will next be reviewed in ~~July~~
2019August 2022.

Board - Public Session - Directors' Corporate Governance Items

Board Planner 2020						Board Planner 2021												
Meetings		August	September	October	November	December	January	February	March	April	May/June	June/July	July	August	September	October	November	December
	Board	25-Aug 8.30am-12.30pm	29-Sept 8.30am-12.30pm	27-Oct 8.30am-12.30pm Followed by Board Dinner to farewell retiring board members	24-Nov 8.30am-12.30pm	15-Dec 8am-11am (Teleconference)	29-Jan	26-Feb	30-Mar	29-Apr	1 June (May Results)	5 July (June Results)	29-Jul	30-Aug	30-Sep	28-Oct	30-Nov	14-Dec (Teleconference)
	Audit and risk committee	10 August and 24-Aug 10am-12.30pm		27 Oct 1.30pm-4pm														
	Te Tangata Komiti	24 Aug 1-3pm			26 Nov 8.30-10.30am													
	AMP & Major Capex Committee				19 Nov (9.30-12pm)													
	STP Committee		TBC															
Events	Committee for Climate Action	6 Aug (1.30-3.30pm)		13 Oct (9-11.230am)														
	CCO Oversight Committee meetings	Cancelled by Council	22/09/2020 Board/Governing Body Workshop; and CCO Oversight Committee meeting	27-Oct	24-Nov	8 Dec (M Devlin)												
	Community and Stakeholder Relationships	Meet WUCAT Chair (25 August 2020)		TBC: Meet the Diversity & Inclusion Committee														
	Charter reviews	Corporate Governance charter Te Tangata Charter							AMCC Terms of Reference		A&R Charter	Committee for Climate Action Terms of Reference		Corporate Governance charter Te Tangata Charter				
	Policy reviews	Sensitive Expenditure Policy IGCs	Our Commitment to Health, Safety & Wellness Good Employer Policy		Fraud & Corruption Policy (2021)													
	Governance	Risk report due to Council			Risk report (due to Council 12 Nov)													
Enterprise Risk report to Board				Report to Board														
Compliance				Statutory compliance			Statutory compliance			Statutory compliance			Statutory compliance			Statutory compliance		
H&S Quarterly report				Jul-Sept 20 Report				Oct-Dec 19 Report		Jan-Mar 20 Report			Apr-Jun 20 Report			Jul-Sept 20 Report		
Shareholder interaction			Q4 briefing to the CCO Oversight Committee TBC	Q1 quarterly report due on TBC		Q1 briefing to CCO Oversight Committee TBC												
Site Visits		Cancelled due to Covid-19 Alert Level 3	Site Visit	Site Visit	Site Visit													
Board Training	Board training & development	Board Marae Visit (10 August 2020)	Board evaluation check-in	Mental Health & Wellbeing in the workplace	H&S Board Update	Privacy Law (once new laws are in place)												
	Strategic planning & Deep Dives		Strategy Update:TBA		Deep Dive: TBA													
Business planning	Key finance and business decisions	a) approve 2020/21 accounts, b) delegate final sign off of 2020/21 Annual Report c) Approve Auckland Council Reporting Pack		AMP		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	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	Final 2020/2023 SOI adopted by Auckland Council		2019/2020 SOI Results to be presented to Board at Public Meeting. Public Deputations received.		2021/22 Letter of Expectation to be received	Draft 2021-2024 SOI for Board's review	Approval of Draft 2021-2024 SOI				Present shareholder SOI feedback at public meeting. Public Deputations 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 Deputations received.		2022/23 Letter of Expectation to be received		

Disclosure of senior executives' interests

Purpose			Team		
Information	Discussion	Approval	Prepared	Recommended	Submitted
			Emma McBride Head of Governance	Rob Fisher Company Secretary	Marlon Bridge Deputy Chief Executive
	Intellectual capital	People and culture	Community and stakeholder relationships	Financial capital & resources	Natural environment
				Assets and Infrastructure	
					

8.2

1. Purpose and context

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

2. The details




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

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



Report to the Board of Watercare Services Limited
Prepared for the 25 August 2020 meeting

Directors' appointment terms, committee memberships, and meeting attendances

Purpose			Team		
Information	Discussion	Approval	Prepared	Recommended	Submitted
			Emma McBride Head of Governance	Rob Fisher Company Secretary	Marlon Bridge Deputy Chief Executive
Intellectual capital	People and culture	Community and stakeholder relationships	Financial capital & resources	Natural environment	Assets and Infrastructure
					

8.3

1. Purpose and context

This paper provides an update on:

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

2. The details

Table 1: We have eight directors

Our directors are appointed by Auckland Council

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

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

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

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

**Board Chair attends in ex-officio capacity*

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	A&R 28 January 2020	A&R 25 May 2020	A&R 10 August 2020	A&R 24 August 2020	A&R 28 October 2020	AMCC 6 March 2020	AMCC 23 April 2020	AMCC 28 July 2020	Catch up AMCC 6 August 2020	AMCC 19 November 2020	STPC 19 June 2020	STPC ?? July 2020			TTC 29 January 2020	TTC 29 April 2020	Catch-up TTC 11 June 2020	TTC 29 July 2020	TTC 24 August 2020	TTC 26 November 2020	CCA 18 February 2020	CCA 22 May 2020	CCA 6 August 2020	
Margaret Devlin	✓	✓	✓	✓	✓	✓	✓	✓					✓	✓	✓			✓	✓	✓	✓			✓			✓	✓	✓	✓				✓	✓	✓
Nicki Crauford	✓	✓	✓	✓	✓	✓	✓	✓							✓			✓	✓	✓	✓			✓					✓	✓	✓			✓	✓	✓
Brendon Green	✓	✓	✓	✓	✓	✓	✓						✓	✓						✓	✓			✓										✓	✓	✓
Julia Hoare	✓	✓	✓	✓	✓	✓	✓	✓					✓	✓	✓			✓	✓	✓	✓															
David Thomas	✓	✓	✓	✓	✓	✓	✓	✓					✓	✓	✓													✓	✓	✓	✓					
Colin Magee (Board Intern)	✓	✓	✓	✓	✓	✓	✓	✓					✓	✓	✓			✓	✓	✓								✓	✓	✓						
Hinerangi Raumati-Tu'ua	✓	✓	✓	✓	✓	✓	✓						✓	✓	✓					✓									✓	✓	✓					
Dave Chambers	✓	✓	✓	✓	✓	✓	✓						✓						✓									✓	✓	✓	✓				✓	✓
Frances Valentine	✓	✓	✓	✓	✓	✓	✓	✓							✓			✓	✓	✓	✓		✓											✓	✓	✓