

WATERCARE SERVICES LIMITED

AGENDA	BOARD MEETING	Tuesday, July 28, 2020
Venue	Watercare Services, Level 3, 73 Remuera Road, Remuera, Auckland	
Time	9.15am	

Open Public Meeting

Item	Spokesperson	Action sought at governance meeting	Supporting Material
1 Opening Karakia	Brendon Green		
2 Meeting Administration	Chair	For discussion	Nil
3 Apologies	Chair	Record apologies	Nil
4 Minutes of Meeting	Chair	Approve Board Meeting Minutes 30 June 2020	Board Minutes 30 June 2020
5 Disclosure of Directors' Interests	Chair	For noting	Report
6 Public deputations	Chair	For noting	Nil
7 For information			
7.1 June 2020 Central Interceptor Report	Shayne Cunis	For information	Report
7.2 Drought Update	Mark Bourne	For information	Report
7.3 Three Waters Reform Programme	Raveen Jaduram	For discussion	Report
8 For approval			
8.1 Final Draft of Lutra's Revised SOI 2020-2023	Emma McBride	For approval	Report
8.2 Final Draft of Watercare's Revised SOI 2020-2023	Emma McBride	For approval	Report
9 For discussion			
9.1 Safety Moment	All	For sharing	Nil
9.2 Chief Executive's Report	Marlon Bridge	For discussion	Report
9.3 Board Committee Updates	Committee Chairs	For discussion	Nil
10 Directors' Corporate Governance Items			
10.1 Board Planner	Chair	For noting	Report
10.2 Disclosure of Senior Executives' Interests	Chair	For noting	Report
10.3 Directors' appointment terms, committee memberships, and meeting attendances	Chair	For noting	Report
11 General Business	Chair	For discussion	Nil
11.1 Closing Karakia	Brendon Green		Nil

Date of next meeting	Tuesday 25 August 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	30 June 2020
TIME	Session 1: 10.30-11am Session 2: 12.30 to 2.15pm.
STATUS	Public Session

	<p>Present:</p> <p>Margaret Devlin (Chair) (present for all of session 1, and all of session 2, except for items 6.1, the first half of the CI update, 7.1 and 7.2) Julia Hoare (Deputy Chair, and Acting Chair for 6.1, the first half of the CI update, and 7.1 and 7.2) Dave Chambers Nicki Crauford Brendon Green David Thomas Hinerangi Raumati-Tu'ua Frances Valintine</p> <p>Board intern Colin Magee</p>	<p>In attendance :</p> <p>For both sessions: Raveen Jaduram (CE) (except for item 6.1 and part of the CI update) Marlon Bridge (Deputy CE) Nigel Toms (Acting CFO) Steve Webster Amanda Singleton Shane Morgan Rebecca Chenery David Hawkins Jason Glennon Emma McBride</p> <p>For Session 2 only: Bronwyn Struthers (from item 6 end of item 7.3) Shayne Cunis (from item 6 to the end of the meeting) Mark Bourne (from item 6 until the end of item 7.2) Andre Stuart (from item 7.4 to end of the meeting)</p>	<p>Guests:</p> <p>For both sessions Sarah Holdem (from start until mid-way through the CE's report) Todd Niall (from start until mid-way through the CE's report)</p> <p>For Session 1 only The Exterior Cleaning Industry Association (Brian Edwards (Vice President), Henry Norcross, Sean White, Michelle Atwill and Adrienne Renton). Cr Linda Cooper Cr Wayne Walker</p> <p>For Session 2 only Jordan Bond (RNZ journalist) (from part way through the CI update to the end of the meeting)</p>
	Brendon Green opened the meeting with a karakia.		
1.	<p>Meeting Administration</p> <p>The Chair updated everyone on the changes to the senior executive team for the next six months:</p> <ul style="list-style-type: none"> - CFO, Marlon Bridge, has been appointed Deputy CE and has delegated authority to oversee the water and wastewater businesses. 		

	<ul style="list-style-type: none"> - CE, Raveen Jaduram will be focussing primarily on the drought and Watercare's response to ensuring demand and supply initiatives are delivered. Raveen will also continue to oversee the Central Interceptor programme led by Shayne Cunis. - Head of Risk and Resilience, Nigel Toms, has been appointed Acting CFO during this period.
2.	<p>Apologies</p> <p>Rob Fisher, Company Secretary sent his apologies.</p>
3.	<p>Minutes of Previous Meetings</p> <p>Hinerangi Raumati-Tu'ua confirmed that she was at the May 2020 meeting.</p> <p>The Board resolved that the minutes of the public section of the Board meeting held on 28 May 2020 be confirmed as true and correct, subject to Hinerangi's attendance being included in the minutes.</p>
4.	<p>Review Disclosure of Directors' Interests</p> <p>The report was noted.</p> <ul style="list-style-type: none"> - Nicki Crauford noted that the entry for "Statistics New Zealand" should read "Stats NZ".
5.	<p>Public Deputations</p> <p>The Chair welcomed five members of the Exterior Cleaning Industry Association (ECIA).</p> <p>The ECIA was represented by Brian Edwards (Vice President), Henry Norcross, Sean White, Michelle Atwill and Adrienne Renton.</p> <p>Appendix A is a copy of the ECIA's presentation to the Board, which was summarised by Mr Brian Edwards. Mr Edward's key points were:</p> <ul style="list-style-type: none"> - The exterior cleaning industry employs many Aucklanders and turns over millions of dollars per year. - The current model of water restrictions unfairly impacts exterior cleaners; the industry only uses 0.9% of the potable water supply. In contrast, the Auckland network loses 13% of water per day due to leaks. - Jobs are being lost due to water restrictions. - The ECIA wishes to work with Watercare to make Auckland proud to have an exterior cleaning industry. - The ECIA recommended Watercare learn from the Queensland experience, where exterior cleaners were accredited and trained in industry best practice. <p>The Chair thanked Mr Edwards for his presentation and confirmed that Watercare would provide a written response to his submission within 7 days.</p>

	<p>The Chair welcomed Cr Wayne Walker.</p> <p>Appendix B is a copy of a document Cr Walker shared with the Board. Cr Walker's key points were:</p> <ul style="list-style-type: none"> - Watercare and Council need to work on a Water Strategy and campaign for all of Auckland/Council. - Watercare needs to revisit restrictions collaboratively with Council. - Council and Watercare need to investigate the use of water tanks, wastewater metering, and water tanker delivery support. - Council and Watercare need to consider other sources of water (e.g. stormwater) as the amount of water falling on Auckland far exceeds what is required. - There needs to be collaboration with industry, local boards and communities, with open, transparent monitoring of KPIs. <p>The Chair thanked Cr Walker for his presentation and noted that the Board was looking forward to discussing these issues in more detail at the confidential Governing Body workshop on 1 July 2020.</p> <p><i>The meeting was adjourned at 11am.</i></p> <p><i>The meeting reconvened at 12.30pm with Julia Hoare appointed Acting Chair.</i></p>
6.	<p>For Approval</p> <p>6.1 Committee for Climate Action Terms of Reference</p> <p>Emma McBride, Head of Governance, presented the paper.</p> <ul style="list-style-type: none"> - Generation Zero has been invited to attend the next Committee for Climate Action meeting to provide feedback on Watercare's work to date in the climate area. Generation Zero will also present ideas on how best to include a youth/rangatahi perspective into the Committee's long-term work-plan. - The recommended amendment to the Terms of Reference allows this youth/rangatahi change involvement to be accommodated. <p>The Board resolved to approve the updated Committee for Climate Action Terms of Reference.</p>
Additional item	<p>Central Interceptor Update</p> <p>Shayne Cunis, Executive Programme Director, Central Interceptor (CI), provided the Board with an update on the CI Project.</p> <p>The paper for this update was transferred from the Confidential agenda.</p> <p>Appendix C is a copy of the May 2020 CI project update, with confidential information redacted.</p> <p>The Board was shown the following video that summarises the activities undertaken on the CI project since the Covid-19 lockdown lifted https://vimeo.com/433475638</p> <p>Shayne made the following key points:</p>

- The Tunnel Boring Machine (TBM) is being manufactured in Germany and is due to arrive in November 2020. The team is working to complete the shaft to meet this deadline, so the TBM can start work immediately.
- A training TBM has been installed at the CI Training Centre. It is 4.5m wide, so only 1m smaller than the real TBM. The training TBM will allow staff to train working on the TBM in a safe, above-ground environment. The TBM will be officially named “Kate” on 17 July 2020. It is being named after Kate Edger, the first woman to earn a University degree in New Zealand, which was awarded on 11 July 1877. Auckland University has a charitable trust in her name which helps further higher education for women: Kate’s granddaughter, Jill Smith, is a trustee and she and other Trustees will join us for the event, along with Mayor Goff and the Board. The Training TBM will be one of the legacies left by this project to Auckland/New Zealand.
- The CI team has been awarded “Excellence” by the Infrastructure Sustainability Council of Australia (ISCA). The project achieved an IS score of 69 (a score ≥ 50 is Excellent). IS evaluates the sustainability performance of the quadruple bottom line (Governance, Economic, Environmental and Social) of infrastructure development.
- The project has experienced a few injuries and close-calls. When these involve contractor workers, the contractors are involved in overseeing a safety reset.

Margaret Devlin, Chair, Raveen Jaduram CE, and Jordan Bond, RNZ journalist, joined the meeting at this point (12.35pm).

- A new project risk concerns the contractor proposing to self-perform the construction of the Māngere Pump Station. Currently, the contractor is yet to be approved to do this work. The assessment process, including an in-depth review of contractor capabilities and resourcing is underway. This pump station is a critical part of the project and where the tunnel interfaces with our operational wastewater treatment plant. The team is identifying this risk early.
- Another risk the team is currently managing currently concerns the mental health of international CI staff who cannot return home for holidays due to Covid-19. Many workers on the project are Italian and Australian, and do not know when they may be able to return home. These people are showing some strain. The contractor, Jacobs and Watercare are all working on this issue directly and providing wrap-around services and welfare to these workers. Approximately 10-15 key workers are in this group, so this is a key risk for the project. The Board expressed their concern in respect of this risk and requested that a resolution be found to this as a matter of urgency.
- The project is about to encounter new risks as the construction works are approaching areas where there could be unknown ground conditions. We are also starting to work in residential areas.
- Watercare and the contractor have agreed that 35 days have been lost to the Covid-19 shut-down. However, we are comfortable that we will recover these lost days over the rest of the contract period. The parties are still negotiating the final claim for Covid-19 related claims.

The Board noted the report.

The Chair departed the meeting at this point and Julia Hoare was reappointed Acting Chair.

7.	<p>For Discussion</p> <p>7.1 Safety Moment</p> <p>Bronwyn Struthers, Head of Health Safety and Wellness, provided a safety moment</p> <ul style="list-style-type: none"> - There has been an increased number of incidents and close calls since worksites reopened after the Covid-19 lockdown. - This is a universal phenomenon which is being attributed to the workforce being stressed after the lockdown. Many workers are facing new stresses, such as partners and family members losing jobs. As a result, the workforce has been more distracted, and the New Zealand construction industry is seeing more unsafe behaviour. - Watercare is focusing, together with our contractors, on the importance of caring for our workers and their wellbeing during this uncertain period. <p><i>An audio recording of the next item was taken by RNZ reporter, Jordan Bond.</i></p> <p>7.2 Drought Update – including update on demand management</p> <p>Mark Bourne, Head of Servicing and Consents, presented to the Board.</p> <p>Appendix D is a copy of the presentation Mark provided to the Board. Key points included the following:</p> <ul style="list-style-type: none"> - Auckland’s water storage levels have risen to 55%. However, they should be 80% for this time of year; and the long-term weather forecast suggests we will have a dry spring and summer. - Currently 39% of Auckland’s water supply comes from the Waikato River and 5% from our Onehunga aquifers. The rest comes from the water storage lakes. - If we received five more rain events like the one that occurred last week, then the water storage lakes would return to normal levels. Now that the ground is wet, the lakes are receiving additional run-off. However, long term forecasts by NIWA indicate a drier than normal spring. - At the Auckland Council Governing Body meeting on 25 June 2020, Watercare provided Council with the proposed stage 3 and stage 4 water use restrictions (Appendix E). Stages 3 and 4 are still in draft form. - The draft Stage 3 and 4 restrictions require tanker filling stations to be closed on the metropolitan network. This means tankers would need to fill from private bores, or from our Warkworth station, which is not on the metropolitan network. Whilst rainwater tanks are currently full, we plan to discuss this issue with Council now, ahead of the summer period when tanker filling stations have increased demand. - Our water supply network is diversified, and takes water from the Waikato River and aquifers, as well as the storage lakes. For the drought situation to reach ‘standpipes in the street’, we would need a second crisis (e.g. an earthquake), which resulted in the Waikato water treatment plant being shut-down for days or weeks.
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Amanda Singleton, Chief Customer Officer, provided an update on demand management.

Appendix F is a copy of the presentation provided to the Board by Amanda. Key points included the following:

- The Watercare team, including the CE, is meeting with our Top 50 clients on 1 July 2020 for a breakfast session to discuss the drought situation.
- The customer team continues to work with large users on a one-on-one basis. For example, Auckland Hockey has agreed to use non-potable water on playing fields.
- A Trade Show planned that will target sports grounds owners, garden centres and laundromats to encourage the uptake of water efficient strategies and products.
- To date, there have been around 1,400 reports of potential breaches of the water use restrictions. Our teams contact to each possible offender individually. If a repeat offender is identified, this information will be passed to Council for further investigation and possible prosecution.
- One of our largest users is Kāinga Ora. They have made its newsletters available to Watercare to encourage water-saving activities by their tenants. Hard-copy flyers will be distributed to tenants as well, in English and four other languages.

Margaret Devlin joined the meeting at this point.

The Board noted the presentation.

7.3 Chief Executive's Report

The report was taken as read. Management responded to questioning from the Board.

- Rebecca Chenery, Chief Digital Officer, confirmed that the new faults system has gone live. This is the final component of the Strategic Transformation Programme.
- In response to questioning, Bronwyn Struthers, advised that the Watercare worker who was attacked, encountered a random road rage attack. It was not a Watercare-specific directed attack.
- The incident involving the use of an incorrect tool was a serious close-call. We have spoken to the contractor company involved and reiterated that further training of their workers is required. Management confirmed to the Board that we do, and will continue to cease using contractors who repeatedly fail to keep their workers safe.
- The Board also raised concerns around the number of service strikes and requested Management review the actions set out to address this.

Todd Niall, RNZ Journalist, and Sarah Holdem, CCO Governance, departed the meeting at this point, 2pm.

- Amanda Singleton updated the Board on the NPS score. Whilst the 12-month rolling average is 45 (a very high score for a utility), the score for May 2020 was in the low 30s due to the stresses the customer team have been under following Covid-19. Over May 2020, the customer team continued to log a high number of contacts. These are now starting to level-out. The team has eight extra full-time employees working during this busy period.
- The Board raised concerns with the survey questions posed to customers following an interaction with Watercare. The questions are not nuanced enough to differentiate between the type of experience the caller may have had whilst being on hold, compared with the type of experience they had with the customer service agents. Recently the time our customers have been on hold has been lengthy. However, feedback is that the service being provided by customer service agents remains excellent.
- In response to questioning from the Board, Jason Glennon, Chief People Officer, confirmed that the company typically has around a 10% level of vacancies. The company does not currently have a hiring ban in place.
- In response to questioning, Nigel Toms, Acting CFO, confirmed that Management continues to monitor Covid-19 statistics, and we are also continuing to visit our construction sites to ensure all necessary protocols are being followed.
- Mayor Goff is responding on behalf of the Council family to the letter from Ngāti Whātua Ōrākei. A copy of response will be provided to the Board in due course.

Andre Stuart, Manager, Network Planning, Infrastructure, joined the meeting at this point.

Bronwyn Struthers departed the meeting at this point.

7.4 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, provided an update.

- The STP Committee held a meeting on 19 June 2020.
- The Committee saw a demonstration of various software products that were developed and rolled out by the STP.
- Whilst this meeting was to be a close-out session, the Committee agreed meetings should continue until the benefits provided by the STP are fully reported and a related legal dispute has been resolved.

	<p>Te Tangata Komiti</p> <p>Dave Chambers, Committee Chair, reported that the Te Tangata Komiti held a catch-up meeting on 11 June 2020 to address items that were unable to be dealt with at the 29 April 2020 meeting. The next meeting of the Committee is on 29 July 2020.</p> <p>Committee for Climate Action</p> <p>Brendon Green, Committee Chair, provided an update on the 22 May 2020 meeting.</p> <ul style="list-style-type: none"> - The Committee has taken an interest in the deployment of solar across Watercare sites. - The Board Chair and Committee Chair have met with an advisor from ARUP, who will be appointed as an independent advisor for the Committee for one year. <p>Audit and Risk Committee</p> <p>Hinerangi Raumati-Tu'ua, Committee Chair, noted that the next meeting will be held on 10 August 2020.</p>
8.	<p>Directors' Corporate Governance Items</p> <p>8.1 Board Planner</p> <p>The report was noted.</p> <p>8.2 Disclosure of Senior Executive's Interests</p> <p>The report was noted.</p> <p>8.3 Directors' Appointment Terms and Committee Memberships</p> <p>The report was noted.</p>
9.	<p>General Business</p> <p>The Board requested a full update on the Huia water treatment plant replacement project in next month's CE's report.</p>
	<p>The meeting closed at 2.15pm.</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

Margaret Devlin
Chair

Julia Hoare
Deputy Chair/Acting Chair for part of meeting



EXTERIOR CLEANING INDUSTRY ASSOCIATION

Meeting with Watercare board
30th June 2020
10:30am

Location Watercare Boardroom
73 Remuera Road
Auckland

Introduction

Brian Edwards (Vice President ECIA)
Owner operator Elite Property Wash
Employing 3 staff
Made 2 staff redundant because of the water restrictions

Henry Norcross (President ECIA)
Owner operator Spray and Wash Solutions
Was employing 6 contractors and 3 licensees

Between the two of our businesses we turn over around \$1.5m dollars in revenue.

Sean White (Secretary ECIA)
Sean does not own a company in our industry neither does he work in our industry. He is volunteering his time to save jobs and businesses and water.

In 2006 South East QLD was in a severe drought with the main dams getting down as low as 25%. Sean ran an exterior cleaning business and in March 2007 the Qld Govt imposed severe water restrictions banning the use of outdoor hoses and high-pressure cleaning equipment.

At around the same time the Qld Water Commission was formed to develop long term water supply strategies. Sean, seeing that his only source of income was about to dry up formed the External Cleaning Industry Association and with the Qld Water Commission drew up Water Efficiency Best Practise Guidelines.

With consent from the Qld Commission he organised and ran training courses for 2500 operators.

Registration after training was always with Qld Commission who then issued Water Efficient Operator (WEO) accreditation in the form of a WEO card that the operator had to carry while conducting their business activities.

Enforcement around compliance was performed by the Brisbane City council who checked the operators were compliant if any issue were raised by the general public.

The Qld Govt and Brisbane City Council recognised the minimal water used by the industry and the impact on the economy that banning exterior cleaning would have had. This was a much better option than the alternative which was jobs lost and businesses closing .

Exterior Cleaning Industry Association (ECIA)

The Exterior Industry Association is a non-profit organisation which has been recently established to represent the majority of exterior cleaning businesses across Auckland. Our aim is to educate the owners and operators on best practices around water usage leading to registration after training (the Queensland model).

Water Efficiency Best Practises Guidelines:**Definition of Best Practice in response to the drought.**

The definition of best practise is an adequate cleaning result with a minimum use of potable water and non-potable water. This includes recommendations for equipment and processes to be used for specific tasks.

The following measures will be taken to ensure water is used efficiently by all operators.

- Sourcing water from alternative sources, such as rainwater tanks, potable and non-potable water stations.
- Using water efficient equipment.
- Providing training to operators in industry best practise.
- Accreditation of training with some form of written verification to ensure the public has confidence that operators are using best practise.

Best Practise cleaning process.a. Area preparation:

Prepare the area by removing any loose debris prior to cleaning.
This can greatly reduce the amount of water needed to rinse an area.

b. Application of products to enhance cleaning:

Applying solutions to a surface, at low pressure / low volume equipment. This will allow cleaning products to stay on the surface as opposed to “misting”, “bouncing” or “running off” the surface.

c. Agitation of the surface:

After applying solutions to a surface for cleaning, the solution should be scrubbed to ensure that its cleaning capability is maximised.

d. Rinsing.

When finishing the cleaning process, a final rinse with a fan shaped nozzle at low pressure will be used.

Cleaning frequency under Best Practise Guidelines:

Property cleaning may only be done once every 12 months.

This does not apply where:

- A property is being prepared for painting ('pre paint' washing)
- There are health and safety issues
- The presentation of a property for a new tenant or owner/ occupier

These are some of the ECIA recommendations

Not time to stop cleaning on the back of Covid-19

We clean disability areas, make them safe for the users.



Homes to remove mould, pollen, which impacts on a range of health problems for tenants, homeowners and businesses





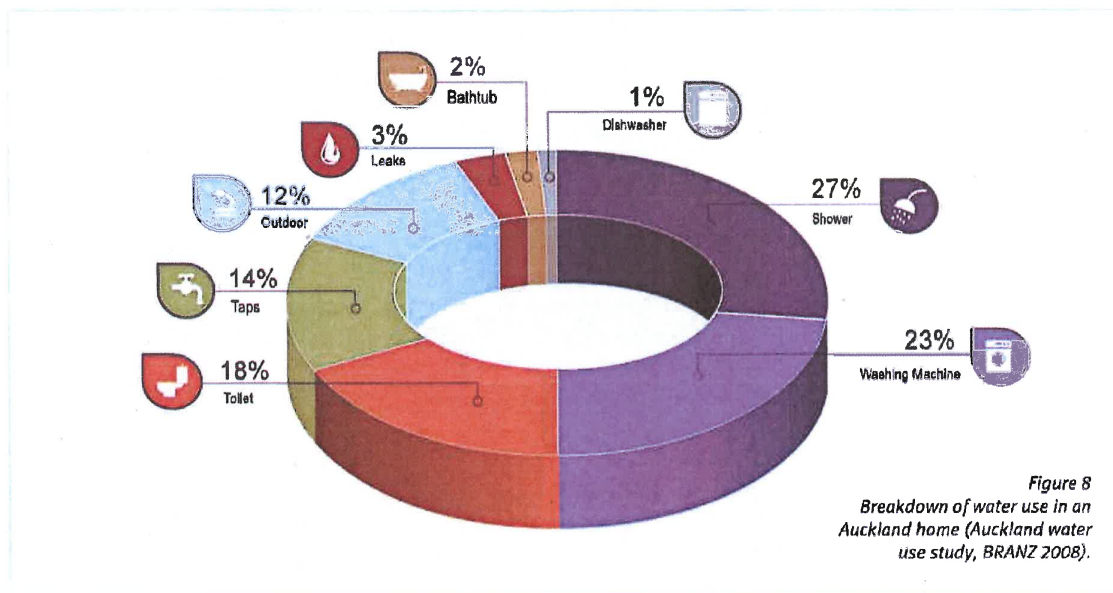
4.1



Clean workplaces to make them safe for staff, to comply with health stands in their industry

Water usage :

Graph ref: Watercare Auckland water efficiency strategy pg. 11



Graph and data ref: Auckland water use study monitoring of residential water end uses. SB10 NZ paper number:51

The contribution of other appliances was considerably smaller. The winter end use distribution was almost identical. The water end use per capita distribution shows that outdoor water use was much lower at only 6%, which indicates that outdoor water use is not very sensitive to the number of occupants. The proportionality of the main indoor uses has not changed with respect to each other.

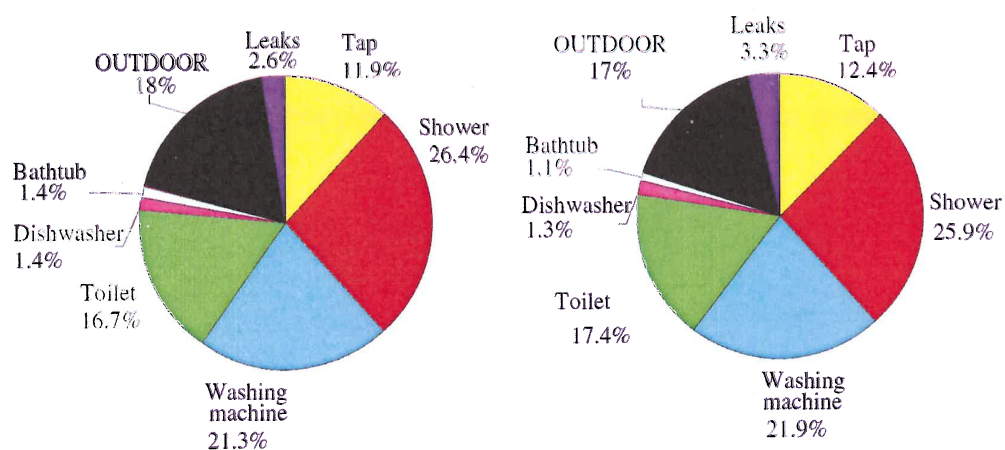


Figure 2: Household (left) and per capita (right) end use distribution in summer

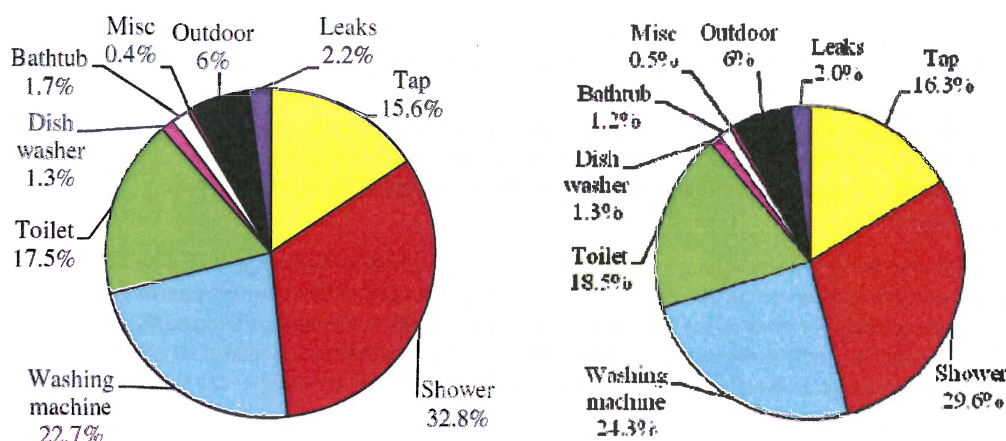


Figure 3: Total end uses per household (left) and per capita (right) in winter

Based on site visits to the non-potable water stations

Employees have confirmed the volume of water taken across these sites is 225,000 litres per day. Not all of this is for the exterior washing industry.

We accept that this might not be a true representation of the water usage due to the difficulty of the industry having equipment to transport the water to their worksites safely.

However other calculations show

- Auckland usage 410M litres per day (winter)
 - 54% is residential and 46 % is commercial (ref: Watercare stats)
 - 12% of the residential usage is outdoor taps (ref: p 11 of Watercare report)
 - 0.9% and less is used by our industry based on data collected
 - = 265,000 litres per day on residential cleaning
 - The industry does not work 7 days a week!
- Commercial use
 - 46 % is commercial (see above Watercare stats)
 - ? outdoor taps usage data? why not? (Watercare)
 - Assume 12% based on residential data (high)
 - 0.9% and less is used by our industry based on data collected
 - =226,000 litres per day on commercial cleaning.
 - The Industry does not work 7 days a week.
- Compare to
 - 13% lost every day due to leaks in Watercare infrastructure (ref Auckland Council meeting with Watercare youtube 25th June 2020 and Auckland water efficiency strategy p 41)
 - = 53.3 million litres per day are lost
- In conclusion the exterior cleaning industry uses less than 0.9% of potable water.

Data ref: Watercare Auckland water efficiency strategy pg 41

Watercare's current target for real losses is that real losses should be less than or equal to 13 per cent of the water supplied, reducing to less than or equal to 12 per cent of the water supplied by 2040. However, international standards organisations and regulators have established that measuring leakage as a percentage of water supplied is of limited use.

Through the non-revenue water strategy, we are moving towards a portfolio of KPIs for leakage, to both drive continuous improvement and allow comparison with other water utilities. In addition to the regulatory percentage target, we will report real losses in terms of litres per connection per day (L/c/d). Our current performance is just over 126 L/c/d. Our target is to reduce this to 101 L/c/d by 2025, with real losses limited to a total of 50 million litres per day. This would lead to an overall reduction in non-revenue water of 10 million litres per day by 2025.

Consents are still been handed out for new connections

We rang Watercare last week and consents are still been given out for new water connections for houses to be built.

Consents are also been issued for new swimming pools

Why?

Watercare infrastructure cannot supply water now.

Meetings with Watercare CEO Raveen

First meeting was held at Watercare office on the 18th May 2020

Mark Ridling and Sean White (Secretary ECIA)

Email meeting notes sent out to the Cleaning industry on the 21st May 2020

See email below :

Raveen: comments to Mark and Sean

"aren't particularly efficient anyway and their business are mostly not sustainable"

Second meeting was held at Watercare office on the 24th June 2020 at 1030am

Brian Edwards (Vice President ECIA), Henry Norcross (President ECIA)

Raveen Juduram, CEO, Amanda Singleton Chief Customer Officer

Meeting notes below

Raveen asked if we were the same group that he met with a couple of weeks earlier with Mark Ridling and Sean White. We confirmed we were, and reiterated we were still the representatives of the Exterior Cleaning Industry Association, and Both Mark and Sean were involved at that time.

Raveen your comment towards the washing industry are **derogatory** and not professional as CEO of Watercare and shows a complete lack of respect to our industry.

We are not a "splinter group, we are not two groups, and we are not the, Father, mums Uncles or Nieces".

"If I want to get my house washed, I should collect a rubbish bin of water, cause that's all it takes"

A rubbish bin size is 210 litres. Comment also made by CEO Watercare

Auckland Council Meeting 25th June 2020 link below.

Derogatory comment in video link 35 minutes into the video

<https://www.youtube.com/watch?v=d3UqGnDIMHw&feature=youtu.be>

Outcomes moving forward

Save jobs and businesses

The ECIA members

1. Will comply with all local authority bylaws
2. Will have their names published on the ECIA website
3. Will put best practices in place for members and their staff
4. ECIA logos will be on vehicles
5. Staff will carry ECIA ID cards with photo ID and their company names.
6. ECIA will conduct audits on their members for:
 - a. Health and safety
 - b. Compliance
 - c. Maintenance of equipment
 - d. Staff training records kept up to date
 - e. Water conservation being always adhered to
7. Will minimise water usage as technology improves
8. Will work with companies that are proven to be non-compliant.

What ECIA require from WaterCare and Auckland Council

1. Fully endorse ECIA
2. To maintain a database of ECIA members on their websites
3. Fix damage caused by advertising that our Industry uses lots of water.
4. Allow ECIA members to operate under level 1 ,2 and 3 water restrictions from water taps
5. Allow ECIA members to use standpipes under water restrictions and after water restrictions have been lifted.
6. Apology from the CEO of Watercare for the derogatory comments made to the Council following our meeting with him on Tuesday 23 June 2020.

Closing statement

We are commercial businesses, you did not ask us to save 10% water, you just turned the taps off the whole industry.

Mayor Phil Goff:

"We are trying to recover from Covid-19

We are talking about jobs

It's about jobs

The last thing I want is these firms that have been closed for the last 4/5 weeks to have to close again this summer because we cannot supply water.

Watercare its official, there are 2 confirmed jobs gone

Meeting with CEO Water Care Mark Ridling and Sean White

On 21 May 2020, 2:25 PM +1200, Mark Ridling <m.ridling@housewash.co.nz>, wrote:

Hi All,

Sean White will be acting as Secretary for the organisation. Sean has plenty of past experience in dealing with Local Government in Queensland Australia along with having run a waterblaster business for many years in Australia. He is independent and has no interests (financial or other) in water blasting here in New Zealand. Sean is now your first point of contact both for you and other reputable Water Blasting companies who wish to become members of the association.

Sean White
Cell (021) 147-0213
Email: sealuca15@gmail.com

Interesting Information:

National MP Judith Collins has said she will be taking the matter up with the minister for the Environment Minister David Parker. However as we all know The National party is a wee bit side tracked with problems of it's own at this point in time.

Watercare Auckland already have authority to uptake 175 million litres per day from the Waikato river and the current pipeline can handle 200 million litres per day.

Up until recently (about a week ago) Watercare has only been drawing 150 million litres per day of it's 175 million litre allocation, this has nothing to do with the Resource Management Act but rather because the Tuakau water treatment plant can't handle the extra 25 million litres per day that they are entitled to use.

The upgrade of the Tuakau water treatment plant isn't due for completion until August 2020.

Raveen the CEO has been using/blaming the RMA as a smokescreen/deflection so no one is asking why Watercare has dropped the ball so badly in not even utilising the water it already has authority to use.

Meanwhile Auckland's hard working small water blasting businesses and their employees numbering over 250 people, contributing 10's of millions of dollars to the Auckland economy are stopped from using water while being told to innovate or find something else to do as we "aren't particularly efficient anyway and their business are mostly not sustainable" according to Raveen.

I don't normally call for this, however I believe that the head of Watercare Raveen Jaduram needs to resign in disgrace.

Kind regards,

Mark Ridling
Chairperson
Exterior Cleaning Industry Association

Plan for the worst while expecting the best.

Feel free to forward this email on to whoever you wish.



EXTERIOR CLEANING INDUSTRY ASSOCIATION

Meeting with Watercare Wednesday 24th 10.30 am – 11.30

Present Raveen Juduram, CEO , Amanda Singleton Chief Customer Officer

Brian Edwards ECIA, Henry Norcross ECIA

This document is a bullet point summary of main take out points from the meeting as a lot of ground was covered during this meeting.

Brian Introduced the ECIA and our overarching purpose as per mission statement and address our concerns and also our willingness to work together to achieve improvements to our respective organisations.

Raveen asked if we were the same group that he meet with a couple of weeks earlier with Mark Ridling and Sean White. We confirmed we were and reiterated we were still the representatives of the Exterior Cleaning Industry Association and Both Mark and Sean were involved at this time.

Raveen advised Auckland City Council is providing the non potable water and stations not Watercare. Whilst Watercare were concerned re safety of water transportation they had no obligation to intervene.

We asked that Watercare confirm that the restrictions are most likely to remain for a minimum of 12 months at a minimum of level 1.

We asked for this statement this to be made public as we believe this would assist our members to commit to longer term solutions to the crisis and the public to move forward.

They agreed that the association was a positive step and welcomed by Watercare and that they encourage this type of association across all sectors.

They confirmed that if they were satisfied our members were compliant with the restriction regulations and that we would act on any breaches they would be happy to endorse our association and try to assist us in getting the public back washing

Overall the Watercare representatives were positive and agreed that they would do their best to encourage and promote non potable washing if we provide them with further information regarding best practice with soft washing and water efficiency.

We asked about the health and safety exemption to their restrictions for water blasting concrete that is slipper. Raveen appeared not to be aware of this exemption and maintained

the only health and safety related issue for using treated water in his opinion should be to put out a house fire.

For washing large building assets such as retirement villages, hospitals and schools for example that require for removing algae and mould etc we advised non potable is not a viable solution and this should fall under the exemption. The response was that the organisation could apply to Watercare for an exemption if they were satisfied that the organisation was adopting a suitable long term water reduction strategy and the wash water use could be budgeted into their reductions.

Next step is for our association to confirm members and provide documentation to support our claims re compliance and managing any breaches.

We asked if we could use standpipes, as this would be a good way to track users and water usage. Raveen's reply: he wants standpipes gone completely, even if there wasn't a water crisis. Reason is they can cause contamination, users damage the hydrants, and users are stealing water.

Raveen said Auckland will not run out of drinking water.

Raveen made suggestion that he was as he would looking at getting into the water tank supply business for residential use. We confirmed that we were exploring this but did not help us with our current problem and was a possible longer term solution.

We ask what did level 2 & 3 water restrictions mean ? Raveen replied they want other commercial industries to save 10% of their water usage. We said we are commercial users, and we have been stopped from using water completely. They replied you are using water from the property or owner of that property who has an agreement with Watercare to take water. As we are a third party, they have stopped our access to outside taps on the properties.

We raised the issue that the message of no water blasting is having a very negative effect on our industry. Even though there are non-potable stations around, the phone has stopped ringing due to the message not been put out there correctly. In principle they have agreed to look at that message, based on the ECIA coming back with some ideas on how that message could be better presented. We reiterated our softwashing was very economical on water and uses less than a third of the water it would take for a homeowner to use a hose and brush or an inefficient handy man type pressure washer.

----- Forwarded message -----

From: Michelle Atwill <Michelle@bestpropertyservices.co.nz>

Date: 29 Jun 2020, 7:35 AM +1200

To: phil.goff@aucklandcouncil.govt.nz <phil.goff@aucklandcouncil.govt.nz>

Cc: sharon.stewart@aucklandcouncil.govt.nz <sharon.stewart@aucklandcouncil.govt.nz>, Councillor Wayne Walker <Wayne.Walker@aucklandcouncil.govt.nz>, john.watson@aucklandcouncil.govt.nz <john.watson@aucklandcouncil.govt.nz>, Brian Edwards <info@elitewaterblasting.co.nz>, Henry Norcross <henryn@ecia.co.nz>

Subject: Watercare/Council - Water Restrictions and a way forward

Dear Mr Mayor

We have watched and listened to the video of the Auckland Council/Watercare meeting from last Thursday 25 June 2020

I would like to thank Councillors Watson and Walker for conveying their concern on how Exterior Cleaning Companies have been treated during this water crisis, and advocating for alternative measures. There are many other industries using significantly more water but are just not seen by the public. This makes the actions by Watercare unjustified given the purpose is to save water.

It is very true that as a consequence of the approach, jobs have already been lost and many more are at risk. The possibility of more businesses failing is real. At a time when we as a nation are looking at ways to keep people employed post COVID-19, the Watercare strategy is adding pain to Auckland's Economic Recovery and assisting to increase the dole queue.

Mr Mayor, you raised a concern that if an Exterior Cleaning Businesses can operate, a neighbour would ask 'why can't I wash my house?' I hope I can assist to answer this below. There was discussion at the meeting on communication and messaging from Watercare during the drought. To date, the messaging that you can't wash houses has already put people out of work.

There is an opportunity however for Watercare to:

- Allow Exterior Cleaning Businesses to work under permit and as part of the Exterior Cleaning Industry Association that promotes efficient use of water.
- Ensure operators have signage to show they are permitted and certified efficient users.
- Engage with our industry and to be seen to be keeping Auckland working post COVID-19.
- Request Exterior cleaning companies drop leaflets in the surrounding houses to say they are operating under council permit and if they would like work done don't risk being fined call an approved and certified operator.
- To have a list of the approved operators on the Watercare website.
- Educate the public that we are not high water users and cleaning is required for the health and safety and for the maintenance of assets.

Exterior Cleaning Industry Association
28 Constellation Drive
Rosedale, Auckland 0632
ecia.co.nz

This is a chance for Watercare to repair some of the damage inflicted on these business' and I feel the key, is good clear messaging to the public. Properties/facilities do need to be cleaned for health & safety, warranties of product and simply to keep Auckland looking like a good place to live & work.

Stopping an industry has a snowball effect. Without or with reduced exterior cleaning, painters can't paint, scaffolding companies are not required, paint shops don't sell paint, machinery service businesses don't service the machinery, and all their suppliers – and so on. Our machines and operators use 50% less water than the domestic machines the home owners have access to. Everyone agrees we are not high water users, just visual so let's deal with the real issue. Educating the public.

The clear messaging will be that Watercare is assisting Exterior Cleaners with efficient water use and asks the public "to also assist by using their services especially while restrictions are still in place for property owners". Suffice to say, time is of the essence and the longer a positive move takes to be implemented, the more that will be added to Auckland's unemployment.

It's important to note that 13% (53MLD) of the daily usage is wasted due to leakage in the Watercare system. Our industry would use around 0.146% of the current daily water usage. Based on the non-potable water supplied currently it is 0.054% due to reduced operations. A couple of weeks ago we visited the 4 sites that were then supplying non-potable water suitable for exterior cleaning to see how much water was being supplied per day. (note it is not only exterior cleaners collecting this water).

I respectfully request that Watercare/Council resolve their issues first being the biggest wasters of water with network leakage and that Exterior Cleaners are given permits to continue to operate under the Exterior Cleaning Industry Association guidance and certification.

We are a business where it's NOT the Mum, Dad, Uncle or Niece as Raveen was describing. My business has 6 staff from 6 different families and struggled but paid 100% over COVID-19. Let us now pay the same price Watercare are asking of other businesses currently using mains supplied water 10 -20% reduction.

Regards **Director** Best Property Maintenance Services Ltd

Michelle Atwill

Email: michelle@bestpropertyservices.co.nz

PRESENTATION BY WAYNE WALKER, ALBANY WARD COUNCILLOR

Water Strategy and campaign for all of
Auckland / all of council

Revisit water restrictions collaboratively

Water tanks /support, wastewater
metering, top ups (water tanker delivery
support)

Other sources e.g. storm water

Collaboration – industries, local boards,
communities,

Open, transparent, monitoring / KPIs ,
evidence base



Report to the Board of Watercare Services Limited

Prepared for the 30 June 2020 Board meeting

Central Interceptor report for May 2020

HIGHLIGHTS AND LOWLIGHTS

- All sites have returned to work and have been operating under COVID-19 health and safety procedures without issue.
- Contractor's safety performance has been given renewed emphasis with establishment of weekly leadership walk.
- The construction of the Diaphragm Wall for the Māngere Pump Station shaft has been completed. [REDACTED]
- Quality assurance testing is being completed on PE pipe for the Rising Main, in particular the welding process to be used.
- Piling at May Rd Shaft A nears completion.
- Removal of asbestos material from the house at 2 Haycock Avenue was completed prior to demolition commencing.
- The TBM manufacture in Germany continues and remains on schedule to arrive before the end of the year. Delays to the Micro TBM for the link sewers and Glass Reinforced Plastic (GRP) shafts for two sites have been advised as a result of COVID-19, but this is under review.

FUTURE OUTLOOK

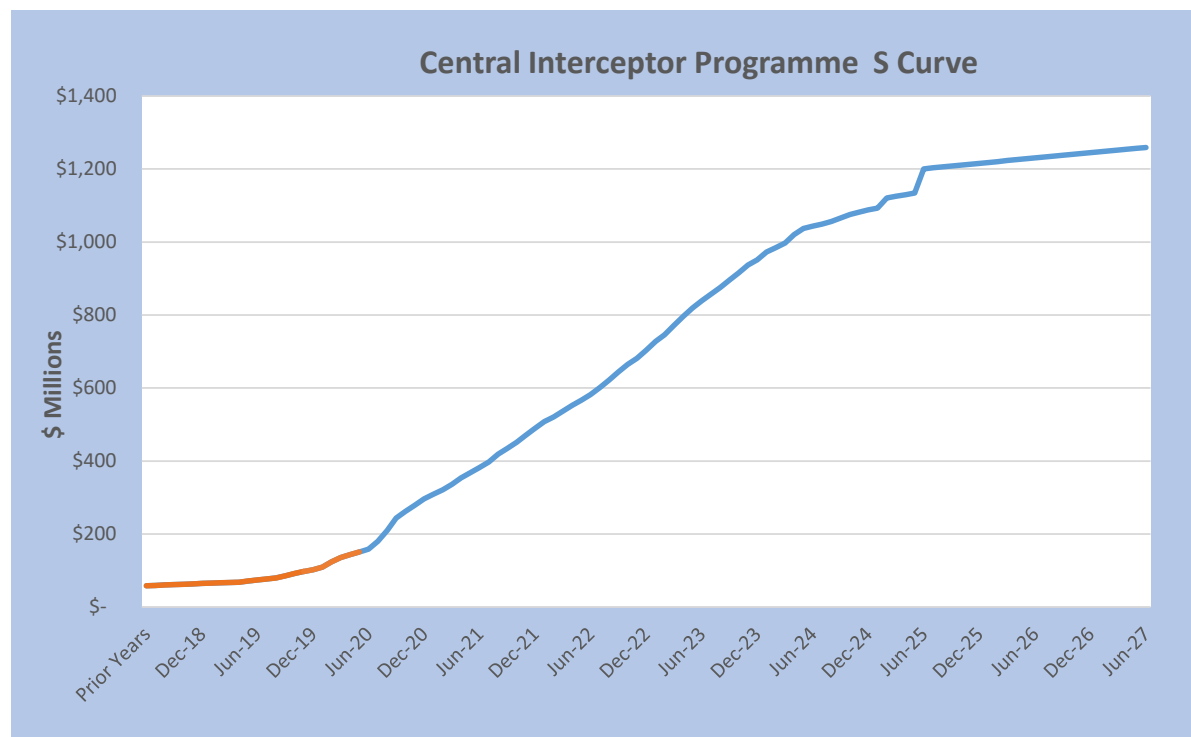
- Excavation of the shafts at Māngere Pump Station and May Road Shaft A will begin in July.
- Rising Main installation works to continue at Māngere. Soft ground conditions are presenting challenges and will result in a significant claim for additional costs.
- We continue to work with the GAJV collaboratively to resolve Covid-19 related claims fairly and promptly. The Extension of Time claim for the period of lockdown has been received. We are waiting on a the revised programme to reflect the full impact of the Covid-19 shutdown.
- Delivery of the Training TBM ("Kate") will be made in June. We are planning for a naming ceremony in conjunction with the opening of the Training Centre in July.



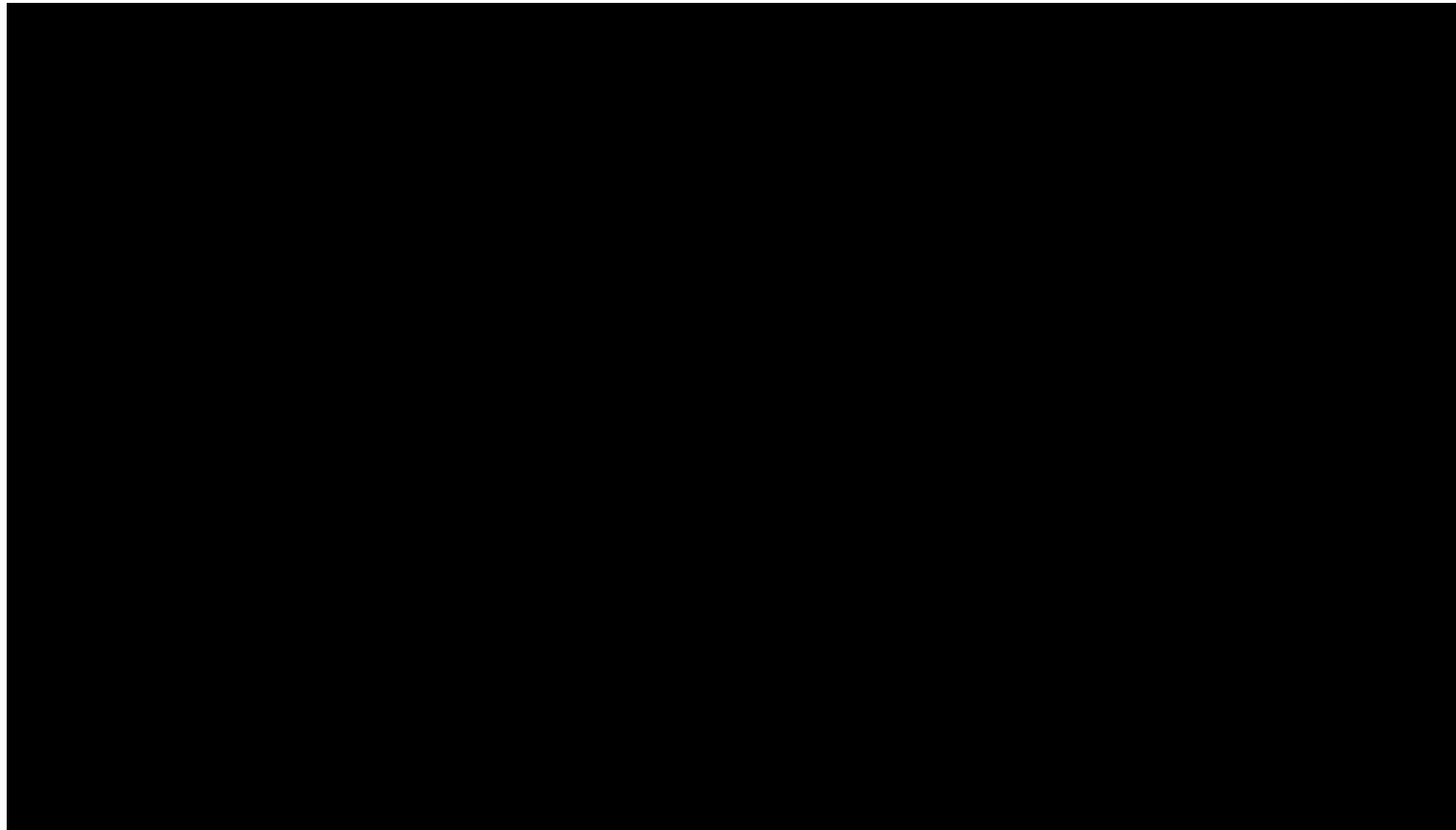
Shayne Cunis

Executive Programme Director, Central Interceptor

1. FINANCIAL SUMMARY

**Project Expenditure**

- Total project expenditure (including Grey Lynn Tunnel) to date is \$150.8M against an approved budget of \$1.269B. This level of expenditure aligns with the forecast.
- The committed risk cost to date is \$8.9m (\$3.3M actual spend to date). [REDACTED]
- [REDACTED]
- The Total Outturn Cost for the programme of works is forecast 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.
- \$7.15M premium for contract works and public liability insurance was made in May 2019. This will be amortised over the duration of the contract.



2. PROJECT SUMMARY



HEALTH, SAFETY & WELLNESS

- We have expressed our concern to the GAJV around the H&S performance on site, and the variability between sites. The greatest concern is at Māngere PS due to the number of interdependent activities occurring. We have placed greater resources into monitoring of this site, and continue to work proactively with the GAJV to raise standards.
- The Emergency Management Plan is being finalised to take into account the specific requirements of Watercare and those contained with the Mining Regulations.
- A refreshed Health, Safety and Wellness strategy, process and procedures has been completed. This includes a standalone HSW Assurance Plan is also developed to serve as a guidance to the Project Delivery Team to perform its assurance function. A training will be rolled out during the month of June to all CI staff.
- Inductions have resumed to its pre lockdown format, with those that joined the project since Alert Level 4 now undertaking a refresher induction to ensure they have had the same experience as other workers.
- Underground inductions have commenced. This is a 2 day induction which includes testing against a number of H&S Unit Standards and includes medical checking of staff to ensure they are fit to go underground. This programme will be enhanced with the arrival of the training TBM.

DELIVERY

- A summary of the COVID-19 achievements is detailed in Section 7.
- At Māngere Pump Station:
 - the panels for the confinement box around the shaft are being installed. This enables the TBM to be launched without undertaking widespread ground improvements.
 - Installation of tension piles in the shaft has commenced
 - Installation of the permanent offices is nearing completion
 - Instrumentation and monitoring devices have been drilled and installed
- At May Road:
 - Piling for the temporary shaft support at Shaft A nears completion, and coring of basalt in Shaft B has commenced.
- Guide wall and additional Site Investigation have been completed for Shaft B
- At Keith Hay Park, site establishment activities are ongoing with erection of noise wall panels. Improvements to the hoardings have been implemented following two close calls with members of the public in April.

PEOPLE

- All our facilities and control measures were reviewed at the announcement we were moving to Alert Level 2. This has enabled all staff (except those considered vulnerable) to return to their usual place of work, with additional control measures in place to support increased hygiene, sanitation and contact tracing capabilities when we went into Alert Level 2.
- Immigration New Zealand approved the return of Chris Johnson (Pump Station Delivery Manager) from Australia. He will be back onsite once he has completed the mandatory two week quarantine process.
- We are working closely with Jacobs to facilitate exemptions from the current border restrictions for two resources to travel to New Zealand to support the Project.

STAKEHOLDER & COMMUNICATIONS

- As we are now working on sites in highly residential areas, close monitoring of potential issues (particularly traffic restrictions) has been implemented.
- With the move to Alert Level 1 we will offer to hold our popular 'Meet the Contractor' event at the sites prior to work commencing. The next site will be Dundale Avenue.
- Planning presentations for three local boards on the Public Arts process which has commenced. This is to design a series of artwork integrations for above ground structures at six sites on public land, in accordance with the 5th schedule of Auckland Council's licencing agreement. We have engaged renowned New Zealand artist Chris Booth who has produced the first design ideas.
- Erected signage on narrowing and then closure of parts of Coastal Walkway around Māngere Pump Station, due to public safety needs.
- 'Name the TBM' competition is to be held with 16 primary schools along the route of the tunnel. Section 7 provides detail on the naming process.

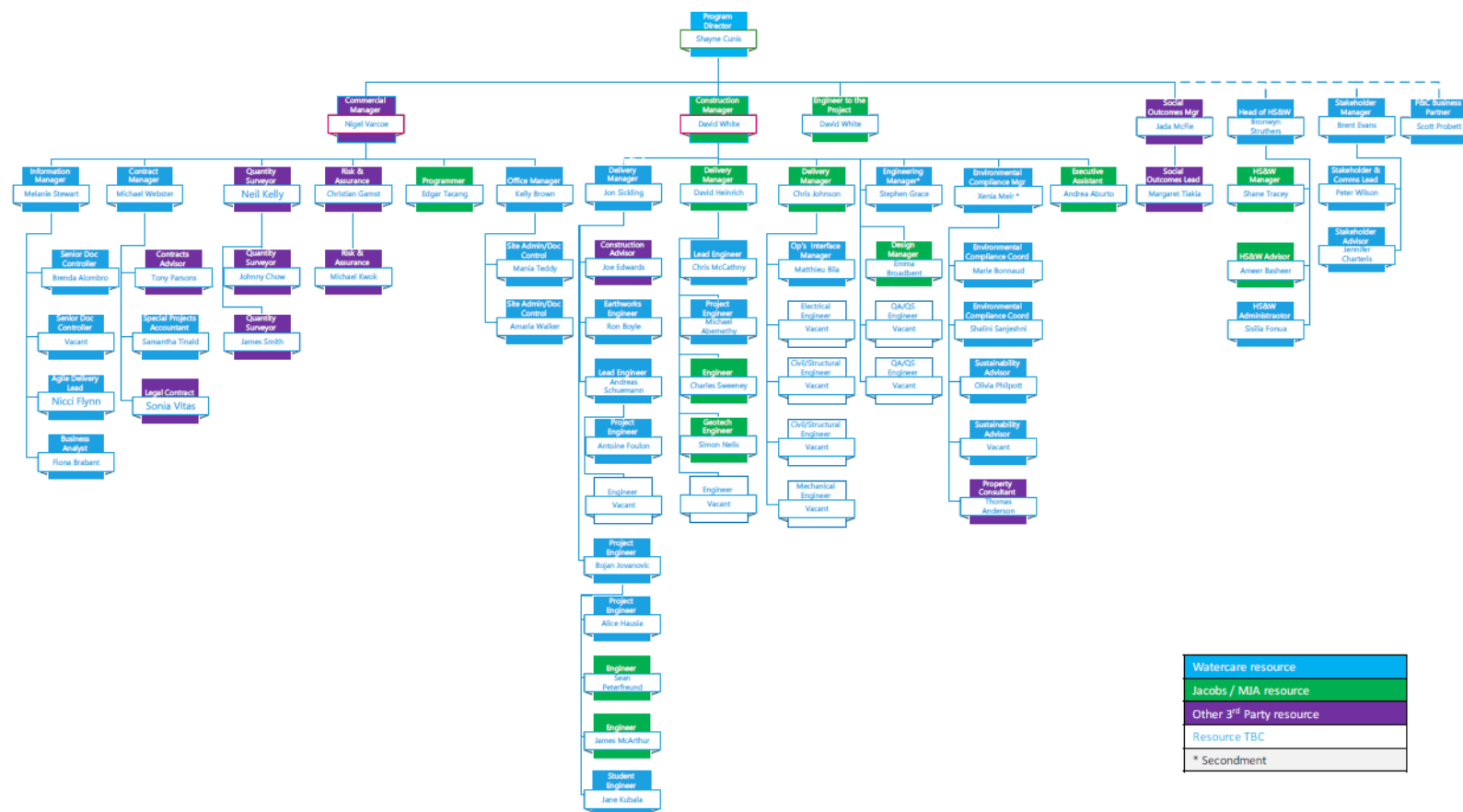
RISKS

- Section 5 provides greater detail on the current risks in play and the movements from last month.
- [REDACTED]
- Due to successful government controls, the risk of COVID-19 infection of, and transmission between staff is a low likelihood.
- The COVID-19 pandemic continues to present a significant time and cost risk to the project – with the potential to impact supply chain, project delivery, and resource availability. The joint Commercial Taskforce has established a framework for claims and continues to work collaboratively to minimise time and cost impacts.

CONSENTS & APPROVALS

- Activity Specific Noise Management Plans for Haycock Avenue were approved by Auckland Council without the final written endorsement from the resident at 10 Haycock Avenue. The approval was granted after it was acknowledged by Auckland Council that GAJV staff felt intimidated following their interaction with the Haycock resident, and it was unreasonable to keep trying to gain their consent.
- The Contractor is preparing a variation to the Activity Specific Noise Management Plan resource consent condition to delete the requirement for written endorsements, and eliminate the further occurrence such as above.
- There was a minor non-compliance with a stormwater resource consent for May Road. There was no environmental effect of the non-compliance as the quality of the discharge continues to be within consented limits.
- Section 181 letters (Public Works Act) sent to properties on the Grey Lynn tunnel alignment on 2 June. The objection period closes on 4 July. To date no objections have been received.

3. ORGANISATION STRUCTURE



Watercare resource
Jacobs / MUA resource
Other 3 rd Party resource
Resource TBC
* Secondment

4. Health, Safety & Wellness



Watercare, its partners and the GAJV worked a total of 48,978 hours in May 2020. The rolling Lost Time Injury Frequency Rate (12 monthly) is 0 and the Total Recordable Injury Frequency Rate (TRIFR) is 4.14 per million hours.

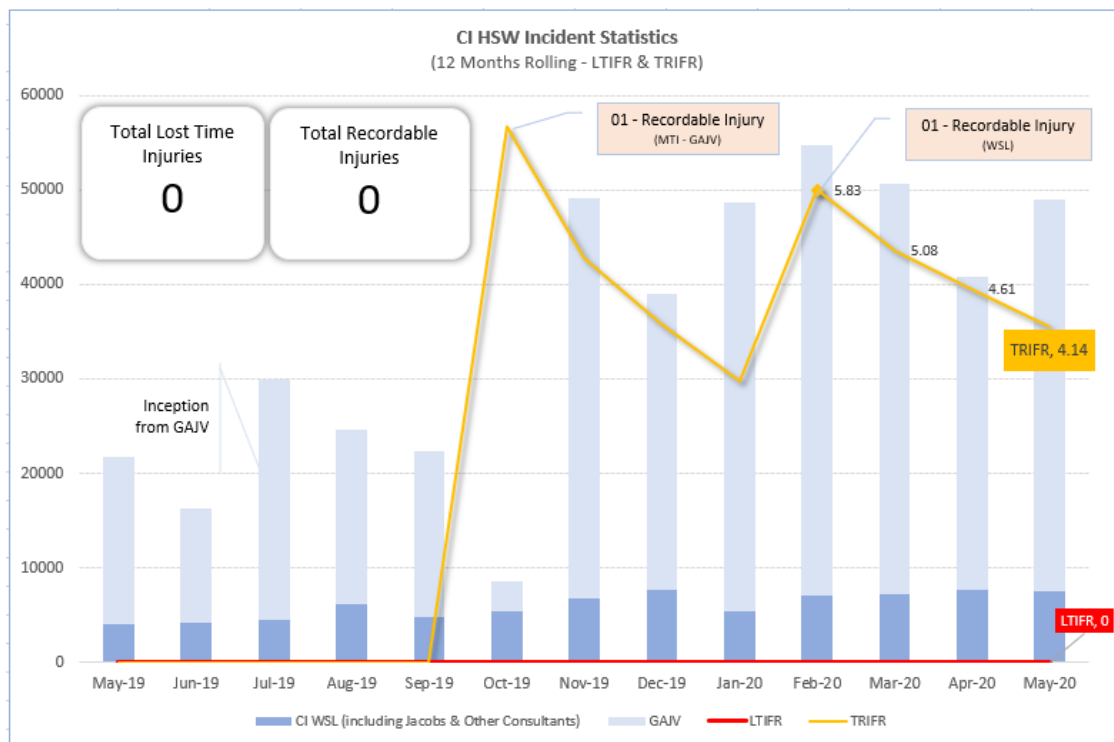


Figure 1: H&S Statistics (13 months rolling rate)

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

	Hours Worked*	FAI	MTI	LTI	Near Miss	PD	RO	NI
Watercare Employees	4,437	0	0	0	0	0	0	0
Jacobs Construction Management	1,210	0	0	0	0	0	0	0
Other Consultants*	1,879	0	0	0	0	0	0	0
Ghella Abergeldie JV	41,452	2	0	0	3	1	0	0
Total	48,978	2	0	0	3	1	0	0

* Includes Jacobs Design Support and Grey Lynn Tunnel (72% of hours worked)

The Contractor reported 2 first aid cases, 3 near misses and one minor property damage during this reporting period; details are as follows;

First Aid (Manual handling injuries)

- A worker attempted to close a valve, but he could not adopt the safe posture due to the obstruction in the floor, later reported strain on his lower back.
- In another case, two workers were involved in moving of a bentonite pipe; one worker reportedly experienced back pain. He was given light duty for the rest of the shift hours.

Near Miss



- A container being lifted with a crane observed tilted as it was being removed from the vehicle deck. The load was stable and lowered onto the ground without incident. Following the review, a further dedicated resource has been appointed to overseeing all lifting activities and reviewing of the lifting plan.
- A close call reported involving a member of the public at the Keith Hay Park. The site gate opened to let a truck exit site. As the truck was about to leave, the STMS noticed a child on a bike coming down the hill, heading towards the open gate. The STMS responded swiftly, stopped the truck and closed the gate. The traffic management controls have been reviewed and improved.
- In another case; a contractor worker observed a young child crawling under the temporary fence, which had approximately 200 – 300 mm gap from the adjacent ground. The parents intervened when the child was approximately halfway under the fence. Improvements to the fence have been completed.

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
Near Miss (NM)	Defines a near miss as 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

5. Risks

Covid-19

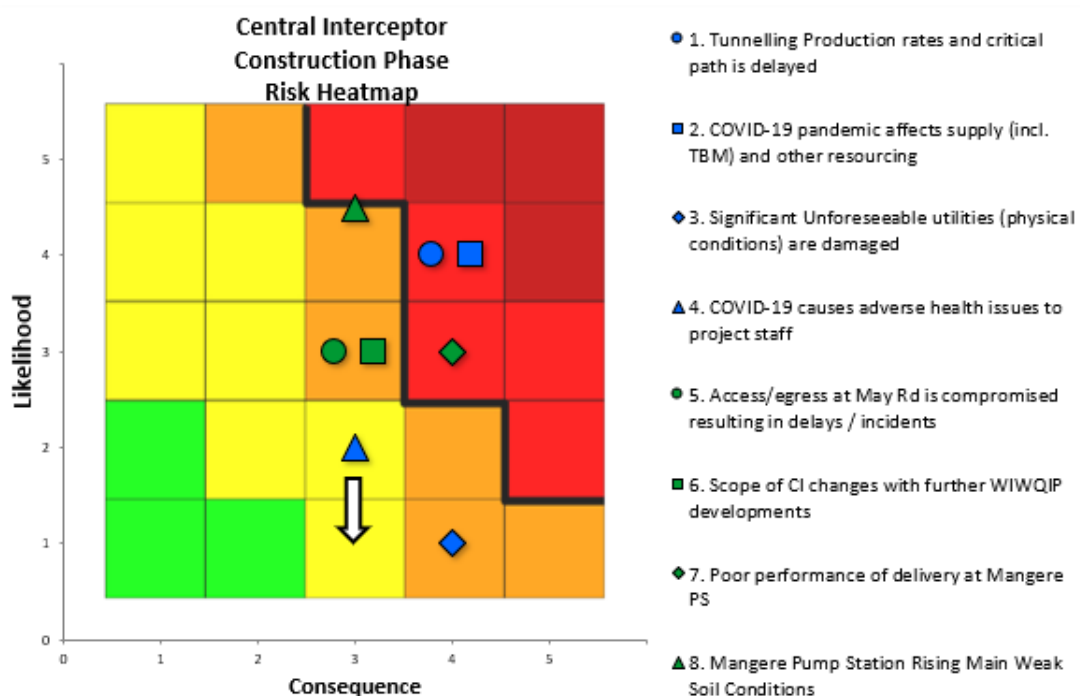
The Government “lockdown” has seen a reduction to Level 2 with further easing of restrictions. This has seen desk-based work recommencing at GAJV and WSL office. Site health and safety restrictions have been lifted to some degree, in line with current guidelines. As construction activities continue to ramp up, so too is the focus on construction related risks.

New Risks

The Contractor is proposing to self-perform the construction of the Mangere Pump Station works. [REDACTED] Contractor yet to be approved and assessment process applying in-depth review of contractor capabilities and resourcing.

Soil conditions along the route of the Mangere Pump Station Rising Main have been much weaker than anticipated. This will result in a change in construction methodology. This will result in a claim for costs but no delay to the programme.


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 affects supply and other resourcing TBM manufacture could be affected by quarantine lockdowns and/or required Inspections/FAT testing/QA checks may not be able to be undertaken due to travel restrictions. Domestic supply chain is impacted – material availability from overseas, smaller suppliers going out of business, etc. Resourcing – through staff being unable to return to New Zealand, and availability of staff locally for recruitment.		\$5M expenditure to procure TBM from Germany instructed in late February 2020. Joint Commercial Taskforce between WSL and GAJV to identify early constraints and work through to minimise time and cost implications. Close monitoring of supply chain impacts due to COVID-19 incl. engagement with suppliers.
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.
COVID-19 causes adverse health issues to project staff Transmission of the virus through contact in the workplace causes health impacts to staff		COVID-19 workplace management guidelines developed in line with industry standards and government guidelines. Training provided to site staff. Likelihood reducing due to controls implemented in NZ
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. Design of Roma Road access way is complete and will be implemented in June / July.
Changes arising from the Western Isthmus Water Quality Improvement Programme (WIWQIP) Changes in project scope resulting in cost increases in excess of the approved WIWQIP budget, and unforeseen delays.		Communicating the scope changes from WIWQIP to the Contractor as early as possible. Scope change in progress for interface works – underway, changing connection details. Additional funding requirements from WIWQIP being finalised.
Poor performance of delivery at Mangere Pump Station 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.



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. Slight delay to programme however no impact on critical path.
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6. Naming of the Tunnel Boring Machine (TBM)

To ensure we stayed away from living or recently passed ancestors of existing Mana Whenua (that could result in offence or a sense of exclusivity) we turned to the cluster of stars known as Matariki, which represents the start of the new year for Māori, to source naming options for the TBM.

There are varying stories across all of Polynesia and te Ao Māori regarding Matariki, referred to in Greek mythology as the Pleiades. Names that are considered as options are:

- **Matariki** is defined across a number of sources as female, and the cluster of stars named after her are her children. She was taken as a wife by Rehua, great lord of the stars, the star Antares who Māori believe is paramount chief of the heavens. Matariki bore 8 children and is connected to wellbeing, and at times was viewed as an omen of good fortune and health. If the cluster, and especially the individual Matariki star, was seen high and bright in the night sky, it denoted good luck, peace and wellbeing for those who observed it. If it was seen in the sky when a patient was suffering from an illness, it was taken as a sign that they would soon recover.
- **Tupuanuku** is connected to food grown in the ground, and the word itself can in this circumstance be segmented, to get a clearer understanding of its intent. 'Tupu' or 'tipu' means to grow, and 'nuku' is a shortened version of Papatūānuku or earth. Therefore, Tupuanuku means to grow in the earth. This star is connected to all cultivated and uncultivated food products and is the reason the Matariki cluster is immortalised in the proverb 'Hauhake tū, ka tō Matariki' which means 'lifting of the crops begins when Matariki sets'.
- **Waiti** means to be sweet, and the saying 'he reo waiti' is applied when admiring a person with a melodious voice. 'Wai' is the Māori word for water, and in the case of stars, Waiti is connected to fresh water and all of the creatures that live within rivers, streams and lakes. The association Waiti and Matariki have with the animals of fresh water is reflected in the proverb 'Ka kitea a Matariki ka rere te korokoro'. The Korokoro is the lamprey, and these aquatic creatures leave the ocean during late winter and early spring, migrating up freshwater streams to spawn. This process occurs when Waiti is seen in the morning sky.
- **Waipunarangi** is connected to rain, and the name itself can be translated to mean 'water that pools in the sky'. The pooling of water on the ground caused by the heavy and persistent showers of the winter months are referred to as 'Matariki tāpuapua'. It is the start Waipunarangi that links the entire Matariki cluster to rain.
- **Hiwa-i-te-rangi** is the final star in the Matariki cluster, and its name is connected to the promise of a prosperous season. The word 'hiwa' means 'vigorous of growth', and it is to Hiwa that Māori would send their dreams and desires for the year in the hope that they would be realised. This tradition is similar to the idea of wishing on a star or making a new years resolution.

The other children of Matariki who were not put in this list were her sons Tupuārangī, Waitā, Ururangi, and her final daughter Pōhutukawa who is connected to the dead which we suggested would not be the appropriate portent for the TBM.

The 16 primary schools along the Central Interceptor route have all agreed to participate in selecting the name. A joint Watercare / GAV team will deliver a 1 hour interactive workshop about the Central Interceptor project, Matariki and at the end the children in the selected classes will vote (using an online system) for their favourite name. We are also providing art supplies and are encouraging the classes to provide artwork, which we will then look to include on site hoardings.



It is anticipated that that the name will be announced on the first day of Matariki (commences the week of the 13th July).

We have run the above by the Cultural Outcomes Group who are supportive, and received approval from Professor Dr Rangi Matamua who wrote the book 'Matariki – The star of the Year' and who frequently runs workshops on Matariki and the Māramataka or Māori lunar calendar. He will be engaging with us during Te Wiki o te Reo Māori as well as during the week of Matariki. We have also received approval from Dr Matamua to use the artwork published in his book for illustrations for the schools information packs.

7. Covid-19 Lockdown Achievements



The lockdown associated with Alert Level 4 presented a unique opportunity for Watercare and the GAJV to resolve a number of issues that had been worked on for a period of time in the leadup to the lockdown.

Area	Achievement
Aconex (Electronic Data Management System)	<ul style="list-style-type: none"> - Aconex is now live for all correspondence and documentation for both Watercare and GAJV - All historic correspondence and documentation back loaded. - This has achieved efficiencies due to a single system in operation.
Management Plans	<ul style="list-style-type: none"> - 11 existing Management Plans revised and reviewed against Deloitte recommendation. - 2 new Management Plans created and reviewed with Deloitte - All 13 Management plans have been reissued for use in May and implementation of these now underway.
Spoil Disposal Agreement	<ul style="list-style-type: none"> - Achieved agreement with GAJV for spoil disposal after deletion of Ascot Rd, due to inherent risk in obtaining the necessary resource consents. - Basis of agreement is to maximise use of Puketutu Island, lowest cost outcome for both parties within an acceptable risk profile
Good to Great Initiatives	<ul style="list-style-type: none"> - Finalised a number of the initiatives which are part of our drive to further improve H, S & W across the project. - Mangere Surface Works Enhancements, particularly around plant -people interfaces and edge protection - Use of Electric Locomotives as opposed to Diesel - Implementation of the real time personnel access and tracking system (AME)
Change Proposals	<ul style="list-style-type: none"> - Major change proposals resolved include: <ul style="list-style-type: none"> ➢ Mobile Visitor Centre ➢ Equipment Renumbering to meet Watercare standards ➢ 11kV Ringmain Completion ➢ Western Isthmus chamber and shaft modifications
Wastewater Reuse Plant	<ul style="list-style-type: none"> - Contract for design works agreed with Suez - Preliminary treatment process under review by WSL - Draft plant layout issued internally for review.
Environments / Consents	<ul style="list-style-type: none"> - Notices sent to Ministry of Education, First Gas, Refining NZ, KiwiRail, NZTA, Department of Conservation to allow works on or under their designations or properties - SurePave confirmed as permeable by Auckland Council removing requirement for design and construction of 8 additional stormwater treatment devices - Scope finalised to prepare consent application for Western Springs Haul Road. - Endorsement to proceed with alternative accessway for Lyon Ave site, as shovel ready project.



Classification	Achievements
Design	<ul style="list-style-type: none"> - Design reviews continued almost as usual which is credit to the implementation of MS Team, Zoom and SharePoint to support working from home - Grey Lynn Tunnel Design and Engineer's Instruction issued and design has begun - Agreed procedure for design documentation approval between GAJV and WSL
Construction	<ul style="list-style-type: none"> - Processed Contractor's Site Access Management Plans to facilitate additional site mobilisations pending return to site - Supplemented the Operation Team's staff to inspect Watercare's various reservoirs/dams/ponds. - Developed processes governing delivery of design and construction packages into Aconex and outlined as-built processes - Completed Quarterly Assurance Review of a number of construction specifications - KSB pump procurement package approved and pending final agreement between GAJV and KSB.
SharePoint	<ul style="list-style-type: none"> - All Contract Documentation and Annexes loaded - All Tender Documentation loaded - Dedicated Risk Library now establish - Change Proposals now managed on SharePoint
Safety & Wellbeing	<ul style="list-style-type: none"> - Preparation and review of Covid-19 management plans and inspections to ensure work recommenced smoothly following lockdown - Conducted 'working from home' staff ergonomic and technical assessments and deployment of applicable equipment / system - Conducted a number of team morale activities including bake-off's, fitness and wellbeing challenges, pay-it-forward recognition sessions via MS Teams

Photo Update



May Road – Ongoing piling works at Shaft A



MPS - Placing last D-wall cage for the pump station shaft



Rising Main - Welding machine preparing to performing test weld on PE pipe



Watercare Provided BBQ to Celebrate MPS - D Wall Completion



MPS - Site overview

8. Construction Programme

4.3

When is the Central Interceptor being built?



Central Interceptor
Watercare


Drought Update – 25 June 2020



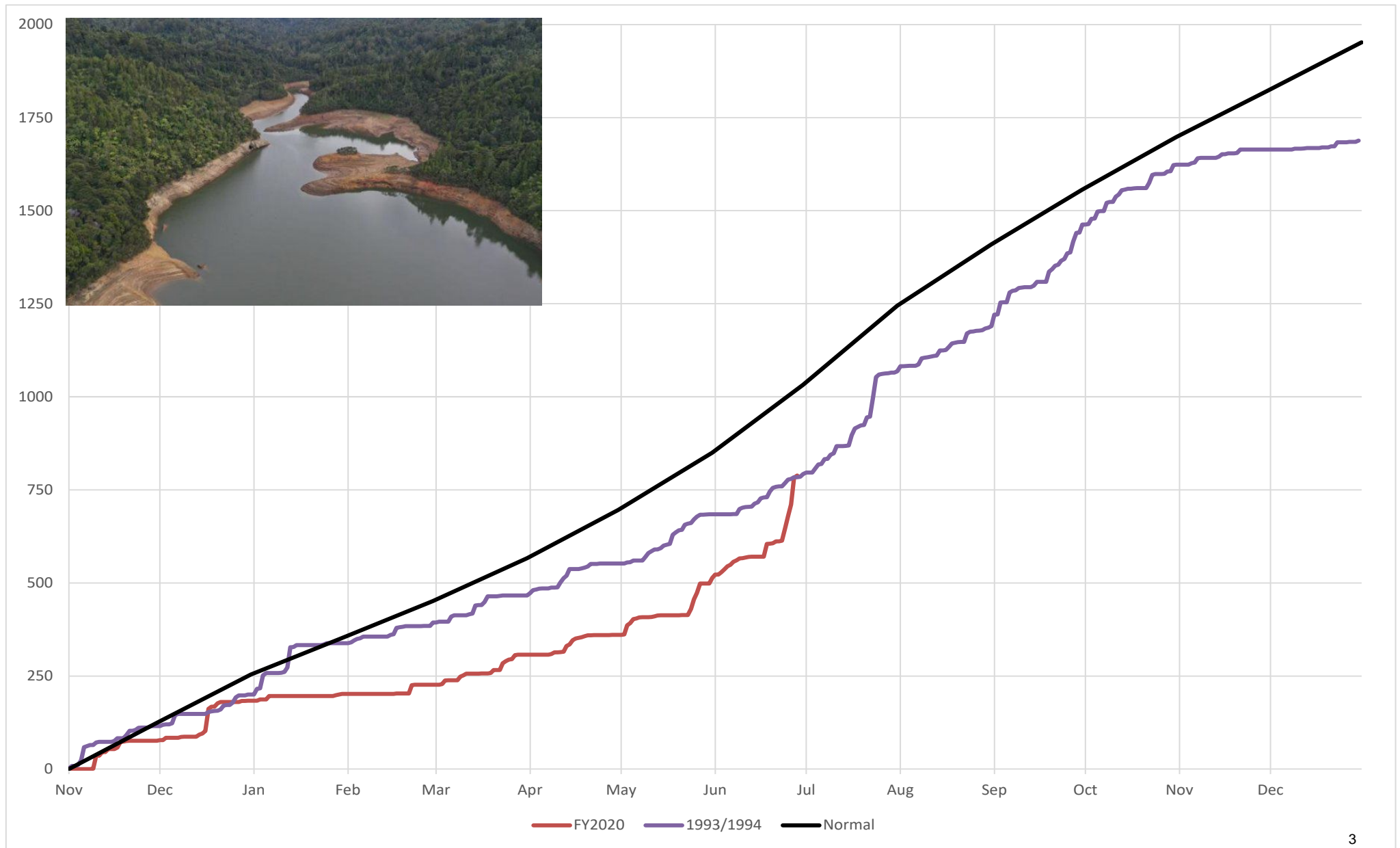
4.4

The Auckland Drought

- Since 1 November 2019 to 28 June 2020, we have received three quarters of the normal rainfall
- January to April period was the driest since records began
- Auckland is in one of the most severe drought on record
- Watercare builds and operates its water supply system with 99.5% reliability – a 1:200 year drought security standard
- Auckland water storage lakes are currently 54.6% full (normal average 80.0%)
- Current forecasts are for normal rainfall for remainder of winter before drying up in spring

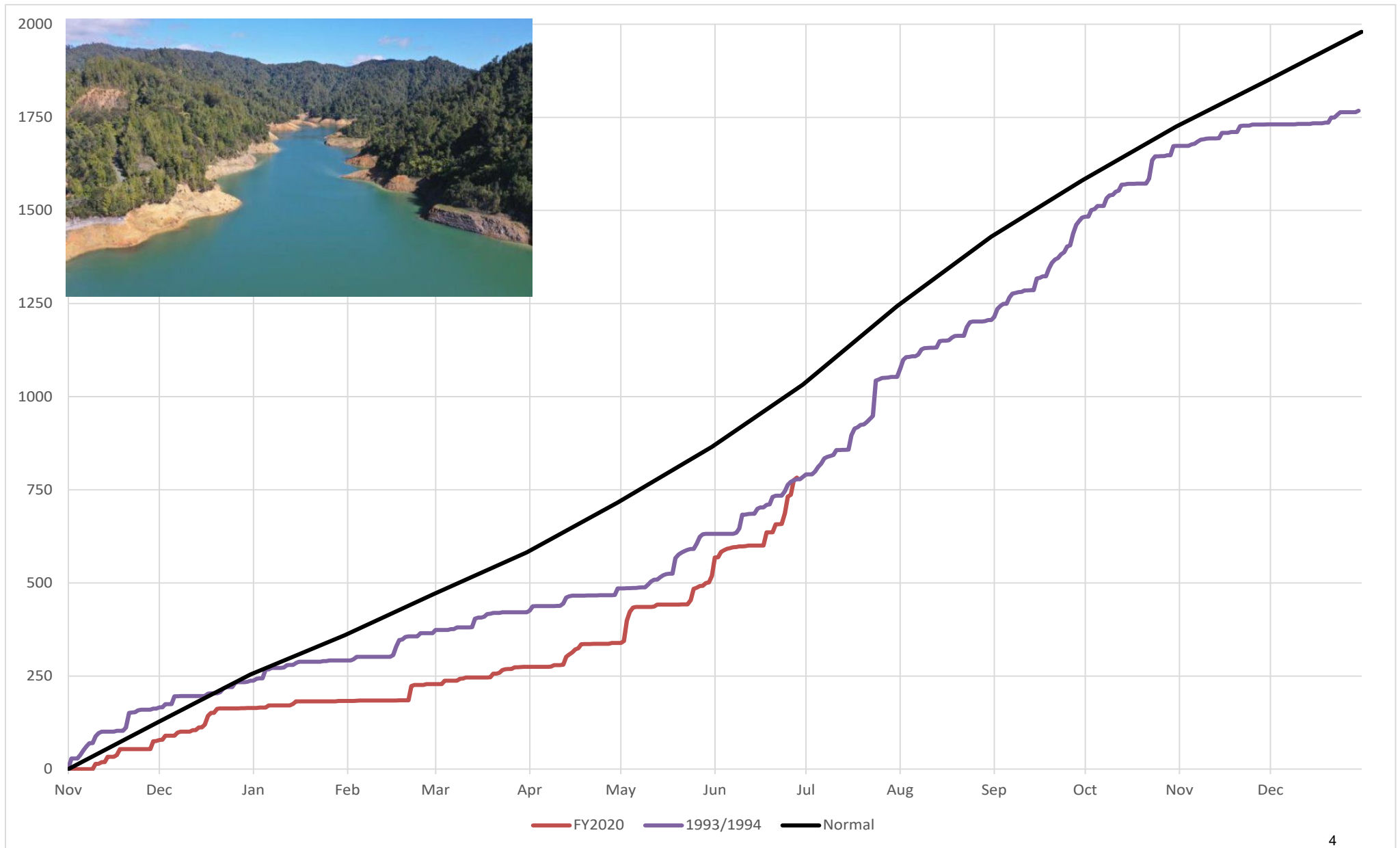


Waitakere Rainfall



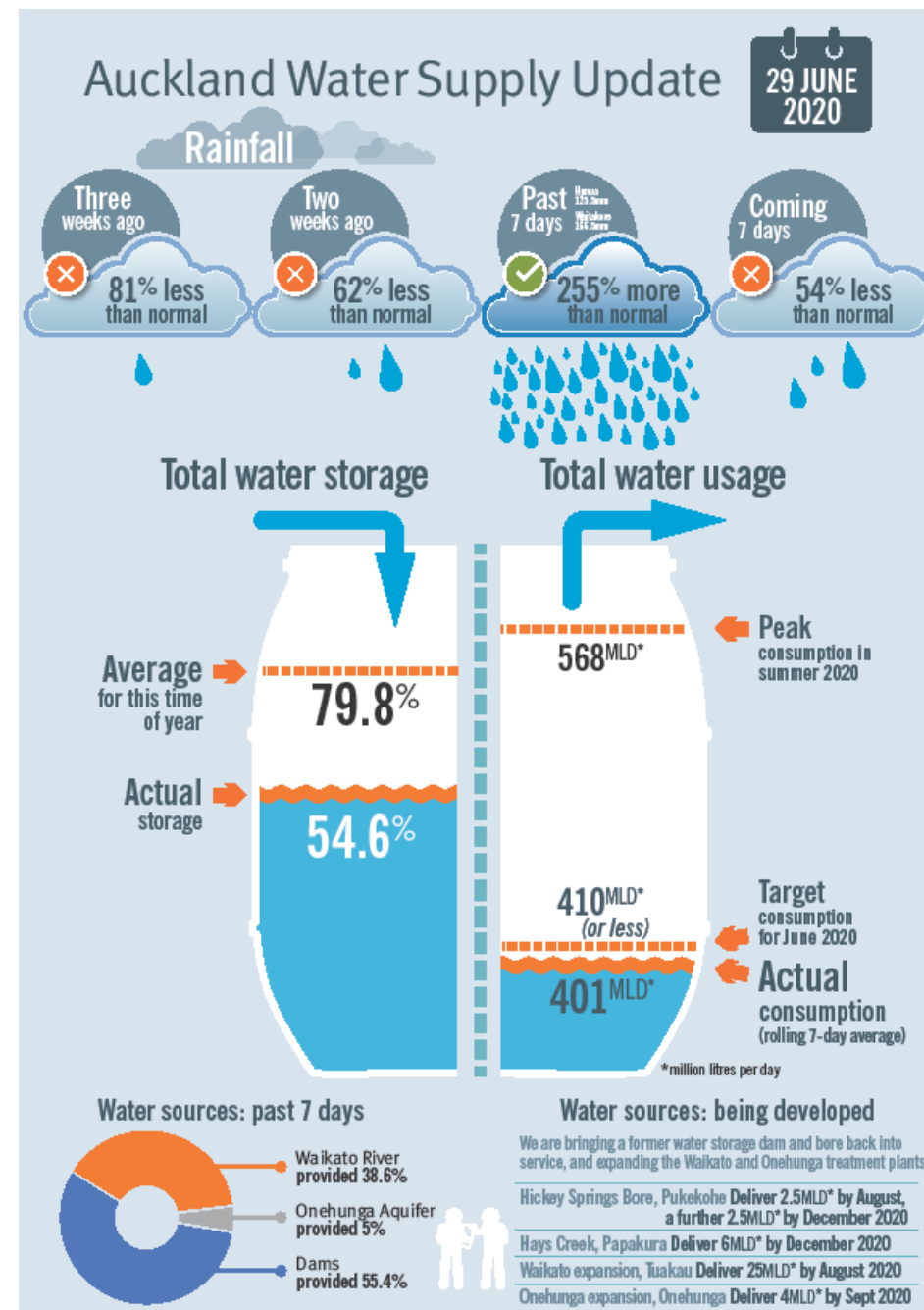
4.4

Hunua Rainfall



4.4

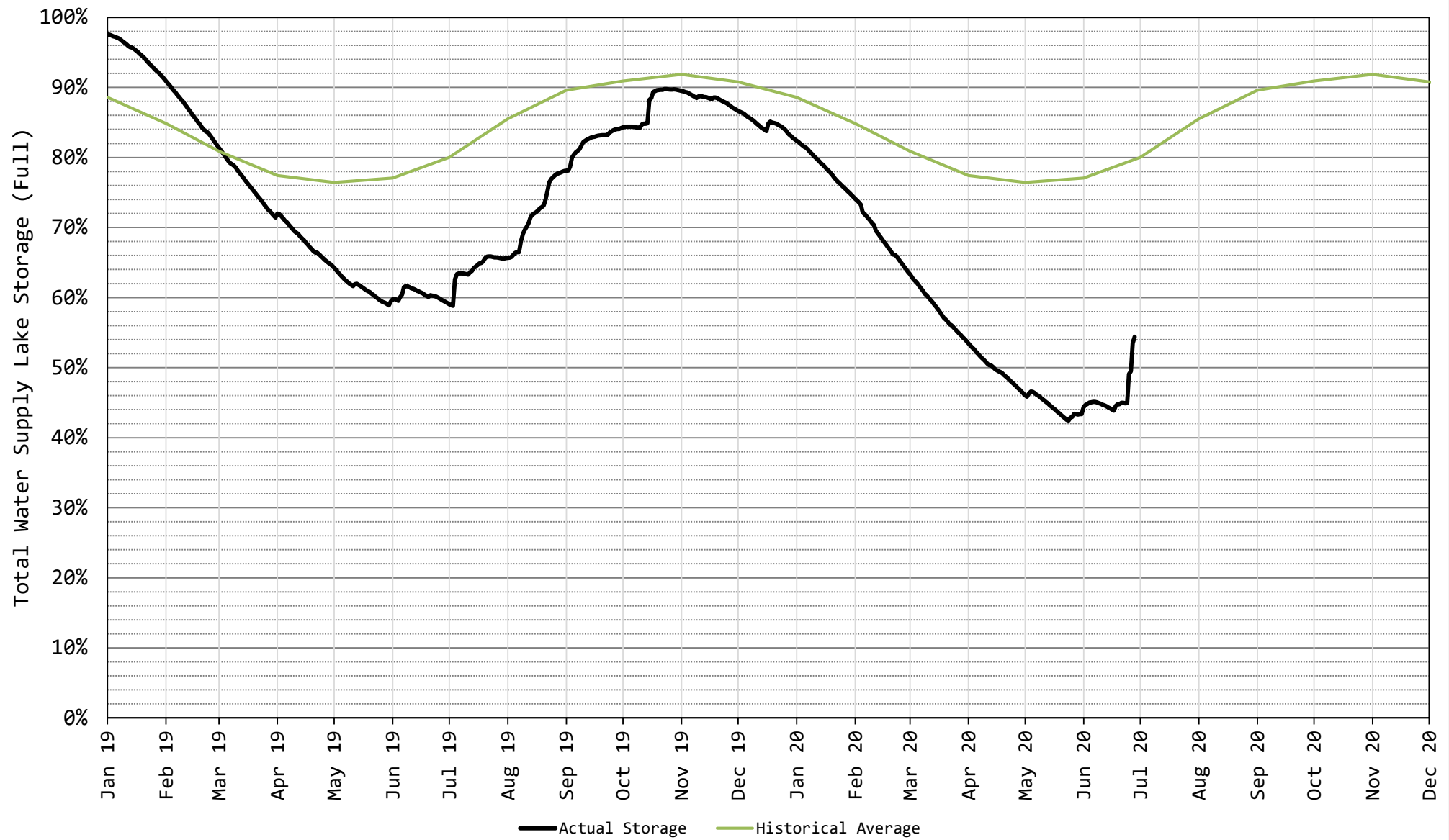
The Auckland Drought



Auckland Drought: Return Period

- NIWA forecast:
 - If we get normal rainfall over May-June-July, the drought will be a 1 in 100 year event
 - But if we get below normal rainfall over these three months, it will be in excess of a 1 in 200 year event.
- Auckland's water system is designed to a 1 in 200 year drought return. This means that it will take a 1 in 200 year drought to completely empty all the storage in our supply lakes if we do not implement restrictions or other demand initiatives. Or a 1 in 100 year drought to reduce lake storage levels to 15%.
- Drought response actions are implemented to ensure lakes are not emptied and that stored water remains available to supply Auckland.
- These steps are taken in accordance with our Drought Management Plan.
- During the last drought requiring water use restrictions (1993/1994), the Auckland Water System was designed to a 1 in 50 year drought return. When that drought was over, it confirmed to be a below a 1 in 100 year drought.

Metropolitan Water Supply Lake Storage Response



Auckland Drought Response: Forecast

Drought Update for 28 June 2020

4.4

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%					
B Average daily use (target MLD)		410	409	405	405	414
<i>Actual</i>	423					
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	170	180	192.5	192.5	192.5
D Abstraction from the storage lakes (MLD)		240	229	213	213	222
<i>Actual</i>	256					
E Total lake recharge required (MLD) for the month		435	424	408	408	417
<i>Actual</i>	192					
F Normal monthly rainfall (mm)	132	176	203	182	154	146
<i>Actual</i>	158					
G Estimated rainfall required to achieve 75% lake storage by Oct.		98%	83%	90%	108%	116%
H Forecast rain conditions (% of normal)	100%	100%	103%	85%	79%	87%
<i>Actual</i>	115%					
I Forecasted rain conditions	Normal rainfall	Normal rainfall	Normal rainfall	Below normal rainfall	Below normal rainfall	Below normal rainfall

*restriction zone

Auckland Drought Response: Status for June

Status Report – to week ending 28 June 2020

Monthly storage commenced 1 June 2020 43.4%

Target storage for 30 June 2020 49.6%

	Status at 28 June	Target for 28 June
Storage at end of week ending 28 June	54.6%	49.2%
7 Day Demand (m ³ /day)	401,210	410,000
Month to Date (m ³ /day)	403,671	410,000
Non-Storage 7 Day Production (m ³ /day)	174,888	170,000
7 Day Rainfall (% of normal)	355%	98%
Month to Date Rainfall (% of normal)	159%	98%
Coming Week Rainfall Forecast (% of normal)	46.3%	98%
Coming 4 week	103%	98%

Auckland Drought Response: Planning

- The 2020 drought response has four stages involving increasingly stringent interventions based on lake water storage levels.
- The plan includes:
 - demand side initiatives to reduce consumption and restrict demand – water use restrictions
 - supply side initiatives to reduce pressure on the falling water levels in the storage lakes – source augmentation
- The variable unplanned factor is rain.
- A comprehensive drought communications strategy has been developed with SenateSHJ and the campaign developed with Stanley Street.
- The drought response plan is aimed at avoiding the worst case scenario involving the use of standpipes in the street.
- If everyone treats water as precious and takes personal responsibility to save the required amounts of water we can all get through this together.



Auckland Drought Response: Demand Management

- Different stages implemented according to the trigger levels in the Metropolitan Drought Management Plan (DMP).
- Stage 1 implemented from 16 May 2020. Targets outdoor use.
- Stage 2 will be triggered in accordance with the DMP. Water use restrictions will increase as lake storage decreases.

What area do the restrictions cover?

- Pukekohe, Patumahoe, Clarks Beach, Glenbrook Beach, and all other metropolitan areas from Waiwera to Drury and Huia Village.
- Areas such as Warkworth with a deep aquifer water take are exempt.
- Messaging will be region wide to avoid confusion – everyone is expected to show restraint with water use.

When are restrictions likely to be withdrawn?

- It depends on rainfall. It is anticipated water use restrictions will remain in place until Autumn 2021.

Demand side actions including water use restrictions – Stage 1

Purpose

- Maximise potential of storage lakes to recover from drought to meet seasonal demand

Impacts

- Restrictions targeting irrigation and outdoor cleaning
- Voluntary indoor domestic and commercial savings
- Education focused compliance
- Standpipes withdrawn from construction use, unless used for drinking water purposes at construction sites
- Tanker filling stations open for potable (drinking) water supply to rain tank users
- Water blasters, car washers effected but non-potable water available

See A3 attachment for details

Demand side actions including water use restrictions – Stage 2

Purpose

- As per Stage 1

Impacts

- As per Stage 1 plus:
- Increased indoor domestic and commercial savings
- Active compliance monitoring and enforcement for repeat offenders
- No watering of sports fields
- Potential impact on commercial customers production capability
 - unless savings can be made through efficiencies, production may need to be reduced.

See A3 attachment for details

Demand side actions including water use restrictions – Stage 3

Purpose

- As per Stage 2

Impacts

- As per Stage 2 plus:
- Further increased indoor domestic and commercial savings
- Lawns, gardens and parks can only be watered by non-potable water sources
- Full compliance monitoring and enforcement
- Tanker filling stations closed. No potable (drinking) water supply to rain tank users.
- Impact on commercial customers' production capability
 - Water consumption will need to be retained at winter levels.

See A3 attachment for details

Demand side actions including water use restrictions – Stage 4

4.4

Purpose

- Maintain adequate supply of drinking water to sustain life and protect public health

Impacts

- As per Stage 3 plus:
- Significant indoor domestic and commercial savings
- Increased impact on commercial customers' production capability

See A3 attachment for details

Commercial users requiring non-potable water

4.4

- **Small Businesses, car washes and water blasters:** Watercare and Healthy Waters are assisting these companies to access non-potable water.
- **Non-potable water:** There are currently six distribution points with others being evaluated.
- **Construction companies:** A collective representing construction companies are working co-operatively establish non-potable sources to meet their needs. Western Springs has been opened up for this purpose and is already operational.



16

Auckland Drought Response: Augmentation of water supply

4.4

- 130 alternative sources identified from studies dating back to the early 1990's
- Assessed against water availability, environmental effects and implementation timeframe.
- 18 short listed for further review - The following options are currently being developed:
 - Pukekohe Hickeys Bore in service from August 2020 (5MLD)
 - Papakura Hays Creek Dam in service from December 2020 (6MLD)
 - Waikato Water Treatment Plant upgrade to 175MLD - August 2020
 - RMA S.330 emergency water take, 16 June 2020 (15MLD)
 - Possible temporary transfer of Hamilton water take (25MLD)
- A funding allocation of \$180m has been provided for initial drought response for short-term additional water sources.

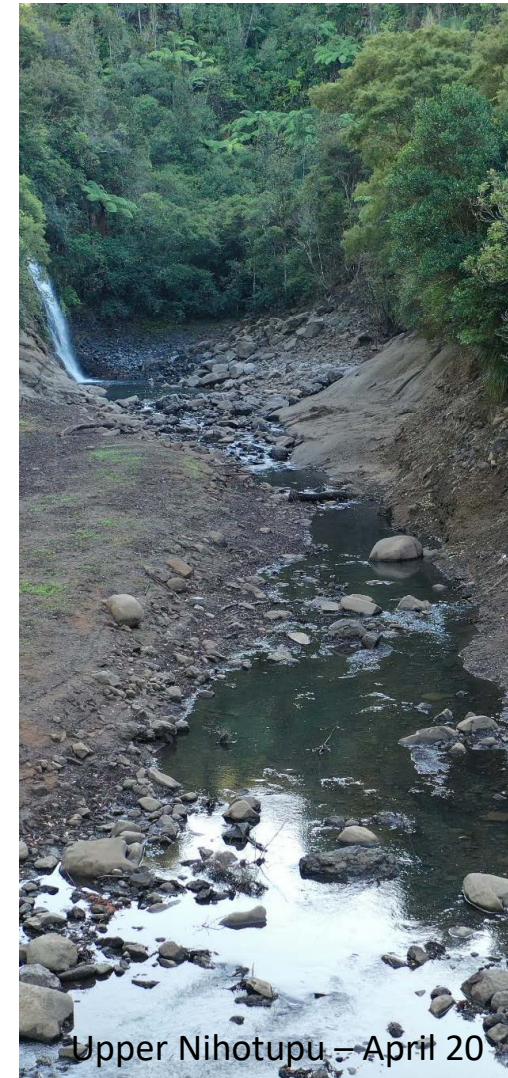
Auckland Drought Response: Non-revenue water

4.4

Activity	Action	Outcome
District metering	<ul style="list-style-type: none"> Reduce size of current supply zones to allow comparative monitoring Monitor consumption over time Target priority areas for leak repair 	<ul style="list-style-type: none"> District metering enables the benefits of all non-revenue water initiatives to be monitored and tracked
Pressure reduction	<ul style="list-style-type: none"> Reduce leakage and consumption Reduce number of burst pipes 	<ul style="list-style-type: none"> 2.35 MLD by Nov 21 4 zones completed by July 2020 with a further 4 zones completed by Oct 2021
Leakage control	<ul style="list-style-type: none"> Increased leak detection and response 	<ul style="list-style-type: none"> 9.6 MLD by June 2021 All leaks detected can be fixed within 5 days of reporting
Meter replacements	<ul style="list-style-type: none"> Improved accuracy of meter readings 	<ul style="list-style-type: none"> Replace 30,000 domestic meters and 1000 commercial meters each year
Theft reduction	<ul style="list-style-type: none"> Meter fire connections in specified properties to monitor for illegal use Undertake trial to determine benefits 	<ul style="list-style-type: none"> Yet to be determined – based on trial findings

Auckland Drought Response: Working with Auckland Council

- Liaison with Mayor's office and Watercare's Councillor representative
- Weekly water situation updates to Councillors and Local Board members and support staff
- Friday catch ups with Council officers
- Liaison with Healthy Waters – Non-potable water source availability, rain tank water supply, Planning Committee and response to Local Board notices of motion



4.4

Auckland Drought Response: External Communications Objectives

- To raise stakeholder awareness and understanding of Auckland's **current** water situation and promote water savings.
- To raise stakeholder awareness and understanding of Watercare's role and water supply strategy.

Monitoring: we measure the effectiveness of the communications at the end of each campaign phase by randomly surveying 750 Aucklanders. The last survey found (May):

- 75% of respondents know Auckland is in a drought
- 68% of respondents believe it is **extremely important** to save water right now
- 86% of respondents could identify ways they have saved water over the past month.

MAKE IT YOUR MISSION TO SAVE 20L A DAY, EVERY DAY

While restrictions apply to outdoor water use, we ask that you also **reduce your water use indoors by at least 20 litres per day**. That's two bucketsful.

It's easy for everyone to save 20l

SMALL WATER-SAVING MEASURES QUICKLY ADD UP:

	Spend a minute less in the shower	save 12 litres
	Turn off the tap when you brush	save 4 litres
	Fix a leaking tap	save 33 litres a day
	Use the half flush when possible	save around 6 litres every flush

DID YOU KNOW? Washing machines use an average of 122 litres for every load! Can you wash one load less a week?

Thank you in advance for your commitment to reducing Auckland's water usage. If everyone in Auckland saves a little, together we will save a lot.

Auckland Drought Response: Key messaging by campaign phase

4.4

Campaign phase	Communication objectives	Messaging
1: Raise awareness (Voluntary water savings)	<ul style="list-style-type: none"> Customers see water is a precious resource Build awareness of drought risk and implications Encourage savings 	<p>Water is precious, please use it wisely</p> <p>The drought is growing serious</p> <p>Keep washing hands, but limit non-essential use like cleaning cars and water blasting buildings</p> <p>Keep showers to four minutes or less</p>
2: Engagement and positive action (Stage 1 and Stage 2 water use restrictions)	<ul style="list-style-type: none"> Build awareness of drought Ensure understanding of restrictions Continue to encourage indoor savings Build understanding of Watercare response Celebrate gains 	<p><i>As above, plus:</i></p> <p>Restrictions are now in place and are necessary to protect supply</p> <p>No external water use (as per restrictions)</p> <p>Aucklanders are making real savings (<i>or Aucklanders need to save more</i>)</p> <p>Watercare is working to bring on new water sources</p>
3: Act now (Stage 3 and Stage 4 water use restrictions)	<ul style="list-style-type: none"> Establish recognition the situation is critical Recognition of long-term consequences and heightened need for savings 	<p>Auckland is experiencing the worst drought on record</p> <p>You must act now to make water savings..</p> <p>Restrictions are in place and must be strictly adhered to.</p> <p>Watercare is working to bring on new water sources</p>

Auckland Drought Response: Commercial Customers

4.4

Customer Type	Action	Outcome
Top 100 customers by volume	<ul style="list-style-type: none"> Weekly communication with top 100 and calls to top 10 customers Promoting case studies for modeled behavior Targeted key industry segments with personalized communication 	<ul style="list-style-type: none"> Consumption feedback provided regularly with updates on initiatives in place to deliver savings Smart meter data monitored for real time trends
Directly effected customers	<ul style="list-style-type: none"> Water blasters, car washers, outdoor cleaning and irrigators contacted and communicated locations of non potable sources Assisted with expediting bore consenting process 	<ul style="list-style-type: none"> Monitoring through water misuse process Car washes at petrol stations closed unless they are using 100% recycled water Customers actively applying for bore drilling to access non potable water
Kāinga Ora	<ul style="list-style-type: none"> Designed plan to increase awareness and education of drought within their residential base with Kainga Ora 	<ul style="list-style-type: none"> High consumption households identified to target suburbs Water savings feature in their quarterly newsletter and geo tagging our Facebook posts to their high consumption suburbs
Food and Beverage	<ul style="list-style-type: none"> Weekly communication with these segments using smart meter data for regular check ins 	<ul style="list-style-type: none"> All building and vehicle washing kept to a minimum Reduced production where possible Trigger nozzles installed in plant Making innovative technical changes to drive savings Revised cleaning processes with reduced water flushes Grey water use is being investigated

Auckland Drought Response: Rain Water Tanks

4.4

- Auckland Council officers are working to reduce the regulatory burden for the installation of supplementary rain tanks.
- Watercare supports, and will promote, this approach.
- Last summer Watercare supplied the equivalent of 28,000 people with tankered water to fill rain tanks.
- Rain tanks should be installed now to harvest winter rain.



What's next?

4.4

- Continue negotiations with Hamilton City Council to secure temporary transfer of 25 MLD
- Lodge resource consent application for emergency water take from the Waikato River
- Complete investigations into additional water sources that can be developed by winter 2021
- Develop the additional sources including Pukekohe, Hays Creek and others
- Continue consultation with Waikato-Tainui and others
- Monitoring weather forecasts and amend drought response as required
- Increase the sense of urgency around the drought communications and water savings
- Continue to update elected representatives

Appendix E: DRAFT Stages 3 and 4 presented to Auckland Council on 25**June 2020****Appendix B: Auckland metropolitan drought response – summary of tactical overview**

20 June 2020

Watercare has a secure water supply system and can continue to supply water at all stages of the drought response.

Domestic customers = 68.5% of total water consumption; Commercial customers = 31.5% of total water consumption. Auckland Council = 8% of total water consumption.

	Category of response	Sub-category	Stage 1			Stage 2			Stage 3			Stage 4		
	Objective		Maximise potential of storage lakes to recover from drought to meet future seasonal demand									Maintain adequate supply of drinking water to sustain life and protect public health.		
OBJECTIVES AND TARGETS	Lake Storage Trigger Level (Indicative)	Winter	50% storage			40% storage			30% storage			<15% storage		
		Summer	60% storage			50% storage			40% storage			<15% storage		
	Water savings target	From baseline	5%			10%			15%			30%		
		Gross per capita consumption (pcc); Litres per person per day (Lpd)	255 Lpd 20 Lpd residential (voluntary) 10% commercial (voluntary)			240 Lpd 20 Lpd residential (mandatory) 10% commercial (mandatory)			230 Lpd 30 Lpd residential (mandatory) 15% commercial (mandatory)			175 Lpd 40 Lpd residential (mandatory) 30% commercial (mandatory)		
	Water consumption target (MLD) <i>Average annual water demand normally 440MLD</i> <i>MLD = Million litres per day</i> <i>Targets recalculated each season to account for rainfall</i>	Average annual demand target	433			411			390			300 (<i>Achievement of the target will ensure every tap in Auckland still has water</i>)		
DEMAND REDUCTION	Outdoor water use restrictions	Residential	Residential water users cannot: Use an outdoor hose or water blaster.			Residential water users cannot: Use an outdoor hose or water blaster.			Residential water users cannot: Use potable water outdoors.			Residential water users cannot: Use potable water outdoors.		
	<i>Introduced in accordance with the Auckland Council Water Supply and Wastewater Network Bylaw 2015.</i> <i>Advanced notice of water use restrictions will be provided prior to implementation.</i> <i>For more info on water use restrictions go to www.watercare.co.nz</i>	Commercial	Commercial water users cannot: - Use an outdoor hose or water blaster unless it is for a health, safety, emergency or biosecurity reason - Operate a car wash unless it uses 100 per cent recycled water - Water sports fields, plants or paddocks unless they have an irrigation system that is fitted with soil moisture or rain sensors			Commercial water users cannot: - Use an outdoor hose or water blaster unless it is for a health, safety, emergency or biosecurity reason. - Operate a car wash unless it uses 100 per cent recycled water. - Water sports fields. - Water plants or paddocks unless you have an irrigation system fitted with soil moisture or rain sensors.			Commercial water users cannot: - Use an outdoor hose or water blaster unless it is for a health, safety, emergency or biosecurity reason. - Operate a car wash unless it uses 100 per cent recycled water. - Water sports fields. - Water plants or paddocks.			Commercial water users cannot: Use potable water outdoors unless for a health, safety, emergency or biosecurity reason.		
	Metropolitan Tanker Filling Stations <i>Metropolitan filling stations are unlikely to be available during the later stages of drought response. Rain tank users need to prepare for a dry summer and possible limits on tanker filling.</i>	Commercial	Available			Available			Unavailable			Unavailable		
	Standpipes: <i>Standpipes are a portable device used to draw water directly from a fire hydrant on watermains. They are often used by the construction sector.</i>	Commercial	Access to and use of fire hydrants is suspended during water use restrictions <u>unless</u> for drinking and sanitary water supply to a construction site. Alternative non-potable supplies are available for construction.											
	Indoor water use restrictions <i>In accordance with the Watercare Customer Contract or the Bylaw.</i> <i>For help and water saving ideas refer to www.waterforlife.org.nz</i>	Residential	Voluntary savings - Please reduce your indoor water use by at least 20 litres per person each day (2 buckets)			Increased savings - You must reduce your indoor water use by at least 20 litres per person each day (2 buckets)			Increased savings - You must reduce your indoor water use by at least 30 litres per person per day (3 buckets)			Significant savings - You must reduce your indoor water use by at least 40 litres per person each day (4 buckets)		
	- Maintain priority water supply for firefighting and other lifeline facilities e.g. hospitals, aged care and dialysis customers. - Aim to reduce the impact on key commercial customers and business sectors such as food production as water use restrictions become more onerous. - Watercare working closely with Kāinga Ora and with the top 100 commercial customers including Auckland Council.	Commercial	Voluntary savings - Please reduce your indoor water use by at least 10% .			Increased savings – You must reduce your indoor water use by at least 10%			Increased savings – You must reduce your indoor water use by at least 15%			Significant savings – You must reduce your indoor water use by at least 30% <i>Rotational daily cuts in water use may be requested where savings are not achieved. Commercial sectors may be prioritised. Advanced warning will be provided.</i>		
	Compliance and Enforcement approach <i>Outdoor water use restrictions can be observed, and compliance undertaken in accordance with the Auckland Council Compliance and Enforcement Policy.</i> <i>Indoor water use is more difficult to monitor and enforce – contractual compliance may be used for indoor water use.</i> <i>Reporting of water misuse is available via the website www.watercare.co.nz</i>	Residential and commercial	Focus on education and working constructively with water users as they get used to the introduction of water use restrictions including access to alternative non-potable (non-drinking) supplies.			Increased monitoring of known problem areas and sectors with focus on education and compliance. Actively follow-up of multiple misuse reports.			Full compliance monitoring and enforcement for repeat offenders where appropriate.			Full compliance monitoring and enforcement for repeat offenders where appropriate.		

	Category of response	Sub-category	Stage 1	Stage 2	Stage 3	Stage 4
COMMUNICATIONS	Communications Strategy - Comprehensive drought strategy developed with SenateSHJ and campaign developed with Stanley Street. - Water is precious campaign started 10 February, when Auckland's water supply situation was stable. - Messaging and campaign tactics are regularly reviewed and revised to remain fresh and top-of-mind. - Efficacy of campaign is tracked via surveys at end of each phase. - Wide variety of communications channels is used to reach diverse communities.	Stakeholders are identified in the communications strategy – Preferred channels for demographics based on Auckland Council data.	Call to action: Raise awareness. - Please reduce your indoor water use by 20 litres a day (at least 10% for businesses). - Mandatory water restrictions are in place. You cannot use your hose or water blaster. (Refer water use restrictions for further details).	Call to action: Engagement and positive action. - You must reduce your indoor water use by 20 litres a day (at least 10% for businesses). - Mandatory water restrictions are in place. You cannot use your hose or water blaster. (Refer water use restrictions for further details).	Call to action: Act now. - You must reduce your indoor water use by 30 litres a day (at least 15% for businesses). - Mandatory water restrictions are in place. You cannot use your hose or water blaster. (Refer water use restrictions for further details).	Call to action: Act now. - You must reduce your indoor water use by 40 litres a day (at least 30% for businesses). - Mandatory water restrictions are in place. You cannot use your hose or water blaster. (Refer water use restrictions for further details).
SOURCE AUGMENTATION	Water Storage Augmentation - Securing additional water sources reduces the amount of water that must be saved while also helping to reduce pressure on lake storage until it rains. - Augmentations options implemented in order listed from easiest to more difficult. - Immediate focus is on source augmentation for the short to medium term.		1. Returning Hickeys Bore to service by August 2020 (5MLD) 2. Returning Hays Creek Storage to service by December 2020 (6MLD) 3. Waikato source augmentation - Waikato Water Treatment Plant stage upgrade to 175MLD and Pukekohe East Reservoir - August 2020 - Temporary transfer of alternative water take being assessed (25MLD) - RMA S.330 emergency water take, 16 May 2020 (15MLD). 4. Scope alternative sources for augmentation 5. Reduce environmental compensation flows from Cosseys, Wairoa and Waitākere Dams (Seasonal - approx. 5MLD)			
	Network improvement initiatives	Reducing water loss in the network	- Water pressure reduction in targeted residential supply zones - Increased proactive leak detection and leak response - Increased focus on targeted network renewals - Activity in these areas increase with stages of the drought response			
	Alternative non-potable (non-drinking) water resources - Auckland Council includes consenting and mana whenua liaison	Commercial	Non-potable water sources made available for commercial users		Additional non-potable sites for commercial uses – treatment of local sources to drinking water standard	
POTENTIAL IMPACTS	Economic Impact - The following information is only intended as a general assessment. Auckland Council Economist David Norman will examine the potential impacts further. - The impacts of outdoor water use restrictions and indoor water savings vary depending on the stage of drought response. - Residential water use restrictions are generally more of an inconvenience with some potential for greater impacts in later stages of the response. - Commercial impacts flow on to the jobs and the economy, particularly at the later stages of drought response. - Watercare is working closely with commercial customers, particularly the top 100 water users. - If everyone saves the required amounts of water at the various stages, we will have enough water to sustain life, protect public health and maintain the commercial sector.	Residential	Limited in the winter as outdoor water use is minimal. During summer there may be more impacts on larger gardens and lawns.		Limited in the winter as outdoor water use is minimal. Summer water use restrictions may result in the loss of plants and vegetation. Landscaping, lawns and gardens may also be impacted particularly if newly planted. Closure of metropolitan filling stations is likely to decrease access to and increase the price of tankered water.	Limited in the winter as outdoor water use is minimal. Summer water use restrictions may result in the loss of plants and vegetation. Landscaping, lawns and gardens may also be impacted particularly if newly planted. Closure of metropolitan filling stations is likely to decrease access to and increase the price of tankered water.
		Commercial	Some impact on outdoor water users such as water blasters, construction industry and car washers, particularly as they transition to non-potable sources. Potentially greater impact on small water blasting businesses with minimal ability to change their processes. Risk can be mitigated in part by providing access to non-potable alternatives. Impacts to some commercial high-volume water users who choose to reduce production. Flow on effect expected to garden centres and landscapers in the summer.	Some impact on outdoor water users such as water blasters, construction industry and car washers. Risk can be mitigated in part by providing access to non-potable alternatives. Impacts on high-volume commercial water users increases as manufacturers and others are required to reduce production. Some manufacturers will struggle to make the required savings as they already operate with water efficient processes - a cut in production will be the only option as reductions become mandatory. Further impact on garden centres and outdoor water users as increased monitoring is introduced. Flow on effect expected to garden centres and landscapers in the summer.	Impacts on high volume commercial water users increases as manufacturers and others are required to reduce consumption. Some impact on outdoor water users such as water blasters, construction industry, car washers, growers, landscapers, garden centres etc. may also be impacted where non-potable water cannot be accessed. More stringent water use restrictions and associated messaging may impact consumers' willingness to access such services. Demand for landscaping and garden services may also be limited. Tanker operators may be impacted with limited access to metropolitan water supplies for rain tank users.	Impacts on high volume commercial water users increases significantly as manufacturers and others are required to reduce consumption or stop days of operation. Advanced warning and careful planning should help reduce economic impacts. Some outdoor water users such as water blasters, construction industry, car washers, growers, landscapers, garden centres etc may also be impacted where non-potable water cannot be accessed. Stringent water use restrictions and associated messaging may impact consumers' willingness to access services such as house cleaning, even with non-potable water. Demand for landscaping and garden services may also be limited. Tanker operators may be impacted with limited access to metropolitan water supplies for rain tank users.
		Residential and Commercial	Reductions in indoor water use are an inconvenience but should not have a significant impact on social wellbeing, particularly in the winter. Summertime water use restrictions may limit outdoor activities, particularly related to gardens, household maintenance and recreation. There is also likely to be more impacts on playing fields and swimming pools that are unable to use non-potable sources. Such restrictions may impact some sports and recreational activities.		Aucklanders will continue to be able to access water from taps and go about their daily lives albeit with some inconvenience especially in summer so long as the required savings are achieved. Gardening and outdoor activities are likely to be heavily impacted which may affect households relying on vegetable gardens for food. Employment should be sustained with careful business and contingency planning although at a reduced capacity of production. Closure of metropolitan filling stations is likely to reduce rain tank users' access to metropolitan water supplies and affect tanker operators.	Aucklanders will continue to be able to access water from taps and go about their daily lives albeit with a significant inconvenience requiring substantial behaviour change, especially in summer. However, with households doing their part to save water and with careful planning by business, employment should be able to be sustained although at a reduced capacity of production. Closure of metropolitan filling stations will significantly impact rain tank users. Failure to meet required savings or a catastrophic failure of the Waikato supply has the potential for standpipe water access only and significant social and economic impacts.

Appendix F

4.6

Drought 2020 Demand management

30 June 2020

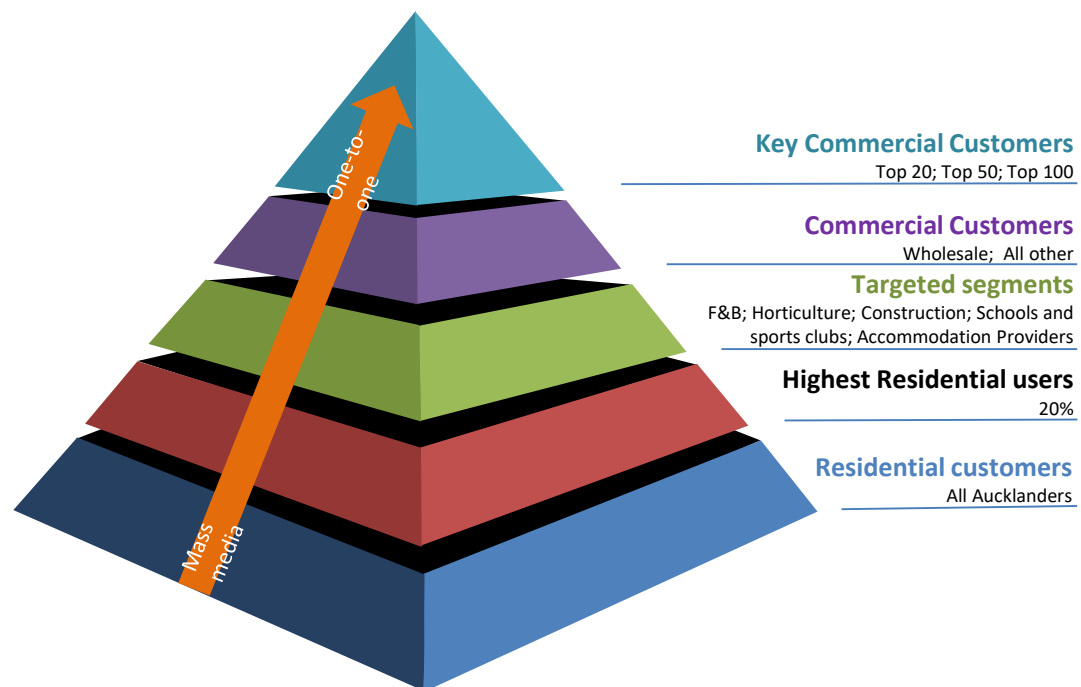
Objectives

4.6

- Create high level of awareness among all customers of the drought and its consequences
- Influence the way our customers consume water
- Provide data to inform commercial customers' next action(s)



Target audiences



Message platform

4.6



Key commercial customers

4.6

Activities done/in flight



**Top20
Ongoing
conversations**



**Top 50
Face to face
meeting with
CEO**



**Top 100
Weekly email
update**

- Created water incident team
- Sinking extra bore for construction work
- Reduced production; trigger nozzles installed in plant
- Stopped washing buildings; communication sent to all staff
- Installed chilled water network in production area - saving 24 kiloliters per day
- Reduced fleet washes to minimum required for biosecurity compliance
- Involving all staff; set up new reporting protocol to identify and track savings
- Rainwater capture; moving to non-potable water in their cooling towers

5

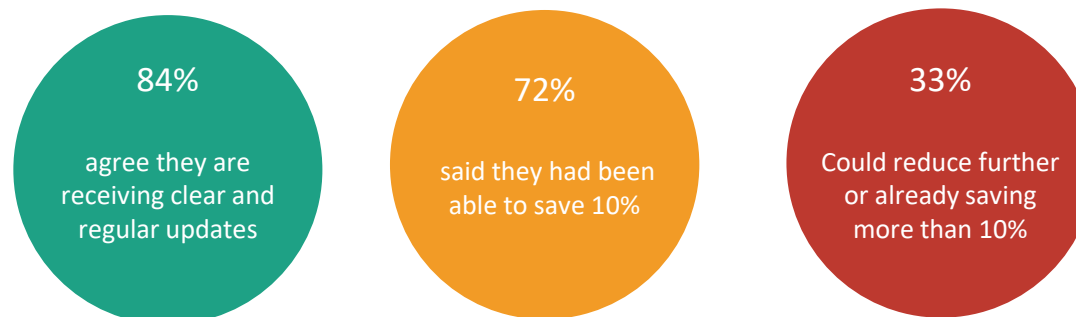
Top 100 customers

4.6



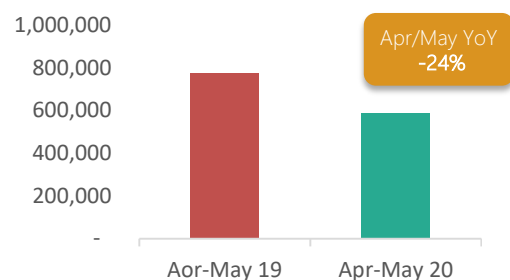
Top 100
Weekly email
update

Surveyed to gauge whether drought communications is having cut through and gaged their ability to save 10% and make further savings if required

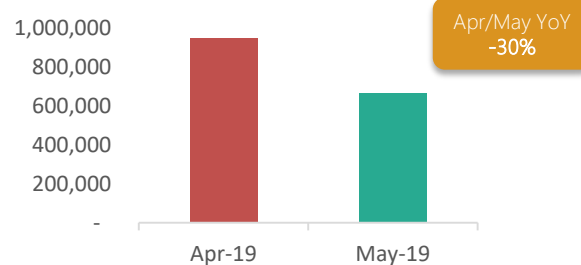


Key Commercial Customers

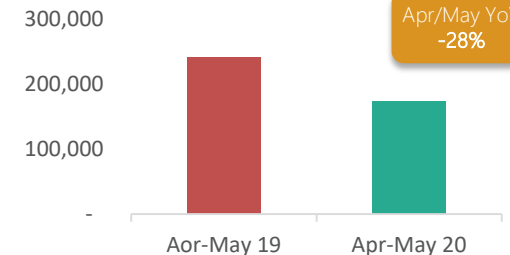
Top 20 (excl. hospitals)



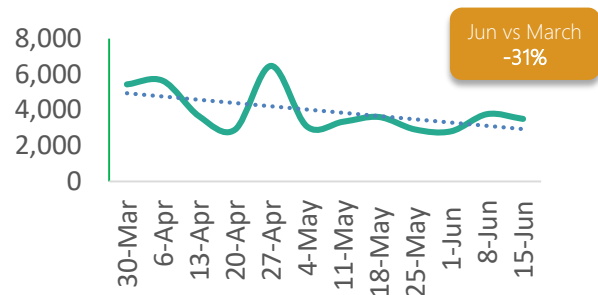
Top 100 (excl. hospitals)



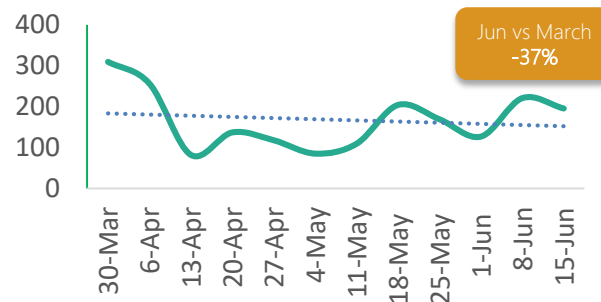
Auckland Council



Smart Meter- Schools



Smart Meter- Sports Clubs

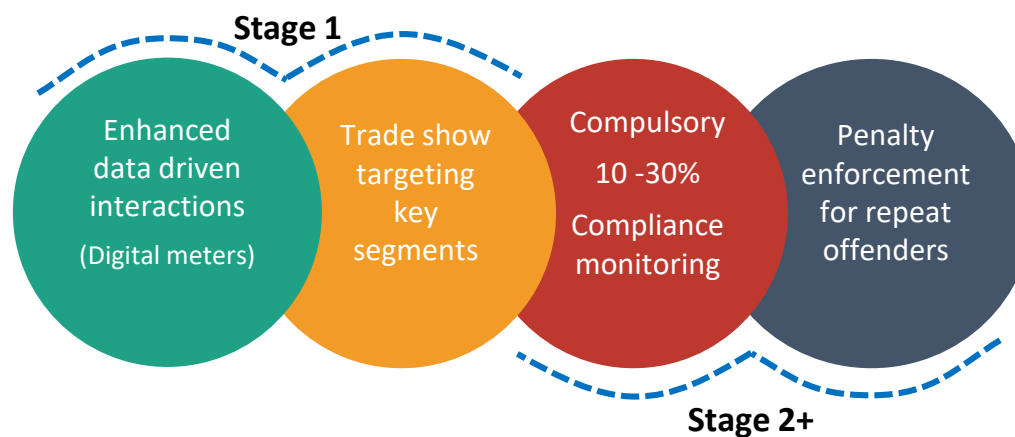


- Top customer data excludes hospitals as they are exempt from savings
- Top 20 customer savings are inflated due to COVID impact on specific industries like Airport, Sky City, education sector and certain businesses making cuts
- Auckland council have turned off all irrigation and fountains

Key Commercial Customers

4.6

Future activity

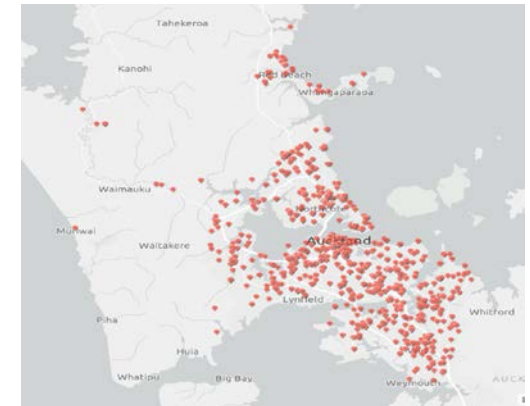


Digital meters

4.6

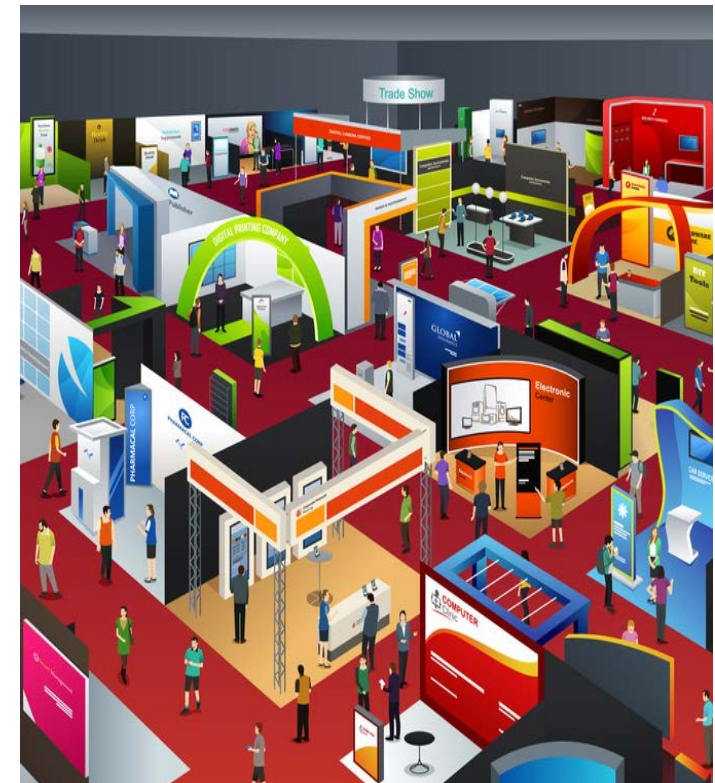


- Top 100 commercial customers based on water consumption
 - 3,487 customer accounts; 4,435 meters
- Top 1,000 customer accounts > 90% of total consumption of all 100 commercial customers
- Top 1,000 customer accounts (1,581 meters) by 31/08/2020
- Rest of the top 100 customer accounts (2,854 meters) by 31/10/2020.



Trade show

- Promote water efficient fittings and appliance manufacturers to offer incentives to commercial customers
- Targeting gyms, sports clubs, commercial office building management companies, property managers, etc.
- Incentives offered to drive long-term water efficiency products and fixture change-outs



Residential Customers

Activities done/in flight



ATL Campaign

Advertising campaign

BTL

- On-bill messaging
- Mobilise the mobilisers
 - Schools
 - Businesses
- Breach management



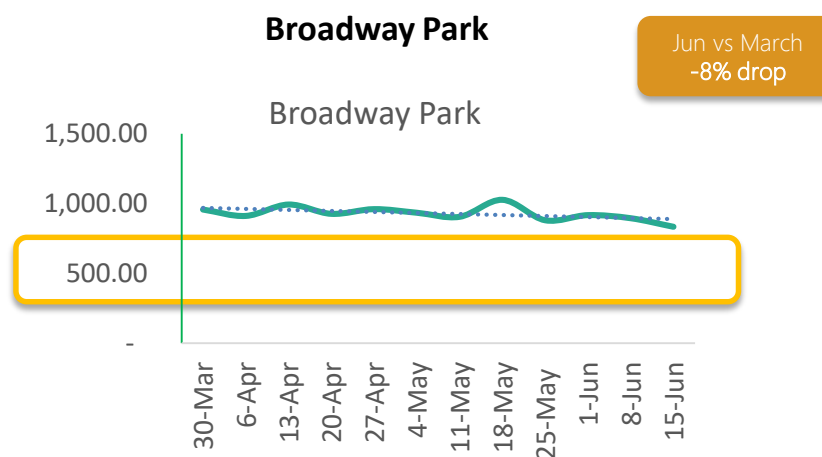
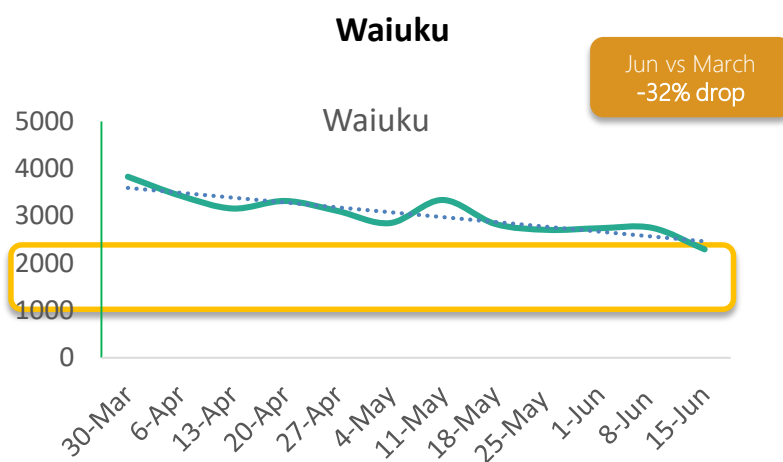
Top 20%

- Direct communication to highlight expected savings over and above outdoor restrictions

Kainga Ora

- KO owned media
 - Quarterly newsletter
 - Reporting our social media articles
- In-home collateral (4 languages)
- IVR messaging
- The Cause Collective
- Paerangi - "where whanau can find information on issues in Tāmaki Makaurau"

Domestic Customers



Schools as mobilisers

4.6

- CEO meeting with school principals
- Provide presentation for school assembly/classroom
- Provide take-home collateral
- Introduce interschool competition (gamified)



Businesses as mobilisers

4.6



- Letter to all commercial customers
- Downloadable collateral for office display
- Providing content for their internal media






Under consideration

4.6

- Offering incentives to customers with highest consumption for further savings
- Introducing a punitive pricing structure
- Introducing penalties for repeat breaches, including flow restrictions
- Pressure management
- Providing off-grid support where possible



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	• Director and Chair, Lyttleton Port Company Limited
	• Director, Waikato Regional Airport
	• Director, Titanium Park (wholly owned subsidiary of Waikato Regional Airport)
	• Director, Meteorological Services of NZ 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	• Director, AWF Madison Group Limited
	• Deputy Chair, The a2 Milk Company Limited
	• Director, The a2 Milk Company (New Zealand) Limited
	• Director, Port of Tauranga Limited
	• Director, Auckland International Airport Limited
	• Director, Meridian Energy Limited
	• Chair, Auckland Committee, Institute of Directors
	• Member, Advisory Panel to External Reporting Board
	• Vice President, Institute of Directors National Council
	• Member, The Sustainable Finance Forum Leadership Group
Nicola Crauford	• Chair, GNS Science Limited
	• Director, Environmental Protection Authority (EPA)
	• 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
David Thomas	• Advisory Board member – Stats NZ
	• 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
Brendon Green	• Director, Winstone Wallboards Limited
	• Director, Kaitiaki Advisory Limited
	• Director, Tainui Kawhia Incorporation
	• Director, Peak2Peak Limited
	• Executive Director, Advanced Biotech NZ Limited
	• Management contract, Tainui Kawhia Minerals
	• Advisor, Meterme
	• Australia-NZ representative, Wattstock LLC (USA)
	• Representative of Waipapa Marae, Kawhia, Te Whakakitenga o Waikato Tainui
	• Runanga Manukau Institute of Technology - Te Whakakitenga o Waikato representative
	• Member – Waikato District Council – Infrastructure Committee

Director	Interest
	<ul style="list-style-type: none"> • Advisor – Te Taumata Aronui – Ministry of Education • Adjunct Senior Fellow – University of Canterbury – Department of Chemical Engineering
Hinerangi Raumati-Tu'ua	<ul style="list-style-type: none"> • Chair, Parininihi Ki Waitotara Incorporated • Trustee, PKW Trust • Chair, Ngā Miro Trust • Chair, Nga Kai Tautoko Limited • Chair, Te Kiwai Maui o Ngaruahine Limited • Director, Taranaki Iwi Holdings Management Limited • 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
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

Report to the Board of Watercare Services Limited

Prepared for the 28 July 2020 Board meeting



Central Interceptor report for June 2020

HIGHLIGHTS AND LOWLIGHTS

- The project has been awarded a 'Leading' Infrastructure Sustainability Council of Australia (ISCA) design rating. This is the highest possible rating and is a step above the 'Excellent' rating the project were targeting.
- The D-wall panels have been completed on the confinement box for the Māngere Pump Station shaft.
- Trench excavation has commenced for rising main at Māngere WWTP. The nature of the ground conditions encountered are presenting challenges and will result in cost claim.
- Kate, the training TBM has been installed at training facility at Māngere WWTP. She is named after Kate Edger, the first woman to obtain a university degree in New Zealand in 1877.
- The manufacture of the main TBM is nearing completion, and remains on track for delivery to site in late November 2020.
- Critical offshore staff have not been able to obtain exemptions to enter New Zealand at this time. This presents a significant risk to the project going forward. We have asked for assistance from the Infrastructure Minister.
- The competition to name our main TBM was completed, with the school children engaged selecting Hiwa-i-te-Rangi.

FUTURE OUTLOOK

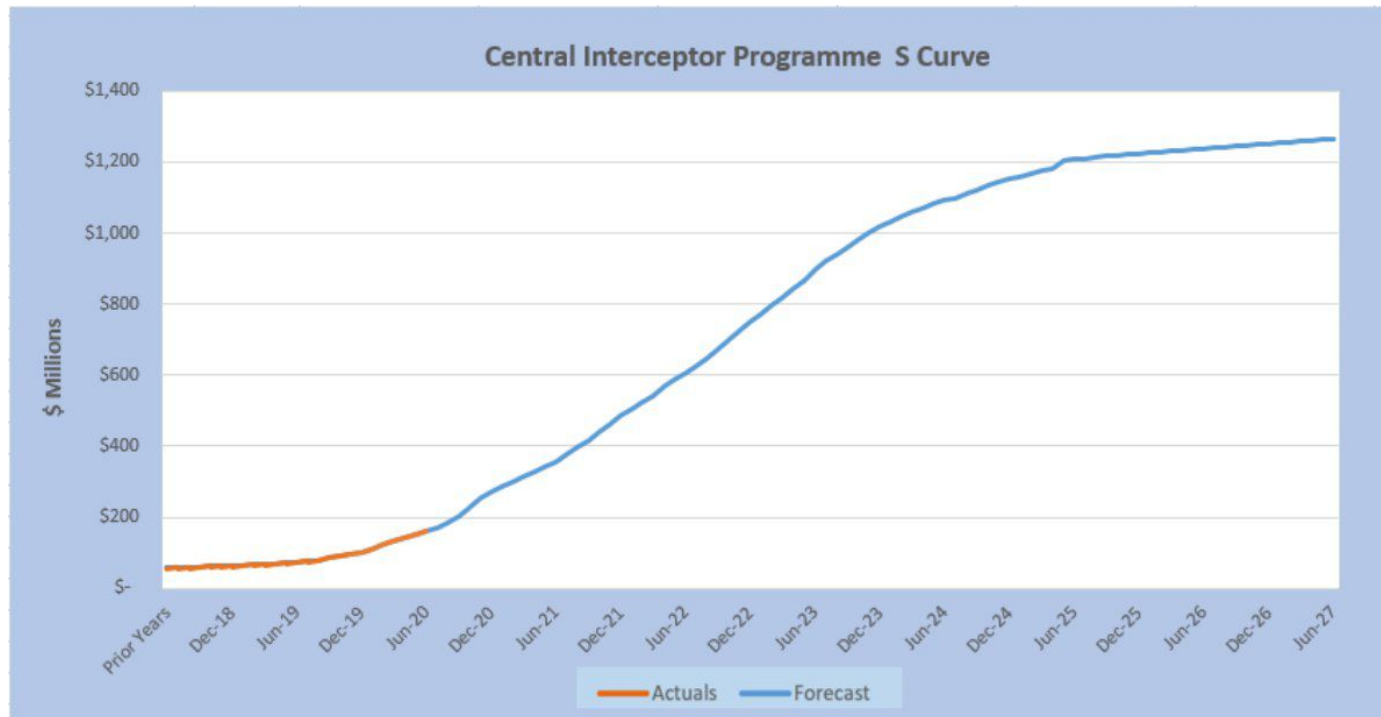
- Excavation of the shafts at Māngere Pump Station and May Road Shaft A will begin in July.
- The naming ceremony for Kate will be held in mid- July, with three generations of Kate Edger's family in attendance.
- Extension of time and costs claim for COVID 19 pre-lockdown and lockdown has been received and are being worked on collaboratively by the two Commercial teams.
- 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 \$160.6M against an approved budget of \$1.268B. This level of expenditure aligns with the forecast.
- Western Isthmus Water Quality Improvement Programme (WIWQIP) Shaft Interface work was approved in the month. Total value \$13.5m.
- Committed Risk to date is \$11.2m. This includes COVID 19 impacts of \$5.3m (TBM relocation \$5.1m and Pre-lockdown \$0.2m)
- 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.

2. PROJECT SUMMARY



HEALTH, SAFETY & WELLNESS

- Watercare and the Contractor held a joint workshop with representatives of FENZ, NZ Mines Rescue Service, WorkSafe, St. John Ambulance to review project readiness on the Emergency Management Plan.
- There has been a spike in the number of incidents during the month of June. Watercare also recorded a number of significant safety observations, mostly associated with the site access management plan. We are continuing work with the Contractor to improve safety standards across the project.
- Mental wellbeing was also a key focus area during June. Mates in Construction held General Awareness Training sessions at various project sites. More sessions are booked for the Māngere site at the start of July.
- Part of our objective is to encourage and recognise safe behaviour. A total of 7 'There and Then' rewards were given to workers in the month for their outstanding contribution in promoting health, safety and wellbeing in their roles.

DELIVERY

- At Māngere Pump Station:
 - The panels for the confinement box around the shaft have been completed. This enables the TBM to be launched without undertaking widespread ground improvements.
 - Installation of tension piles in the shaft is nearing completion
 - Installation of the permanent offices has been completed
 - Installation of the rising mains has commenced
- At May Road:
 - Piling for the temporary shaft support at Shaft A has been completed, and coring of basalt in Shaft B is ongoing
 - Construction works on Roma Road access are due to resume in early July, which will address access issues.
- At Keith Hay Park:
 - Site establishment activities have been completed
 - Working platform construction is ongoing
- Haycock Avenue:
 - Demolition of both houses has been completed
 - Site establishment activities are ongoing

7.1

PEOPLE

- We continue to press for exemptions to the current New Zealand border restrictions for critical staff, including those currently employed on the project, and those that are needed for upcoming works. In conjunction with the Contractor we have engaged the Minister of Infrastructure, detailing the challenges faced by the project due to the restrictions and requesting assistance in achieving a positive outcome.
- A review of the project's organisational structure was undertaken, focused on the Environment & Community Outcomes and Design teams. This was conducted as a response to the increased volume of activity in these areas due to the inclusions of the Grey Lynn Tunnel and WIWQIP into the project, and to ensure that our resources are deployed most effectively

STAKEHOLDER & COMMUNICATIONS

- Preparing and distributing 400 project bulletins for the start of work at Dundale Ave (due on 20 July) along with invitations to the Meet the Contractor event on 10 and 11 July.
- Presented Public Arts process to three local boards to gain their agreement to move forward with more detailed design and architectural plans.
- Promoted the arrival at Māngere training centre of the training TBM, 'Kate'. Planning for the naming event is well underway. The Kate Edger Charitable Trust is dedicated to furthering women's tertiary education, to which the project will make a donation for a scholarship.
- Work on the Mobile Visitor Centre continues with a deadline to have it open by Spring 2020.

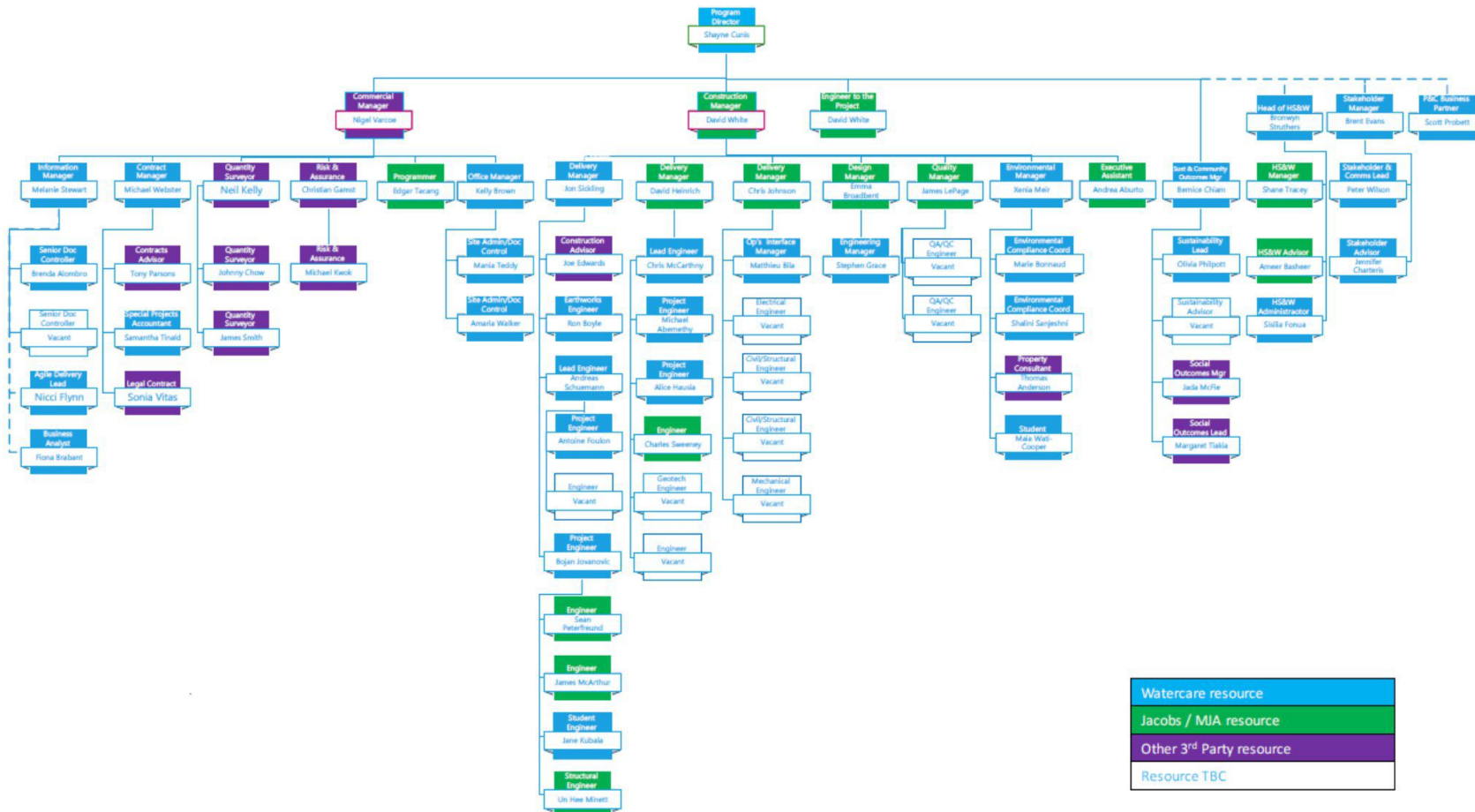
RISKS

- Section 5 provides greater detail on the current risks in play and the movements from last month.
- There is significant change occurring at the Māngere PS site currently and over the coming weeks (shaft excavations, layout changes, etc.), which will change the risk profile for the site and will require significant management going forward. We are reviewing our work roster to match the GAJVs.
- Progress is being made on GAJVs proposal to self-perform construction of the Māngere PS. They have engaged a suitable Electrical, Instrumentation and Controls consultant, and are currently identifying qualified project management resources that are based in New Zealand. We are yet to approve this change.
- The COVID-19 pandemic continues to present a significant time and cost risk to the project – We have established a framework for claims going forward, and it is likely that if there is no movement on resources being able to enter New Zealand, there will be significant future claims.

CONSENTS & APPROVALS

- The Contractor has prepared a draft variation to the Activity Specific Noise Management Plan resource consent condition to delete the requirement for written endorsements. Russell McVeagh has been engaged to review.
- Works to resolve the minor non-compliance with a stormwater resource consent for May Road have been completed. Compliance to be confirmed at the next Council inspection (scheduled for July).
- Preliminary design phase for the Public Arts process commenced and will involve artist (Chris Booth), architect, landscape architect and Jacobs engineers.
- Draft application for the construction of a haul road at Western Springs completed and second revision is underway. The application is expected to be lodged in September following consultation with the landowner (Regional Facilities).
- Two objections were received regarding the alignment of the Grey Lynn Tunnel. The Property Team is working with submitters to resolve.

3. ORGANISATION STRUCTURE



4. Health, Safety & Wellness

Watercare, its partners and the GAJV worked a total of 52,445 hours in June 2020. The rolling Lost Time Injury Frequency Rate (12 monthly) is 0 and the Total Recordable Injury Frequency Rate (TRIFR) is 4.08 per million hours.

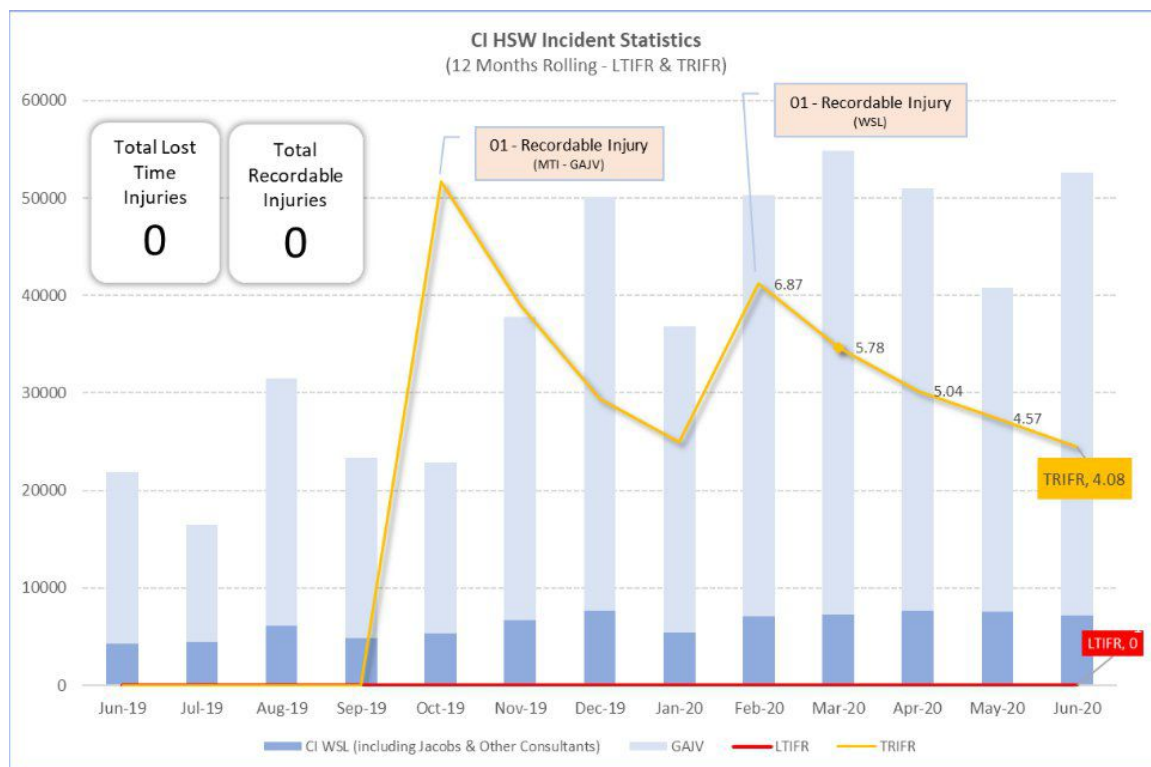


Figure 1: H&S Statistics (13 months rolling rate)

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

	Hours Worked*	FAI	MTI	LTI	Close Call	PD	RO	NI
Watercare Employees	4,398.4	0	0	0	0	0	0	0
Jacobs Construction Management	1,392.0	0	0	0	0	0	0	0
Other Consultants*	1,720.4	0	0	0	0	0	0	0
Ghella Abergeldie JV	45,445.0	9	0	0	3	2	1	0
Total	52,955.8	9	0	0	3	2	1	0

* Includes Jacobs Design Support and Grey Lynn Tunnel (77% of hours worked)

The Contractor reported 9 first aid cases, 3 Close call and 2 minor property damages during this reporting period; details of high potential incidents are as follows;

First Aid

- A truck allegedly speeding approximately 50Kms in the zone leading to STOP/slow station, in an attempt to STOP the truck, the Traffic Controller stepped on to live traffic, resulted in the truck running over the steel cap toe area of his right foot. The Traffic Controller suffered minor bruise and swelling on his right foot and ankle.

- Three office staff were exposure to Sulfuric Acid fumes and other highly toxic gases; resulted in workers suffering from headaches, nausea, blurred vision and eye irritations. An unused UPS located in the Prospect Terrace office, owned by the landlord, started bulging and released the fumes.

Close Call

- A telehandler engaged removing the top slab of the confluence chamber, as the concrete slab was moved, the fork came in contact with a waterline control valve (300mm); resulting in water leak. No damage reported.
- A fuel truck after completion of refuelling of a genset drove away without winding in the hose. The hose was hung over the fence and as the driver drove forward, the hose pulled down the fence and damaged an electrical cable connected to the genset. No injuries were reported.

7.1

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

5. Risks

Covid-19

The risk of staff contracting Covid-19 is no longer considered a significant risk to the project, based on the current situation in New Zealand.

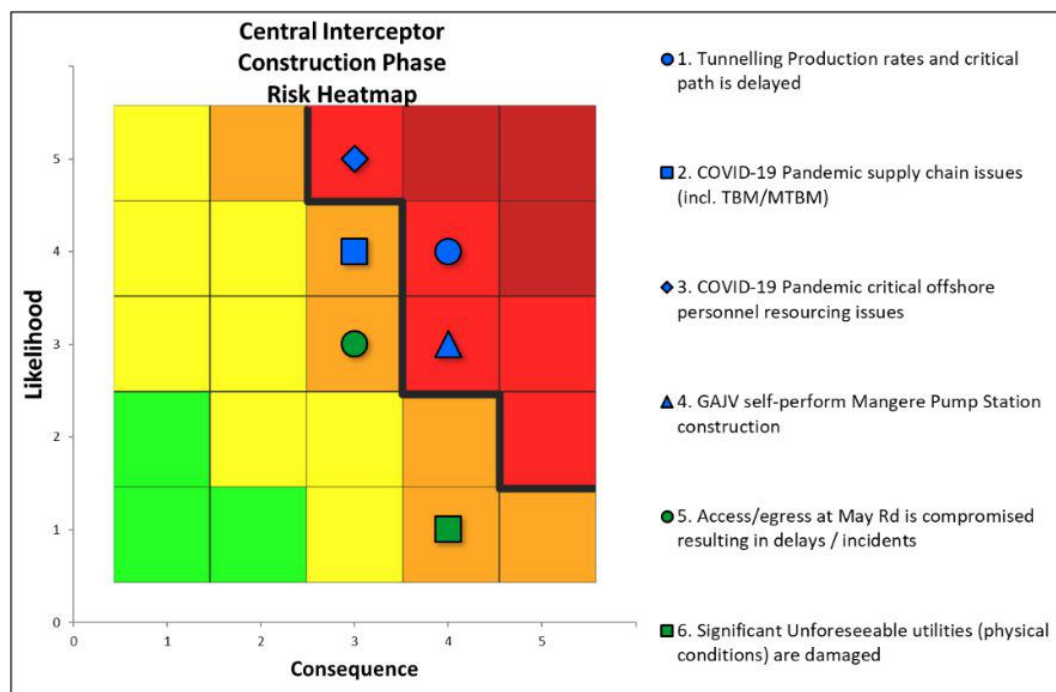
We have been unsuccessful in obtaining exemptions for critical offshore personnel to enter New Zealand and this now presents a critical risk to the project.












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

Risk Modelling

Working with our cost advisors Rider Levett Bucknall we have run a Monte Carlo Risk Model. This gave a P90 result of \$131m and a P95 of \$135m. With the committed Risk amount to date of \$11.2m this indicates that a risk budget of \$150m is appropriate.

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 supply chain issues Key supply chain items could be affected by quarantine lockdowns and/or required Inspections/FAT testing/QA checks may not be able to be undertaken due to travel restrictions	 	\$5M expenditure to procure TBM from Germany instructed in late February 2020. Joint Commercial Taskforce between WSL and GAJV to identify early constraints and work through to minimise time and cost implications. Close monitoring of supply chain impacts due to COVID-19 incl. engagement with suppliers.
COVID-19 Pandemic critical offshore personnel resourcing issues Resourcing – critical staff not able to obtain exemptions to be able to enter New Zealand. Now presents a critical risk to the project.	  	Engagement with GAJV for critical resourcing requirements from overseas. WSL can offer endorsements if necessary to pass government requirements.
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.
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.

6. Naming of the Tunnel Boring Machine (TBM)

Sixteen primary schools along the Central Interceptor route had agreed to participate in the name selection process, but only 6 schools and internal units could find suitable dates inside the last three weeks of Term 2 (before the school holidays).

Watercare and GAVV visited the schools and made multiple presentations throughout the days including videos, cardboard models of the TBM, measuring activities, and the reason why TBMs are given female names.

The children across all schools asked many questions about the wastewater system, overflows to the moana and the tunnel itself.

We delivered our presentation entirely in te Reo Māori in the Te Whānau Whāriki rūmaki/immersion unit at Richmond Road School (and had offered to do so at both Te Kura Kaupapa Māori o Māngere and Te Kura Kaupapa Māori o Maungārongo).

We explained Matariki to all the students, and that in te Ao Māori/the Māori worldview our astrology and stars are linked to te Taiao or the natural environment.

We presented them with a shortlist of 5 of the 6 female Matariki names and the children were then asked at the end of the presentation to vote on the star whose characteristics most resonated with them personally but also the goals of the project. They voted across 4 ipads, using a digital application.

Out of 582 voting students, the results were as follows:

1. Hiwa-i-te-Rangi: represents being 'vigorous of growth' (which can reflect and/or speak to the growth of Tāmaki Makaurau), and what really connected the children to Hiwa is that she is the star you send your dreams and wishes to for the year ahead in the hopes they will be realised. [248]
2. Waitī: sweet or fresh water [130]
3. Matariki: wellbeing and good fortune, the mother star [105]
4. Waipunarangi: water that pools in the sky and nourishes the earth [55]
5. Tupuānuku: the star connected to healthy earth in which you grow food [44]

As such, our TBM will be named Hiwa-i-te-Rangi. The name will be announced during the week of Matariki celebrations, which starts 13th July 2020.

Each school was gifted a Matariki book by Dr Rangi Matamua, the recent recipient of the Prime Ministers Science Communication Award 2020 (funded by the Royal Society of New Zealand). Dr Matariki also permitted us to use his imagery from his book to create bookmarks to gift the children, which we provided as well as art supplies to later provide hoardings and decals for the project.

We also put up a prize of 10 chromebooks to one of the participating schools, which was drawn by Shayne Cunis on Friday 3rd July. Hay Park School (a Decile 1 School) will be advised they are the winners at the beginning of Term 3.

Until the official announcement, an embargo has been placed on releasing the name publicly.

Photo Update – June 2020

7.1



MPS– Tension Pile casing installation



Haycock Ave – No. 2 Haycock House demolition



May Road - Shaft A capping beam works



MPS – Trench for Rising Main



May Road - Site overview

7. Construction Programme

When is the Central Interceptor being built?









7.1



Central Interceptor
Watercare

Report to the Board of Watercare Services Limited
Prepared for the 28 July 2020 2019 Board meeting

Three Waters Reform Programme

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
					

7.3

1. Recommendation

That the Board note this report.

2. Purpose and context

Over the past three years, central and local government have been considering solutions to the challenges facing the regulation and delivery of the three waters in New Zealand. This has seen the development of new legislation, and the creation of Taumata Arowai, the new water services regulator.

Government, through the DIA has released a proposal to transform the delivery of the three waters services.

3. The details

Appendix A is a one-page summary of the proposed Three Waters Reform Programme, as released by the DIA.

3.1 Key feature of the reform programme

- Water service delivery entities that are of significant scale (most likely multi-regional) to enable benefits from aggregation to be achieved over the medium to long term; asset owning entities with a balance sheet separation, to support improved access to capital, alternative funding instruments and improved balance sheet strength; and structured as statutory entities with appropriate and relevant commercial disciplines and competency-based boards.
- Delivery of drinking water and wastewater services as a priority, with the ability to extend to stormwater service provision only where effective and efficient to do so.
- Publicly owned entities, with preference for collective ownership.
- Mechanisms for enabling iwi/Maori and communities to provide input in relation to the new entities.

3.2 Auckland Council must decide whether to opt-in to the reform programme

The reform process proposed to be on an “opt-in” basis for local government. Councils will need to decide by the end of August whether they want to be part of the reform process or not.

Councils that opt-in to the first phase of the reform process will need to enter into a Memorandum of Understanding. If Council opts in, it would be committing to participate constructively in the reform programme. The MOU would expire at the end of June 2021, and at that point Auckland Council would have to decide whether or not to continue to be part of the reform process.

This reform process could have implications for the geographic areas of operation and ownership of Watercare.

3.3 Next steps

DIA is now holding sector workshops throughout New Zealand to provide the joint central and local government Three Waters Steering Committee an opportunity to present the background and process, and respond to questions raised following the webinars.

DIA’s workshop for Auckland was held on Monday 20 July 2020. Four Watercare Board members attended the workshop, together with the CE and CFO.

In August 2020, the Governing Body will be asked to consider whether Auckland Council will opt in to the reform process.



Three Waters Reform Programme

A proposal to transform the delivery of three waters services

APPENDIX A

1. BACKGROUND

Over the past three years central and local government have been considering solutions to challenges facing the regulation and delivery of three waters services. This has seen the development of new legislation and the creation of Taumata Arowai, the new water services regulator.

Both central and local government acknowledge that there are broader challenges facing the delivery of water services and infrastructure, and the communities that fund and rely on these services. There has been regulatory failure, underinvestment in three waters infrastructure in parts of the country, and persistent affordability challenges.

Iwi/Māori also have a significant interest in te mana o te wai. Both central and local government acknowledge the importance of rights and interests under the Treaty of Waitangi and the role of the Treaty partners in progressing these issues.

Additional investment is required to increase public confidence in the safety of drinking water, and to improve environmental outcomes. The reform of three waters services will also support increased sustainability and resilience of communities to natural hazards and climate change.

2. CHALLENGES

THE EXISTING INFRASTRUCTURE DEFICIT

Quantifying the precise infrastructure gap remains challenging. The Office of the Auditor General (OAG) has raised concerns about relevant and reliable information about assets remaining a challenge.

UNGRADED ASSETS

Across our water networks

Potable & wastewater 45%

Stormwater categorised as upgraded 52%

RENEWAL GAPS

A more recent analysis highlights the extent of the reinvestment challenge and the "renewals gap".

Forecast average renewals as proportion of forecast average depreciation for:

Water supply 82%

Wastewater 67%

Stormwater 52%

While unquantified in New Zealand due to limited asset quality data, experience from places like Scotland that have undertaken significant water services reforms indicates the bulk of asset replacement value (potentially up to 80%) and the accumulated infrastructure deficit likely lies in renewal of pipes rather than treatment plants.

FURTHER RESEARCH COMMISSIONED BY DIA FOUND:

\$309-\$574 million

Estimated cost for upgrading networked drinking water treatment plants to meet drinking water standards, with an additional annual operating cost of \$11-\$21 million.

\$3-\$4 billion

Estimated cost for upgrading wastewater treatment systems that discharge to coastal and freshwater bodies to meet national minimum discharge standards, with an annualised operating cost of \$126-\$193 million.

3. OBJECTIVES

A Significantly improving safety and quality of drinking water services, and the environmental performance of wastewater and stormwater systems.

B Ensuring all New Zealanders have equitable access to affordable three waters services.

C Improving resource coordination and unlocking strategic opportunities to consider national infrastructure needs at a larger scale.

D Increasing resilience of three waters service provision to both short- and long-term risks and events, particularly climate change and natural hazards.

E Moving three waters services to a financially sustainable footing, and addressing the affordability and capability challenges faced by small suppliers and councils.

F Improving transparency and accountability in cost and delivery of three waters services, including the ability to benchmark performance of service providers.

4. KEY FEATURES

Design features of the proposed reform programme should examine, as a minimum:

- A** Water service delivery entities that are:
 - of significant scale (most likely multi-regional) to enable benefits from aggregation to be achieved over the medium- to long-term;
 - asset-owning entities with balance sheet separation, to support improved access to capital, alternative funding instruments and improved balance sheet strength; and
 - structured as statutory entities with appropriate and relevant commercial disciplines and competency-based boards.

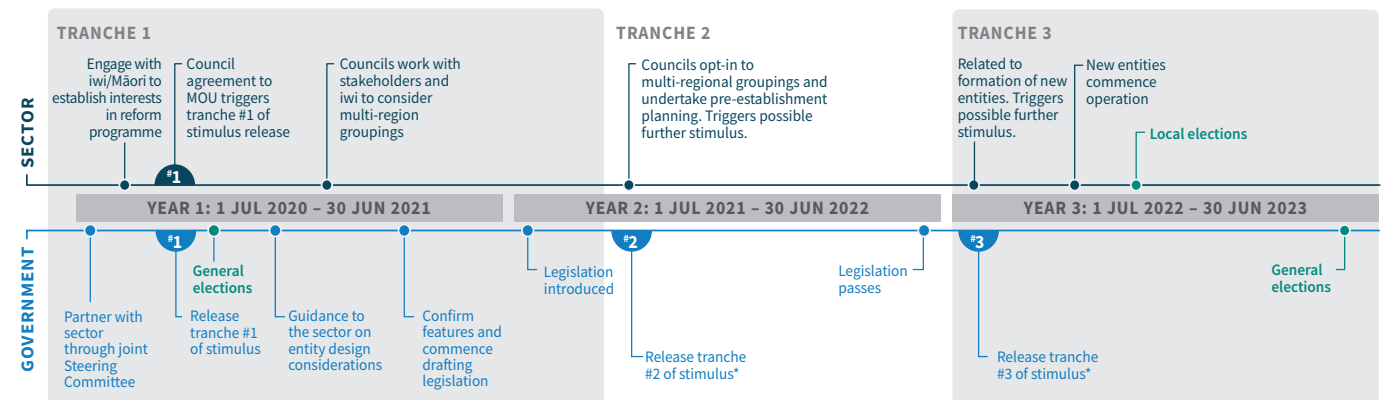
B Delivery of drinking water and wastewater services as a priority, with the ability to extend to stormwater service provision only where effective and efficient to do so.

C Publicly owned entities, with a preference for collective council ownership.

D Mechanisms for enabling iwi /Māori and communities to provide input in relation to the new entities.

5. INDICATIVE REFORM PATHWAY

* Subject to Government decision-making



6. PROPOSED PROCESS

An opt-in reform and funding programme to:

- Stimulate investment, to assist economic recovery through job creation, and maintain investment in water infrastructure renewals and maintenance.
- Reform current water service delivery into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium- to long-term.

Progressed in phases:

- Three phases of reform with three tranches of investment proposed (as set out above). The first phase of the programme includes a Memorandum of Understanding between central and local government to progress the reform in partnership. Reform will be guided by a joint Steering Committee at key stages.

Memorandum of understanding:

- Non-binding MOU between each Council and Government.
- Does not commit Councils to reforming water services or transferring assets.
- Enables Councils to access funding for three waters through an associated Funding Agreement and Delivery Plan.

7. FUNDING AND IMPACT

Government funding		\$761 million
Jobs protected or created	(direct)	2,288 jobs
	(direct, indirect, induced)	7,230 jobs
GDP increase	(direct)	\$236 million
	(direct, indirect, induced)	\$800 million

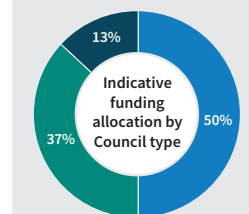
ALLOCATION OF FUNDING

First tranche funding provided as a grant to Councils who opt-in to participate in the reform process.

Allocation is based on a simple formula applied on a nationally consistent basis.

Future additional funding will be subject to Government decision-making and reliant on progress against the reform objectives.

INDICATIVE ALLOCATION SUBJECT TO CONFIRMATION










LEGEND

- Metropolitan Councils (50%)
- Provincial Councils (37%)
- Rural Councils (13%)

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

Lutra Limited Final Draft Statement of Intent

Purpose			Team		
Information	Discussion	Decision	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
					

8.1

1. Recommendation and key points

That the Board approve Lutra Limited's (Lutra) revised draft Statement of Intent 2020-23 (SOI) for submission to Council by 31 July 2020.

2. Background and purpose

Watercare Services Limited owns 67% of Lutra. Lutra is therefore a Council Controlled Trading Organisation and must supply its shareholder (Watercare) with a Statement of Intent for approval.

Watercare must then provide its shareholder, Auckland Council, with the final Statement of Intent for its information.

3. The details

Appendix A is Lutra's revised final draft SOI. Lutra's original draft SOI was reviewed in light of the Covid-19 emergency. Covid-19 did have a significant impact on the company's April 2020 performance and several projects were put on hold. However, Lutra has advised the Watercare Chair that May 2020 revenue was above target and the forward works programme is now looking solid, and the company is recruiting new staff members. Therefore, whilst Lutra had the opportunity to revise the SOI, this was not necessary and the submitted SOI is essentially the same as that submitted in March 2020

Lutra has confirmed it held a statutory public board meeting, where members of the public were invited to provide feedback on the draft SOI, on 12 June 2020. No members of the public chose to attend.

At the 28 July 2020 Watercare Board meeting, the Watercare Board will be asked to formally approve Lutra's SOI for submission to Council by the extended statutory deadline of 31 July 2020. The SOI will be sent to Council for its information.

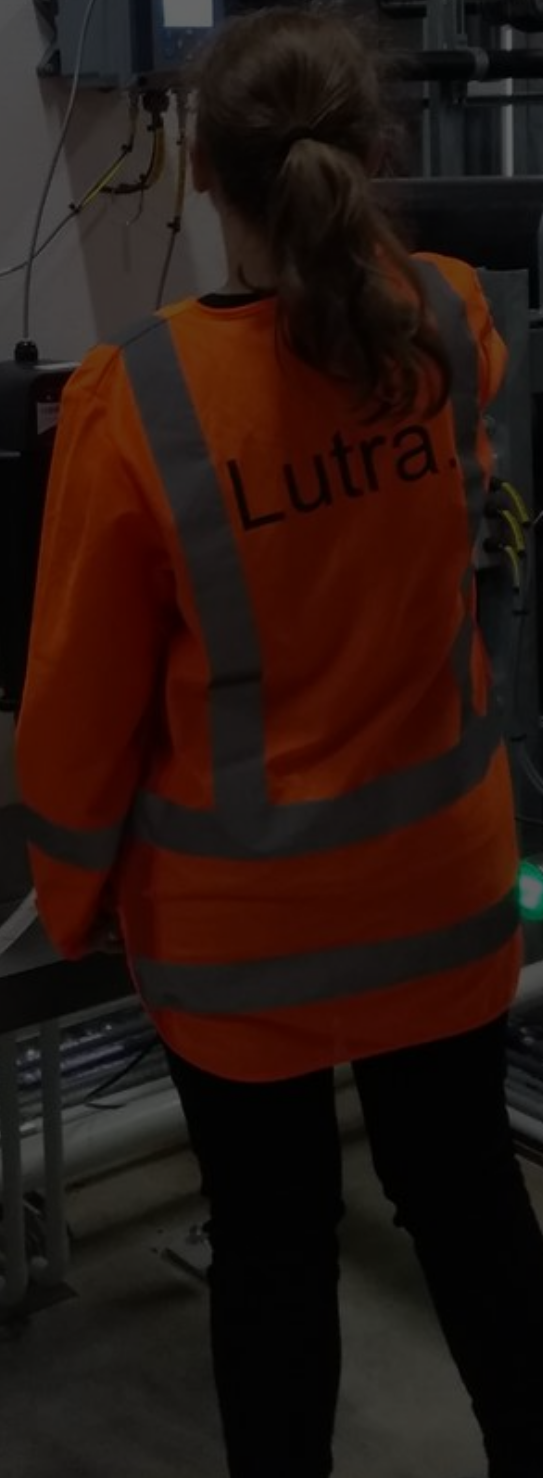


Lutra.

Appendix A

8.1

Statement of Intent 2020 to 2023



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People and culture..... 6

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Appendix B: Governance and how we manage and measure our performance 11

8.1



Message from Jason Colton, Executive Director and CEO

Lutra Limited (Lutra) provides a range of software and process engineering services to the water industry, thereby allowing our clients to optimise the performance of their people and plants.

The Lutra brand is based on delivering excellence in our service offerings.

We are a council-controlled trading organisation (CCTO). Our legislative framework is set out in Appendix A. Watercare Services Ltd is the majority shareholder; the remaining shares are employee owned.

The way we manage and measure our performance is detailed in Appendix B.

Our strategic priorities for 2020-2023

For the next three years, we have two strategic priorities:

1. Growing the Infrastructure Data (ID) business

- We are targeting significant growth in organisations wishing to use our proprietary ID software product. ID helps unlock value in our customers' data, so they can make better decisions.
- Growth of the ID business will be through direct sales in New Zealand and through our partner in Australia, HunterH2O. We also plan to grow this part of the business by exploring new partnerships internationally.
- In 2020 we are also commencing development of the second generation of Infrastructure Data (ID2). The estimated delivery date for ID2 is 2021.

2. Growing our Engineering consultation business

- The demand for our engineering services continues to grow. Our people help our customers optimise their existing and new plants.
- Growth of our Engineering division will come from increasing engineering services to local government, expanding our presence in the New Zealand commercial wastewater market and more effective utilisation of our resources.

This Statement of Intent (SOI) follows the principles of integrated reporting and outlines the company's strategic business plan for the next three years as agreed with our major shareholder, Watercare Services Limited.

The SOI is divided into our six capitals (Natural Environment, People and Culture, Customer Relationships, Intellectual Capital & Assets and Infrastructure, and Financial Capital), and reaffirms our continued commitment to delivering excellence to the water industry both here in New Zealand and beyond.

Dr Jason Colton
Executive Director and Chief Executive Officer

Our purpose

Our operations are the foundation of our business and enable us to deliver to clients and the community. To us, operating sustainably means working smarter, being profitable, investing in our people, and reducing our carbon footprint.





Natural environment

Value:

Resource efficiency | Resource consent management | Minimise our own impact

We help our customers to:

- Optimise their chemical use
- Optimise energy use
- Produce less waste
- Operate more efficient processes (meaning lower abstraction requirements)
- Improve treated discharge quality

We also provide leading edge operations management software. This allows our customers to improve their management of environmental consents and trade waste licences.

We are in the process of benchmarking our own environmental impact and developing initiatives to reduce it.

Lutra will join the sustainable business network in NZ and aim to get B Corporation certification. This will show that we are a business that meets the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose.

Measure	2020/21 Target	2021/22 Target	2022/23 Target
Number of consents managed in ID by Lutra Limited	1,000	2,000	3,000
CO2 reduction per FTE*	10%	20%	30%

*Compared to 2019/2020 baseline.



People and culture

Value:

Safe, happy team | Skills developed | Talent retained

Lutra provides a safe working environment for our people and maintains high participation rates in Health and Safety meetings. We are moving our focus from lag indicators to leading safety indicators.

Over the next few years, we will introduce a new wellbeing package that will offer our staff subsidised health insurance, a wellbeing allowance, two additional wellbeing leave days and access to counselling.

We currently use TeamMood to assess the happiness of staff on a weekly basis.

We develop our staff through coaching and training and make use of external resources and LinkedIn Learning to bolster our in-house training.

In the second half of 2020, we will be consolidating our new agile approach to running projects and will refine as necessary to maximise resource efficiency and the effectiveness of our project management.

We pay our people fair market value based on their skills, knowledge and experience. We use Engineering NZ median salaries as our benchmark. We will pay fairly, irrespective of gender.

In 2020, we plan to recruit to new staff across our business lines and retain all our talented staff.

Measure	2020/21 Target	2021/22 Target	2022/23 Target
Average safety training hours per employee per year	10 h	11h	12h
Average staff mood (Scale 1-10)	≥6.0	≥6.5	≥7.0



Customer relationships

Value:

Public health | Digital transformation of water & wastewater operations | Industry leadership

Through our consulting work, we help our customers improve water treatment plants through upgrades and optimisation to increase consumer access to safe drinking water.

We also provide water and wastewater operational support to organisations to improve public health and environmental outcomes.

We help our customers undergo digital transformation and implement our operations management software – Infrastructure Data – to enable them to better meet their organisation's aims.

Over the next three years, we will seek to partner with like-minded organisations in the USA to provide Infrastructure Data to their customers.

We also plan to develop training resources to help operators improve their knowledge and capabilities. This will involve providing our operations training software, SIM-PLANT to operators undergoing New Zealand Level 4 training.

Lutra will also provide industry leadership through our presence on various committees (e.g. Water NZ Technical Committee), expert groups (e.g. MoH Expert Group on Water Treatment and Distribution) and boards (e.g. Water NZ).

Measure	2020/21 Target	2021/22 Target	2022/23 Target
Number of treatment plants improved*	20	25	30
Number of new plants added to ID	100	150	250

*Demonstrable performance improvement (e.g. improved DWSNZ compliance, reduction in chemical usage or increase in process efficiency). Either through upgrades our team has been involved in, through process optimisation or modelling work.



Intellectual capital, our assets and infrastructure

Value:

Industry leading software, processes and know-how

In the first half of 2020, we will deliver a new module – licence manager – for our Infrastructure Data (ID) product. This will help organisations manage trade waste and other licensed activities more effectively and will provide our first public facing interface for ID. We anticipate significant uptake of this new module by our existing clients.

We are also working on the user stories, roadmap and development of ID2, which will be the second major iteration of our operations management software. To do this, we will set-up a key user group to allow our users to collaborate with us on the ID2 development.

We will hold at least one ID user group meeting and will track user engagement by use of net promoter score (NPS).

We also plan to develop online video-based training resources for Infrastructure Data to speed up onboarding of new customers and partners.

Having introduced the agile way of working, we will fine-tune this process and expect to see an increase in overall utilisation of 10% due to increased efficiency.

Lutra will continue to produce and publish thought leadership blog articles on our Lutra website. We also plan to launch a Lutra channel on YouTube.

We will also explore opportunities to host our water and wastewater operations training material on global online marketplaces.

Measure	2020/21 Target	2021/22 Target	2022/23 Target
NPS for ID	>25	>30	>40

\$ Financial management

Value:

Financial stability | Growth in selective new markets | Growth in revenue and profit

We will maintain liquidity by strict control of our budget.

The development of ID2 will mean a significant amount of staff time will be attributed to capital development. Despite this, we plan to increase our revenue through growth in engineering consultancy revenue and significant growth in our ID customer base.

We have recently automated our financial reporting to help us track financial performance and KPIs.

2020/2021 will be our first full year operating as a CCTO, and as such we will need to fully meet GAAP accounting principles, Watercare reporting requirements and have our accounts independently audited.

Measure	2020/21 Target	2021/22 Target	2022/23 Target
Annual business plan EBITDA	100%	100%	100%

Appendix A: Our legislative framework

Lutra Limited is a limited-liability company registered under the Companies Act 1993, and a local government organisation under the Local Government Act 2002.

We became a substantive Council-Controlled Trading Organisation (CCTO) on 1 February 2020 as a result of the acquisition by Watercare Services Limited of 67% of Lutra Limited's shares.

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

- Achieve the objectives of our shareholders, both commercial and non-commercial, as specified in this Statement of Intent (SOI);
- Be a good employer (as defined in Clause 36 of Schedule 7 of the Local Government Act 2002)
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which we operate and by endeavouring to accommodate or encourage these interests when we are able to do so.
- Conduct our affairs in accordance with sound business practice.

Also, under the legislative framework:

- At least two board meetings a year are required to be held in public: one before 30 June to consider our Shareholders' comments on the draft SOI for the upcoming financial year, and one after 1 July to consider our performance under the SOI for the previous financial year. These two board meetings are open to the members of the public (with Section 7 of the Local Government Official Information and Meetings Act 1987 permitting certain private matters to be dealt with in private).
- Our financial statements and SOI must be audited by the Auditor-General, or by an auditor acting on behalf of the Auditor-General.

The Auditor-General is the auditor of Watercare's financial statements. The Auditor-General will appoint an independent auditor to undertake the external audit work on behalf of the Auditor-General, in accordance with the Auditor-General's Audit Standards, which incorporate New Zealand Auditing Standards. The appointment must satisfy the independence requirements of the Auditor-General and External Reporting Board.



Appendix B: Governance and how we manage and measure our performance

Lutra's board is ultimately responsible for all decision making by the company. The directors and the management team are committed to ensuring the company applies best-practice governance policies and procedures.

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

Date	Purpose	Form of public notification
12 June 2020	Consider shareholder comments on draft SOI	Public notice
May 2021	Consider shareholder comments on draft SOI	Public notice
October 2020	Consider performance against SOI targets	Public notice

We operate under a no-surprises policy and inform our major shareholder, Watercare Services Limited, well in advance of any events, transactions or issues that could attract public interest, whether positive or negative.

Managing risk

Lutra maintains a Risk Management Policy, the intent of which is to direct the risk management function. This policy focuses risk management onto those risks that are material to the achievement of the organisation's principal objectives.

Lutra applies a risk management framework consistent with ISO 31000: 2018 Risk Management Guidelines to ensure that risks throughout the business are managed consistently. This risk management framework defines the management policies, procedures and practices to be applied to the risk management tasks of identifying, analysing, evaluating, treating and continuing to monitor risk to provide enterprise level information. Regular monitoring, review and reporting of risks is an important component of the Lutra Risk Management Framework, as it ensures new risks and changes to existing risks are identified and managed, and that risk treatment plans are developed and implemented. Several significant risks are monitored by the board at least quarterly, or as required.

Measuring our performance

We have an agreed set of performance measures and targets which form the basis for accountability to delivering on Lutra's strategic direction, priorities and targets. These are reported on a quarterly basis to our major shareholder, Watercare Services Limited.

Setting standards of conduct for staff

We require the highest standards of behaviour from our staff. Policies governing the conduct of employees include the Health & Safety Policy, the Individual Wellness Policy and the Conflict of Interest Policy.

Board of directors

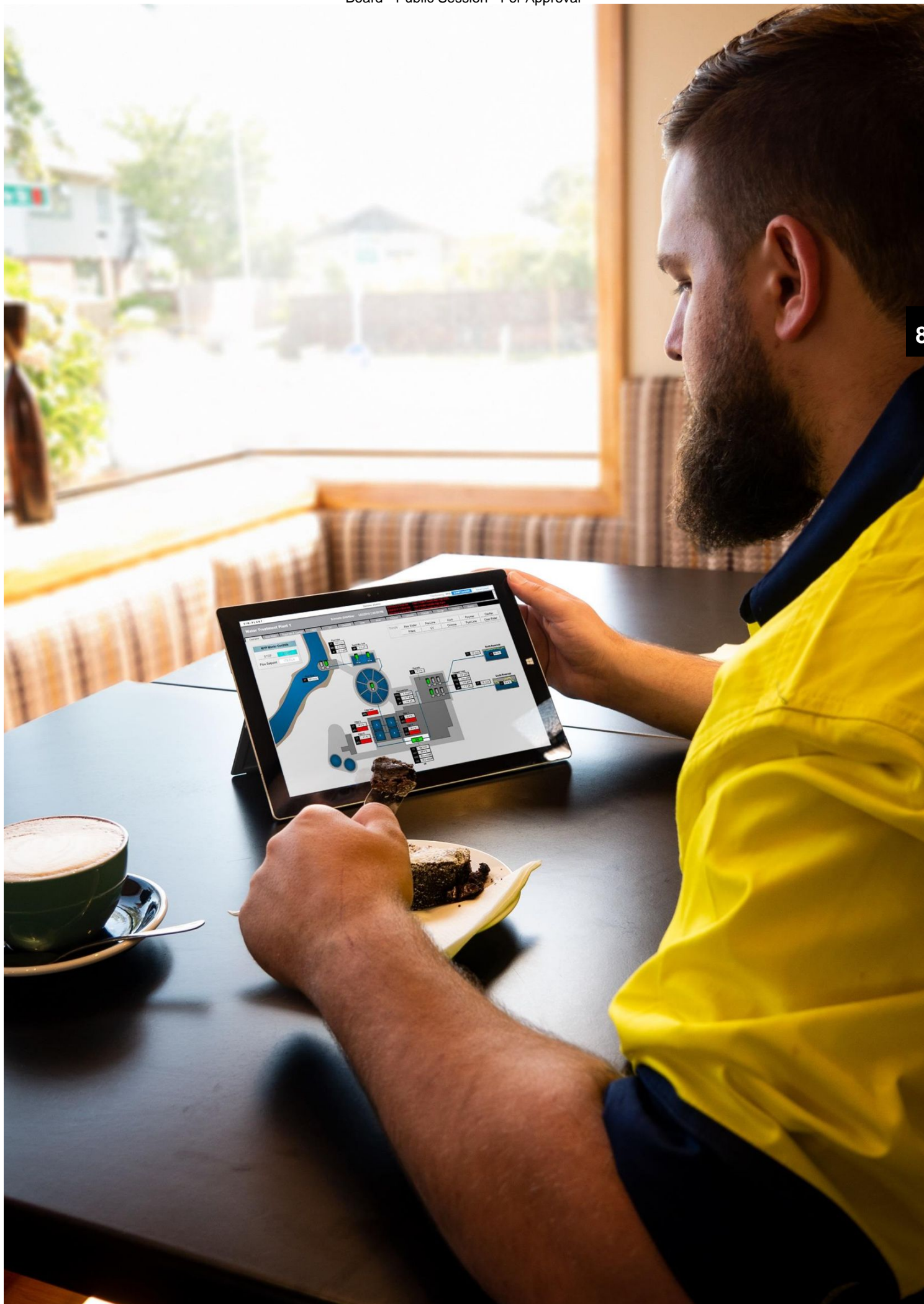
Lutra's Board of directors comprises Jason Colton, Rebecca Chenery (Chair), and Shane Morgan (Left to right).

Rebecca and Shane were appointed by Lutra's major shareholder, Watercare Services Limited. Rebecca is Watercare's Chief Digital Officer, and Shane is Watercare's Chief Operations Officer.

Jason Colton is a founder of Lutra, Executive Director, and was appointed CE of Lutra on 1 January 2020. Jason is also a minority shareholder of Lutra.

Board function








The Lutra board meets at regular intervals throughout the year. Our Corporate Governance Charter defines the duties and obligations of the board and board members covering fiduciary duty, duty of care, diligence, legal and statutory duties, and conflicts of interest.



8.1

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

Shareholder's feedback on Watercare's revised draft statement of intent – 2020-2023, including financials

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
					

8.2

1. Recommendation and key points

We recommended that:

- The proposed response to the shareholder's comments and the related proposed additions or amendments in the revised Statement of Intent (SOI) be approved;
- The Board approves the submission of the amended SOI to Auckland Council by the deadline of 31 July 2020, subject to formal approval of the financials during the confidential agenda of the 28 July 2020 Board meeting; and
- The Board approves the letter to the Mayor to be sent with the SOI.

Key points

- Watercare's draft SOI was submitted to Auckland Council on 1 March 2020. Council did not consider this draft due to the Covid-19 emergency.
- At Council's request, Watercare submitted a revised SOI to Council following the impacts of Covid-19.
- Council provided Watercare feedback on the revised SOI on 1 July 2020.
- Management has revised the SOI to accommodate the feedback set out in Council's letter, and a final draft of the SOI is tabled at the 28 July 2020 meeting for Board approval.
- The 28 July 2020 meeting is a public meeting, where members of the public may provide feedback on Watercare's draft SOI.

2. Background and purpose

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

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

- provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

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

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

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

8.2

3. The details

3.1 The timetable of the SOI process

The SOI process begins with the Mayor's Letter of Expectation. Watercare received the Letter of Expectation on 18 December 2019 (**Appendix A**).

Following receipt of the Mayor's Letter of Expectation, a draft SOI 2020-2023 was prepared, approved by the Board and submitted to Auckland Council on 1 March 2020.

However, the Covid-19 crisis then occurred, and Auckland Council did not consider the draft SOI. Instead, Auckland Council extended the deadlines, and provided Watercare with an updated Letter of Expectation on 15 May 2020 requesting Watercare to submit a revised SOI.

A revised SOI was submitted on 4 June 2020.

On 1 July 2020, Watercare received the formal feedback from Auckland Council on the revised draft SOI 2020-2023 and is required to provide an opportunity for the public to comment on the amended document at the public board meeting on 28 July 2020. Following that, the document is to be approved by the Board for submission to Auckland Council by 31 July 2020.

The approved SOI will then be formally adopted by Auckland Council in August 2020.

3.2 Our shareholder, Auckland Council, provided formal feedback

The Mayor and Chair of the CCO Oversight Committee wrote to the Chair on 1 July 2020 setting out in detail the shareholder's comments on the draft SOI. A copy of the letter is appended as **Appendix B**. The letter includes comments that are generic to all of Auckland Council's CCOs, as well as comments specific to Watercare.

3.3 Watercare has considered the shareholder's comments

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

An amended version of the draft 2020-2023 SOI is appended as **Appendix C**. This version incorporates the proposed amendments set out in the table below and minor editorial changes.

Watercare specific feedback from the Shareholder	Proposed Watercare Response:
<p>The SOI should include the immediate actions Watercare is taking to maintain the security of water supply through to the end of summer 2021</p> <p>Watercare should include a standalone section with the short-term strategy and actions to maintain the security of water supply through to the end of summer 2021. The SOI</p>	<p>A new standalone section has been included on page 6, which sets out how Watercare is increasing supply, reducing demand.</p>

Watercare specific feedback from the Shareholder	Proposed Watercare Response:
<p>is a public document, and the security of supply is Watercare's highest short-term priority.</p> <p>That should include all measures to increase the supply of drinking water and reduce demand and an urgent review of Watercare's Drought Management Plan.</p>	<p>The Chair's letter now includes the statement</p> <p><i>Ahead of summer, Watercare Management will work with Council officers to review the drought management response, being the various stages of water use restrictions and how the various stages may affect both residential and commercial Aucklanders.</i></p>
<p>The SOI should acknowledge that the resilience Aucklanders expect from their water network is a strategic issue and will be part of Auckland's water strategy which means it is the council's decision, with input from Watercare and in consultation with Aucklanders</p> <p>The council has made some progress on a water strategy, releasing a discussion document in 2018. To complete it, the council and Watercare will need to collaborate and share information, as well as iwi and other entities such as the Waikato River Authority. The strategy will need to make choices about:</p> <ul style="list-style-type: none"> - desired long-term outcomes, for example: what type of 'water city' Auckland will be, resilience to droughts and other climate risks, and the environmental outcomes Aucklanders want to see - pathway to achieving these outcomes, for example: the types of water sources Auckland will rely on in the future, how environmental challenges will be met, tools to influence demand including the price of water (the strategy should allow the council to play an influencing role in setting the price for water) performance measures and targets. <p>How the SOI should change</p> <p>Page 3 says, "...a major focus for Watercare over the next few years will be consulting with Auckland Council, central government, iwi and customers on sustainable water resources in the immediate and mid-term." The use of 'consulting with' gives the impression that Watercare intends to plan for new sources independently rather than in collaboration with the council.</p> <p>The SOI should instead state that Watercare's planning for future water sources and asset management plan will implement the council's water strategy, including an outcome resilience.</p>	<p>The Chair's letter now says:</p> <p><i>The Watercare Board is committed to working collaboratively and sharing information with Council's Governing Body, iwi and other entities, such as the Waikato River Authority, to continue to progress the development Auckland's water strategy. Watercare's planning for future water sources and asset management plan will implement Council's water strategy, any new levels of service defined by Council's new water strategy (for more information on our current levels of service, see page the Assets and Infrastructure Section).</i></p>
<p>Page 16 of the SOI says Watercare "will continue to notify Council of any substantive changes made to our AMP outside of the annual updates provided."</p>	<p>The Chair's letter now says:</p>

Watercare specific feedback from the Shareholder	Proposed Watercare Response:
Watercare will update its asset management plan in late 2020 for next year's 10-year budget. Depending on the timing of the council's water strategy, there may need to be another update of Watercare's asset management plan later in 2021 to ensure that it gives effect to the water strategy (in line with section 92(2) of the Local Government (Auckland Council) Act 2009, which requires a CCO to "act consistently" with a strategy of the council).	<i>Depending on the timing of Council's water strategy, we will, if necessary, update our asset management plan to give effect to Council's new water strategy.</i>
<p>The SOI should include a review of the Auckland Water Efficiency Strategy</p> <p>The SOI should refer to the Auckland Water Efficiency Strategy 2017 – 2020 and the need to update this strategy</p>	<p>The Chair's letter now says:</p> <p><i>We will also update and release a new Water Efficiency Strategy covering the period 2020-2025</i></p>
<p>The SOI should acknowledge that any new revenue opportunities will need to be approved by the council until Watercare prepares a risk framework which the council approves</p> <p>Because of the council's current financial position after COVID-19, more revenue would reduce the pressure on the council group's ratio of debt to revenue. However, in its current form, the SOI does not give the council enough oversight of the risk Watercare could be exposed to in any new commercial activities, including possible arrangements with other councils. The SOI states that it will keep the council informed on a no-surprises basis, but there appears to be no role for the council to set its appetite for risk.</p> <p>Therefore, until Watercare prepares a risk framework which the council is satisfied with, the default risk level would be set at low which would mean that the Governing Body would need to endorse most commercial arrangements</p>	<p>The Chair's letter now includes the following sentence:</p> <p><i>Watercare acknowledges that, as requested, any new revenue opportunities will need to be endorsed by Council, until Watercare prepares a risk framework that has been approved by Council.</i></p>
<p>Watercare should promote public awareness of the help available to customers experiencing hardship, and review the arrangements during 2020/2021</p> <p>There will be more people experiencing hardship from the economic impacts of COVID-19. Watercare should promote the Water Utility Consumer Assistance Trust more, including through social media channels, and increase funding to the trust. Watercare should also plan to review the trust during the coming financial year with a particular focus on how effective the trust is for Māori and Pasifika.</p>	<p>The Customer and Stakeholder section now includes the following sentence:</p> <p><i>In response to Covid-19, Watercare has started working with the Water Utility Consumer Assistance Trust to increase funding to the Trust for customers facing financial hardship. We are also exploring extending the Trust to small businesses, many of whom have been negatively impacted by Covid-19. Finally, over the coming year, we will review the Trust's effectiveness and how easy it is to access the Trust's funding, with a particular focus on how effective the trust is for Māori and Pasifika.</i></p>
<p>There is a difference between the carbon emission reduction targets of Watercare and the council</p> <p>The SOI contains a long-term target of reducing Watercare's carbon emissions by 45 per cent by 2030. In March 2020, the council agreed to an interim target for the Auckland region of 50 per cent reduction by 2030 and achieving net zero emissions by 2050.</p>	<p>The Chair's letter now includes the following sentence:</p> <p><i>We annually review our Climate Change Strategy, and this year, our review will ensure the Strategy and targets are aligned with Te Tāruke-ā-Tāwhiri: Auckland's Climate Action Plan (ACAP).</i></p>

Watercare specific feedback from the Shareholder	Proposed Watercare Response:
When Watercare sets its short-term targets for 2021/2022, it should consider the contribution to the region's interim 2030 and longer-term 2050 targets and should also consider revising its 2030 target to align with the region's ambitions	<p>In the Natural capital section, the following sentence now includes extra wording as shown below:</p> <p><i>A fourth value stream, Mitigation, focuses on delivery of five portfolios of work to meet the net-zero emission target by 2050 and the target of 45% reduction in operational emissions by 2030. This target is likely to be strengthened to align with the ACAP. A review of the baseline will take place to account for international changes in wastewater process emission measurement.</i></p> <p>The Greenhouse Gas emission target in the Natural Capital section also now says <i>These targets will consider the contribution to the region's interim 2030 and 2050 targets.</i></p>

General Shareholder Comments	Proposed Watercare Response:
<p>In completing the final SOI, Watercare should ensure that the financial information is agreed with council staff and includes the following:</p> <ul style="list-style-type: none"> - 2018/2019 actual results - 2019/2020 long-term plan (LTP) budget, updated for any carry-forwards from 2018/2019 and any other agreed changes - 2020/2021 budget consistent with annual plan submission to council - 2021/2022 and 2022/2023 LTP budget, updated for any changes agreed as part of the 2020/2021 Annual Plan - a breakdown by activity as in the LTP - agreed non-strategic asset sales targets. <p>In addition, performance measures should align with the LTP. CCOs should ensure that in the final documents:</p> <ul style="list-style-type: none"> - LTP measures are clearly identified - Measures and targets are worded exactly as in the Annual Plan 2020/2021 - Where there are any proposed new COVID-19 affected targets, a clearly identified additional column is provided in addition to the original targets. - 2018/2019 actual performance is included alongside 2019/2020 and the next three years' targets. These should be updated for 	<p>Schedule 1's financial information of the draft SOI includes:</p> <ul style="list-style-type: none"> - 2018/2019 actual results - 2019/2020 long-term plan (LTP) budget, updated for any carry-forwards from 2018/2019 and any other agreed changes - 2020/2021 budget consistent with annual plan submission to council - 2021/2022 and 2022/2023 LTP budget, updated for any changes agreed as part of the 2020/2021 Annual Plan - a breakdown by activity as in the LTP - agreed non-strategic asset sales targets for 2020/2021. <p>Changes have been made to the draft SOI for the agreed effect of the Covid-19 and drought responses.</p> <p>The performance measures align with the LTP and include additional new performance measures.</p> <ul style="list-style-type: none"> - The LTP measure is clearly identified. - The measures and targets are worded exactly as in the Annual Plan - There are no Covid-19 affected targets - 2018/2019 actual performance is included alongside the 2019/2020 Target, and the next three year's targets where applicable.

General Shareholder Comments	Proposed Watercare Response:
any changes agreed as part of the Annual Plan 2020/2021.	
The final SOI financial tables must be updated for any material impacts of the revised assumptions issued by the council's Financial Planning team on 10 June 2020, as well as any changes agreed through the Governing Body workshops between 22 June to 14 July 2020 and Finance and Performance Committee decisions made on 16 July 2020. CCOs should agree all financial tables with Financial Planning prior to finalisation	Schedule 1's financial information has been updated for the material impact of revised assumptions and changes agreed between the Governing Body and Watercare Board. The draft financial tables have been provided to Council's Financial Planning team, pending final approval by Watercare's Board at their meeting on 28 July 2020.
There is a target of \$5 million savings factored into the Emergency Budget above the savings already identified, so all CCOs need to find savings across the Council Group through greater use of shared services. For example, corporate shared services provide an opportunity to reduce the overall operating cost for the Council Group. There are areas across the corporate functions where this is already providing benefits such as print, mail, courier services and fleet. CCOs should support further work on corporate shared services, including reviewing the opportunity to move to a centrally managed corporate property portfolio.	Appendix B of the Governance Section already includes the following sentence: We also commit to consider, where appropriate, different approaches to core systems and business processes, shared back-office delivery and alignment with the Council group's investment.
The Council Group is currently developing new key performance indicators (KPIs) relating to engagement with Māori and contributions to Māori outcomes. The final SOI should therefore include a statement to indicate that Watercare will update its existing measure relating to Māori engagement and add any new ones, once this work is complete.	The Maori engagement and outcomes SOI now includes a proviso that reads as follows: <i>*The Council Group is currently developing new Key Performance Indicators (KPIs) relating to engagement with Maori and contributions to Maori outcomes. Watercare will update this measure in future SOIs align with the Council Group's KPIs, once this work is complete.</i>
Finally, the recovery from the COVID pandemic creates a degree of uncertainty regarding the council's group revenue over the coming year. If revenue recovers quicker than currently forecast there may be more ability to invest in capital projects. Council will review the group's capital programme later this calendar year to determine if more investment is possible and if so, what are the priorities for any investment.	No change required.

8.2

2.4 We have included draft financial projections in the revised SOI, which are to be reviewed and approved by the board at the 28 July 2020 closed session

The final draft SOI financials will be tabled with the Board for approval at the 28 July 2020 closed session. These financials include the estimated financial impact of Watercare's Covid-19 response, approved at the 28 April 2020 board meeting, and the drought response, detailed in a Board paper being presented to the Board in the confidential session on 28 July 2020.

There is a flow-on effect to finance costs, depreciation and income tax. These adjustments form the basis of the SOI financials included in the new version of the 2020/23 SOI for the three years, 2020-21, 2021-22 and 2022-23.

2.5 We have drafted a cover letter to the Mayor

Appendix D is a draft letter to the Mayor which will be sent with the SOI 2020-2023.





18 December 2019

Margaret Devlin
Chair
Watercare Services Limited

By email

Tēnā koe Margaret

Letter of expectations for 2020-2023

This letter of expectations sets out the council's priorities and expectations to inform the development of Watercare Services Limited's draft Statement of Intent (SOI) for 2020-2023.

It sets out general expectations across the group, and key strategic expectations for Watercare Services Limited (Watercare).

i. General expectations and priorities

Context for 2020/21 Annual Budget

The adoption of the 10-year budget 2018-2028 sets a significant agenda for the council group to deliver. It includes a substantial programme of infrastructure investment, set in the backdrop of major population growth, while also focussing on sustaining and enhancing Auckland's environment.

Council expects the CCOs to continue to deliver on the strategic priorities and key projects/activities as set out in the 10-year budget 2018-28 and reflected in the current annual budget. For the 2020/21 Annual Budget, CCOs should be cognisant of the following:

- The council group should stay focused on delivering capital projects and services for Auckland
- Renewing the drive for efficiency and value for money
- Start taking early actions within the current remit and fiscal constraint to act on the climate emergency declared in June 2019 and contribute towards our 1.5°C target for the region, with a view to making more substantive decisions through the next 10-year Budget
- There is limited capacity for any new cost pressures, new funding requests or unforeseen events.

Council expects draft 2020/21 SOIs to be consistent with the relevant aspects of the Mayor's proposal for the 2020/21 Annual Budget.

Preparation for the 10-year Budget 2021-31

In addition to delivering key projects and activities in the 2020/2021 financial year, it is expected that each CCO will undertake sufficient work to prepare for political decision-making as part of the 10-year Budget 2021-2031. This includes both:

- Responding to political direction on key changes proposed by the Mayor of Auckland and the Governing Body
- Undertaking comprehensive reviews of asset management plans, performance trends, budgets and fee setting.

As part of the work on asset management plans, CCOs are expected to not only follow best practice asset planning process, but to also do so in a highly transparent manner.

Specifically, it is expected that in the first half of calendar 2020, each CCO will share key information with the Governing Body on asset condition, renewals planning, maintenance and renewals procurement, asset-related cost trends and asset planning for growth.

Climate change

Addressing the challenges that climate change presents for Auckland continues to be a priority for the council group. This was highlighted in the council's declaration of a climate emergency, commitment to a 1.5°C target for the region and the ongoing work on Te Tāruke-ā-Tāwhiri: Auckland's Climate Action Framework (ACAF).

Council expect CCOs' statements of intent to outline how they will continue to support the achievement of these regional climate commitments and support the ongoing development and delivery of Te Tāruke-ā-Tāwhiri. Whilst CCOs are at various stages of development in their climate action planning and implementation, council expects that CCOs will also participate in efforts across the council group to coordinate initiatives and responses to climate change.

Auckland Council reports to committees now require inclusion of a mandatory climate change impact statement. CCO SOIs should address how climate change impacts are being considered in the decision-making processes of their CCO.

Māori outcomes

Māori responsiveness has been an important journey for the council group. While there has been progress in building internal capability, it is harder to see where there has been progress against a coordinated work programme that delivers for Māori. For this reason, the focus is now changing from a Māori Responsiveness lens to a Māori Outcomes lens.

During the 10-year Budget 2018-28, long-term outcomes were set by the Governing Body and the strategic direction set by the council group Chief Executives and the Chief Executive of the Independent Māori Statutory Board. The council expects CCOs to contribute to the Māori outcomes portfolio (Te Toa Takitini) and the council group Tiriti o Waitangi Audit response as an integral part of their work programme. The council also expects draft 2020/21 SOIs to reflect any new Māori outcomes portfolio programmes that have been allocated funding for implementation from 1 July 2020.

Group approach

It is council's expectation that CCOs will always act consistently with group policies, and while operationally independent, will be aware at all times the decisions they take reflect back on the reputation of council. In this regard council expects strong and clear communication, no surprises and a group approach at all times.

Contained in the CCO Governance Manual, the no surprises policy states that CCOs must ensure that elected members (via the Mayoral Office, Auckland Council Chief Executive and/or CCO Governance, as appropriate) are kept informed well in advance of anything that could be potentially contentious or reported in the media, whether or not the issue is covered by the SOI or

legislation. The policy highlights the issues that should be raised with council, including such matters as potential/actual litigation by or against a CCO, its directors or employees.

CCO review

Council has initiated a process to review the CCO model's effectiveness in delivering services for Aucklanders. The terms of reference for the review were endorsed by the Governing Body on 26 November 2019. The review will be led by an independent panel. Council expects CCOs will prioritise input and appropriately support this process and respond to any requests for information in a timely manner.

It is acknowledged that a review of this nature can create uncertainty for CCOs. It is intended that the review is completed without undue delay. During this period council expects CCOs to continue to ensure a stable level of service delivery to Aucklanders.

It is proposed the panel will deliver a final report with recommendations to the Governing Body by July 2020. The Governing Body will consider and make decisions on the report's recommendations. If required, the Governing Body will carry out public consultation on any proposals as part of the Auckland Council 10-year budget process.

CCO Oversight Committee work programme

CCOs will be aware that in the committee structure for this term, council has established a CCO Oversight Committee, which is chaired by Deputy Mayor Bill Cashmore. This committee has, amongst other matters, responsibility for approving CCO SOIs, and monitoring the performance of CCOs and other entities in which the council has an equity interest.

The committee is still finalising its work programme for 2020 but the intent is for a rolling programme of workshops in addition to committee meetings. CCOs will be invited to these workshops, with the focus on discussing priority issues identified by the committee. Staff will engage with CCOs on these topics in the New Year.

Water quality – for Auckland Transport and Watercare

Addressing water quality issues continues to be a top priority for the council. The government has also prioritized this, announcing an ambitious programme of reform with a focus on improved water quality outcomes, including a revised National Policy Statement on Freshwater Management and a National Environment Statement on Freshwater Management, both of which are likely to be finalised by mid-2020. This will have implications for members of the council group, and the council expects CCOs to be fully involved in the group's planning and subsequent implementation, in order to contribute to improved water quality outcomes.

ii. Specific expectations of Watercare for 2020-2023

The specific expectations that Watercare should reflect in its SOI are outlined below.

Watercare should continue to implement, with Healthy Waters, the Western Isthmus Water Quality Improvement Programme to reduce wastewater overflows into the Waitematā Harbour and reduce stormwater entering the wastewater network.

Watercare should continue to keep a tight focus on ensuring that its heavy programme of capital development, including the Central Interceptor, run on time and to budget.

Watercare should also continue the implementation of its climate change strategy and should include an appropriate performance measure as discussed in last year's statement of intent process.

Watercare is continuing to explore other external revenue sources; through the development of the statement of intent, Watercare should work with the council to establish the reporting and any risk parameters that are appropriate to enable this activity whilst ensuring adequate accountability.

Council looks forward to receiving a draft of Watercare's Statement of Intent by 1 March 2020. Council expects your draft SOI will reflect, where relevant, the changes to SOI sections and Schedule 8, as set out in the Local Government Act 2002 Amendment Act 2019.

Staff are available to expand or explain aspects of this letter if required. Please contact Alastair Cameron, Manager CCO Governance and External Partnerships (alastair.cameron@aucklandcouncil.govt.nz) to discuss.

Please do not hesitate to take opportunities to seek face-to-face conversations as the SOI develops, so that the draft SOI is as fully developed as possible.

Yours sincerely

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

Phil Goff
MAYOR OF AUCKLAND

cc: Raveen Jaduram, Chief Executive Watercare Services Limited
Alastair Cameron, Manager CCO Governance and External Partnerships



1 July 2020

Margaret Devlin
Chair
Watercare Services Limited

By email

Tēnā koe Margaret

8.2

Shareholder comments on Watercare Services Limited's draft Statement of Intent 2020-2023

Thank you for providing Watercare Services Limited's (Watercare) draft Revised Statement of Intent 2020 – 2023 (SOI) to Auckland Council. The Governing Body considered it at its 25 June 2020 meeting.

Auckland Council acknowledge the contribution Watercare has made to the council's preparation of the Emergency Budget whilst continuing to respond to Auckland's most severe drought on record.

The Governing Body resolved to grant all the Council Controlled Organisations (CCO) an extension of time until 31 July 2020 to complete the final SOI. This is in accordance with the Local Government Act, Schedule 8, Clause 4.

The draft Watercare SOI responds well to the letter of expectations. The Governing Body agreed comments which are specific to Watercare and general comments that relate to each CCO. Staff from Watercare should work with council staff to ensure that these comments and any minor editorial changes are reflected in the final statement of intent.

Specific shareholder comments

The SOI should include the immediate actions Watercare is taking to maintain the security of water supply through to the end of summer 2021

Watercare should include a standalone section with the short-term strategy and actions to maintain the security of water supply through to the end of summer 2021. The SOI is a public document, and the security of supply is Watercare's highest short-term priority. That should include all measures to increase the supply of drinking water and reduce demand and an urgent review of Watercare's Drought Management Plan.

The SOI should acknowledge that the resilience Aucklanders expect from their water network is a strategic issue and will be part of Auckland's water strategy which means it is the council's decision, with input from Watercare and in consultation with Aucklanders

The council has made some progress on a water strategy, releasing a discussion document in 2018. To complete it, the council and Watercare will need to collaborate and share information, as well as iwi and other entities such as the Waikato River Authority.

The strategy will need to make choices about:

- desired long-term outcomes, for example: what type of 'water city' Auckland will be, resilience to droughts and other climate risks, and the environmental outcomes Aucklanders want to see
 - a pathway to achieving these outcomes, for example: the types of water sources Auckland will rely on in the future, how environmental challenges will be met, tools to influence demand including the price of water (the strategy should allow the council to play an influencing role in setting the price for water)
- performance measures and targets.

How the SOI should change

Page 3 says, "...a major focus for Watercare over the next few years will be consulting with Auckland Council, central government, iwi and customers on sustainable water resources in the immediate and mid-term." The use of 'consulting with' gives the impression that Watercare intends to plan for new sources independently rather than in collaboration with the council.

The SOI should instead state that Watercare's planning for future water sources and asset management plan will implement the council's water strategy, including an outcome resilience.

Page 16 of the SOI says Watercare "will continue to notify Council of any substantive changes made to our AMP outside of the annual updates provided."

Watercare will update its asset management plan in late 2020 for next year's 10-year budget. Depending on the timing of the council's water strategy, there may need to be another update of Watercare's asset management plan later in 2021 to ensure that it gives effect to the water strategy (in line with section 92(2) of the Local Government (Auckland Council) Act 2009, which requires a CCO to "act consistently" with a strategy of the council).

The SOI should include a review of the Auckland Water Efficiency Strategy

The SOI should refer to the Auckland Water Efficiency Strategy 2017 – 2020 and the need to update this strategy.

The SOI should acknowledge that any new revenue opportunities will need to be approved by the council until Watercare prepares a risk framework which the council approves

Because of the council's current financial position after COVID-19, more revenue would reduce the pressure on the council group's ratio of debt to revenue. However, in its current form, the SOI does not give the council enough oversight of the risk Watercare could be exposed to in any new commercial activities, including possible arrangements with other councils. The SOI states that it will keep the council informed on a no-surprises basis, but there appears to be no role for the council to set its appetite for risk.

Therefore, until Watercare prepares a risk framework which the council is satisfied with, the default risk level would be set at low which would mean that the Governing Body would need to endorse most commercial arrangements.

Watercare should promote public awareness of the help available to customers experiencing hardship, and review the arrangements during 2020/2021

There will be more people experiencing hardship from the economic impacts of COVID-19. Watercare should promote the Water Utility Consumer Assistance Trust more, including through social media channels, and increase funding to the trust.

Watercare should also plan to review the trust during the coming financial year with a particular focus on how effective the trust is for Māori and Pasifika.

There is a difference between the carbon emission reduction targets of Watercare and the council

The SOI contains a long-term target of reducing Watercare's carbon emissions by 45 per cent by 2030. In March 2020, the council agreed to an interim target for the Auckland region of 50 per cent reduction by 2030 and achieving net zero emissions by 2050.

When Watercare sets its short-term targets for 2021/2022, it should consider the contribution to the region's interim 2030 and longer-term 2050 targets and should also consider revising its 2030 target to align with the region's ambitions.

8.2

General shareholder comments

In completing the final SOI, Watercare should ensure that the financial information is agreed with council staff and includes the following:

- 2018/2019 actual results
- 2019/2020 long-term plan (LTP) budget, updated for any carry-forwards from 2018/2019 and any other agreed changes
- 2020/2021 budget consistent with annual plan submission to council
- 2021/2022 and 2022/2023 LTP budget, updated for any changes agreed as part of the 2020/2021 Annual Plan
- a breakdown by activity as in the LTP
- agreed non-strategic asset sales targets.

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

- LTP measures are clearly identified
- Measures and targets are worded exactly as in the Annual Plan 2020/2021
- Where there are any proposed new COVID-19 affected targets, a clearly identified additional column is provided in addition to the original targets.
- 2018/2019 actual performance is included alongside 2019/2020 and the next three years' targets. These should be updated for any changes agreed as part of the Annual Plan 2020/2021.

The final SOI financial tables must be updated for any material impacts of the revised assumptions issued by the council's Financial Planning team on 10 June 2020, as well as any changes agreed through the Governing Body workshops between 22 June to 14 July 2020 and Finance and Performance Committee decisions made on 16 July 2020. CCOs should agree all financial tables with Financial Planning prior to finalisation.

There is a target of \$5 million savings factored into the Emergency Budget above the savings already identified, so all CCOs need to find savings across the Council Group through greater use of shared services. For example, corporate shared services provide an opportunity to reduce the overall operating cost for the Council Group. There are areas across the corporate functions where this is already providing benefits such as print, mail, courier services and fleet. CCOs should support further work on corporate shared services, including reviewing the opportunity to move to a centrally managed corporate property portfolio.

The Council Group is currently developing new key performance indicators (KPIs) relating to engagement with Māori and contributions to Māori outcomes. The final SOI should therefore include a statement to indicate that Watercare will update its existing measure relating to Māori engagement and add any new ones, once this work is complete.

Finally, the recovery from the COVID pandemic creates a degree of uncertainty regarding the council's group revenue over the coming year. If revenue recovers quicker than currently forecast there may be more ability to invest in capital projects. Council will review the group's capital programme later this calendar year to determine if more investment is possible and if so, what are the priorities for any investment.

We look forward to receiving the final statement of intent by 31 July 2020.

Ngā mihi



Phil Goff
MAYOR OF AUCKLAND



Bill Cashmore
CHAIR CCO OVERSIGHT COMMITTEE

Copy to: Councillor Desley Simpson, Chair, Finance and Performance Committee
Councillor Richard Hills, Chair, Environment and Climate Committee
Councillor Alf Filipaina, Chair Parks, Arts, Community and Events Committee
Councillor Chris Darby, Chair, Planning Committee
Patricia Reade, Acting Chief Executive, Auckland Council
Raveen Jaduram, Chief Executive, Watercare Services Limited

Appendix C: Final draft revised SOI

8.2

Statement of Intent 2020 to 2023



He mihi

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

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

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

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

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

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

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

8.2

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Message from the Chair of Watercare Services Limited

As a Council-controlled organisation (CCO) providing lifeline services to Auckland, Watercare Services Limited (Watercare) works hard to gain and sustain the trust of the communities we serve. We do this in numerous ways – by delivering safe and high-quality drinking water and wastewater services every day; by being effective in managing assets worth more than \$10 billion; and by engaging with our communities on the things that matter to them.

Auckland is going through significant change including rapid population growth, changing customer and community expectations, and the potential impacts of climate change. The current severe drought may be an indicator of what the future climate may be like for Auckland. As New Zealand's largest water utility serving more than one-third of the country's population, we have a responsibility to the community and the environment to plan for and address these issues effectively. We will do this by leveraging our industry expertise, demonstrating our leadership in sustainable development and transforming our capacity and capability.

Watercare is dealing with the dual challenges of Covid-19 and one of the severest droughts on record.

The Covid-19 crisis has shown us that we can weather situations such as a pandemic, while continuing to operate and provide essential water and wastewater services to Auckland. However, the full extent of the impact of Covid-19 has yet to be realised. We will keep a watching brief on the possible impact on growth.

The impacts of climate change and how much resilience Aucklanders expect from their water network will be an ongoing challenge for us and we have more work to do in this space. We are planning and working for today's Auckland as well as the Auckland of the future. tomorrow's New Zealand.

Our strategic priorities for 2020-2023

Watercare is dealing with arguably the most severe drought in Auckland in living memory. We will therefore continue to be focussed on our drought response over the coming months and years, including working closely with Auckland Council in developing an efficient and sustainable climate-resilient water and wastewater network.

New Zealand and the Auckland region are also undergoing a major reset, post Covid-19. We are acutely aware that this is having a very significant impact on the Auckland Council group's forecasts. In this regard, Watercare can confirm that this SOI aligns with the Auckland Council's Emergency Budget for 2020/2021; and prudent financial management will continue to be exercised across every aspect of Watercare's operations.

In relation to the four Watercare strategic priorities listed in the Mayor's Letter of Expectation:

- We will continue to implement, together with Council's Healthy Waters, the Western Isthmus Water Quality Improvement Programme to reduce stormwater from entering the wastewater network and to reduce wastewater overflows into the Waitematā Harbour. We will also continue to proactively engage with the wider community on this very important programme (refer to pages 14-16).
- We will continue to keep a tight focus on ensuring that our substantial programme of capital development, including the Central Interceptor, stays on schedule and on budget (refer to pages 9, 15, 16 and 20 as well as Appendices A and F). Between 2019 and 2028 Watercare will invest more than \$1.9 billion on expanding and upgrading our water network and \$3.6 billion on our wastewater network. These projects will improve resilience within the existing network and cater to a growing Auckland.
- We will continue with the implementation of our Climate Change Strategy and for this SOI, we have included a climate-change related performance measure. The baseline will be established by 30 June 2021, with targets set and reported on for the 2021/2022 financial year (refer to pages 7-9).
- We are continuing to explore other external revenue sources, including commercial arrangements and other funding sources which are in the best interests of the Council group, without compromising service delivery for Aucklanders or the delivery of priorities for the Auckland region, nor requiring any subsidy from Auckland customers (refer to pages 20-21). Watercare acknowledges that, as requested by Council, any new revenue opportunities will need to be endorsed by Council, until Watercare prepares a risk framework that has been approved by Council.

A focus on delivering for growth with future-fit infrastructure

One of Watercare's top priorities is to meet the demands of the growth occurring in, and planned for, Auckland without compromising quality, efficiency or the environment. Water demand is forecast to outstrip current supply within 8 years, which means we are already underway with planning additions to our existing water supplies. As Auckland grows, we are continually upgrading and extending our core water and wastewater infrastructure – all while maintaining the thousands of kilometres of existing pipes, and pump stations and plants.

Our Asset Management Plan (AMP) outlines how we will operate, maintain and renew existing water and wastewater assets and provide new assets, on time, to specification and on budget, to meet demand as Auckland grows. The AMP has a 20-year horizon and is a future-focused planning document, aligned with the strategic direction set by Council. Watercare continues to undertake comprehensive reviews of the AMP, performance trends, budgets and fees. We will follow best-practice asset planning processes and do so in a highly transparent manner.

Our Enterprise Model for delivering capital programmes will leverage the scale of this forward works programme to deliver more sustainable, cost-efficient infrastructure in a safer way.

Investment in our significant capital programme will help support economic activity and job creation in Auckland. Our capital programme could also be expanded should central Government select some of the ten "shovel ready" projects Watercare submitted to Crown Infrastructure Partners in April 2020 in response to the Covid-19 crisis.

Tackling climate change impacts

Climate change is one of the largest challenges that we face as a water utility. Its effects can include temperature increases, drought, increased frequency of severe storm events, salinity of groundwater and rivers, and rising sea levels. Every aspect of our operations is potentially impacted by these effects right from the planning and design of our infrastructure, to the way raw water is sourced and treated, how wastewater is treated and discharged, and the changing demand patterns of our customers.

The ongoing drought impacting Auckland's water storage levels is a stark example of the impact of climate change as these events are forecasted to become more frequent in the future. We entered the 2019/20 summer with the water storage lakes 89% full, normal for the time of the year. Since the start of the year Auckland's water storage dams have received just one-third of the normal rainfall. Water usage by Aucklanders reached record levels. We have been maximising production at our Waikato and Onehunga water treatment plants which rely on a river and aquifer source, respectively since the middle of 2019. The drought management plan is being implemented with stage one of water use restrictions effective from mid-May 2020. Ahead of this summer, Watercare Management will work with Council officers to review the drought management response, being the various stages of water use restrictions and how the various stages may affect both residential and commercial Aucklanders.

Watercare will continue to take early action within the current remit and fiscal constraint to act on climate change and contribute towards the Auckland regional target to limit global warming to 1.5°C

In 2019, we launched our first Climate Change Strategy. This sets out our future direction as we embark on a journey to operate a low-carbon company that is resilient to climate change impacts. The strategy establishes two ambitious targets for emissions reductions from our operations that align with keeping the global temperature increase within 1.5°C:

- Net-zero emissions by 2050
- Reduce operational greenhouse gas emissions by 45% by the year 2030

Our Climate Change Strategy covers specific actions that we will take immediately and establishes a pathway of monitoring and understanding between now and 2025. This is so that we can adapt to the changing climate based on evolving data and projections. We have developed a work plan that consists of four value streams across both adaptation and mitigation (refer to pages 7-8).

We annually review our Climate Change Strategy, and this year, our review will ensure the Strategy and targets are aligned with Te Tāruke-ā-Tāwhiri: Auckland's Climate Action Plan (ACAP).

Water quality

Addressing water quality issues continues to be a top priority for Watercare. The company is closely monitoring the reform of the water sector by central government, including the proposed introduction of a water services regulator, as well as the revised National Policy Statement on Freshwater Management and a proposed National Environment Statement on Freshwater Management. We will co-ordinate with the Council group in the planning and subsequent implementation of any changes that will contribute to improved water quality outcomes for Tāmaki Makaurau.

Māori outcomes – working with tangata whenua (Māori)

Watercare will continue our work with the Te Toa Takitini executive leadership group to lead and influence better outcomes for Māori in Tāmaki Makaurau by focusing on the four Māori Outcomes Priorities agreed in the 10-year Budget 2018–2028. Our work in this area contributes to kaitiakitanga (guardianship) outcomes (particularly water) and marae development (including water and wastewater infrastructure). We also continue to support Council's Te Reo Māori Strategy. The Mana Whenua Kaitiaki Forum – Managers Group, which was initiated by Watercare over eight years ago, continues to build understanding and enhanced interrelationship between mana whenua and Watercare.

Working with Council

As Auckland's water and wastewater services provider, Watercare continues to work closely with Council to ensure that the city's vision is achieved. Our board welcomes the opportunity to work with the new CCO Oversight Committee, including the Liaison Councillor. Watercare will fully support the CCO review process.

Auckland's water strategy, and the resilience Aucklanders expect from their water network, is a strategic issue to be agreed with Council. The Watercare Board is committed to working collaboratively and sharing information with Council's Governing Body, iwi and other entities, such as the Waikato Regional Council and Waikato River Authority, to continue to progress the development of Auckland's water strategy. Watercare's planning for future water sources and asset management plan will implement the water strategy, and any new levels of service defined by Auckland's new water strategy (for more information on our current levels of service, see page the Assets and Infrastructure section).

Depending on the timing of Auckland's water strategy, we will, if necessary, update our asset management plan to give effect to the new water strategy.

This Statement of Intent (SOI) sets out Watercare's response to the Mayor's Letter of Expectation. Following the principles of integrated reporting, this SOI highlights the various initiatives on which we are collaborating with the Council group. The SOI is divided into our six capitals (Natural Environment, People and Culture, Customer and Stakeholder Relationships, Assets and Infrastructure, Intellectual Capital, and Financial Capital and Resources), and reaffirms our continued commitment to working with Council and other infrastructure providers to enable collective and effective action in addressing the challenges of catering for Auckland's growth in a sustainable and responsible way.

MARGARET DEVLIN

Chair

Our purpose: *Our services are vital for life, keep people safe and help communities to flourish*

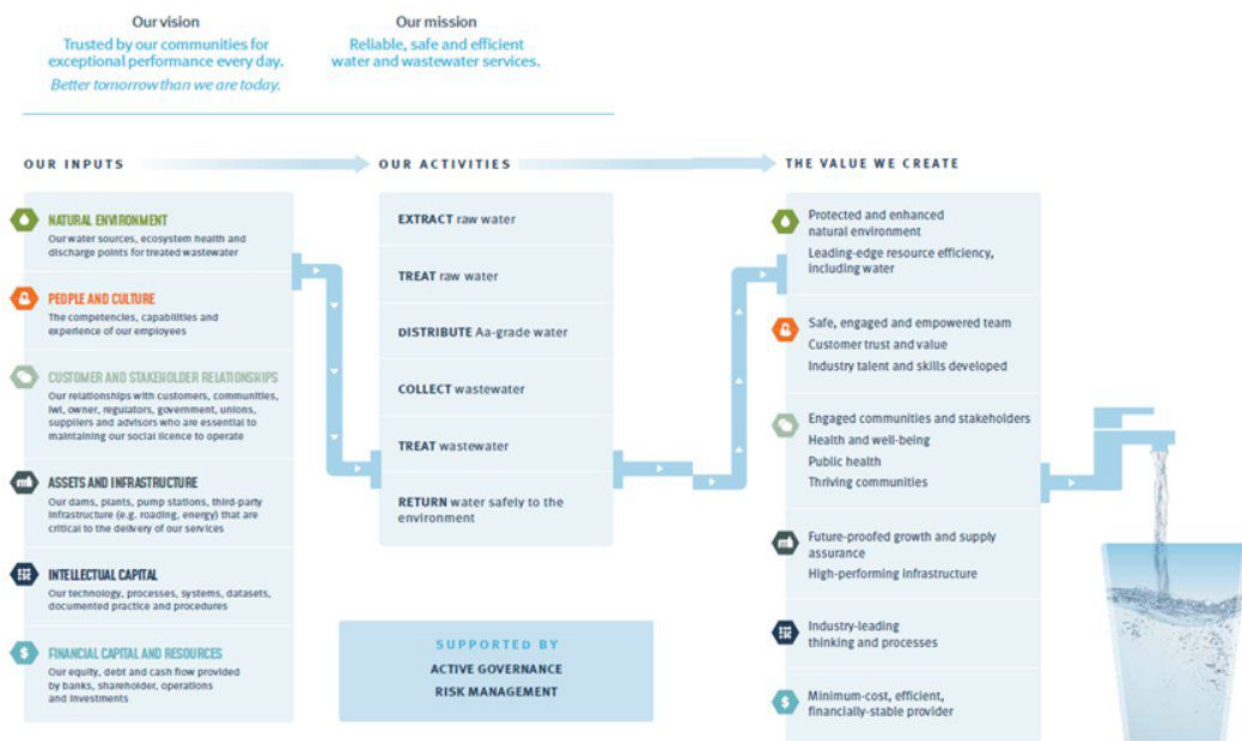
Watercare is a lifeline utility providing water and wastewater services to 1.7 million people in Auckland. We supply reliable, high-quality drinking water to homes and businesses in the Auckland region and collect, treat and manage their wastewater in environmentally-responsible ways.

We manage water and wastewater assets worth more than \$10 billion and plan and build infrastructure to ensure we support growth today and into the future.

We are a Council-controlled organisation (CCO), fully owned by Auckland Council. Our services and programmes are financed through user charges and borrowings. We are required by law to be a minimum-cost, cost-efficient service provider to our customers (collectively) and we do not pay a dividend to our shareholder. The way we manage and measure our performance is detailed in Appendix B and our legislative framework is summarised in Appendix C.

We apply the integrated reporting <IR> framework in our decision-making and reporting. Our <IR> approach focuses on how we create value through our business activities, focusing on what matters most to our many stakeholders and our company. Our vision, mission and <IR> value creation model is illustrated below.

We will continue to focus our efforts and resources on creating value for our customers and Aucklanders at a time of rapid population growth, climate change and our mandate to be a minimum-cost, cost-efficient service provider.



Watercare's 2020 drought response

Auckland is experiencing a severe, ongoing drought. Since the beginning of November 2019, Watercare's water storage lakes have received 24 per cent less rainfall than normal to 1 July 2020. As the majority of Auckland's water supply is sourced from these lakes, since early February 2020 Watercare has been implementing the Auckland metropolitan drought management plan.

This plan focuses on two aspects: demand management and water supply augmentation.

Demand management: With Auckland's water storage lake levels falling below normal levels, and with further dry weather predicted, Watercare launched the Water is Precious campaign in early February 2020. This campaign called on Aucklanders to make voluntary water savings. As the dry weather continued, the water stored in our dams dropped below 50 per cent for the first time in more than 25 years in May. On 16 May 2020, the call to action strengthened as Stage 1 water use restrictions were implemented. This means residential water users cannot use an outdoor hose or water blaster, and commercial and other non-domestic water users cannot use potable water to operate a car wash, water sports fields, plants or paddocks. They also cannot use an outdoor hose, unless it is for a health, safety, emergency or biosecurity reason. Based on current forecasts, it is predicted that water use restrictions could remain in place until at least Autumn 2021.

Working with Auckland Council, we have supported impacted businesses by providing millions of litres of non-potable water from various sites across Auckland.

Through the above efforts and continued support from both residential and commercial customers, Aucklanders have managed to reduce and maintain demand levels within the target limits set by Watercare's metropolitan drought management plan.

Water supply augmentation: We are maximising production at our existing Waikato and Onehunga water treatment plants, and we are now upgrading these plants to increase production capacity. These plants draw water from the Waikato River, and an underwater aquifer respectively and allow us to reduce the demand on our water storage dams. In addition, at Waikato we are building an additional plant adjacent to the existing plant that will provide an additional 50 MLD by May 2021. This includes increasing the capacity of the current Waikato Pipeline No.1 to 225 MLD. We are also working to return two former water sources – Hays Creek Dam in Papakura and a bore in Pukekohe – in to supply, which will provide additional capacity by December 2020. Planning, consenting and construction on these four projects is progressing at pace, and these projects will provide additional water for the 2020/2021 summer, and will also enhance the recovery in storage levels for winter 2021. Details of these four augmentation projects is set out below.

Project	Details	Additional production
Waikato	Building additional capacity adjacent the existing water treatment plant in Tuakau. This aligns with the long-term strategy for an additional plant adjacent to the existing Waikato WTP.	50MLD by May 2021
Onehunga	Expansion of the existing plant's treatment capacity. The additional volume is typically only available in winter; however, the aquifer is sensitive to rainfall and it is expected that some additional water can be abstracted in summer during rainfall events.	Additional 4 MLD in September 2020
Pukekohe	Activate the Hickeys Springs bore, providing 5 MLD of capacity. The plant will be comprised of two 2.5 MLD package water treatment units.	2.5MLD in August 2020; 2.5MLD in December 2020
Hays Creek	Activate the Hays Creek source and provide three 6 MLD package water treatment units (total 18 MLD). In addition, 7km of network pipe enhancements/upgrades are required to convey the increased flow into the wider system.	6MLD in December 2020, 12 MLD in March 2021

We are taking other actions, such as pursuing water take consent applications lodged with Waikato Regional Council. We are also negotiating with Hamilton City Council around the use of 25MLD allocated to that Council, but not currently used. We are also reducing water pressure to reduce water use, reducing environmental flow releases from Waitakere, Cossey's and Wairoa dams, and increasing proactive leak detection, leak management and network renewals. We are working carefully to ensure that the levels of service are maintained across the network.

NATURAL ENVIRONMENT

Protected and enhanced natural environment, leading-edge resource efficiency.

Watercare's business is intrinsically linked to the environment and climate

The water cycle

Every aspect of our operations is dependent on and impacts the natural environment. We are part of the water cycle, receiving our water from rainfall and rivers, returning highly treated wastewater to Auckland waterways. In a symbiotic relationship, Auckland's water and wastewater services thrive only if the natural environment does. The quality and availability of our source water relies on rainfall and the purity of the natural environment that are the home to our water catchments. We have a duty and imperative to protect our water sources.

Working to enhance where we operate is not new and we continue to make improvements. For example, Watercare bought the cutting rights to 1,900 hectares in the Hūnua ranges and has been planting as many as 300,000 native trees a year to turn this in to a permanent native forest, one of the largest ecological restoration projects in the country. The natural environment ensures a quality water supply, which in turn creates forests and natural habitat for New Zealand ecology. Often this occurs in areas that could have been lost to development had they not hosted the region's water assets.

At the other end of the water cycle, the release of treated wastewater into the environment from our wastewater treatment plants more than meets a range of world-class environmental parameters, as defined in our operating licences. Beyond those, Watercare strives to turn those facilities into positive contributors to their local environment and communities. This is very visible in the Manukau harbour where we have created coastal walkways, bird roosts, and started restoring the mana of Te Motu a Hiaroa (Puketutu Island). We are also leading the understanding of the Harbour dynamics through the funding of research and the creation of hydrodynamic and water quality model. Through this initiative Watercare will create a platform for citizen science and regional partnership.

The cyclic nature of water inspires us to develop a circular vision of our footprint and economy. Just as our water supply catchments have become sanctuaries for wildlife, so too our wastewater treatment plants can become resource recovery factories producing valued outcomes for our communities. We already produce a significant quantity of energy from our two largest wastewater plants. Over the past two years we have created a significant solar energy footprint and we are currently building the country's largest solar array. We are similarly working on producing nutrient rich by-products that can be utilised by the agriculture industry. Through the cycle of Watercare's activities, the reduction of environmental impacts is a key driver for our investment decisions.

As Auckland's commercial and industrial activities increase, and the population continues to grow, managing demand and providing an efficient, affordable and reliable supply will be an ongoing focus.

Looking forward, a changing environment

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

In early 2019, we finalised our Climate Change Strategy, which sets out the future direction for Watercare as we embark on our journey to operate a low-carbon company that is resilient to climate impacts. This strategy covers specific actions that we will take immediately. It also establishes a pathway of monitoring and understanding so that we can adapt to the changing climate based on evolving data and projections.

We are aligned with the most recent science, to keep global warming within 1.5°C, and our targets reflect that. We will continue to work with Council to ensure our strategy complements the regional climate commitments, targets, activities and approach being established by Te Tāruke-ā-Tāwhiri: Auckland's Climate Action Plan (ACAP).

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

Watercare addresses climate change impacts in the decision-making process through various means. For example, climate change impacts are now considered in the design and construction of new assets. The company also uses integrated reporting and integrated decision-making. In late 2019, the Watercare board established a new subcommittee, the Committee for Climate Action, which will assist the board to exercise due care, diligence and effective oversight of all matters relating to actions taken by Watercare to mitigate climate

change and adapt to a changing climate.

Watercare has established a range of climate change targets that give direction to the company in taking responsibility for our impacts and establishing ourselves as a low-carbon company in line with the required ambition of the country and the world. This was initiated in late 2016, when we adopted an Energy Policy that commits Watercare to being net-zero carbon by 2050. This 2050 target mirrors the one legislated for in the Climate Change Response Act 2002, as amended by the “Zero Carbon” Amendment Act. Further Watercare targets for carbon reduction include:

- Reduce energy consumption by 8GWh by 2022 and by 37GWh by 2025
- Reduce infrastructure emissions by 40% by 2025
- Reduce operational emissions by 45% by 2030
- Net-zero emissions by 2050.

Watercare’s Climate Change Strategy Adaptation work plan focuses on the delivery of three value streams by 2025 with the principal aim of ensuring our assets are fit for purpose in a changing climate. This will ensure we can continue to provide exceptional service to customers while minimising exposure to emerging costs. These value streams will focus on improving monitoring protocols, establishing a greater understanding of existing asset resilience and reviewing plans for long-lived assets. A fourth value stream, Mitigation, focuses on delivery of five portfolios of work to meet the net-zero emission target by 2050 and the target of 45% reduction in operational emissions by 2030. This target is likely to be strengthened to align with the ACAP. A review of the baseline will take place to account for international changes in wastewater process emission measurement.

8.2

Our energy journey

As part of our Mitigation programme, Watercare aims to achieve energy neutrality at our Rosedale and Māngere wastewater treatment plants, which are large energy users, by the end of 2025. As part of this, ongoing technology trials at our Māngere Wastewater Treatment Plant included a mini-reactor growing anammox bacteria. This type of bacteria can be used in our biological treatment process to reduce the use of oxygen and carbon, as well as short-cut nitrogen removal in the aeration process, thereby reducing the energy required.

We are on a similar journey at our Rosedale Wastewater Treatment Plant. Here, we are building a thermal hydrolysis facility that will be completed in the next few years. This will allow us to sterilise the biosolids from the treatment process and create fertiliser that can be used for beneficial purposes.

Phase 1 of our Energy programme was to achieve 8GWh of energy savings across Watercare by the end of 2018 focusing on both green energy generation and the adoption of the next-generation wastewater treatment technology to improve treatment efficiency. We did this successfully by bringing together our people and their knowledge: a cross-functional team of process specialists, on-site engineers and the teams on the ground, who are determined to reduce energy costs, utilised their varied expertise and skill sets, identified opportunities and reported on progress. We improved our processes to use less energy by optimising control systems and replacing end-of-life equipment with more energy-efficient alternatives.

For the next phase, our target is to achieve a further 8GWh of energy savings by 2022. Our strategy to achieve this is two-fold: reduction of our current energy use through efficiency and behaviour change as well as increased generation of energy through solar, hydro and biogas.

In 2019, we introduced solar and battery technology at three sites. In 2020, we will install our largest solar facility as a floating array on top of the storage ponds at the Rosedale Wastewater Treatment Plant (*see image of the proposed set-up below*). This array is expected to generate enough power to run the equivalent of 200 New Zealand homes for a year and will be the first of its kind in New Zealand.



8.2

The final piece of the floating solar array at our Rosedale Wastewater Treatment Plant being towed into place

How Watercare is working with Council for effective natural environment outcomes

- We are working with Council on the development of its Auckland's Climate Action Plan (ACAP) to ensure an alignment between target setting, mitigation activities and sharing learnings on a consistent and effective approach to climate change mitigation. This collaboration will help make sure consistency is achieved between the ACAP and Watercare's Climate Change Strategy. Once the ACAP has been agreed, Watercare will include an appropriate climate-change based performance measure that aligns with ACAP's goals.
- We will continue to be supportive of, and collaborate with, Council and Auckland Transport to lead the development of the 10-year project outcomes for the Western Isthmus Water Quality Improvement Programme, including the construction of Watercare's Central Interceptor (encompassing the Grey Lynn Wastewater Tunnel).
- We engaged NIWA to deliver a hydrodynamic and water quality model for the Manukau Harbour. This is an extensive research programme and will provide one of the first 3D models of this kind worldwide. The final model will be delivered during 2020. Watercare has designed this work with collaboration in mind, giving co-ownership of the models to Council. The project management involves Watercare, Healthy Waters, iwi and the Research and Evaluation Unit (RIMU), part of Auckland Council's Auckland Plan, Strategy and Research department. All partners are very satisfied with this united approach. The solid relationship established from this collaborative work is enabling further discussions on improving the quality and efficiency of environmental monitoring in the Manukau Harbour.
- In 2017, Watercare acquired the forestry rights over Council-owned land in the Hūnua Ranges, in the catchment of the water storage reservoirs. We are working closely with Council officers on plans to progressively rehabilitate approximately 1,900 hectares of land back to native forest over a two-to-three-decade programme. A forest management plan will be developed with mana whenua involvement, and regeneration trials are currently being undertaken.
- Watercare will participate in a collaborative process with the Council group to update its strategic planning and meet the requirements of the national policy statements on urban development capacity.

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"> 2020/2021: Complete work on a plan to achieve a 45% reduction in operational emissions by 2030 January 2021: Finalise targets in line with ACAP 1 March 2021: 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 2021: Report on first target and publish targets through to 2024 in the 2021–2024 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 		



Waitākere Dam

PEOPLE AND CULTURE

Safe, engaged and empowered teams, customer trust and value.

“I care, we care, Watercare”

The collective knowledge and experience of our people is essential for us to deliver on our core purpose effectively and consistently.

We continue to invest heavily in our people, their training and safety at work

Health and safety in and around our worksites is paramount to us and always has been. Wellness, including our people’s mental health, is also an integral part of the company’s commitment to our people. The concept of “I care, we care, Watercare” is embedded throughout our company. We want our people to be safe, healthy and engaged at work, and for them to go home safely to their families each night.

We monitor our people’s health and safety using traditional health and safety metrics such as the Lost-Time Injury Frequency Rate (LTIFR) and Total Recordable Injuries Frequency Rate (TRIFR), absence levels and employee turnover.

In 2019, we introduced two digital solutions for career development and individual learning. These tools encourage our people to set personal career goals and work systematically towards achieving them.

Given the limited availability of talent in our labour market, it is essential our company grows skills and talent and also attracts a diverse range of new talent. We are achieving this by working with industry partners and tertiary education providers to deliver graduate programmes as well as apprenticeship and internship opportunities.

We have been encouraging our people to increase their understanding of tikanga Māori as well as their ability to speak te reo by running an intensive ‘Te Kunenga o te Ao Tikanga’ course offered by Te Wānanga o Aotearoa. In this course our people learn about the tikanga values that underpin everything that is Māori, including: whanaungatanga (our relationships with others); manaakitanga (taking care of the people around you); rangatiratanga (leadership); kaitiakitanga (guardianship of the land, water, sky); and mātauranga (sharing of knowledge).

Belonging at Watercare

We conduct quarterly surveys to measure our people’s level of work satisfaction and engagement. In 2019, we brought this survey in-house (our Employee Net Promoter Score (eNPS)) so we can conduct these assessments more regularly, at lower cost, and be more responsive to our people’s feedback. This SOI includes the eNPS as a new performance measure.

During the COVID-19 lockdown around 600 people worked from home. The company continued to function well in that work mode taking into account the dual challenges of Covid-19 and the drought. The opportunity is being taken to consider a reset of our future ways of working based on flexibility, efficiency and cost savings.

In 2019 we also established an employee-led Diversity, Inclusion and Belonging Committee (DIBC). The committee’s mission is for Watercare’s people to reflect the diverse communities we serve. The committee champions inclusion so that every single one of our people can bring their whole, authentic selves to work and feel a true sense of belonging at Watercare.

We are committed to the Diversity Agenda Accord, which defines a clear set of tenets for firms to commit to, with the submission of a yearly report on how they have adhered to the tenets, together with the compulsory completion of a survey to back up the report with data. The accord is an initiative of Engineering New Zealand and the Te Kāhui Whaihanga New Zealand Institute of Architects.

Our company also plans to develop diversity and inclusion plans for areas of the business that have low levels of diversity and will continue to focus our recruitment efforts to attract diversity in the people applying to work and ultimately joining us as employees of Watercare.

Over the coming year, our Te Tangata subcommittee of the board, together with our DIBC, will set diversity measures and targets.

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

8.2



Graduate engineer Lucas Gan (right) listens to the flow of water in the pipes at Mt Wellington

CUSTOMER AND STAKEHOLDER RELATIONSHIPS

Engaged, safe communities, a thriving economy.

Working together to achieve the vision for Auckland

Watercare is committed to working with the Council group to implement the Auckland Plan 2050, including the Development Strategy, relevant performance measures and any associated guidance. Appendix D sets out the Auckland Plan outcomes, and how Watercare contributes to these outcomes.

Trusted by our communities for exceptional performance everyday

As a company, we work hard to gain and maintain the trust of the communities we serve. We do this in numerous ways – by delivering safe and reliable water and wastewater services every day and by engaging with our communities on the things that matter to them.

We have a sense of responsibility and dedication to provide our customers with safe and high-quality drinking-water that consistently meets the expectations of the New Zealand Drinking Water Safety Plan Framework; the requirements of the Health (Drinking Water) Amendment Act 2007; the Drinking Water Standards for New Zealand; and other regulatory and consumer requirements. We continue to supply 'Aa'-graded, 100% bacterial and protozoal-compliant, safe and high-quality drinking water to our customers and collect, treat and discharge their wastewater in an environmentally-sustainable manner. We are committed to providing great service, whether it is fixing a leak, clearing a blockage, resolving a bill query or partnering with the community to ensure effective outcomes. We currently take guidance from the Department of Internal Affairs (DIA) non-financial measures for water and wastewater operators (refer Appendix E); and we set targets for these measures to make sure we maintain the trust of our customers. We regularly review the targets we set for these measures to ensure we remain a minimum-cost, cost-efficient and financially-stable service provider to our customers. For 2020, we do not plan to change any of the customer-related targets. However, the introduction of a national water regulator is likely to see amendments to these measures and targets in the future.

We continuously measure how well we are servicing the needs of our customers and report on this via our Net Promoter Score (NPS), which is a SOI performance measure.

Building trust through education, transparency and by engaging with our customers and communities

As part of Watercare's ongoing commitment to educate our customers and the wider community about the value of water, we provide a free water education programme to schools. To date, over 100,000 students from schools across Auckland have received lessons and practical experiments on water and the environment.



Watercare educator Sally Smith (centre) celebrating the milestone with students from Room 7 at Long Bay Primary School

We also have a relationship with the EcoMatters Environment Trust, which provides a free water-saving advice service to assist households in their efforts to use water more efficiently. Complementing this, we also have the Water For Life (www.waterforlife.org.nz) website, which carries the “Water is Precious” message and provides water-saving tips for Aucklanders to adopt in their homes.

In 2019, we partnered with Plunket to promote awareness about the proper disposal of wet-wipes by families. Wet-wipes are often marketed as flushable but do not break down when flushed down the toilet; as a result, they frequently cause blockages in our wastewater network. Our campaign reached families across the Plunket network and was covered in newspapers and on TV.

In addition, we have an active social media presence on Facebook and LinkedIn. By sharing our activities and projects with the wider public, we are providing our communities with insights into what we do behind the scenes to ensure they enjoy water and wastewater services 24/7. Ultimately this helps to build trust in Watercare and our services.

We acknowledge that our operations and construction activities have an impact on the community. We make every effort to engage and consult with the communities affected before, during and after our construction programmes. We organise open days and site blessings.

We maintain strong relationships with the Local Boards by providing timely and accurate information on Watercare-related matters, including infrastructure planning and construction projects in the interests of no-surprises. We also help form Community Liaison Groups (CLGs) in areas where Watercare and our activities may affect neighbouring communities for some time (e.g. the Huia Water Treatment Plant CLG, Western Isthmus CLG and the St Mary’s Bay Project CLG).

In response to Covid-19, Watercare has agreed to increase funding to the Water Utility Consumer Assistance Trust for customers facing financial hardship. We are also exploring extending the Trust to small businesses, many of whom have been negatively impacted by Covid-19. Finally, over the coming year, we will review the Trust’s effectiveness and how easy it is to access the Trust’s funding, with a particular focus on how effective the Trust is for Māori and Pasifika.

At a regional level we collaborate with other infrastructure providers on projects (New Zealand Transport Agency, Auckland Transport, Vector) so we deliver programmes more effectively and minimise disruption to the community.

Enhancing our strong relationships with Māori and promoting Māori outcomes

We will continue our focus on enhancing our relationship with iwi groups and promoting Māori outcomes. Kanohi ki te kanohi, rangatira ki te rangatira (face-to-face, leader-to-leader) hui (meetings) and kōrero (discussions) have been hugely important in building early engagement, transparency and collaboration with mana whenua.

During this SOI period, we will refocus Watercare’s Māori Responsiveness Plan to achieve Māori outcomes. This will involve continuing to regularly meet with representatives of the 19 mandated mana whenua entities. We will listen to feedback from the 19 mandated mana whenua entities to understand their priorities in relation to promoting Māori outcomes. Watercare is also committed to working on the Council group’s Te Waka Anga Mua initiative to make the engagement process with all 19 mana whenua entities more effective and efficient. This SOI includes a new performance measure aligned with this commitment.

Watercare develops and maintains relationships with mana whenua affected by our operations and initiatives, ensuring effective Māori participation and strong Māori communities and outcomes, in the following ways:

- We participate in the Mana Whenua Kaitiaki Forum (MWKF). Watercare maintains our relationship with MWKF at an operational level through bimonthly meetings with the Watercare Mana Whenua Kaitiaki Managers’ Forum – Water Sector – and continues to expand this sector’s work by facilitating group meetings with other relevant stakeholders. The Auckland’s Waters Strategy is a prime example of this. Watercare will continue to work with Council to optimise the governance for engaging with mana whenua across the Council group.
- We work closely with mana whenua to develop social outcomes connected with our projects, which will have positive, real benefits for mana whenua
- We work to increase our people’s capability and understanding of Māori values and cultural impact
- We provide technical advice related to water supply and septic tanks to promote the health of marae, Papakāinga and Māori housing.
- We realise rangatahi’s potential, including proactively promoting the scholarships and summer internships to Māori.

We also continue our strong partnership with Waikato Tainui by working with their representatives and executive management team. This relationship commenced when Watercare first applied to take water from the Waikato River to assist in meeting Auckland’s need for water. With the projected growth for Auckland, a second application to take water was lodged in 2013. We are working closely with

Waikato Tainui to ensure that the health and well-being of the Waikato River remains paramount.

In 2019, we introduced a Te Reo Māori and Tikanga Framework for all Watercare board members and this curriculum will continue to be refined and rolled out over the next three years.

Working with Council for effective customer, stakeholder and Māori outcomes

- Watercare commits to continuing to work collaboratively and share information with elected members (via the Mayoral Office, Council Chief Executive and/or CCO Governance, as appropriate), including adherence with the no-surprises protocols set out in the Governance Manual for substantive CCOs.

We will continue to collaborate with Council and the wider Council group to improve Māori engagement and Maori outcomes to mana whenua and mātāwaka (kinship group) in Tāmaki Makaurau. For example, we are working closely with Council on an ongoing basis on the refined priorities of Te Toa Takitini (Māori outcomes portfolio) and are collaborating with Te Waka Angamua ki Uta.

- Watercare will maintain the promotion of te reo Māori outcomes and support of Council's Te Reo Māori Implementation Plan – Strategic Framework for 2020–2023.
- We will continue to participate and implement the findings of the current Council group's Tiriti o Waitangi Audit.
- Watercare will continue working with the Tūpuna Maunga of Tāmaki Makaurau Authority in relation to Watercare infrastructure on maunga.
- We will continue to prioritise positive and proactive dialogue and engagement with the community to lift trust levels among our community and stakeholders. This type of engagement is a key part of all significant projects, including the Central Interceptor, the Huia Water Treatment Plant and the Western Isthmus Water Quality Improvement Programme.
- Watercare will continue to collaborate with Council to refine the Council group's position and response to any proposals from central government's water reforms.
- We will continue to collaborate with Council on submissions relating to bills, policy statements, regional plans and similar documents and consult with the Council before making its own submissions in cases where Watercare has a specialist need to submit. Recent examples are:
 - Proposed Regulatory Framework for Dam Safety
 - Action for Healthy Waterways – Essential Freshwater reform proposals
 - Proposals for a Biodiversity Strategy for NZ
 - Proposed net promoter score (NPS) for Urban Development
 - Urban Development Bill.

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		

*The Council Group is currently developing new Key Performance Indicators (KPIs) relating to engagement with Maori and contributions to Maori outcomes. Watercare will update this measure in future SOIs align with the Council Group's KPIs, once this work is complete.

ASSETS AND INFRASTRUCTURE

Future-proofed growth and supply assurance, high-performing assets.

Auckland is growing at an unprecedented pace

Over the next 35 years, Auckland's population is predicted to grow by another 800,000 people to reach 2.5 million; this means another 320,000 dwellings and another 270,000 jobs. With this growth comes further demands on the supply and conveyance of potable water and the provision of safe and reliable wastewater services; for our domestic customers and commercial businesses. Growth of this scale is significant, and we need to ensure we have a clear understanding of where and when investment in planning and infrastructure will be made.

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

The alignment of service provision with the FULSS, and vice versa, allows Watercare to plan, consent and construct bulk water and wastewater infrastructure efficiently to enable Council's growth requirements. Development that is not aligned with the FULSS can lead to inefficient investment, particularly if the development does not border existing serviced land.

A future-fit water network

The planning and construction of water and wastewater infrastructure can have long lead times and is an intergenerational investment. New water sources for the supply of water to our customers takes significant planning and new traditional water sources are scarce. It is likely that in the medium-term future water will draw on 'alternative' sources of supply, including aquifer recharge, water reuse or desalination. These potential sources will come at a cost, and the decisions need to be carefully worked through with our customers, Iwi, stakeholders and the council group.

After the 1994 drought, Watercare upgraded Auckland's water network and we now operate the metropolitan water network to the following two levels of service. Watercare looks forward to working with Council to explore the strategic issue of whether these levels of service need to be strengthened to provide greater resilience under the new water strategy.

Level of Service 1 Proactive demand restrictions are to be required for an event no more frequently than that with a 5% probability of occurring	The peak supply/demand balance is designed to show the forecast peak demand without restrictions during a dry summer with a return period of 1 in 20 years. Under drier conditions (leading to higher demand), Watercare could impose restrictions to reduce peak demand while continuing to meet our Levels of Service.
Level of Service 2 Annual average demand within the Metropolitan supply area can be met in a drought with a 1% probability of occurrence leaving 15% residual capacity in its water supply lakes.	The annual drought supply/demand balance is designed to show the forecast annual average demand during a drought with a return period of 1 in 100 years can be met and would result in water supply lake levels being no less than 15%. Watercare would expect to impose some restrictions during this event (see Level of Service 1)

Our major infrastructure projects

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

and the work that will be carried out over the SOI period. However, the reason for the current water use restrictions relate not to the water network infrastructure, but the record breaking period of low rainfall (i.e. lack of raw material).

Our Enterprise Model for delivering capital programmes will leverage the scale of this forward works programme to deliver more sustainable, cost-efficient infrastructure in a safer way using our 40:20:20 vision (refer to pages 17-18 for more detail).

Central Interceptor

Watercare's biggest infrastructure project is the Central Interceptor wastewater tunnel. In March 2019, Watercare signed a contract with Ghella Abergeldie Joint Venture for the construction of the Central Interceptor – a \$1.2 billion tunnel that will improve the health of our waterways, estuaries and beaches in central Auckland.

The Central Interceptor will be Auckland's largest wastewater tunnel and the biggest wastewater project ever undertaken in New Zealand. It will run for 13 kilometres from Western Springs to a new pump station at the Māngere Wastewater Treatment Plant. It will be extended a further 1.625 kilometres to Grey Lynn, allowing Council and Watercare to work towards the goals that form part of the Western Isthmus Water Quality Improvement Programme.

In August 2019, we began to prepare the sites at Māngere and May Road, Mt Roskill. Work on these sites included creation of access roads, site fencing, delivery of key machinery and building platforms for the drop shafts. In 2020, we will start construction at a further seven sites to build the drop shafts that will eventually connect to the main tunnel. Our tunnelling machine is scheduled to arrive at the end of 2020 and will begin tunnelling from Māngere in early 2021. The commissioning of the completed Central Interceptor is estimated to happen in 2025.

Together, the Central Interceptor and the Western Isthmus Water Quality Improvement Programme will reduce overflows in the area by up to 80%.

Working with Council for effective assets and infrastructure outcomes

- Watercare will reflect agreed changes in our own strategic planning and AMP. Specific strategies and plans where we are working with Council include:
 - Development of Auckland's Waters Strategy
 - Development of watershed plans
 - Developing Council's approach to implementing the National Policy Statement for Freshwater Management
 - Auckland's Drought Response
- We will continue to notify Council of any substantive changes made to our AMP outside of the annual updates provided.
- Watercare acknowledges Council's request for the CCOs to actively participate in the integrated governance of urban regeneration priority areas, and we are committed to work with Council. In particular, we are working proactively with the wider Council group and the Government to enable regeneration of existing urban areas with a significant social housing component.

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

Industry-leading thinking and processes.

Watercare – Becoming Future Fit

As New Zealand's largest water company, we are committed to leading the industry in technical excellence. Our treatment processes are some of the most advanced in the world and our customers can rest easy knowing that they receive reliable, high-quality water at the turn of their taps.

We will continue to focus our efforts on transforming Watercare into a utility of the future – one that leverages best practice not only in its core operations but in all areas of the company as well. Through Covid-19 we have seen the critical role that technology plays as an enabler for our business. We will continue to leverage our technology investment to deliver value for our customers and our staff.

More sustainable and cost-effective infrastructure for Auckland

Watercare is one of the few companies in New Zealand that has a fully-financed infrastructure programme that is locked in for 10 years. To capitalise on this, in 2019, Watercare launched two significant initiatives – our 40:20:20 vision and the Enterprise Model framework.

Our ambitious 40:20:20 vision seeks to achieve wins in sustainability, safety and costs. The 40:20:20 targets are:

- Reduce carbon in construction by 40% by 2024
- Reduce the cost to deliver our infrastructure programme by 20% by 2024
- 20% year-on-year improvement in health, safety and well-being.

A significant portion of the 40:20:20 vision will be delivered through our new Enterprise Model framework. We have partnered with two construction companies, Fulton Hogan and Fletcher Construction, for the delivery of \$2.4 billion worth of water and wastewater infrastructure for Auckland over the next 10 years. The long-term and collaborative nature of the Enterprise Model framework is a first for New Zealand. It seeks to address many of the challenges faced by the construction industry, while also achieving our ambitious 40:20:20 targets.

The Enterprise Model framework supports the development of a high-performing construction sector in New Zealand and enhances the resilience of our partners, who have long-term agreements with us. They will be able to invest in people and we are allocating risk in a fair way. We will have a mature and collaborative way of working to ensure our customers, company and partners are looked after. This framework involves a commitment to deliver a programme of work – rather than discrete projects – that will drive greater cost-efficiency and innovation.

The Enterprise Model contract was delivered in September 2019 and since then Watercare and the construction partners have been assessing the customer outcomes that are to be achieved and the opportunities to extract maximum value from the programme through supply chain and programme optimisation. This has been achieved through strong collaboration between Watercare and its Enterprise Model construction and design partners. A resulting new programme of works will emerge that is cognisant of achieving the 40:20:20 targets together with Watercare's energy savings and climate change aspirations. The effect the Enterprise Model is having on the company is already significant and heralds a new way of working for increased productivity while growing market capability and improving the well-being of those involved.

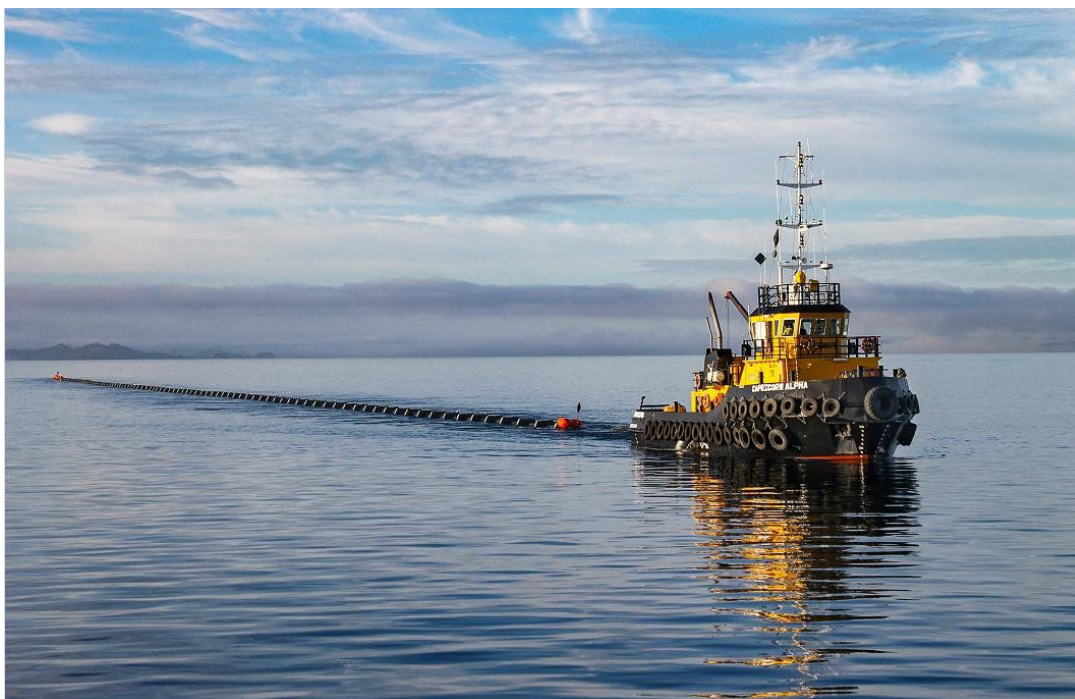
Working with Council for effective intellectual capital outcomes

We are working together with Healthy Waters to develop a 'carbon portal' for use in New Zealand. This will allow us to meaningfully measure the carbon impact of our planned infrastructure projects and will be a critical tool in delivering assets that meet the 40:20:20 vision. This is being adapted to New Zealand conditions, asset types and emissions factors, in collaboration with Healthy Waters, and will have the potential to evolve to other asset types in the Council group and around New Zealand in the future.

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.		

8.2



The Army Bay wastewater outfall pipeline project: this photo, taken by Watercare Projects Manager, John McCann, won the Best Photo in Water New Zealand's 2020 Photo Competition.

FINANCIAL CAPITAL AND RESOURCES

Minimum-cost, cost-efficient, financially stable.

Watercare – A minimum-cost, cost efficient and financially-stable provider

Water is a universal resource, essential for thriving communities and cities. As a utility delivering essential lifeline services, we take our financial responsibilities very seriously.

We are mandated by legislation to manage operations efficiently, keeping costs to customers (collectively) at minimum levels whilst maintaining the long-term integrity of our assets. We therefore ensure we invest in providing safe and reliable services not just today but for decades to come.

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

Watercare funds its operating costs and capital projects through water and wastewater service charges, and infrastructure growth charges, financing any balance through borrowings. We operate under a full self-financing model. Our financial performance and position enables us to fulfil the \$9.5 billion commitment we have made to the communities we serve in our AMP over the 2020–2038 period. Watercare’s funding envelope has been aligned for the provision of service identified in the Auckland Council Long Term Plan (including relevant plans such as the FULSS).

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

To be financially stable over the long term, we consider risk, future demand, debt levels, interest costs and inter-generational equity when managing our capital investment programme. Our AMP, which is a 20 year forward looking document, defines Watercare’s best engineering and business judgment of the capital investment required to maintain the integrity of our infrastructure base.

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

We have implemented efficiency initiatives across major areas of expenditure, including a network efficiency programme and a capital delivery optimisation programme. Watercare will continue to keep a tight focus on ensuring the heavy programme of capital development, including the Central Interceptor, is delivered to scope, time and =budget.

Watercare is also working with the Water Industry Commission for Scotland (WICS) to help us prepare for the introduction of a national regulator for the New Zealand water industry. This will include a benchmarking exercise by WICS of Watercare against UK water utilities to identify the potential for improvement opportunities.

We continue to pursue new revenue opportunities

Contract of service with Waikato District Council

In October 2019, Watercare started providing ‘three waters’ services to Waikato District Council (WDC) via a contract of service for a period of up to 28 years and has a strong focus on better environmental outcomes and affordable water services.

WDC continues to own all assets, while Watercare manages the infrastructure above and below the ground. This includes 16 treatment plants (9 wastewater, 7 water), 106 pump stations, 805kilometres of water pipes, 323kilometres of wastewater pipes, 154 kilometres of stormwater pipes, 31 reservoirs and 16,644 homes and businesses in the region. A total of 29 WDC employees are now Watercare employees.

During the 21-month transition period, Waikato customers continue to deal with WDC for billing, faults and leaks. Watercare is using the transitional period to develop the AMP, a funding plan, and a subsequent long-term pricing plan, all of which will be agreed by the WDC Waters Governance Board. In 2021, we will consult with Auckland customers, as required under Section 137 of the Local Government Act. The outcome of this consultation, together with agreement on the asset management and funding plans, will provide the direction for the remaining years of the contract.

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

Acquisition of shares in Lutra Limited

In January 2020, Watercare became the majority shareholder of Wellington-based software and process engineering company Lutra, acquiring 67% of the company.

Lutra provides software and technical services to improve the performance of people and processes involved in water and wastewater operations. The company has a strong team which includes highly-skilled process engineers, software developers and data analysts; and has strong relationships with a number of New Zealand Councils and commercial customers.

With this acquisition, Watercare will be able to gain efficiencies by implementing Lutra's software at our sites and we will be able to utilise their training platform for our employees and contractors. We will also be able to grow the Watercare group's revenue without compromising the services we provide to Auckland customers.

Working with Council for effective financial capital outcomes**8.2**

- We will continue to participate in any work involving the Crown and Council regarding alternative financing options.
- Watercare will continue to actively participate in Council group procurement activities, including the development of the Group Procurement Strategy, Group Digital Roadmap Framework and the Supplier Code of Conduct.
- We will continue to work with Council and the other CCOs to maximise the savings and benefits in relation to its combined insurance programme.
- In the 2020/2021 financial year, Watercare will support Council in preparing its 10-year budget for 2021–2031.
- Watercare will continue to collaborate with Council and other members of the Council group to closer integrate its planning to assist in addressing infrastructure challenges for Auckland.
- Watercare will also continue to contribute to the development of the Asset Management Co-ordination Group. This has led to the creation of common summary Asset Management Plans being published and examination of the ways in which our asset management frameworks may be aligned.
- Watercare will continue to investigate commercial arrangements and other funding sources to either achieve savings, or develop alternative revenue sources, where this is in the best interests of our customers and the Council group. Watercare acknowledges that, as requested by Council, any new revenue opportunities will need to be endorsed by Council, until Watercare prepares a risk framework that has been approved by Council.

In achieving the above, Watercare may form new entities, or acquire shares in other entities. These entities will remain separate from Watercare to:

- ensure transparency;
- separate any new commercial arrangements from Watercare's day-to-day business in the Auckland region; and
- manage the associated risks.

Some new entities may be majority owned by Watercare, and therefore become Council Controlled Trading Organisations (CCTOs). An example of this is Lutra Limited. In relation to these types of new Watercare group entities, Watercare will:

- keep Council informed of any new entities formed or acquired (in whole or part), on a no-surprises basis;
- include details of any new CCTO activities in Watercare's future Statements of Intent; and
- work with Council to establish the reporting requirements for any separate entity's activities and progress.

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

8.2

Schedule 1**Operating Budget****[UPDATED FIGURES TO BE APPROVED BY THE BOARD IN THE CONFIDENTIAL SESSION ON 28 JULY 2020]**

Operating budgets (\$million)	2018/19 Actual	2019/20 Revised LTP*	2020/21 Annual Plan	2021/22 Revised LTP*	2022/23 Revised LTP*
Revenue	549.2	561.9	559.8	626.9	669.2
Fees and charges	515.6	533.2	506.2	559.0	596.2
Grants and subsidies	0.0	0.0	0.0	0.0	0.0
Other revenue	33.6	28.7	53.6	67.9	73.0
Direct expenditure	226.6	228.1	288.9	286.9	289.5
Employee related costs	73.2	77.9	83.2	82.4	83.8
Grants, contributions, sponsorship	0.8	0.7	0.7	0.7	0.8
Other expenditure	152.6	149.5	205.0	203.8	204.9
Net direct expenditure (income)	(322.6)	(333.8)	(271.0)	(340.0)	(379.6)
Funding from Auckland Council	0.0	0.0	0.0	0.0	0.0
Revenue from vested assets	(62.2)	(20.8)	(21.5)	(22.2)	(23.0)
Other non-operating income	0.0	0.0	0.0	0.0	0.0
Net finance expense	66.5	84.3	74.9	77.5	78.8
Depreciation and amortisation	245.8	252.4	256.5	293.0	298.0
Net losses (gains)	13.2	8.0	8.0	8.0	8.0
Income tax	55.5	44.2	15.9	20.0	28.2
NET EXPENDITURE (INCOME)	(3.8)	34.3	62.8	36.4	10.4

Net direct expenditure by area

Expenditure (\$million)	2018/19 Actual	2019/20 Revised LTP*	2020/21 Annual Plan	2021/22 Revised LTP*	2022/23 Revised LTP*
Net direct expenditure (income)	(322.6)	(333.8)	(271.0)	(340.0)	(379.6)
Wastewater Service	(229.3)	(242.5)	(212.5)	(258.4)	(285.0)
Water Supply	(93.3)	(91.3)	(58.5)	(81.5)	(94.7)

Capital expenditure

For detailed capital expenditure list, please refer to Appendix A

Expenditure (\$million)	2018/19 Actual	2019/20 Revised LTP*	2020/21 Annual Plan	2021/22 Revised LTP*	2022/23 Revised LTP*
- to meet additional demand	215.8	381.1	518.0	325.3	289.6
- to improve the level of service	78.9	76.3	71.5	77.2	98.4
- to replace existing assets	133.0	160.8	133.1	148.1	195.1
Total capital expenditure excluding capitalised interest	427.7	618.2	722.6	550.6	583.1
Capitalised interest	19.7	17.7	20.1	25.9	29.3
Total capital expenditure including capitalised interest	447.4	635.9	742.7	576.5	612.4

Sources of capital funding	447.4	635.9	742.7	576.5	612.4
Infrastructure growth charge	103.8	101.1	103.2	86.1	83.7
Debt	85.0	285.3	378.4	228.0	227.8
Asset sales	2.5	-	15.0	-	-
Operating surplus (Net direct income less finance expense)	256.1	249.5	196.1	262.4	300.8
Working capital	-	-	50.0	-	-

Specific expenditure towards Māori outcomes

Initiatives (\$thousand)	2018/19 Actual	2019/20 Revised LTP*	2020/21 Annual Plan	2021/22 Revised LTP*	2022/23 Revised LTP*
Iwi engagement on Watercare projects	1,430.7	1,290.0	1,290.0	1,350.0	1,438.3

Other financial information

Current value of assets	The current value of Watercare's assets as 30 June 2019 was \$10.4 billion based on the net asset value of the Watercare group as disclosed in the audited financial statements.				
Accounting policies	Watercare's accounting policies are consistent with those of the Auckland Council group policies with nominated exceptions (e.g. interest capitalisation).				
Financial reporting	Watercare's financial reporting to Auckland Council will be in accordance with the requirements of the CCO Governance Manual.				
	2018/19 Actual	2019/20 Revised LTP*	2020/21 Annual Plan	2021/22 Revised LTP*	2022/23 Revised LTP*
Asset sales (\$million)	2.5	0.0	15.0	0.0	0.0
Shareholder equity ratio	68%	66%	64%	63%	62%

* The revised budget in the financial tables represents the LTP budget adjusted for approved changes and estimated impact of Covid-19.

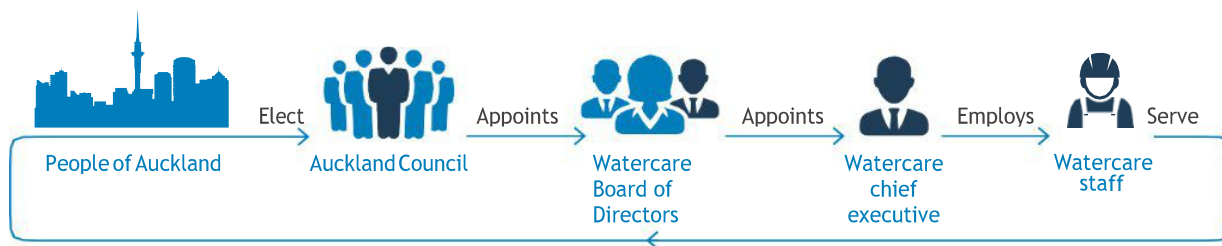
** On 24 January 2020 Watercare acquired 67% of Lutra Limited. The revised LTP numbers include consolidation of Lutra's budgeted results.

Appendix A

[Detailed capital expenditure list](#)* The revised budget in the financial tables represents the LTP budget adjusted for approved change

Expenditure (\$million) **	2018/19 Actual	2019/20 Revised LTP*	2020/21 Annual Plan	2021/22 Revised LTP*	2022/23 Revised LTP*
Capital Expenditure (excluding capitalised interest)	427.7	618.2	722.6	550.6	583.1
Wastewater					
Central Interceptor	12.5	137.0	197.0	212.4	270.7
Collection System	76.9	37.9	33.0	18.0	29.2
Northern Interceptor	18.7	76.5	28.6	30.4	17.3
Shared Services Plant & Equipment	7.9	7.1	2.7	4.0	6.3
Shared Services Process Improvement	25.5	14.5	3.4	3.7	4.4
Southern Interceptor Augmentation	4.4	3.0	5.7	-	-
South-West Wastewater Servicing	0.9	10.3	46.4	63.9	-
Warkworth-Snells-Algies Wastewater Servicing	7.8	77.9	40.7	25.0	13.4
Wastewater ECS	7.5	3.5	1.3	0.8	2.5
Wastewater Treatment	113.5	56.8	42.9	44.7	108.2
Western Isthmus Programme	3.3	19.2	15.9	32.1	32.5
WWTP Regulatory Compliance	0.6	1.7	1.3	-	0.3
Capex Efficiency	-	(20.3)	(19.7)	(19.2)	(22.8)
Water supply					
Dam Rehabilitation	0.4	0.7	0.6	0.7	4.3
Huia Water Treatment Plant Upgrades	2.3	-	5.1	10.7	27.1
Hūnua No. 4 Water Supply Scheme	17.2	45.8	0.0	-	-
North Harbour 2 Watermain	8.6	10.4	18.5	19.0	18.6
Other Projects < \$250k	-	-	0.0	-	-
Shared Services Plant & Equipment	3.4	3.7	1.4	2.0	3.3
Shared Services Process Improvement	9.8	4.2	1.8	1.9	2.3
Treated Water Network	79.0	113.5	82.8	101.6	68.0
Waikato WTP Augmentation	1.5	10.8	145.0	-	-
Water ECS	0.8	0.9	0.8	1.3	2.0
Water Source and Headworks	-	2.2	68.2	-	-
Water Sources Regulatory Compliance	0.7	0.5	0.5	-	-
Water Treatment Plant	24.6	10.1	4.6	4.7	4.0
Capex Efficiency	-	(9.7)	(6.0)	(7.1)	(8.4)

Appendix B: Governance and how we manage and measure our performance



8.2

Watercare's board is ultimately responsible for all decision-making by the company. The directors and the management team are committed to ensuring the company applies best-practice governance policies and procedures. As at 1 March 2020, there are five subcommittees being: 1) Audit and Risk, 2) Te Tangata, 3) a subcommittee to oversee the Strategic Transformation Programme, 4) a subcommittee to oversee the Asset Management Plan, and all major capital expenditure projects over \$100 million including the Central Interceptor, and 5) a subcommittee to oversee Climate Action.

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

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

Date	Purpose	Form of public notification
28 July 2020	Consider shareholder comments on draft SOI	Public notice
27 October 2020	Consider performance against SOI targets	Public notice
May 2021	Consider shareholder comments on draft SOI	Public notice

Watercare works diligently to meet our legal obligations and act in accordance with the Governance Manual for substantive CCOs, which sits alongside this SOI and forms part of the annual binding agreement between Council and Watercare. Page 28 of the CCO Governance Manual includes the procedures when CCOs subscribe for, purchase or otherwise acquire shares in any company or other organisation, as required under Schedule 8, Clause 9(1), of the Local Government Act 2002. We operate under a no-surprises policy and inform the Mayor, councillors or Local Boards (as appropriate) well in advance of any events, transactions or issues that could attract public interest, whether positive or negative.

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

See *Our legislative framework* in Appendix C for more information on our legal responsibilities.

Managing risk

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

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

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

Watercare also provides Council's Audit and Risk Committee with a quarterly report outlining our risk management framework, approach, processes and an overview of the top risks with associated mitigation actions. We proactively report on all significant risks and issues and their management to ensure no surprises, transparency and that significant risks are being appropriately managed.

Measuring our performance

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

The measures and targets include those aligned with our six capitals, including the mandated non-financial measures of the Department of Internal Affairs and those that were agreed with Council as part of the Long-Term Plan 2018–2028.

Our commitment

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

- Demonstrating value for money across all expenditure
- Continuing to work with Council to align our capital investment programme with Council's 10-year budget. We will also help Council prepare for the 10-year budget 2021–2031. In particular, Watercare will:
 - (a) take account of political direction on key changes proposed by the Mayor and governing body; and
 - (b) continue to undertake comprehensive reviews of our AMP, performance trends, budgets and fee settings. In doing so, we will follow best-practice asset planning processes and do so in a highly transparent manner.
- Sharing key information in our AMP (which includes asset condition, renewals planning, maintenance and renewals procurement, asset-related cost trends and asset planning for growth)
- Benchmarking front-line and back-office expenditure, including regularly publishing results on Watercare's website
- Exploring alternative operating revenue streams wherever possible. In this regard, we will work with Council to establish the reporting and any risk parameters that are appropriate to enable this activity while ensuring adequate accountability
- Keeping a strong focus on managing sensitive expenditure lines.

Watercare recognises challenges the Council faces and we acknowledge that there is limited capacity for new cost pressures, new funding request or unforeseen events in relation to funding and we commit to continuing to work with Council in this regard. We also keep Council informed, via our quarterly reports, of any significant operational challenges that might occur in the future.

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

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

Appendix C: Our legislative framework

Watercare is a limited-liability company registered under the Companies Act 1993, and a local government organisation under the Local Government Act 2002. Watercare is subject to regulation governing planning, health and environmental matters.

We became a substantive Council-controlled organisation (CCO) on 1 July 2012.

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

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

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

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

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

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

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

Also under the legislative framework:

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












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





Appendix D: Working together to achieve the vision for Auckland

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

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

Appendix E[^]: 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)	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 expressed per 1000 connections to the local authority's networked reticulation system	4.4	≤10	≤10	≤10	≤10
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	2.9 hours	≤5 hours	≤5 hours	≤5 hours	≤5 hours

No.	Capital	Measure	2018/19 Actual	2019/20 Target	2020/21	2021/22	2022/23
		confirm resolution of the blockage or other fault					
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

^ Measures 1-14 are all Long-Term Plan measures, included in Auckland Council's 10-year budget 2018-2028

Appendix F: Our major water and wastewater projects

No.	Major water projects	Description	Work to be carried out over the next three years
1	Hūnua 4 Watermain	Construction of the 32-kilometre-long watermain that will run from Redoubt Road Reservoir to Khyber Reservoir in central Auckland	Construction has commenced on the final stage from Market Road to the Khyber Pass Reservoir. Ninety per cent of the construction will be tunnelled, thereby avoiding significant congestion down Manukau Road and through to the Khyber Pass Reservoir. Completion due early 2021.
2	North Harbour Watermain Duplication	Construction of the North Harbour No. 2 Watermain, which will run for 33 kilometres from Titirangi to Albany	Duplication of the watermain is being progressively constructed in stages. The section from Upper Harbour to Albany will be completed over the next three years, with the remainder to be completed by 2026.
3	Pukekohe East Reservoirs	Construction of two additional water storage reservoirs to maintain security of supply and cater for growth	The first reservoir will be in service by August 2020.
4	Waikato Water Treatment Plant Expansion 1	Expansion of the capacity of the existing water treatment plant to cater for additional demand arising from growth	The plant capacity increase from 150MLD to 175MLD has been completed. Additional process improvements are under way to provide sustainable peak production; these will be completed in 2022.
5	Waikato Water Treatment Plant Expansion 2	Provision of additional water abstraction, treatment and conveyance capacity from the Waikato River to cater for additional demand arising from growth	A consent has been lodged for an additional take from the Waikato River and awaits processing by Waikato Regional Council. As a result of processing delays an alternative option is being considered that will allow early construction of the second treatment plant to meet the high growth currently being experienced.
6	Nihotupu No. 1 and Huia No. 1 Watermains replacement	Replacement of two critical watermains which are nearing the end of their design lives	Construction has commenced and will be completed in stages with the final stage commissioned by early 2022.
7	Huia Water Treatment Plant Upgrade	Replacement of the Huia Water Treatment Plant which is reaching the end of its design life and the provision of better treatment processes that will maintain supply and improve levels of service	The consent process is to be completed and detailed design commenced during this period.
8	Orewa No. 1 Watermain Replacement	Completion of a staged bypass of the most vulnerable section of the existing watermain that runs between Silverdale and North Orewa	The northern 4.3km of this watermain will be constructed through the Millwater development, across Orewa River, and connect to the Maire Road Reservoir. The southern 0.3km will be constructed through Silverdale and will facilitate the commissioning of the entire 7km replacement between Silverdale and the Maire Road Reservoir.
9	Redoubt Road Reservoir Expansion	Construction of an additional 50ML treated water storage reservoir to maintain security of supply and cater for growth	Early works are due to start during 2020 and the project completed 2022.

No.	Major wastewater projects	Description	Work to be carried out over the next three years
1	Central Interceptor	Construction of a new wastewater conveyance and storage pipeline to service central Auckland as well as the isthmus, east and south	The scope of the project has expanded to improve service to the Grey Lynn catchment. Construction commenced in 2019 and will be completed by December 2025.
2	Northern Interceptor: Hobsonville to Rosedale	Construction of a new wastewater pipeline which will divert flows from the Māngere Wastewater Treatment Plant to Rosedale Wastewater Treatment Plant	Construction is to be completed by early 2021.
3	Northern Interceptor: Westgate to Hobsonville	Construction of the second stage of the Northern Interceptor to divert wastewater flows from Whenuapai, Redhills, Kumeu, Huapai and Riverhead catchments to the Rosedale Wastewater Treatment Plant. The project also include trunk sewers servicing local catchments to provide for growth	The necessary consents, landowner approvals and detailed design are to be obtained during this period with completion due by 2024.
4	Rosedale Wastewater Treatment Plant Upgrade	Provision of additional treatment capacity to cater for population growth on the North Shore and treat diverted wastewater flows from West Auckland, which are currently served by the Māngere Wastewater Treatment Plant	The design and construction are to be completed during 2020.
5	Pukekohe Wastewater Treatment Plant Upgrade	Construction of additional treatment capacity to cater for population growth in the Pukekohe Wastewater Treatment Plant catchment	Construction has commenced and the capacity increase will be completed in stages by 2021, in line with growth expectations.
6	Southern Auckland Wastewater Servicing Scheme	Duplication of the Southern Interceptor sewer between Hingaia and Manurewa to cater for growth	The project is expected to be completed in 2023.
7	Puketutu Island/Te Motu a Hiaroa	Rehabilitation of Puketutu Island using treated biosolids from the adjacent Māngere Wastewater Treatment Plant	The monofill operation to rehabilitate Puketutu Island is to be continued.
8	Warkworth-Snells-Algies Wastewater Services	Construction of a new wastewater treatment plant, new wastewater pipeline, pump stations and ocean outfall at Snells Beach	Design has commenced and construction is targeted for completion by 2022.
9	South-west Wastewater Servicing	Construction of a new wastewater treatment plant at Waiuku; new wastewater pipeline, pump stations and harbour outfall at Clarks Beach	Consent has been obtained. Design has commenced with construction completion expected by 2026.
10	Western Isthmus Water Quality Improvement Programme	Joint initiative with Healthy Waters to develop and implement specific improvement programmes in the priority catchments of Westmere, Avondale, Freemans Bay, Grey Lynn, Herne Bay, Meola Road, Motions Road, Oakley, Pt Chevalier, St Mary's Bay and Waterview	This programme is at the planning and construction stages. The target completion date remains 2028.

When is the Central Interceptor being built?



8.2



Central Interceptor
Watercare 

APPENDIX D

X July 2020

Mayor Phil Goff and Cr Bill Cashmore
Mayor of Auckland and Chair of the CCO Oversight Committee
Private Bag 92300
Wellesley Street
Auckland 1142

8.2

BY EMAIL

Dear Mayor Goff and Cr Cashmore

Watercare's response to the shareholder's comments on draft Statement of Intent 2020-2023

On behalf of the Board of Watercare Services Limited (Watercare), I would like to thank you for your comments on our revised draft Statement of Intent 2019-2022 (SOI) set out in your letter of 1 July 2020.

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

The revised SOI:

- Includes a new page setting out the immediate actions Watercare is taking to maintain the security of water supply through to the end of summer 2021.
- Acknowledges that the resilience Aucklanders expect from their water network is a strategic issue and will be part of Auckland's water strategy, and depending on the timing of the new water strategy, we will, if necessary, update our asset management plan to give effect to the new water strategy.
- Acknowledges that any new revenue opportunities will need to be endorsed by Council, until Watercare prepares a risk framework that has been approved by Council.
- In response to Covid-19, Watercare has agreed to increase funding to the Water Utility Consumer Assistance Trust for customers facing financial hardship. We are also exploring extending the Trust to small businesses, many of whom have been negatively impacted by Covid-19. Finally, over the coming year, we will review the Trust's effectiveness and how easy it is to access the Trust's funding, with a particular focus on how effective the trust is for Māori and Pasifika.
- In relation to the difference between carbon emission reduction targets of Watercare and the Council, we note that we annually review our Climate Change Strategy, and this year, our review will ensure the Strategy and targets are aligned with Te Tāruke-ā-Tāwhiri: Auckland's Climate Action Plan

(ACAP). The SOI document also now expressly notes that Watercare's 45% target is likely to be strengthened to align with the ACAP (once that Plan is finalised), and that our targets will also consider the contribution to the region's interim 2030 and 2050 targets.

- Appendix B of the Governance Section notes that Watercare commits to consider, where appropriate, different approaches to core systems and business processes, shared back-office delivery and alignment with the Council group's investment.
- The General shareholder comments have also been complied with. In relation to the financials, the SOI figures in Schedule 1 reflect Watercare's commitment to delivering \$121m savings as discussed and agreed at the Finance and Performance Workshop on 14 July 2020.
- If you have any questions in respect of our response, please let me know.

Yours sincerely

Margaret Devlin
Chair
Watercare Services Limited

Report to the Board of Watercare Services Limited

Prepared for the 28 July 2020 Board meeting



Chief Executive's report for June 2020

HIGHLIGHTS AND LOWLIGHTS

1. Health, Safety & Wellness

- There were two Lost Time Injuries (LTI), and one Medically Treated Injury (MTI), involving Watercare employees in June 2020.
- There was one Medically Treated Injury (MTI) involving a contractor in June 2020.
- The rolling 12-month Lost Time Injury Frequency Rate (LTIFR) for employees is 10.58 per million hours, exceeding our target of ≤ 5 .
- The rolling 12-month Total Recordable Injury Frequency Rate (TRIFR) for employees is 20.63 per million hours, exceeding our target of ≤ 20 .
- **Contractor safety:** following a spike in contractor incidents, Watercare has been leading meetings with key contractors to discuss. ACC has seen similar increase in injuries since a return to work, post-lockdown.
- **Entering chambers:** Procedural improvements are being introduced regarding the entering of chambers

2. SOI measures

- We have 16 SOI measures. We are on track to meet at least 15 of these measures.
- The average consumption of drinking water per day per resident is now meeting our targets. The measure is a rolling 12-month average and is now meeting our targets due to Aucklanders responding to our calls to conserve water during the drought.
- The missed SOI target is for real water loss. The long, hot, dry summer, resulted in the ground contracting, and therefore many pipe breaks being incurred. The most recent validated result we have for this measure is from January 2020, at 13.3%, slightly above the target of 13%. It has only been since we have been in Alert Level 1 that meter readers have been able to read all meters. The validated figures for the period up until April 2020 should be available in September 2020.

3. 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.

4. Customer service:

- Overall results for the year are satisfying given that contacts reached an all-time high due to the unprecedented weather and Covid-19 related events. We had 17% more contacts in FY20 compared with FY19, with the month of June 2020 receiving 70% more contacts compared with June 2019.
- The NPS 12 month rolling average for the year ended 30 June 2020 was 43 against a target of 33. Recently NPS has been declining post our cut-over to the new billing and faults system, Covid-19 and the drought. The NPS score for June which is well below the trend seen during the first half of the financial year.
- The customer satisfaction 12 month rolling average score is 72.5% against a target of 80%. The target was ambitious with our methodology change then compounded by our new billing and faults system switch over, Covid-19 and the drought driving overall negative sentiment impacting agent satisfaction scores as well as NPS. In response, we have an increased focus on coaching, quality control and First Call Resolution (FCR) to drive improvements in this space.
- Complaints within SLA have declined to 94.6% just under SLA target of 95%. Leaks and drought awareness has driven higher expectations from customers to fix leaks. We have close monitoring in place to achieve better results.
- We have promoted self-service significantly this year, with 56,000 customers now on My Account, more than double last year (up 126%). eBilling is also now 59% against a target of 55% through proactive campaigns to drive take up.
- **New laboratory in Wellington:** Watercare Laboratory Services has opened a new laboratory in Lower Hutt, Wellington.
- **WUCAT:** The Water Utility Consumer Assistance Trust received 100 applications in FY20, and granted over \$100,000 of hardship relief. Most applicants came from South and West Auckland.

5. Community and stakeholder relationships

- **Community and local board engagement:** Our activity over the last month continued to focus on the drought response. It has also included construction related communications and briefings concerning the Central Interceptor, Northern Interceptor and Huia No. 1 watermain.
- **Diversity Awards NZ 2020:** Watercare is a finalist in the Tomorrow's Workforce Award. The nomination recognises Watercare's apprenticeship training programme
- **Win at the Australasian Reporting Award:** Watercare's 2019 Annual Report won the Communications Award in the Public Sector. For the 15th year in a row, the Watercare annual report also won a Gold Award for overall excellence in annual reporting. Watercare also won a Silver Award for Sustainability Reporting.
- **Waikato District Council:** The Asset Management Plan and Business Plan were submitted to WDC on 30 June 2020. There were no significant outages in June 2020.
- **Legislation update, including submissions on various bills:** The Covid-19 Recovery (Fast Track) Act is now law; the National Environmental Standard on Wastewater discharges is delayed, but work is still ongoing; under the new Zero Carbon Act, the Minister for Climate Change and the Climate

Change Commission can now request information on climate change adaptation from local councils and other organisations, which would include Watercare; The National Policy Statement on Urban Development will be gazetted on 23 July 2020; Freshwater Commissioners have been appointed; the Infrastructure Funding and Financing Bill is due for its second reading; the Urban Development Bill is expected to come into law shortly.

- **Māori Engagement & Outcomes:** A significant focus in June 2020 concerned Waikato Awa water consents and documents.
- **Ngati Whātua Ōrākei:** Mayor Goff has responded to a letter Ngati Whātua Ōrākei regarding CCO Iwi engagement.
- **Exterior Cleaning Industry Association:** The Watercare Chair has sent a response to this Association, following its presentation to the Board in May 2020.
- **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. Now that the river is above median flows, we do not need to rely on emergency powers to do this, but can rely on our existing consents.
- **Watercare's communications with the Shareholder regarding the drought:** Several letters and presentations have been exchanged with Mayor Goff regarding the drought and the emergency budget.
- **Water outlook for July 2020:** At the end of June 2020, system storage was 55.3% against a historical average of 80%. As at 21 July 2020, total storage was 58.5% against a historical average of 83%. The long-range forecast predicts normal rainfall for July to September, but these forecasts would not be sufficient to overcome the deficit to date and indications for Spring remain unclear.

7. Resource Management Act Compliance:

- Watercare currently holds 507 active consents across Auckland and Waikato. Of these, 191 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 June 2020, 17 of our 191 discharge and take consents were technically non-compliant; 16 under Auckland Council and 1 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 2020.

8. Assets and Infrastructure

- **Rosedale upgrades and solar panel installation:** This report includes an update on the upgrade to the Rosedale wastewater treatment plant, as the installation of New Zealand's largest solar array on this treatment plant's pond.
- **Huia water treatment plant replacement project:** This report includes an update on the Huia water treatment plant replacement project, including the legal action being heard before the independent Hearings Commissioners.

FUTURE OUTLOOK

Government announces \$2.6b of its “shovel-ready” fund.

- This fund is in addition to the \$12.1b infrastructure fund announced earlier this year. It currently includes 150 projects in principle.
- A total of 1,924 submissions were received, with 820 projects for Ministers to consider. The list was then cut down again to 150 projects.
- “Shovel-ready” means projects that would be ready to go within 6 – 12 months.
- News reports suggest that Auckland will receive around \$89m of this funding to go towards transport and three waters projects, which means Watercare may be allocated some of this funding. Management hopes to have a further update for the Board in the next few months.

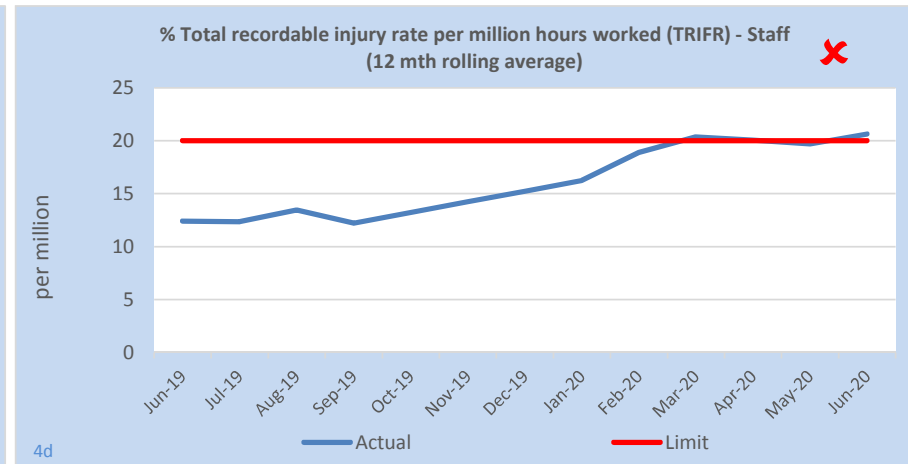
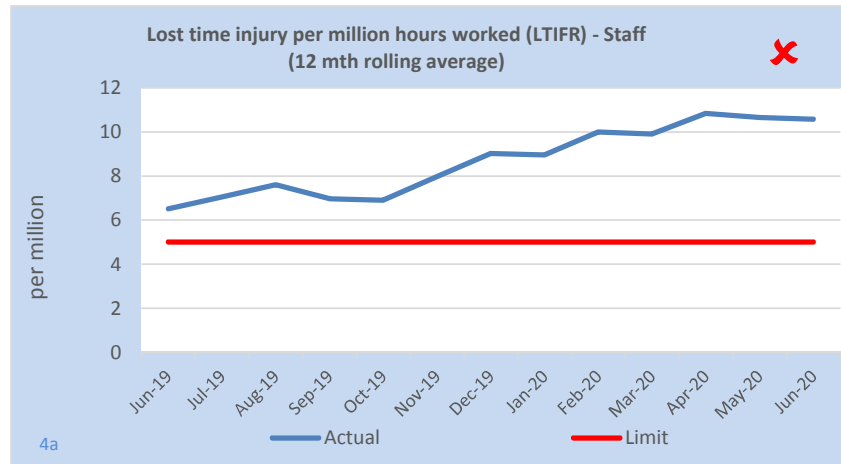
UPCOMING BOARD ACTIVITY

- AMCC Meeting – 28 July 2020
- Te Tangata Komiti meeting – 29 July 2020
- Governing Body confidential workshop – 29 July 2020
- Committee for Climate Action – 6 August 2020
- Audit and Risk Meeting – 10 August 2020
- Te Tangata Komiti Meeting – 24 August 2020
- Board visit to local construction site – 24 August 2020
- Audit and Risk Committee Meeting – 24 August 2020



Raveen Jaduram
Chief Executive

1. HEALTH, SAFETY & WELLNESS UPDATE



9.2

Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
Watercare LTI Customer 11045 27/05/20	No – Ergonomics LTI – 14 days	<p>A worker was working on a computer and took a break to stretch when they felt faint. As they fell, they hit their head on the corner of a table.</p> <p>The worker was taken to the hospital, was diagnosed with slight concussion and sent home to rest.</p> <p>At a follow-up appointment, the worker reported ongoing blurred vision and headaches. The worker was deemed fully unfit for work for two weeks and was treated for concussion.</p>	<ul style="list-style-type: none"> Workers must remain alert to their health and wellbeing 	<ul style="list-style-type: none"> Work area reviewed for hazards Ongoing monitoring and checking in with worker

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 MSN 10435 03/06/20	No – Manual Handling LTI - 27 days	A worker was assisting a contractor to lift a 20kg digger bucket when the contractor let go of the bucket unexpectedly. The sudden weight caused the worker to twist their shoulder and tear their bicep. The worker is waiting for surgery which is scheduled for August.	<ul style="list-style-type: none"> Unplanned activities must be reviewed for risk and managed effectively to ensure safe outcomes 	<ul style="list-style-type: none"> Workers have been reminded that when performing a two-person lift, planning and communication is critical
Watercare MTI Customer 10988 17/06/20	No – Fall at the same level Medical treatment only	A worker tripped on the carpet on the 4 th floor of Watercare House. The worker saw their GP but due to COVID-19 lockdown did not report the injury, nor were they able to access further treatment. The worker reported the injury and received physiotherapy treatment following lockdown.	<ul style="list-style-type: none"> Early reporting and treatment improve injury outcomes 	<ul style="list-style-type: none"> The worker and their manager have received training on reporting
Contractor MTI CB Civil 11055 18/06/20	No – Cuts and abrasions	A worker was cleaning lime bulk tanks when they felt a stinging sensation on the edges of their face mask. The worker suspected there was lime on their skin so flushed their face with cold running water and hydrocortisone cream was applied. The worker visited their GP who diagnosed the irritation was caused by abrasion from their face mask rather than a chemical burn, and then treated the abrasion.	<ul style="list-style-type: none"> Current First Aid training and equipment provide important first response for workers 	<ul style="list-style-type: none"> The worker and supervisor acted quickly and appropriately and were congratulated

HEALTH, SAFETY & WELLNESS UPDATE continued

SIGNIFICANT INCIDENTS/HAZARDS/CLOSE CALLS

There were nine significant incidents in June 2020.

Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
Isolations not to process Rosedale Fulton Hogan 10483, 10753 5 & 20 /6/20	Yes – Uncontrolled energy release No incident	There were two instances in June where isolation protocols were not correctly followed by contractors on the Rosedale site. Both relate to the long-term upgrade project. In both cases, the issue was identified before any incident occurred, work was stopped, and procedures were corrected.	<ul style="list-style-type: none"> Over the course of long-term projects, scope and responsibilities can shift It is critical to regularly review scope and procedures to ensure consistency and control 	<ul style="list-style-type: none"> Identified gaps in communication processes and lack of clarity regarding responsibilities and area ownership on site All parties are being brought together to clarify and ensure correct process moving forward
Service strikes MSN (2) 10897, 11185 City Care (2) 11054, 10991 Downer (1) 11158	Yes – Service strikes No incidents	There were five instances in June where underground cables were damaged. <ul style="list-style-type: none"> No injuries occurred All involved networks work in Auckland's streets In all cases the cables were not marked on drawings or were not in the marked location Location tools had been used e.g. Before you Dig and Cat and Genny Three were Chorus cables, one was a street-light cable and one cable was unidentified 	<ul style="list-style-type: none"> Underground services continue to be an issue both for Watercare and within New Zealand We need to continue to find ways of improving cable identification 	<ul style="list-style-type: none"> Enterprise Model safety group is leading a project to improve cable identification and management Fulton Hogan, Fletchers and WSL best-practice shared and will be compared to identify best-practice Bow-tie review has been conducted by senior HSW representatives from each business Dave Moore represents WSL in the WorkSafe group working on this issue
Contractor Pukekohe WWTP Hazard	Yes – Fall from height	During a site walk, a barricade protecting a 3m edge was found to be unclipped on one side.	<ul style="list-style-type: none"> Protection systems require maintenance and regular checking. 	<ul style="list-style-type: none"> The project leadership team reinforced the importance of site inspections and checking work once completed

Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
10686, 11202 11/06/20		A handrail protecting a 10m edge also popped out when a worker leaned on it. The worker received a fright but was not injured.		<ul style="list-style-type: none"> All barricading was inspected and deemed safe
Contractor Fulton Hogan Ardmore WTP Close call 10889 12/06/20	Yes – Fall from height	<p>A worker was on top of a 1900mm diameter pipe using a shovel to move material. The worker was working at height without protection.</p> <p>Work was stopped and the worker was brought to ground level safely.</p>	<ul style="list-style-type: none"> Perceived risk can be low, and risk can become normalised over time 	<ul style="list-style-type: none"> Workers were all reminded of the risks of working at height

9.2

HEALTH, SAFETY & WELLNESS UPDATE continued

<p>Contractor Safety</p> <p>Following last month's spike in contractor incidents, Watercare led a meeting with key contractors to discuss.</p> <p>All participants identified stress resulting from contract and employment uncertainty as a significant concern, at all levels of contracting organisations. ACC has also seen an increase in injuries to construction workers since the return to work following COVID-19.</p> <p>Further communication with industry partners has been planned and Roger McRae and CHASNZ have been consulted.</p> <p>Watercare is leading a three-month 'Back to Basics' campaign with key partners, with foci tailored for workers, contract and project managers and senior managers.</p>	<p>Consistency of Procedures</p> <p>A worker in the Maintenance Services team identified a lack of consistency between work teams when entering chambers.</p> <p>Two HSW Business Partners attended site to understand differences and facilitate identification of best practice.</p> <p>Procedural improvements were identified along with equipment issues, which have been corrected.</p>
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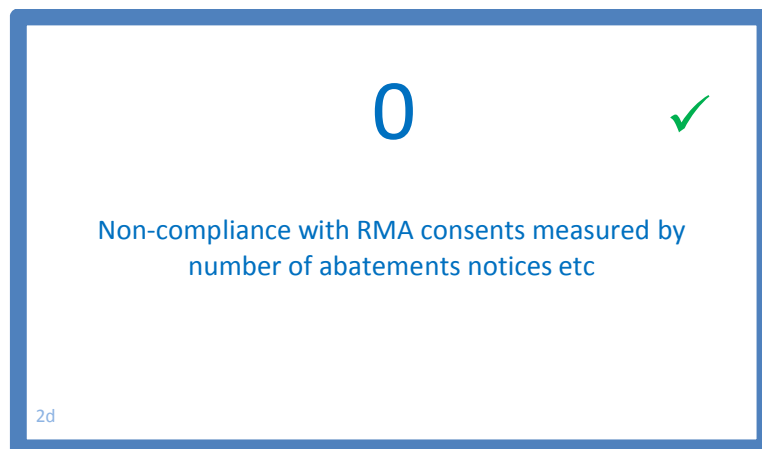
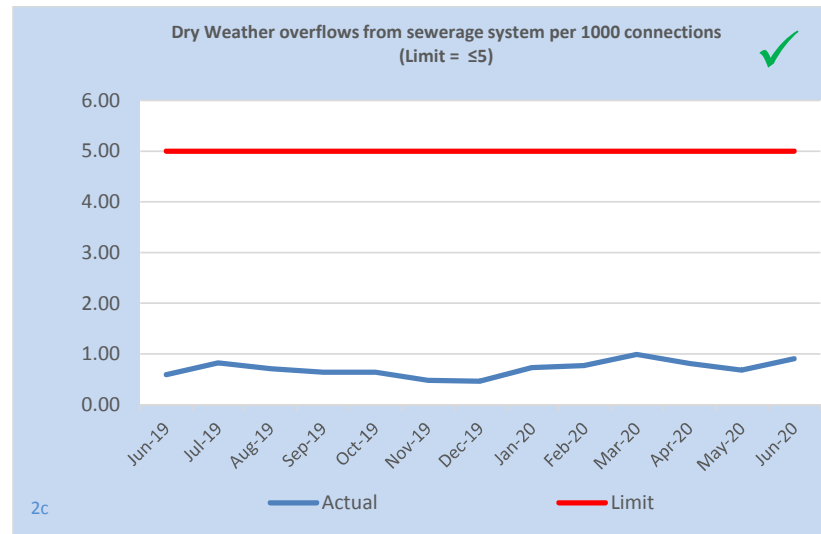
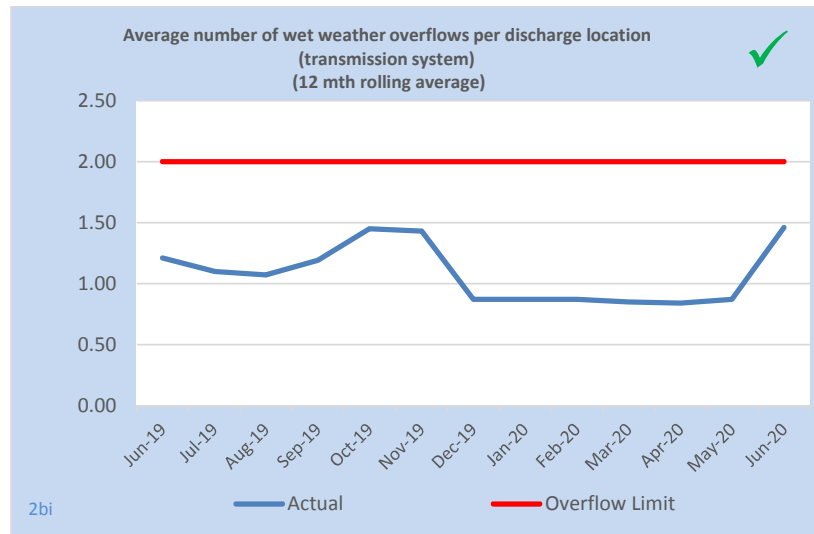
HEALTH, SAFETY & WELLNESS – Q4 UPDATE**Watercare Injuries per Business Unit**

Month	Business Unit	Restricted Duties Injury (RDI)	Medical Treatment Injury (MTI)	Lost Time Injury (LTI)	Total Recordable Injuries (MTI+LTI+RDI)
Apr - 20	Operations	1	0	1	2
	Customer	0	0	1	1
May - 20	Operations	0	0	1	1
	Customer MSN	1	0	0	1
Jun-20	Customer	0	1	1	2
	Infrastructure	0	1	0	1
4th Quarter Total (Watercare Employees)		2	2	4	8
Total YTD		7	12	21	40

HEALTH, SAFETY & WELLNESS – Q4 UPDATE**Contractor Injuries per company**

Month	Company	Restricted Duties Injury (RDI)	Medical Treatment Injury (MTI)	Lost Time Injury (LTI)	Total Recordable Injuries (MTI+LTI+ RDI)
May-20	Brian Perry Civil	0	1	0	1
	A.D. Riley	0	0	1	1
	Infrastructure	1	0	0	1
Jun-20	CB Civil	0	1	0	1
4th Quarter Total (Contractors)		1	2	1	4
Total YTD		10	8	7	25

2. SOI MEASURES – 2019-2020 - 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

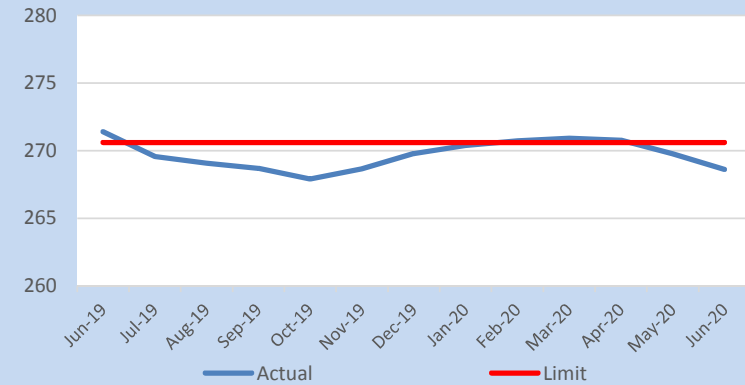
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Compliance with Part 5 of the Drinking Water Standards
(protozoal)

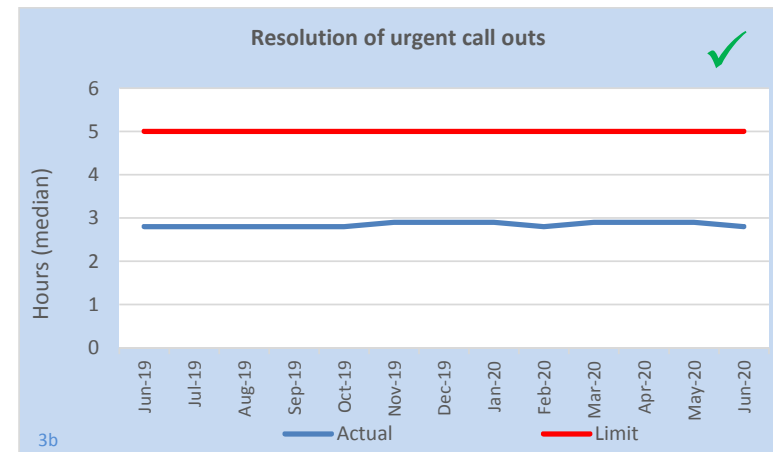
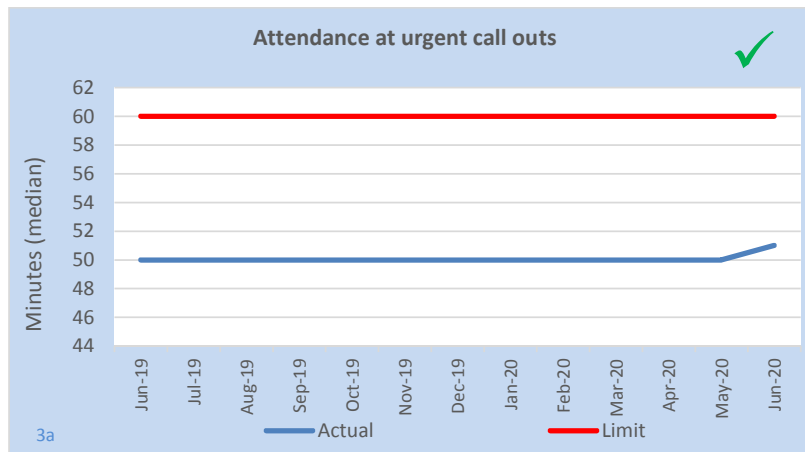
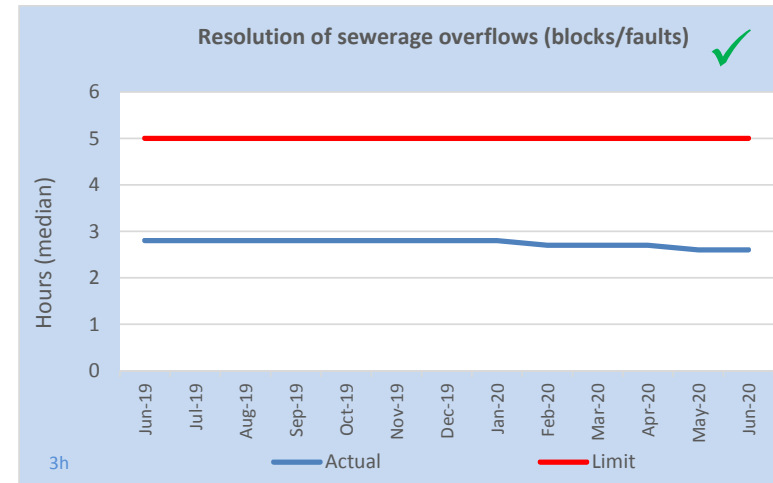
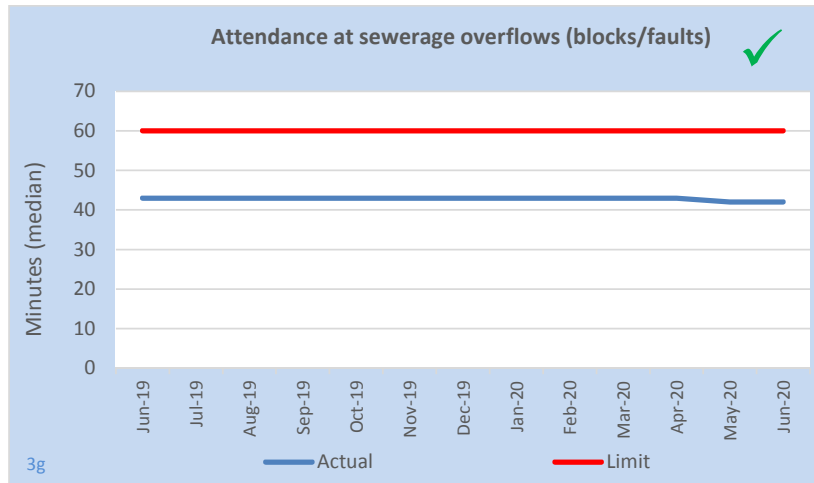
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Average consumption of drinking water per day per resident
(12 mth rolling average)



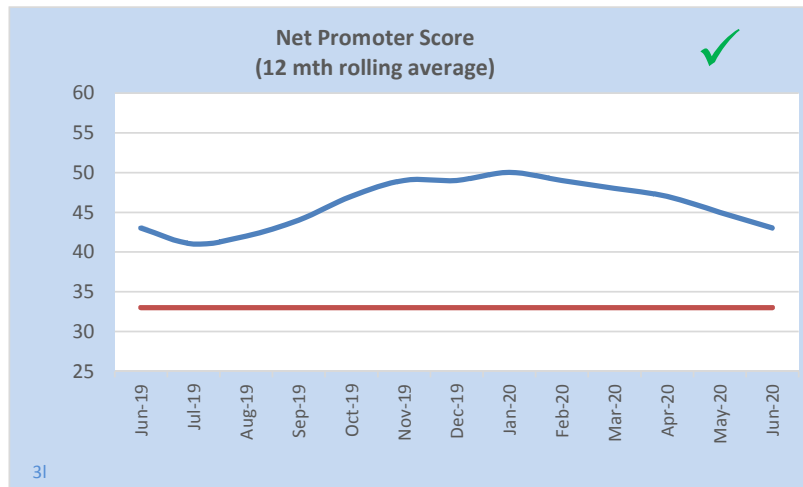
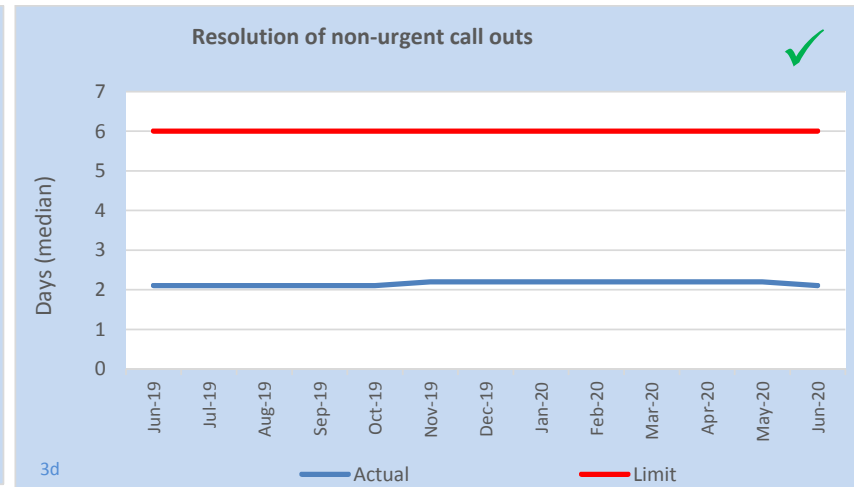
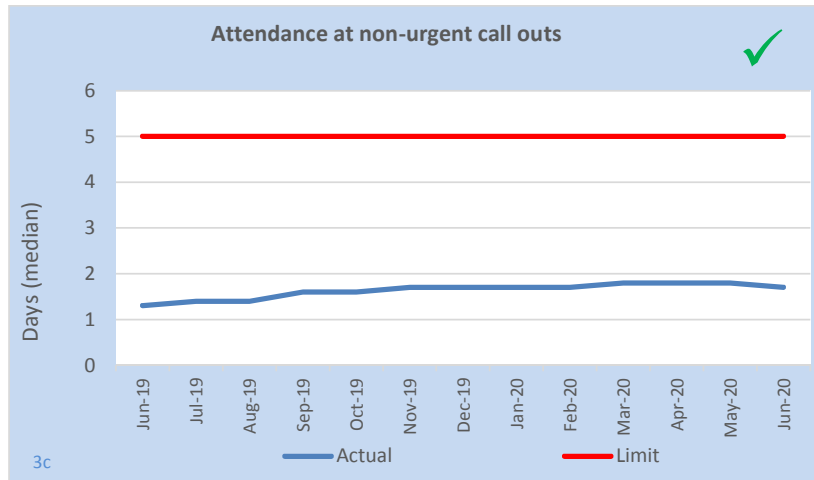
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SOI MEASURES – 2019-2020- Community and Stakeholder relationships

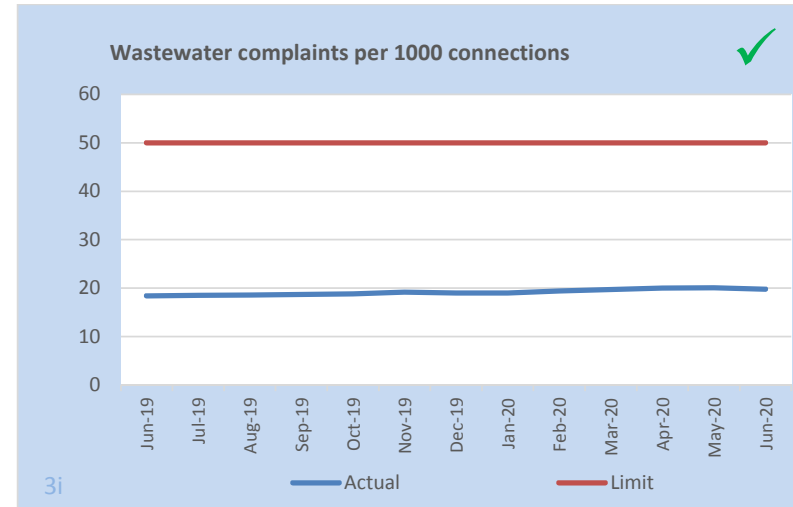
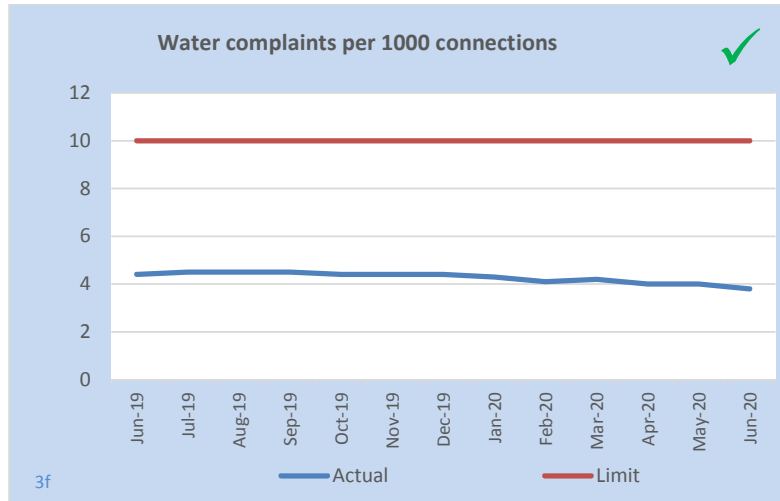




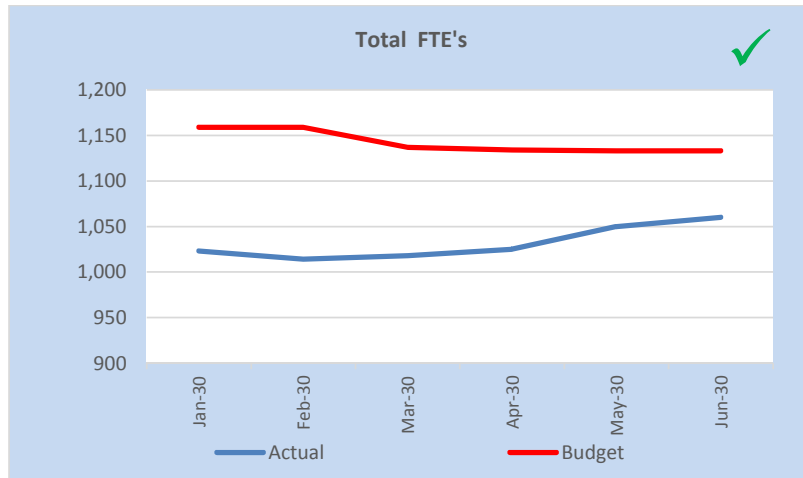
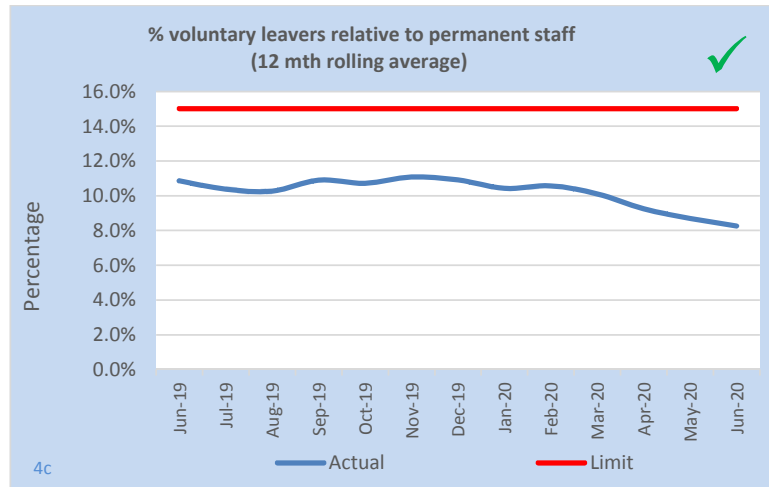
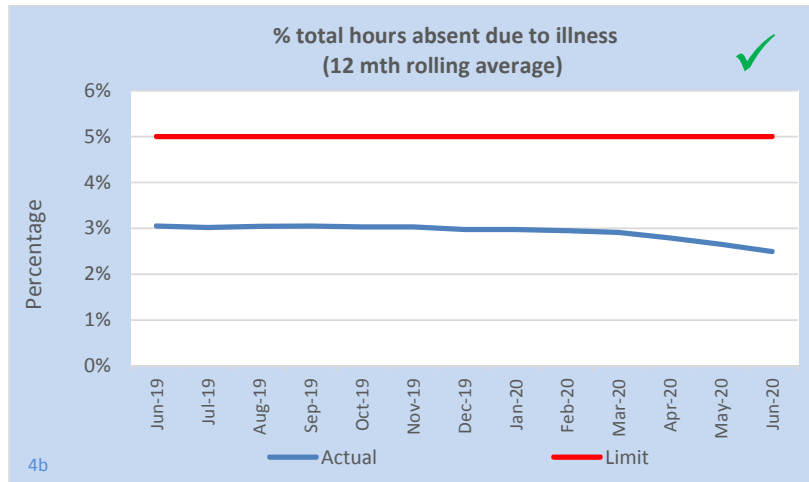
SOI MEASURES – 2019-2020 - Community and Stakeholder relationships



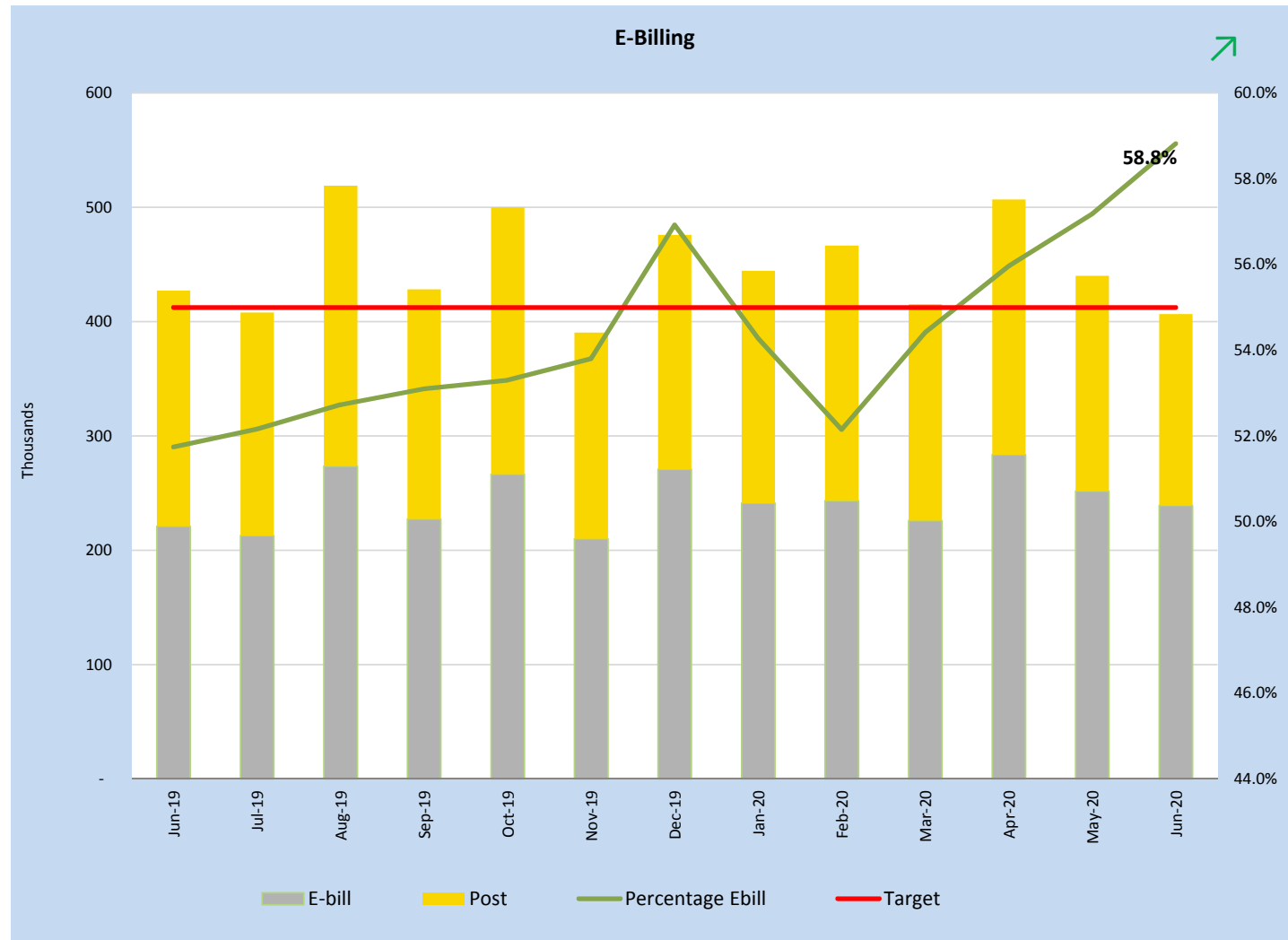
SOI MEASURES – 2019-2020 - Community and Stakeholder relationships



3. PEOPLE, CAPABILITY AND LEARNING



4. CUSTOMER SERVICE



CUSTOMER SERVICE continued

WATERCARE LABORATORY SERVICES' NEW LABORATORY

Watercare Laboratory Services has opened a new laboratory in Lower Hutt, Wellington. This presents new opportunities to customers in Wellington and provides further backup for Watercare's other laboratories in Auckland, Queenstown and Invercargill.

The Wellington team is set up to provide a wide spectrum of analysis. However, they can still rely on support from the Auckland laboratory for tests that are not time-critical or that require highly specialised equipment.

Watercare Wellington Laboratory qualified for IANZ accreditation for:

- Environmental monitoring
- Sampling
- Wastewater
- Potable water
- Non-Potable

The accreditations include tests for E.Coli/Total Coliforms, enterococci, dissolved oxygen, conductivity, pH, salinity, temperature, free/total chlorine and chloramine.

The facility is accredited as a Ministry of Health recognised laboratory for key drinking water parameters (E.Coli/Total Coliforms, pH, turbidity, fluoride), and can perform testing for DWSNZ compliance.

CUSTOMER SERVICE continued**WATER UTILITY CONSUMER ASSISTANCE TRUST (WUCAT)**

4th Quarter - April – June 2020	Financial Year 2019 / 2020	Areas applications were received from:
No. of applications received: 27 Total relief granted: \$18,504	No. of applications received: 100 (57 home owners & 43 tenants) Total relief granted: \$104,538	4 Central Auckland 6 East Auckland 23 North Shore & North Auckland 37 South Auckland 30 West Auckland

Other information/assistance provided to applicants:

- **30** water audits were requested through Eco Matters Trust for applicants whose Watercare accounts appear high for the number of occupants to ascertain if this is due to a water leak, or other high use practices, e.g. use of hot water to keep warm
- **10** households have received plumbing assistance (once leak identified by Eco Matters Trust water audit) at a total cost of \$4,005
- Where it is not obvious from budget reports that applicants are receiving all the benefits they might be entitled to, the Trust refers them back to their budget advisers with suggestions as to additional assistance they might enquire about

Assistance to Māori/Pacific People

WUCAT continues to be promoted through Marae, Whanau Ora, Turiki Health, Huakina Development Trust, Raukura Hauora O Tainui, along with a number of other Māori providers. One of the WUCAT Trustees is appointed by the Māori Women's Welfare League and she has been instrumental in assisting with relationships with Māori.

WUCAT has also forged a close working relationship with Fono who provide a variety of services to the Pacific community (health, dental, financial mentoring, education and a variety of social services). They have offered to provide any additional services required for Pasifika applicants, along with translation assistance to applicants.

5. COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE

WORKING WITH LOCAL BOARDS

- Local Boards continue to be updated on the drought response. This includes more targeted communications with the Franklin Local Board regarding upgrades underway in the area including the Papakura Water Treatment Plant network upgrades and the Pukekohe Water Treatment Plant development.
- Local Board Plans are currently out for public consultation. The plans are being reviewed for relevant information that will be shared internally.
- Construction related communication continues to be shared with local boards in the interests of no-surprises including briefings with relevant local boards related to the Central Interceptor project and other major project works including the Northern Interceptor and the Huia No. 1 watermain.

WATERCARE FINALIST IN THE DIVERSITY AWARDS

- Watercare has been named a finalist at the Diversity Awards NZ 2020. The category celebrates innovative responses to an ever-changing workforce.
- The nomination recognises Watercare's apprenticeship training programme.
- Other finalists in the Tomorrow's Workforce Award are Citycare Ltd, Fletcher Building, GirlBoss New Zealand, and Ministry of Business, Innovation and Employment.
- The Awards will be held on 16 September 2020.

WATERCARE WINS AT THE AUSTRALASIAN REPORTING AWARDS

- The Australasian Reporting Awards, which were held virtually this year. Watercare's 2019 Annual Report won the Communications Award in the Public Sector. The judges said *"This is a well-written report with interesting photography and it has a lively section on 'Strategy and Performance' which reflects an organisation focused on efficiency and improvement. The theme of 'Becoming Future Fit' is well-developed with strong emphasis on planning and investing for the future"*
- For the 15th year in a row, the Watercare annual report also won a Gold Award for overall excellence in annual reporting. The Judges said *"This report is articulate, engaging and transparent. It is well-constructed with clear and concise text. It informs stakeholders about the organisation, its core mission and values, and its role in serving the community. The strategy and performance framework and the value creation model are excellent."*
- Watercare also won a Silver Award for Sustainability Reporting.

WAIKATO DISTRICT COUNCIL (WDC) STATUS UPDATE

- The Asset Management Plan and Business Plan were submitted to WDC on 30 June 2020. A workshop with the Waters Governance Board is scheduled in July 2020 to finalise the Plan.
- Work continues on preparing discharge consent applications for Raglan, Meremere and Te Kauwhata.
- The contract for the Meremere MBR installation project has been awarded and the contractor will commence works on site in 4-6 weeks.
- There were no significant treatment plant or network outages in June 2020.

COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE *continued*

LEGISLATION UPDATE INCLUDING WATERCARE'S SUBMISSIONS ON VARIOUS BILLS

Covid-19 Recovery (Fast-track Consenting) Act

- The Covid-19 (Fast-Track Consenting) Bill was introduced into Parliament on 16 June, and submissions closed four days later on 20 June 2020.
- Over 1,000 submissions were received.
- A number of amendments have been made to the original bill, but none of significance.
- This new law gives the Government temporary powers to fast-track Resource Management Act consenting of development and infrastructure projects in response to the impacts that Covid-19 is having on the New Zealand economy.
- This Bill was given Royal Assent on 9 July 2020.
- Watercare did not make a submission to this bill, but Auckland Council did. A significant Auckland Council submission point was to include the (2013) Waikato River water take application as a “listed project”, however this was not successful.
- The intention of this Bill is to allow for faster RMA consenting of development and infrastructure projects in response to the impacts that COVID-19 is having on the New Zealand economy
- The Act will self-repeal in two years.
- Former Chief Environment Judge Newhook has been appointed Convener of the Expert Consenting Panels for the Covid fast-track consenting process.
- Watercare is now considering how we (and the Council family) will feed into this “Fast-track” process. There are short turn-around times in which to provide comments on fast-track applications – likely to be five working days at the most. Watercare’s appearance at Expert Panel hearings may also be required.

NES on Wastewater Discharges and Overflows, now delayed

Boffa Miskell, GHD and BECA have been recently commissioned to prepare a report documenting current and emerging issues facing the wastewater sector in New Zealand, covering issues such as trade waste practices, climate change considerations, iwi/Māori values, and land-based disposal.

LEGISLATION UPDATE CONT.

<p>Information requests coming - Our preparations for climate change</p> <ul style="list-style-type: none"> • The Government will soon begin work on a National Adaptation Plan to address the risks of climate change. This means the Government will be gathering information about the work already underway to make sure any government plan is informed and future-proof. • As part of the <i>Climate Change Response (Zero Carbon) Amendment Act</i> passed last year, the Minister for Climate Change and the Climate Change Commission can now request information about climate change adaptation from local councils and other organisations, such as lifeline utilities.
<p>NPS for Urban Development to be gazetted 23 July</p> <ul style="list-style-type: none"> • The National Policy Statement for Urban Development (NPS-UD) will enable growth, both up and out, and help ensure planning that is strategic and responsive to demand and enables well-connected growth. • The NPS-UD is expected to be gazetted on 23 July.
<p>Freshwater commissioners appointed - Appointments for Resource Management Amendment Bill</p> <ul style="list-style-type: none"> • Professor Skelton has been appointed Chief Freshwater Commissioner. Environment Judge Thompson appointed as Deputy Chief Freshwater Commissioner. In these roles, Professor Skelton and Judge Thompson will oversee the Freshwater Planning Process introduced by the recently Resource Management Amendment Act. This includes being responsible for convening hearing panels for new freshwater plans and plan changes.
<p>Infrastructure Funding and Financing Bill” (IFF Bill)</p> <ul style="list-style-type: none"> • The “Infrastructure Funding and Financing Bill” (IFF Bill) was introduced into Parliament in December 2019, and is now due for its second reading. The Select Committee recommendations report only recommended minimal amendments to the original bill. • This Bill would establish an alternative funding and financing model to address challenges and support the provision of infrastructure to support housing and urban development. Watercare made a submission. Its submission points focused on allowing Watercare to establish an SPV, have greater designing, planning and construction roles, and not having the IFF Bill to compromise Watercare’s IGC’s.
<p>Urban Development Bill</p> <ul style="list-style-type: none"> • The Environment Select Committee report on the Urban Development Bill was released on Wednesday, 10 June. • The Bill has passed its second reading. No significant amendments to the original bill were passed and it is expected to pass before the election.

COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE *continued***MĀORI ENGAGEMENT AND OUTCOMES IN JUNE 2020**

The majority of Watercare's engagement with Iwi over June concerned Waikato Awa water consents and documents. Engagements included the following Waikato - Tamaki Whakaaetanga (Agreement) Summit Joint Meeting involving Waikato Regional Council, Waikato-Tainui, Waikato River Authority, Auckland Council and Watercare at the Te Whakakitenga Chambers, Hopuhopu. Other hui included meeting with Beca, Watercare and mana whenua regarding the Waikato water treatment plant's relationship with the Waikato Awa, a further meeting at the plant with Waikato Tainui, Te Taniwha o Waikato, Waikato River Authority, Ngāti Te Ata, Ngāti Tamaoho and Te Ākitai Waiōhua.

In June 2020, we held a relationship hui which included Watercare CE Raveen Jaduram, Deputy CE Marlon Bridge, Richard Waiwai meeting with Karen Wilson, Te Ākitai Waiohū, Josy Peita, Ngāti Te Ata Waiohū and Dennis Kirkwood, Ngāti Tamaoho.

At MSN and the Central Interceptor project, all new workers undergo mana whenua cultural inductions.

There has been mana whenua engagement with Ngāti Te Ata, Ngāti Tamaoho, Te Ākitai Waiōhua and Ngāi Tai ki Tāmaki regarding the Papakura (Cossey's) and Pukekohe bores projects.

We also continue to meet to collaborate with Council on Maori outcomes, and in June, met with Ngā Mātārae Māori representative Deane Rose Ngāti - Tua (Auckland Council).

NGĀTI WHĀTUA ŌRĀKEI POSITION ON COUNCIL AND COUNCIL CCO'S IWI ENGAGEMENT

In May, Ngāti Whātua Ōrākei wrote to the Council family regarding CCO Iwi engagement. This letter was attached to the May 2020 Watercare CE's report. **Appendix A** is a copy of the response sent on behalf of the Council family by Mayor Goff to Ngāti Whātua Ōrākei.

PUBLIC DEPUTATION REGARDING THE EXTERIOR CLEANING INDUSTRY ASSOCIATION

Mr Henry Norcross presented to the Watercare Board at the June 2020 Board meeting. A copy of Mr Norcross's letter to the Board is attached to the public minutes from the May 2020 Board meeting. **Appendix B** is a copy of the response sent to Mr Norcross by the Chair following Mr Norcross' deputation.

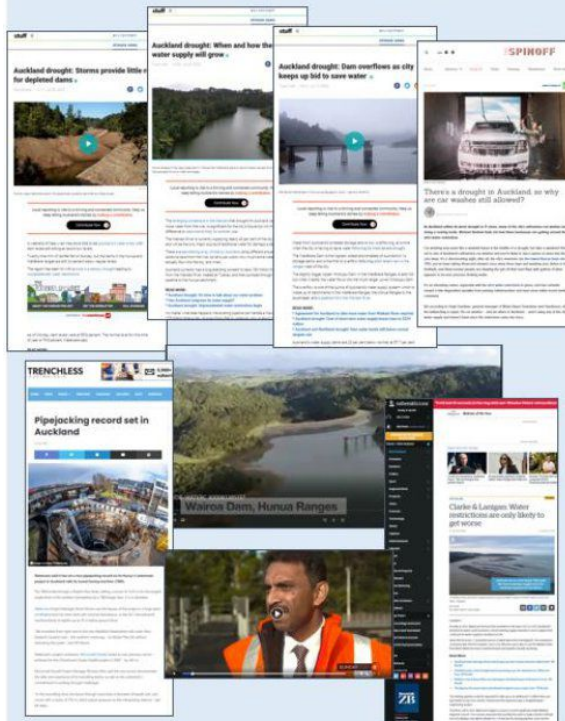
Monthly snapshot of communications and stakeholder engagement



Enabling engaged communities and stakeholders

Media

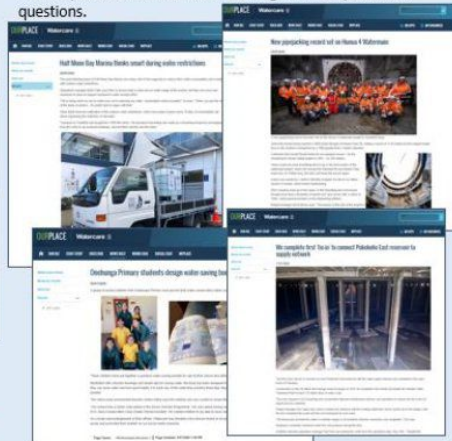
Highlights for this month include extensive coverage in Stuff and in the NZ Herald on the water storage levels, especially in context of the rains at the end of June; interview with Raveen on TVNZ's Sunday Programme; features on MediaWork's AM Show. Our record-breaking pipe jacking on the Hūnua 4 Watermain was featured in Trenchless Australia magazine.



Enabling safe, happy and empowered teams

Staff

We continued to share water supply and drought updates internally, to enable staff to act as our champions in the community. We profiled water-conserving businesses and individuals as well as projects milestones. We organised a staff briefing across sites where Raveen presented to staff on the drought and responded to questions.



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 a tree planting on Waititiko-Meola Creek as part of the Central Interceptor stakeholder engagement programme. The event saw excellent participation and over 2000 native plants were given a new home.



Enabling customer trust and value

Customers and communities

We finalised a promotion campaign with Countdown to distribute 15,000 shower timers and flyers through eight major Countdown stores around Auckland for one week. In addition, we're working with consumer household brands (shampoo, toothpaste, mouthwash etc) to promote our top four water-saving tips on their products. We continue to run extensive ad campaigns on Facebook and high frequency radio ads. Further planning for the local super hero campaign is underway. Tapped In – Winter 2020 newsletter is in progress. We aim to start distribution to 450k domestic and non-domestic customers at the end of July. We have designed and offered in-room information cards to around 200 hotels in Auckland to encourage guests to save water during their stay.



Our messages on social media (Facebook and LinkedIn) focused on reminding to conserve water and updates on dam storage levels in the context of rainfall, as well as updates on water supply augmentation projects.



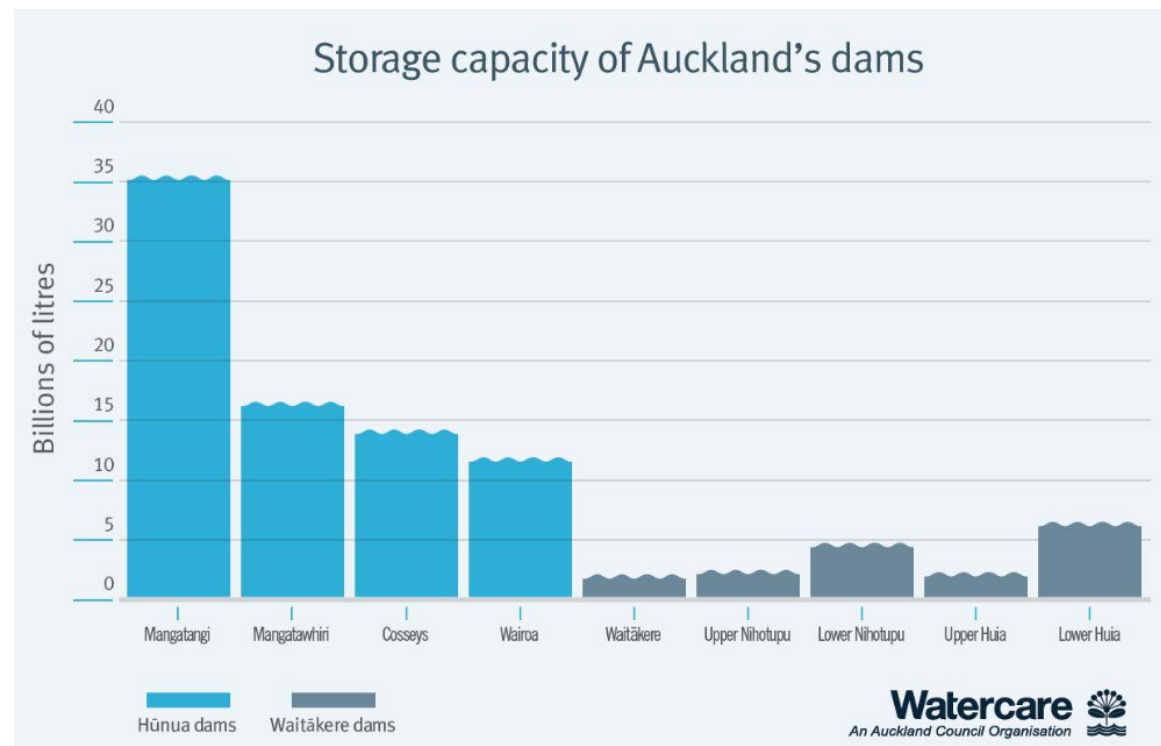
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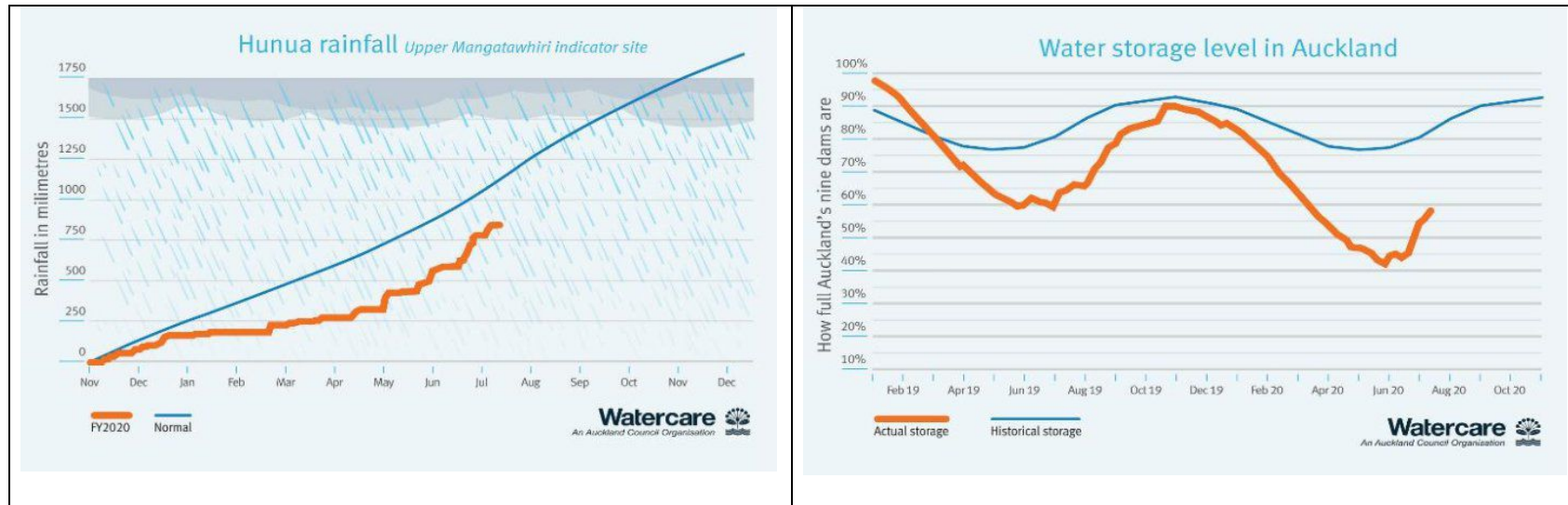
6. NATURAL ENVIRONMENT

Watercare's Drought Management Response

Despite recent rain, the Auckland region continues to experience a severe drought. Our dams in the Hūnua and Waitākere Ranges rely on rainfall to replenish water stores. With record low rainfall since November 2019, total water storage levels reached less than 50% on 15 May 2020.

The recent rain has helped replenish the dams, especially in the west. However, the dams in the south, which are much larger and provide 80% of Auckland's water storage, still require significant rain to reach normal levels again. As at 17 July 2020, water storage levels were 58%, well below normal for this time of year (i.e. approximately 83%).





9.2

WATER USE RESTRICTIONS IN PLACE

Since February 2020, we have been encouraging people to voluntarily save water via the Water is Precious campaign. Since 16 May 2020, Level 1 water use restrictions have been in place as well, meaning residential water users cannot use an outdoor hose or water blaster. Commercial and other non-domestic water users also cannot:

- Use an outdoor hose or water blaster unless it is for a health, safety, emergency or biosecurity reason
- Operate a car wash unless it uses recycled water
- Water sports fields, plants or paddocks unless they have an irrigation system that is fitted with soil moisture or rain sensors

Watercare continues to work with Healthy Waters to provide commercial outdoor water users with non-potable alternative supplies.

REDUCING PRESSURE ON OUR WATER STORAGE LAKES

To reduce the demand on our water storage lakes, we are:

- maximising production at our Waikato and Onehunga treatment plants.
- Working to return two former water sources to supply – Hays Creek Dam in Papakura and a bore in Pukekohe

- Upgrading the Onehunga plant to be able to process more water from this acquirer source
- Between 16 June 2020 and 2 July 2020, emergency powers were used under the Resource Management Act, to take extra water from the Waikato River. The decision to take additional water using the emergency provisions was not been made lightly. We have been in discussions with Auckland Council, Waikato Regional Council, Waikato Tainui and Hamilton City Council so they are aware of our decision to take the extra 25 MLD (5MLD now, and 25MLD in August once the Pukekohe East Reservoir is complete). We have also been in discussions with the Waikato River Authority and reiterated Watercare's commitment to assisting with improving the health and wellbeing of the Waikato Awa.
- Since 2 July 2020, the Waikato River has been flowing above median levels, which means we have not relied on the emergency powers. We are using our Winter Harvest Consent for 25MLD that was granted in 2017.
- We continue to focus our efforts on ensuring leaks are detected and fixed promptly to reduce loss of water. The drought has made customers much more aware of leaks, which are inevitable given the size and complexity of Auckland's network. The Communications team has produced a flyer on Understanding Water Leaks for our customers (**Appendix C**)

Mangatangi Dam Spillway, Hunua, 2 July 2020. As at 19 July, this dam is 53% full. Wairoa Dam, Hunua, 13 July 2020. As at 19 July 2020, this dam is 53% full.



Watercare's communications with the Shareholder regarding the drought

In June and July, the following three letters and presentations have been exchanged between Auckland Council and Watercare regarding the Drought response and the emergency budget

- **Appendix D:** Letter dated 4 June 2020 from the Mayor to Watercare requesting information on Watercare's drought response.
- **Appendix E:** Letter dated 24 June 2020 from Watercare to the Mayor, responding to the letter set out above.
- **Appendix F:** Presentation provided by Watercare to the Governing Body on 25 June 2020, providing Council with an update on Watercare's drought response.

Watercare's Waikato River Take Application – called in by the Minister of the Environment

On 30 June 2020, Watercare was advised by the Environmental Protection Authority that the Minister of the Environment had requested that Watercare's Waikato River Take Application (for 200MLD, lodged with the Waikato Regional Council in 2013), be referred to a Board of Inquiry for decision. The Minister's considered the application to be of national significance.

Appendix G is a copy of correspondence sent to Watercare by the Environmental Protection Authority on this matter.

This now means that Watercare's 2013 resource consent application will be referred to a three person Board of Inquiry for a decision.



Water outlook for July 2020

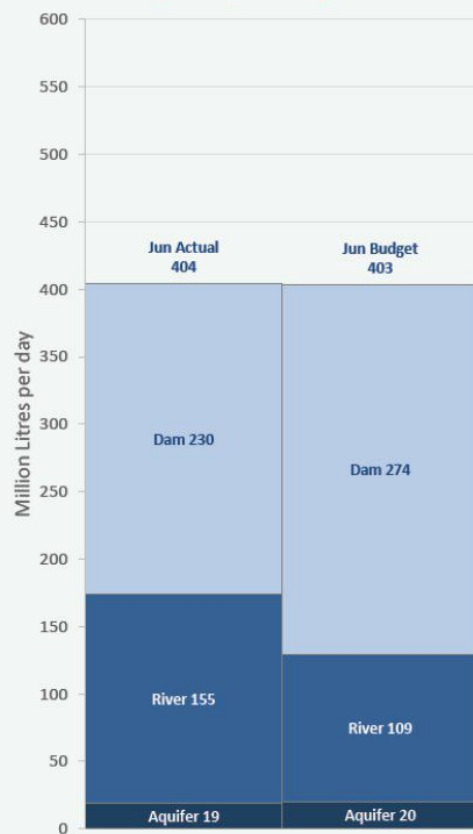


Rainfall for June



	Waitakere	Hunua
June Actual	288.7mm	259.2mm
June Normal	187.0mm	165.0mm
Nov to June Actual	828.0mm	755.0mm
Nov to June Normal	1046.0mm	1030.0mm

Average daily water produced



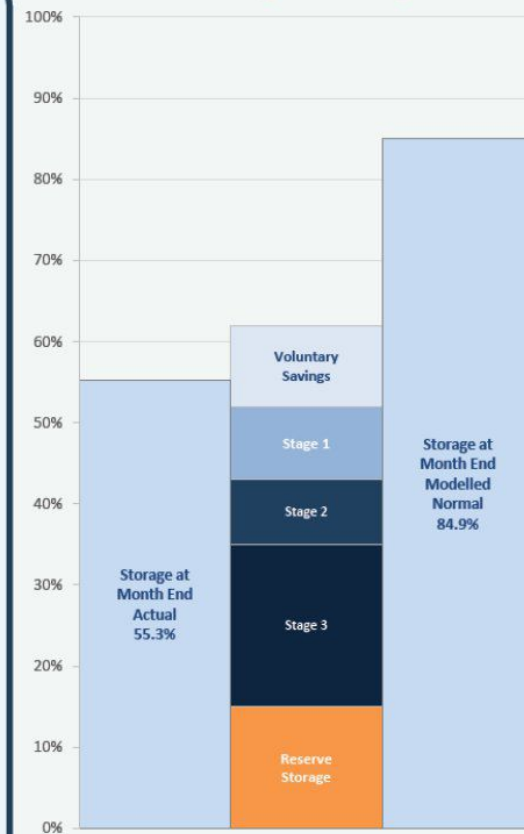
Water resources position

- Total system storage increased through June from 43.4% to finish the month at 55.3%, compared to the FY2020 budgeted storage response of 89.1% for a modelled normal response for June.
- Rainfall for the month of June was above normal for all of Auckland. The Waitakere and Hunua ranges received 154% and 157% of their historical averages respectively. Rainfall experienced since November 2019 is still in deficit with approximately 75% of normal record across the region for the eight month period.
- Storage remains below levels that would normally be experienced at this time of year (80.0%), if compared with the historical average (1981–2010). June's storage response was above that of a fifty year dry (53.4%), but below that of a 20 year dry response (62.4%) for the period since July 2019.
- Abstractions from Waikato and Onehunga continued to be optimised throughout June to reduce abstraction pressures on the storage lakes, keeping the Waikato Water Treatment Plant running at maximum capacity.
- Total water treatment plant production was near budgeted volumes for June, and is 7.3% above budget for the Financial Year.
- Demand throughout June dropped again from May 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 July has been forecast to be near or below normal for Auckland.
- July temperatures have equal chances for near or above average temperatures, a trend expected to continue throughout winter.
- Current long term forecasts are suggesting that normal rainfall is now more likely for July to September, however these forecasts would not be sufficient to overcome the deficit experienced to date. Indications for spring are unclear at this stage.
- 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

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

	Jan	Feb	Mar	Apr	May	Jun
Number of non-compliant consents held by Watercare in Auckland¹	13	9	21	52	13	16
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>	9	6	22	36	11	14

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.	Completion of upgrade expected by August 2020 after some Covid-related delays.	3 – Ongoing issue (negligible environmental impact)
WASTEWATER TREATMENT			
Helensville	On-going water quality issues at the compliance point. Upgraded to Category 4 after Auckland Council inspection.	Remediation work has begun. Works on track to be complete by August 2020 after some Covid-related delays.	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.	Completion date by August 2020	3 – Auckland Council assessment after inspection; small scale irrigation means effects on groundwater less than minor.

RESOURCE MANAGEMENT ACT COMPLIANCE - Waikato Regional Council



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

	Jan	Feb	Mar	Apr	May	Jun
Number of non-compliant consents held by Watercare in Waikato ¹	1	0	6	4	1	1
Number of non-compliant category 3 conditions ² <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 conditions ² <i>Technical non-compliance with no more than minor potential or actual adverse effect to the environment. For example, reports provided after due date.</i>	1	0	4	6	1	1

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

UPDATE ON THE ROSEDALE WASTEWATER TREATMENT PLANT UPGRADE, AND SOLAR PANEL INSTALLATION

Works to upgrade the Rosedale Wastewater Treatment Plant (WWTP) to cater for population growth are progressing well. At an investment of around \$100 million, works commenced on 1 June 2018 and are due for completion in November 2020. We are currently around 85% complete, with commission stages to follow soon. This follows the newly completed pond link, at an investment of \$19.5 million.

We have also started works to install a solar array, that will float on the Rosedale WWTP pond. It will be New Zealand's largest solar array. We are working with Vector to install the panels that are expected to generate around 1,480 megawatt hours of electricity each year, with zero emissions - enough power to run the equivalent of 200 average homes for a year. It will contain more than 2,700 solar panels and 3,000 floating pontoons (the Lights on Harbour Bridge have 248 panels)



The final piece of the floating solar array being towed into place



Vector installation works

9. HUIA WATER TREATMENT PLANT REPLACEMENT PROJECT UPDATE

PROJECT BACKGROUND AND CONTEXT	THE CONSENTING PROGRESS
<ul style="list-style-type: none"> The existing Huia WTP was constructed in 1929. It was upgraded in the 1940s and again in the mid-2000s. It is now nearing the end of its operational life and needs to be replaced. In May 2017, the Board accepted the recommendation of management and resolved the Manuka Road option as the preferred site for the development of the replacement Water Treatment Plant (WTP). This option is in close proximity to the existing Huia WTP, on the corner of Manuka Road and Woodlands Park Road, on land owned by Watercare and designated for water supply purposes. Two new reservoirs are proposed to be located on designated land, also owned by Watercare, one directly across from the existing Huia WTP on the northern side of Woodlands Park Road, and one built on the existing WTP site once it has been decommissioned. A detailed consideration of on-site alternatives has been undertaken to determine the most appropriate footprint for the proposed replacement WTP and reservoirs. This has resulted in changes from that originally proposed. The change has eliminated the need to remove a significant stand of kauri on the northern reservoir site. Current activity is focused on the securing of the consent to carry out the enabling works for construction. This consent process is extensive, as there was expected to be significant opposition to the building of the replacement plant. The plant is programmed to be in operation in 2025 and cost approximately \$350 million. This is in line with the 2018 AMP. 	<ul style="list-style-type: none"> The enabling works consent application was notified by Auckland Council on the 5 August. The Council received 500 submissions to the application. Of these; 8 were neutral, 10 support and 482 oppose the proposal. The application was heard by independent Hearing Commissioners over eight days commencing on 24 February. At the completion of hearing, the Commissioners (the Panel) considered that kauri dieback is a pivotal issue in determining the application for resource consent and that they considered that clear and informed evidence on this subject is essential to assist them in their decision-making task. They adjourned the hearing to allow for caucusing to take place between nominated kauri dieback experts. Subsequently the experts have agreed that kauri dieback testing was required for the site. A company has been nominated to carry out the testing. Watercare engaged an independent company to carry out the testing in accordance with the instructions prepared by Watercare's expert, Dr Flynn of Boffa Miskell, in consultation with the other nominated experts. Sampling began on Friday 26 June 2020. Sampling will take approximately two months to complete. Watercare has requested a further Panel reporting date of Friday 11 September 2020. In that report, we will update the Panel on progress with the second round of expert witness caucusing. The Panel is expected to reconvene the hearing shortly after this date. We anticipate that the consent will be granted in November 2020. Following the granting of the consents a business case will be prepared for the design and construction of the replacement WTP. The current programme has the completion of the design by July 2021 and the project execution completed in 2025. This programme is at risk following the extended period of consenting. Options will be reviewed for either meeting or extending the completion date. These will be presented to the AMCC on November 2020.

10. DELEGATED AUTHORITY OF THE CHIEF EXECUTIVE

<p>For the month of June 2020, there were 3 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"> • 2 x Section 18 Public Works Act notices to acquire land or rights in land for Watercare • 1 x Entry and Easement Agreement in favour of Watercare 	<p>In June 2020, there were five Capex/Opex contracts, over \$100,000, approved by the CE in accordance with the delegated authority provided to the Chief Executive by the Board.</p> <ul style="list-style-type: none"> • Waikato 225 WTP Early Works - Booster Pump Station (Fulton Hogan Limited) • Waikato 225 WTP Early Works - Treatment Plant and Transmission (Fletcher Construction Company) • Waikato Network Upgrade Design (Neo Engineering Consultancy Ltd) • Security System Upgrade (J H Yearsley Limited) • Laboratory Automation Requirement (Dksh New Zealand Limited) 	<p>In June 2020, there were two capex approvals signed in accordance with the delegated authority provided to the Chief Executive by the Board in relation to Capex approvals below a threshold of \$15m.</p> <ul style="list-style-type: none"> • Western Isthmus CI Interfaces – Shaft Reconfigurations - \$13,500,000 • Kowhai Reservoir Roof Replacement - \$210,000
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Appendix A



3 July 2020

Marama Royal
Chair, Ngāti Whātua Ōrākei Trust

Tēnā koe Marama

Re: Ngāti Whātua Ōrākei Position on Council and Council CCOs Iwi Engagement

Introduction

1. Thank you for your letters dated 10 June 2020 to CCO Chairs and Chief Executives regarding the council and CCOs' iwi engagement approach, and your subsequent letters to local board Chairs (Whau, Ōrākei, Kaipatiki, Henderson-Massey, Albert-Eden, Puketapapa, and Maungakiekie-Tamaki) dated 25 June 2020. You also wrote earlier to the Mayor Phil Goff on 15 January 2020.
2. The council recognises the importance of a continued relationship with Ngāti Whātua Ōrākei at various levels across our organisation and the council group. However, given the similarity of issues raised in your correspondence, I thought it would be useful if I responded to:
 - a) outline the council's understanding of the legal cases you refer to; and
 - b) set out some of the mahi we would like to work alongside you on.

Recent court decisions

3. In your letters you refer us to the recent decisions of *Ngāti Whātua Ōrākei Whai Maia Ltd v Auckland Council* [2019] NZEnvC 184 (**the Environment Court decision**) and *Ngāti Whātua Ōrākei Trust v Attorney General* [2018] NZSC 84 (**the Supreme Court decision**).
4. We have reviewed these cases and do not consider that they stand for the general proposition that the council must determine and give effect to the relative mana whenua or ahi kā status of a given iwi or hapū. Neither decision makes a factual finding regarding the mana whenua status of Ngāti Whātua Ōrākei relative to other iwi and hapū.
5. However, we know this is a quickly evolving area of the law. We remain alert to developments and are considering how we can improve engagement with mana whenua.

The Environment Court decision

6. The Court found there was jurisdiction for a consent authority to "determine the relative strengths of hapū/iwi relationships" where relevant to claimed cultural effects and the wording of conditions attached to resource consents granted under the Resource Management Act 1991 (**RMA**). The decision does not have application beyond this very narrow context. It did not make any determination on RMA consultation requirements or obligations outside of this particular RMA context. Further, this decision was the determination of a preliminary jurisdictional question. No substantive hearing has taken place on the merits of the substantive complaint.
7. As you note in your letter, the decision is under appeal. A key reason for the appeal is that the Court unilaterally reframed the question put to it by the parties, meaning the respondents did not have an opportunity to make relevant submissions or file evidence. Even if the decision is upheld on appeal, it may be of limited relevance beyond the narrow RMA consent conditions context.
8. We will though be carefully considering the High Court's judgment once it is available to determine whether it provides any further guidance in this area.

9.2

The Supreme Court decision

9. This was also a preliminary procedural decision on jurisdiction, this time in the Treaty settlement context. It did not determine the merits of the substantive issues raised. Significantly, though, the Court did find there was at least a tenable argument in respect of some of the claims and that the courts should determine these. As such, it re-directed some of the issues to the High Court for determination. We understand the hearing is set down for 2021.
10. The issues to be heard by the High Court include:
 - a) whether Ngāti Whātua Ōrākei has ahi kā and mana whenua in relation to certain land;
 - b) whether the Crown must act in accordance with relevant tikanga on mana whenua and ahi kā status when making certain decisions in the settlement context; and
 - c) what concrete requirements would flow from an obligation on the Crown to comply with this tikanga.
11. We observe that these issues are to be determined in the Treaty settlement context. That context is unique and the role of the Crown is different to that of local authorities and CCOs. We will continue to watch these developments closely but note that findings in relation to the Crown's obligations may not have significant implications for local authority and CCO decision-making.

Next steps

12. Although we do not agree these cases place legal obligations on council or CCOs to act in a certain way, we are committed to continuing this conversation and our relationship. We are therefore keen to meet to discuss the modifications Ngāti Whātua Ōrākei considers should be made to current Council/CCO processes to meet its concerns.
13. We acknowledge that existing approaches to iwi engagement can always be improved. You will be aware of some of our work already on cultural values assessment and Te Hoanga. Our team looks forward to meeting kanohi ki te kanohi to discuss improved relationship mechanisms.

Ngā mihi

Patricia Reade

Chief Executive (Acting)

Cc: Mayor Phil Goff
 Chair and Chief Executive Panuku
 Chair and Chief Executive ATEED
 Chair and Chief Executive Watercare
 Chair and Chief Executive RFA
 Chair and Chief Executive Auckland Transport
 Local Board Chairs of Whau, Orakei, Kaipatiki, Henderson-Massey, Albert-Eden, Puketapapa, and Maungakiekie-Tamaki
 Tania Winslade, GM Ngā Mātārae
 Ngarimu Blair, Deputy-Chair
 Natasha Strong, General Counsel
 Jamie Sinclair, Chief Executive
 Claire Rorke, Director Political Strategy and Government Relations Mayoral Office
 Samantha Sinton, Policy Advisor Mayoral Office



10 July 2020

Henry Norcross
President
Exterior Cleaning Industry Association
28 Constellation Drive
Rosedale
Auckland 0632

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Telephone +64 9 442 2222
www.watercare.co.nz
via email: henryn@ecia.co.nz

Dear Henry

PRESENTATION TO WATERCARE BOARD – 30 JUNE 2020

Thank you for attending and presenting to the Watercare board meeting on 30 June 2020.

Your presentation raised a number of very valid points which I am keen to explore further with you. Of particular interest is your proposed initiative to self-regulate your industry through the establishment of best practice water efficient processes and guidelines, providing training and conducting regular audits.

In fact, we are keen to work with you on setting up the mechanics to deliver the outcomes envisaged in your proposal and to help promote to exterior cleaning companies the value of membership of the Association. Like you, we see great value in the association being successful, not only during the drought, but importantly also in support of a long-term sustainable water future.

Amanda Singleton, Chief Customer Officer, will contact you in the coming week to arrange a joint workshop, to work collaboratively with us to develop a robust accreditation scheme.

As for the immediate situation, I need to reiterate that, despite the rain of the last two weeks, Auckland is still in a drought, expected to last until at least Autumn 2021. The dam levels are currently just over 57%, compared with 80% in a normal year. As you know, our water system in its design is heavily dependent on rain. While Watercare is pulling every lever possible to avoid more onerous restriction requirements, with additional capital expenditure of over \$200 million already approved to augment our water supply, the situation is not sufficiently recovered to allow for the relaxation of restrictions.

I am thus unfortunately not able to exempt exterior cleaning companies from the requirements of the bylaw that enacted the current water restrictions. We will continue to work with Auckland Council to provide as much non-potable water as possible to minimise the impact on your members.

Please note that outdoor cleaning for health and safety purposes is allowed under the current restrictions. This includes cleaning footpaths and ramps which may pose a risk of slips and trips. Likewise, food and beverage companies can wash their vehicles to comply with health standards for the transportation of food.

Thank you again for your engagement and we look forward to a constructive ongoing relationship with your association in promoting sustainable water efficient practices.

Raveen Jaduram will also be writing to you separately to address the issues you raised at the Board meeting in respect of the comments made by him in relation to your industry.

Should you have any further questions in respect of my reply, please do contact me.

Yours sincerely

Margaret Devlin
Chair
Watercare Services Limited

c.c. Cr Cooper; Cr Walker; Cr Stewart

Understanding water leaks

Every day the team at Watercare treats and distributes about 400 million litres of top-quality drinking water to the people of Auckland.

We have more than 9000 kilometres of water pipes delivering water to homes and businesses. If they were placed end-to-end, they would reach as far as Hong Kong.

There are more than 440,000 connections to our water network, and millions of separate joints too. With a network of this size and complexity, leaks are inevitable.

9.2

What causes leaks?

There are many different causes of leaks, but the main ones include:

- Ground movement, especially in extreme weather conditions. When the ground dries out, it retracts from pipes and causes breakages. The summer of 2019/2020 was very dry and therefore there were more pipe breakages in Auckland than normal.
- Wear and tear causing cracks, particularly in older pipes.
- Vibration damage from heavy traffic.
- Damage caused by a third party, for example, during construction. In the past year, there were more than 1000 incidents of third-party damage to Auckland's water network.
- Seepage from very small leaks, which are often undetectable.



What are we doing about it?

We know there is room for improvement in our leakage levels, and we are committed to bringing our leakage rates down.

Proactive leak detection: As part of our network improvement programme, we use acoustic leak detection technology to find unreported leaks, and then repair them. An acoustic leak detection device locates leaks by characterising and differentiating leak sounds from those of normal water flow in our pipes.

Pipe renewals: We spend about \$22 million a year replacing water pipes and supporting infrastructure. Between 25 and 30 kilometres of Auckland's water pipes are replaced each year.

Responding to leak reports: When leaks are reported to us, they are given a priority level based on a number of factors including the volume of water being lost, health and safety risks and the potential for property damage.

When customers are without water, the leak is large, or there is a risk to people or property, the leak is treated as a priority one and we aim to have a crew investigating on site within an hour.

Our target for smaller leaks is to have them fixed within five days. Sometimes, due to the nature and location of the leak, repairs may take longer. With our dam levels still depleted because of the drought, we have put more staff and contractors in the field to enable us to repair leaks as quickly as possible.

There are also instances when leaks are reported, but upon investigation it is found to be stormwater or groundwater.



Understanding water leaks

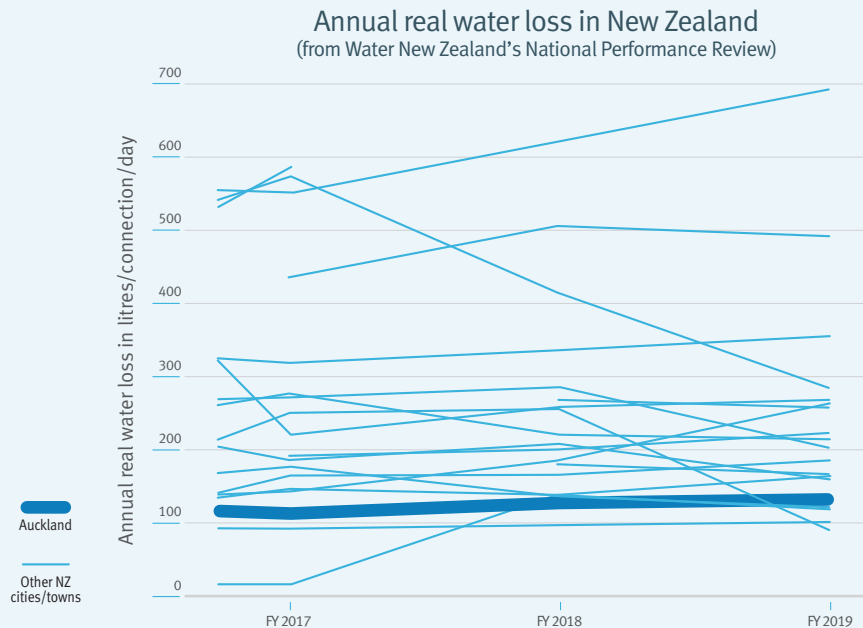
FACT SHEET

Auckland's leakage levels

At Watercare, our real water loss is about 13.4 per cent of the water we supply. This might seem like an awful lot of water wasted, but water loss is a reality of all water networks around the world.

Water New Zealand's National Performance Review shows Auckland has one of the lowest levels of water loss. This graph shows our performance in terms of real water loss in litres per connection per day, compared to other New Zealand towns and cities.

For the full graph, please visit waternz.org.nz.

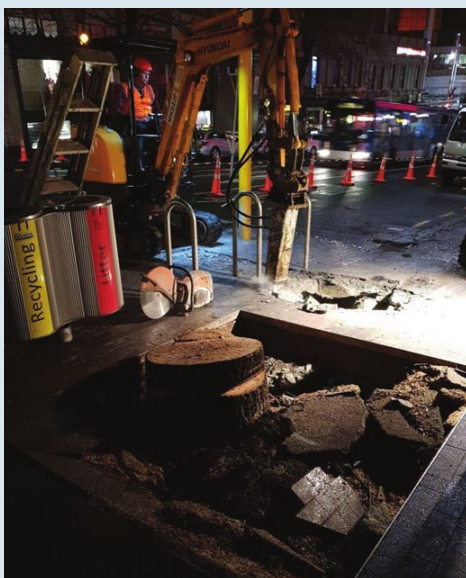


9.2

Case study:

Queen St leak puts tree on a lean

In August 2018, we were alerted to a medium-size leak flowing near a traffic-light on the corner of Queen St and Wellesley St West. Investigation revealed the leaking water was creating a tomo (sinkhole) underground and causing a nearby tree to lean, putting pedestrians at risk.



Our crew had to quickly shut down the main to prevent the tomo expanding and the tree falling. The road was closed to pedestrians and motorists and 15 properties were without water. This included the Civic Theatre, which had planned to host 3000 people for a show that evening. We organised a supply for the theatre from a temporary overland pipe from a non-effected fire hydrant, but the theatre instead chose to cancel the show.

Auckland Council's arborist organised the immediate removal of the tree before work could begin on excavation at the site of the leak. A nearby traffic light base had also been compromised, and needed attention before the damaged pipe could be repaired.

When the water was turned back on again the next day, a further hairline crack emerged. However, given the leak was minor, our crew opted to monitor the leak without shutting off the water, to allow the Civic Theatre's scheduled shows to go ahead. When the final curtains were pulled, our crew returned to site to continue with repairs.

Why does it take a long time to repair leaks?

Repairing leaks is often not as easy as you may think. Finding the location of a leak is often a challenge in itself, as water does not always come out of the ground at the exact spot where the pipe has cracked.

The repair can also be hindered by factors including the need for traffic management and other health and safety measures. If work needs to be carried out near a tree, we need to engage a tree specialist from Auckland Council.

[Watch this video to learn about how we respond to leaks.](#)

What to do if you see a leak

Before we can fix a leak, we need to know about it. If you see water leaking from the public water network, please report it by:

- Reporting it online [here](#).
- Emailing faults@water.co.nz
- Calling 09 442 2222 and press 1.
- Free text 3130.



Appendix D



4 June 2020

Margaret Devlin
Chair
Watercare Services Limited

Via email

Tēnā koe Margaret

Thank you for your presentation on our water shortage issues to Councillors on Tuesday. It was a useful summary of what Watercare is doing to address reducing demand for, and increasing supply of, water in the short term.

However, there are some issues that deeply concern me. While consistent rain may solve the problem and head off a crisis, we need to plan for the worst case scenario of a drier winter and spring, and a summer where lakes run dry and alternative water supplies including from the Waikato provide us with only 200 million litres a day when demand at peak will be above 550 million litres a day.

That scenario has huge implications for our city. A shortfall of 300 million litres a day would result in widespread industry closures, with a huge economic cost, and severe limitations on households' access to water. That is an unacceptable risk to Auckland and to New Zealand.

There are two urgent matters to address. Firstly, the immediate actions needed to respond to a potential water shortage crisis this summer, and the medium-term actions need to ensure the water supply resilience of the city.

Immediate Actions

To date, I have not seen evidence of a clear strategic plan from Watercare to deal with a crisis, should it eventuate. I believe measures to try to head off that crisis are still not sufficient.

The Drought Management Plan produced by Watercare does not seem fit for purpose. Stage one did not outline to me or Council the full range of measures proposed, such as stopping construction companies from drawing water from standpipes. Stage two has so little difference on paper to stage one that I wonder why it exists at all. Stage three does not spell out the specificities of how we might cope with a crisis, and contingency planning for that.

Even if we are saved by higher rainfall, this whole plan needs to be revisited.

We must plan now for what other urgent measures might be needed to deal with the effects of the drought.

In my view, senior officials from both Watercare and Auckland Council need to work together to examine options for stage two, which will necessarily rely on voluntary compliance and an effective communication campaign. Officials should then regularly report to a political reference group from Council's Governing Body.

9.2

To date, we have not seen sufficient information on what the consequences of an extended drought might be.

1. I would like a clear and strong outline of what stage two and three will require, including potential consequences, so that I can communicate this to central government.

I also do not believe Aucklanders understand the seriousness of the issues being faced in the coming months. The Government's outline of the different levels of the response to Covid-19 was an example of what good communication looks like and we should learn from that.

2. I would like to see a clear communications plan, that involves Auckland Council, on how Watercare intends to communicate with the public in the lead up to stage two and three should that happen.

As has been made clear, the supply side of the equation is at least as important as the demand.

3. I would like an outline of what other emergency measures might be taken to increase supply above the additional 50 million litres planned should the dams fall below the critical level.

We are not getting the full amount of water from the Waikato we can treat right now. If we wait for a decision from Hamilton at the end of the month, that is 450 million litres of water that could have been conserved from our dams that we haven't been able to realise.

4. I would like an urgent examination of emergency measures under the RMA to start taking the water now.

Medium-Term Actions

The second urgent matter is the medium-term options to increase Auckland's water supply resilience.

The obvious one is the proposed 200 million litre a day increase from the Waikato. It has taken seven years to reach 89th in line for the consent lodged in 2013 and at that rate we may be waiting many more years. We also cannot presume that the consent will be granted.

5. I would like an outline of Watercare's engagement to date with the Waikato Regional Council and Tainui.
6. In addition, I would also like an analysis of any environmental impacts of drawing the extra water from the Waikato River.

My understanding is that once consent is granted, if the Regional Council make that decision, it would cost \$300-350 million to extend the plant and pipeline and take two and a half years to do the work.

7. I would like an analysis of whether this timeframe can be compressed; if so how? Can it be done in stages to deliver some of the increased level of supply earlier?

Auckland does need to look at means other than the Waikato River if we are to have a truly resilient water supply.

8. I would like information relating to the cost and timeframe for water supply from recycled wastewater and desalination. This should also include the environmental impacts of both options.
9. I would also like an analysis of the option of greater use of tanks to store rainwater off roofs. Working with Healthy Waters, I would like to know the mechanisms to remove disincentives and create incentives for the storage and reuse of rainwater by individual property owners for garden water, washing cars or houses, and use in toilet cisterns. This should also include an outline of the cost and environmental benefits of this option for households.

The current risk of Auckland facing severe water constrictions makes these matters our most urgent priority.

Yours sincerely,



Phil Goff
MAYOR OF AUCKLAND

Copy to:	Raveen Jaduram	CEO, Watercare Services Limited
	Stephen Town	CEO, Auckland Council
	Patricia Reade	Incoming Acting CEO, Auckland Council

Appendix E



24 June 2020

Mayor Phil Goff
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Tena koe Mayor Goff

Watercare's drought response

Further to your letter of 4 June 2020 regarding Watercare's response to the current drought.

This response addresses the immediate and medium-term actions and responds to questions 1-7 as set out in your letter.

The Governing Body workshop (1 July 2020) will address the options for a resilient water network for Auckland and respond to questions 8 and 9.

Background to the drought and Watercare's water supply network

Auckland is in the most severe drought on record. Since 1 November 2019 to 19 June 2020, Auckland has received around 60% of the normal rainfall and the January to May period was the driest since records began.

The Auckland water storage lakes are currently 45% full (normal average 77%). Current forecasts are for average rainfall over winter and a drier spring.

Watercare builds and operates its water supply system with 99.5% reliability – a 1:200-year drought security standard. This means that it will take a 1 in 200-year drought to completely empty all the storage in our supply lakes if we do not implement restrictions or other demand initiatives.

Appendix A illustrates the current drought response forecast, targeting a minimum 75% storage by October 2020.

Turning to the questions raised in your letter.

Question 1: I would like a clear and strong outline of what stage two and three will require, including potential consequences, so that I can communicate this to central government.

Question 2: I also do not believe Aucklanders understand the seriousness of the issues being faced in the coming months. The Government's outline of the different levels of the response to Covid-19 was an example of what good communication looks like and we should learn from that. I would like to see a clear communications plan, that involves Auckland Council, on how Watercare intends to communicate with the public in the lead up to stage two and three should that happen.

Our 2020 Auckland Metropolitan Drought Management Plan originally had three stages. This has now been modified to include a fourth stage, to provide more clarity to commercial and industrial customers. Each stage involves increasingly stringent interventions based on lake water storage levels. The four stages have been shared with senior Auckland Council staff.

The drought response plan is aimed at avoiding the worst-case scenario involving the use of standpipes in the street. The Plan includes:

- demand side initiatives to reduce consumption and restrict demand – water use restrictions
- supply side initiatives to preserve water levels in the storage lakes – source augmentation.

At this stage, we anticipate that water use restrictions will remain in place until Autumn 2021. This scenario may change with prolonged rainfall or a storm event.

Appendix B is a detailed summary of our tactical response to the drought. The table sets out:

1. Our objectives and targets
2. Our demand reduction initiatives
3. Our communications strategy
4. Source augmentation actions
5. Potential impacts on our communities and stakeholders. This includes economic and social impacts and has been shared with Auckland Council's economists for further analysis.

Our communications strategy

A comprehensive drought communications strategy has been developed with SenateSHJ and the campaign developed with Stanley Street.

The objectives of our external communications with Aucklanders are:

- To raise stakeholder awareness and understanding of Auckland's **current** water situation and promote water savings.
- To raise awareness of the potential outcomes and seriousness of the ongoing drought. We continuously review our messaging and have increased the intensity of the messaging as the drought has continued.

We continue to keep the media informed of all developments, including changes to the long-range forecasts. The most recent media release was on 23 June 2020, where we advised that the situation is now "critical".

Appendix C sets out key messaging by campaign phase.

Appendix D illustrates some of the demand management work being done with our commercial customers, based by sector.

We monitor the effectiveness of the communications at the end of each campaign phase by randomly surveying 750 Aucklanders. The last survey in May 2020 found:

- 75% of respondents know Auckland is in a drought
- 68% of respondents believe it is **extremely important** to save water right now.

Demand is currently around 8% lower than normal demand for this time of year.

Question 3: As has been made clear, the supply side of the equation is at least as important as the demand. I would like an outline of what other emergency measures might be taken to increase supply above the additional 50 million litres planned should the dams fall below the critical level.

The Board has allocated \$180m to augment supplies to address the current drought. The initiatives already underway include:

- Treated water from Pukekohe Hickeys Bore from August 2020 (5MLD)
- Treated water from the Papakura Hays Creek Dam from December 2020 (6MLD, increasing to 18MLD next year)
- Increase output from the Onehunga WTP – in September 2020 (4MLD)

We have identified 130 alternative sources from studies dating back to the early 1990s. We have assessed these sources for water availability, environmental effects and implementation timeframe. 18 sources were short listed for further review – further analysis is being undertaken.

We have also used s330 of the Resource Management Act to reduce compensation flows from Cossey's, Wairoa and Waitākere Dams; and from 16 June 2020 we are taking an additional 15MLD (increasing to 25MLD in August 2020) from the Waikato River.

We are in discussions with the Hamilton City Council regarding the possible use of 25MLD, which they currently do not require. Any such agreement, if reached, would mean Watercare would no longer need to rely on the application made under the emergency provisions of the Resource Management Act.

We are also undertaking actions to reduce non-revenue water, which also augments water supply. These actions are summarised in **Appendix E**.

Question 4: I would like an urgent examination of emergency measures under the RMA to start taking the water now (from the Waikato River)

As noted above, s330 emergency powers have been used since 16 June 2020 to take an additional 15MLD from the Waikato River. This will increase to 25MLD in August 2020, once the Pukekohe East Reservoir is complete.

Resource consents in respect of the emergency powers are being lodged with WRC.

Question 5: Medium-Term Actions - The second urgent matter is the medium-term options to increase Auckland's water supply resilience. The obvious one is the proposed 200 million litre a day increase from the Waikato. It has taken seven years to reach 89th in line for the consent lodged in 2013 and at that rate we may be waiting many more years. We also cannot presume that the consent will be granted. I would like an outline of Watercare's engagement to date with the Waikato Regional Council and Tainui.

Watercare is respectful of the Resource Management Act and Treaty Settlements Process and have a constructive longstanding relationship with Waikato-Tainui and a good working relationship with Waikato Regional Council. We also work closely with Te Taniwha of Waikato (a cluster of marae on the Waikato River), for example in the consenting of the Pukekohe Wastewater Treatment Plant.

Our relationship with Waikato-Tainui arose out of the drought of 1993/1994, when Watercare first sought water from the Waikato River. In August 2016, Watercare and Waikato-Tainui entered into an Agreement in Principle. The purpose of the agreement was to cement both parties' commitment to an enduring intergenerational relationship which will, in time, form cultural and commercial collaboration that will benefit their members and beneficiaries.

Watercare, acknowledges the special relationship that Waikato-Tainui has with the Waikato River as outlined in the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act and the WAI 30 "Statement of Claim" to the Waitangi Tribunal.

Management from both entities have been meeting regularly since the 2016 agreement. More recently, the organisations are also meeting at a Governance level whilst we manage the current critical situation.

We work closely with Waikato-Tainui to identify initiatives that would mutually benefit both entities.

Question 6. In addition, I would also like an analysis of any environmental impacts of drawing the extra water from the Waikato River.

There is an AEE for the 2013 application to take 200MLD that includes a comprehensive analysis of the environmental effects on the river.

If Watercare was taking 350MLD (the existing and proposed new take), this would amount to around 2.2% of the water that flows past the intake point at Tuakau, with 16 billion litres continuing to flow out to sea each day.

Appendix F is an infographic that explains how water is drawn from the Waikato River.

Question 7: My understanding is that once consent is granted, if the Regional Council make that decision, it would cost \$300-350 million to extend the plant and pipeline and take two and a half years to do the work. I would like an analysis of whether this timeframe can be compressed; if so how? Can it be done in stages to deliver some of the increased level of supply earlier?

The existing Waikato pipeline, with a new boost pump station, we will be able to pump 225MLD. In addition to the current Waikato WTP doing 175MLD, we will need to build additional treatment facilities to treat another 50MLD. We will also need resource consents to take this water.

The ways this could be achieved could be through WRC granting the 200MLD already applied for, or else granting the Seasonal water take consent application for 100MLD. The latter application is currently being processed by WRC following consultation by Watercare with Waikato-Tainui and Te Taniwha o Waikato (a cluster of marae). As this is a Seasonal take, it sits outside the queue, unlike the 200MLD application made in December 2013.

Questions 8 and 9 regarding recycled wastewater, desalination and rainwater will be addressed at our workshop on 1 July 2020.

Yours sincerely



Margaret Devlin
Chair
Watercare Services Limited

Appendix A

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

	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%*
B Average daily use (target MLD)	410	409	405	405	414
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
D Abstraction from the storage lakes (MLD)	240	229	213	213	222
E Total lake recharge required (MLD) for the month	435	424	408	408	417
F Normal monthly rainfall (mm)	179	207	183	152	145
G Estimated rainfall required to achieve 75% lake storage by Oct.	98%	83%	90%	108%	116%
H Forecast rain conditions (% of normal)	100%	103%	85%	79%	87%
I Forecasted rain conditions					
*restriction zone	Normal rainfall	Normal rainfall	Below normal rainfall	Below normal rainfall	Below normal rainfall

Appendix B: Auckland metropolitan drought response – summary of tactical overview

20 June 2020

Watercare has a secure water supply system and can continue to supply water at all stages of the drought response.

Domestic customers = 68.5% of total water consumption; Commercial customers = 31.5% of total water consumption. Auckland Council = 8% of total water consumption.

OBJECTIVES AND TARGETS	Category of response	Sub-category	Stage 1			Stage 2			Stage 3			Stage 4		
	Objective		Maximise potential of storage lakes to recover from drought to meet future seasonal demand									Maintain adequate supply of drinking water to sustain life and protect public health.		
	Lake Storage Trigger Level (Indicative)	Winter	50% storage			40% storage			30% storage			<15% storage		
		Summer	60% storage			50% storage			40% storage			<15% storage		
	Water savings target	From baseline	5%			10%			15%			30%		
		Gross per capita consumption (pcc); Litres per person per day (Lpd)	255 Lpd 20 Lpd residential (voluntary) 10% commercial (voluntary)			240 Lpd 20 Lpd residential (mandatory) 10% commercial (mandatory)			230 Lpd 30 Lpd residential (mandatory) 15% commercial (mandatory)			175 Lpd 40 Lpd residential (mandatory) 30% commercial (mandatory)		
	Water consumption target (MLD) Average annual water demand normally 440MLD MLD = Million litres per day Targets recalculated each season to account for rainfall	Average annual demand target	433			411			390			300 (Achievement of the target will ensure every tap in Auckland still has water)		
		7-day seasonal rolling demand	Winter TBC	Spring/Autumn TBC	Summer TBC	Winter TBC	Spring/Autumn TBC	Summer TBC	Winter TBC	Spring/Autumn TBC	Summer TBC	Winter TBC	Spring/Autumn TBC	Summer TBC
DEMAND REDUCTION	Outdoor water use restrictions	Residential	Residential water users cannot: Use an outdoor hose or water blaster.			Residential water users cannot: Use an outdoor hose or water blaster.			Residential water users cannot: Use potable water outdoors.			Residential water users cannot: Use potable water outdoors.		
	Introduced in accordance with the Auckland Council Water Supply and Wastewater Network Bylaw 2015. Advanced notice of water use restrictions will be provided prior to implementation. For more info on water use restrictions go to www.watercare.co.nz	Commercial	Commercial water users cannot: - Use an outdoor hose or water blaster unless it is for a health, safety, emergency or biosecurity reason - Operate a car wash unless it uses 100 per cent recycled water - Water sports fields, plants or paddocks unless they have an irrigation system that is fitted with soil moisture or rain sensors			Commercial water users cannot: - Use an outdoor hose or water blaster unless it is for a health, safety, emergency or biosecurity reason. - Operate a car wash unless it uses 100 per cent recycled water. - Water sports fields. - Water plants or paddocks unless you have an irrigation system fitted with soil moisture or rain sensors.			Commercial water users cannot: - Use an outdoor hose or water blaster unless it is for a health, safety, emergency or biosecurity reason. - Operate a car wash unless it uses 100 per cent recycled water. - Water sports fields. - Water plants or paddocks.			Commercial water users cannot: Use potable water outdoors unless for a health, safety, emergency or biosecurity reason.		
	Metropolitan Tanker Filling Stations Metropolitan filling stations are unlikely to be available during the later stages of drought response. Rain tank users need to prepare for a dry summer and possible limits on tanker filling.	Commercial	Available			Available			Unavailable			Unavailable		
	Standpipes: Standpipes are a portable device used to draw water directly from a fire hydrant on watermains. They are often used by the construction sector.	Commercial	Access to and use of fire hydrants is suspended during water use restrictions <u>unless</u> for drinking and sanitary water supply to a construction site. Alternative non-potable supplies are available for construction.											
	Indoor water use restrictions In accordance with the Watercare Customer Contract or the Bylaw. For help and water saving ideas refer to www.waterforlife.org.nz - Maintain priority water supply for firefighting and other lifeline facilities e.g. hospitals, aged care and dialysis customers. - Aim to reduce the impact on key commercial customers and business sectors such as food production as water use restrictions become more onerous. - Watercare working closely with Kāinga Ora and with the top 100 commercial customers including Auckland Council.	Residential	Voluntary savings - Please reduce your indoor water use by at least 20 litres per person each day (2 buckets)			Increased savings - You must reduce your indoor water use by at least 20 litres per person each day (2 buckets)			Increased savings - You must reduce your indoor water use by at least 30 litres per person per day (3 buckets)			Significant savings - You must reduce your indoor water use by at least 40 litres per person each day (4 buckets)		
		Commercial	Voluntary savings - Please reduce your indoor water use by at least 10%.			Increased savings – You must reduce your indoor water use by at least 10%			Increased savings – You must reduce your indoor water use by at least 15%			Significant savings – You must reduce your indoor water use by at least 30% Rotational daily cuts in water use may be requested where savings are not achieved. Commercial sectors may be prioritised. Advanced warning will be provided.		
	Compliance and Enforcement approach Outdoor water use restrictions can be observed, and compliance undertaken in accordance with the Auckland Council Compliance and Enforcement Policy. Indoor water use is more difficult to monitor and enforce – contractual compliance may be used for indoor water use. Reporting of water misuse is available via the website www.watercare.co.nz	Residential and commercial	Focus on education and working constructively with water users as they get used to the introduction of water use restrictions including access to alternative non-potable (non-drinking) supplies.			Increased monitoring of known problem areas and sectors with focus on education and compliance. Actively follow-up of multiple misuse reports.			Full compliance monitoring and enforcement for repeat offenders where appropriate.			Full compliance monitoring and enforcement for repeat offenders where appropriate.		

	Category of response	Sub-category	Stage 1	Stage 2	Stage 3	Stage 4
COMMUNICATIONS	Communications Strategy - Comprehensive drought strategy developed with SenateSHJ and campaign developed with Stanley Street. - Water is precious campaign started 10 February, when Auckland's water supply situation was stable. - Messaging and campaign tactics are regularly reviewed and revised to remain fresh and top-of-mind. - Efficacy of campaign is tracked via surveys at end of each phase. - Wide variety of communications channels is used to reach diverse communities.	Stakeholders are identified in the communications strategy – Preferred channels for demographics based on Auckland Council data.	Call to action: Raise awareness. - Please reduce your indoor water use by 20 litres a day (at least 10% for businesses). - Mandatory water restrictions are in place. You cannot use your hose or water blaster. (Refer water use restrictions for further details).	Call to action: Engagement and positive action. - You must reduce your indoor water use by 20 litres a day (at least 10% for businesses). - Mandatory water restrictions are in place. You cannot use your hose or water blaster. (Refer water use restrictions for further details).	Call to action: Act now. - You must reduce your indoor water use by 30 litres a day (at least 15% for businesses). - Mandatory water restrictions are in place. You cannot use your hose or water blaster. (Refer water use restrictions for further details).	Call to action: Act now. - You must reduce your indoor water use by 40 litres a day (at least 30% for businesses). - Mandatory water restrictions are in place. You cannot use your hose or water blaster. (Refer water use restrictions for further details).
	Water Storage Augmentation - Securing additional water sources reduces the amount of water that must be saved while also helping to reduce pressure on lake storage until it rains. - Augmentations options implemented in order listed from easiest to more difficult. - Immediate focus is on source augmentation for the short to medium term.		<ol style="list-style-type: none"> Returning Hickey's Bore to service by August 2020 (5MLD) Returning Hays Creek Storage to service by December 2020 (6MLD) Waikato source augmentation <ul style="list-style-type: none"> Waikato Water Treatment Plant stage upgrade to 175MLD and Pukekohe East Reservoir - August 2020 Temporary transfer of alternative water take being assessed (25MLD) RMA S.330 emergency water take, 16 May 2020 (15MLD). Scope alternative sources for augmentation Reduce environmental compensation flows from Cosseys, Wairoa and Waitākere Dams (Seasonal - approx. 5MLD) 			
SOURCE AUGMENTATION	Network improvement initiatives	Reducing water loss in the network	<ul style="list-style-type: none"> Water pressure reduction in targeted residential supply zones Increased proactive leak detection and leak response Increased focus on targeted network renewals Activity in these areas increase with stages of the drought response 			
	Alternative non-potable (non-drinking) water resources - Auckland Council includes consenting and mana whenua liaison	Commercial	Non-potable water sources made available for commercial users		Additional non-potable sites for commercial uses – treatment of local sources to drinking water standard	
	Economic Impact - The following information is only intended as a general assessment. Auckland Council Economist David Norman will examine the potential impacts further. - The impacts of outdoor water use restrictions and indoor water savings vary depending on the stage of drought response. - Residential water use restrictions are generally more of an inconvenience with some potential for greater impacts in later stages of the response. - Commercial impacts flow on to the jobs and the economy, particularly at the later stages of drought response. - Watercare is working closely with commercial customers, particularly the top 100 water users. - If everyone saves the required amounts of water at the various stages, we will have enough water to sustain life, protect public health and maintain the commercial sector.	Residential	Limited in the winter as outdoor water use is minimal. During summer there may be more impacts on larger gardens and lawns.		Limited in the winter as outdoor water use is minimal. Summer water use restrictions may result in the loss of plants and vegetation. Landscaping, lawns and gardens may also be impacted particularly if newly planted. Closure of metropolitan filling stations is likely to decrease access to and increase the price of tankered water.	Limited in the winter as outdoor water use is minimal. Summer water use restrictions may result in the loss of plants and vegetation. Landscaping, lawns and gardens may also be impacted particularly if newly planted. Closure of metropolitan filling stations is likely to decrease access to and increase the price of tankered water.
POTENTIAL IMPACTS		Commercial	Some impact on outdoor water users such as water blasters, construction industry and car washers, particularly as they transition to non-potable sources. Potentially greater impact on small water blasting businesses with minimal ability to change their processes. Risk can be mitigated in part by providing access to non-potable alternatives. Impacts to some commercial high-volume water users who choose to reduce production. Flow on effect expected to garden centres and landscapers in the summer.	Some impact on outdoor water users such as water blasters, construction industry and car washers. Risk can be mitigated in part by providing access to non-potable alternatives. Impacts on high-volume commercial water users increases as manufacturers and others are required to reduce consumption. Some impact on outdoor water users such as water blasters, construction industry, car washers, growers, landscapers, garden centres etc. may also be impacted where non-potable water cannot be accessed. More stringent water use restrictions and associated messaging may impact consumers' willingness to access such services. Demand for landscaping and garden services may also be limited. Tanker operators may be impacted with limited access to metropolitan water supplies for rain tank users.	Impacts on high volume commercial water users increases as manufacturers and others are required to reduce consumption. Some impact on outdoor water users such as water blasters, construction industry, car washers, growers, landscapers, garden centres etc. may also be impacted where non-potable water cannot be accessed. Stringent water use restrictions and associated messaging may impact consumers' willingness to access services such as house cleaning, even with non-potable water. Demand for landscaping and garden services may also be limited. Tanker operators may be impacted with limited access to metropolitan water supplies for rain tank users.	
	Social Impact - The following information is only intended as a general assessment. - Residential water use restrictions are an inconvenience for many and are likely to have more of an impact on social wellbeing over the summer. - More stringent water use restrictions may start to impact the use and availability of pools and sports fields.	Residential and Commercial	Reductions in indoor water use are an inconvenience but should not have a significant impact on social wellbeing, particularly in the winter. Summertime water use restrictions may limit outdoor activities, particularly related to gardens, household maintenance and recreation. There is also likely to be more impacts on playing fields and swimming pools that are unable to use non-potable sources. Such restrictions may impact some sports and recreational activities.		Aucklanders will continue to be able to access water from taps and go about their daily lives albeit with some inconvenience especially in summer so long as the required savings are achieved. Gardening and outdoor activities are likely to be heavily impacted which may affect households relying on vegetable gardens for food. Employment should be sustained with careful business and contingency planning although at a reduced capacity of production. Closure of metropolitan filling stations is likely to reduce rain tank users' access to metropolitan water supplies and affect tanker operators.	

Appendix C: Key messaging of the Communications Campaign

Campaign phase	Communication objectives	Messaging
1: Raise awareness (Voluntary water savings)	<ul style="list-style-type: none"> Customers see water is a precious resource Build awareness of drought risk and implications Encourage savings 	Water is precious, please use it wisely The drought is growing serious Keep washing hands, but limit non-essential use like cleaning cars and water blasting buildings Keep showers to four minutes or less
2: Engagement and positive action (Stage 1 and Stage 2 water use restrictions)	<ul style="list-style-type: none"> Build awareness of drought Ensure understanding of restrictions Continue to encourage indoor savings Build understanding of Watercare response Celebrate gains 	<i>As above, plus:</i> Restrictions are now in place and are necessary to protect supply No external water use (as per restrictions) Aucklanders are making real savings (<i>or Aucklanders need to save more</i>) Watercare is working to bring on new water sources
3: Act now (Stage 3 and Stage 4 water use restrictions)	<ul style="list-style-type: none"> Establish recognition the situation is critical Recognition of long-term consequences and heightened need for savings 	Auckland is experiencing the worst drought on record You must act now to make water savings. Restrictions are in place and must be strictly adhered to. Watercare is working to bring on new water sources

9.2

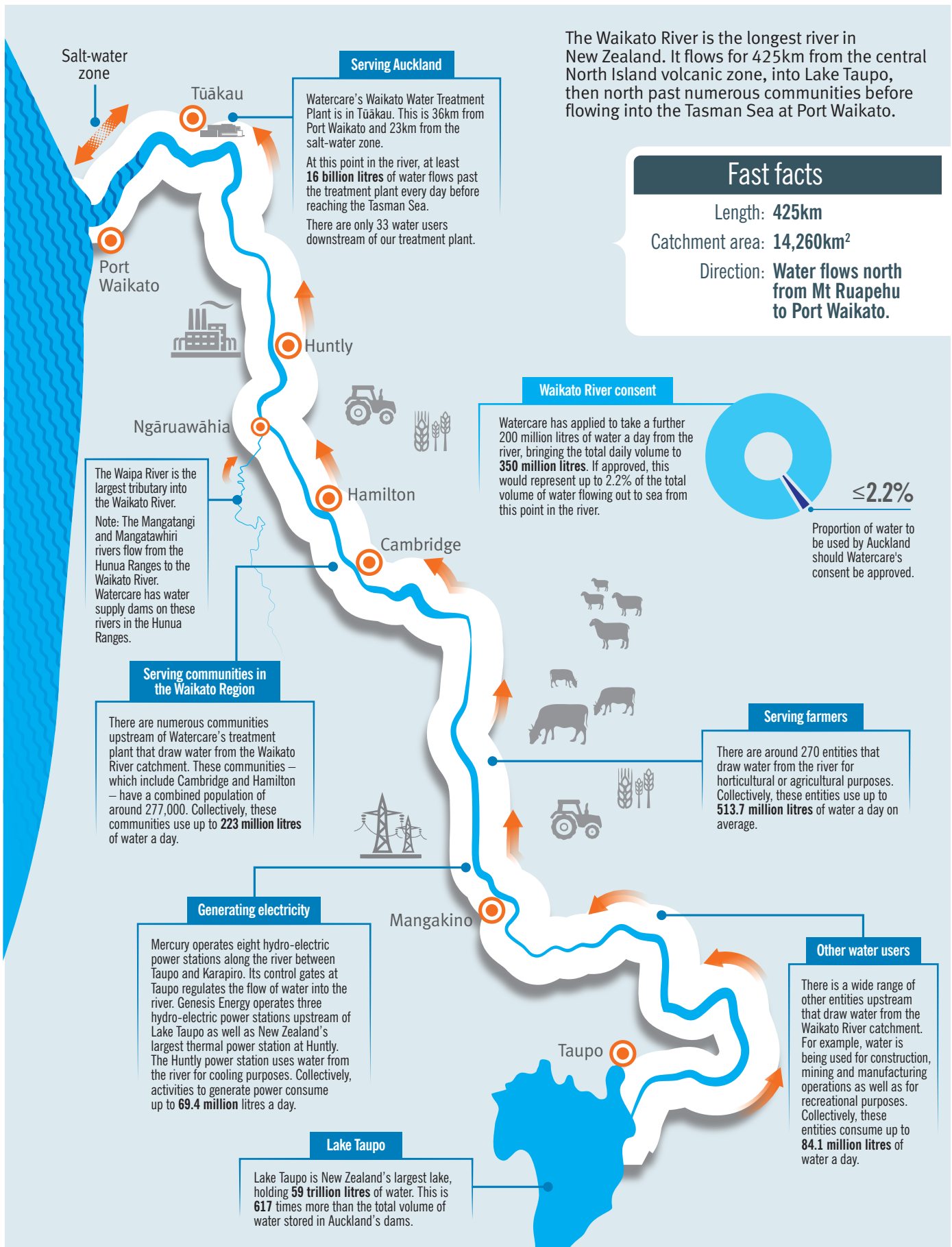
Appendix D: Examples of demand management work being done with our commercial customers, based by sector.

Customer Type	Action	Outcome
Top 100 customers by volume	<ul style="list-style-type: none"> Weekly communication with top 100 and calls to top 10 customers Promoting case studies for modeled behavior Targeted key industry segments with personalized communication 	<ul style="list-style-type: none"> Consumption feedback provided regularly with updates on initiatives in place to deliver savings Smart meter data monitored for real time trends
Directly affected customers	<ul style="list-style-type: none"> Water blasters, car washers, outdoor cleaning and irrigators contacted and communicated locations of non-potable sources Assisted with expediting bore consenting process 	<ul style="list-style-type: none"> Monitoring through water misuse process Car washes at petrol stations closed unless they are using 100% recycled water Customers actively applying for bore drilling to access non-potable water
Kāinga Ora	<ul style="list-style-type: none"> Designed plan to increase awareness and education of drought within their residential base with Kāinga Ora 	<ul style="list-style-type: none"> High consumption households identified to target suburbs Water savings feature in their quarterly newsletter and geo tagging our Facebook posts to their high consumption suburbs
Food and Beverage	<ul style="list-style-type: none"> Weekly communication with these segments using smart meter data for regular check ins 	<ul style="list-style-type: none"> All building and vehicle washing kept to a minimum Reduced production where possible Trigger nozzles installed in plant Making innovative technical changes to drive savings Revised cleaning processes with reduced water flushes Grey water use is being investigated

Appendix E: Actions we are taking to reduce Non-revenue water, which also augments water supply.

Activity	Action	Outcome
District metering	<ul style="list-style-type: none"> Reduce size of current supply zones to allow comparative monitoring Monitor consumption over time Target priority areas for leak repair 	<ul style="list-style-type: none"> District metering enables the benefits of all non-revenue water initiatives to be monitored and tracked
Pressure reduction	<ul style="list-style-type: none"> Reduce leakage and consumption Reduce number of burst pipes 	<ul style="list-style-type: none"> 2.35 MLD by Nov 21 4 zones completed by July 2020 with a further 4 zones completed by Oct 2021
Leakage control	<ul style="list-style-type: none"> Increased leak detection and response 	<ul style="list-style-type: none"> 9.6 MLD by June 2021 All leaks detected can be fixed within 5 days of reporting
Meter replacements	<ul style="list-style-type: none"> Improved accuracy of meter readings 	<ul style="list-style-type: none"> Replace 30,000 domestic meters and 1000 commercial meters each year
Theft reduction	<ul style="list-style-type: none"> Meter fire connections in specified properties to monitor for illegal use Undertake trial to determine benefits 	<ul style="list-style-type: none"> Yet to be determined – based on trial findings

Drawing water from the Waikato River catchment



9.2

Drought Update – 25 June 2020



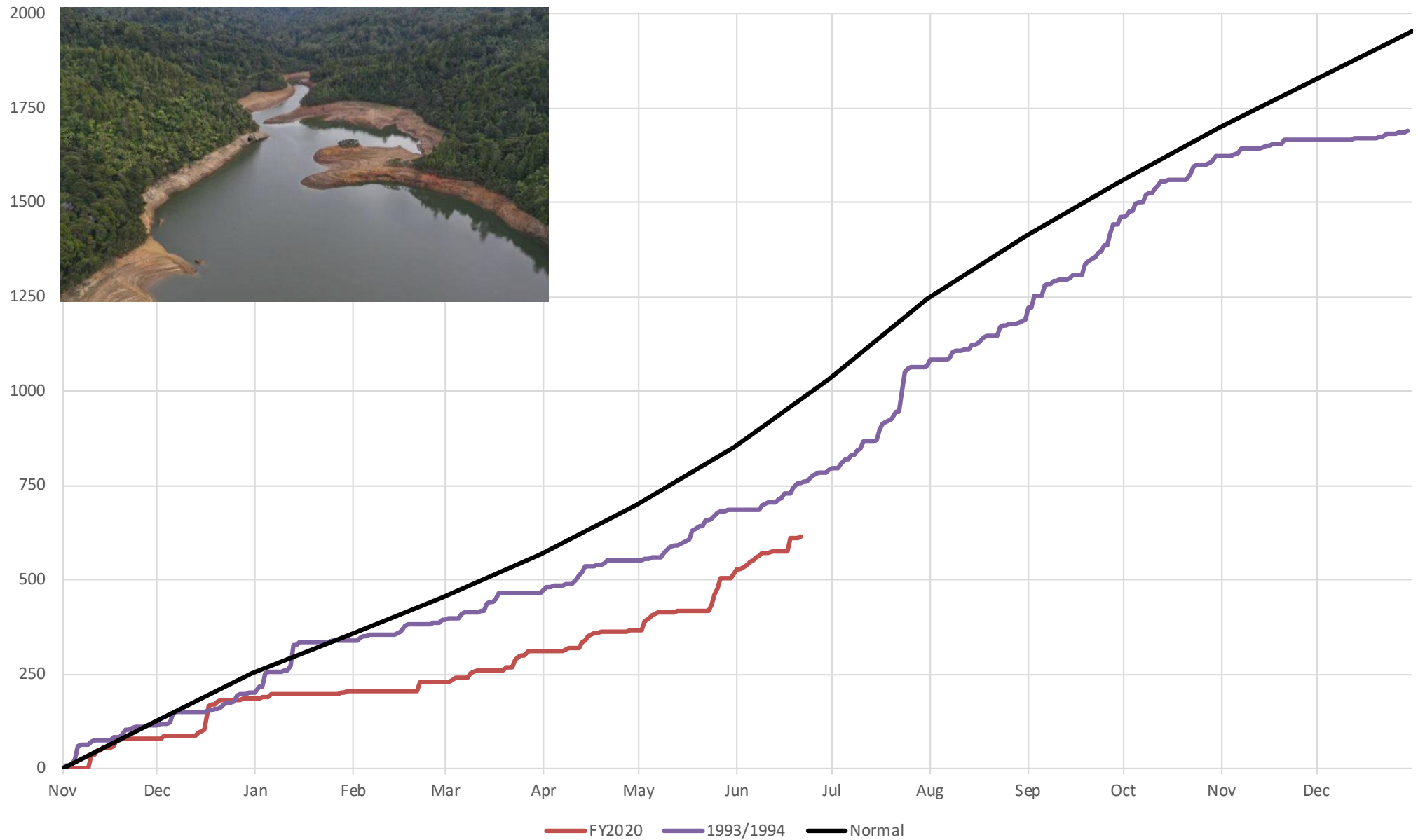
9.2

The Auckland Drought

- Since 1 November 2019 to 19 June 2020, we have received half of the normal rainfall
- January to May period was the driest since records began
- Auckland is in the most severe drought on record
- Watercare builds and operates its water supply system with 99.5% reliability – a 1:200 year drought security standard
- Auckland water storage lakes are currently 45% full (normal average 77.4%)
- Current forecasts are for less than to average rainfall over winter and into spring.

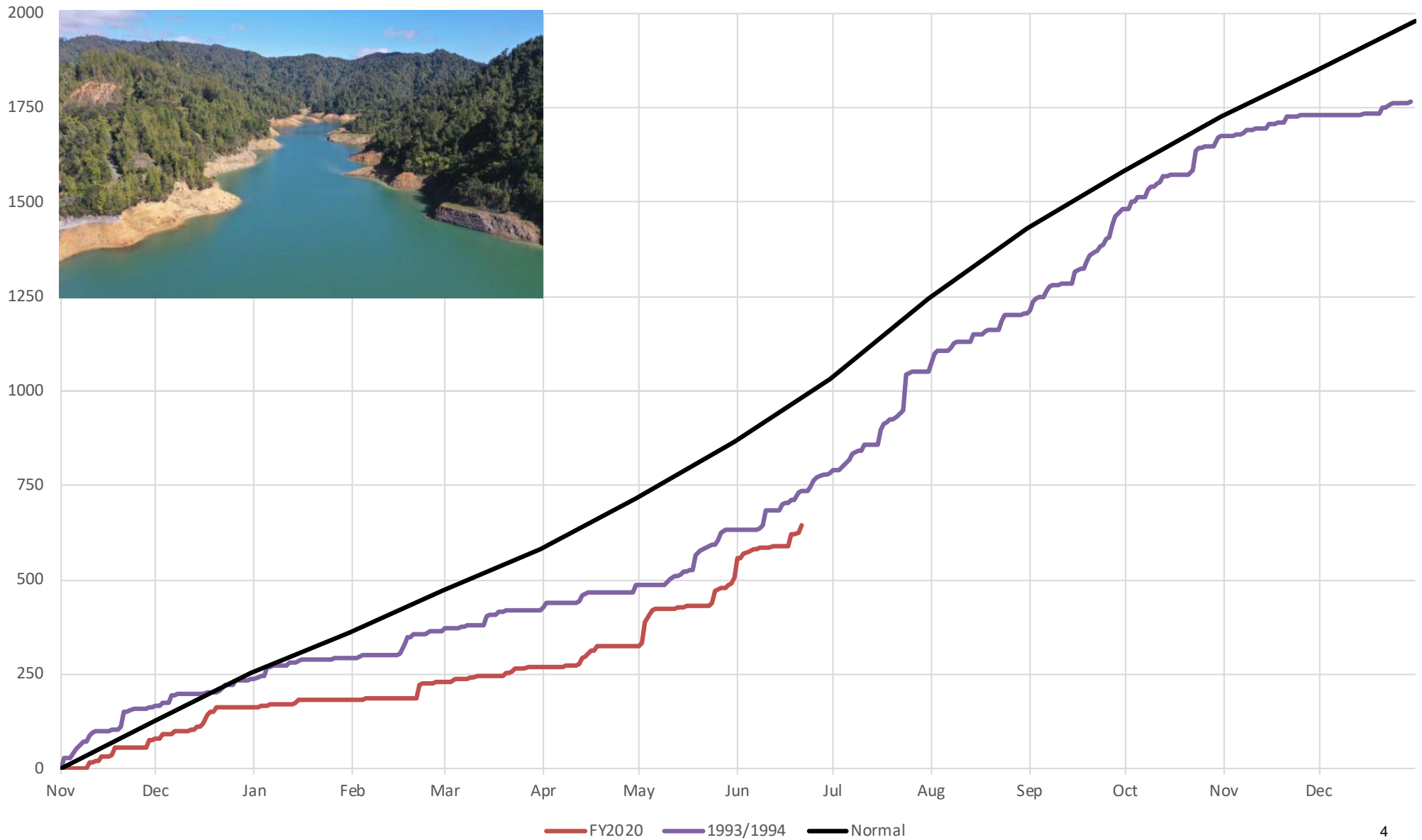


Waitakere Rainfall

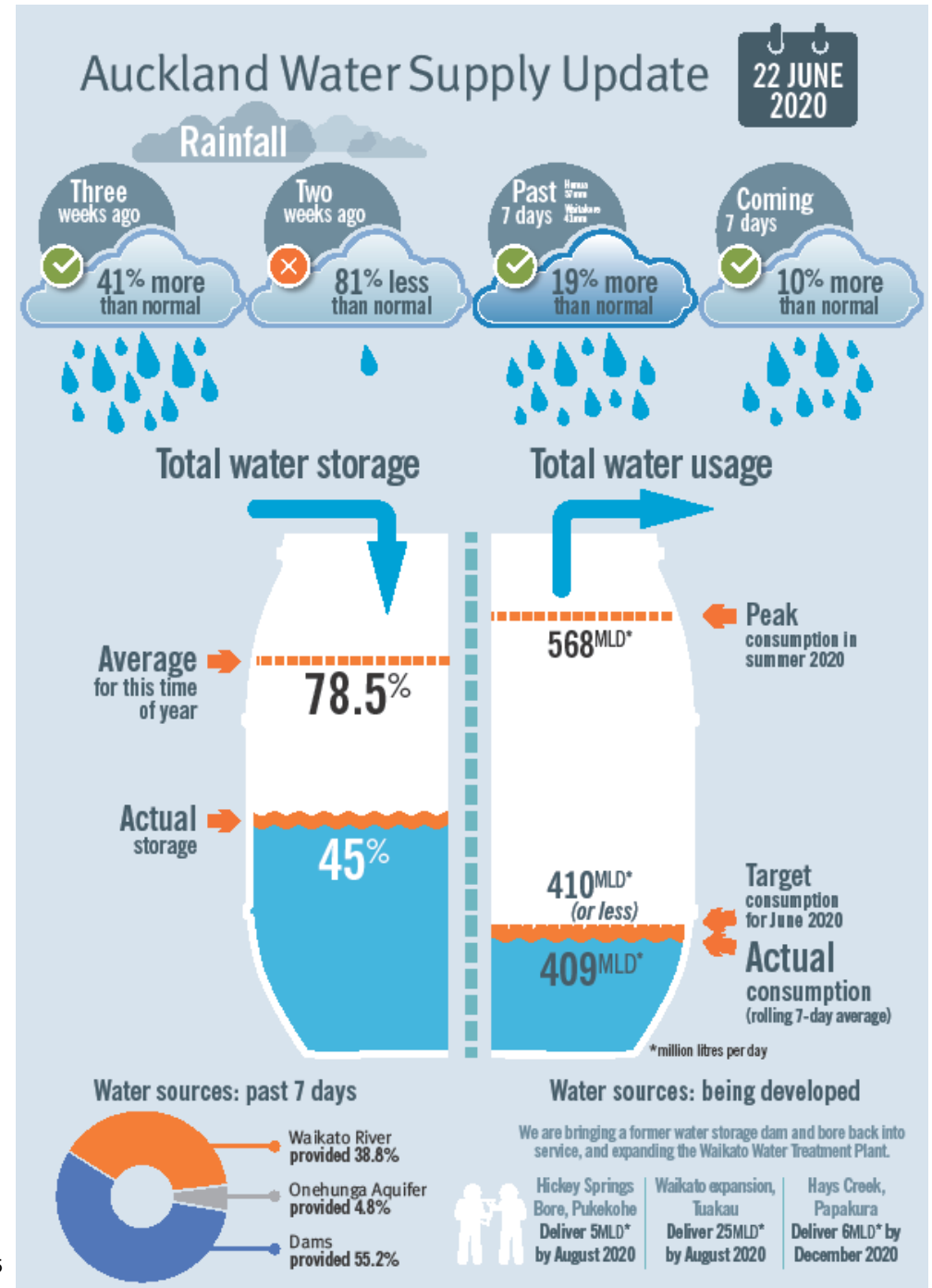
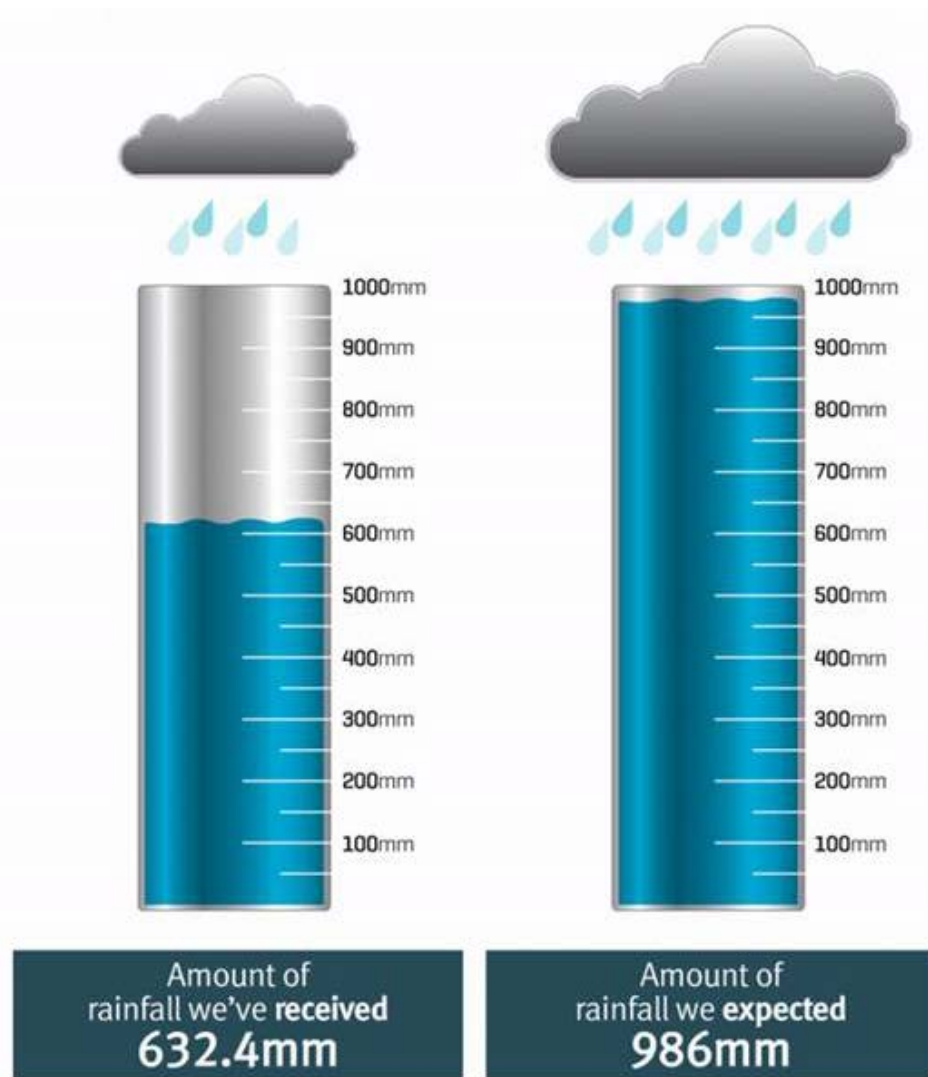


9.2

Hunua Rainfall



The Auckland Drought



9.2



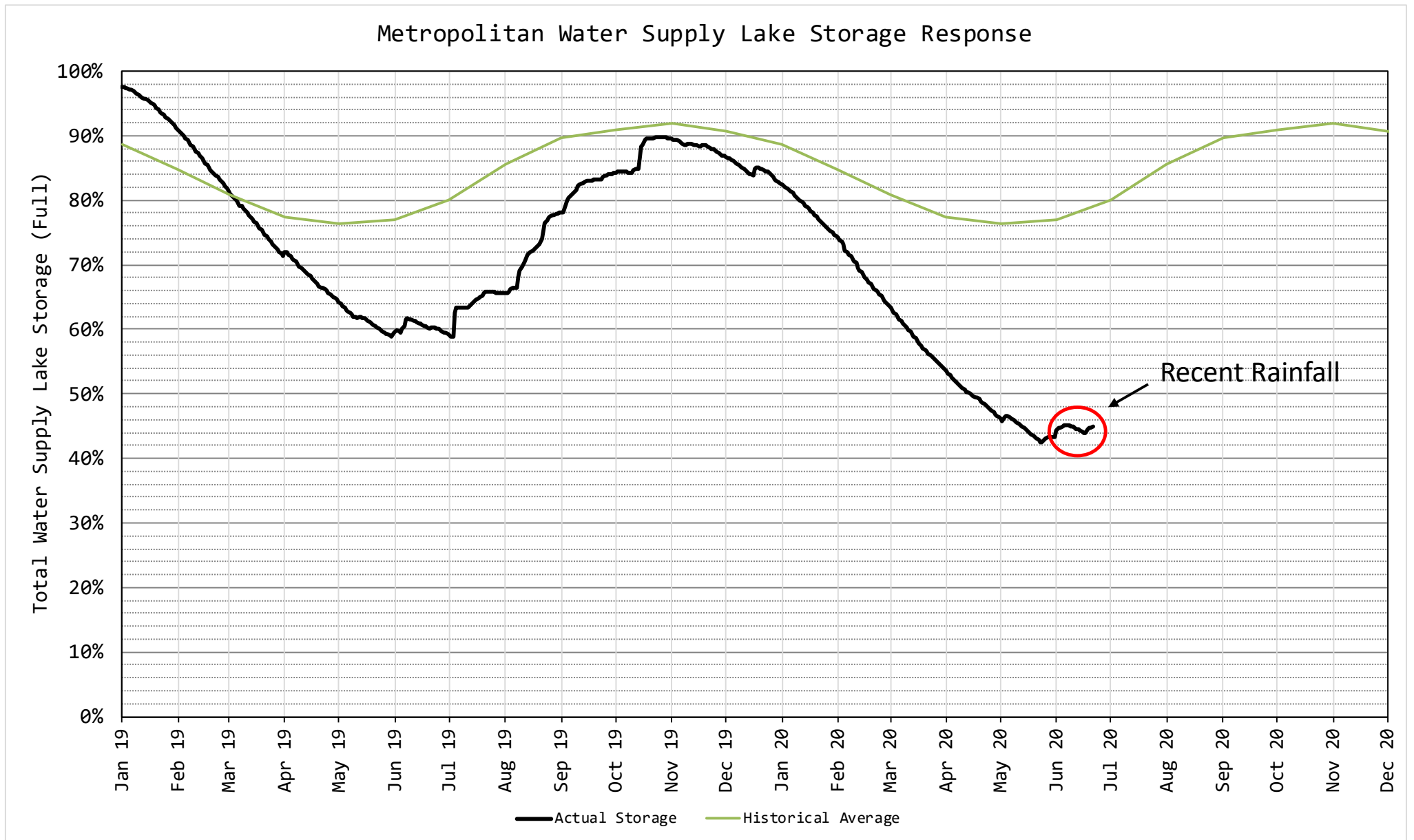
Storage lakes, May & June 2020

9.2



Auckland Drought: Return Period

- NIWA forecast:
 - If we get normal rainfall over May-June-July, the drought will be a 1 in 100 year event
 - But if we get below normal rainfall over these three months, it will be in excess of a 1 in 200 year event.
- Auckland's water system is designed to a 1 in 200 year drought return. This means that it will take a 1 in 200 year drought to completely empty all the storage in our supply lakes if we do not implement restrictions or other demand initiatives. Or a 1 in 100 year drought to reduce lake storage levels to 15%.
- Drought response actions are implemented to ensure lakes are not emptied and that stored water remains available to supply Auckland.
- These steps are taken in accordance with our Drought Management Plan.
- During the last drought requiring water use restrictions (1993/1994), the Auckland Water System was designed to a 1 in 50 year drought return. When that drought was over, it confirmed to be a below a 1 in 100 year drought.



Auckland Drought Response: Forecast

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

	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%*
B Average daily use (target MLD)	410	409	405	405	414
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
D Abstraction from the storage lakes (MLD)	240	229	213	213	222
E Total lake recharge required (MLD) for the month	435	424	408	408	417
F Normal monthly rainfall (mm)	179	207	183	152	145
G Estimated rainfall required to achieve 75% lake storage by Oct.	98%	83%	90%	108%	116%
H Forecast rain conditions (% of normal)	100%	103%	85%	79%	87%
I Forecasted rain conditions	Normal rainfall	Normal rainfall	Below normal rainfall	Below normal rainfall	Below normal rainfall

*restriction zone

Auckland Drought Response: Status for June

Status Report – to week ending 21 June 2020

Monthly storage commenced 1 June 2020 43.4%

Target storage for 30 June 2020 49.6%

	Status at 21 June	Target for 21 June
Storage at end of week ending 14 June	45.0%	47.7%
7 Day Demand (m ³ /day)	408,136	410,000
Month to Date (m ³ /day)	406,896	410,000
Non-Storage 7 Day Production (m ³ /day)	177,823	170,000
7 Day Rainfall (% of normal)	119%	98%
Month to Date Rainfall (% of normal)	93%	98%
Coming Week Rainfall Forecast (% of normal)	109%	98%
Coming 4 week	103%	98%

9.2

Auckland Drought Response: Planning

- The 2020 drought response has four stages involving increasingly stringent interventions based on lake water storage levels.
- The plan includes:
 - demand side initiatives to reduce consumption and restrict demand – water use restrictions
 - supply side initiatives to reduce pressure on the falling water levels in the storage lakes – source augmentation
- The variable unplanned factor is rain.
- A comprehensive drought communications strategy has been developed with SenateSHJ and the campaign developed with Stanley Street.
- The drought response plan is aimed at avoiding the worst case scenario involving the use of standpipes in the street.
- If everyone treats water as precious and takes personal responsibility to save the required amounts of water we can all get through this together.



Auckland Drought Response: Demand Management

- Different stages implemented according to the trigger levels in the Metropolitan Drought Management Plan (DMP).
- Stage 1 implemented from 16 May 2020. Targets outdoor use.
- Stage 2 will be triggered in accordance with the DMP. Water use restrictions will increase as lake storage decreases.

What area do the restrictions cover?

- Pukekohe, Patumahoe, Clarks Beach, Glenbrook Beach, and all other metropolitan areas from Waiwera to Drury and Huia Village.
- Areas such as Warkworth with a deep aquifer water take are exempt.
- Messaging will be region wide to avoid confusion – everyone is expected to show restraint with water use.

When are restrictions likely to be withdrawn?

- It depends on rainfall. It is anticipated water use restrictions will remain in place until Autumn 2021.

Demand side actions including water use restrictions – Stage 1

Purpose

- Maximise potential of storage lakes to recover from drought to meet seasonal demand

Impacts

- Restrictions targeting irrigation and outdoor cleaning
- Voluntary indoor domestic and commercial savings
- Education focused compliance
- Standpipes withdrawn from construction use, unless used for drinking water purposes at construction sites
- Tanker filling stations open for potable (drinking) water supply to rain tank users
- Water blasters, car washers effected but non-potable water available

9.2

See A3 attachment for details

Demand side actions including water use restrictions – Stage 2

Purpose

- As per Stage 1

Impacts

- As per Stage 1 plus:
- Increased indoor domestic and commercial savings
- Active compliance monitoring and enforcement for repeat offenders
- No watering of sports fields
- Potential impact on commercial customers production capability
 - unless savings can be made through efficiencies, production may need to be reduced.

9.2

See A3 attachment for details

Demand side actions including water use restrictions – Stage 3

Purpose

- As per Stage 2

Impacts

- As per Stage 2 plus:
- Further increased indoor domestic and commercial savings
- Lawns, gardens and parks can only be watered by non-potable water sources
- Full compliance monitoring and enforcement
- Tanker filling stations closed. No potable (drinking) water supply to rain tank users.
- Impact on commercial customers' production capability
 - Water consumption will need to be retained at winter levels.

9.2

See A3 attachment for details

Demand side actions including water use restrictions – Stage 4

Purpose

- Maintain adequate supply of drinking water to sustain life and protect public health

Impacts

- As per Stage 3 plus:
- Significant indoor domestic and commercial savings
- Increased impact on commercial customers' production capability

9.2

See A3 attachment for details

Commercial users requiring non-potable water

- **Small Businesses, car washes and water blasters:** Watercare and Healthy Waters are assisting these companies to access non-potable water.
- **Non-potable water:** There are currently six distribution points with others being evaluated.
- **Construction companies:** A collective representing construction companies are working co-operatively establish non-potable sources to meet their needs. Western Springs has been opened up for this purpose and is already operational.

9.2



17

Auckland Drought Response: Augmentation of water supply

- 130 alternative sources identified from studies dating back to the early 1990's
- Assessed against water availability, environmental effects and implementation timeframe.
- 18 short listed for further review - The following options are currently being developed:
 - Pukekohe Hickeys Bore in service from August 2020 (5MLD)
 - Papakura Hays Creek Dam in service from December 2020 (6MLD)
 - Waikato Water Treatment Plant upgrade to 175MLD - August 2020
 - RMA S.330 emergency water take, 16 June 2020 (15MLD)
 - Possible temporary transfer of Hamilton water take (25MLD)
- A funding allocation of \$180m has been provided for initial drought response for short-term additional water sources.

Auckland Drought Response: Non-revenue water

Activity	Action	Outcome
District metering	<ul style="list-style-type: none"> Reduce size of current supply zones to allow comparative monitoring Monitor consumption over time Target priority areas for leak repair 	<ul style="list-style-type: none"> District metering enables the benefits of all non-revenue water initiatives to be monitored and tracked
Pressure reduction	<ul style="list-style-type: none"> Reduce leakage and consumption Reduce number of burst pipes 	<ul style="list-style-type: none"> 2.35 MLD by Nov 21 4 zones completed by July 2020 with a further 4 zones completed by Oct 2021
Leakage control	<ul style="list-style-type: none"> Increased leak detection and response 	<ul style="list-style-type: none"> 9.6 MLD by June 2021 All leaks detected can be fixed within 5 days of reporting
Meter replacements	<ul style="list-style-type: none"> Improved accuracy of meter readings 	<ul style="list-style-type: none"> Replace 30,000 domestic meters and 1000 commercial meters each year
Theft reduction	<ul style="list-style-type: none"> Meter fire connections in specified properties to monitor for illegal use Undertake trial to determine benefits 	<ul style="list-style-type: none"> Yet to be determined – based on trial findings

9.2

Auckland Drought Response: Working with Auckland Council

- Liaison with Mayor's office and Watercare's Councillor representative
- Weekly water situation updates to Councillors and Local Board members and support staff
- Friday catch ups with Council officers
- Liaison with Healthy Waters – Non-potable water source availability, rain tank water supply, Planning Committee and response to Local Board notices of motion



9.2

Auckland Drought Response: External Communications Objectives

- To raise stakeholder awareness and understanding of Auckland's **current** water situation and promote water savings.
- To raise stakeholder awareness and understanding of Watercare's role and water supply strategy.

Monitoring: we measure the effectiveness of the communications at the end of each campaign phase by randomly surveying 750 Aucklanders. The last survey found (May):

- 75% of respondents know Auckland is in a drought
- 68% of respondents believe it is **extremely important** to save water right now
- 86% of respondents could identify ways they have saved water over the past month.

MAKE IT YOUR MISSION TO SAVE 20L A DAY, EVERY DAY

While restrictions apply to outdoor water use, we ask that you also **reduce your water use indoors by at least 20 litres per day**. That's two bucketsful.

It's easy for everyone to save 20l

SMALL WATER-SAVING MEASURES QUICKLY ADD UP:

	Spend a minute less in the shower	save 12 litres
	Turn off the tap when you brush	save 4 litres
	Fix a leaking tap	save 33 litres a day
	Use the half flush when possible	save around 6 litres every flush

DID YOU KNOW? Washing machines use an average of 122 litres for every load! Can you wash one load less a week?

Thank you in advance for your commitment to reducing Auckland's water usage. If everyone in Auckland saves a little, together we will save a lot.

9.2

Auckland Drought Response: Key messaging by campaign phase

Campaign phase	Communication objectives	Messaging
1: Raise awareness (Voluntary water savings)	<ul style="list-style-type: none"> Customers see water is a precious resource Build awareness of drought risk and implications Encourage savings 	<p>Water is precious, please use it wisely</p> <p>The drought is growing serious</p> <p>Keep washing hands, but limit non-essential use like cleaning cars and water blasting buildings</p> <p>Keep showers to four minutes or less</p>
2: Engagement and positive action (Stage 1 and Stage 2 water use restrictions)	<ul style="list-style-type: none"> Build awareness of drought Ensure understanding of restrictions Continue to encourage indoor savings Build understanding of Watercare response Celebrate gains 	<p><i>As above, plus:</i></p> <p>Restrictions are now in place and are necessary to protect supply</p> <p>No external water use (as per restrictions)</p> <p>Aucklanders are making real savings (<i>or Aucklanders need to save more</i>)</p> <p>Watercare is working to bring on new water sources</p>
3: Act now (Stage 3 and Stage 4 water use restrictions)	<ul style="list-style-type: none"> Establish recognition the situation is critical Recognition of long-term consequences and heightened need for savings 	<p>Auckland is experiencing the worst drought on record</p> <p>You must act now to make water savings..</p> <p>Restrictions are in place and must be strictly adhered to.</p> <p>Watercare is working to bring on new water sources</p>

Auckland Drought Response: Commercial Customers

Customer Type	Action	Outcome
Top 100 customers by volume	<ul style="list-style-type: none"> Weekly communication with top 100 and calls to top 10 customers Promoting case studies for modeled behavior Targeted key industry segments with personalized communication 	<ul style="list-style-type: none"> Consumption feedback provided regularly with updates on initiatives in place to deliver savings Smart meter data monitored for real time trends
Directly effected customers	<ul style="list-style-type: none"> Water blasters, car washers, outdoor cleaning and irrigators contacted and communicated locations of non potable sources Assisted with expediting bore consenting process 	<ul style="list-style-type: none"> Monitoring through water misuse process Car washes at petrol stations closed unless they are using 100% recycled water Customers actively applying for bore drilling to access non potable water
Kāinga Ora	<ul style="list-style-type: none"> Designed plan to increase awareness and education of drought within their residential base with Kainga Ora 	<ul style="list-style-type: none"> High consumption households identified to target suburbs Water savings feature in their quarterly newsletter and geo tagging our Facebook posts to their high consumption suburbs
Food and Beverage	<ul style="list-style-type: none"> Weekly communication with these segments using smart meter data for regular check ins 	<ul style="list-style-type: none"> All building and vehicle washing kept to a minimum Reduced production where possible Trigger nozzles installed in plant Making innovative technical changes to drive savings Revised cleaning processes with reduced water flushes Grey water use is being investigated

Auckland Drought Response: Rain Water Tanks

- Auckland Council officers are working to reduce the regulatory burden for the installation of supplementary rain tanks.
- Watercare supports, and will promote, this approach.
- Last summer Watercare supplied the equivalent of 28,000 people with tankered water to fill rain tanks.
- Rain tanks should be installed now to harvest winter rain.



What's next?

- Continue negotiations with Hamilton City Council to secure temporary transfer of 25 MLD
- Lodge resource consent application for emergency water take from the Waikato River
- Complete investigations into additional water sources that can be developed by winter 2021
- Develop the additional sources including Pukekoke, Hays Creek and others
- Continue consultation with Waikato-Tainui and others
- Monitoring weather forecasts and amend drought response as required
- Increase the sense of urgency around the drought communications and water savings
- Continue to update elected representatives

Appendix G



File ref: *NSP 03 09*

30 June 2020

Raveen Jaduram
Chief Executive
Watercare Services Limited
Private Bag 92521
Victoria Street West
Auckland 1142

Private Bag 63002
Wellington 6140, New Zealand

Level 10, Grant Thornton House
215 Lambton Quay
Wellington 6011, New Zealand

epa.govt.nz
+64 4 916 2426

By email: Debbie.hickson@water.co.nz

Dear Mr Jaduram

Minister for the Environment's direction calling in Watercare's Waikato River Take Application

Thank you for your email of 29 June 2020 providing the Watercare's views on whether the above application is a proposal of national significance under section 142 of the Resource Management Act 1991 (RMA).

The purpose of this letter is to:

1. Let you know, for the purpose of [section 144A\(5\)](#) of the RMA, that we have advised the Minister that the matters are a proposal of national significance. Our advice is attached to our covering email.
2. Confirm that the Minister has considered our advice and other relevant considerations and has made a direction to call in the application and refer it to a three-person board of inquiry (BOI) for decision. The direction is attached to our covering email.

The EPA is responsible for setting up the BOI, notifying the Minister's direction (and the application), and supporting the BOI through the process for proposals of national significance under [Part 6AA](#) of the RMA. We will be in touch again to initiate planning and arrangements for public notification and subsequent steps.

Please contact Jillian Kennemore on 04 474 5507, 027 641 7250 or Jillian.Kennemore@epa.govt.nz if you have any questions.

Yours sincerely

A handwritten signature in black ink, appearing to read "Sandra Balcombe".

Sandra Balcombe
Acting Manager
Land and Oceans Applications

Ministerial direction to refer the Watercare Services Limited Waikato River Take Application to a Board of Inquiry

Having had regard to all the relevant factors, I consider that Watercare Services Limited's (Watercare) application dated December 2013 to abstract 200 million litres of water per day from the Waikato River and the installation of related infrastructure (the matters), are a proposal of national significance. Under section 142(2) of the Resource Management Act 1991 (RMA), I direct these matters to be referred to a Board of Inquiry for decision.

My reasons are as follows:

National Significance

I consider the matters are a proposal of national significance having had regard to the following relevant factors in section 142(3) of the RMA:

- a) The matters have aroused widespread public concern or interest regarding its actual or likely effect on the environment, in particular as indicated by both the Waikato River Authority and Waikato-Tainui concerns about the river being under stress from over allocation;
- b) The matters involve or are likely to involve the significant use of natural and physical resources, due to the volume of water proposed to be abstracted, the importance of the water for Auckland's municipal water supply, and the effect on alternative uses of that water;
- c) The matters affect or are likely to affect a feature of national significance noting that the Waikato River is recognised as highly important not only for Māori but for all who live in the region;
- d) The matters are or are likely to be significant in terms of section 8 of the RMA given it is likely to be of high interest to Iwi because of the significance of freshwater management to Māori and the relevance of the Waikato River settlement Acts;
- e) The matters will assist the Crown in fulfilling its public health, welfare, security or safety obligations or functions as greater certainty as to whether a highly populous area of New Zealand such as Auckland has sufficient water supply to meet its needs has the potential to assist the Crown in managing these risks;
- f) The matters will affect more than one region given that the Waikato River flows through the Waikato Region and the water will be used in the Auckland Region; and
- g) The matters relate to a network utility operation that extends or is proposed to extend to more than one district or region, as Watercare proposed the supply and distribution of water and directly affects the Waikato River and the Auckland region.

I have also have had regard to the following other matters:

- a) The need to plan for future water supplies for Auckland;
- b) The need to consider Treaty settlement Acts relevant to this proposal, particularly the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010; and
- c) The National Policy Statement on Freshwater Management.

Direction to the Board of Inquiry

I direct that the matters be referred to a Board of Inquiry of three members. The Board of Inquiry will include an appointee of the Waikato River Authority pursuant to section 29(3) of the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010.

In reaching my decision I considered:

- a) The Environmental Protection Authority advice;
- b) The views of Watercare - the applicant;
- c) The views of the Waikato Regional Council - the relevant local authority that would have processed and decided the matters if I had not directed that it be referred to the Environment Court for decision; and
- d) Section 29 of the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010.

Dated at Wellington this 30th day of JUNE, 2020

Hon David Parker

Minister for the Environment

9.2



ADVICE AND RECOMMENDATION OF THE EPA UNDER SECTION 144A RMA:

WATERCARE WAIKATO RIVER TAKE APPLICATION CALL IN

To the Hon David Parker, Minister for the Environment

1. On Friday, 26 June 2020, you requested that we provide advice on whether the resource consent application to take an additional 200,000 m³/day of water from the Waikato River (the Watercare Waikato River Take Application), consisting of a number of matters (Attachment A), is a proposal of national significance under Part 6AA of the Resource Management Act 1991 (RMA) and if so, whether the matters should be called in and referred to either a board of inquiry or the Environment Court.
2. You have the power under [section 142](#) of RMA to make a direction to call in the matters on your own initiative or at the request of the applicant or the local authority.
3. The Environmental Protection Authority (EPA) advises under [section 144A](#) of the RMA that you:
 - a) **Note** our advice that the matters are a proposal of national significance;
 - b) **Note** our advice that the matters may be called in for the reasons set out in this advice.
 - c) **Note** that if you call the matters in you may refer them to a board of inquiry or the Environment Court.

A handwritten signature in black ink, appearing to read "Sandra Balcombe", written over a horizontal blue line.

Sandra Balcombe

Acting Manager: Land and Oceans Applications

Environmental Protection Authority

30 June 2020

Date

Background

4. As Minister for the Environment, you requested the Environmental Protection Authority (EPA) to provide advice and recommendations on whether to call in the resource consent application to take an additional 200,000 m³/day of water from the Waikato River (the matters) under [section 142](#) of the Resource Management Act 1991 (RMA) as a proposal of national significance (NSP) and refer them to a board of inquiry or the Environment Court.
5. In the context of a call in, an application for resource consent can be referred to as a matter¹. The Ministerial power to call in is triggered when a matter is, or is part of, a proposal of national significance. The matter must itself be a proposal of national significance, or it can be considered in combination with other matters, in which case it is part of a proposal of national significance. In this case there are a number of matters, as listed in Attachment A.
6. In December 2013, Watercare Services Ltd (Watercare) lodged a comprehensive application with the Waikato Regional Council to take and use an additional 200,000 m³/day (net) of water from the Waikato River for municipal water supply for Auckland. Watercare is an Auckland Council organisation.
7. The suite of consents required for the 200,000 m³/day of water include those required for associated infrastructure and operational requirements. As listed in Attachment A, these include construction of a new intake (similar to the current intake), raw water pipeline and advanced water treatment plant, and modifications to the existing water transmission system including the construction of a booster pumping station. The site to which these applications relate is the Waikato River bed (owned by the Crown), adjacent to land in Tuakau (owned by Watercare), as described in the 2013 consent application²:
8. Watercare is proposing to take 200,000 m³/day (net) in addition to the present authorised net water take of 150,000 m³/day from the Waikato River.
9. In addition to taking water from the Waikato River, some water will be returned to the river. These discharges include process water arising from various water treatment operations, and treated water that does not fully meet the high standards required for reticulation to uses in Auckland for drinking water purposes.
10. Watercare states that the allocation of water for the purpose of municipal supply is fundamental to meeting future demand, and the applications focus on that. Additional water treatment and land based facilities will be required for the new take, but will only be designed once the additional Waikato River allocation is confirmed. Such works can be completed within the Watercare site designated for the existing water treatment facilities, potentially by way of seeking an alteration to the existing designation. As part of establishing the infrastructure for the expanded water take, temporary intake and discharge structures will also be required at the site. Watercare is also seeking the relevant construction related

¹ As defined in section 141 of the RMA, there are a number of types of application that can be considered a matter but only resource consents are relevant in this case.

² Watercare Services Limited, December 2013, Resource Consent Applications: Part A.

consents to enable the continued abstraction of water from the Waikato River using these temporary structures while new infrastructure is installed.

11. Seven years after lodgement, the application has not been considered and is still number 106 in the “first in first served” queue of applications³.
12. Auckland is currently experiencing a severe drought and stage one water restrictions are in place on residential and commercial water use. Since the start of the year, the region has received significantly less rainfall than normal. This is having an impact on its water supply.
13. The Waikato Regional Council notes that the purpose of the additional water requested is to provide for longer term needs of Auckland, and not for short term drought relief. The Waikato Regional Council indicates that an additional 25 ML/day was allocated to Watercare in 2017, and that a recent application for an additional 100 ML/day when the river is not under high allocation pressure (not subject to the first in first serve queue because it fits within the allocation envelope) has been received and is on hold while Watercare undertake consultation with Tangata whenua.
14. While the COVID-19 situation has created global uncertainty for the short and medium future, in the long-term the council is expecting Auckland’s population to continue to increase. Over the next 35 years, the Auckland population serviced by the metropolitan water system is expected to increase by approximately 800,000 from 1.41 million to 2.2 million. This will create significant additional demands for water – and that means investment will be needed for new water sources, water treatment capacity and networks.⁴
15. While short and medium term options are being explored to address the current water supply problems⁵, the proposed 200,000 m³/day take aims to provide for longer term water supply. Watercare considers that a reliable and sufficient supply of water is essential in supporting the certainty of ongoing investment in the Auckland region which is aligned to the government’s COVID-19 recovery strategy.
16. The implementation of the matters is estimated to result in 200-300 new jobs in the first 12-month phase, and 150 new jobs in the following 18-month phase, as well as 8 full-time equivalent operational and maintenance roles at completion and into the future⁶.
17. Water plays an essential role in Auckland’s construction, industrial, business, recreation and residential sectors. The Auckland Council suggests that if Auckland’s water supply continue to be restricted through drought or other circumstances, the social and economic impacts for the region and for the country are likely to run into the hundreds of millions of dollars and thousands of jobs⁷.

³ The RMA requires that each application is determined on its own merits and the allocation system dictates which application is considered and determined first. This allocation system is by default “first in first served”, unless the planning regime (or the RMA) imposes another alternative.

⁴ Auckland Council’s submission on the COVID-19 Recovery (Fast-track consenting) Bill

⁵ Emergency take under section 330 of the RMA; application for 100,000 m³/day seasonal take; and sharing of Hamilton City Council’s under-utilised take.

⁶ Auckland Council, June 2020, Submission to the COVID-19 Recovery (Fast-track consenting) Bill

⁷ Auckland Council, June 2020, Submission to the COVID-19 Recovery (Fast-track consenting) Bill

18. Watercare has indicated eagerness to progress the matters.
19. Under the RMA, if you determine the matters are, or are part of, a proposal of national significance, you may call them in by making a direction to refer the matters to a board of inquiry or the Environment Court for decision⁸. If you decide to not call in the matter, it will continue to be processed by the Waikato Regional Council, when it reaches the front of the consenting applications queue.
20. In deciding whether the matters are a proposal of national significance, you may consider any relevant factor, including those listed under [section 142\(3\)\(a\)](#) of the RMA, and any advice provided by the EPA⁹. The purpose of your consideration is not to assess or prejudge the merits of the matters. This is something that must be left for the decision maker, whether that is the local authority or, if called in, a board of inquiry or the Environment Court.
21. In deciding whether to make a direction, and where to direct the matters for a decision, you must have regard to¹⁰:
 - a) The views of the applicant (Watercare) and the relevant local authority (the Waikato Regional Council);
 - b) The capacity of Waikato Regional Council to process the matters; and
 - c) The recommendation of the EPA (although you may make a different decision from that recommended by the EPA)¹¹.
22. You have also asked us to seek the views of the Watercare and Waikato Regional Council (in the time available). We have sought these views and, where relevant, they have informed our advice on whether the matters are a proposal of national significance. A copy of the views from these parties is provided in Attachment B and summarised in paragraphs 76 to 79.

Whether the matters are a proposal, or part of a proposal, of national significance

23. Our advice is that the matters are a proposal of national significance. Our assessment against the [section 142\(3\)](#) factors is set out in paragraphs 24 to 61 below, followed by further comments in relation to other relevant factors in paragraphs 62 to 69.

Relevant factors in section 142(3)(a)(i)-(x) of the RMA for assessing national significance

Has the matter aroused widespread public concern or interest regarding its actual or likely effect on the environment (including the global environment) (s142(3)(a)(i))

24. The matters have aroused widespread concern for various reasons, including actual or likely effects on the environment. Originally lodged in 2013 and waiting for its turn in the "first in first served" queue, the recent drought and focus on COVID recovery economic growth and job creation has brought the need

⁸ [Section 142\(2\)](#) of the RMA

⁹ [Section 142\(3\)\(b\)](#) of the RMA

¹⁰ [Section 142\(4\)](#) of the RMA

¹¹ [Section 142\(7\)](#) of the RMA

for water security (including an increased water allocation), and the need for further water treatment capacity, to a head.

25. The Waikato River Authority, the statutory body formed under the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010 and other settlement Acts have publicly expressed concerns about the river being under stress from over allocation. Both the River Authority and Waikato-Tainui have made public statements that emphasise the need for an environmentally sustainable long-term solution to Auckland's water problems.

EPA advice in relation to this factor

26. We consider that widespread public concern and interest regarding its actual and likely effects on the environment contributes to the matters being considered to be a proposal of national significance.

Does the matter involve or is it likely to involve significant use of natural and physical resources (s142(3)(a)(ii))

27. The matters involve significant use of natural and physical resources given the scale of the proposed take (200,000 m³/day) throughout the year (i.e. beyond the less contested winter flows), and that it is in addition to existing allocation. It is also noted that there are a number of other water take allocations in the "first in first served" queue.
28. The Waikato Regional Council have indicated (Attachment B) that they have received applications for more water than that is available to allocate.

EPA advice in relation to this factor

29. In the face of competing users, the availability or otherwise of freshwater as a resource is an important issue in most regions of New Zealand. This is particularly true in relation to the waters of the Waikato River.
30. We therefore consider that this factor contributes to the matters being considered to be a proposal of national significance.

Does the matter affect or is it likely to affect a structure, feature, place, or area of national significance (s142(3)(a)(iii))

31. The application notes that the matters may have an effect on significant indigenous vegetation or significant habitats for indigenous fauna. However these sites are not noted by the applicant as nationally or regionally significant. The Regional Policy Statement identifies the section of the Waikato River between Taupo Gates and Waipapa tailrace to be included in the identification of outstanding freshwater bodies.
32. The application recognised a rock platform at the mouth of the tributary stream to the Waikato River is located upstream of the existing intake structure is of cultural significance to iwi. Whilst this site is of

cultural significance to iwi and the river itself, it is not considered that this factor would contribute to a conclusion that the matter is a proposal of national significance.

33. We note that the Waikato River is a significant feature and place for iwi. As noted above, a statutory body was formed under the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010 and other settlement Acts and is therefore culturally significant.
34. Under sections 10 to 15 of the Waikato-Tainui Waikato River Settlement Act, Te Ture Whaimana, the vision and strategy for the River set out in the schedule to that Act is deemed to be part of the Waikato Regional Policy Statement. To the extent of any inconsistency, it prevails over the Regional Policy statement and various other instruments as set out in those sections. One of the aspirational goals under the vision is to give the highest level of recognition to the restoration and protection of the river. Objective 1 promotes "*The protection and enhancement of significant sites, fisheries, flora and fauna*". Various fish species found in the lower Waikato River catchment have been classified as at risk (declining or relict) and various sites within the river have been identified as sites of known or possible inanga spawning habitat.
35. The Waikato River is recognised as highly important not only for Māori but for all who live in the region. As one of New Zealand's most significant rivers it is also an important potential source for municipal water supply.

EPA advice in relation to this factor

36. We consider that the matters may have effects on features or places of significance to iwi and that, in addition, the river as a whole is a feature of national significance that may be affected by the matters.

If the matter is one that is specified in any of paragraphs (c) to (f) of the definition of matter in section 141, does it give effect to a national policy statement (s142(3)(a)(iia))

37. It is important to note that this factor is not relevant to a resource consent application. The matters specified in sections 141(c)-(f) only include the preparation of regional plans, notices of requirement for a designation or heritage order, or changes/variations to a plan (or proposal plan).
38. Accordingly, this factor does not contribute to the matters being a proposal of national significance. However, we do note in the other relevant factors below, the implications of the National Policy Statement on Freshwater Management.

Does the matter affect or is it likely to affect or is relevant to New Zealand's international obligations to the global environment (s142(3)(a)(iv))

39. We consider that this factor is not relevant as the matters are unlikely to affect or be relevant to any international obligations that New Zealand has to the global environment.

Will the matter result or is it likely to result in or contribute to significant or irreversible changes to the environment (including the global environment) (s142(3)(a)(v))

40. The 2013 consent application prepared by Watercare includes an assessment of the environmental effects of the matters. This assessment was based in part on monitoring data obtained through the operation of the existing intake structure to identify potential effects associated with the new intake structure and the water take as a whole.
41. The monitoring data has shown the existing water take and discharge operation has a less than minor effect on the environment and Watercare suggests that there was no reason why this situation would change if the operation is expanded to include the proposed additional take of water.
42. However, Watercare's assessment of the proposed 200,000 m³/day take has not been through the consent process.

EPA advice in relation to this factor

43. We therefore consider at this stage there is not sufficient evidence to determine the relevance of this factor.

Does the matter involve or is it likely to involve technology, processes, or methods that are new to New Zealand and that may affect its environment (s142(3)(a)(vi))

44. The proposed water take and associated structures and uses are a standard part of municipal water supply and infrastructure.

EPA advice in relation to this factor

45. We consider that this factor is not relevant as the matters are unlikely to involve technology, processes, or methods that are new to New Zealand and that may affect its environment.

Is the matter significant or likely to be significant in terms of section 8 of the RMA (s142(3)(a)(vii))

46. [Section 8](#) of the RMA requires all persons exercising functions and powers under the Act, in relation to managing the use, development, and protection of natural and physical resources, to take into account the principles of the Treaty of Waitangi.
47. At the time of preparing the 2013 consent application, Watercare had undertaken consultation with bordering local authorities, Waikato-Tainui, mana whenua, key users of the Waikato River such as power companies and agricultural and horticultural users, and other potentially affected and/or interested parties including environmental groups. Consultation highlighted matters that can broadly be separated into two areas that are discussed in the Assessment of Environmental Effects¹², namely, the effects of the application on cultural values, and the potential effects of over-allocation on other users.
48. As noted above in relation to factor (i), Iwi and hapū are still concerned about environmental effects on the river and want a long term sustainable solution. The Waikato River Authority has emphasised its role

¹² Watercare, December 2013, Waikato River Take Consent Application, Part B: Assessment of Environmental Effects

as an independent voice on behalf of the river which is mandated in law through Te Ture Whaimana, the vision and strategy for the river created through relevant Treaty settlements.¹³

49. Waikato-Tainui have expressed that they want to achieve outcomes through a partnership approach with Auckland council and Watercare.
50. Of particular significance to the consideration of this matter, settlement provisions in the settlement Acts:
 - a. Have a requirement that you, as a person carrying out functions or exercising powers under the RMA relating to the Waikato River or activities in the catchment that affect the Waikato River have particular regard to Te Ture Whaimana, the vision and strategy in the Waikato River settlement Acts.
 - b. Provide, that if this application is called in and referred to a board of inquiry there are particular requirements for iwi representation in accordance with the Waikato River settlement Acts.

EPA advice in relation to this factor

51. Given the significance of freshwater management to Māori, the matter is likely to be of high interest to Iwi and submissions may identify Treaty-related issues. We also note the specific issues discussed above which emphasise the significance of the Waikato River for iwi and the importance of its sustainable management as a resource that is protective of their economic, social, cultural and spiritual relationships with the river. Accordingly, this factor clearly supports the consideration of the matters as a proposal of national significance.
52. The EPA has also had particular regard to the vision and strategy referred to in relation to factor (iii) in preparing this advice.

Will the matter assist the Crown in fulfilling its public health, welfare, security or safety obligations or functions (s142(3)(a)(viii))

53. Neither Watercare nor Auckland Council, who would be most directly assisted, are the Crown, although the Crown is the ultimate source of authority for government in New Zealand. The government is responsible, and therefore has the function, of ensuring that public health and welfare outcomes are appropriately managed, through policy interventions to manage risks to public health and welfare. Greater certainty as to whether a highly populous area of New Zealand such as Auckland has sufficient water supply to meet its needs has the potential to assist the Crown in managing these risks. The significance of the matter to public health and welfare is discussed in the application as follows:

Auckland is home to one third of New Zealand's population and is its largest commercial centre, contributing a substantial proportion of both the domestic market and imports and exports. The

¹³ Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010 and the Ngati Tuwharetoa, Raukawa, and Te Arawa River Iwi Waikato River Act 2010 noting linkages to Nga Wai o Maniapoto (Waipa River) Act 2012

efficient and cost effective supply of municipal water throughout the region is fundamental to the continued growth and function of Auckland as well as the overall public health and sanitation of the region.

In addition, municipal supply services other integral infrastructure such as hospitals and health care. It is for these services that the provision of water services to a population is considered a basic human right, and central component of a growing, productive pollution. The positive benefits of municipal supply of water are distributed throughout the community through the enabling of commercial and industrial development, provisions of hospital care, use in a wide range of institutions and commercial ventures general supply to the wider population to promote health and wellbeing, lift productivity, improve sustainability, and provide a driving force in terms of shaping Auckland's urban form. In short, a modern functioning city cannot exist without the security of a future water supply.

9.2

54. New Zealand is facing unprecedented economic and social impacts as a result of the COVID-19 pandemic. Auckland Council is supportive of government's intent to urgently promote employment growth and to support New Zealand's recovery from the economic and social impacts of COVID19 and to support the certainty of ongoing investment across New Zealand while continuing to promote the sustainable management of natural and physical resources¹⁴.
55. While the COVID-19 situation has created global uncertainty for the short and medium future, in the long-term the council is expecting Auckland's population to continue to increase. Over the next 35 years, the Auckland population serviced by the metropolitan water system is expected to increase by approximately 800,000 from 1.41 million to 2.2 million. This will create significant additional demands for water – and that means investment will be needed for new water sources, water treatment capacity and networks¹⁵.

EPA advice in relation to this factor

56. Adequate water supply is important for public health and economic development in the Auckland region and we therefore do consider the matter assists the Crown in fulfilling its public health, welfare, security or safety obligations or functions.

Will the matter affect or is it likely to affect more than one region or district (s142(3)(a)(ix))

57. The matter will directly affect the Waikato River that runs through the Waikato Region and it will also be of benefit to the Auckland Region.

EPA advice in relation to this factor

58. Given that the matters will affect more than one region, we consider this factor contributes to the consideration of the matters as a proposal of national significance.

¹⁴ Auckland Council's submission on the COVID-19 Recovery (Fast-track consenting) Bill

¹⁵ Auckland Council's submission on the COVID-19 Recovery (Fast-track consenting) Bill

Does the matter relate to a network utility operation that extends or is proposed to extend to more than one district or region (s142(3)(a)(x))

59. Network Utility Operators¹⁶ (NUO) include someone who undertakes or proposes to undertake the distribution of water for supply. The applicant, Watercare, is therefore a Network Utility operator.
60. The matters will also directly affect the Waikato River that runs through the Waikato Region and it will also be of benefit to the Auckland Region.

EPA advice in relation to this factor

61. We consider that this factor supports the consideration of the matters as a proposal of national significance.

Other Relevant Factors

62. In addition to the list of factors under [section 142\(3\)\(a\)](#), you may also have regard to any relevant factor. The EPA has identified the following factors that are considered relevant to the consideration of whether to call in the Watercare Waikato River Take Application as a proposal of national significance.

Other Factors

63. Water plays an essential role in Auckland's construction, industrial, business, recreation and residential sectors. While the matters are not aimed at relieving the immediate drought crisis, which is being managed by other mechanisms¹⁷, the proposed 200,000 m³/day take aims to provide for longer term water supply, essential in supporting ongoing investment in the Auckland region. The Auckland Council suggests that if Auckland's water supply continue to be restricted through drought or other circumstances, the social and economic losses for the region and for the country are likely to run into the hundreds of millions of dollars and thousands of jobs¹⁸.
64. The implementation of the consent is estimated, by the Auckland Council, to result in 200-300 new jobs in the first 12-month phase, and 150 new jobs in the following 18-month phase, as well as 8 full-time equivalent operational and maintenance roles at completion and into the future¹⁹.
65. We are aware of the National Policy Statement on Freshwater Management, which may have significant implications for this proposal.
66. There is a requirement that you, as a person carrying out functions or exercising powers under the RMA relating to the Waikato River or activities in the catchment that affect the Waikato River have particular regard to Te Ture Whaimana, the vision and strategy in the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010.

¹⁶ Defined by section 166 of the RMA

¹⁷ Emergency take under section 330 of the RMA; an application for a 100,000 m³/day seasonal take; sharing of Hamilton City Council's under-utilised take etc.

¹⁸ Auckland Council, June 2020, Submission to the COVID-19 Recovery (Fast-track consenting) Bill

¹⁹ Auckland Council, June 2020, Submission to the COVID-19 Recovery (Fast-track consenting) Bill

67. We also note there are other options for progressing the proposal, and note that the Auckland Council made a submission to the Select Committee considering the COVID-19 (Fast Track Consenting) Bill seeking to use that pathway to progress the proposal.

The capacity of the Local Authority to process the matters

68. This application was lodged with the Waikato Regional Council in 2013 and is currently 106 in the consent application queue.
69. The Waikato Regional Council have confirmed that they do have the resources to process the application (when it reached the front of the "first in first served" queue).

Conclusions on National Significance

70. In deciding whether the matters are a proposal of national significance we consider the following factors in [section 142\(3\)\(a\)](#) of the RMA are be relevant:
- a) The matters have aroused widespread public concern or interest regarding its actual or likely effect on the environment (including the global environment);
 - b) The matters involve or are likely to involve significant use of natural and physical resources;
 - c) The matters affect or are likely to affect a structure, feature, place, or area of national significance;
 - d) The matters are or are likely to be significant in terms of section 8 of the RMA;
 - e) The matters will assist the Crown in fulfilling its public health, welfare, security or safety obligations or functions;
 - f) The matters affect or are likely to affect more than one region or district; and
 - g) The matters relate to a network utility operation that extends or is proposed to extend to more than one district or region.
71. We have also considered whether there are any other factors that are relevant to our advice. As discussed above, we consider that the following factors add weight to our advice in this respect:
- h) The contribution to economic development and job creation associated with COVID-19 Recovery;
 - i) The need to plan for future water supply for Auckland;
 - j) The relevance of the National Policy Statement on Freshwater Management; and
 - k) The need to consider the relevance of the Treaty settlement Acts to this proposal, particularly Te Ture Whaimana, the vision and strategy in the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010.
72. On balance, our advice is that the matters are a proposal of national significance.

Direction and Referral

73. If you agree that the matters are a proposal of national significance, you may call it in by making a direction to refer it to a board of inquiry or the Environment Court for a decision under [section 142\(2\)](#) of the RMA.
74. In making this decision, you must have regard to²⁰:
- a) The views of the applicant and local authority;
 - b) The local authority's capacity to process the matters; and
 - c) The recommendations of the EPA.

Views of the Local Authority on whether to call in

75. For these matters, the relevant local authority is the Waikato Regional Council.
76. The Waikato Regional Council is of the view that the call-in is neither necessary or appropriate because:
- a) The purpose of the additional water requested is to provide for longer terms needs of Auckland, and not for short term drought relief;
 - b) WRC does have resources to process the application;
 - c) An additional 25ML/day was allocated to Watercare in 2017;
 - d) A recent application for an additional 100ML/day when the river is not under high allocation pressure (not subject to the first in first serve queue because it fits in with allocation envelope) has been received and is on hold while Watercare undertake consultation with Tangata whenua;
 - e) Significant infrastructure developments will be needed to be able to treat and transport additional water; and
 - f) A call-in may be held up in High Court through judicial review from impacted parties if this application jumped the queue.

Views of the applicant on whether to call in the matter in

77. For these matters, the applicant is Watercare Services Ltd (an Auckland Council Organisation).
78. Watercare has indicated that it has been reluctant to consider the call-in option for any of its projects as it has always preferred working through issues with affected parties. However, in this instance, due to the severity of the current drought, Watercare says that it would be supportive of the call in by the Minister for the Environment.

EPA comments on whether to call the matters in and where to refer the matters if called in

79. Given the limited time available to consider the matters we do not make a recommendation as to calling this matter in.

²⁰ [Section 142\(4\)](#) of the RMA

80. Given the limited time to consider the mechanisms to follow should you decide to call the matters in we have not made a recommendation on the process to follow should the matters be called in. We provide some considerations for each option below.
81. Note that Cabinet Office Circular CO (06) 7 proposes you consult with Cabinet prior to making a call-in decision.

Board of Inquiry Option

82. The EPA notes that a key benefit of a board of inquiry would be the requirement for a decision within nine months of your Direction to call the matters in being publicly notified²¹. Also, the ability to appoint up to five members would provide access to a broad range of relevant knowledge and decision-making experience.
83. A board of inquiry will require iwi representation in accordance with Waikato River settlement Acts.
84. The EPA also acknowledges that the complex nature of the evidence and the legal issues that appear to be of concern may be addressed by appointment of a current, former, or retired Environment Judge as the chair of a board of inquiry, if the matters were not referred to the Environment Court.
85. The EPA notes that it does take some time to appoint members to a Board of Inquiry before their work can begin. To support the appointment of a board of inquiry, further work can be undertaken by the EPA and the Ministry for the Environment to:
- a) Serve notice on the Waikato River Authority as soon as practicable after a direction made to refer the matters to a board of inquiry and begin the process of requesting nominations;
 - b) Screen potential board of inquiry candidates for their availability and suitable skills and experience;
 - c) Prepare a Cabinet Paper relating to your recommended candidates;
 - d) Confirm appointments to the board of inquiry: and
 - e) Assist the Board in the development of its inquiry process.

Environment Court Option

86. The EPA notes that the Environment Court Registry has indicated there is no issue with capacity to progress the matters if referred to the Environment Court. The EPA also acknowledges that the complex nature of the evidence and the legal issues that appear to be of concern may be well suited to the Environment Court, although this might also be addressed by appointment of a current, former, or retired Environment Judge as the chair of a board of inquiry.

Overall advice and recommendation

87. The EPA considers that the matters are a proposal of national significance.

²¹ [Section 149R\(2\)](#) of the RMA

88. The matters under section 142(3) are not an exhaustive list, the Minister is able to have regard to any other relevant matters, and may take advice from sources other than the EPA.
89. Given the limited time available to consider the matters, we do not make a recommendation as to calling the matters in.
90. Given the limited time available to consider the mechanisms to follow should you decide to call the matters in, we do not make a recommendation on the process to follow should the matters be called in.
91. Draft directions to cover referrals to either a board of inquiry or the Environment Court are included in Attachment C.
92. The EPA remains available to provide further advice as required.

Attachment A: Matters under consideration

The Watercare Waikato River Take Application consists of the following matters:

Operational Consents:

- a) Water Take Permit – To take and use up to 200,000 m³/day (net) of water from the Waikato River at or about New Zealand Transverse Mercator [2000] ("NZTM") Map Reference 1776957E, 5872040N for municipal supply purposes.
- b) Land Use Consent – To operate and maintain water intake and discharge structures and pipelines partly in and on the bed of the Waikato River and, partly in or over the Waikato River, at or about NZTM Map Reference 1776957E, 5872040N.
- c) Discharge Permit – To discharge up to 30,000 m³/day of process water arising from various water treatment operations into the Waikato River in the vicinity of the intake structure, at or about NZTM Map Reference 1776957E, 5872040N.
- d) Discharge Permit – To discharge off-spec treated water that does not meet New Zealand Drinking Water Standards into the Waikato River in the vicinity of the intake structure, at a rate of up to 3.2 m³/second, at or about NZTM Map Reference 1776957E, 5872040N.
- e) Discharge Permit – To discharge water, air, and river material from the backwashing of intake screens into the Waikato River, at or about NZTM Map Reference 1776957E, 5872040N

River Based Construction Consents:

- a) Land Use Consent – To undertake activities in, on, under, or over the bed of the Waikato River for the purposes of enabling the construction of water intake and discharge structures and pipelines, including erecting intake structures and pipelines, erecting, using and removing a coffer dam structure and temporary access platform and all associated disturbance of the bed of the Waikato River, all located at or about NZTM Map Reference 1776957E, 5872040N.
- b) Water Permit – To dam, divert and take water associated with the construction of a coffer dam around the construction area for the intake structures and associated dewatering activities within the coffer dam area for the purposes of enabling the construction of a new intake and discharge structures and pipelines at or about NZTM Map Reference 1776957E, 5872040N.
- c) Land Use Consent – To construct, operate, maintain and remove a temporary water intake structure partly on the bed of the Waikato River and, partly in or over the Waikato River at or about NZTM Map Reference 1776957E, 5872040N.
- d) Discharge Permit – To discharge water into the Waikato River from dewatering the work area behind a coffer dam installed for the purposes of enabling the construction of intake and discharge structures and pipelines adjacent to the existing Watercare intake, at or about NZTM Map Reference 1776957E, 5872040N.

Attachment B: Views received Views of the Council

9.2

File No: 01 20 06
Document No: 16601615



29 June 2020

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9.2

Tena koe Sandra

Thank you for your email. My regulatory manager, Brent Sinclair, spoke briefly with Jillian over the weekend and from that conversation we understand that the advice the EPA will be providing to the Minister predominantly relates to whether or not this issue is one of national significance, and hence whether the project triggers the various matters set out in s142 of the Act.

At the end of the day, whilst I note that he has to have regard to our views, as the Act makes clear, the Minister has quite broad discretion to determine whether or not he considers this to be an matter of national significance and hence he wishes to either "call-in" an application or to directly refer the application to the Environment Court. I do note, however, that neither Watercare as the applicant or the Waikato Regional Council as the relevant consent authority have requested that the Minister exercise such discretion at any time over the past seven years, including over recent months. It remains our view that such a call-in is neither necessary nor appropriate.

As is clearly articulated in the documentation supporting the 2013 application, its purpose is to provide for the longer term needs of Auckland and in particular as those needs arise towards the end of this decade. We acknowledge that there have been delays in processing the application due to our requirement to follow the decisions by the Court of Appeal in the Central Plains litigation that competing applications for the same resource must be heard and determined in the order in which the applications were accepted as being complete. Those decisions, as you will be aware, have resulted in the creation of the Waikato River Deferral Queue as we have more applications to take water than we have water available to allocate. That allocable volume in the Waikato Regional Plan was set by the Environment Court after hearing many weeks of evidence from a number of experts.

We have clear legal advice that under the ministerial call-in process, as with all fast-track processes, any consent authority will be required to follow the decisions of the Court of Appeal, just as we are required to do, and so in a practical sense I see no advantage in having the matter "called in". It is not an issue that WRC does not have the resources to process the application, rather we are following legal process as determined by the Court of Appeal.

We have for some time encouraged Watercare to look at other options whilst it waits its turn in the queue, including seeking water at times when there is less pressure on the river. This resulted in the additional 25ML/day being allocated in 2017 and most recently in the request for a further 100ML/day when the river is not under high allocation pressure. This latest application is not subject to the queue and is able to be processed as it fits within the allocation envelope created in the Regional Plan by the

he taiao mauriora healthy environment
he ōhanga pakari strong economy
he hāpori hihiri vibrant communities

Environment Court. The application is on hold presently with Watercare agreement, so that Watercare can undertake consultation with tangata whenua.

In a nutshell, the current water shortage crisis that Auckland is experiencing is not as a result of delays with the consent process for the 2013 application. There are considerable infrastructure developments that would be needed to be able to both treat and convey more water into Auckland. It was only towards the middle of 2019 that Watercare started utilising the full 150ML/day that it was granted consent for many years ago. Our understanding is that currently the most Watercare can treat and convey from the Tuakau Plant is approximately 165ML/day and that it will not be until August at the earliest that this capacity will increase to 175ML/day.

Watercare advises that the existing pipeline to Auckland could potentially convey a further 50ML/day (i.e. a maximum of 225ML/day), but first it would need to build the necessary infrastructure at the Tuakau Treatment plant – which Watercare has stated publicly will take 12-14 months to complete. Quite simply Watercare should have had a programme of works to build this infrastructure already, and with that not being the case should now be seeking support from the Government where that is needed to have that infrastructure built as quickly as possible.

We are happy to arrange a teleconference with your legal counsel to discuss the issue of the application of the Court of Appeal decisions regarding priority. It will be in no-one's interest for the Minister to call-in an application, only for that to be tied up in the High Court through judicial review if those impacted by the decision see that as impacting on their interests and a deviation from the Court of Appeal direction.

Naku noa, na



Vaughan Payne
Chief Executive

9.2

Views of Watercare

9.2

Summary of Waikato River Consent Application 29 June 2020

OVERVIEW

Watercare Services Ltd ("**Watercare**") supplies water and wastewater services to the Auckland Region. Watercare currently treats an average of approximately 440,000 cubic metres of water per day ("**m³/day**") to meet the needs of households and businesses throughout Auckland.

One of Watercare's current supply sources is the Waikato River where it holds an existing resource consent authorising the net take of up to 150,000 m³/day of water at the Waikato Water Treatment Plant ("**Waikato WTP**") near Tuakau. To meet the future needs of Auckland arising from medium population growth, Watercare is proposing to abstract an additional 200,000 m³/day (net) of water from the Waikato River at the Waikato WTP. In December 2013 Watercare lodged an application for resource consents with Waikato Regional Council ("**WRC**") for this purpose.

9.2

SCOPE OF APPLICATION AND ASSESSMENT OF ENVIRONMENTAL EFFECTS

Watercare is seeking resource consent for:

- The taking of an additional 200,000 m³/day (net) of water from the Waikato River for municipal supply;
- The discharge of process and off-spec water (i.e. treated water that does not meet Drinking Water Standards for New Zealand) to the Waikato River in the vicinity of the Waikato WTP; and
- The construction and operation of a new intake and discharge structure and pipes in the bed of the Waikato River.

As part of establishing the infrastructure for the expanded water take, temporary intake and discharge structures will also be required at the site. Watercare is also seeking the relevant construction related consents to enable the continued abstraction of water from the Waikato River using these temporary structures while new infrastructure is installed.

An Assessment of Environmental Effects report ("**AEE**") accompanied the resource consent applications for the above activities in accordance with the Resource Management Act 1991 ("**RMA**"). In order to gain a complete understanding of the proposed activities and the actual and potential effects of those activities on the environment the AEE should be read in full.

PROCESSING OF APPLICATION

The Watercare application is currently 106th in a processing queue seven years after lodging the application. Watercare has no certainty that the application will get to the "start line" within the next two years. We are aware of the fast track mechanisms within the RMA.

The direct referral to the Environment Court does not help as the application cannot be forwarded to the Environment Court until a decision on notification is made by

WRC. This does not occur until after the application is on the “start line”. The other mechanism is the call in by the Minister for the Environment. Watercare has been reluctant to consider this option for any of its projects as it has always preferred working through issues with effected parties. However, in this instance, due to the severity of the current drought Watercare would be supportive of this approach should the Minister deem it appropriate.

PROJECT BACKGROUND AND RATIONALE

Watercare currently abstracts up to 150,000 m³/day (net) of water from the Waikato River at the site, and treats it to comply with Drinking Water Standards for New Zealand. The water is then pumped northward as part of a conjunctive system supplying to Auckland’s metropolitan water supply network. In addition to the Waikato River water take, this integrated metropolitan network includes five water storage dams in the Waitakere Ranges, four water storage dams in the Hunua Ranges and a groundwater take from an aquifer in Onehunga.

While the current volume of water available meets the drought requirements for Auckland’s municipal supply, Auckland’s population is predicted to increase by 800,000 people over the next 35 years (under medium growth projections). Under high growth projections over this same period (as used by Auckland Council), Auckland’s population is predicted to increase by over one million people. To provide the additional water required to meet demand from the medium population growth projections, Watercare needs to increase its supply capacity by a further 200,000 m³/day (net), and has identified the Waikato River as the preferred future water source for the Auckland Region.

The allocation of water for the purpose of municipal supply is fundamental to meeting future demand, and the applications focus on that. Additional water treatment and land based facilities will be required for the new take. The design of these facilities is underway and can be completed within the Watercare site designated for the existing water treatment facilities.

Many options were considered as potential sources to meet Auckland’s projected future growth in water demand. Four options were then identified as meeting the criteria for a strategic water resource for Auckland. These were:

- A Campbell Road Dam;
- A Lower Mangatawhiri Dam;
- A Waikato River abstraction; and
- Desalination.

A further 72 options have been ruled out as strategic water resources for Auckland because of insufficient yield, unacceptable water quality, excessive distance or technical, environmental, social or cultural challenges that have rendered them prohibitively expensive or otherwise impractical. In particular, Watercare has concluded that wastewater reuse options will not become viable or acceptable on a regional scale in the short term.

The Waikato River option has demonstrable advantages in terms of limited (generally less than minor) environmental effects and its overall benefits, particularly with respect to its ease of implementation and reduced technical complexity relative to implementing some or all of the other identified options. Abstraction from the Waikato River also has important security of supply benefits, and because the existing infrastructure will be duplicated, it will provide a level of redundancy. The careful use of cross-connections and separate pipeline routes will also enable a number of existing outage risks to be reduced, while the potential volume of water available means that the Waikato River is the preferred option for meeting Auckland's future demand.

Watercare operates a universal water metering system and incorporates regular conservation messages in its customer billing and on its website. It also implements a comprehensive and well established maintenance regime to reduce leakage and maintain the effectiveness of the infrastructure it has installed. The move to monthly billing in 2012 has led to much earlier detection of leaks, and consequently repairs being undertaken. In addition, Watercare has set a water savings target of reducing per capita consumption to 15% below 2004 levels by 2025. Watercare is on target to achieve these savings. Auckland domestics residents consistently use less water per capita than other New Zealand cities.

9.2

ASSESSMENT OF ENVIRONMENTAL EFFECTS

A comprehensive assessment of the environmental effects of the proposed activities has been undertaken by independent subject matter experts. This assessment of effects has in part used monitoring data obtained through the operation of the existing intake structure to identify potential effects associated with the new intake structure and the water take as a whole.

That monitoring data has shown the existing water take and discharge operation has a less than minor effect on the environment and, as outlined below, no reason has been identified why this situation would change if the operation is expanded to include the proposed additional take of water.

Watercare recognises the special relationship the Waikato River has to Waikato-Tainui. The Waikato River is an ancestor which has prestige and represents the mana and mauri of the tribe. Watercare maintains a collaborative relationship with Waikato-Tainui, and this is recognised in a memorandum of relationship between the two parties.

The significance of the Waikato River to Waikato-Tainui is formally recognised in the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010 ("**River Settlement Act**") which gives effect to the 2009 deed of settlement between the Crown and Waikato-Tainui. The overarching purpose of the River Settlement Act is "to restore and protect the health and wellbeing of the Waikato River for future generations". In that regard, any decision concerning the Waikato River is required to give effect to this purpose. By way of summary, Watercare considers the proposed water take from the Waikato River is generally consistent with the objectives of the Vision and Strategy. It will not compromise the health and wellbeing of the Waikato River, nor interfere with the joint management agreements between Waikato-Tainui and the relevant local authorities to enhance the health of the river. Watercare also considers that the relationship of mana whenua and their culture and traditions with their ancestral lands, water, sites, waahi tapu and other taonga will be



maintained. Similarly, the abstraction and discharge regimes contained in this proposal will maintain the mauri of the Waikato River.

Notwithstanding the above, a number of mana whenua have expressed reservations about the proposed take for cultural reasons. This is both in terms of taking the water from their tupuna awa and conveying it out of the catchment, and the subsequent wastewater discharge, particularly to the Manukau Harbour.

In response to these matters Watercare is continuing to work with mana whenua to look at how it can develop ongoing partnerships with them to mitigate cultural effects of the application and enhance the Waikato River environment.

CONSULTATION

Consultation has been undertaken with bordering local authorities, Waikato-Tainui, mana whenua, key users of the Waikato River such as power companies and agricultural and horticultural users, and other potentially affected and/or interested parties including environmental groups. Watercare is committed to maintaining open dialogue with key stakeholders throughout the consenting process.

Board Planner 2020




		July	August	September	October	November	December
Meetings	Board	28-July 8.00am-1pm	25-Aug 8.30am-12.30pm	29-Sept 8.30am-12.30pm	27-Oct 8.30am-12.30pm Followed by Board Dinner to farewell retiring board members	24-Nov 8.30am-12.30pm	15-Dec 8am-11am (Teleconference)
	Audit and risk committee		10 August and 24-Aug 10am-12.30pm		27 Oct 1.30pm-4pm		
	Te Tangata Komiti	29 July 8.30-10.30am	24 Aug 1-3pm			26 Nov 8.30-10.30am	
	AMP & Major Capex Committee	28 Jul (after Board meeting)				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 Sept (possible date for Watercare Board/Council workshop?)	27-Oct	24-Nov	8 Dec (M Devlin)
	Community and Stakeholder Relationships			TBC: Meet the Diversity & Inclusion Committee	TBC: Meet WUCAT		
	Charter reviews		Corporate Governance charter Te Tangata Charter				
	Policy reviews	<i>Risk Management Policy (2021)</i>	Sensitive Expenditure Policy Good Employer Policy IGCs	Our Commitment to Health, Safety & Wellness		<i>Fraud & Corruption Policy (2021)</i>	
Governance	Risk report due to Council	Risk report (due to Council 31 July)			Risk report (due to Council 12 Nov)		
	Enterprise Risk report to Board	Report to Board			Report to Board		
	Compliance	Statutory compliance			Statutory compliance		
	H&S Quarterly report	Apr-Jun 20 Report			Jul-Sept 20 Report		
	Shareholder interaction	Q4 quarterly report due on 30 July (to be approved by Board at July meeting) Governing Body/Board Workshop on climate resilient water strategy for Auckland - 1 July 2020		Q4 briefing to the CCO Oversight Committee TBC	Q1 quarterly report due on TBC		Q1 briefing to CCO Oversight Committee TBC
	Site Visits		Site Visit	Site Visit	Site Visit	Site Visit	
Board Training	Board training & development	Board evaluation check-in	Culture and conduct/Future of work	Board evaluation check-in	Mental Health & Wellbeing in the workplace	H&S Board Update	Privacy Law (once new laws are in place)
Business strategy	Strategic planning & Deep Dives		Deep Dive: TBA	Strategy Update:TBA		Deep Dive: TBA	
Business planning	Key finance and business decisions	Approval of 2020/21 Budget & updated SOI Financials	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*
	Statement of intent	Present shareholder SOI feedback at public meeting. Public Deputations received Final 2020-2023 SOI issued to shareholder	Final 2020/2023 SOI adopted by Auckland Council		2019/2020 SOI Results to be presented to Board at Public Meeting. Public Deputations received.		2021/22 Letter of Expectation to be received

* Statutory public Board meeting - deputations invited

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

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

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
					

10.2

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 Swim Gym 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

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
					

10.3

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	Date appointed / resigned	Board											Audit and Risk Committee		AMP & Major Capex Committee		Strategic Transformation Project Committee		Te Tangata Komiti					Committee for Climate Action											
		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	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 27 October 2020	AMCC 6 March 2020	AMCC 23 April 2020	AMCC 28 July 2020	AMCC 19 November 2020	STPC 19 June 2020	STPC ?? July 2020			TTC 29 January 2020	TTC 29 April 2020	Catchup 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)	A 1.1.19	✓	✓	✓	✓	✓	✓						✓	✓				✓	✓									✓	✓						
Hinerangi Raumati-Tu'ua	A 1.8.19	✓	✓	✓	✓	✓	✓						✓	✓																					
Dave Chambers	A 1.11.19	✓	✓	✓	✓	✓	✓						✓						✓							✓	✓	✓						✓	
Frances Valintine	A 1.11.19	✓	✓	✓	✓	✓	✓											✓	✓			✓											✓	✓	