

Board meeting | 29 July 2021
Public session



Venue	Watercare Services, Level 3 Boardroom, 73 Remuera Rd, Remuera
Time	10.15am

Item	Spokesperson	Action Sought	Supporting Material
1 Opening Karakia	Board		
2 Meeting administration	Chair	For discussion	Verbal
3 Apologies	Chair	Record apologies	Verbal
4 Minutes of meeting	Chair	Approval of minutes of the meeting of 5 July 2021	Minutes of the meeting of 5 July 2021
5 Public deputations	Chair	For information	Verbal
6 Chief Executive's report	Jon Lamonte	For discussion	Report
7 Health, safety and wellbeing report for June 2021	Bronwyn Struthers	For discussion	Report
8 For approval			
8.1 Final draft of Lutra's revised Statement of Intent 2021–2024	Rebecca Chenery	For approval	Report
9 For discussion			
9.1 Update from Francesco Saibene, GAJV	Francesco Saibene, GAJV	For discussion	Presentation
9.2 Central Interceptor report for June 2021	Shayne Cunis & Michael Webster	For discussion	Report
9.3 Drought update	Shane Morgan & Anin Nama	For discussion	Report
9.4 Resource recovery pathway for biosolids – overview and next steps	Mark Bourne & Rob Tinholt	For discussion	Report
9.5 Iwi relationships	Richard Waiwai	For discussion	Report
9.6 CCO review recommendations	Rob Fisher	For discussion	Report
9.7 Statement of Expectations update	Rob Fisher	For discussion	Report
10 Governance			
10.1 Board committee updates	Committee Chairs	For discussion	Verbal
10.2 Board planner	Chair	For information	Report
10.3 Directors' appointment terms and committee memberships and meeting attendances	Chair	For information	Report
10.4 Disclosure of Directors' and Executives' interests	Chair	For information	Report
11 General Business	Chair	For discussion	Verbal

Date of next meeting	Monday 30 August 2021
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Opening Karakia

E te katoa

Toia mai ngā mahi

Ki te awatea

Haumi e, hui e, tāiki e

To all

bring forth our aims and objectives for today

Embrace, gather, anoint.



Minutes

Board meeting	Public session
Date	5 July 2021
Venue	Watercare, Level 3 Boardroom, 73 Remuera Road, Remuera
Time	10.15am

Attendance		
Board of Directors	Watercare staff	Guests
Margaret Devlin (Chair) Dave Chambers Brendon Green Frances Valintine Nicola Crauford Hinerangi Raumati-Tu'ua Graham Darlow	Jon Lamonte (CEO) Marlon Bridge (Deputy CEO) Rob Fisher Bronwyn Struthers (for item 7) Raquel Goldsmith (for item 8.1) Rebecca Chenery (for item 8.3) Shayne Cunis (for item 9.1) Shane Morgan (from item 9.2 until after 9.4) Anin Nama (from item 9.2 until after 9.4) Richard Waiwai (for item 9.3) Jacky Simperingham (via Teams) Jodie Atkin (via Teams) Pinaz Pithadia (via Teams)	Councillor Cooper (until part way through item 9.1) Claire Gomas, Principal Advisor, CCO Governance and External Partnership, Auckland Council Auckland University, Equal Justice Project: Tamara Blackshaw (student, until end of item 8.1) Claire Kang (student, until end of item 8.1) David Hay (mentor, for item 5)

1.	<p>Opening karakia</p> <p>Nicola Crauford opened the meeting with a karakia.</p>
2.	<p>Meeting administration</p> <p>The Chair noted the Board Briefing session provided by Simpson Grierson on the Drinking Water Safety Plans which had been held prior to the Board meeting.</p> <p>The Chair acknowledged Councillor Cooper and Claire Gomas as well as the students from Auckland University's Equal Justice Project.</p> <p>She noted the change in approach to board meetings that has been established by the Board in consultation with Management.</p> <p>She congratulated Brendon Green on his appointment to the Workforce Development Council.</p> <p>Rob Fisher provided an update on Emma McBride and said that she is recovering well.</p> <p>The Chair noted that Shane Morgan (Chief Operations Officer), will be leaving Watercare to return to Australia. Mark Bourne will be stepping into that role.</p> <p>The Chair noted that at the April meeting the Board discussed whether to enter into the operational period of the contract with Waikato District Council (WDC). She advised the Board has asked Jon to continue the contract until 30 June 2024, subject to the inclusion of terms which would recognise and provide for any changes that may be necessary as a consequence of three waters reform.</p> <p>Rob Fisher (Acting Chief Officer – Support Services), noted that changes has been made to the Statement of Expectations (SOE) to address concerns expressed by the Board. The SOE has been approved by Auckland Council</p> <p>The Chair noted the late paper that was added to the board pack as result of the Huia decision having been handed down (see item 11).</p> <p>She also thanked the Governance Team for arranging the tours of Watercare water and wastewater sites for the directors and Councillor Cooper, which they all found very useful.</p>
3.	<p>Apologies</p> <p>There were no apologies.</p>

4.	<p>Minutes of meeting</p> <p>The Board resolved that the minutes of the public session of the Board meeting held on 1 June 2021 be confirmed as true and correct.</p>
5.	<p>Public deputations</p> <p>A submission regarding Watercare’s Statement of Intent (SOI) was made by students from Auckland University’s Equal Justice Project (see attachment 1). The Chair advised that the issues raised would also be considered as part of agenda item 8.1, Final draft of Watercare’s revised Statement of Intent 2021-2024. In addition, a formal response would be provided to the students.</p>
6.	<p>Chief Executive’s report</p> <p>The paper was taken as read.</p> <p>The Chief Executive noted in particular:</p> <ul style="list-style-type: none"> • Water storage is currently at about 56% and it is hoped that it will rise to 60% very soon. • He had spoken to the water service provider in Cape Town in the previous week and noted they had saved 55% of their usual water usage from which there are lessons to be learnt. • In Saudi Arabia desalination is being done wholly with renewable energy and no discharge of brine because it is being used to make glass and other products. Because other products are also being made, water is effectively being produced at no cost. • The public have generally accepted the price rise well and have accepted the need to invest in water services. • Brent Evans’ team (Local Boards and Stakeholder Engagement) is doing a great job but needs more resources, which is currently being addressed, as is Richard Waiwai’s. • The business is focussing on having the right people with the right skills, and therefore talent management and training are a priority. <p>The Board and Management discussed the challenges relating to staffing in the current climate of closed borders, the cost of living in Auckland and the competition for skilled staff, especially with Australia where there are currently seven tunnelling projects underway as well as the Snowy River Hydro 2.0 project.</p> <p>The Board also discussed the land owned by Watercare in the north of Auckland that could potentially be used to build a dam. Jon noted that if there is significant population growth in Auckland’s north, this may need to be considered. He said water storage has to be part of the equation and we should be considering obtaining the required designation and consents now.</p>

	<p>The consent breach at the Helensville wastewater treatment plant was discussed and it was noted that Management is confident that the measures in place to address the breach will be successful. The need to build a new plant on higher ground, because it is currently at sea level and is likely to be subject to inundation from sea level rises, was also noted.</p> <p>The Board asked about the Group Remuneration Policy and Jon advised that the Board’s concerns and suggested changes were provided to Council but no substantive changes were made to the Policy.</p> <p>In response to a question from the Board, Jon advised that work on the Water Strategy is ongoing. However, Marlon Bridge noted that the people working on the strategy are the same people who are currently working on water reform. Water reform is being prioritised and Jon noted that development of the water strategy may eventually fall to the new water entity in the event water reform proceeds.</p> <p>Also in response to a question from the Board, Jon advised that work is still underway on the water safety plans (WSPs) with work required on five, each with small non-compliances which are in the course of being remedied.</p> <p>The Chair suggested that KPIs be considered after the Board strategy day.</p> <p>She also asked whether the cyber report should move to the confidential session. Jon advised that the basic facts are in the Chief Executive’s Report, but any actions required are reported in the confidential session.</p> <p>Leave liability and the need to drive it down was also discussed.</p> <p><i>The Board noted the report.</i></p>
<p>7.</p>	<p>Health, safety and wellbeing report for May 2021</p> <p>The report was taken as read.</p> <p>Bronwyn Struthers (Head of Health, Safety and Wellbeing) noted the following:</p> <ul style="list-style-type: none"> • The HSW visits to sites by Board members and senior management were very well received by staff at the sites. • Jon’s Town Hall events have also been very well received and staff have appreciated having access to him and having the ability to offer him feedback. • HSW audits identified some changes that had been made at the Pukekohe Water Treatment Plant (WWTP) and the learnings are being captured for use in new WWTPs. • Jon met with CEOs and MDs of our major construction contractors to share ideas around HSW in an informal format. These meetings will continue on a quarterly basis.

	<ul style="list-style-type: none"> • A request has been made to allow staff to attend appointments for Covid-19 vaccinations during working hours, without the need to take sick leave. This would assist them to get vaccinated as soon as possible as getting the vaccination out of working hours is not always possible. • ACC accreditation was done in May. Not all new requirements were met. The issues were in administration buildings rather than on sites. • There is a plan in place to move to ISO 45001 and a new person is being employed to lead the change. • The Waikato 50 project was delivered in a compact time frame which is now causing issues with commissioning as there is still construction happening on the site which increases risks. <p>The Board noted that staff on the Waikato site are concerned that the interim works will remain longer than intended given some HSW measures has not been included. Bronwyn advised that it is a good thing that staff are conscious of this. They are being reassured, and the construction team is still on site preparing for the next phase.</p> <p>The Board requested trends and industry comparisons be provided for the metrics on pages 55 and 56 of the board pack.</p> <p>In relation to the reported speeding by staff in Watercare vehicles, Bronwyn noted that a small number of people responsible have been identified. Work has been done with EROAD on this and better reports are now being obtained.</p> <p>On advice received from the Board, HSW staff will look to take a functional, rather than geographical, approach to HSW.</p> <p>The Board also discussed the ramifications of poor literacy in the workforce on safety and how this is being addressed by creating more appropriate documentation and through training of staff in both literacy and HSW procedures.</p> <p>The Board discussed the incidents recorded in the report.</p> <p>The Chair requested that dates be provided for each of the deep dives into the critical risks. These are to be included on the board planner.</p>
<p>8.</p>	<p>For approval</p> <p>8.1 Final draft of Watercare’s revised Statement of Intent 2021–2024</p> <p>Rob Fisher expressed his gratitude to Raquel Goldsmith (Financial Planning and Pricing Manager) for taking on the work on the SOI in the absence of a Head of Governance.</p> <p>Raquel took the paper as read.</p> <p>She noted that the 2018 long-term Plan targets have been reinstated with ongoing discussions with Auckland Council during this reporting year FY22.</p> <p>The Chair noted that changes need to be made to the introduction section, which she will provide outside of the meeting.</p>

	<p>The Board noted the need for further funding in relation to Māori Outcomes work. Jon advised that Richie will be provided with the required budget to ensure he has resources (staff).</p> <p><i>The Board approved:</i></p> <ul style="list-style-type: none"> a) <i>the proposed response to the shareholder's comments and the related proposed additions or amendments in the revised Statement of Intent.</i> b) <i>the submissions of the amended SOI to Auckland Council by deadline of 31 July 2021 subject to the Chair and Chief Executive making a number of non-material changes.</i> <p>8.2 Annual review of the Audit and Risk Committee Charter</p> <p>Hinerangi Raumati-Tu'ua (Chair of the Audit and Risk Committee) spoke to this paper and recommended that the Board accept the suggested changes.</p> <p><i>The Board approved the changes to Audit Risk Committee Charter.</i></p> <p>8.3 Final draft of Lutra's revised Statement of Intent 2021-2024</p> <p>This paper is to be held over until the next Board meeting on 29 July. The Board requested that commentary about whether Lutra is delivering to its potential also be provided to the Board at that meeting.</p> <p>A six-monthly review of Lutra's performance is to be added to the board planner.</p> <p>Shayne Cunis will be replacing Shane Morgan on the Board of Lutra.</p>
9.	<p>For discussion</p> <p>9.1 Central Interceptor Report</p> <p>Shayne Cunis (Executive Programme Director CI) spoke to this report which was taken as read.</p> <p>He noted the micro-tunnel-boring machine (mTBM) is well underway under May Road.</p> <p>The Board and Management discussed the issue of staffing the project, including the aforementioned competition for skilled workers with Australia and the salaries that are on offer there. Shayne advised that City Rail Link (CRL) is having the same issues.</p> <p>In respect of crane lifts, Shayne advised that the TBM lift went well, although having dedicated lifting supervisors remains an issue, again because of the current constraints on getting skilled staff.</p> <p>Shayne confirmed that he will be replacing Shane Morgan on the Board of Lutra.</p>

9.2 Drought update

Shane Morgan (Chief Operations Officer) and Anin Nama (Manager Improvement Programme Operations) spoke to this report, which they took as read.

Anin advised that demand is currently well below target.

Shane advised that the graphs will be updated next month to indicate the rainfall over the catchments as opposed to in the city.

The Board asked about the seven-day rolling average moving in and out of target restriction ceilings. Anin advised that we are still promoting 'water is precious'. We will wait until August and September rainfall and for the Waikato 50 to come online before considering any changes to current restrictions. He noted however, that a dry spring is expected so current restrictions are not likely to change in the short term.

The Board discussed the public understanding of 'drought', and water literacy.

In answer to a question from the Board, Shane explained the process for deciding which source to draw water from to enable the storage dam sources to be 'rested'.

9.3 Iwi relationships

Richard Waiwai (Poutiaki, Tikanga Māori) (Principal Advisor) spoke to this report which he took as read.

In response to a question from the Board, Richard explained that from a Māori perspective, the most appropriate way to engage with Māori is face-to-face "over a cup of tea and a scone". He emphasised the importance of in person conversations.

The Board noted that it is also important to show our credibility and purpose and that we are listening and are engaged in all things Māori, not just our consenting processes.

9.4 Changing to an international measure in real water loss

Shane Morgan and Anin Nama spoke to this report which they took as read.

Shane advised that a paper will be submitted to the next Board meeting, on 29 July, regarding the economic level of leakage.

Shane noted that the new measures were not created by us but are the standard used in the UK and they are becoming international best practice.

Shane also noted that Watercare will need to work through the process of implementing these new measures, with both the DIA and Taumata Arowai. He also confirmed that the old and new measures will be run in parallel.

The Board noted that Council, in particular the CCO Oversight Committee, need to be kept up-to-date about these new measures. The next quarterly report will be used as a vehicle for that advice.

10.	<p>Governance</p> <p>10.1 Board committee updates</p> <p>There have been no sub-committee meetings since the last Board meeting, so there were no updates. However, Brendon Green, Chair of the Committee for Change, noted that he has spoken to Callaghan Innovation about filling knowledge gaps.</p> <p>10.2 Board planner</p> <p>The Board noted that the recent site visits need to be included on the planner.</p> <p>10.3 Directors’ appointment terms and committee memberships and meeting attendances</p> <p>The Chair confirmed that Nicola Crauford’s term on the Board has been extended for a year and Hinerangi Raumati-Tu’ua has been reappointed for a further three years.</p> <p>The Chair requested that her reasons for absence from the AMCC meeting in May be noted on the paper.</p> <p>10.4 Disclosure of Directors’ and Executives’ interests</p> <p>There were no updates provided.</p>
11.	<p>General Business</p> <p>Huia WTP Resource Consent Decision</p> <p>This was a late paper submitted by Rob Fisher immediately following the handing down of the decision.</p> <p>Of note Rob pointed out that in the Auckland Unitary Plan policies, the presence of kauri dieback on a site is not an absolute bar to development.</p> <p>In response to a question from the Board, Rob advised that any appeal is not confined to a point of law; any appeal is in fact a rehearing, so the entire process would begin again; he noted that that would be a costly exercise for all parties.</p> <p>The meeting closed at 12.40pm.</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

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Margaret Devlin, Chair

Submission to: Watercare

On behalf of: The Equal Justice Project

Concerning: Watercare's 2020-2023 Statement of Intent

Introduction and Context.

The Equal Justice Project welcomes the opportunity to present a submission and offer feedback on Watercare's Statement of Intent (SOI) in conjunction with the Waitemata Low Carbon Network. The Equal Justice Project is a group of students from the University of Auckland's law faculty, who have a desire to see positive change in how New Zealand as a whole, but particularly Auckland Council and its associated Council Controlled Organisations (CCO's), handle climate change. Our role in making this submission is to implore that Watercare takes absolutely seriously its role in reducing the impact of climate change on the environment, acknowledging what it has already done, and reminding Watercare of its legal obligations.

The Local Government Act 2002 sets out the purpose of a SOI in s 64, and schedule 8. We are presenting this submission within the context of this Act, particularly s 64 and 64A, namely:

- (a) state publicly the activities and intentions of a council-controlled organisation for the year and the objectives to which those activities will contribute; and
- (b) provide an opportunity for shareholders to influence the direction of the organisation; and
- (c) provide a basis for their accountability.

It is submitted that Watercare has an obligation to reduce its impact on the environment under the CCRA 2002, as well as in regards to the Paris Agreement 2050. Auckland Council declared a climate change emergency in June 2019. Further, it is submitted that Watercare is required by s 58 of the Local Government (Auckland Council) Act 2009, as one of Auckland's water organisations to give effect to Long Term Plans and act consistently with other council plans and strategies.

We acknowledge and applaud the steps already taken toward climate change action by Watercare, but nonetheless offer further recommendations and observations for assessment by the Board.

COVID-19

Understandably, we acknowledge that COVID-19 has had an impact on Watercare, including on its budget and ability to meet targets. We submit that COVID-19 ought not to undermine Watercare's sustainability goals in the long-term or otherwise damage/delay the work that has already begun.

Watercare and the Natural Environment

Watercare has shown an admirable commitment to reducing its impact on the environment through the purchasing of 1,900 hectares of forest, through the conversion of the Mangere and Rosedale treatment plants (and associated experiments in mini-reactors and sterilising bio-solids) and through the work they are doing to set up New Zealand's largest solar-panel array. This is all good progress towards meeting New Zealand's obligations under the 2050 Paris Agreement and the regional commitments set in place by Auckland Council. This is especially so as Watercare explicitly mentions that it has strong targets in place to meet the 1.5°C degree rise in emissions stated as the goal of the Paris Agreement.

Te Tāruke-ā-Tāwhiri sets a target for 50% reduction in emissions by 2030. It is therefore submitted that Watercare's current reduction target of a decrease of 45% in operational emissions by 2030 must be reviewed to meet its obligations. We encourage Watercare to set an ambitious target that exceeds the minimum obligation and be leaders in carbon emission reductions.

Key Challenges

As mentioned in the previous Statement of Intent and the Climate Change Strategy, droughts, increased frequency and severity of storms and rising sea levels will be ongoing challenges for Watercare. Failure to meet water demand is identified as a high consequence risk in the 2020 Annual Report. The drought in 2020 showed Watercare is able to quickly respond to ensure water supply levels are maintained. However, the increased use of electricity, and consequential increase in scope 2 emissions (electricity purchased) by 21% due to uphill pumping from the Waikato River demonstrate the need to be proactive, rather than reactive, in meeting the water demands of Auckland. Further, additional consents to draw more water from the Waikato River requires Watercare to be mindful of the additional energy doing so will require, and to have in place plans and safeguards to ensure this does not increase their carbon footprint. It also needs adequate consultation with Waikato iwi and the Waikato Council; especially in light of prior objections raised by the Waikato River authority.

It is submitted that Watercare ought to look into bringing their smaller treatment plants in line with what has been done at their two largest. It appears that further conversions in line with what has been done at Rosedale and Mangere would not only reduce emissions from other Watercare plants, increasing self sufficiency but would additionally reduce costs for Watercare and consumers in the long run, though would require a significant one-off investment.

When building work is being done by Watercare, in terms of new reservoirs and infrastructure, using carbon-neutral or low-carbon building materials and transports should be a priority. Watercare has committed to reducing 'built carbon' by 40% by 2024 in its Asset Management Plan 2021-2041.

It is submitted that Watercare could also look into installing rainwater tanks on council-owned properties to reduce the council's water consumption. Rainwater tanks are environmentally beneficial, and should not be aimed solely at residential use, but expand to commercial and public use. In addition, greywater tanks should be installed to allow local networks of water recycling, which more effectively saves water than encouraging behavioural changes.

When Watercare is planning investments for the 2021-2041 period, it should look to build its AMP around sustainable investments, avoiding investing in companies and portfolios which deal in fossil fuels or other carbon-heavy products/services.

Proposed Amendments to the Statement of Intent

We submit that the Board should consider the following amendments to the draft Statement of Intent:

1. Explicitly note that Auckland Council's CCO Accountability Policy, in the recently adopted Long-Term Plan for 2021-2031, places a new requirement on all substantive CCOs to support the implementation of Te Tāruke-ā-Tāwhiri, and to support the Council's objectives of halving emissions by 2030 and achieving net zero emissions by 2050 (Te Tāruke-ā-Tāwhiri is acknowledged in the current draft, but the new LTP policy requirement is not).
2. Explicitly note the proposed actions for Watercare in Te Tāruke-ā-Tāwhiri, which appear to be:
 - Reduce infrastructure carbon for water and wastewater assets and build their resilience in line with the latest climate projections
 - Investigate alternative water sources that consider the impacts of climate change while ensuring the protection and enhancement of te Mauri o te Wai.
 - Investigate energy and emissions requirements for possible new water supply options (including desalination and wastewater reuse) to inform decision making for new sources.
 - Monitor and model climate impacts on the water system to understand the resilience of the network.
 - Identify low-lying water and wastewater assets that are within projected sea level rise over the next 100 years.
3. Explicitly note a new requirement in the 2021-2031 CCO Accountability Policy for substantive CCOs to fully assess and disclose climate-related risks *"to support Council's*

reporting requirements under in (sic) the Climate Change Response (Zero Carbon) Amendment Act”.

4. Also acknowledge, in the “Legislative Framework” section of the Sol (page 101 of your Board Pack), the requirement in section 5ZW of the Climate Change Response Act 2002, for Council-controlled organisations to provide information on climate change adaptation at the request of the Minister and/or the Climate Change Commission.
5. Watercare’s Climate Change Strategy (2019) includes important statements on adaptation (in section 3.1), however the Sol appears to prefer the terms “mitigation” and “resilience”. We suggest that the language in the Sol be more consistent with the Climate Change Strategy, and the legislative requirement, by using the term “adaptation” instead.

Our Recommendations

While Watercare has made several large points of progress towards meeting their 2030 and 2050 carbon emissions goals, we submit further changes which would decrease the impact of Watercare’s actions on the environment include:

- Looking into alternative options for making and maintaining fresh water supplies, such as reverse-osmosis desalination plants or waste-water recycling.
- Implementing energy efficiency and neutrality programmes at all treatment plants, including the Waikato Water Treatment Plant.
- Increasing rainwater collection infrastructure, including rainwater tanks on council-owned buildings.
- Increasing Auckland citizens’ capacity for waste-water reuse by incentivising waste-water tanks, such as through bill deductions for water services or otherwise making them more financially viable, and attractive, for the public at large. This could also be applied to rainwater tanks, to increase the percentage of Auckland households choosing to install them.
- Increasing educational efforts around water conservation and the effects of our changing climate in Auckland, including drought conditions and more severe wet weather events.

Conclusion

As young members of Auckland’s community, we are very concerned with Auckland’s response to climate change in the coming years. We are highly worried for our future, and hope that the responsibilities for ensuring Auckland’s long-term survival are being frequently and consistently adapted to ensure that Auckland is as flexible as possible in the face of this crisis.

Chief Executive's report – June 2021

Presented by: Jon Lamonte



Watercare
An Auckland Council Organisation



6



1. Ngā take matua o te wā/ Current significant issues

In the short time since the last Board meeting, there have not been any major changes in overall issues. The system cutover for the Waikato 50 plant was achieved successfully, paving the way for its introduction to operational service. Not only was this a major achievement for the infrastructure team who built it, and the operations team who brought it into use, but it made the planned step change in resilience as expected. It now means that over half our daily demand can be met from non-dam sources; marking a major change in supply strategy for the organisation. In the course of the cutover, the demand figures will have been affected by surges in use from Ardmore and Huia, as Waikato was temporarily taken offline and then restored. The daily figures will now settle as the plant is in normal use. As presaged in the last report, I have included Attachment 1 a view of the next tier of projects we might consider from the options list of 156; we will develop these further to produce some recommendations for the Board.

The discussions on reform between Council and Minister/DIA continue. In the last few weeks, further meetings between councillors and DIA, and then between councillors and the Minister have taken place. Although Watercare was not invited to the latter meeting, my understanding is that work continues to consider what an early balance sheet separation for Watercare might imply, and what an early increase in available funding might be used for, together with consideration of a price path for future years. Governance models are also under discussion.

Irrespective of any final decisions on reform, we are trying to work more closely with Healthy Waters to seize any opportunities for efficiencies between the organisations. Although movement of staff into Newmarket is slow, this reflects the fact that many of Healthy Waters staff have had to relocate some three times in the last year. That said, I have taken the opportunity to go out with Craig McIlroy and Andrew Chin to a number of their sites, ranging from the newly opened Sherwood Reserve in Browns Bay, to Owairaka, to developing new watercourses in the peat around Flat Bush, to reconstructing culverts in New Lynn. Although only scratching the surface of the type of works involved in stormwater, there do seem to be lessons for us in the way they engage iwi and communities to very good effect in their projects, place greater emphasis on delivery of community outcomes rather than purely on stormwater improvements, and operate more closely with local boards.

2. He kōrero hou mō te whakatinanatanga o te māhere rautaki/ Update on strategic plan implementation

The second Executive workshop took place on 6 July, facilitated by Frances Valintine. This structured process led to a series of potential initiatives, mapped across a series of time slices, which the Board can consider at its Board strategy session on 27 July. It might be useful for the Board to consider, at its meeting on 29 July, whether there have been any lessons we might take forward from this strategy process and how we might take this forward with a further review point in perhaps six months.

3. He kōrero hou mō te kokenga whakamua o nga taunakitanga/ Update on progress on recommendations

The table set out at Attachment 2 provides an update on Watercare's progress against the recommendations it has received from various reviews, including the Aurecon review. An update on the CCO review will be given separately.

4. Te tangata/ People

In general, a Labour-led government leans in favour of unions and their role in collectively advocating for employees. However, the recent government announcement in May of a wage freeze for the next three years for the vast majority of public sector employees, including healthcare workers and teachers, has tested this alliance. Additionally the government has provided guidance to public sector collective bargaining to limit wage increases of those earning over \$100,000 and apply a 'by exception' approach to those earning over \$60,000 which has frustrated unions who are seeking to at least achieve wage rates in line with inflation.

Some larger unions have been fairly active across New Zealand in recent months. The NZ Nurses Organisation has received media attention recently with a number of strike actions planned through to September. It has indicated that pay parity and safe staffing levels are key issues particularly due to the additional pressure of Covid-19 presented to the health sector. NZ Bus drivers have also had a challenging few months and have received national support for the planned Wellington bus industrial action. Pay equity compared to inflation rates and cost of living are another theme for this group.

At Watercare, we have approximately 20% of our employees who are employed under a collective agreement however these employees are concentrated in our operational teams. In total we have six collective employment agreements and three of these agreements are under active negotiations. We are working with the relevant unions to agree new terms for these groups of employees.

Over the last couple of years, we have negotiated, through the collective process, to incorporate competency levels and recognition of training achievement to wage rates. This has been effective in providing these employees with a clear skills and training pathway with increased wage rates to recognise competency development and qualifications. The unions have been supportive of this approach, recognising the importance of developing industry capability and the incentive of trade recognised qualifications as part of wage rates. We continue to build constructive relationships with unions through active engagement during and outside of collective bargaining.

5. Nga Tohu Matua Takinga Mahi/ Major Key Performance Indicators (KPIs)

Watercare has a number of performance indicators set out in our Statement of Intent. Attachment 3 sets out Watercare's performance against the current Statement of Intent measures for June 2021.

In addition to the Statement of Intent measures, an outcome of the Board strategy day could include a decision on the major KPIs that the Board would like to be updated on every month in this report.

In the meantime, we set out the following update (some of these are Statement of Intent measures):

- Current staff numbers are 1,141 full time equivalents (excludes contractors filling full time positions).¹ Sick hours lost was at 2.38% as at 31 June 2021. The voluntary turnover as at 31 June 2021 was 8.08%, and average leave liability was 199 hours.
- The past financial year has certainly raised the profile of water in the minds of our customers, initially for worse, but ultimately for the better. In the first half of the year the introduction of restrictions exacerbated negative sentiment with perceptions of poor planning, coupled with a perceived over-reliance on rain, poor stakeholder relations and an undue focus on the CEO's salary. This saw our trust index score dropping to 43% in the first quarter. However, in the second half of the year, an intense focus on proactive engagement with our customer segments most impacted by the drought, paid off. This strategy led to the establishment of strong relationships with previously unengaged segments, like exterior cleaners, plant growers and car washers. We also focused on what was within our control – prioritising proactive leak management and augmentation of supply, including an extensive programme of providing access to non-potable water for exterior cleaning, irrigation and construction. As a result, our trust index score bounced back in the second half, ending the year at 54% for the month of June. However, our 12-month rolling average is still below target at 51%.
- From a transactional customer engagement perspective, our ongoing focus on embedding a mindset of taking ownership for customer outcomes (among all customer-facing-staff, including Citycare and Downer) is paying off. Improved first call resolution, prompt attendance to leaks and servicing customers in their channels of choice has reduced overall contacts to our front line by 9%, compared to FY21. The impact is evidenced in our NPS score of +46, ahead of a target of +38. Similarly, we achieved an agent satisfaction score of 78%, exceeding the target by 3%. NPS for Laboratory Services increased from 15pt to 43pts year on year.
- Since the first Covid-19 lockdown, the number of complaints has increased due to multiple consecutive consumption estimations, resulting in high bills for customers where leaks weren't detected in good time. This in turn increased our leak rebates in FY21 to \$10m. We have now tightened our leak policy in line with the objective to reduce wastage by encouraging customers to fix leaks within three months of them being identified.

¹ Please note, this number is *full time equivalents* and differs from the *number of employees* in the HSW Report. The HSW Report uses the number of persons, whether part-time, full-time, directly employed or contracted.

- Customers have responded well to our call to save water, reducing overall consumption by 18 billion litres year-on-year. Commercial customers improved their water efficiency by 15%, which was 5% higher than the target for voluntary savings.
- Despite the impact of Covid-19 on customers' ability to pay for basic services, we have been able to keep our ledger healthy through proactive engagement with customers identified as potentially financially vulnerable. While many New Zealand businesses, as well as water providers in Australia have experienced significant increase in debt numbers, we managed to maintain pre-Covid-19 levels. Diligently working through manual processes to address the number of unbilled meters since the migration to IPS, has seen a significant reduction from around just over 13,000 to less than 700 by June.

6. He kōrero hou mō ngā raru tūpono me te āheitanga/ Risk and compliance update

6.1 Update on risk and compliance management

Work on the updated Risk Policy is nearing completion and will be presented to the Board for approval in August 2021. Development of a Watercare Risk Appetite statement will be discussed at the forthcoming Board and Executive strategy day.

A quarterly update of the risk report has been provided separately at this board meeting.

To enhance the environment fraud detection capability, four 'audit bots' are now in operation. These provide automated reviews of data sets that have previously had to be done manually. For example, one bot reviews staff members that have not logged into the network for 60 days and compares this to payroll records. This will highlight staff who may have left Watercare and the manager has failed to start the off-boarding process, resulting in the staff member continuing to be paid. While this is a rare event, it enables Internal Audit to make enquiries with the appropriate manager.

The work with WICS to prepare for future economic regulation has commenced as planned.

6.2 Risk and compliance incidents

Health, safety and wellbeing

Health, safety and wellbeing incidents are reported separately. The Board will note that we are trying to make more use of lead indicators, and to identify focus areas, relating to current patterns of incidents and future workload.

Non-compliance with resource consents

There were 21 resource consents with non-compliances in June. Attachment 4 sets out Watercare's consent compliance.

The increase in non-compliance in June is due to a backlog of reports and a review of consent conditions as part of Watercare's transition to a new consent compliance management system. In July, batches of consents will start to go live in Lutra's Infrastructure Development platform.

As we bring the new system online, there may be fluctuations in non-compliances from the historical norm. Any such changes will be the effect of auditing as the consents go live, and that Lutra's platform allows Watercare to have greater scrutiny of its resource consent commitments.

Water quality

Attachment 5 sets out the Water Quality Report for June 2021.

All water quality parameters have been met for the month. Ten of eighteen water safety plans have been reviewed and re-submitted to Wai Comply DWAs in June 2021. Investigations into the elevated levels of total coliforms continues. Work continues on increasing overall understanding across the business of WSPs and principles in a range of ways through Our Place, Immerse training module and online training sessions.

LGOIMA requests

In June, we received nine requests for information under the Local Government Official Information and Meetings Act 1987 (the Act). One of the requests was forwarded to us by Auckland Council and one request was forwarded to us by Russell McVeagh. Watercare has complied well within the 20-working-day requirement for a response (which is set out in the Act) for all the requests.

Legal action

- RMA related:
 - Waikato River – BOI: Watercare's rebuttal evidence was filed on 9 July. This completes the evidence phase of the project. The hearing is currently expected to commence on 30 August. Prior to the hearing, expert conferencing by statutory planners has been arranged in an attempt to resolve matters of disagreement between the parties.
 - Huia Water Treatment Plant: Our application to carry out earthworks and vegetation removal for the proposed Huia Water Treatment Plant replacement project has been granted resource consent by Auckland Council. Submitters have until 21 July to appeal the granting of the consent with the Environment Court. During the month the Outline Plan of Works for the construction of the water treatment plant and reservoirs was also accepted by Auckland Council.
- Non-RMA related:
 - There is currently one legal proceeding above the value of \$400K.

Whistleblowing

There have been no disclosures made through the PwC whistle-blower service since the last Board meeting. There is one ongoing investigation resulting from a previous disclosure. All disclosures are reported to the Audit and Risk Committee on a quarterly basis.

6

7. He kōrero hou mō nga wāhanga pakihī/ Update on business areas

Digital

The focus for continuous improvement of our digital capability spans three broad areas: future-fit foundations, hyper-connected utility, and data-driven optimisation. These activities continue to build on and enhance the foundations laid during the strategic transformation programme. The following summary provides a brief snapshot of the activity across each of these three domains.

Future Fit Foundations

- We have recently completed a deep dive review of capability across Watercare's people systems. The review has shown that Watercare has numerous point solutions that do not adequately meet the current business needs or provide an optimal employee experience. Additionally, many of the current solutions are third-party applications which are built on out-dated technology that does not support easy integration with more modern solutions. It is intended to go to market to select a suitable solution(s) that addresses the current challenges and ensures that Watercare has capability that is fit for the future. An RFI will be released to the market during FY22 Q1.
- We have been working with Watercare's customers, particularly those customers who manage large numbers of properties, to identify opportunities to simplify the management of multiple water accounts. This work has identified several improvements Watercare can make to enhance the customer experience through the Watercare portal. Development of these improvements is now underway, and enhancements will be rolled out over the coming months.
- Focus remains on reduction of technical debt with the of migration out of legacy datacentre to the Microsoft Azure public cloud platform.

Hyper-Connected Utility

- Smart networks data strategy – over many years Watercare has acquired a number of ‘connected solutions’ across the water and wastewater networks. These solutions are typically third-party applications which are hosted by external providers and address specific individual use cases. An unintended consequence of this historic approach is the creation of ‘data islands’ whereby our Watercare data is not available to be used for broader analysis beyond the original target use case.
- Moving forward, our data strategy and reference architecture follows a principle of centralising all data in the Watercare lake and making the data available to approved third-parties who can then develop analytics solutions on top. This means that Watercare controls the access to, and security of, our data. It also positions Watercare to drive richer analytics and insights by correlating multiple data sets rather than continuing to create data islands that have limited value. In future, all ‘smart’ deployments will be required to align with the data strategy and reference architecture.
- The smart meter data ingestion and transformation approach aligns with this principle and will see smart meter data housed in Watercare’s data lake. Work on building the smart meter ingestion and transformation solution is underway, in readiness for the rollout of smart meters over the coming financial year.
- In parallel, a procurement process will be run to select and engage a digital agency who will utilise the smart meter data for presentation to customers via a customer app.

Data Driven Optimisation

- A number of enhancements have recently been released to the Nerve Centre. These enhancements include visibility of power outage and traffic information on the Nerve Centre screens. The provision of a traffic overlay allows dispatchers to make better decisions about which vehicle to dispatch to a job without assuming that the closest vehicle will get to the job the fastest. The power outage overlay allows Nerve Centre operators to view real time power outage information (supplied by Vector) to understand which Watercare assets, if any, are impacted by power outages and take action based on the criticality of the asset and the consequence of it being without power.

As a further enhancement, it is proposed to overlay stormwater assets and faults on the Nerve Centre screens. This enriched view will provide improved insights for Nerve Centre operators and assist with the triage of wastewater vs. stormwater faults.

8. Ngā take me whakaaro/ Matters for noting

System Storage Forecast

Management has closely monitored and reported on the long-range weather forecasts and water demand to ensure appropriate mitigation is put in place should the drought extend into the summer of 2021–2022. This monitoring and reporting will continue to ensure there are no surprises moving forward and that the Auckland Metropolitan Water Supply System's water resources are managed effectively.

The system storage response forecast provides an indication of future lake storage levels. Watercare's Integrated Storage Management Model (ISMM) generates this forecast using historic rainfall records (approximately 170 years) and a synthetic rainfall record to simulate 1000 years of climate records. The water storage forecast is presented as a statistical probability. Based on the current long range weather forecast, storage levels are expected to remain above the historic 10th percentile storage response over summer. This model is run regularly and is updated to reflect additional sources of water as they are added to the system, anticipated demand based on population changes and other external factors such as the requirement for water use restrictions.

The summer forecast is provided as Attachment 6. This shows the forecast position from 1 April in green, and the updated forecast from 1 July in yellow. There is a large amount of variability to potential storage levels going into next summer. Based on this forecast there is a low probability that storage will be below 74% (the peak storage at the start of this summer).

With the addition of the Waikato 50 WTP the conjunctive yield against the drought standard has increased by 20MLD, increasing our total average daily production from 498MLD to 518MLD. The current annual average daily production is 406MLD, providing a headroom of 112MLD.

Significant meetings

Waiau Pa Haulage, Auckland Light Rail Establishment Unit, The Institute of Directors Auckland, Makaurau Marae, Citycare, Peter Crow, Treasury, Auckland University Engineers Association, Water Utilities Consumer Assistance Trust (WUCAT), Stop Auckland Sewage Overflows Coalition (SASOC), SUEZ Water Technologies & Solutions, Waikato District Council, Water Service Association of Australia, Ngāti Tahu Ngāti Whaoa, Ngāti Raukawa, Te Rūnanga o Ngā Puhi Nui Tonu, Mana whenua managers kaitiaki forum, Ngāti Whātua Ōrākei, Ngāti Paoa, Waikato Tainui, Te Arataura, Ngāti Naho, and Ngāti Maniapoto, Tokanganui a Noho RMC.

9. Te Mana kua Tuku ki te Tumu Whakarae/ Delegated authority to Chief Executive

The delegations of the Chief Executive that have been exercised this month are set out in Attachment 7.

A handwritten signature in black ink, consisting of a large, teardrop-shaped initial 'J' followed by a horizontal, oval-shaped stroke.

Jon Lamonte
Chief Executive

Attachment 1 Drought augmentation options

The February 2021 Board paper *Preparing for ongoing drought*, noted the potential for the current drought to extend into the summer of 2021–2022 and management's proposed response. The key actions in the paper included:

- hydrology, weather monitoring and system operation responses;
- reviewing and modifying the current demand management initiatives;
- further reducing non-revenue water; and
- augmenting the current water supply if required.

Whilst the likelihood may be low and a large headroom has been created with the augmentation projects already approved, it is prudent that Watercare plans for a continuation of the drought and for the unlikely event that the application for additional water from the Waikato River is declined or volume reduced. To this end, a review of additional augmentation options is underway. This is based on the alternate options assessment investigation that supported the Waikato River Board of Inquiry consent application. This work identified 156 alternate water supply options. These included 73 surface water sources; 30 groundwater sources; 13 recycled water source options; 22 source enhancement options; 5 non-potable sources; 3 desalination options and 10 other options.

An initial review of these options has been undertaken to identify the next tier of projects for investigation. These are summarised in the following table. In addition to confirming the yield, consenting issues, costs and benefits of the options, the investigation will also need to consider how the option connects into the system, network capacity and local demands.

Augment water supply		
Initiative	Current activities	Future consideration
Waikato River expansion	25MLD expansion completed. 50MLD interim plant operational from July 2021 taking peak production to 225MLD. New boost pump station on the Waikato No 1 pipeline completed	Complete Board of Inquiry process for long term consent. Consider advancing permanent intake design and transition to permanent Waikato A WTP to increase to sustainable 225MLD every day.
Pukekohe Bore upgrade	5MLD plant commissioned. Consent lodged for additional 9MLD supply.	Consider expansion of plant if consent application approved. Potential to increase supply by a further 9MLD if the bore and surface water consents are granted in full.

Augment water supply		
Initiative	Current activities	Future consideration
Onehunga expansion	24MLD peak production completed. Consent allows increased abstraction to an annual average of 22MLD.	Review cost and benefits of further expansion to 30MLD peak production to maximise current consent. Note that increased capacity is only available over winter due to aquifer constraints.
Additional regionally distributed groundwater options	The Board of Inquiry alternate options assessment investigation identified 30 options.	Undertake further investigation of groundwater options, in particular Kawa aquifer, Western Springs aquifer and Woodhill aquifer. Sources could be developed to provide potable water connected to the metropolitan network or as part of a region-wide non-potable sources as substitution water for construction or irrigation.
Lower Mangatāwhiri dam	Watercare currently leases land from AC within the Hūnua ranges for the construction of a large dam across the Mangatāwhiri stream.	Undertake investigations to confirm the yield, consenting issues, costs and benefits of both the dam construction option and an alternate option of utilising the existing weir as a run of river option for winter harvesting. It is noted that this option was not short listed in the Board of Inquiry investigation due to the uncertainty of the yield of the source and the potential impact of the dam construction. Additional work is proposed to confirm this position.
Campbell Road off-line storage dam	Watercare currently owns land within the Riverhead Forest that provides for a potential construction of a storage dam.	Undertake investigations to confirm the yield, consenting issues, costs and benefits of the dam construction and abstraction from the Ararimu Stream, Rangitopuni Stream, and Kaukapakapa River. It is noted that this option was not shorted in the Board of Inquiry study due to the assessed high unit cost of water. However, as this option utilises the same dam as the Rosedale reuse option, it is proposed to reconsider this source.
Reduced compensation flows to increase source yield	Consent conditions require environmental compensation flows to be released from Waitākere, Wairoa and Cosseys dams. A short term consent was obtained as a drought response to reduce these discharges. This consent expires in December 2021.	Work is currently underway to apply for a new consent to maintain these reduced environmental compensation flows. It is proposed that a consent duration of five years is sought to gather data to determine the effects of this new regime. A long-term consent would then be sought if effects are demonstrated to be as expected.

Augment water supply		
Initiative	Current activities	Future consideration
Seawater desalination	The Board of Inquiry alternate options assessment investigation identified 3 options.	Undertake further investigation of desalination options, in particular the development of a desalination plant at the existing Rosedale WWTP, which could be constructed in several stages.
Rainwater tanks	The Waters Strategy being developed by Auckland Council identifies the installation of rainwater tanks as a supplementary non-potable supply for certain new build houses.	Work with Auckland Council to promote this self-supply option.
Purified recycled water for drinking	The Board of Inquiry alternate options assessment investigation identified 13 options.	Undertake further investigation of purified recycled water for drinking options, in particular the development of a reuse plant located at the Rosedale Wastewater Treatment Plant. This would also include the option of storing pre-treated water in an off-line reservoir at Campbell Road and then treated to potable standard before being put into supply.

Attachment 2

Update on progress following Aurecon, Senate and Propero recommendations – June 2021

Recommendations		Status	Commentary
AURECON			
Water Strategy theme (addressing recommendations 5, 6, 15, 25, 26 and 27)		Ongoing.	As set out in the CE's report at the 29 April 2021 Board meeting, Watercare is working with Auckland Council on the water supply and demand workstream of the Strategy. Watercare has committed to key investments towards the 2030 targets which are a residential smart meter programme and reducing leakage below 13%, aiming for 11%. It is important to note that these targets still imply the need to secure additional water for Auckland, and therefore Watercare's 2020 application to the Board of Inquiry to take water from the Waikato Awa is still required in order to be a prudent water provider for the city of Auckland. Auckland Council are in support of this application.
Customer engagement theme (addressing recommendations 2, 6, 9, 12, 14, 20, 22 and 23)	Mass media (owned, paid and earned)	Ongoing.	Two papers were presented at the 1 June Board meeting (narrative, and reputational equity and trust). Communications staff from the Mayor's Office and Council provided feedback on our narrative before it was presented to the Board. The narrative is broader than our drought response – it looks at water security and safety, investment in capital programmes, and pricing. The Board provided constructive feedback including a desire to see less corporate and more customer focused language, incorporation of Te Mana o te Wai and a more balanced perspective on growth and climate change. Work on the narrative will continue alongside the development of the Watercare Strategy with a view to reporting back to the Board in August. In terms of specific tactics, we have implemented since receiving the Aurecon report: - Our July Tapped In focuses on how the investment in the AMP will deliver customer outcomes as we manage growth and address climate change challenges. For the first time, the newsletter has been geographically targeted to three regions, providing more localised examples of investment. - CE received media training and we are leveraging the interest in him as newly appointed CE to get our messages to as wide an audience as possible. - The winter campaign is underway, which encourages water efficient behaviour through social media competitions, radio sponsorships on eight major stations and distribution of shower timers across 85 gyms, pools and sports centres around Auckland. We are also reminding people to use water wisely this winter via our Tapped In e-newsletter. - A water efficiency expo for commercial customers is planned in early August connecting commercial customers with key water efficient suppliers. We have thought leaders speaking on the importance of being water efficient in this changing climate - Our stakeholder updates, which go to local and central government officials, are continuing. - We will celebrate the opening of the Tuakau Water Treatment Plant in July, with media engagement beforehand.
	Targeted face to face (forums)	Ongoing.	The targeted face to face forums are ongoing based on the relevant issues. For example, plant tours and breakfasts/cocktail events for key commercial customers and developers.
	Customer co-design	Ongoing.	This is done as required. Recent examples include My Account enhancements and smart meter dashboards.
	Bespoke research	Ongoing.	Currently we are undertaking research on commercial customers and their willingness to pay for future resiliency – the initial top-line results have been reported back to the Customer team.
	Deliberative democracy	Ongoing.	Update provided in 1 June 2021 Board pack. The first workshop in West Auckland was a success with a good representation of the public and great engagement on the topic, with participants volunteering to return to understand and learn more.
Building trust		Ongoing.	A paper on rebuilding our trust and reputation in response to the drought and other issues was included in the 1 June 2021 Board papers. This paper identified key issues eroding trust and reputation and develops consistent messaging in response. These messages are being used for key communications.
Water literacy		Ongoing.	We aim to move our engagement with customers from one-way information flows to include more inclusive and collaborative engagement. This was addressed in the board paper on rebuilding trust and reputation. The participatory model is providing great insights as to the water literacy of our customers.
Stakeholders relationships		Ongoing.	We have analysed our key stakeholders, their areas of interest and the nature of the relationship as well as the effective channels for communication. Work will continue on developing a understanding of these relationships relative to our strategic issues while also providing a much more targeted and coordinated response.
Drought standard and restrictions		Ongoing.	Watercare is working to update its Drought Management Plan (referring to national and international learnings, and lessons learnt from our current drought). The work will include a review of communication with our customers (in the form of focus groups) and with Auckland Council (which will be aligned with the work set out above). The timeline for completion is December 2021. The website is also being updated to include a wider perspective on the water supply situation beyond the dams and to provide more transparency around the water use restrictions and potential trigger levels.
SENATE			
Definition of new relationship responsibility	Appointment and job description of new relationship role.	Complete.	The Deputy CE will take responsibility for this role identified by Senate. It is included in the job description.
Creating internal strategy and support to make happen	Develop the strategy	Complete.	The draft forward engagement plan was discussed at the 5 July Board meeting.
	Put in place in plan to support the implementation of this strategy.	Complete.	The draft forward engagement plan was discussed at the 5 July Board meeting.
Roadmap for implementation		Complete.	The roadmap was discussed at the 5 July Board meeting. The progress made was set out in the Board paper and will be reported on quarterly.
PROPERO			
Setting up the new CE for success	Ensure the CE has clarity on the Board's view of critical / priority areas of focus	Complete.	Conversations have been held between the CE and Chair as well as with Board members.
	Keep providing feedback to the CE on what is working well, areas of continuing concern, etc.	Noted.	

Update on progress following Aurecon, Senate and Propero recommendations – June 2021

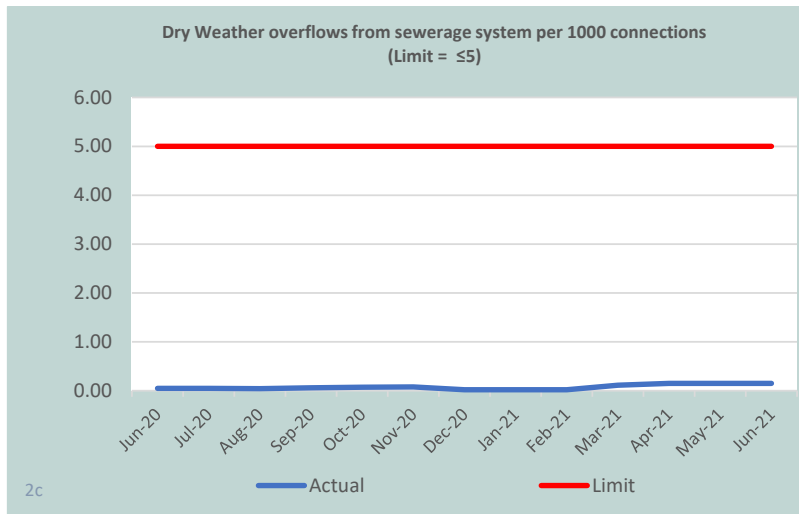
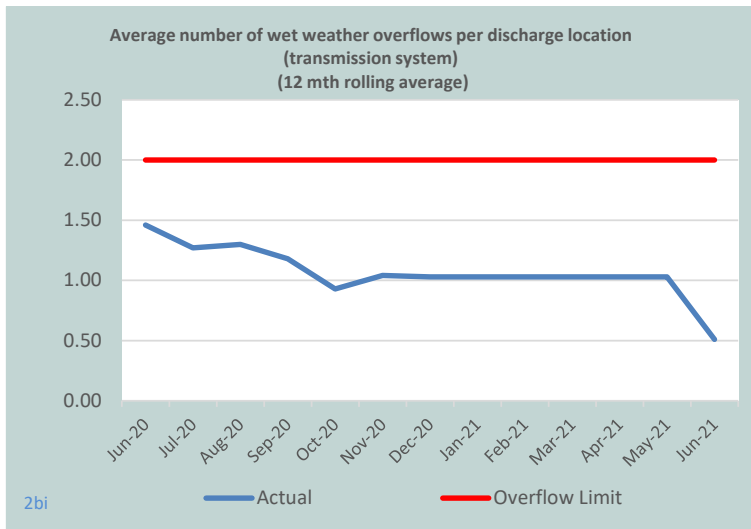
	Reduce management presence (in some areas of Board meetings) to assist the lift in strategic focus and ability to hold candid conversations with the CE	Ongoing.	There was reduced management presence at the 5 July Board meeting, and this will continue going forward.
	Work with management to build greater insight in customer reporting	In progress.	Customer monthly dashboard shared with CE and all executives.
	Jon is to immerse himself in the company and industry to quickly develop his operational knowledge and awareness of stakeholder and customer needs	Noted.	Key focus has been 'business as usual' with initial focus on customer facing roles and interactions.
	The Board is to provide a key support role – providing clarity of expectations around strategy and management interaction and setting a framework for this engagement	Ongoing.	Regular conversations are being held between the Chair and CE. Work has also started on a strategic plan for the company. This will be agreed with the Board at the 27 July 2021 workshop between Board and Management.
	Regular feedback (and small 'course corrections' as needed) is required early in his tenure as his key strategic, personal, interpersonal, and operational capabilities develop	Noted.	
Focus on core performance	Build future meeting agendas around the "big rock" areas of strategic focus to carve out high-quality focus / dialogue on these key topics. Seek to streamline public meeting time to support this rebalancing of time	In progress.	Forward months agendas have been developed. CE to finalise approach with the Chair.
	Ensure clarity on the "golden metrics" – the most critical performance objectives	To be started.	Post Board strategy day, this will be identified and reported on.
	Increase visibility of risk and performance, especially around H&S	In progress.	Work has started on a different approach to reporting HSW information. The first stage was consolidating all the reported information into one part of the Board pack which was done at the 1 June Board meeting. For the company, the focus is on lead indicator reporting.
	Reset the CE performance evaluation, and clarify KPIs (especially early in his tenure)	In progress.	The Chair is in discussion with the CE.
	Continue streamlining reporting – address the concern of a bias towards 'good news', use an excellent CE report to frame meetings with a depth of strategic insight	In progress.	First iteration of streamlining the reporting was in the 1 June Board pack. Various report templates have been provided as a template for future reporting. With the aim of continuing to streamline reporting and drive the right discussions Watercare is tailing a new board report template.
Continue the rebuild of relationships and perceptions of Watercare	Develop a stakeholder engagement plan to track relevant groups and clarify the Board and management's role in leveraging and strengthening these relationships	In progress.	A board paper on "Rebuilding Trust", which is largely about stakeholder relations, was in the 1 June Board pack. An iteration of this board paper is being worked on, and following the Board Strategy day, this will be presented to the Board. A plan for improving the Council stakeholder relationship was presented at the 5 July Board meeting.
	Maintain communication with the Council through regulatory reforms for clarity on shareholder expectations, potential changes in strategic direction, and upcoming risks and opportunities	In progress.	For Water reform, Watercare is engaged in a fortnightly Steering group meeting with Council officers (Led by Megan Tyler – Chief Strategy Officer). This involves sub-groups in Finance, Iwi relationships, possible legislative impacts and Day 1 operations (working with the Northland Councils).
	Engage with Council around future capability needs (led by the Chair)	In progress.	
Step out of 'activist mode' and shift to 'thought partnership mode'	With the CE, reset the Board-management relationship – clarify Board expectations and priorities, reduce management's defensiveness, and build greater collaboration and transparency	Noted.	
	Management to ensure they are adopting an open stance and sharing a "warts and all" view with the Board	Noted.	
	Board members to focus on constructive challenge / inquiry / debate and ensure they provide a safe environment for management to openly share their challenges	Noted.	
	The Chair-CE relationship will be critical to frame the wider dynamic, and both report a commitment to 'setting a tone from the top'	Noted.	
	Board to demonstrate confidence and provide clarity around expectations to the team	Noted.	
	Board and management commit to providing clear feedback on what is / is not working, increasing transparency and open communication, and decreasing defensiveness	Noted.	
Shift to a thought partnership update	Clarify key goals and align on the company's core focus	In progress.	A strategy day has been set up between the Board and management for 27 July 2021. Executive meetings have taken place prior to the Board strategy day, to revisit/ reinvigorate the goals and values of the company, facilitated by Frances Valintine. This structured process led to a series of potential initiatives, mapped across a series of timeslices, which the Board can consider at their Board strategy day on 27 July.
	Set clear, aspirational, and realistic goals	In progress.	A strategy day has been set up for 27 July 2021.

Update on progress following Aurecon, Senate and Propero recommendations – June 2021

Board and CE-only time	Complete.	A half hour session has been established prior to the start of confidential sessions.
CCO REVIEW		
A number of recommendations set out in the bi-monthly Board update	Ongoing.	Continue to work on the actions that come out of the number of recommendations from the CCO Review. CCO Review update reported to the Board bi-monthly by exception.

Attachment 3 – Performance against Statement of Intent measures

SOI Measures — Natural Environment



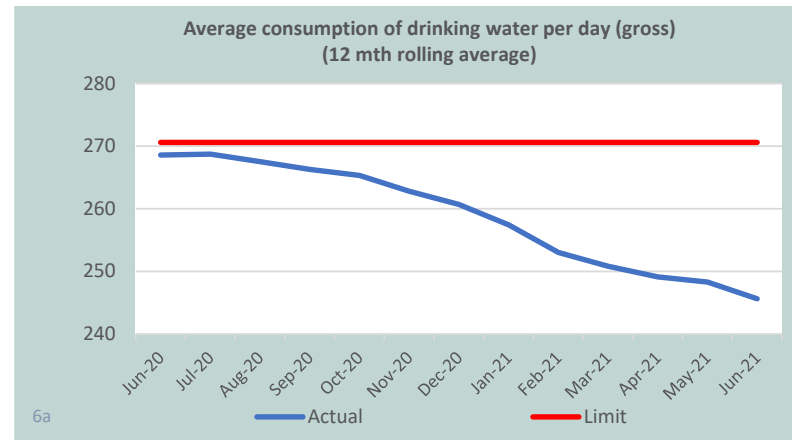
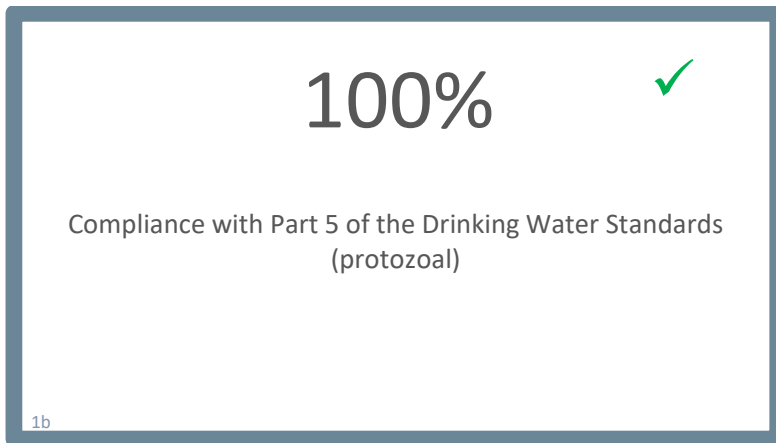
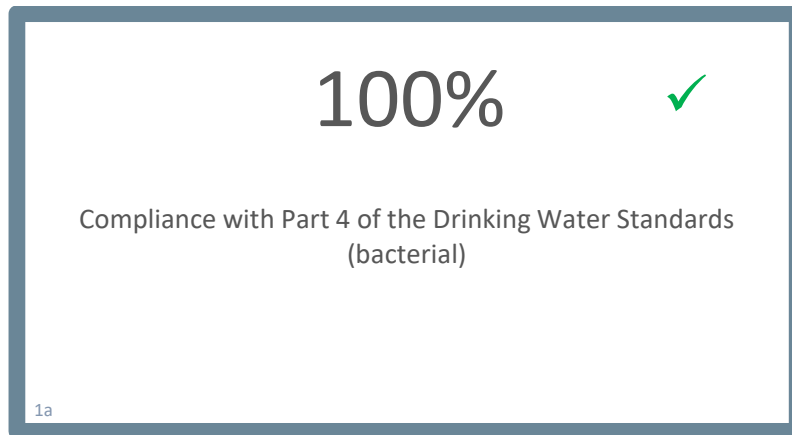
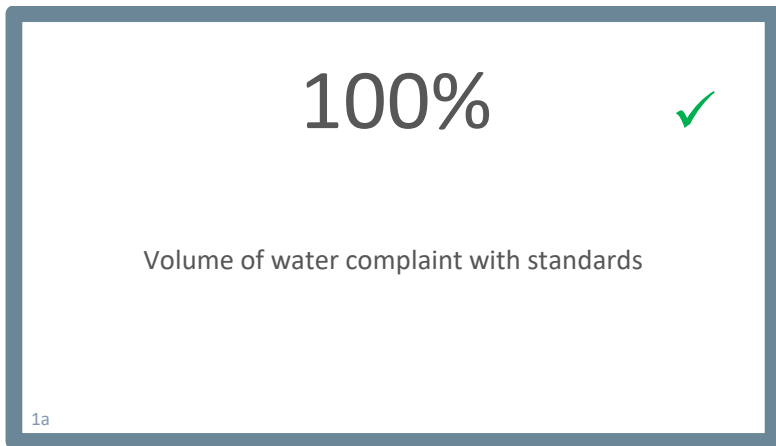
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Non-compliance with RMA consents measured by number of abatement notices etc

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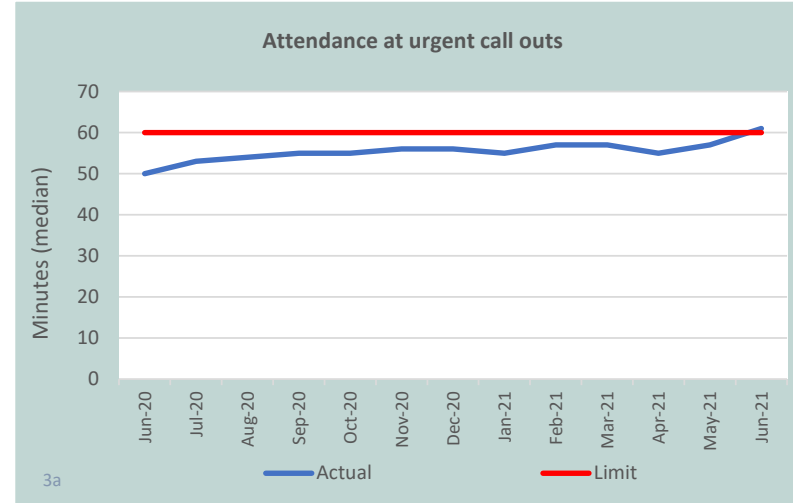
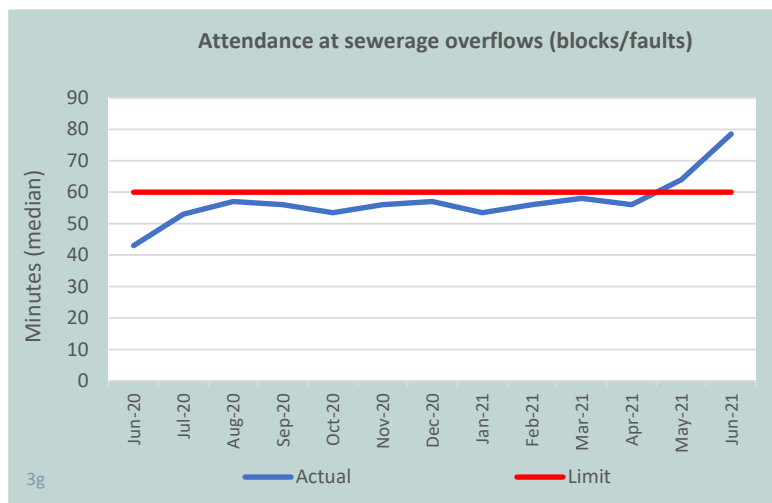
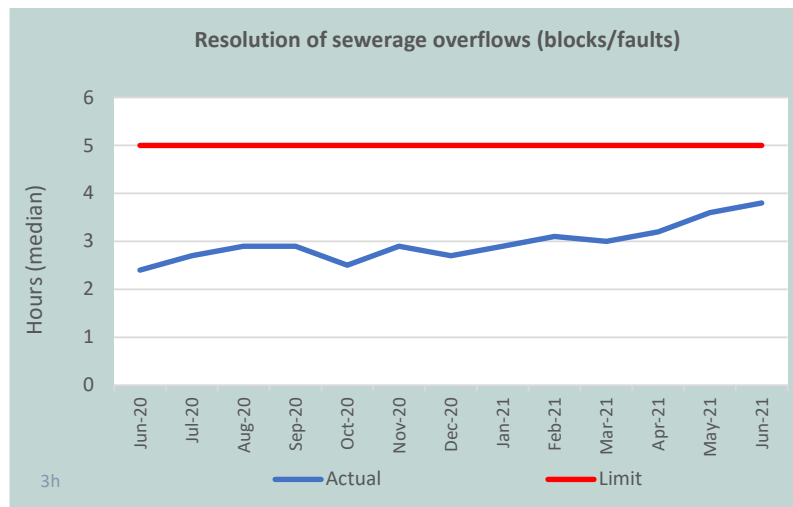
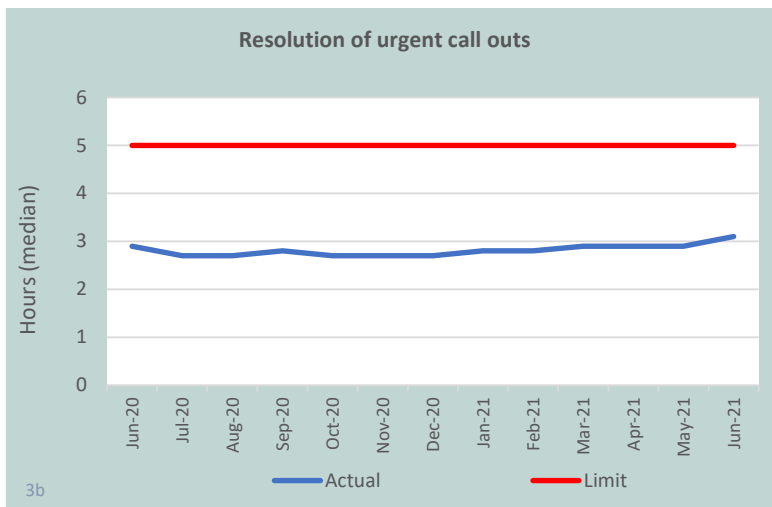
SOI Measures — Assets and Infrastructure 



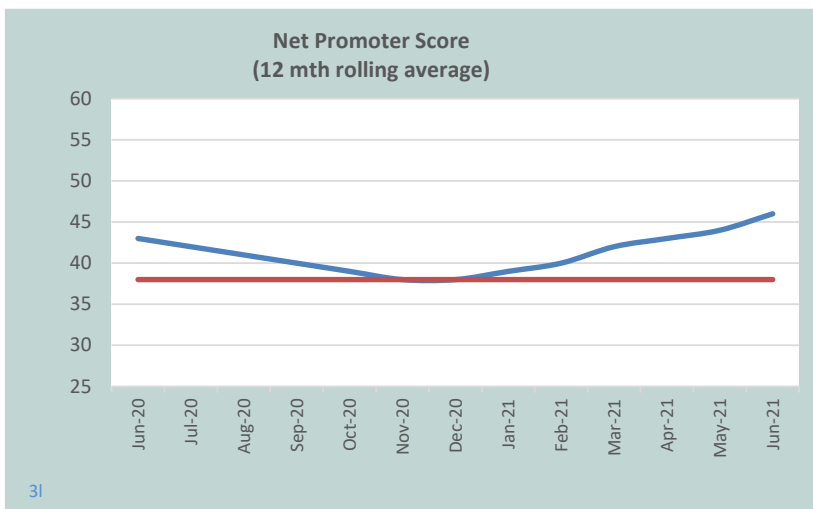
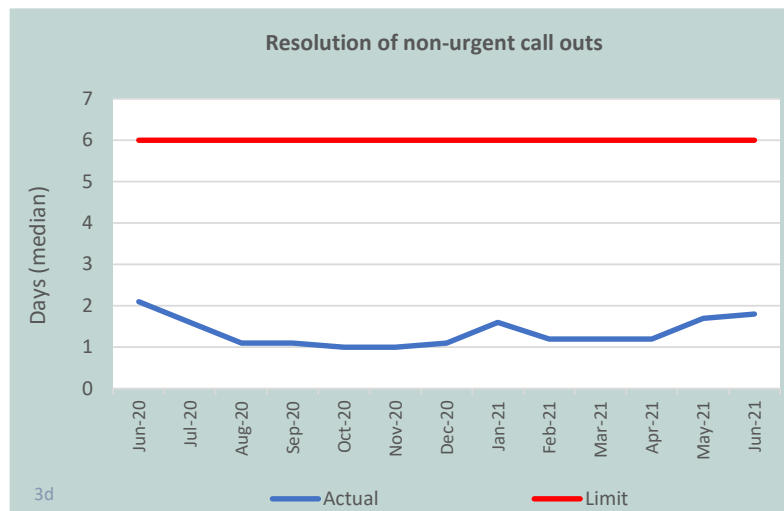
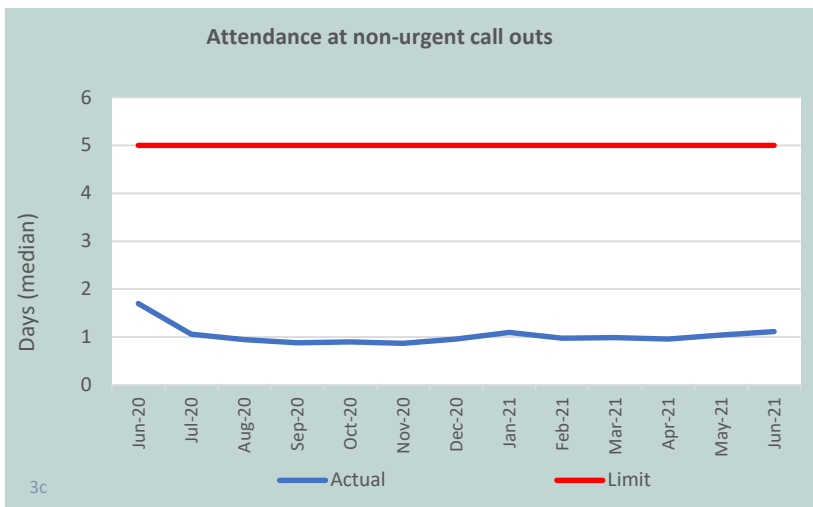


SOI Measures – Community and Stakeholder Relationships

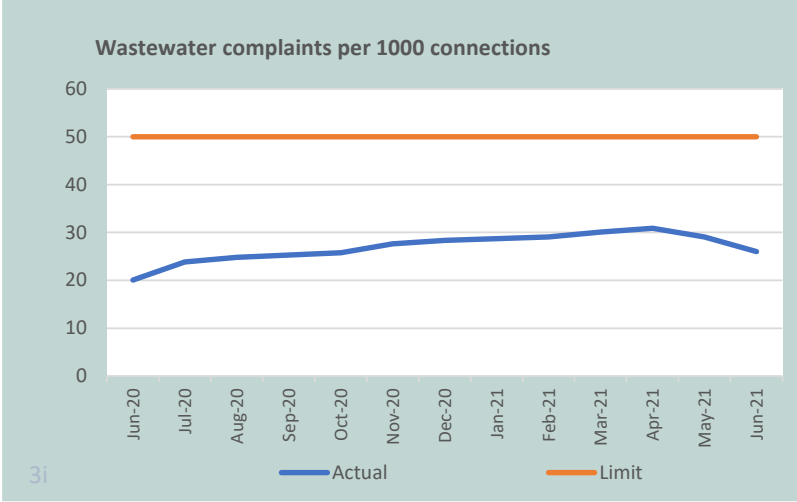
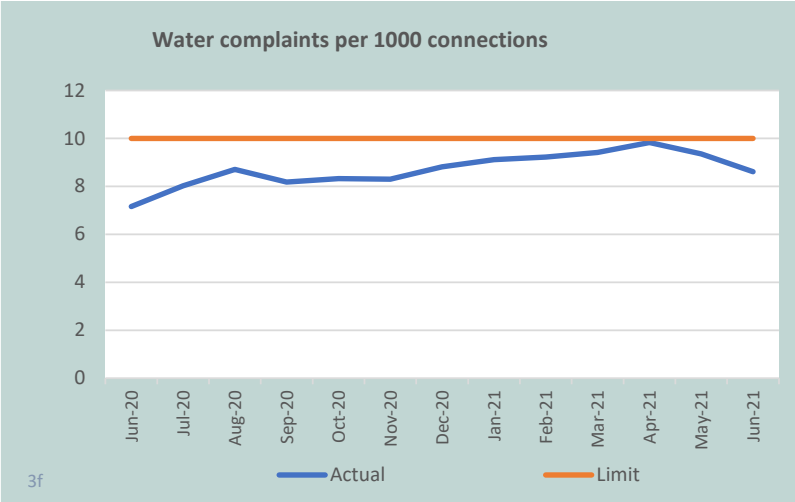
6.3



SOI Measures – Community and Stakeholder Relationships



SOI Measures – Community and Stakeholder Relationships



6.3

Additional SOI Measures included in the 2020-2023 Statement of Intent

Capital	Measure	SOI Target	Commentary/Result
Assets and infrastructure	<p>Watercare will operate responsibly We will meet the 2 DIA targets that relate to assets and infrastructure (refer Appendix E, numbers 14 and 15). (Meet 100% of the DIA and Auckland Plan targets)</p> <p>(Dry Weather and Wet Weather Overflows)</p>	Pass/Fail	Pass
Customer & Stakeholder Relationships	<p>Watercare will operate responsibly. We will meet the 10 DIA targets that relate to customer and stakeholder relationships (refer Appendix E, numbers 3–12). (Meet 100% of DIA targets)</p> <p>(Complaints, Reponse/Resolution, Bacteria & Protozoal)</p>	Pass/Fail	Pass. All Watercare Treatment Plants and distribution networks continue to meet DIA targets
Natural Environment	<p>Watercare will operate responsibly. We will meet all DIA natural environment targets (refer numbers 1 and 2 in Appendix E). (Meet 100% of DIA targets)</p> <p>(Compliance, PCC)</p>	Pass/Fail	Pass

Capital	Measure	SOI Target	Commentary/Result
Natural Environment	<p>We will implement Mitigation measures in line with our responsibility to keep global warming within 1.5oC.</p> <p>We will reduce annual greenhouse gas emissions from Scope 1 and Scope 2 emissions (operational mitigation).</p> <ul style="list-style-type: none"> • 2020/2021: Complete work on a plan to achieve a 45% reduction in operational emissions by 2030 • June 2021: Finalise targets in line with ACAP • 1 March 2022: Baseline established and roadmap targets published in our next SOI. These targets will consider the contribution to the region's interim 2030 and 2050 targets. • 30 September 2022: Report on first target and publish targets through to 2024 in the 2021–2024 SOI) 	<p>By June 2021: Complete work on a plan to achieve reductions in operational emissions by 2030, including updating targets in line with ACAP</p>	<p>Internal decarbonisation team established and individual value stream draft plans initiated.</p> <p>2030 target updated to align with Auckland Council target (reduce emissions by 50% by 2030).</p> <p>Project for specific assessment of emissions from Puketutu island has had good progress. This will likely impact baseline.</p> <p>Preparing for greenhouse gas audit on 27 July to verify FY21 figures.</p> <p>Next step from here will be setting 3 years of annual targets.</p>
People & Culture	<p>We will improve our employee engagement.</p> <p>eNPS</p>	<p>≥20</p>	<p>Employee Net Promoter Score has increased slightly from 34 in November 2020 to 35 in May 2021. No update for June.</p>
People & Culture	<p>Watercare has committed to the Diversity Agenda Accord.</p> <p>Improve gender workforce split in departments where the split is uneven (Identify 2020/21 baselines and improve on baseline)</p>	<p>10%</p>	<p>Next update once July data is available</p>

Capital	Measure	SOI Target	Commentary/Result
People & Culture	<p>Watercare has committed to the Diversity Agenda Accord. Attract a more diverse range of applicants to apply for jobs at Watercare (Identify 2020/21 baselines and improve on baseline)</p>	10%	Next update once July data is available
Financial Capital & Resources	<p>We manage operations efficiently, keeping costs to customers (collectively) at minimum levels. Percentage of household expenditure on water supply services relative to the average household income</p>	≤1.5	0.82%
Natural Environment	<p>Water is precious – We continue to encourage our customers to be mindful of their water use The average consumption of water per residential connection. (• 1 March 2021: Baseline established, and sector targets published in our next SOI • 30 September 2021: Report on target and publish targets through to 2024 in the 2021–2024 SOI)</p>	Establish Baseline by 1 March 2022	<p>Connections data and targets for residential water use have been identified, although we need to work through the requirement to ensure we capture apartment usage data as residential use, where and when it is appropriate (particularly as Auckland housing is densifying). This litres per dwelling per day measure is intended to provide greater granularity in performance ie. where we need to make better progress (ie leakage, residential or commercial water efficiency) in order to meet our 2025 target of 253 litres per person per day (gross per capita consumption). This measure will be consistent with our 2021-2025 Water Efficiency Plan.</p> <p>No further updates except to add that the request for creating the data set is currently sitting with GIS</p>
Natural Environment	<p>Water is precious – We continue to encourage our customers to be mindful of their water use The average consumption of water per non-domestic connection. (• 1 March 2021: Baseline established, and sector targets published in our next SOI)</p>	Establish Baseline by 1 March 2022	Three key areas have been selected for this measure, covering over half of commercial water usage in Auckland. Sector-appropriate water efficiency targets and methodology have been created and documented for these three sectors and the source data has been identified. This measure will take a long-term (5 year) rolling measure of water efficiency. This measure will be consistent with our 2021-2025 Water Efficiency Plan.

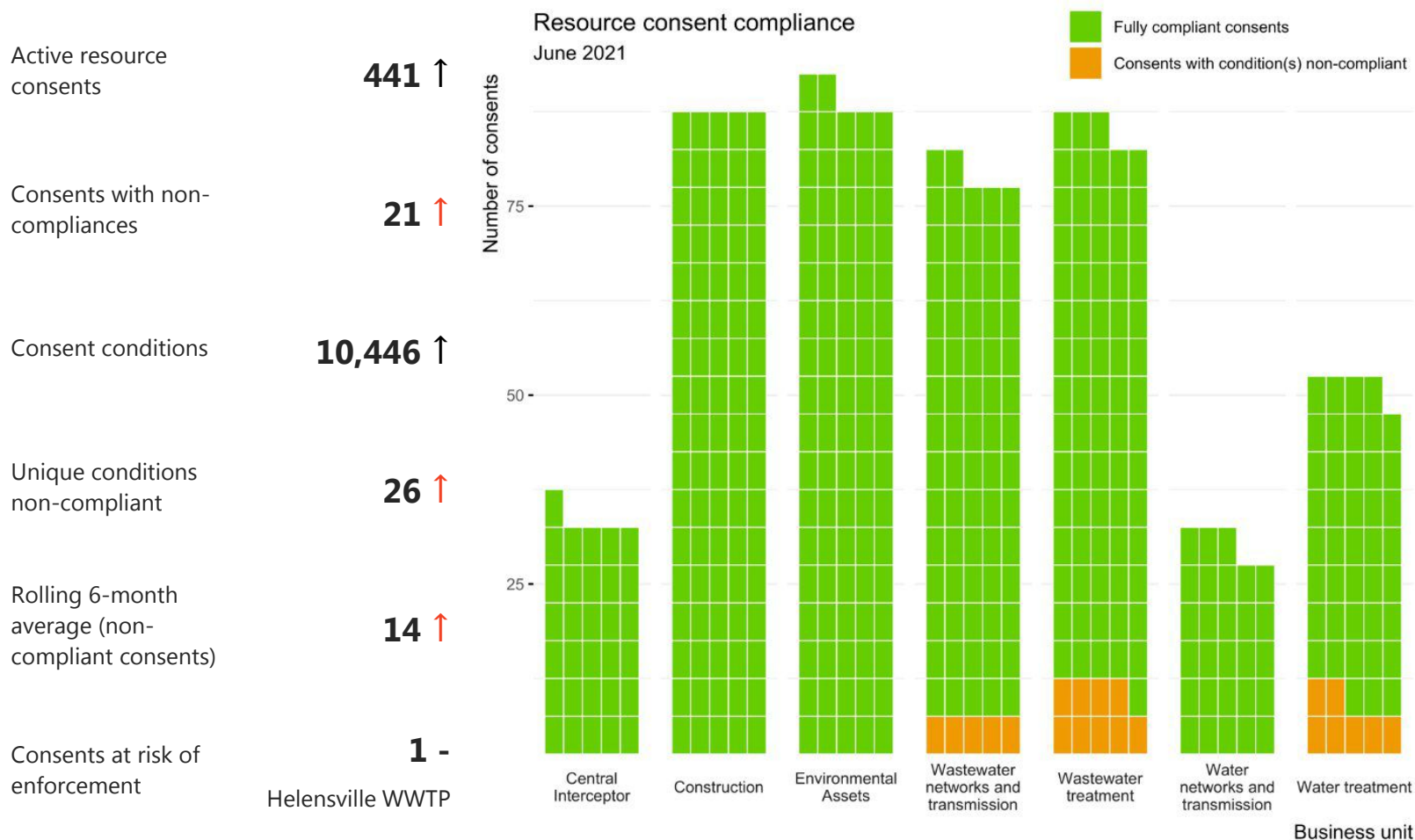
Capital	Measure	SOI Target	Commentary/Result
	<ul style="list-style-type: none"> 30 September 2021: Report on target and publish targets through to 2024 in the 2021–2024 SOI) 		Training for commercial water efficiency audits will be carried out in the August (postponed due to Australian Covid-19 resurgence - Smart Approved Water Mark (SAWM) who are the trainers are unable to cross the Tasman without quarantine). 9 staff members will undergo this training with SAWM and will be able to carry out water audits (likely under a different name which is more appealing to commercial customers) for FY22
Financial Capital & Resources	<p>We are a financially-sustainable business. Watercare group's debt headroom (Set measure in conjunction with Council and establish baseline)</p>	Establish Baseline	Financial Control has obtained the financial reporting calculation used in Auckland Council's group financial statements for the debt to revenue ratio and created their own template that automatically draws data from the monthly Management Reports. The Oct-20 debt to revenue ratio was 3.46, Nov-20 ratio was 3.26, Dec-20 was 3.07, Jan-21 was 3.1, Feb-21 was 3.06, Mar-21 was 3.03, April was 2.99, May was 2.92 and June is 2.89.
Customer & Stakeholder Relationships	<p>We contribute to the delivery of Māori outcomes and deliver on the joint outcomes agreed by Council and CCOs (At least one kōrero with each of the 19 iwi every year and work with them to develop meaningful measures for Māori outcomes)</p>	At least one kōrero with each of the 19 iwi every year	Chief Executive and Poutiaki Tikanga Māori met with Te Ahiwaru (Makaurau Marae) and Te Kawerau a Maki, relationship focus. Watercare Board Chair, Chief Executive Watercare and Poutiaki Tikanga Māori to meet with Ngāti Paoa in July and Ngāi Tai ki Tāmaki in August. High level meetings with Waikato Tainui continue. Watercare Board Chair, Watercare CE. Meetings with Iwi submitters for Board of Inquiry process, Watercares Waikato River water take consent. Watercare and Mana whenua Managers kaitiaki forum working together on reset of forum. Pending dates for high level relationship meetings with Ngāti Whātua Ōrākei, Ngāti Tamaoho and Te Ākitai Waiohū.
Assets and infrastructure	<p>We will develop and use talent, processes and technologies to manage non-revenue water and ensure optimal supply efficiency. (Establish baseline and demonstrate continuous improvements on previous year) by 30 June 2021</p>	Establish Baseline	<p>Throughout Fiscal year 2020/21 Watercare has achieved the following:</p> <ul style="list-style-type: none"> 5400km swept for leak detection out of a planned 6000km 9.1MLD saved from leak detection 30,000 domestic meters replaced of a planned 30,000 1200 commercial customer smart loggers installed out of a planned 2000 Real Losses at 13.4% against SOI of 13%

Capital	Measure	SOI Target	Commentary/Result
Intellectual capital	<p>We create new value in our infrastructure supply chain through the Enterprise Model. Establish and implement an Infrastructure Carbon Portal and corresponding toolkit to assess ways to reduce carbon emissions during the construction of water and wastewater assets. (Deliver and implement portal and toolkit. For the Enterprise Model, monitor and report on the target of a 40% reduction post 2024.)</p>	Establish Baseline	Carbon portal progress being made through internal and external feedback sessions. Training modules continue to be completed with 246 sessions taken (across 3 modules) and there are now 99 users with access to the Carbon Portal.
Intellectual capital	<p>We create new value in our infrastructure supply chain through the Enterprise Model. Establish and implement an Infrastructure Cost toolkit across the programme and project to deliver new ways to reduce costs during the construction of water and wastewater assets. (Deliver and implement the toolkit. For the Enterprise Model, monitor and report on the target of a 20% reduction post 2024).</p>	Establish Baseline	An EM Toolkit structure has been set up. Recent tools added to the toolkit include a project scorecard and value capture process to measure, capture and share performance and 40:20:20 ideas/progress.

Attachment – 4 Resource consent compliance

Resource consent compliance – Watercare (Auckland populace)

Arrows indicate changes from the previous month (- indicates no change)



Non-compliances for June 2021

Facility/Asset	Consent	Condition(s)	Issue(s)	Actions	Potential consequence
Auckland wastewater network comprehensive discharge consent	R/REG/2013/3743 R/REG/2013/3755	45	Not all L2 and L3 overflows escalated to Council.	Improve communication and reiterate procedures for Watercare and all wastewater contractors.	Moderate: Technical issues, but Auckland Council has increased focus on these consents.
		50	Some type 1 EOPs do not have documented erosion control.	Review of documentation ongoing.	
		51	Type 1 EOP inspections not consistent with Attachment 7 of Consent.	Review of Attachment 7 underway Establishing an EOP inspection programme.	
Hamilton Road bores (Snells-Algies)	37953	19,21	Late reporting and reviews. No forecast demands for regional water takes.	Approximating forecast demand to complete reports.	Moderate: Data gaps highlight a missing business function.
	37993	19,21,22,23			
Helensville WWTP	22225	17	High ammoniacal nitrogen in the discharge (above consented limit). Historical high <i>E. coli</i> and total suspended solids.	Pond desludging to increase residence time and improve treatment; to be completed by the end of winter 2021.	High: Risk of enforcement if actions not successful.
Huia WTP	26979	03 (i)	High aluminium in the lagoon.	None – elevated aluminium at control site as well.	Minor: Technical issue due to natural circumstances.
Kingseat WWTP	24255	21	Historical high <i>E. coli</i> and ammoniacal nitrogen.	Issue is annual percentile calculation. The plant has additional aeration for next winter.	Moderate: Annual non-compliance, ultimate solution (Southwest) is four-five years away.

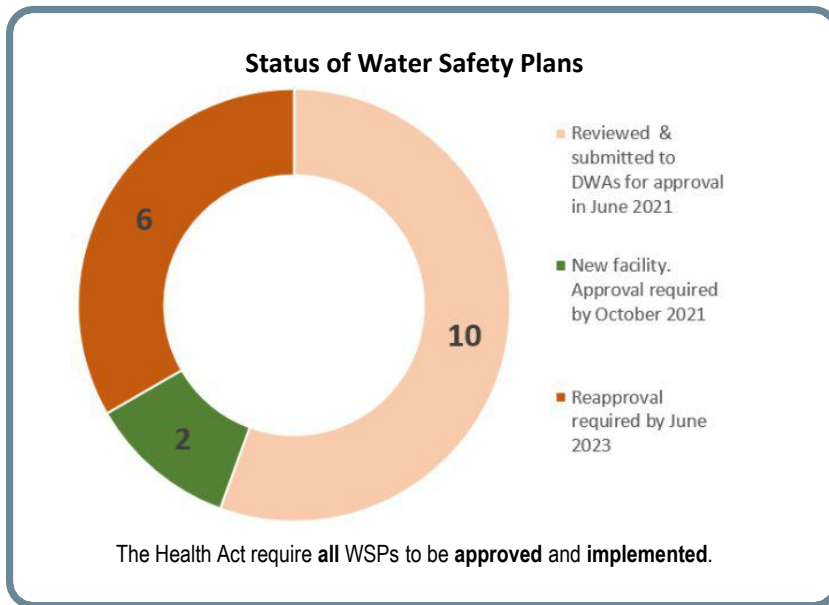
Facility/Asset	Consent	Condition(s)	Issue(s)	Actions	Potential consequence
Māngere WWTP	30962	11	Missing calibration records.	Replace meter and develop calibration plan.	Minor: Procedural issue
	33167	37,39,40	Results from former Pond 2 monitoring not reported for several years	Reports in preparation. Required backfill of data from the laboratory.	Moderate: Likely had non-compliances not sent to Council.
Omaha WWTP	DIS60050490	24	UV dose not approved.	Engineering investigation into dose application ongoing. Then requires external review.	Minor: Procedural issue.
	DIS60050606				
Orakei Main Sewer	29011	18,20	No pH measurement of the biofilter. No evidence of three-monthly site walkovers	No walkover records on file. Update of procedures for walkovers and pH measurements.	Minor: Procedural issue.
	29020	19	No evidence of three-monthly site walkovers.	No records on file. Update of procedures.	Minor: Procedural issue.
	29031	19	No evidence of three-monthly site walkovers.	No records on file. Update of procedures.	Minor: Procedural issue.
Owhanake	37282	35	High total nitrogen in discharge.	Optimising blowers and chemical dosing to improve the process.	Minor: Technical issues with a potential solution.
Waikato WTP	120246	16	Monitoring plan overdue for review.	Plan to be reviewed once annual reporting complete.	Minor: Procedural issue.
	960091	10			
Waiuku (Victoria bore)	WAT60071034	21	Water strategy overdue. Similar problems to Hamilton Bores.	Approximating forecast demand to complete reports.	Moderate: Data gaps highlight a missing business function.

Facility/Asset	Consent	Condition(s)	Issue(s)	Actions	Potential consequence
Waiuku WWTP	DIS60334129	14	High inorganic nitrogen in discharge.	Winter issue – a lack of light and low temperatures limit treatment efficacy. Plant upgrade required ultimate solution (Southwest) is four-five years away.	Moderate: Repeat annual non-compliance.
Warkworth WWTP	REG-67903	8	High inorganic nitrogen in discharge.	Better performance in June with optimisation, but compliance uses a rolling-12-month calculation. The ultimate solution is the new Snells Algies WWTP.	Moderate: Nitrogen levels improved in June, but non-compliance could adversely affect the reconsenting process.
Wellsford WTP	36246	13	Overdue monitoring report requires demand forecast.	Report to be completed once data available	Moderate: Data gaps highlight a missing business function.

Water Quality Report - June 2021

Scorecard

6.5



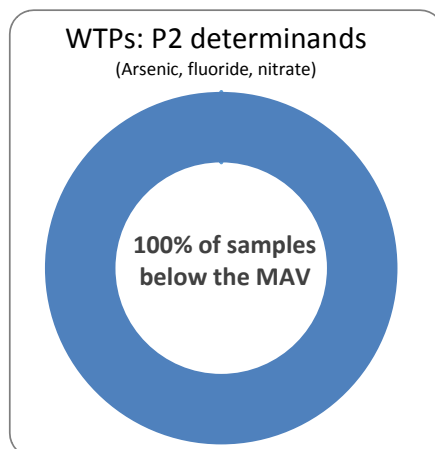
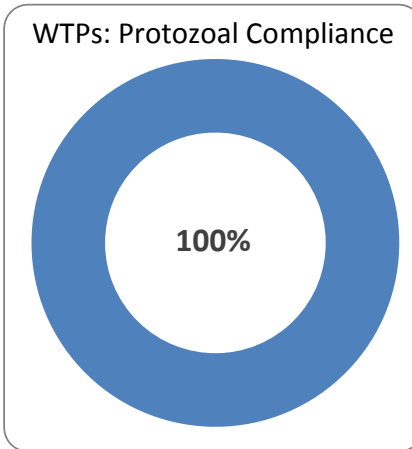
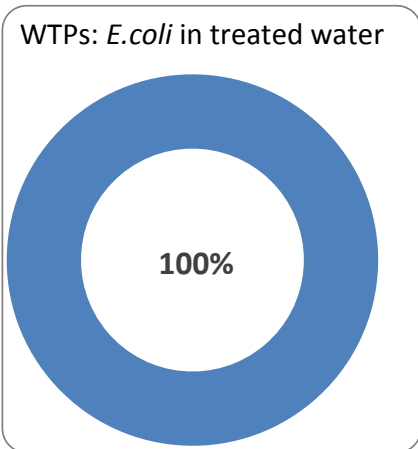
Compliance Summary

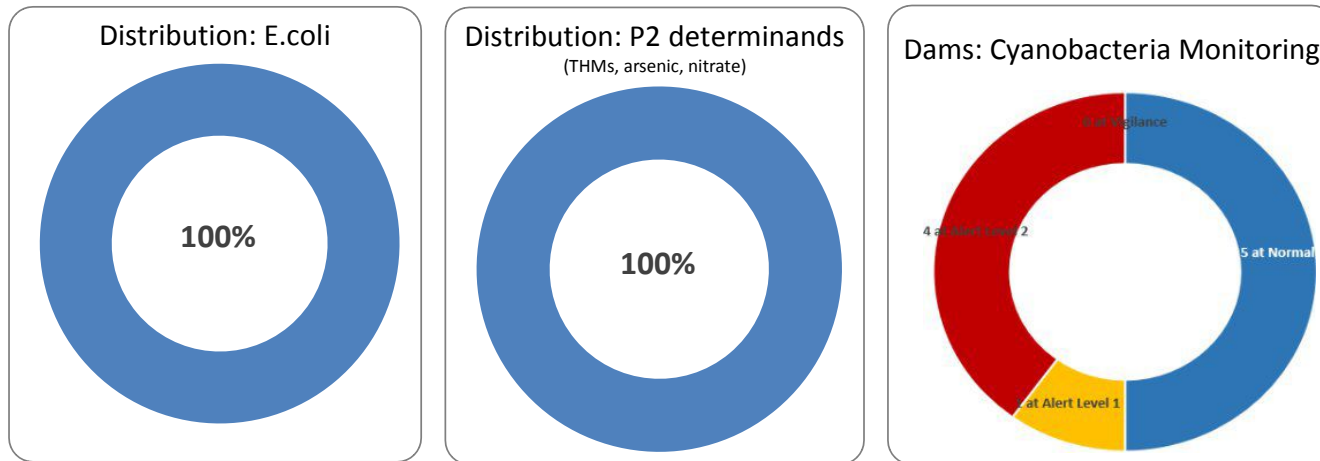
WTPs (17 total)

Microbiological	100%
Protozoal	100%
Chemical	100%
Cyanobacterial	100%
Radiological	100%

Distribution Zones (40 total)

Microbiological	100%
Chemical	100%





Spotlight On: Regulatory Update

Taumata Arowai - The Water Services Regulator, launched its public website in anticipation to the handover of the regulatory administration from the Ministry of Health on 1st November 2021. The website includes public access to the drafts Operational Compliance Rules and Draft new Drinking Water Standards <https://www.taumataarowai.govt.nz/for-water-supplies/>.

Spotlight On: Water Safety Plan (WSPs)

Ten of Watercare's WSPs have been reviewed and re-submitted to Wai Comply DWAs in June 2021. This concludes all WSPs due for submission by the end of June 2021.

Work continues on increasing overall understanding across the business of WSP and principles in a range of ways through Our Place, Immerse training module and online training sessions.

Spotlight On: Internal Audit Report to the Audit and Risk Committee

Internal Audit findings for non-conformances and recommendations that relate to document management, training and competencies continue to pose significant risks to the business. Work across the business continues to resolve these to a standard required by the current and future regulatory framework.

Audit and Risk Committee requested further update from the Internal Audit team at the next meeting.

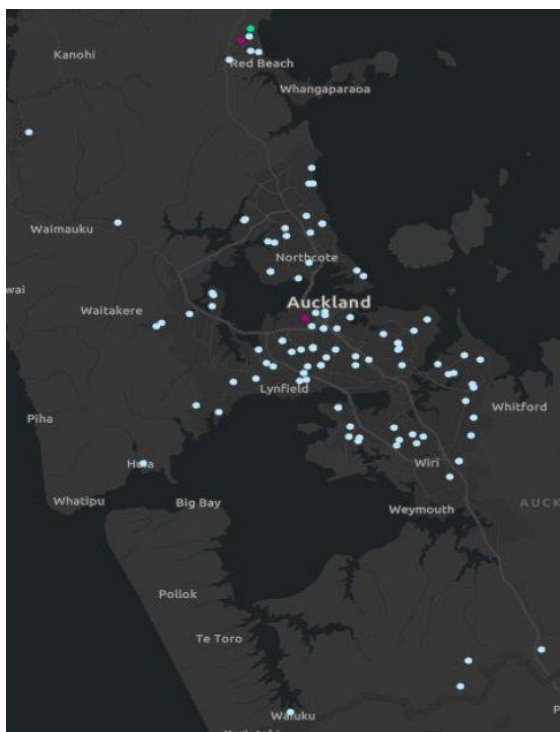
Spotlight On: Water Quality

Total Coliforms Investigation – Investigations into the elevated levels of total coliforms continues. There has been a significant reduction in detection of total coliforms observed across Watercare's water supply operations following the delivery of several improvements at the laboratory and across the wider water supply system.

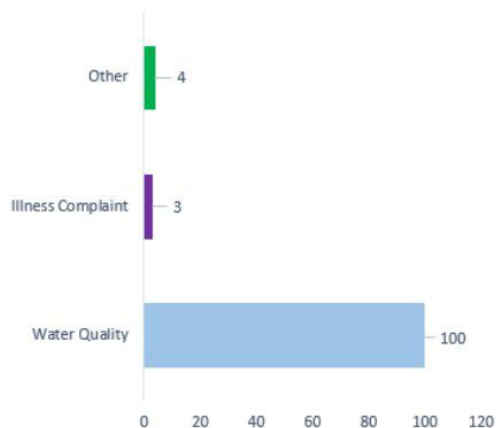
Disinfection By-products (Trihalomethanes (THMs)) Investigation – The presence of THMs in the drinking water supplied throughout Watercare's water supply systems is a risk that requires ongoing assessment and management. The likelihood of further THMs exceedances is high. A region wide monitoring programme is being established to determine the extent of this issue across our distribution zones. A broader THM management strategy is being developed in conjunction with this data gathering exercise.

Investigations into Emerging Contaminants – Microplastics, PFAS, nematodes, nitrates, viruses including Covid-19 – new research highlights new areas for investigation will be required.

Customer Complaints



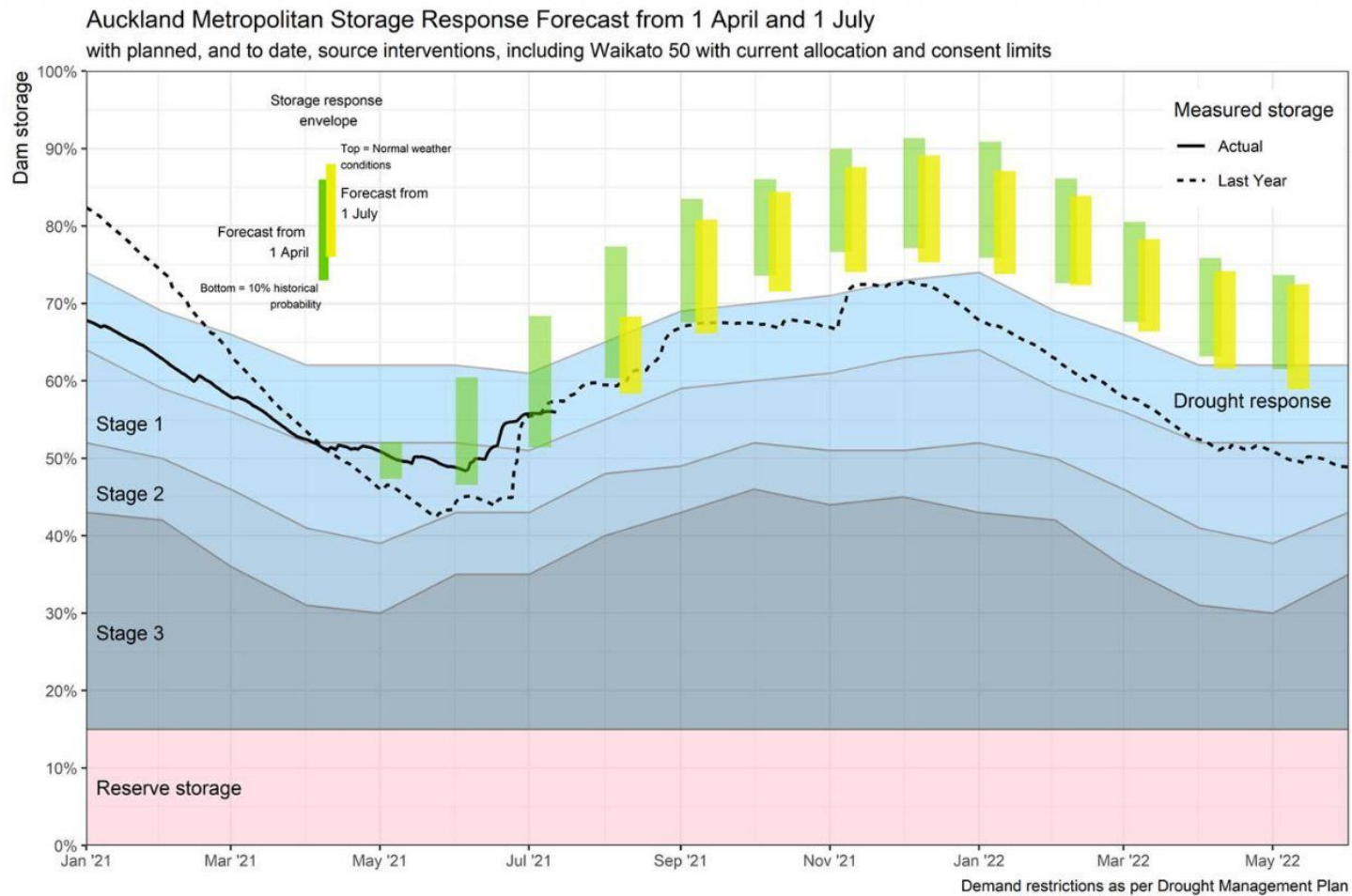
Number of Water Quality Jobs



Actions Taken

- Discoloured Water:** Network flush
Main cause: mineral build up
- Tainted Water:** Network Flush
Main cause: chlorine complaint
- Water Quality Flush:** in response to compliance samples
Main cause: elevated turbidity
- Illness Complaints:** Network flush and sampling
Main cause: Private plumbing issue /

Attachment 6 System storage forecast graph



6.6

Attachment 7 – Delegated authority to the CE

For the month of June 2021, in accordance with the authority delegated to the Chief Executive by the Board:

- There were no documents required to be signed by the Chief Executive in relation to deeds, instruments and other documents.
- There were no capex approvals signed below a threshold of \$15m.
- There were 13 capex and opex contracts over \$100,000 approved. They are as follows:

Contract description	Successful supplier
Design, Supply, Installation Support and Commissioning Support of UV System	Filtec Limited
Design & Construction Management Agreement for Level 4A Office Fitout	GHD Limited
Greenhouse Gas Monitor	Picarro, Inc.
Southern Network Maintenance Services	City Care Limited
North West Network Maintenance Services	Downer New Zealand Limited
Project Governance Group Advisor Services for Central Interceptor Project and Watercare Services Limited	McRae Construction Services Limited
Papakura WTP - Switchboard and Generator Connection Panel Supply	Lynn Electrical Company Limited
Enterprise Model Design Probity Assurance - Engagement Letter	Deloitte Limited
Warkworth Street Pump Station and Warkworth to Snells Transfer Pipeline	McConnell Dowell Constructors Limited
Hurstmere Road Upgrade: Watermain Replacement	Auckland Council
Te Kauwhata WWTP Supply of Headworks Units	Hydroflux Epco NZ Limited
Hyundai iLoad vans fit outs	Auto Transform Limited
Funding Agreement: Milldale Weiti Bridge Widening Works	Fulton Hogan Land Development Limited

Board meeting | 29 July 2021
Public session

Health, safety and wellbeing report for June 2021

For discussion

Te pou whenua tuhinga / Document ownership

Prepared by

Bronwyn Struthers
Head of Health Safety & Wellbeing

Recommended by

Rob Fisher
Acting Chief Officer Support Services

Submitted by

Jon Lamonte
Chief Executive Officer

7

This month

During June, we saw several WorkSafe interactions:

- Site visit following forklift incident: Overall the meeting was very constructive and positive. The inspector was satisfied that the Watercare investigation had identified the causes of the incident and completed actions where appropriate for the identified causes. The visit was treated as a collaborative coaching opportunity and the Watercare team felt the visit was very useful.
- Meeting with Melanie Dale, Engagement Lead, WorkSafe. Melanie explained WorkSafe's focus on PCBU and Officers' responsibilities, particularly in the government sector. Melanie noted that upstream and downstream responsibilities were not always well understood, but from a Watercare perspective, the work we are doing to get alongside our contractors and drive HSW improvement into the supply chain is seen as positive.

What we've seen

Most of the injuries to Watercare staff are muscular-skeletal damage and hand injuries resulting from slips, trips and falls and physical tasks. We are preparing to deliver the next phase of our Industrial Athlete initiative, as part of the One Team Operations programme. We will also be using Learning Teams to find solutions to some of the problematic work tasks for the Operations and Maintenance teams.

Incidents involving our contractors most commonly involve critical risks. We are working on:

- Improving the skills and knowledge of project managers and engineers in the Infrastructure team with a Lead Safe Essentials programme delivered in August to September. The intent of this programme is to ensure PMs and PEs have the confidence to engage with all workers on HSW and influence positively.
- Creating a shared focus on critical risks across all our construction partners and supply chain via the Back to Basics programme. This campaign launches in August.

Current Activities

Training centre: We are working closely with the L&OD team to scope the requirements for a training centre incorporating both the pipe-yard facility in Māngere and the Māngere WWTP. There is interest in such a centre within the Operations, Maintenance, Infrastructure and Customer teams as well as several of our contractors. The purpose is to support the delivery of water-specific training in a high-fidelity environment. This approach has been shown to have highest rates of learning transfer.

Wellbeing and mental health continue to be supported with Connector training for Mates in Construction. We have implemented an Infrastructure target of having all sites MiC accredited within three months of opening.

Planning for Mental Health week activities is underway.

Looking ahead

We have provided advice to the business on supporting our workers to have Covid-19 vaccinations. The large-scale business vaccination delivery is being investigated.

We are planning research to determine health risks due to exposures in our workplaces. Phase two will be to determine exposure prevention and minimization strategies.

Speeding

The speed settings on the EROAD telematics system are as below:

Over Speed Bands:		
	Heavy Vehicles	Light Vehicles
	+5 km/h	+10 km/h
	+10 km/h	+15 km/h
	+15 km/h	+20 km/h

In June there were 160 red over speed events for light and heavy vehicles. This is absolutely our focus to bring down to zero.

The fleet team are now working on a manual review of the orange overspeed data. It is estimated to be circa 1,500 events.

The infringements have been escalated to the driver's line manager in the past however we cannot be certain that this has been passed through to the driver. These will now be escalated on a weekly basis to the driver and line manager and monthly to the Tier 2 Managers to address.

The new Fleet Policy with a greater focus on speed is currently with People and Capability for review before being presented to the CE for approval and then communication to the business.



Critical Risk Review – Mobile Plant

Critical Risk Review for July 2021: Working with Hazardous Substances

Mobile plant is:

- Plant designed to lift or move people or materials, such as forklifts
- Work platforms
- Earth-moving machinery

Watercare examples include:

- Earth-moving machinery (e.g. excavators, rollers, graders, scrapers, bobcats)
- Cranes
- Hoists
- Elevating work platforms
- Concrete placement booms
- Reach stackers and forklifts

Example Confined Space Entry - Wet well

The majority of our mobile plant incidents have been via our contractors and have involved a tip over i.e. roll to the side. The failure to **plan/risk assess** prior to work commencing or divergence from an existing plan or procedure has been the main cause of these incidents.

Tip over Pukekohe



Whilst removing a stockpile of soil, an operator accidentally put pressure on the foot pedals and tipped off the face of the stockpile.

As the shape of the stockpile changed, the operator did not adjust their methodology, so they unknowingly ended up on top of a steep slope. There was insufficient planning and situational awareness.

Tip over Public road



An operator rolled a digger whilst loading it onto the back of its transport.

The contractor did not follow the agreed plan/procedure in cleaning and loading the vehicle prior to attempting the activity.

Tip over Huntly – Please see incident 6

Dropped Load – please see incident 1

Controls currently in place

Purchasing/Selection of Plant

Selecting mobile plant that is designed for, and suitable for, the task. Purchase decisions are not based solely on cost.

Maintenance

The inspection of plant through a regular maintenance register and system.

Maintenance is reliably completed across Watercare but not consistently recorded or managed i.e. some sites manage this locally, some via a third party and others via EMA (as an asset) or ERoad (as a vehicle).

Inspection and certification of plant brought to site by contractors is part of our contractor management procedures. This is generally well done. However, vigilance is required as we have had some examples of sub-standard equipment being used on Watercare sites.

Training & Competency

Operators of mobile plant must be trained and licensed to ensure verified competency. Training and licence requirements are based on regulatory requirements.

Watercare employees and our approved contractors are consistently trained and competent.

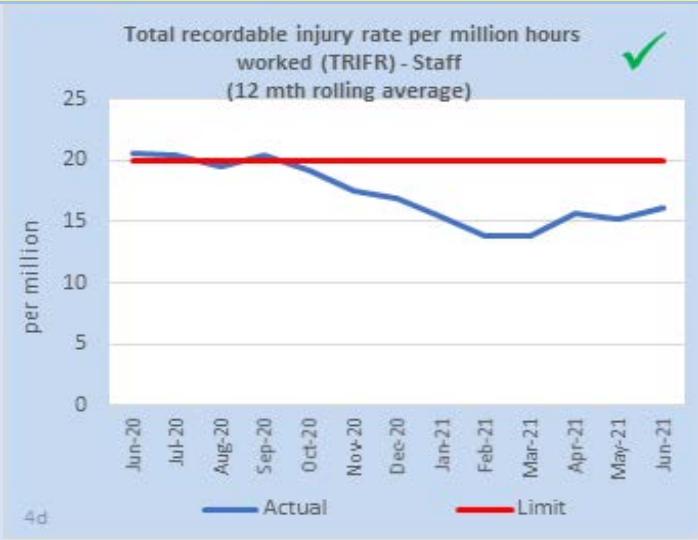
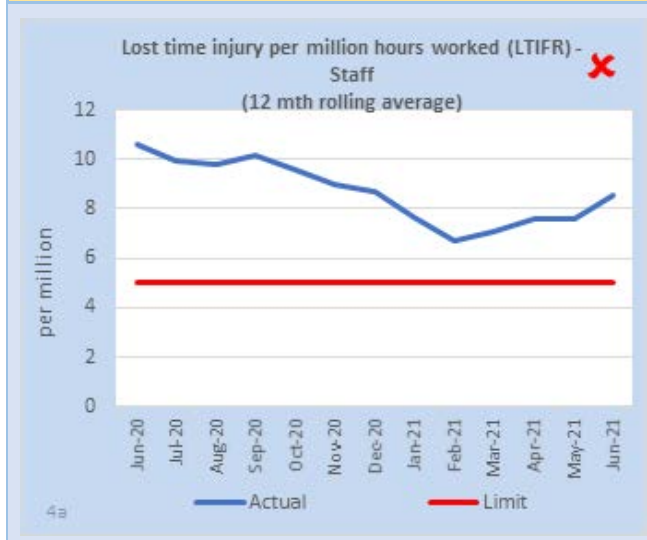
Planning/risk assessment

Considering how and where plant will be used (e.g. a forklift) may have hazards and risks arising from the kinds of loads, the size of the area in which it is used and the slope or surface conditions.

This is not consistently delivered well so contractor managers must remain vigilant when managing mobile plant use.

HSW Metrics June 2021			
No. employees & contractors 1339 Employees – 1150 Contractors – 189	Total Hours worked 468441 (9% increase on previous month) WC – 40% (+5%) Contractor – 60% (-5%)	No. days overtime 718 (18%) Customer 401 (24%) Digital 12 (65%) Operations 305 (8%)	Leave Liability 24 Days on average per employee
The information above is provided for context			
Average days to incident completion – iCare 122 days ----- Average time between event and reporting 5 days	Current no. of cases open older than 3 months in iCare 659 in iCare <i>(40% decrease on previous month)</i>	Comments <ul style="list-style-type: none"> • The HSW team are continuing work to support the business in timely incident investigation. • Recent discussion with Construction and Design team to improve reporting time for contractor incidents • A side effect of closing a significant number of cases is an increase in the average days for completion. This is due to the older and more complex cases having more of an impact on the average. 	
H&S Representative Numbers 39 Ideal number at least 62 until work groups assigned	Comments Under the HSW Regs the default ratio of HSRs is 1 to 19 employees, unless work groups have been specifically identified. Worksafe acknowledges that being an HSR is a voluntary position and as such this ratio is only a guide and not a target.	No. of Safety committee meetings held 9	Common Themes SOP development and sharing or lessons learned e.g. implement an SOP library
Number of people hurt 9 5 – WC employees 4 – Contractors	Comments Injuries were predominately muscular-skeletal and cuts	Senior Leadership Safety Conversations 6 (7 – less than last Month as recorded in iCare) Tier 2	Comments Amanda Singleton – 2 Ops site visits Nigel Toms – 2 Ops site visits Steve Webster – 2 Infrastructure site visits

<p>Critical risk exposure</p> <p>13</p> <p>From 31 incidents recorded in iCare 64% decrease on previous month</p>	<p>Comments These are those incidents recorded in iCare that are linked to one of our Critical risks (see attachment 1).</p> <p>Working at Height 1 Using Vehicles 2 Suspended Loads 1 Excavations 2 Energy 2 Chemicals 2</p>
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Benchmarking:

Actual rates
Auckland Transport 2019
LTIFR 10 TRIFR 20

Wellington Water 2018
LTIFR 15 TRIFR 23

Vector 2020
LTIFR Increase of 11% on previous year
TRIFR 17% improvement on previous year

Sydney Water 2020
LTIFR 1.5 TRIFR 6.2

Benchmarking
LTIFR and TRIFR are blunt instruments that do not provide information about incident types or level of risk.

We recommend Watercare adopts a measure based on the number of significant incidents, for Watercare employees and for contractors:

- Recognising our responsibility as a PCBU for all work conducted on our sites
- Provides focus on incidents that have or had the potential to cause serious harm

e.g. no more than 5 significant incidents involving Watercare employees each year,
no more than 8 significant incidents involving Contractors each year

1: Dropped suspended concrete lid

Contractor: Guaranteed Flow Systems Ltd.

Operations – Lower Nihotupu Dam Road

iCare number HRC0020100

Critical Risk – Suspended loads

What happened:



A worker was using a digger with chains to lift a manhole lid onto a chamber riser. As the lid was being moved into its correct orientation, the chains twisted, causing the locking pin that the chain eye was suspended on to rotate downwards which in turn led to the chains dropping off.

The lid dropped approximately 200mm onto the chamber riser.

It was noted during the investigation that the contractors on site did not report this until

Watercare prompted them to do so.

Our Actions

- Stopped work and reviewed the lift plan
- Discovered that the lifting method being used diverged from the plan. The correct lifting technique was implemented to finish the work.
- The contractor completed a full company toolbox describing the incident, what went wrong, potential for harm, reporting, and modification of JSA specific to not only the task but the equipment being used for the task
- Update of contractor SOP and all persons driving diggers are to review and sign onto updated SOP
- Incident raised with contractor leadership team about company safety procedures and necessity for reporting incidents

Our Learnings

Make sure that appropriate lifting technics are understood and agreed to prior to works starting.

2: Overfilled HFA tanks

Contractor: Ixom

Operations – Waikato Water Treatment Plant

iCare number HRC0020009

Critical Risk – Chemicals

What happened:

During routine filling of a hydrofluoric acid (HFA) tank the fill was stopped by a Watercare worker who noticed the delivery driver filled the tanks above the safe fill level of 95%.

There was no need to remove any of the hydrofluoric acid

for three hours of operations as the plant brought it back to an appropriate level.



Our Actions

- The supplier was advised, and the driver will be retrained and not allowed to return to site until they are deemed competent.
- The Watercare operations team worked with the supplier to change the delivery volumes to maintain a lower chemical operating band. This reduces the risk of another overfill as well as the risk of transporting hydrofluoric acid for the contractor.

Our Learnings

Reiterates the need for Watercare to manage all elements of the supply chain (i.e. supervision) during works and checks on drivers training and/or audits of contractor performance.

3: Failure of exclusion zone

**Watercare Operations & Fletchers
Infrastructure – Waikato 50
iCare number HRC0019861
Critical Risk – Working at Heights
What happened:**



Scaffold toe-board plank loosens on this end.

A Watercare worker was transferring sodium bisulphate from to a new tank as part of the commissioning process. An exclusion zone had been established around the tank, however a scaffolder chose to work above the exclusion zone and a kickboard clip failed. The

scaffold board came loose and fell near the worker below.

The employee on the ground was not wearing a hard hat as the respirator face shield they were wearing, as per the agreed methodology, was incompatible with a hard hat.

Our Actions

- The incident was immediately reported to FCC management and logged in their system
- All kickboards and their clips were checked across the site
- Exclusion zone will be checked for both horizontal and vertical conflicts
- An alternative hard hat will be sourced that can be worn with a respirator face shield

Our Learnings

- Exclusion zones are an important safety measure
- Emphasises on concurrent activities needs to be enacted

4: Chlorine leak

**Watercare
Operations – Wellsford WTP
iCare number HRC0020159
Critical Risk – Chemical
What happened:**



A chlorine gas detector was intermittently giving “chlorine leak high” alarms, at Wellsford WTP. With the breathing apparatus on, the chlorine room was inspected by Watercare workers. Both cylinder connections, regulators, fittings, injector, rotameter, V-notch valve and spare cylinders were checked multiple times with ammonia to identify any leaks, but none could be found.

It was assumed that the gas detector was faulty, and the contractors employed to maintain the chlorine systems were contacted. Shortly after this, the “chlorine leak high” alarm was generated multiple times, activating the halogen shut off valves.

The room was inspected once again, and a continuous chlorine leak was found on the fitting for the chlorine rotameter.

Our Actions

- When the Filtec technician arrived onsite, the dose lines were vacuumed down, and the cylinders isolated manually
- It was found that the grab-ring (picture above) was broken into pieces and was not sealing the o-ring and the dose line
- The Filtec Technician replaced the grab-ring and performed checks to ensure there were no more leaks
- Checks on this issue/part were performed across the business

Our Learnings

Chlorine leaks of this nature are reported to WorkSafe who have been consistently satisfied with our response and close out actions.

5: Crane Contact

Contractor: GAJV
Central Interceptor – Mangere, Main Shaft
iCare number HRC0020388
Critical Risk – Suspended Loads
What happened:



Two cranes were lifting person baskets into and out of the shaft at the same time. The baskets were both empty. During the activity the crane booms/jibs made contact.

The initial findings indicated that the cranes lift radii were overlapping and the crews engaged in the lifting did not recognise this.

Our Actions

- All lifting activities stopped
- The Cranes were repositioned and the plan was amended accordingly
- GAJV held a safety stand-down at MPS and May Road – lifting process was re-briefed

Our Learnings

Planning lifts must include concurrent activities such as other cranes to reduce the risk of collision or other negative interactions.

6: Forklift Tip Over

Contractor: Fletcher
Infrastructure – Clevedon Wastewater Servicing
iCare number – Not recorded yet due to connectivity issues
Critical Risk – Mobile Plant
What happened:



A delivery driver used Watercare’s forklift to move materials required for the reservoir barrier upgrades. In doing so the forklift tipped onto its side.

It had been agreed that a Watercare operator would be on site to unload the materials, but the operator had not been made aware of this and was not on site at the time.

The forklift keys were left in the vehicle and the store it was kept in was unlocked. The delivery driver took it upon themselves to access and operate the forklift.

During the investigation it was discovered that the contractor did not have permission to use the forklift, nor did they have a licence or training to do so.

The incident was reported to WorkSafe.

Our Actions

- Watercare networks and production teams have instructed all staff to keep production facility gates locked at all times
- Forklift keys are to be stored in a locked box
- Review of contractor site access policies
- Delivery driver not to return to Watercare sites until they are trained and can demonstrate understanding and commitment to HSW procedures








Our Learnings

Our plant needs to be secured at all times.

It is important to ensure only approved, trained and competent people use our mobile plant.

Attachment 1 Watercare – Critical Risks

-  Working with flammables or in explosive/flammable areas
-  Working with hazardous substances
-  Working with fixed plant and equipment
-  Working alone or isolated
-  Working around waterbodies
-  Driving/Using Vehicles

-  Working with suspended loads
-  Working in or near live traffic (includes road corridors, construction and operational sites)
-  Digging and working in excavations (includes tunnelling)
-  Working in confined spaces
-  Working with or near live energy (electrical, mechanical, pneumatic, hydraulic, etc)
-  Working with mobile plant
-  Working at height

Board meeting | 29 July 2021
Public session

Final Draft of Lutra’s Revised Statement of Intent 2021–2024

For approval

Te pou whenua tuhinga / Document ownership

Prepared and recommended by
Rebecca Chenery
Chief Technology Officer

Submitted by
Jon Lamonte
Chief Executive Officer

8.1

1. Te tūhonga / Recommendation

We recommend that the Board approves Lutra Limited’s (Lutra) revised draft Statement of Intent 2021–2024 (SOI) for submission to Auckland Council by 31 July 2021 for Auckland Council’s information.

2. Take matua / Key points

The key points are:

- The Lutra Board approved Lutra’s draft SOI on 19 May 2021.
- The SOI attached as Attachment 1 has been revised to take into account any feedback received from the Lutra Board.

3. Ngā tuhinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
26 February 2021	Lutra Limited Draft Statement of Intent	The Board approved the draft SOI but requested that its performance against its targets be reported back to the Board.
5 July 2021	Final Draft of Lutra’s Revised Statement of Intent 2021–2024	The Board asked that the paper be held over until the next Board meeting on 29 July. The Board requested that commentary about whether Lutra is delivering to its potential also be provided to the Board at that meeting.

4. Whāinga / Purpose and context

Watercare 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.

5. Kōrero pitopito / The details

Attachment 1 is Lutra's revised final draft of its SOI.

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 19 May 2021. One member of the public was in attendance.

A table showing FY21 target/actuals and FY22 proposed targets for the non-financial SOI performance measures is set out below:

	FY21 Target	FY21 Actual	FY21 Status	Proposed FY22 Target
Number of consents managed by Lutra	1000	1526	Achieved	2000
CO ₂ reduction % per person	10%	51%	Achieved	55%
Average safety training hours per employee per year	10hr	17.1hr	Achieved	18hr
Average staff mood	>6	7.0	Achieved	>6.5
Be a current signatory of the diversity agenda accord	Signatory	Signatory	Achieved	Signatory
Treatment plants improved	20	20	Achieved	25
Number of new plants added to ID	100	103	Achieved	150
NPS for ID	25	13	Not achieved	>30

6. Ngā ūpoko / The capitals

The SOI is structured around our six-capitals. Lutra's key activities have been assigned to each capital in the SOI, as set out below. The SOI identifies relevant performance measures for each of these activities.



6.1 Natural Environment including Climate Change

See page 5, identified key activities are resource efficiency, resource consent management and minimise our own impact.



6.2 People and Culture

See page 6, identified key activities are:

- Providing safe working environments
- Wellbeing package
- Skills development.



6.3 Customer and Stakeholder Relationships, including Māori Outcomes

See page 7, identified key activities are:

- Public health
- Digital transformation of water and wastewater operations
- Industry leadership through various committees.



6.4 Asset and Infrastructure

See page 8, for identified key activities.



6.5 Intellectual Capital

See page 8, identified key activity is:

- Industry leading software, processes and know-how.

**6.6 Financial Capital and Resources**

See page 9, identified key activity is financial stability, growth in selective new markets, and growth in revenue and profit.

7. Ngā tūraru matua / Key risks and mitigations

Key risk	Mitigation
Performance measure targets may not be met	Continuous monitoring of performance measure targets

8. Ā muri ake nei / Next steps

Watercare will provide the final SOI to Auckland Council for its information.

9. Te whakapiringa / Attachment

Attachment number	Description
1.	Draft Final SOI 2021 – 2024



Lutra.

Statement of Intent
2021 to 2024

Lutra.
Safewater

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Customer relationships 7

Intellectual capital, our assets and infrastructure..... 8

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



Message from Jason Colton, Executive Director and CEO

Lutra Limited (Lutra) provide software, hardware, and engineering services solutions to the water industry.

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 2021-2024

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

1. Growing the Infrastructure Data (ID) business

- We are targeting significant growth in organisations wishing to use our proprietary ID software product.
- Our growth focus will be on direct sales in New Zealand and through our partner in Australia, HunterH2O. Development of a global partner network is on hold due to Covid-19 restrictions.
- The second generation of Infrastructure Data (ID2) is under development and is scheduled for completion in 2021/22 financial year.

2. Growing our Engineering Services business

- We will focus on preparing the industry for water reforms, with new Drinking Water Standards coming into effect from 1st July 2021.
- We will establish a presence in the Waikato region.
- We will continue to increase our presence in the wastewater operations market.

3. Growing our Safewater business

- We will provide standardised, modular water treatment plant solutions for small and neighborhood supplies.

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.



8.1



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 have benchmarked our own environmental impact and are developing initiatives to reduce it.

Lutra is a member of the sustainable business network in NZ and aims 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. B Corporation evaluates how we hold ourselves to account relating to our impact on our staff, customers, community, and the environment.

Measure	2020/21 Actual	2021/22 Target	2022/23 Target	2023/24 Target
Number of consents managed in ID by Lutra	1,562	2,000	3,000	4,000
CO ₂ reduction per FTE*	51%	55%	60%	65%

*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.

We have a wellbeing package that offers our staff subsidised health insurance, a wellbeing allowance, two additional wellbeing leave days, long service leave, paid parental leave 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.

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 2021, we plan to recruit to new staff across our business lines and retain all our talented staff. We are new members of The Diversity Agenda and Diversity Works NZ and will continue to maintain a strong focus on our culture of inclusion.

We will sign the Diversity Agenda Accord showing our commitment to ‘Diverse and inclusive professions working for a diverse and inclusive nation’.

Measure	2020/21 Actual	2021/22 Target	2022/23 Target	2023/24 Target
Average safety training hours per employee per year	17.1h	18h	19h	20h
Average staff mood (Scale 1-10)	7.0	≥6.5	≥7.0	≥7.5
Be a current signatory of the Diversity Agenda Accord	N/A	Yes	Yes	Yes



Customer relationships

Value:

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

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

We provide standardized, modular water treatment plants to smaller communities to give them 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.

We also plan to develop training resources to help operators improve their knowledge and capabilities.

Lutra will also provide industry leadership through our presence on various committees (e.g., Water NZ Technical Committee), expert groups (e.g., Taumata Arowai Technical Reference Group) and boards (e.g., Water NZ).

Measure	2020/21 Actual	2021/22 Target	2022/23 Target	2023/24 Target
Number of treatment plants improved*	20	25	30	35
Number of new plants added to ID	103	150	250	300

*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

We are working on the development of the second generation of our software platform Infrastructure Data (ID2). We have set-up a key user group to allow our users to collaborate with us on the development of ID2.

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

Lutra will continue to produce and publish thought leadership blog articles on our Lutra website and provide community engagement through our Lutra channel on YouTube.

Measure	2020/21 Actual	2021/22 Target	2022/23 Target	2023/24 Target
NPS for ID	13	>30	>40	45

8.1

\$ 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 ID, engineering services and Safewater.

As a CCTO we need to fully meet GAAP accounting principles, Watercare reporting requirements and have our accounts independently audited.

Measure	2020/21 Actual	2021/22 Target	2022/23 Target	2023/24 Target
Annual business plan EBITDA	64%	100%	100%	100%

8.1

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
19 th May 2021	Consider shareholder comments on draft SOI	Public notice
17 th November 2021	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



8.1

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.

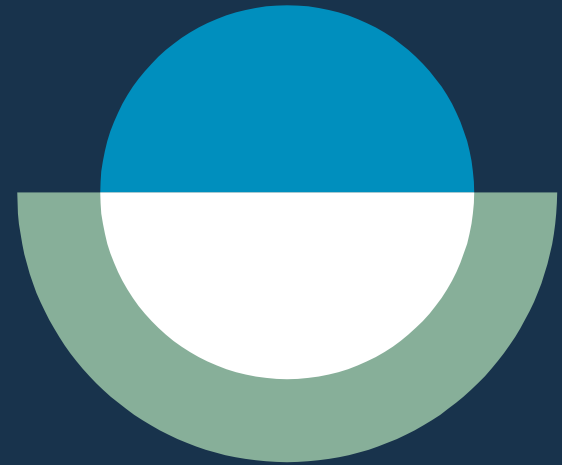
Board function

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

Ghella Abergeldie JV



9.1

29 July 2021





Safety Moment

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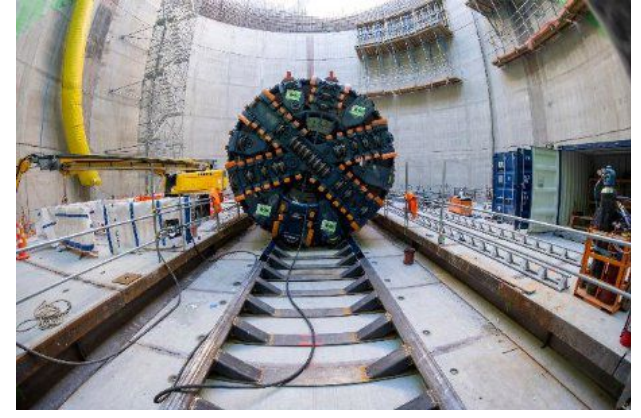
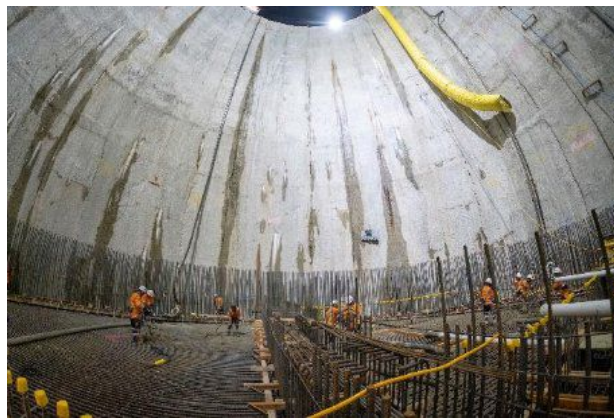
Successes



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9.1





9.1

Challenges



9.1





9.1





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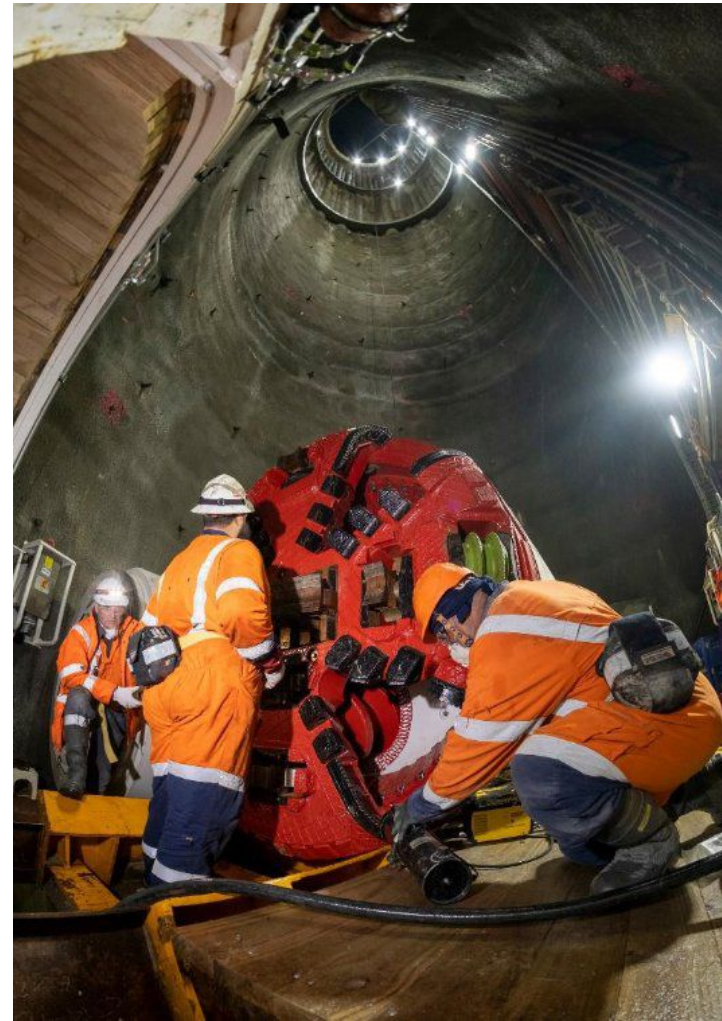
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Focus in the coming months



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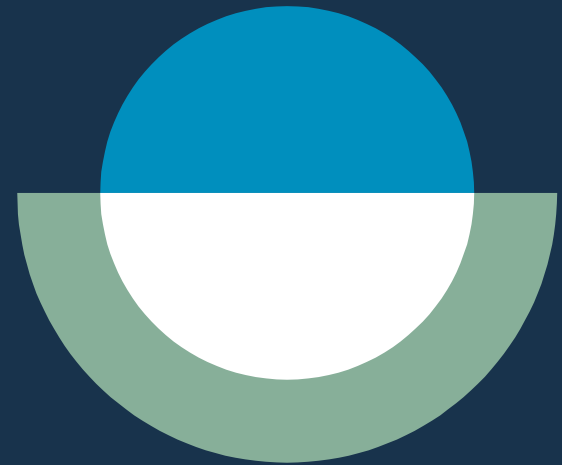


9.1



Thanks

9.1



Board meeting | 29 July 2021
Public session



Central Interceptor Report for June 2021

For discussion

Te pou whenua tuhinga / Document ownership

Prepared by

Michael Webster
Contract Manager, CI

Recommended by

Shayne Cunis
Executive Programme Director CI

Submitted by

Jon Lamonte
Chief Executive Officer

1. Te tūhonga / Recommendation

We recommend that the Board notes the report.

2. Take matua / Key points

- The MTBM has now been fully commissioned, completing 103m of the first drive from May Road Shaft A to Haycock Avenue (970m).
- The first three segments of the TBM were lowered and assembled in the pump station shaft at Māngere.
- The project was successful in the application for funding toward the electric trucks initiative and will receive \$500,000 from the Energy Efficiency and Conservation Authority (EECA) Low-Emissions Vehicle Contestable Fund (LEVCF).

3. Whāinga / Purpose and context

The paper is the update of the project for June 2021.

4. Kōrero pitopito / The details

Project progress

4.1 Health, safety & wellbeing

Health, safety & wellness leadership behaviours workshops

Two HS&W Leadership Behaviour Workshops were held during the month. These were joint sessions between GAJV and Watercare staff. The first was aimed at the site engineering cadre; the second at the project's senior leadership. The purpose was to work through a structured programme that encouraged groups to share their experience, identify best practice and clarify what good HS&W Leadership Behaviours look like on the Central Interceptor. The plan going forward is to develop these into a commitment statement and roll out across the project.

Covid-19 plan review & updates

With reference to the recent situation in Wellington and the opening of the travel bubble between Australia and New Zealand, the project took the opportunity to review and update its Covid-19 plans. Sites and staff are well prepared to operate under level 2 or 3 restrictions if necessary.

Health initiative – blood pressure checks

Staff are being encouraged to check their blood pressure on a regular basis. Three digital blood pressure monitors have been distributed to various site offices across the project. The first of every month is now blood pressure check day; staff are also free to take the monitor home so they can use it to check family members.

4.2 Delivery

Due to delays, primarily resulting from Covid-19, there has been an extension of time of 100 days to the completion of Section 1 (MPS operational – now 30 April 2024) and Section 2 (Southern system fully operational – now 12 October 2024). However, the overall contract completion date remains at December 2025.

4.2.1 Māngere pump station

- The key focus on site for June was assembly of the TBM and lowering and assembling of the first three segments into the pump station shaft – front shield (photo below), cutterhead and middle shield.



- Assembly of the gantry crane has been completed
- Shaft dewatering is ongoing and unchanged with no evidence of environmental impact
- Installation of the rising main continues with the completion of the excavations in odour bed 4 and the installation of the prefabricated pipe (photo below)
- Detailed design of the confluence chamber continues working collaboratively with the contractor.



9.2

4.2.2 May road

- The MTBM has now been fully commissioned, completing 103m of the first drive from May Road Shaft A to Haycock Avenue (970m) with 28 pipes installed. View from base of the shaft during micro-tunnelling operations (photo below).



- Roma Rd access has been opened for all site traffic with site now a one-way traffic site increasing site safety
- Noise shed has now been completed and capping beam work has commenced on Shaft B.



9.2

4.2.3 Other sites

- Construction of the Branch 9B diversion chamber at Keith Hay Park continues with external and internal walls now cast and roof slab casting due to commence in July. Claim negotiations for soft ground conditions encountered continue.
- Haycock Avenue shaft excavation now complete and work has begun on construction of the chamber over the Lynfield branch sewer.
- Dundale Avenue shaft excavation has continued and reached a depth of 18.8m below ground level by end of June.
- Construction of the chamber works at Miranda Reserve has continued.
- Walmsley Park construction works are on hold until the third quarter of 2021.

5. Ngā ūpoko / The capitals



5.1 Natural Environment including Climate Change

- The Central Interceptor Project will improve the health of our waterways by reducing overflows into our streams and harbours by 80%.
- The Central Interceptor Project is the first Watercare project to seek an Infrastructure Sustainability Council of Australia (ISCA) rating in New Zealand, achieving a 'leading' rating on retrospective design. ISCA is an independent tool to guide and assess best-practice sustainability outcomes on infrastructure projects.



5.2 People and Culture

- The project aims to provide job opportunities for a wide range of individuals across many different positions while paying every employee above living wage.
- The Central Interceptor Project has become a foundation partner with Mates in Construction NZ, funding a full-time field officer to deliver a programme of suicide prevention and mental health awareness in the construction industry.



5.3 Customer and Stakeholder Relationships, including Māori Outcomes

- The project employs six small Māori businesses to provide a variety of services. We aim to increase this statistic over the life of the project through innovative and awareness programmes, such as engaging with Makaurau Marae Māori Trust to set up and run the project laundry facility.
- The Central Interceptor Project engages regularly with the 16 primary and intermediate schools along the route of the tunnel and a 'Wastewater Education' course for Year 5–8 children has been developed in conjunction with Watercare's education advisor, featuring the Discovery Centre to educate pupils about wastewater infrastructure.



5.5 Intellectual Capital

- In order to minimise the consumption of potable water as part our tunnelling and future operating activities at Māngere Pump Station, a pilot Wastewater Re-use plant is to be constructed at the site. This will be a first for Watercare and New Zealand and is anticipated to encourage further initiatives in the water reuse space. Construction is set to start in July 2021 pending contract award.



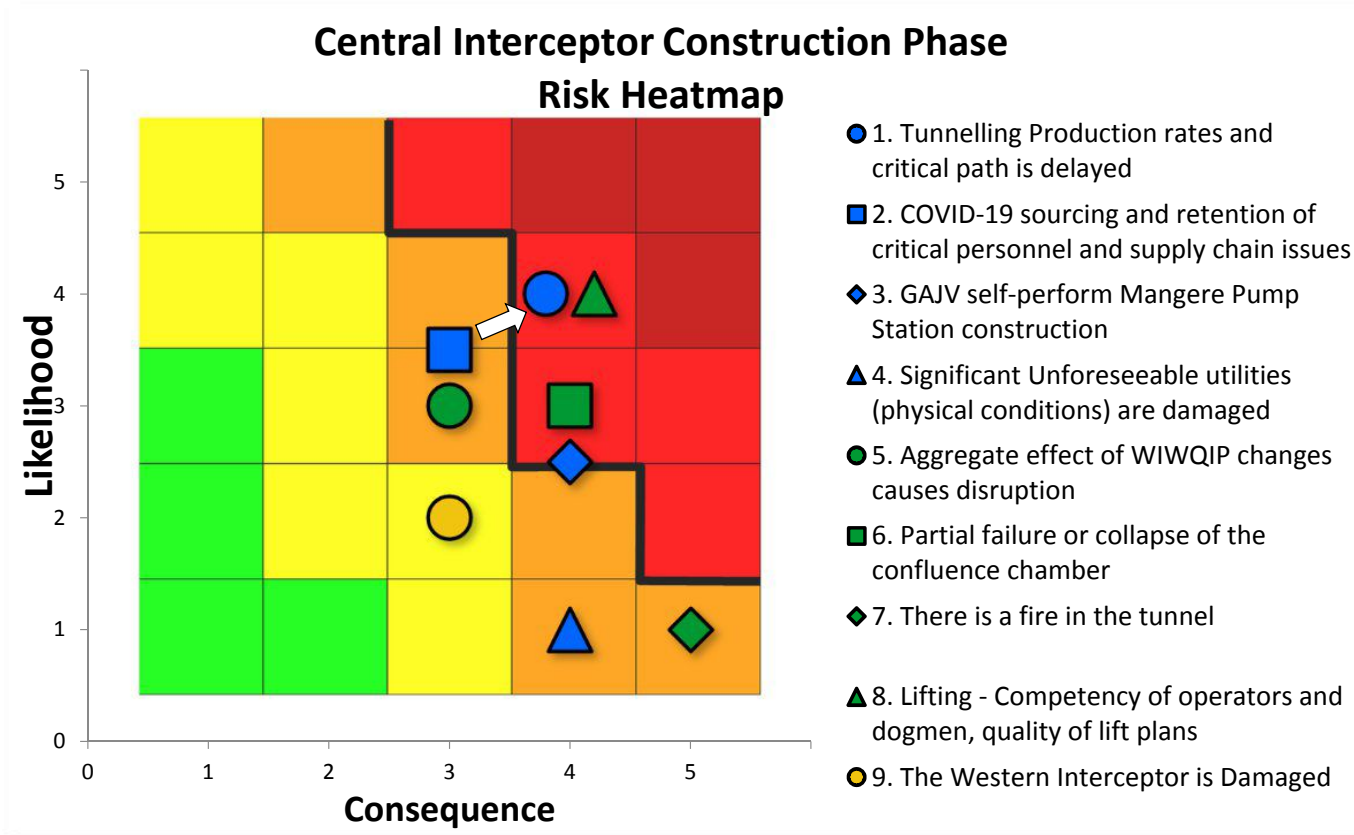
5.6 Financial Capital and Resources

- Financials associated with the project now included in the Financial Presentation.

6. Ngā tūraru matua / Key risks and mitigations

An additional risk has been added to the Risk Heatmap this month relating to the potential risk associated with the Western Interceptor settlement. The launch of the TBM at Māngere represents the highest risk period of potential damage to the Western Interceptor, with the tunnel passing underneath this existing pipeline. Contingency planning is underway to limit potential service disruption in the unlikely event of damage due to settlement. Additional settlement monitoring has also been instructed.

There have been no significant movements in any of the existing risks over the month, however sourcing and retention of key personnel is becoming more challenging and the associated risk is increasing in the coming months due to the construction market, both locally and internationally, coupled with the ongoing border and immigration restrictions..



Risk Description	Risk Reduction Actions
<p>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.</p>	<p>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.</p>
<p>COVID-19 sourcing and retention of critical personnel and supply chain issues Resourcing – sourcing and retention of critical staff is becoming more challenging. Now presents a critical risk to the project.</p>	<p>Engagement with GAJV for critical resourcing requirements from overseas. WSL can offer endorsements if necessary, to pass government requirements. GAJV have recruited a number of local resources for critical roles. Close monitoring of supply chain impacts due to COVID-19 including engagement with suppliers. Working with staff to endeavour to retain all key personnel.</p>
<p>GAJV self-perform Māngere Pump Station construction Contractor proposing to self-perform delivery of Māngere Pump Station works. Quality and/or commissioning issues arising from insufficient capability within contractor to successfully deliver works.</p>	<p>Approval process and in-depth review of contractor capabilities. Engagement of appropriate sub-consultants where required. The GAJV presented their delivery plan, but it had significant areas of concern. At this time, we have not approved and highlighted that any delays in delivery are, in our view, a result of the contractor's performance.</p>
<p>Significant utilities (unforeseeable physical conditions) are damaged Utilities not shown on drawings or with visible evidence on site. Inadequate investigations.</p>	<p>Ensure services investigations are undertaken by the contractor Review contractor method statements and risk assessments for utility location.</p>
<p>Aggregate effect of WIWQIP changes causes disruption Sum of WIWQIP changes impacts GAJV scheme procurement activities.</p>	<p>Change management process in place. Considering all viable options for delivery of WIWQIP work, and impact of timeframe for delivery of works without impacting CI performance.</p>
<p>There is a fire in the tunnel Construction with pre-installed liner, some incident e.g. electrical fire causes the lining to catch fire. Fire in the tunnel impedes evacuation and rescue operations.</p>	<p>Tunnel management controls around ignition sources. Electric locomotive to reduce flammable risk. Detection and suppression systems. PHMPs being agreed with Worksafe. Early contractor engagement with mines rescue. AME system – real-time personnel tracking. Limiting visitor and personnel access to essential only.</p>
<p>Partial failure or collapse of the confluence chamber A lack of understanding/underestimation/inaccurate assessment of the existing asset condition The contractor's methodology is unsuitable, or a deviation from the approved approach.</p>	<p>Provisional sum removes cost pressure for condition survey and investigation to provide the most appropriate solution. Work will proceed on least risk option. Shutdown works to be programmed for dry season/periods of low flow. Workshop between contractor, designers, and treatment plant to identify the most appropriate solution.</p>
<p>Lifting Suspended loads pose a risk of being dropped and causing injuries to staff.</p>	<p>Competent operators and dogmen, operating with high quality lift plans. Establishment of critical rules, with a specific rule to eliminate workers under suspended loads.</p>
<p>The Western Interceptor is Damage Ground settlement due to tunnelling in proximity to WI. Tunnelling process being established.</p>	<p>Close monitoring of tunnelling conditions. Increased ground settlement monitoring. Contingency planning to limit service disruptions.</p>

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Drought update

For discussion

Te pou whenua tuhinga / Document ownership

Prepared by

Anin Nama

Manager Improvement Programme Operations

Recommended by

Shane Morgan

Chief Operations Officer

Submitted by

Jon Lamonte

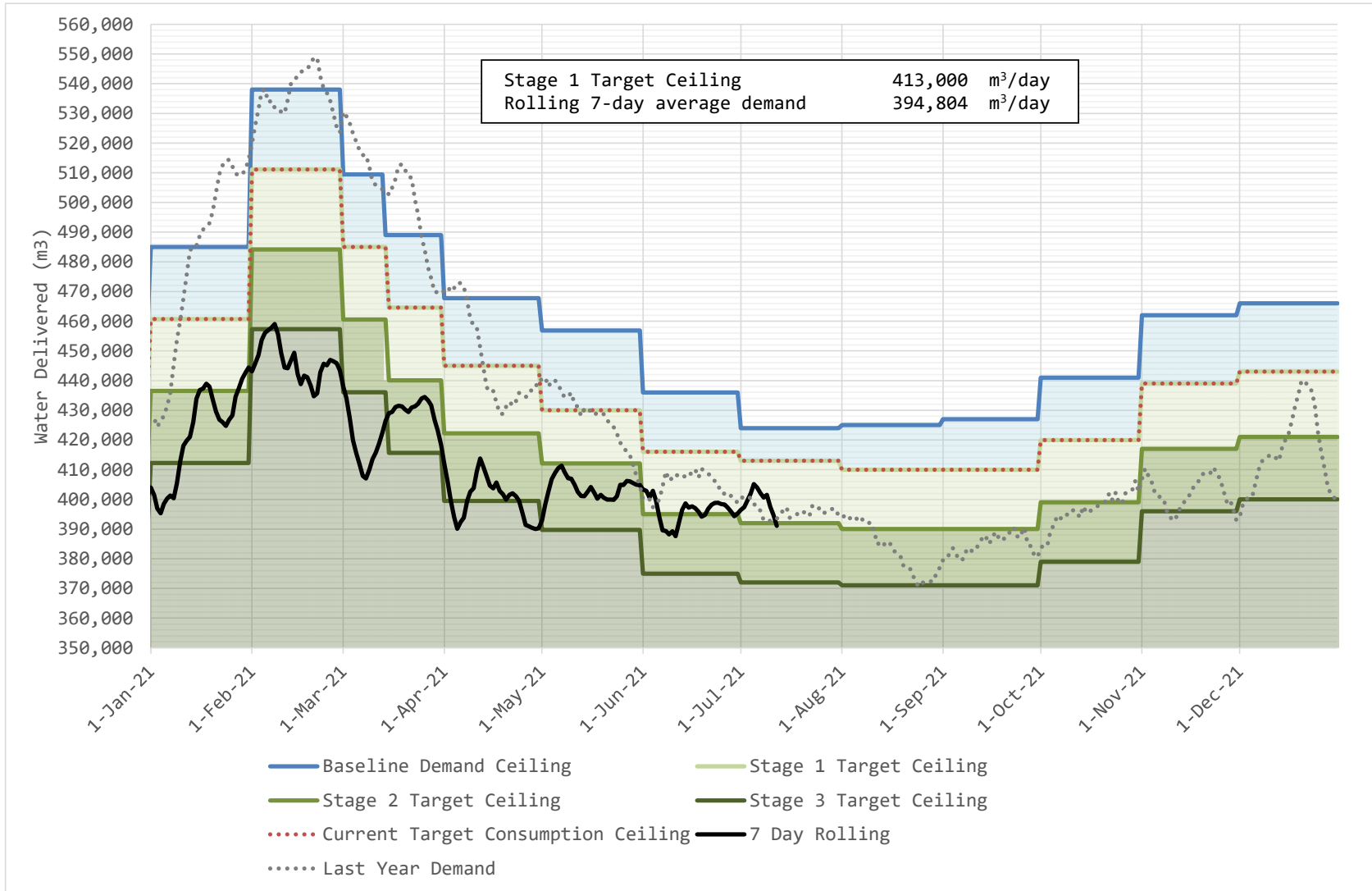
Chief Executive Officer

Take Matua / Key points

- Current demand of 402MLD remains below target ceiling of 413MLD for July
- Stage 1 restrictions remain in place
- Current system storage remains within expected target response envelope
- Road map being developed for the next phase of activities
- Water efficiency expo invites have been sent out. This event will be held on the 4 – 5 August 2021

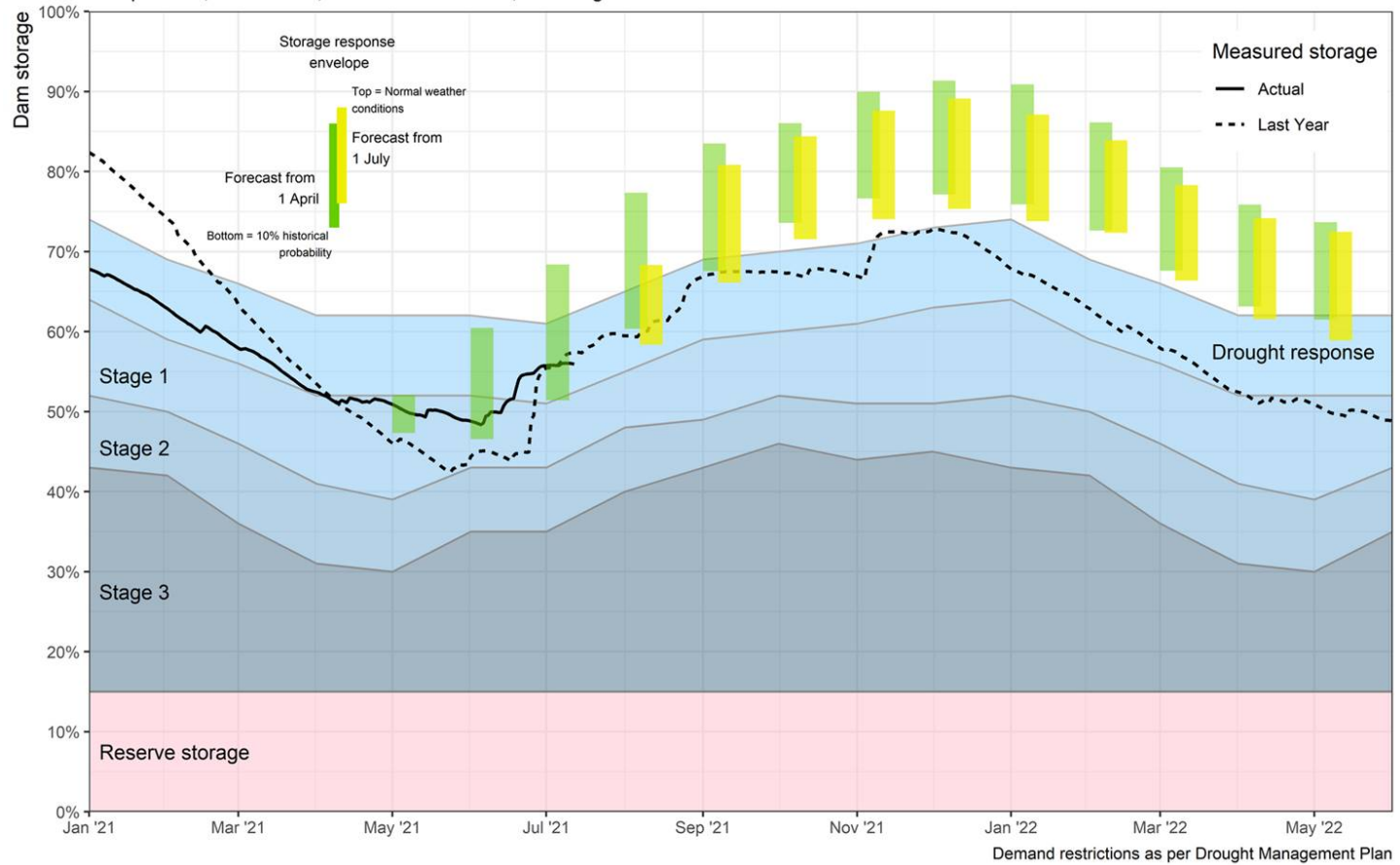
9.3

Auckland Metropolitan Total Water Demand – week ended Sunday 11 July



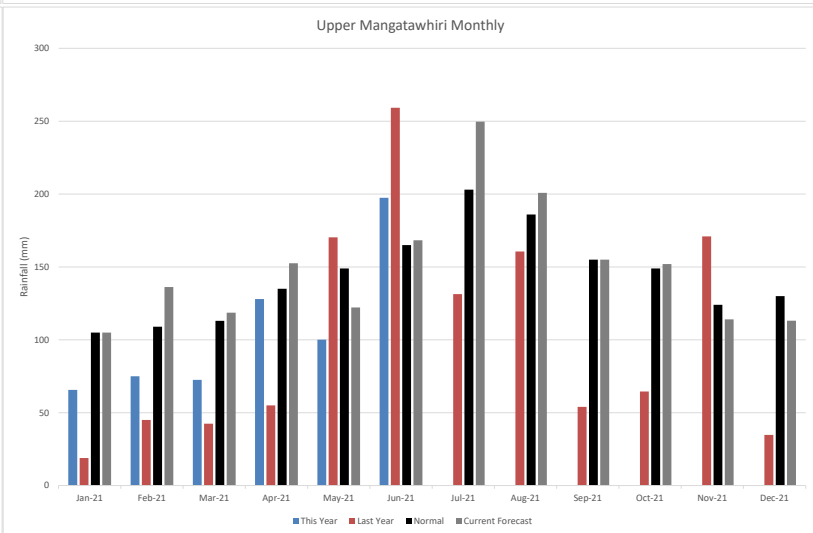
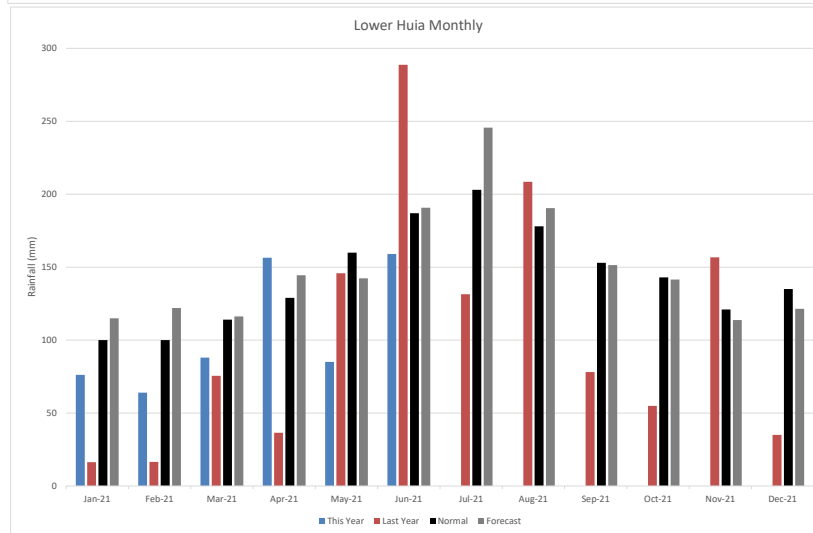
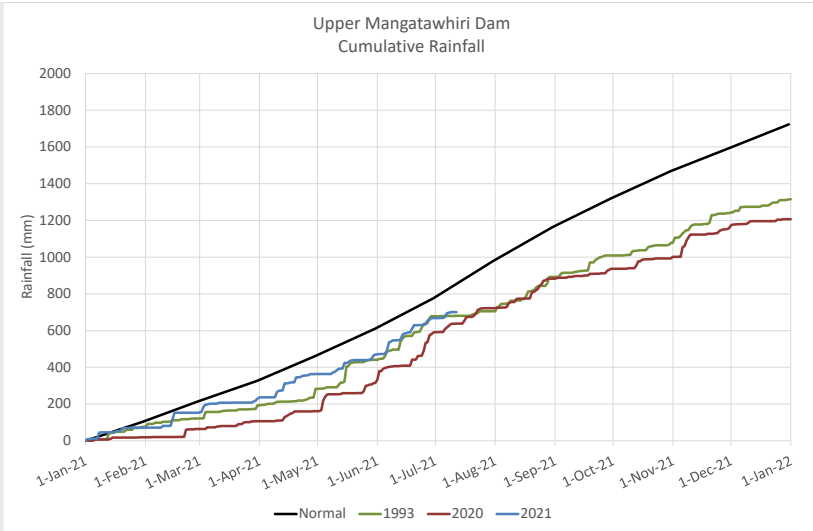
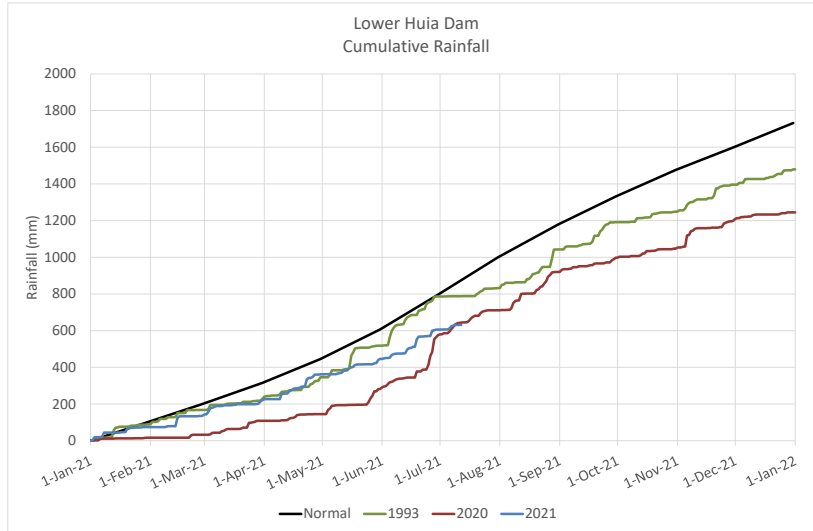
9.3

Auckland Metropolitan Storage Response Forecast from 1 April and 1 July
with planned, and to date, source interventions, including Waikato 50 with current allocation and consent limits



9.3

Rainfall Summary



9.3

AUGMENTATION STATUS UPDATE

Location	Pukekohe Bore	Hays Creek dam in Papakura	Waitākere Water Treatment Plant
On track			
Update	5MLD in service	Stage 1 = 5MLD in service Stage 2 = 12MLD Commissioning due by December 2021 The temporary 6 MLD Papakura WTP will be out of service during July 2021, following the commissioning of the Waikato 50 WTP. This is to allow the development of the new permanent 12 MLD Papakura WTP.	8MLD increase in service by September 2021. The supply of the filter floor assets, which are essential to restoring capacity at the Waitākere WTP, has been delayed due to supplier resourcing issues. Watercare is working constructively with the equipment supplier to ensure that there are no further delays.

Location	Waikato Water Treatment Plant (existing plant)	Ardmore Water Treatment Plant	Onehunga Water Treatment Plant
On track			
Action	Additional 25MLD in service	Low flow operation reconfigured to 80MLD – 250MLD	Stage 1: 22MLD completed Stage 2: additional 2MLD completed in May 2021, bringing the total source to 24MLD The Onehunga WTP is operating reliably at 23 MLD.

Location	Waikato 50
On track	
Action	Waikato 50 plant going into supply from 14 July 2021 Waikato No.1 water main boost pump station is back in service for Waikato 50 start-up this week. Waikato A plant tie-in to the Waikato number 1 water main successfully completed

NON-REVENUE WATER STATUS UPDATE

Activity	Creating Smaller District Metered Areas and Pressure Management
On track	
Action	<p>Target is to develop district meter areas with less than 10,000 connections for 65% of the city</p> <ul style="list-style-type: none"> • Stage 1 Waitākere – rezoned from 6 DMAs to 24 DMAs, 95% complete • Stage 2 Maungakiekie – rezoned from 1 DMAs to 4 DMAs, 95% complete

Activity	Leakage management
On track	
Action	<ul style="list-style-type: none"> • Increase ground surveying of leak detection to 6,000km a year • 5400 km (surveyed to date) • 4158 leaks found • 9.08MLD (saved to date) • 95% of leaks are responded to within KPI • Fixed all moderate to major leaks detected within 5 days

Activity	Meter Replacements
On track	
Action	<p>Improve accuracy of customer meters</p> <ul style="list-style-type: none"> • 30,000 domestic meters replaced YTD, target 30,000 • 1200 commercial customer smart meter loggers installed to date, target 2000 completed by August 2021

Activity	Non-Potable and reuse
On track	
Action	<ul style="list-style-type: none"> • Currently there are three non-potable sites in operational with a total of 160 commercial customers • Halls Farm site is now being extended to allow it to provide non-potable water for customers • The Lake Pupuke non-potable site is under review as the current site has constraints with access during busy traffic periods

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Resource recovery pathway for biosolids - overview and next steps

For discussion

Te pou whenua tuhinga / Document ownership

Prepared by

Rob Tinholt
Resource Recovery Manager

Recommended by

Shane Morgan
Chief Operations Officer

Submitted by

Jon Lamonte
Chief Executive Officer

1. Te tūhonga / Recommendation

We recommend that the Board notes the resource recovery pathway for biosolids presented and the actions underway and/or proposed.

2. Take matua / Key points

Watercare produces approximately 135,000 tonnes of biosolids per year (approximately 17 truck-trailers per day). Approximately 80% of our biosolids are produced at Māngere and are used beneficially for the Puketutu Island Rehabilitation Project (PIRP) with a finite remaining life. All other biosolids are sent as waste to commercial landfills such as Hampton Downs. Landfill servicing is compromised in the medium and long term due to cost, social acceptance, and environmental security, so they cannot be relied on for a long-term strategy.

Consequently, resource recovery is key to the future of biosolids management to:

- Ensure resilient and secure service for our biosolids resource
- Ensure best environmental, nutrient, and carbon value from our biosolids resource
- Ensure best economic outcome of our biosolids resource.

The resource recovery model is for beneficial use on land and soil as a fertiliser product, consistent with best practice in the UK, USA and Australia. The NZ example of note is New Plymouth's Bioboost product which is thermally dried biosolids and sold as a bagged product through local retail channels, as well as via the bulk supply chain. Full resource recovery for Watercare could take up to 10 years to achieve because of the large volumes of production and the time it will take to develop products and markets with an appropriate risk framework. In addition, there is iwi and community consultation and collaboration to work through.

The underlying principle for the resource recovery strategy for biosolids is based on growing reuse markets by starting with relatively small-scale high quality product propositions, moving over time to larger scale bulk products/markets. This allows Watercare to learn and respond to market demand, in tandem with market learning and responding to our product offerings. Importantly it ensures we develop an appropriate risk framework in partnership with iwi and stakeholders to ensure that cultural acceptance, social acceptance and environmental health are achieved.

3. Whāinga / Purpose and context

Increasing cost, secure acceptance by commercial landfills, increased demand for sustainable resource recovery and ultimately the completion of the PIRP mean Watercare must look at a full resource recovery paradigm for future biosolids management.

This paper highlights the projected resource recovery pathway for biosolids and presents the strategy and tools over the next 10 years and beyond to redirect away from wasting our biosolids in commercial landfills, and towards a future with secure, environmentally sound, and economically sustainable end markets.

Exclusion: It is recognised that incineration, conversion to biofuels, and conversion to biochar are potential options for biosolids management. However, these are not addressed in this paper because of the significant uncertainty in the regulatory environment and the significant technology constraints for these options, in particular in the NZ context. This paper focuses on biosolids reuse as a fertiliser and/or soil conditioning product.

4. Kōrero pitopito / The details

4.1 Biosolids Strategy

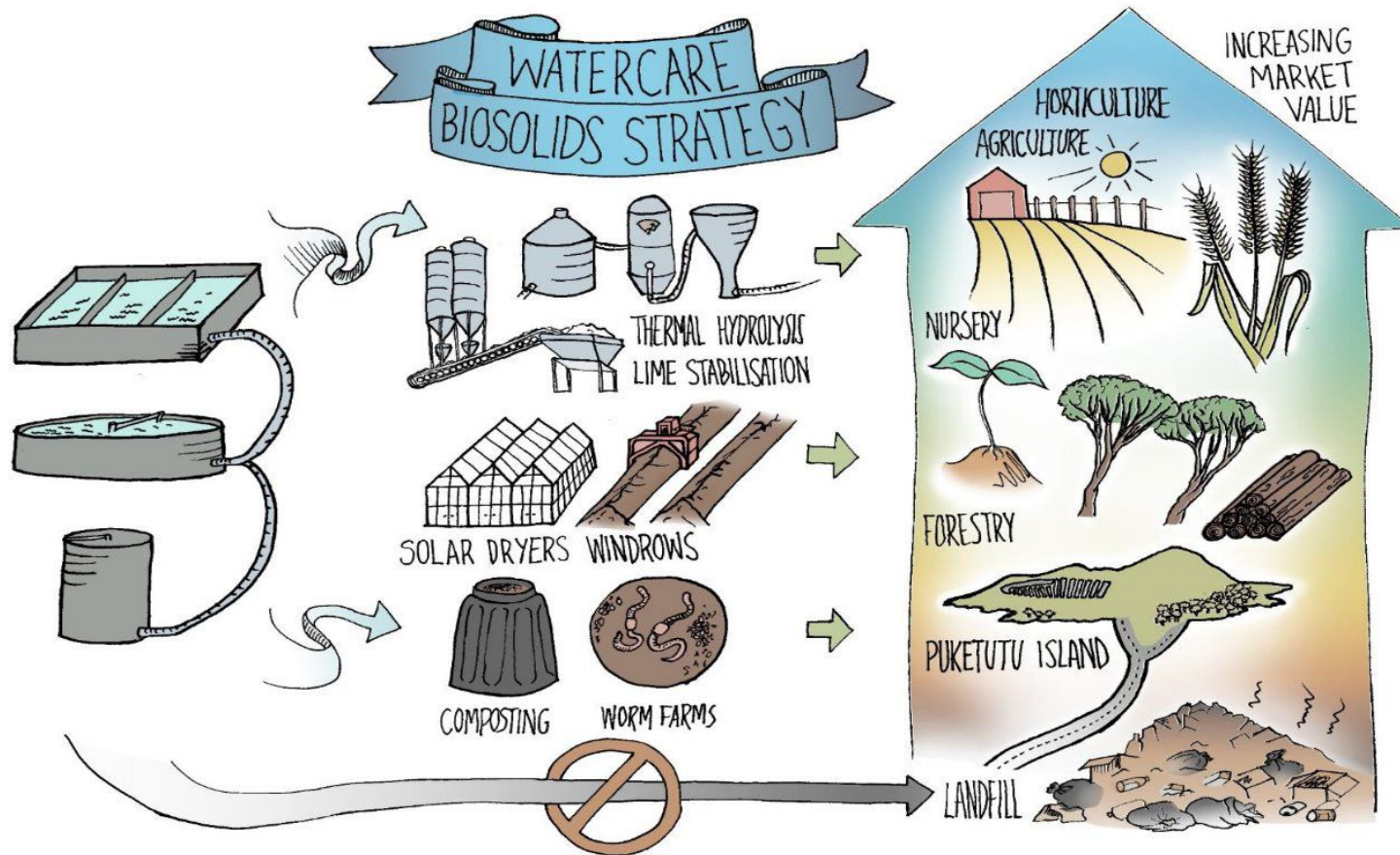
The objective of the biosolids strategy is to move to 100% resource recovery to achieve resilience for biosolids' end use.

Regulatory requirements for protecting human and environmental health can be addressed by processing technology (e.g. pasteurisation). The primary barrier for entry into resource recovery markets are social and cultural perceptions and these relate directly to product quality and visual real-world demonstration. The product quality characteristics that are most important for the social and cultural perception include odour and moisture (dampness).

The first principal of the strategy is that for biosolids to be a usable resource, we must create higher value products through either natural or mechanical processes. Natural processes typically take between 3 and 12 months and consequently require significant real estate (for example composting). These are more suited to smaller and more remote facilities. Mechanical processes are much quicker (minutes to hours) and are more capital intense, but only require a small footprint and can therefore be located at large facilities. These can also have additional benefits such as enhancing energy recovery.

The second principle of the biosolids strategy is to enter soil markets with targeted premium quality products to develop cultural and social understanding of the value for plant growth. These products are essentially odour free, pathogen free, easy to handle and relatively dry. Two examples are a nursery potting mix, and struvite – a phosphorus rich fertiliser product that looks and feels like beach sand. These products provide for demonstration of the soil value of the products in a staged way and facilitates a gradual transitioning over time to more diverse markets with bulk products.

The biosolids strategy is summarised in the graphic below.



4.2 Current Activities

4.2.1 Potting Mix

A range of potting mix blends have been trialled since September 2020 for growing native seedlings. Conventional potting mix typically consists of bark only, or bark with chemical fertiliser mixed in. The potting mixes Watercare has trialled use pasteurised biosolids as the fertiliser, and typically consist of 1 part biosolids to 4 parts bark. Bark is the foundation for all potting mixes because it is free draining while retaining moisture, and it also acts as a natural odour suppressant. The biosolids potting mixes look, feel and smell like conventional potting mixes. The potting mix will:

- Provide potting mix for Watercare's own nursery
- Provide an opportunity for potting mix for community nurseries
- Develop into a retail product for commercial bulk supply and as a bagged product for residential use

The potting mix product is expected to provide the market for less than 1% of our biosolids production, but it provides a premium quality product that allows cultural and social understanding and acceptance of biosolids as a valuable fertiliser product.

4.2.2 Struvite (or Brushite)

Struvite is a clean sand-like crystal formed as a residual during conventional wastewater treatment processing. Watercare has successfully extracted 300m³ of struvite at Māngere. The product is a slow release fertiliser consisting of 12% phosphorus, 5% nitrogen and 10% magnesium. It has no odour, no pathogens, and is very dry. These characteristics make it an ideal fertiliser. Watercare has completed formal turf trials with an independent third party (NZ Turf Management Systems, NZTMS) for struvite with very successful results both in seed establishment (germination) and growth. To date significant demand has been signalled by the turf industry and Auckland Council. Auckland Council interests are primarily sports fields, parks and planting programmes.

Of particular note Watercare has been approached by NZTMS to provide struvite for the new turf at the Yarrow International Rugby Stadium being constructed in New Plymouth, as well as fields at Mt Smart Stadium, and greens fertiliser at the exclusive Tara Iti Golf Club near Mangawhai. Each of these facilities showcases environmental sustainability initiatives and the locally recoverable nature of the phosphorus in our struvite product addresses this in a powerful way.

(Note: Brushite is a phosphorus crystal very similar to struvite in terms of fertiliser value. It may be an alternative or parallel product Watercare produces in the medium-long term through the Re-Imagine Māngere programme).

4.2.3 Nursery

A nursery with 10,000 plants has been established at the Māngere Resource Recovery Facility. The nursery has been established to:

- Showcase the nutrient value of biosolids, and show that we use our own product
- Trial potting mix blends to develop into a commercial product
- Showcase effluent reuse for irrigation water
- Supply our planting programmes with seedlings and supply our partners and stakeholders with seedlings

4.2.4 Brand

A brand concept has been developed and we are currently lodging a trademark registration for the word “emerge” with the Intellectual Property Office of NZ. The brand has been developed to be future facing with a focus on the pillars of trust and sustainability. The “emerge” brand word was developed over a series of internal workshops in which we explored identity, purpose, product, market and storytelling. The logo imagery and wordmark has been developed by a Watercare staff member and is still in draft. It is envisaged that the brand has the potential to be used for Watercare’s soil range of products, but also to be expanded to broader resource recovery narratives such as energy reuse and water reuse.



4.2.5 Technology

The Resource Recovery, Technical Innovation, Infrastructure Planning team, and Sustainability teams are actively working together to ensure processing needs and opportunities are identified. In particular ongoing assessment for the significant opportunity for thermal hydrolysis to provide the most sustainable and reliable solutions for Rosedale and Māngere because it provides a drier pathogen free pasteurised product. In addition, the carbon footprint of biosolids is not well understood internationally and Watercare is actively contributing in this space. Finally worm farms (vermicomposting) and other treatment options will continue to be developed and trialled.

4.2.6 Worm Farms

Worm farms in Kawerau and Tokoroa have proven to be successful for local biosolids and may be successful for Watercare's smaller facilities with available real estate. Key components are suitable land, odour buffers and good quality high carbon mixing material (for example paper and wood pulp by-products). Watercare has successfully trialled micro-scale processing (1 cubic metre) and will expand this to larger scale trials.

5. Ngā ūpoko / The capitals



5.1 Natural Environment

Biosolids resource recovery is by definition resource efficiency, reuse of resources and the circular economy. It enhances the natural environment by providing local renewable forms of nitrogen and phosphorus for soil nutrients. New Zealand has a robust risk framework to manage the safe application of biosolids to land to ensure public health and environmental health are protected. Land application of biosolids results in carbon sequestration into the soil. This results in essentially carbon neutral outcomes contrasted to the significant carbon emissions resulting from municipal landfills (which have gas collection) and Puketutu (which does not have gas collection).



5.2 People and Culture

Biosolids resource recovery is the 'right thing to do' for the environment and our resources and therefore not only supports our goal of being an employer of choice, but also builds customer trust and value. Additionally, it sits parallel with socialising water reuse.



5.3 Customer and Stakeholder Relationships

Biosolids resource recovery provides an opportunity for Watercare to develop products and brands that our residential and commercial customers can choose to buy and use. This provides significant opportunity for storytelling through brand. Biosolids resource recovery builds a narrative parallel to energy recovery and water reuse and provides an opportunity to build understanding and trust in safely challenging perceptions what we do and how we do it. Preliminary conversations have commenced with some local marae and iwi stakeholders regarding use of our products for use at iwi nurseries as well as for turf growing and planting programmes.



5.4 Asset and Infrastructure

Secure biosolids servicing through current means will become constrained over the next decade due to increasing landfill regulations and landfill levies, as well as the completion of the PIRP. Developing a safe, secure, environmentally and economically sustainable end market over the next 10 years is therefore necessary for resilience for our servicing.



5.5 Intellectual Capital

Key intellectual capitals from resource recovery include brand development, product, pricing strategy, and residential and commercial market entry.



5.6 Financial Capital and Resources

Creating valuable nutrient products not only eliminates increasing gate fee cost at both commercial landfills and the PIRP, it also has the opportunity to generate revenue through product sales through retail outlets and the bulk commercial market.

6. Ngā tūraru matua / Key risks and mitigations

Key risk	Mitigation
Product quality (eg pathogens, objectionable odour)	Regular product testing including fresh and aged product
Partnering failure	Communications and stakeholder plan
End of landfills and PIRP for biosolids end-fate	Must develop sustainable security of service by developing product value
Lack of iwi engagement	Ongoing engagement, listening and collaboration
Legislative challenges	Maintain overview / participation in legislative and technical guideline changes and developments

7. Ā muri ake nei / Next steps

- Progress pasture growing trials and real-world trials with struvite, and develop struvite extraction capability at Māngere
- Continue developing biosolids potting mix products in particular optimising nutrient ratios, odour, and moisture
- Continue and build on iwi engagement to explore concerns and opportunities
- Develop market entry points with trusted partners (e.g. Council, iwi etc)
- Develop brand and packaging and develop product / brand / markets
- Develop a 1 hectare resource recovery facility at Māngere including :
 - 100,000 plant nursery
 - Effluent reuse
 - Biosolids based potting mix
 - Solar power source
 - Vermicomposting trial facility
- Develop a communications and stakeholder plan.



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Iwi relationships

For discussion

Te pou whenua tuinga / Document ownership

Prepared & Recommended by

Richard Waiwai
Poutiaki, Tikanga Māori (Principal Advisor)

Submitted by

Jon Lamonte
Chief Executive Officer

1. Ngā Maunga Whakahī o Kaipara

Ko te pae tawhiti, whaia kia tata. Ko te pae tata, whakamaua kia tina.

General Background

Ngāti Whātua o Kaipara is the name that was agreed upon by the majority of hapū and whānau of the five marae of south Kaipara (Reweti, Haranui, Kākānui, Araparera and Puatahi) during the claim and settlement process. This is the primary area of interest that Ngā Maunga Whakahī o Kaipara works within. The term Ngāti Whātua o Kaipara is not traditional and was adopted during the claim period to avoid confusion between Ngāti Whātua in Orakei, Ngāti Whātua from Te Uri o Hau and Ngāti Whātua in south Kaipara.

Within the context of the Claims Settlement Act 2013, Ngāti Whātua o Kaipara means not only Ngāti Whātua but also Ngāti Whātua Tūturu, Te Tao Ū, Ngāti Rango (sometimes referred to as Ngāti Rongo), Ngāti Hine and Te Uri o Hau who exercised customary rights predominantly within the Ngāti Whātua o Kaipara area of interest.

The Ngāti Whātua o Kaipara Deed of Settlement is the final settlement of all historical Treaty of Waitangi claims of Ngāti Whātua o Kaipara resulting from acts or omissions by the Crown prior to 21 September 1992, and is made up of a package that includes:

- an agreed historical account and Crown acknowledgements, which form the basis for a Crown Apology to Ngāti Whātua o Kaipara;
- cultural redress; and
- financial and commercial redress.

Kaipara Harbour

The Deed does not provide for cultural redress in relation to Kaipara Harbour, as that is to be developed in negotiations with the Crown that will include Ngāti Whātua o Kaipara at a future date.

Chair Dame Naida Glavish

MWMK forum Chair Tame Te Rangī

- **Commercial Subsidiaries**

Ngā Maunga Whakahī o Kaipara Whenua hoko holdings LTD – manages the commercial real estate interests and opportunities of NMWoK

NMWoK engagement with Watercare

- Wellsford, Warkworth & Snells Algies WWTP
- Central Interceptor project
- Northern Interceptor
- St Mary's Bay
- Westhaven pump station

2. Ngāti Whātua Ōrākei

Ko Māhuhu ki te rangi te waka

Ko Maungakiekie te maunga

Ko Waitematā te moana

Ko Tuperiri te tangata

Ko Ngā Oho, ko Te Taoū, ko Te Uringutu ngā hapū

Ko Ngāti Whātua te Iwi

General Background

Ngāti Whātua Ōrākei are one of the hapū (sub-tribe) from the wider Ngāti Whātua iwi (tribe). They have approximately 5,000 hapū members throughout Aotearoa (New Zealand) and around the world. Located in and around the Tāmaki isthmus, in the largest city in Aotearoa, they hold firm to their history, culture, identity and language.

Occupation of Ngāti Whātua in Tāmaki Makaurau began in the 17th Century under the leadership of their rangatira (chief) Tuperiri. As such, every member of Ngāti Whātua Ōrākei can trace their whakapapa (genealogy) to Tuperiri and are descended from the 3 hapū (sub-tribes): Te Taoū, Ngā Oho and Te Uringutu, collectively referred to as Ngāti Whātua Ōrākei. Today, the collective affairs of the sub-tribe are looked after by the Ngāti Whātua Ōrākei Trust.

Chair Marama Royal

Deputy Chair Ngarimu Blair

Ngāti Whātua Ōrākei have a governance board of nine.

- **Whai Rawa** – property development and investment company, responsible for growing Ōrākei asset base.
- **Whai Maia** – responsible for portfolios including environment, education, health and wellbeing, sporting, and cultural activities
- Independent directors
- **Ōrākei Marae**, located above Okahu bay, Takaparawhau (Bastion Point) where the marae is based.

Ngāti Whātua Ōrākei engagement with Watercare

- Westhaven Pump Station
- Various Central Interceptor Project consents
- Glendowie Branch Sewer Upgrade
- Tāmaki yacht club watermain
- Mount Roskill shovel ready

Website: <http://ngatiwhatuaorakei.com/>



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CCO Review Recommendations

For discussion

Te pou whenua tuhinga / Document ownership

Prepared and recommended by

Rob Fisher
Acting Chief Officer Support Services

Submitted by

Jon Lamonte
Chief Executive Officer

1. Te tūhanga / Recommendation

We recommend that the Board notes this report.

2. Take matua / Key points

Reporting bi-monthly to provide an update on progress implementing CCO review recommendations.

3. Ngā tuhinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
Reporting bi-monthly	CCO Review Recommendations	Update on progress implementing CCO review recommendations

4. Whāinga / Purpose and context

- Continuing to engage with the CCO Monitoring Group to progress and participate on recommendations as their scope and timeframes are confirmed.
- Status updates are provided by exception, where notable progress has been achieved or where progress is slower than expected.

5. Kōrero pitopito / The details

Recommendations that can be actioned now are:

2 of 24 are specific to Watercare.

- **The Council formulates a three waters strategy (R-15).** Watercare’s contribution to the ‘meeting future water needs’ workstream (one of 5 in total) was completed and approved in April 2021. Council are continuing to focus on integrating te mauri o te wai principles to gain a deeper engagement with Mana Whenua. The Water Sensitive Cities benchmark is also under review to ensure that it includes a cultural context for Tāmaki Makaurau. Watercare are now progressing two key components to support the strategic direction: smart meter rollout and an economic level of leakage calculation with PWC.
- **Watercare (and AT) submit their AMPs and detailed supporting information (R-16).** Completed and approved by the Board. The AMP has been published on the Watercare website with media releases and interviews undertaken.

Non-Watercare specific.

- **Council reviews the way it requires CCOs to monitor and report on risks and risk mitigation measures (R-19).** The risk related recommendations (R-19, R-24, R-47) have been combined, with a summary presented to the CCO CE group in June 2021. It was proposed to focus on three core areas: undertake a review of all current risk reporting; to assess the opportunities for an online reporting platform (Enterprise Risks); and to investigate ways to improve the future reporting of climate change related risks. A group risk workstream with representatives from all the CCOs has been established, work has commenced.
- **The Council establishes a small team to draw up detailed, implementable strategies that give CCOs more strategic direction, starting with strategies on water, economic development and stadiums (R-20).** A strategy team with representation from all CCOs has been established to identify key strategic gaps, agree recommendations and the process for prioritisation.
- **Council establishes a strategic planning process in which CCO boards and the governing body hold workshops to discuss CCO work programmes and priorities, with the results fed into each CCOs letter of expectation and statement of intent, as well as into the annual budgeting and planning processes (R-21).** Being managed in conjunction with R-20 (above).
- **The Council prepares a letter of expectation setting out its expectations of each CCO and of CCOs generally (R-22).** The council Letter of Expectation has been approved by the CCO Oversight Committee and issued as final. No further action.
- **CCOs’ first and third quarterly reports concentrate more on any emerging risks or any developments that may require CCOs to adjust their priorities (R-24).** Progressing this recommendation will be part of the current risk reporting review outlined in R-19.
- **The governing body spends half a day each year visiting each CCO to better understand its business and culture and to informally build relationships (R-27).** Working with the council Governance team to confirm attendees and agenda for a visit by the governing body on 10 August 2021. Likely attendees include Deputy Mayor, Councillor Dalton (Chair and Deputy Chair of the CCO Oversight Committee) and Councillor Cooper. Māngere Wastewater Treatment Plant is the proposed location.

- **The Council rewrites its governance manual, so the focus is squarely on its expectations of CCOs, removing policies to a separate document and requiring incoming directors and senior managers to read the manual (R-29).** Following completion of the Letter of Expectation (R-22), an associated resolution has been passed confirming that a governance manual is no longer required.
- **The Council updates and clarifies its no surprises policy (R-31).** Scheduled to commence in August, to align with R-32 (as below).
- **The Council draws up a protocol governing information requests between the Governing Body and CCOs (R-32).** As part of the Code of Conduct for elected members, the Council Governing Body approved a policy and protocol in May 2021. A protocol for information requests between the Governing Body and CCOs is in progress, to align with R-31 (no surprises).
- **CCOs and local boards reset how they engage with one another (R-34).** Twenty-one Local Board workshops with CCO and management attendance are scheduled to be completed by July 2021. A draft report of findings will be presented by council Local Board Services at all Local Board business meetings. Once approved, engagement plans to be jointly signed by CCO CEs and Local Board Chairs. Target September completion.
- **CCO boards have a more ethnically diverse membership and include more individuals with relevant subject matter expertise and public sector experience (R-43).** A requirement has been included in board appointment criteria, no further action.

Recommendations that require CCOs and Council to work together:

2 of 18 are specific to Watercare.

Pending

- **Resolve consent processing delays (R-17) and clear measurable minimum performance levels when reviewing consent applications and formal mechanism for objections (R-18).** No change to proposed recommendations, delivery will be managed within the council Regulatory Services Excellence Portfolio. Expecting scope, resourcing and governance will be in place by the end of August.

Non-Watercare specific.

- **CCOs use a template for their Māori responsiveness plans and collaborate with one another and seek input from Māori entities during the drafting process (R-37).** Completed Māori Outcomes plan, in alignment with outcomes framework.
- **The Council and CCOs review the quality of the service their call centres provide, including by ensuring an up-to-date, group-wide phone directory is on hand containing job descriptions and contact details of all staff (R-41).** Continuing, the Digital team are working with council IT and have established an automated weekly process to transfer all Watercare employee contact information. Capability is in place to receive council and CCO contact information in return, pending confirmation of availability from council.
- **CCOs appoint a lead agency when working jointly on projects (R-45).** Recommendations have been presented to the CCO CE group. Has been proposed that CCOs remain responsible for delivery and where a 'lead agency' is assigned, will assume the role of ensuring alignment and joint Local Board and community engagement. The working group will report back on additional areas where a lead agency role would be of benefit, options to share a forward works programme and provide further scoping on the lead agency role following consultation with CCO teams.

- **CCOs report regularly on the nature of the complaints they receive and how long they take to resolve them (R-54).** Following a working group review of CCO reporting, the measure of a 10-day SLA (notification to closure) has been recommended, noting the exception of Auckland Transport which will remain as 20 working days. Agreed that CCOs will continue to reflect the nature and types of complaints received. No further action.
- **CCOs' statements of intent contain a key performance indicator on complaint-handling (R-55).** The Statement of Intent includes a KPI stating that the percentage of customer complaints resolved within 10 days of notification is equal or greater than 95%. No further action.
- **Council updates its brand guidelines to ensure clear and consistent use (R-57).** Updated brand guidelines will be reported to the CCO CE group before submission to the CCO Oversight Committee for approval in August 2021.
- **CCOs follow the Council's quality advice standards and encourage staff to participate in its quality advice training (R-59).** Continuing to engage with Council to develop workshop content, with discussion to extend to CCO Governance and Financial Planning teams. Planned timeframes pushed to October 2021.
- **The Council and CCOs work together to draw up group policies on shared services, the development of leadership talent and remuneration (R-61).**
 - o **Remuneration.** The Group Remuneration Policy has now passed its final approval with the Governing Body.
 - o **Shared Services.** Workshops are ongoing to support feasibility assessment to identify initial service areas to analyse.
- **Shared services have formal supplier/purchaser agreements, with agreed service levels (R-62).** This doesn't apply to Watercare and Auckland Transport, only CCOs who currently receive shared services from Council.

Recommendations that require further work.

Non-Watercare specific.

- **The Council and CCOs explore options to give ratepayers a more effective voice in what happens in Auckland and also how, short of court proceedings, to challenge CCO or council decisions (R-56).** Watercare currently use an independent commissioner for objections to IGCs and access to private property under section 181 Local Government Act. Council have indicated that this recommendation will be scoped at a later stage.
- **The Council makes compliance with the procurement policy mandatory on all CCOs to reduce costs and minimise duplication (R-64).** The updated Procurement Policy has been approved by the Finance and Performance Committee. A group source policy guidance document has been drafted and will be approved by the CCO CFO' in Septembers.

6. Ngā ūpoko / The capitals



6.1 Natural Environment including Climate Change

Not relevant in this instance.



6.2 People and Culture

We are gaining further appreciation and insight into how our wider colleagues operate.



6.3 Customer and Stakeholder Relationships, including Māori Outcomes

We are continuing to build and enhance our relationships with other CCOs and Council, and are working together to address CCO Review recommendations to conclusion.



6.4 Asset and Infrastructure

Not relevant in this instance.



6.5 Intellectual Capital

Organisational capability is enhanced and is improving as a result of our regular dialogue and interaction with the CCO Monitoring Group.



6.6 Financial Capital and Resources

Not relevant in this instance

9.6

7. Ngā tūraru matua / Key risks and mitigations

Key risk	Mitigation
We are not able to progress recommendations without the coordination of the CCO Monitoring Group.	Continuing close collaboration with CCOs and CCO Monitoring Group. Will continue to monitor.

8. Ā muri ake nei / Next steps

All recommendations are proceeding on their own timeline and we remain in regular contact with CCO Monitoring to progress and action CCO Review recommendations.



Board meeting | 29 July 2021
Public session

Statement of Expectations update

For discussion

Te pou whenua tuhinga / Document ownership

Prepared and recommended by

Rob Fisher
Acting Chief Officer Support Services

Submitted by

Jon Lamonte
Chief Executive Officer

1. Te tūhunga / Recommendation

We recommend that the Board notes this report.

2. Take matua / Key points

The Board at its meeting of 29 April 2021 raised three areas of concern with the then draft Statement of Expectations (SOE). These concerns were addressed in the final draft of the SOE approved by the Council Controlled Organisation Oversight Committee on 22 June 2021. A copy of the SOE is attached as Attachment 1.

The Council Controlled Organisation Oversight Committee also resolved that the CCO Governance Manual is no longer required.

3. Ngā tuhinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
29 April 2021	Auckland Council: Statement of Expectations of substantive council-controlled organisations 2021	The Board had a number of concerns as addressed below in 'Kōrero pitopito / The details'.

4. Whāinga / Purpose and context

The Local Government Act 2002 (the Act) allows for Council to issue an SOE, this was a relatively new power inserted into the Act in 2019.

The CCO Review Panel recommended to Council that it use the SOE as part of a suite of accountability tools through which Council provides direction to CCOs. The SOE is the 'how' document, whereas the Accountability Policy is focussed at a high level on what CCOs must do.

The SOE drew on three sources. The first being elements transferred from the Accountability Policy; the second, existing group policies; the third, the CCO Governance Manual which the CCO Oversight Committee decided was no longer needed with the SOE in place.

The SOE is a 'living' document. It is not part of the Long-Term Plan and so it can be amended by the CCO Oversight Committee. It is likely recommendations from the CCO Review Panel will be incorporated once the actions arising are completed.

CCO Monitoring took on board most of the points made by Management of CCOs. The overriding feedback from CCOs was to ensure that the SOE adequately reflected that it was not just Council's expectations of CCOs, but also that Council has critical responsibilities itself, particularly in being clear about its strategies and ensuring it has adequate capacity and capability to work with the CCOs.

Auckland Transport and Watercare requested that their independent roles be recognised.

5. Kōrero pitopito / The details

The three concerns of the Board and the manner in which these have been addressed are:

- 5.1 Although there is reference to statutory obligations generally for CCOs, they are very generic. There needs to be specific mention of the specific legislation Watercare is required to operate under. For example, section 57 of Local Government (Auckland Council) Act 2009. Our Statement of Intent sets out our legislative framework.

Response:

Para #10: It is acknowledged that the general statement of roles above is significantly influenced by legislatively defined roles that some CCOs have in decision making and strategy. This includes:

- *Watercare's responsibility as set out in Part 5 of the Local Government (Auckland Council) Act 2009 and in particular section 57.*
- *Auckland Transport's ...*

- 5.2 Although there is a reference to each CCO operating at arm's length from the Council (page 1), the Board want to see more detail around the Board's role, including holding management to account. The Chair asked for the Four Pillars of Governance Best Practice for New Zealand Directors to be included in the document. The four pillars are: 1) determining purpose; 2) an effective governance culture; 3) holding to account; and 4) effective compliance.

Response:

Para # 9: It also means that there needs to be a recognition of one essential aspect of the CCO model: that while CCOs are accountable to the Governing Body, they are nonetheless arm's length organisations with boards who are qualified and experienced to oversee and hold to account the management of their organisations and their operations. In undertaking these governance roles, board directors align themselves with the Four Pillars of Governance Best Practice for New Zealand Directors:

- **Determining purpose** and strategy for the organization
- **Delivering an effective governance culture**
- **Holding to account** through effective and independent oversight of management
- Ensuring **effective compliance** with statutory and other frameworks.

- 5.3 The Board discussed the content under the heading 'Operating as a group' on page 4 of the Statement of Expectation. There was a concern that it would not always be appropriate to have "one voice" when making submissions to central government on policy or legislative proposals. The recent issue at the Huia hearing was raised as an example. There will be situations where there is a conflict. Therefore, happy to work together (i.e. the general principles (set out at the first set of bullet points on page 4 under the heading 'Operating as a group')), but the second set of bullet points (at the end of page 4) are very prescriptive and will not work if there are times that Watercare needs to take its own view on something.

Response:

Para #23: The critical principle is that of working together to present the Auckland Council group as a coherent and unified entity. Where issues arise, these should be raised and addressed at the earliest possible opportunity between organisations, including between chief executives for important matters (such as at the regular CCO chief executives' forum).

6. Ngā ūpoko / The capitals



6.1 Natural Environment including Climate Change

Not relevant in this instance. Climate change is dealt with in the Accountability Policy.



6.2 People and Culture

The CCO Monitoring and Watercare staff worked closely together to develop the SOE. The report to the CCO Oversight Committee described the process as "highly constructive on the part of the CCOs".



6.3 Customer and Stakeholder Relationships, including Māori Outcomes

The SOE reinforces the shared governance model of Auckland Council. Local Boards gave feedback on earlier drafts of the SOE.

The key expectations of CCOs in respect to Māori outcomes are contained in the Accountability Policy and not the SOE.



6.4 Asset and Infrastructure

Not relevant in this instance.



6.5 Intellectual Capital

Organisational capacity will be improved by having the SOE in place, amended to give effect to the concerns expressed by the Board.



6.6 Financial Capital and Resources

Not relevant in this instance.

9.7

7. Ngā tūraru matua / Key risks and mitigations

Key risk	Mitigation
The three concerns listed above under 'Kōrero pitopito/ The details'	There have been mitigated by the changes made to the SOE as requested by the Board

8. Ā muri ake nei / Next steps

Auckland Council is to update the SOE following completion of the CCO Review.

9. Ngā whakapiringa / Attachments

Attachment number	Description
1.	Draft Statement of Expectations



[Letterhead, formatting, design etc]

Auckland Council: Statement of Expectations of substantive Council-controlled organisations, July 2021

1. This Statement of Expectations is issued in accordance with section 64B of the Local Government Act 2002 and resolution CCO/XXXX/XX.
2. It is to be read in conjunction with the Auckland Council CCO Accountability Policy. The Accountability Policy is part of the Long-term Plan, and sets out *what* the role of CCOs in the Auckland Council group is and their high-level contribution to Council's objectives. The Statement of Expectations focusses on *how* CCOs should conduct their business and manage their relationships with Council and other stakeholders. Both documents have statutory status and work in complementary fashion, but cover different elements of accountability.
3. In particular, it is noted that common expectations of each CCO in respect of improving outcomes for Māori, health and safety, and climate change and reducing carbon emissions are contained in the Accountability Policy.

Section 1: Conduct of relationships

I. Relationship with Auckland Council, as the shareholder

4. Under the CCO model, each CCO:
 - operates at arm's length from the council
 - has an independent board that is accountable to the council for the CCO's performance
 - is a separate legal entity, with directors being responsible for overseeing the management of the business
 - must implement the objectives set by the council as its shareholder in its statement of intent (section 59, Local Government Act 2002 – "Principal objective of a council-controlled organisation").
5. In general, the role of the council is to set the strategic direction, plans and expectations for CCOs, and to hold them to account on behalf of Aucklanders. The Governing Body (or its committees, under delegation) is responsible for:
 - developing plans and strategies that CCOs must give effect to
 - appointing and removing directors (including chairs)
 - determining board member remuneration
 - commenting on the content of draft statements of intent, and approving final statements of intent
 - monitoring and assessing the performance of CCOs (including board performance)
 - taking decisions as shareholder (e.g. approving major transactions under the Companies Act or the council's Significance and Engagement Policy).
6. The role of a CCO is to deliver services for Aucklanders, and through this, to implement the direction set by the council as its shareholder. CCOs are expected to act in the best interests of

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Item 10

9.7

Attachment A

the council group for the benefit of all Aucklanders. The board of a CCO is accountable to the Governing Body of Auckland Council. The board employs a CCO's chief executive, who is accountable to the board. The board provides direction to the chief executive and staff of the CCO.

7. In performing these roles, it is important that both the council and the CCOs understand clearly the respective decision-making and supporting roles of different parties within the council group, reflecting that at times they may have differing interests, priorities, objectives and views. This includes:
 - the specific roles and obligations of Governing Body members (Mayor and ward councillors)
 - local boards
 - CCO Boards.
8. There is an obligation on Council to ensure it has sufficient capability and resource to work with the CCOs to ensure strategic direction is clear, and that the operational imperatives of the CCOs are taken account of – in other words, that strategies are deliverable and (where necessary) funded. A key recommendation of the 2020 CCO Review discussed the need for Council to build its capacity in this area. This need is being addressed currently, to ensure that both the strategy setting role is enhanced, but also that the ability to measure performance against outcomes and value for money delivered by CCOs is rigorous and can credibly work alongside the subject matter experts in the CCOs.
9. It also means that there needs to be a recognition of one essential aspect of the CCO model: that while CCOs are accountable to the Governing Body, they are nonetheless arm's length organisations with boards who are qualified and experienced to oversee and hold to account the management of their organisations and their operations. In undertaking these governance roles, board directors align themselves with the Four Pillars of Governance Best Practice for New Zealand Directors:
 - **Determining purpose** and strategy for the organization
 - Delivering **an effective governance culture**
 - **Holding to account** through effective and independent oversight of management
 - Ensuring **effective compliance** with statutory and other frameworks.
10. It is acknowledged that the general statement of roles above is significantly influenced by legislatively defined roles that some CCOs have in decision-making and strategy. This includes:
 - Watercare's responsibilities as set out in Part 5 of the Local Government (Auckland Council) Act 2009, and in particular section 57
 - Auckland Transport's role in strategies such as the Regional Land Transport Plan and preparing business cases for major projects funded by government, and powers described in part 4 of the Local Government (Auckland Council) Act 2009.

Furthermore, all CCOs have important strategy roles, though as the CCO Review discussed, such roles should be undertaken alongside and with Council's endorsement when the issues are material to the delivery of Council outcomes (for example, a parking strategy or a stadium and venues strategy).

11. Some of the key elements of how a CCO should undertake its role include:

- Demonstrating the principles of good governance, having a clear understanding of the council's priorities and objectives
- Have a strong awareness of the public service ethos, recognising the organisation's public ownership and the obligations this creates.
- Decision-making must reflect consideration of Māori interests and values. To support the council's commitment to achieving better outcomes with Māori, CCOs should establish enduring relationships with Māori based on respect and understanding.
- CCOs should deliver services efficiently and effectively in a way that displays prudent use of resources and assets, and provide value for money for Aucklanders.
- CCOs should make operational decisions that are aligned with the council's expectations and strategic directions.
- All members of the council group should work with each other to promote the council's vision, and build collaborative relationships built on communication and respect.
- All members of the council group should be transparent, and have an open and honest approach in working with each other and the community.

12. The council expects the board of each CCO to:

- act lawfully
- make decisions consistent with the CCO's constitution and Statement of Intent (SOI)
- comply with the CCO Accountability Policy
- follow the Board Appointment and Remuneration Policy for board members of council organisations.

Understanding and giving effect to Tāmaki Makaurau's shared governance

13. It is critical to understand the unique shared governance model under which Auckland Council has been established. In this model, both the Governing Body and local boards are responsible and democratically accountable for the decision making of Auckland Council. This shared governance structure is underpinned by the Local Government (Auckland Council) Act, but is further defined through the 'Allocation of Decision Making' table in council's Long-term Plan.
14. The Governing Body has, among other decision-making roles, decision-making in relation to the governance of the council's CCOs. Therefore, the substantive CCOs are directly accountable to Auckland Council through the Governing Body, and the board of each CCO has a direct governance relationship with the Governing Body.
15. In this regard, the substantive CCOs should:
- understand the role of the Governing Body
 - proactively build and maintain good relationships with members of the Governing Body, recognising that ward councillors, while having a regional responsibility, are elected from and responsive to their local constituency, and therefore:
 - actively engage with the relevant ward councillors on projects and issues within their ward
16. Local boards make decisions on local activities and services and they play an important role in representing local communities. Local Boards are not a 'stakeholder', but an integral part of the Council's governance system. As a general rule, local boards have decision-making responsibilities for local matters that do not have region-wide implications. The allocation table

provides guidance here, setting out a non-exhaustive list of which decision sit with local boards, and which with governing body.

17. The activities of CCOs are very important in local communities, and each CCO must ensure that it works effectively with local boards. Substantive CCOs will need to recognise local interests while ensuring that regional priorities and strategies are achieved. The substantive CCOs should:
- understand the role of local boards, both their role as local decision-makers and their responsibility to identify and communicate the views and preferences of the communities in its local board area
 - proactively build and maintain good relationships with each local board
18. There are likely to be cases where the local board is not the appropriate decision-maker, but in which decisions will nonetheless affect a local board's governance role, have a significant local impact (taking into account any mitigation measures), or require a CCO to undertake local or regional community consultation. In such cases, CCOs should consult with local boards genuinely and early in a way that allows local boards to influence such decisions. Clarity should be sought by a CCO about the appropriate decision-maker in cases where this may not be clear (or there is conflict about it).

Achieving outcomes for Aucklanders

19. CCOs are expected to contribute to achieving outcomes for Aucklanders. This is to be achieved by adhering to the following principles:
- Working together, both with Council and other CCOs, to align activities to achieve the outcomes set out in the Auckland Plan 2050.
 - Building and maintaining a culture of collaboration across the group to achieve the objectives and priorities of the council as set out in the Auckland Plan and its supporting strategies and plans.
 - Contribute to the development and/or refresh of group strategies and action plans intended to deliver on the Auckland Plan 2050.
 - Deliver key activities as prioritised through the Long-term Plan.

Operating as a group

20. CCOs are part of the Auckland Council group and are expected to operate in ways which contribute to the success of the group as a whole. A commitment to collaborative, proactive, joined-up engagement and communications applies not only to the CCOs but to Council in its roles also.
21. This is to be achieved by adhering to the following principles:
- Working together, both with Council and other CCOs, to align and achieve group strategies as set out in the Auckland Plan and prioritised through the Long-term Plan.
 - Building and maintaining a culture of collaboration across the council group, and operating on a 'no surprises' basis (see also below)
 - Open and transparent sharing of information where that is required to achieve outcomes.
 - Presenting a unified front across the council and CCOs on key issues facing Tāmaki Makaurau, including coordinating on communications
 - Implementing agreed group policies such as those on Treasury, Insurance and Procurement, and participating in the development of any further group policies.

- Participating proactively and constructively in efforts to achieve efficiencies and savings for the council group and make the most of its size and scale, including group procurement and the use of shared services.
 - Acknowledging the council's wider policy settings in its own operational decision-making and considering issues from the perspective of the council.
22. A key example of working as a group is in our engagement with central government. To assist the government to have a clear understanding of the outcomes we are seeking for Aucklanders, it is important that the council group speaks with one voice when making submissions to central government on policy or legislative proposals. In this regard it is important to note the following expectations:
- Auckland Council organisation leads the preparation of submissions on policy and legislative matters and proposals of importance to the council group.
 - Auckland Council organisation involves relevant CCOs in the development of these submissions to reflect the views of the council group. It is expected that council involves CCOs early to allow them to develop and seek authorization for their contributions to the council group submission.
 - CCOs do not make direct submissions to government which express policy views.
 - When council has decided not to submit on a matter, a CCO can develop submissions authorised by its board that are limited to feedback of a technical nature. In these cases, the CCO must have prior agreement from council's Auckland Plan Strategy & Research Department. It is expected that the CCO would work with relevant teams within council in developing its submission.
23. The critical principle is that of working together to present the Auckland Council group as a coherent and unified entity. Where issues arise, these should be raised and addressed at the earliest possible opportunity between organisations, including between chief executives for important matters (such as at the regular CCO chief executives forum).

The 'no surprises' principle

24. A specific piece of work to more clearly define principles and processes in relation to 'no surprises' (along with examples and to whom relevant information should be passed to) is part of the CCO Review implementation programme. It is intended that representatives of CCOs will be part of this work. Once this work has been completed, this section of the Statement of Expectations will be revised to align with it, along with possibly a specific annex to the SOE to provide detail.
25. The public expects a high standard of accountability and transparency from the council group. As the sole shareholder of each substantive CCO, the council is ultimately held accountable by the public for the activities of its CCOs. This is a key element of working as a group.
26. CCOs must ensure that elected members (via the Mayoral Office, Auckland Council Chief Executive, any assigned liaison councillor, and / or CCO Governance team, as appropriate) are kept informed well in advance of anything that could be potentially contentious, whether or not the issue is covered by the SOI or legislation. All CCOs should assess whether an issue is likely to attract public interest and ensure the mayor, councillors and/or local boards (as appropriate) are fully briefed. This will include an opportunity for the council to provide guidance on the issue prior to any decision being made or any release of information to the public.
27. Issues that should be raised with council include (but are not limited to):

- potential / actual conflicts of interests by directors
 - potential / actual litigation by or against a CCO, its directors or employees
 - fraudulent acts by a CCO's directors or employees
 - significant restructuring
 - large scale redundancies
 - industrial disputes
 - significant acquisitions, divestments, and transactions, whether in scale or the nature of the activities. This particularly applies to the acquisition of new entities or assets, especially where they would be likely to qualify as a strategic asset once part of the council portfolio.
 - the release of significant information under LGOIMA
 - significant consent applications
 - activities with international relations implications.
28. If in doubt, a CCO should contact CCO Governance to discuss the issue. They can help to determine the significance of and potential political interest in an issue. This may specifically include transactions which fall short of being a major transaction, but which may nonetheless be a significant change to the CCO's business (such as acquiring a new entity). In such cases an early discussion about the proposal with appropriate Council staff should be undertaken (such as governance or finance staff), prior to advice being given to the CCO Board and that Board making decisions which bind it into a course of action.
29. Auckland Council's Communications department has primary, but not exclusive, responsibility for maintaining a relationship with CCO communications staff. This is a two-way, no surprises relationship that is guided by the Auckland Council Group Communications Framework and Action Plan.
30. If a CCO becomes aware of any potential media coverage of activities (not limited to those listed above) that could attract critical comment, or on which the mayor, committee chairs, councillors or local board members may be asked to comment, they should advise the relevant council contacts.

Expectation to participate in strategy and policy development

31. Another key element of operating as a group is the expectation to participate fully in Council's long-term and annual planning processes, including providing accurate, timely and full advice and information where that is required for council decision-making.
32. Beyond these core planning processes, CCOs will also be involved in strategic and policy development processes relevant to them. This is a two-way commitment: for Council to ensure that CCOs are appropriately involved, and for CCOs to contribute as necessary.
33. This may include requests for workshops from time-to-time, whether annual governance workshops to discuss strategy and priorities for the CCO, or on specific topics on an ad-hoc basis.

Branding

34. In order to support public understanding that the Council group operates together, Council's branding guidelines are to be adhered to.

Public meetings and openness

35. Section 96 of the Local Government (Auckland Council) Act 2009 requires CCOs to provide for two public meetings per annum:
- one meeting is to be held before 30 June each year for the purpose of considering comments from shareholders on the CCO's draft SOI for the following financial year
 - the other meeting is to be held after 1 July each year for the purpose of considering the CCO's performance under its SOI in the previous financial year.
36. As a general principle however, Council expects CCOs to operate as openly as possible. In a similar way to which Council Committees are presumptively open to the public, CCOs should only undertake items in confidence where the requirements of the Local Government Official Information and Meetings Act 1987 are met.
37. The general meeting guidelines for CCO boards are as follows.
- all CCO board meetings are to be publicly advertised. Agendas, open reports and minutes are to be published on the CCO's website.
 - confidential agenda reports will note reasons for confidentiality which should mirror the reasons set out in the Local Government Official Information and Meetings Act 1987 (LGOIMA).
 - CCOs are encouraged to proactively release board reports once the reason for confidentiality has expired.

II. Relationships with communities and specified stakeholders

38. The broad principles of relationships and engagement for council with communities and stakeholders are set out in section 14 of the Local Government Act 2002. Council's expectation is that these principles are also adhered to by its CCOs.
39. Accountability to communities is managed through the various accountability mechanisms to Council (both Governing Body and Local Boards). When consulting on significant projects, Council's expectation is that local boards will play a critical role in identifying and communicating community views and preferences.
40. Council expects that CCOs will continue to improve their responsiveness to the community, and in particular community concerns and complaints. Putting in place a measure to demonstrate how such responsiveness is improving over time will be a critical step.

III. Relationships with iwi, hapū, and other Māori organisations

41. The Accountability Policy sets out the key elements of expectations for CCOs in respect of improving outcomes for Māori. This includes ensuring that the principles of te Tiriti o Waitangi are applied consistently in their activities and decision-making.
42. This adds to legislative provisions such as that in s60A of the Local Government Act 2002 which requires that before making decisions that significantly affect land or water, CCOs need to take into account the relationship of Māori with their ancestral land, water, sites, wāhi tapu and other taonga. The expectations which Council has of CCOs in respect of maintaining relationships with Māori organisations are however considerably wider than this.

43. In the first instance, Council expects that CCOs will maintain and build relationships at governance and management level with the Independent Māori Statutory Board.
44. In addition, there is a general expectation, consistent with the Treaty principle above, of engagement with mana whenua and mataawaka in Tāmaki Makaurau.
45. The exact mechanisms for building these relationships and engaging at governance and operational levels are currently being worked through as part of the CCO Review Implementation Programme (in particular recommendation 35, but also 36-40). A future iteration of the Statement of Expectations will provide more detail in this regard.

Section 2: Shareholder obligations with which CCOs must act consistently

I. Statutory obligations

46. CCOs must be aware of and ensure that they comply with all relevant legislative requirements, at all times. In this regard, CCOs should be particular aware of:
 - the Local Government Act 2002 (relevant obligations include: Long-term Plan, shareholder objectives, being a good employer, social and environmental responsibility and community interests, sound business practice, and accountability)
 - the Local Government (Auckland Council) Act 2009 (relevant obligations include: the Auckland (“spatial”) Plan (s79) and additional accountability requirements specific to Auckland Council’s CCOs).
 - The Local Government Official Information and Meetings Act 1987. Council expects that CCOs will comply Parts 1-6 of this Act, and with group protocols on managing responses under it, ensuring that Council can meet requirements of this legislation.
47. Additional legislation which contain obligations includes (but is not limited to, especially in respect of individual CCO activities such as water or transport):
 - the Companies Act 1993
 - the Income Tax Act 2007
 - the Goods and Services Act 1985
 - the Health and Safety at Work Act 2015
 - the Employment Relations Act 2000
 - the Privacy Act 2020
 - the Copyright Act 1994
 - the Human Rights Act 1993
 - the Local Government Official Information and Meetings Act 1987
 - the Protected Disclosures Act 2000
 - the Waitakere Ranges Heritage Area Act 2008.

II. Obligations arising from agreements Auckland Council has with third parties

48. From time-to-time, Auckland Council may enter or be required to enter agreements and arrangements with parties outside the Auckland Council group. Where those agreements affect and are relevant to the work of a CCO, Council will expect that CCOs will help Council deliver on its commitments with those third parties. This is consistent with the principle of taking a group approach in conducting relationships. CCOs can expect that Council will seek input and

collaborate with CCOs before entering agreements with third parties which may affect the business of CCOs.

49. Nonetheless, it is recognised that these commitments may sometimes create additional responsibilities for CCOs, or have unintended consequences for elements of a CCO's strategic and operational programmes. In such cases a CCO should discuss this at the earliest possible opportunity with Council with a view to reaching agreement on the specific role the CCO should play in regards to the third party. This agreement may in some cases require a formal agreement to be negotiated.
50. Current examples of third parties with which Council may have agreements affecting CCOs include (but are not limited to):
- Tupuna Maunga Authority o Tamaki Makaurau
 - Haumaru Housing
 - Auckland War Memorial Museum, Museum of Transport and Technology
 - Eden Park Trust Board.
51. CCOs should actively seek clarity from Council where it is not clear which obligations apply to them under this section.

Section 3: Other expectations

52. This section provides a range of more general expectations which Council has of its CCOs. The Local Government Act s64B provides for a general ability to specify such shareholder expectations, including those in relation to community engagement and collaboration to deliver services.

Delivering on Kia Ora Tāmaki Makaurau/Maori Responsiveness Framework

53. Key expectations in this regard are contained in the Accountability Policy. Once the revised Kia Ora Tāmaki Makaurau Framework is approved and begins to be implemented, additional expectations may be added to the Statement of Expectations reflecting it.

Climate change

54. Council's expectations in respect of climate change outcomes are contained in the Accountability Policy.
55. Council has a strong expectation that CCOs will build Te Tāruke-ā-Tāwhiri into their policy and strategy processes, so that climate change outcomes are not so much a separate category of goals, but an overlay or lens that is built into decision-making and behaviour. How this is achieved is for CCO Boards and executives to determine, but given the importance and urgency of climate action, close communication with Council about how this is being undertaken over time is crucial. It should be clearly evident through the work programmes in the Statements of Intent how each CCO is addressing the climate challenge at a practical level.

Strategy development

56. In general terms, Council leads the commissioning of strategies for Auckland and the Auckland Council group, unless a CCO is explicitly delegated this activity by the Governing Body. Where a CCO identifies a strategy or policy gap, the CCO should talk to council staff in the first instance to seek an agreed approach. Council staff, in collaboration with relevant CCOs and other interested parties, assess the need for a strategy, and if a strategy is required, council staff and CCO jointly

seek council committee agreement to proceed in the strategy development and to agree strategy lead.

57. At the completion of the commissioning process the council and CCOs should have a clear understanding of the issue to be addressed; what council's involvement in this issue should be; which department will lead the work; how the CCO (and other CCOs) will be involved; and the broad programme of work. Other key elements of the analysis and development process include:
- In developing a strategy, staff need to consider the overall framework and how the strategy will contribute to the outcomes of the Auckland Plan.
 - Early engagement with key stakeholders is desirable. The communications and engagement plan should be agreed at the commencement of the strategy development process.
 - Council and CCO staff will work collaboratively within the organisation and with external agencies and stakeholders.
58. For its part, the council will not develop strategies without considering the CCO's implementation plans. Council will not develop strategies which require CCOs to deliver activity where funding for implementation has not been considered or identified.
59. The final stage is to seek and obtain a decision. Council staff should write the covering report to any CCO report seeking a decision on a strategy, and ensure contestable, evidence-based advice is provided, where appropriate, to decision-makers.

Data sharing

60. As part of strategy development, it is critical that appropriate data is shared across the Council group to inform strategy and evaluation. Council expects that CCOs will provide such data in a timely fashion when it is requested and is clearly relevant to the work being undertaken.

Balance commercial and public good

61. CCOs may have objectives which relate to commercial purposes. At times, these may appear to be in conflict with other objectives of a more public good nature. CCOs are public entities of Auckland Council, and are not fully commercial, profit-seeking organisations. This means that while commercial activity may be an important part of CCO activity and revenue, it is fundamentally intended to be in the service of the public good strategic goals which have been agreed with Council.
62. Different CCOs will have a different balance of commercial activity and, in balancing different objectives, a CCO Board should ensure it is clear about the choices it is making and the balance it is striking. In the first instance this should be reflected in the Statement of Intent, and agreed with Council. This balance, and the tradeoffs, should also be evident (such as in Board papers) when a Board is considering a significant decision. Where there is doubt about a course of significant potential action, the CCO should ensure Council is fully informed of the trade offs and seek advice on how interests should be balanced.

Provide value for money

63. Each substantive CCO is to ensure that it provides value for money for Aucklanders, which means achieving the outcomes and levels of service specified by the council in an efficient and effective way. This is to be achieved by:

- Being accountable for decisions about spending and the use of council group resources and assets.
- Ensuring that all activities and services are underpinned by prudent use of resources and assets.
- Ensuring that there is a high degree of transparency in financial planning, budgeting, and sources of revenue.
- Informing the council well in advance of entering into any commitments or obligations that may have financial impacts which are outside of approved funding; or negatively affect the council group's prudential ratios through a significant increase in council group debt or reduction in revenue.
- Ensuring that there is a justifiable business purpose for all spending.
- Ensuring that significant investments are supported by robust business cases which meet the standards of any relevant council group policies and provide a clear and strategic rationale for investment.

Manage risk appropriately

64. Each substantive CCO is to proactively manage all their risks including strategic, financial, operational, and reputational risks (including the risk of fraud and/or corruption). Each CCO must:

- manage, monitor and report on their risk management activities undertaken in accordance with either the council's Enterprise Risk Management Policy and Framework, or the CCO's own risk management framework
- actively report on the effectiveness of their risk management processes and outcomes
- proactively report on all significant risks and issues and their management to ensure no surprises, transparency and that the significant risks are being appropriately managed.
- provide quarterly reports on risk management to the Audit and Risk Committee, and appear before that Committee as requested by it.

Quality advice to boards

65. We expect that advice given by CCO staff to boards has the rigour as reflected in the council's quality advice standards (for advice to elected members), particularly in relation to risks and credible analysis. Over time, CCOs should ensure that the quality of their internal advice is in alignment with the standards used internally by Council.

66. Council has a comprehensive set of tools and guidance which can be used by the CCOs, including tools for the development of strategies (subject to Council ensuring this material is accessible to all staff within the group).

Board performance reviews

67. Council expects CCOs to follow the board performance framework below, which requires that reviews:

- be held on a biennial basis, with monitoring of agreed performance improvement initiatives
- be undertaken by an independent, external reviewer
- be based on a methodology that includes qualitative, quantitative and observational approaches

- include relevant assessment criteria that relate to the board's governance role, practices and responsibilities, including strategy, risk and compliance, performance and board culture
- assess the board (as-a-whole), the individual board members and the chair of the board
- seek feedback from senior management as well as individual board members
- allow for input from the shareholder into the themes or topic areas evaluated
- provide a written report to the CCO board summarising findings and suggesting areas for improvement
- provide council with a high-level feedback report addressing theme areas and areas of focus for improvement

Remuneration

68. Council expects CCOs to adhere to the group remuneration policy.
69. While CCO Chief executive salaries are set by boards, Council's expectation is that salaries should not exceed the salary paid to the group chief executive. For new appointments, careful attention should be given to the relativities with the salary of previous incumbents.

Job Descriptions

70. Over time, Council would expect that job descriptions for chief executives and senior staff in CCOs will come to reflect that these roles are within the Auckland Council group of organisations, and therefore the importance of being responsive to Council direction (including in this Statement of Expectations) and working effectively with senior council staff. Job descriptions should also refer to the need to contribute to Maori outcomes.

Hauora

71. In early 2021, Auckland Council conducted a hauora / wellbeing review, to consider and strengthen how Council provides hauora support for employees.
72. It is likely that the events of 2020 and the consequential impacts on all organisations in the Auckland Council group will have commonalities. While the specific circumstances for each CCO will be different, restrictions on spending coupled with Council's ambitious programme of development through the Ten-year Budget will likely be placing stress on some staff, especially in terms of workloads. In addition, many employees through the group will have to deal (at one time or another) with unacceptable behaviour that can affect their wellbeing.
73. Consistent with the status of CCOs as independent organisations, it is up to CCO Boards and executives to consider how to deliver hauora support within their organisations. We invite the CCOs to consider how they aim to improve hauora support provision at their organisations and to develop organisational cultures that actively support hauora.

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Attachment B

9.7

Board - Public Session - Governance

Board Planner 2021

		January	February	March	April	May	June	July	August	September	October	November	December
Meetings	Board	29-Jan	26-Feb	30-Mar	29-Apr		1-Jun (April Results)	5-Jul* (May Results) 29-Jul	30-Aug	30-Sep	28-Oct	30-Nov	14-Dec (Teleconference)
	Audit and risk committee		3-Feb			26-May			9-Aug 24-Aug		28-Oct		
	Te Tangata Komiti	27-Jan 3pm			28-Apr 10am				19-Aug 10am			24-Nov 10am	
	AMP & Major Capex Committee		18-Feb 10am			20-May 10am			11-Aug 10am			18-Nov 10am	
	Committee for Climate Action		19-Feb 10am			24-May 10am				13-Sep 10am			8-Dec 10am
	CCO Oversight Committee meetings					18-May				21-Sep			
Events	Community and Stakeholder Relationships							Waikato 50 opening at Tuakau on 20 July 2021		TBC: Meet Diversity and Inclusion Committee			
Governance	Charter reviews	Corporate Governance charter						A&R Charter (5 July meeting)	Corporate Governance charter	Committee for Climate Action Terms of Reference Te Tangata Charter			
	Policy reviews											Good Employer Policy	
	Risk report due to Council	Risk report (due to Council 22 February)			Risk report (due to Council 18 May)			Risk report (due to Council 23 August) (29 July meeting)		Risk report (due to Council 13 September)		Risk report (due to Council mid-November)	
	Enterprise Risk report to Board	Report to Board			Report to Board			Report to Board (29 July meeting)		Report to Board			
	Compliance	Statutory compliance			Statutory compliance			Statutory compliance (29 July meeting)			Statutory compliance		
	Shareholder interaction			Presentation to CCO Oversight Committee of Q2 Report 23 March	Q3 Report to Council due 30 April	Attendance at CCO Oversight Committee Meeting of 18 May in relation to Q3 Report and SOI	Auckland Council workshop on three waters reform 9 June 2021		Q4 Report to Council due 30 August	Presentation to CCO Oversight Committee of Q4 Report on 21 September			
	Site Visits					Dave Chambers: HSW tour 4 May Nicki Crauford HSW tour 12 May	Water sites tours: all directors 10 June & 21 June						

10.2

Board Planner 2021

		January	February	March	April	May	June	July	August	September	October	November	December
Board Training	Board training & development							Directors' responsibilities in relation to Water Safety Plan (5 July meeting) Personal Security - RISQ (29 July meeting)			Mental Health & Wellbeing in the workplace		
Business strategy	Strategic planning & Deep Dives							Critical risk - deep dives on working in confined spaces (5 July Board meeting) Board Strategy Day 27 July 2021 Critical risk - deep dives on working with mobile plant (29 July Board meeting)	Critical risk - deep dives on working with hazardous substances	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives
Business planning	Key finance and business decisions	Approve half year accounts	a) approve financials for Draft SOI including projected 21/22 price increases, b) approve long term financials for Auckland Council modelling		Auckland Council to notify Watercare of Group Treasury Interest Rate by 30 April	Present plan for Year End to A&R Approve Insurance Proposal Approval of 2021/22 Budget & updated SOI Financials (1 June board meeting)		Auckland Council and Watercare to review 30 June Treasury Interest rates	a) approve 2020/21 accounts, b) delegate final sign off of 2021/22 Annual Report c) Approve Auckland Council Reporting Pack				Auckland Council Draft Annual Plan - approve Watercare input
	Statement of intent	2021/22 Letter of Expectation to be received	Draft 2021-2024 SOI for Board's review	Approval of Draft 2021-2024 SOI				Present shareholder SOI feedback at public meeting on 5 July. Final 2021-2024 SOI issued to shareholder on 31 July.	Final 2021-2024 SOI adopted by Auckland Council		2020/2021 SOI Results to be presented to Board at Public Meeting. Public Deputations to be received.		2022/23 Letter of Expectations to be received
Lutra Limited	Performance report							Half-yearly performance report (29 July meeting)					
	Statement of intent							Final 2021-2024 SOI to be sent to Council on 31 July.	Final 2021-2024 SOI adopted by Auckland Council		2020/2021 SOI Results to be presented to Board at Public Meeting. Public Deputations to be received.		2022/23 Letter of Expectations to be received

10.2

* Statutory public Board meeting - deputations invited

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

Board meeting | 29 July 2021
Public session

Directors' appointment terms, committee memberships, and meeting attendances

For information

Te pou whenua tuhinga / Document ownership

Prepared by

Jacky Simperingham
Head of Governance

Recommended by

Rob Fisher
Acting Chief Officer Support Services

Submitted by

Jon Lamonte
Chief Executive Officer

1. Te tūhonga / Recommendation

We recommend that the Board notes this paper outlining directors' appointment terms, committee membership, and meeting attendances.

2. Take matua / Key points

The key points are:

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

3. Kōrero pitopito / The details

Table 1: We currently have seven directors

Our directors are appointed by Auckland Council.

Director	Original appointment date	End of term
Margaret Devlin (Chair)	1 November 2016	31 October 2022
Dave Chambers	1 November 2019	31 October 2022
Nicola Crauford	1 April 2014	31 October 2022
Brendon Green	1 November 2016	31 October 2022
Hinerangi Raumati-Tu'ua	1 August 2019	31 October 2024
Frances Valintine	1 November 2019	31 October 2022
Graham Darlow	3 February 2021	31 October 2024

Table 2: We have four 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	AMP & Major Capex	Committee for Climate Action
Margaret Devlin (Chair)	*	✓	✓	
Dave Chambers		Committee Chair		✓
Nicola Crauford			Committee Chair	✓
Brendon Green	✓			Committee Chair
Hinerangi Raumati-Tu'ua	Committee Chair		✓	
Frances Valintine		✓		✓
Graham Darlow	✓		✓	

**Board Chair attends in ex-officio capacity*

Table 3: Attendance at Board and committee meetings in 2021 is detailed in the table below:

Attended ✓ Did not attend ✕ Not on the committee ■ Not on the Board ☐	Attendance at Board meetings										Attendance at Audit and Risk Committee meetings					Attendance at AMP & Major Capex Committee meetings					Attendance at Te Tangata Komiti meetings				Attendance at Committee for Climate Action meetings					
	Board 29 January 2021	Board 26 February 2021	Board 30 March 2021	Board 29 April 2021	Board 1 June 2021	Board 5 July 2021	Board 29 July 2021	Board 30 August 2021	Board 30 September 2021	Board 28 October 2021	Board 30 November 2021	A&R 3 February 2021	A&R 26 May 2021	A&R 9 August 2021	A&R 24 August 2021	A&R 28 October 2021	AMCC 18 February 2021	AMCC 16 April 2021	AMCC 20 May 2021	AMCC 11 August 2021	AMCC 18 November 2021	TTK 27 January 2021	TTK 28 April 2021	TTK 19 August 2021	TTK 24 November 2021	CCA 19 February 2021	CCA 24 May 2021	CCA 13 September 2021	CCA 8 December 2021	
Margaret Devlin	✓	✓	✓	✓	✓	✓					✓	✓				✓	✕ ¹	✓			✓	✓								
Nicki Crauford	✓	✓	✓	✓	✓	✓										✓	✓	✓								✓	✓			
Brendon Green	✕	✓	✓	✓	✓	✓					✓	✓														✓	✓			
David Thomas	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Hinerangi Raumati-Tu'ua	✕	✕	✓	✓	✓	✓					✓	✓					✓	✓												
Dave Chambers	✓	✓	✓	✓	✓	✓																✓	✓			✓	✓			
Frances Valintine	✓	✓	✓	✓	✓	✓										✕							✓			✓	✓			
Graham Darlow	✓	✓	✓	✓	✓	✓						✓					✓	✓				✓								

1. Margaret Devlin was absent from this meeting as she was required to attend another meeting as Chair of the Board.



Board meeting | 29 July 2021
 Public session

Disclosure of Directors' and Executives' interests

For information

Te pou whenua tuhinga / Document ownership

Prepared by

Jacky Simperingham
 Head of Governance

Recommended by

Rob Fisher
 Acting Chief Officer Support Services

Submitted by

Jon Lamonte
 Chief Executive Officer

1. Te tūhunga / Recommendation

We recommend that the Board notes the directors' and executives' interests.

2. Take matua / Key points

Section 140 of the Companies Act 1993 requires all directors to keep an Interests Register, which must be disclosed to the Board of the company.

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, but also voluntarily maintains an Interests Register for our executives.

3. Kōrero pitopito / The details

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

DIRECTOR	INTEREST
Margaret Devlin	<ul style="list-style-type: none"> • Director and Chair, Lyttleton Port Company Limited • Director, Waikato Regional Airport • Director, Titanium Park (wholly owned subsidiary of Waikato Regional Airport) • Director, Waimea Water Limited • Director, Aurora Energy

DIRECTOR	INTEREST
	<ul style="list-style-type: none"> • Director, IT Partners Group • Councillor, Waikato University • Deputy Chair, WINTEC • Chair, Advisory Board Women in Infrastructure Network • Chair, Hospice Waikato • Chair, Infrastructure NZ • Chartered Fellow, Institute of Directors • Member, Institute of Directors, Waikato Branch Committee
Nicola Crauford	<ul style="list-style-type: none"> • Chair, GNS Science Limited • Chair, Electricity Authority • Director and Shareholder, Riposte Consulting Limited • Director, CentrePort Limited Group • Trustee, Wellington Regional Stadium Trust
Brendon Green	<ul style="list-style-type: none"> • Director, Kaitiaki Advisory Limited • Director, Tainui Kawhia Incorporation • Director, Hiringa Energy Limited • Director, Hiringa Refueling Investments Limited • Executive Director, Advanced Biotech NZ Limited • Management contract, Tainui Kawhia Minerals • Australia-NZ representative, Wattstock LLC (USA) • Representative of Waipapa Marae, Kawhia, Te Whakakitenga o Waikato Tainui • Runanga Manukau Institute of Technology, Te Whakakitenga o Waikato representative • Member, Waikato District Council – Infrastructure Committee • Advisor, Te Taumata Aronui – Ministry of Education • Adjunct Senior Fellow, University of Canterbury – Department of Chemical Engineering • Co-chair, Waikato Regional Skills Leadership Group • Member, Construction and Infrastructure Workforce Development Council
Hinerangi Raumati-Tu’ua	<ul style="list-style-type: none"> • Chair, Parininihi Ki Waitotara Incorporated • Chair, Te Rere O Kapuni Limited • Chair, Ngā Miro Trust

DIRECTOR	INTEREST
	<ul style="list-style-type: none"> • Chair, Nga Kai Tautoko Limited • Chair, Te Kiwai Maui o Ngaruahine Limited • Trustee, PKW Trust • Director, Taranaki Iwi Holdings Management Limited • Chair, Aotearoa Fisheries Limited • Director, Sealord Group Limited • Director, Port Nicholson Fisheries GP Limited • Director, Te Puia Tapapa GP Limited • Chair, Tainui Group Holdings Limited • Executive Member, Te Whakakitenga O Waikato
Dave Chambers	<ul style="list-style-type: none"> • Director, Paper Plus New Zealand Limited • Director, Living Clean NZ Limited • Director, Turners and Growers Fresh Limited
Frances Valintine	<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
Graham Darlow	<ul style="list-style-type: none"> • Business Executive, Acciona Infrastructure NZ Limited • Director and Shareholder, Brockway Consulting Limited • Chair, Frequency NZ Limited • Director, Hick Bros. Civil Construction Limited • Director, Hick Bros. Infrastructure Limited • Chair, Holmes GP Structure Limited • Director, Tainui Auckland Airport Hotel GP (No.2) Limited

DIRECTOR	INTEREST
	<ul style="list-style-type: none"> • Director, City Care Limited • Director, Hick Bros. Heavy Haulage Limited • Director, Hick Bros. Holdings Limited

Watercare's Executives' Interests Register is set out below.

EXECUTIVES	INTEREST
Jon Lamonte	<ul style="list-style-type: none"> • Director, Water Services Association of Australia • Member, Water Workforce Development Strategy Steering Group
Marlon Bridge	<ul style="list-style-type: none"> • Trustee, Te Motu a Hiaroa (Puketutu Island) Governance Trust • Director, WCS Limited
Rebecca Chenery	<ul style="list-style-type: none"> • Director, Lutra Limited
Shayne Cunis	<ul style="list-style-type: none"> • Director, The Water Research Foundation (USA)
Rob Fisher	<ul style="list-style-type: none"> • Trustee, Watercare Harbour Clean Up Trust • 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
Amanda Singleton	<ul style="list-style-type: none"> • Director, Die Weskusplek Pty Ltd (South Africa) • Trustee, Te Motu a Hiaroa (Puketutu Island) Governance Trust
Nigel Toms	<ul style="list-style-type: none"> • Director, TRN Risk & Resilience Consulting
Steve Webster	<ul style="list-style-type: none"> • Director, Howick Swimgym Limited

