

WATERCARE SERVICES LIMITED

AGENDA	BOARD MEETING	Tuesday, September 29, 2020
Venue	Watercare Services, Level 3 Boardroom, 73 Remuera Road, Remuera	
Time	9am	

Open Public Meeting

Item	Spokesperson	Action sought at governance meeting	Supporting Material
1 Opening Karakia	Brendon Green		
1.1 Meeting Administration	Chair	For discussion	Nil
2 Apologies	Chair	Record apologies	Nil
3 Minutes of Meeting	Chair	Approve Board Meeting Minutes 25 August 2020	Board Minutes 25 August 2020
4 Disclosure of Directors' Interests	Chair	For noting	Report
5 Public Deputations	Chair	For information	Verbal update
6 For information			
6.1 August 2020 Central Interceptor Report	Shayne Cunis	For information	Report
6.2 Director Expenses	James Davies	For information	Report
6.3 Drought Update	Mark Bourne	For information	Presentation
7 For discussion			
7.1 Safety Moment	All	For sharing	Nil
7.2 Chief Executive's Report	Raveen Jaduram	For discussion	Report
7.3 CCO Review Recommendations	Rob Fisher / Marlon Bridge	For discussion	Report
7.4 Board Committee Updates	Committee Chairs	For discussion	Nil
8 Directors' Corporate Governance Items			
8.1 Board Planner	Chair	For noting	Report
8.2 Disclosure of Senior Executives' Interests	Chair	For noting	Report
8.3 Directors' Appointment Terms and Committee Memberships and meeting attendances	Chair	For noting	Report
9 General Business	Chair	For discussion	Nil
9.1 Closing Karakia	Brendon Green		Nil

Date of next meeting	Tuesday 27 October 2020
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MINUTES

DRAFT

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SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Online on Microsoft Teams given Covid-19 Alert Level 3 Restrictions
DATE	25 August 2020
TIME	9am
STATUS	Public Session

	<p>Present: Margaret Devlin (Chair) Dave Chambers Nicki Crauford (from 11.10am until end) Brendon Green David Thomas Hinerangi Raumati-Tu'ua Frances Valintine</p> <p>Board intern Colin Magee (from halfway through item 5.1 to end).</p>	<p>In attendance : Raveen Jaduram (CE) Marlon Bridge (Deputy CE) Nigel Toms (Acting CFO) Steve Webster Amanda Singleton Shane Morgan Rebecca Chenery David Hawkins Rob Fisher Jason Glennon Emma McBride Bronwyn Struthers Shayne Cunis Davy Suratsingh (from start until end of item 5.1) Jon Sickling (from start until end of item 5.2.1)</p>	<p>Guests: Jeff Morrison – WUCAT Chair (from start until end of item 5.1) Sarah Holdem - CCO Oversight and Governance</p>
1.	<p>David Thomas opened the meeting with a karakia.</p> <p>1.1 Meeting Administration</p> <p>The Chair reported that the Board had received Raveen Jaduram's resignation on 31 July. Raveen's last day will be Friday, 30 October 2020 so there would be ample time for both the Board and all staff to recognise and thank Raveen for his significant contribution as Watercare's CE over the past six years. In the meantime, the Chair reminded everyone that it is "business as usual".</p> <p>The Chair reported that Dave Chambers will lead the recruitment process for the new CE and selection of the recruitment agency. In the meantime, an update is to go to staff providing them with an update in this regard.</p> <p>The Chair also noted that due to Covid-19 Level 3 restrictions, the meeting was being held on line and would be recorded. The recording would be made available on the Watercare website.</p>		
2.	<p>Apologies</p> <p>Apologies were received from Julia Hoare for the whole meeting; and Nicki Crauford for the period 9am until 11.15am. The Chair advised that Nicki Crauford had provided feedback on the papers which would be addressed throughout the meeting.</p> <p>Apologies were also received from Cr Linda Cooper.</p>		

3.	<p>Minutes of Previous Meetings</p> <p>The Board resolved that the minutes of the public section of the Board meeting held on 28 July 2020 be confirmed as true and correct.</p>
4.	<p>Review Disclosure of Directors' Interests</p> <ul style="list-style-type: none"> - Nicki Crauford noted her interest as a Board member of Kāinga Ora. - Nicki Crauford has: <ul style="list-style-type: none"> o been appointed to the Chair of the Electricity Authority (from 1 November 2020) o retired as a Member of the Electoral Authority, Cooperative Bank Limited o retired as a director of Pioneer Energy Limited. - Brendon Green has been appointed a Director of Hiringa Energy Limited. <p>The report was noted.</p>
5.	<p>For Information</p> <p>5.1 Water Utility Consumer Assistance Trust (WUCAT) update</p> <p>The Chair welcomed Jeff Morrison, Chair of WUCAT, to the Board meeting.</p> <p>Davy Suratsingh, Watercare's Head of Retail Operations, provided the Board with a presentation on WUCAT. Key points made during the presentation included the following:</p> <ul style="list-style-type: none"> - Covid-19 will result in more customers being financially vulnerable. To prepare for this, senior customer staff are being re-trained to ensure they have sufficient skills and empathy to assist customers in financial difficulty. - When customers face financial difficulty, we encourage them to agree to pay off the bill via an agreed payment plan. However, customers that are unable to manage on such a plan can be referred to WUCAT. - Whilst the customer team has not noticed any increase in customers missing bill payments, there are more customers scrutinising their bills and applying for leak rebates. The team anticipates that more customers will require WUCAT's services once the Central Government Covid-19 financial assistance stops. - It typically takes 4-6 weeks for customers to be approved by WUCAT. First an investigation is required to ensure the customer qualifies for financial support. The customer must also agree to see a WUCAT-approved independent budget advisor. <p><i>Colin Magee joined the meeting at this point.</i></p> <p>Jeff Morrison then provided an update on WUCAT's activities. He made the following key points:</p> <ul style="list-style-type: none"> - While the current number of customers obtaining WUCAT support is relatively low, the number of applicants is likely to rise as the Government wage subsidy ends, and unemployment rises. - Historically WUCAT's customers incur other issues as well. Many have a high level of debt and are often in denial. Some are not financially literate, so the budgeting service is helpful. Many customers also have mental and physical disabilities as well. - Recently, Watercare has started helping WUCAT customers with water leaks by funding plumbing repairs. - The Trust has also started working with FONO (an organisation that provides affordable medical, dental, social, pharmacy services), to obtain more face-to-face contact with customers who may need assistance paying their Watercare bills. - In response to questioning from the Board, Jeff noted that one of the major problems WUCAT faces involves tenants, who are behind in their payments, but the landlord pays the bills. Therefore, there is no debt to Watercare, but the tenant may have a large debt to the landlord. WUCAT and the Watercare customer team are investigating ways to deal with tenants in these situations (i.e. when the tenant is unable to reimburse the

landlord). Because the bills go to the landlord and are not passed on to the tenant (either physically or by email), the tenants do not even know that WUCAT exists, as WUCAT's details are included on the back of every Watercare bill.

- Another deterrent for some WUCAT customers is the need to see a budgeting advisor.

Following Davy and Jeff's presentation, it was further noted by Management that:

- WUCAT will soon be extended to small businesses (i.e. micro-organisations) impacted by Covid. The process for this is still being finalised. However, Watercare anticipates that the extension will primarily help small companies such as those in the hospitality and service industries
- Council's Finance and Performance Committee members often remark that the numbers processed by WUCAT are low (both in terms of numbers of customers, and the amount of relief provided). However, the assistance provided by WUCAT is masked by the fact that Watercare directly helps many customers which avoids the need for them to apply to WUCAT by putting in place payment plans that result in the debt being settled.

The Board thanked Jeff and Davy for their updates, confirmed the Board's support for WUCAT, and encouraged Jeff to contact the Board if he considers Watercare can assist the trust in other ways.

Jeff Morrison and Davy Suratsingh left the meeting at this point.

5.2 July 2020 Central Interceptor (CI) Report

In August 2020 the Chair attended the CI induction session at the CI Training Centre in Māngere. She reported that it was a very well-run induction session, and she was impressed with the work being done on around mental health and the wellbeing of workers, including the Mates in Construction programme.

Shayne Cunis, Executive Programme Director, CI, introduced his paper by showing the following video regarding the social enterprise that Ghella Abergeldie Joint Venture (GAJV) has supported, [MAKE GIVE LIVE](#). This social enterprise allows people and companies to buy knitted goods, such as beanies, from community-based knitting groups, who will also knit a second item to be donated to someone in need. GAJV bought 200 beanies from MAKE LIVE GIVE for workers out in the field, which enabled the enterprise to also knit and donate 200 pairs of slippers for tamariki at the May Road school.

The July 2020 CI update report was taken as read. Shayne provided the Board with an update on events since the report was written:

- Both the CI and CRL projects are having issues obtaining approval from Immigration for skilled workers to enter New Zealand.
- Recently, 10 international CI workers have been granted approval to enter New Zealand. All workers will need to complete two weeks in quarantine.
- Watercare is now working with CRL to establish whether we can set up a private quarantine facility for workers. Both Watercare and CRL are continuing to engage with MBIE and Immigration.
- In total, there are five key staff that need to be able to return home overseas for a holiday with their family. The CI project is facing a retention risk for two senior Jacobs staff. If they are unable to return home by the end of the year, they are likely to return home, but not return to New Zealand or the CI project. Another two Australian Jacobs staff wish to go home to see family, but before they leave, we are trying to ensure they are granted permission to re-enter New Zealand.
- The Chair encouraged Shayne to contact the Board if he considers the Board or Mayor could do more to assist in this area.
- The TBM has been tested, and now is being disassembled for shipping. The CI team is now working to obtain entry approval for the European workers that will be needed to assemble the Tunnel Boring Machine (TBM) when it arrives later this year.

	<ul style="list-style-type: none"> - In relation to the ground conditions, Shayne reported that Watercare will receive a claim from GAVJ. The ground for the claim was very weak, and while a solution was designed and is being successfully implemented, GAVJ consider they have a claim against Watercare. Importantly, the CI project remains on track to deliver a high-quality asset. - As reported in previous months, GAVJ wish to self-perform the construction of the pump station. The Pump Station Manager is one of the 10 granted entry to New Zealand and arrives mid-September 2020. GAVJ has assured Watercare that they will be able to obtain the necessary skilled workers to self-perform this part of the project. - The GAVJ is distributing reusable masks to workers, which are more sustainable than disposable ones. <p>The report was noted.</p>
	<p>5.2.1 Mining Operations and Quarrying Operations Regulations 2016 (the “Regulations”) in relation to Central Interceptor</p> <p>Bronwyn Struthers, Head of Health, Safety and Wellness (HSW), and Jon Sickling, Tunnels and Shafts Construction Manager, CI, provided the Board with a presentation.</p> <ul style="list-style-type: none"> - The presentation was prepared to ensure that the Board are aware of the additional and different HSW complexities arising from the site being a mine. - Jon advised that Watercare already operates under these Regulations on many other tunnelling projects. However, the scale of CI is so large, that WorkSafe’s High Hazard Unit is taking a particular interest in the project. - The key intent of the Regulations is to manage low probability, high consequence events, and they have brought rigour and best practice to underground worksites following Pike River. - WorkSafe approvals are necessary to keep the CI project going, and it also has the power to shut-down the project. - Under the Regulations, Watercare is the “Mine Owner” and GAVJ is the “Mine Operator”. Watercare also has a significant responsibility as an upstream PCBU (Person conducting business or undertaking) under the Health and Safety at Work Act; so Watercare must ensure that GAVJ undertakes their work according to the Regulations. - All mines require a Senior Site Executive (SSE). There are not many SSEs in New Zealand and they have significant responsibilities and accountabilities, with fines and penalties for non-compliance. - To ensure Watercare is assured that the GAVJ/SSE is complying with the Regulations, Watercare reviews all documentation prepared by the GAVJ before it is submitted to WorkSafe (e.g. hazard identification). We have also commenced a first audit of the plans that need to be submitted to WorkSafe, and the Watercare team provides feedback to GAVJ on these plans. The Regulations also require an audit by an external agency every three years. Watercare plans to do these when we consider they are necessary, and GAVJ is happy with this process and is collaborating with us on this. To date, the standards required are being met and exceed industry norms in New Zealand. - Bronwyn explained that Watercare is deliberately setting out to build a strong relationship with WorkSafe, and to do this, we reached out early to WorkSafe. WorkSafe has a special unit in the High Hazard Unit dedicated to managing both the CRL and CI projects, headed by Priscilla Page (WorkSafe’s Team Leader Mines and Tunnels). Together, the three organisations (CRL, CI and WorkSafe) wish to ensure everyone collaborates and learns from each other. WorkSafe is also sharing the learnings from the Waterview tunnel with Watercare, and we have already adopted some of those learnings into the CI project (e.g. obtaining WorkSafe sign-off on the TBM drawings before the machine was ordered. At Waterview, the TBM arrived in the country and WorkSafe did not provide sign-off, which caused delays and added cost). - WorkSafe values Watercare’s dedicated Māngere Training Centre, and the CEO of WorkSafe has visited the training centre and is keen for their workers to use it to train their advisors. WorkSafe also supports the ‘Mates in Construction’ programme.

- Watercare is funding and sponsoring the Construct Safe Level 2 qualification for Mining Workers which will be available across the whole tunnelling industry in New Zealand, allowing Watercare to support industry improvement in the mining industry
- The Chair noted that she was pleased to see the high level of engagement with WorkSafe, but reminded the team that it is a regulator, not an advisor. It was great to see that we have a mature relationship and we are learning from each other and sharing with others in the industry.

Steve Webster, Chief Infrastructure Officer, then provided the Board with an update on the other projects (underway and complete) which fall under the Regulations. **Appendix A** is a copy of the presentation provided to the Board. Key points included the following:

- The relationship with WorkSafe across all Watercare work sites is positive.
- WorkSafe is also very interested in the Section 11 of Hūnua 4 and visit the project monthly to review the work being done.

5.3 Overview of Kāinga Ora Auckland Housing Programme

Nicki Crauford's interest as a Director of Kāinga Ora (KO) was noted.

Ilze Gotelli, Head of Major Developments, provided the Board with a presentation on the large-scale redevelopments underway by KO in Auckland.

- KO is focussing on replacing public housing on large sections that are no longer fit for purpose. The old housing stock is being replaced with new detached housing, terraced housing and apartments. Approximately three new residences will replace each house, but the ultimate density will depend on the Unitary Plan rules applying in each area.
- The Mt Roskill Redevelopment was originally going to include 10,000 new residences. However, it is now likely to be double that. One third will be public social housing, one third affordable housing and a final third put up for sale on the open market.
- Watercare is collaborating with KO to establish new ways of working to ensure a clear planning and infrastructure development programme. KO will deliver the work via the civil works alliance, Piritahi (Dempsey Wood, Harrison Grierson, Hick Bros Group, KO, Tonkin + Taylor, Woods).
- Watercare will be working in more than 20 new "neighbourhoods", so a very large volume of work will be required from Watercare's teams. A critical part of our work will be how to supply water to new precincts, which may cut across two or more neighbourhoods. Some work will be delivered by Watercare, and some by Piritahi.
- Watercare has a positive relationship with KO. The CEs of KO, Watercare, AT, Panuku and Auckland Council have formed a group that meets regularly. The group has allowed Watercare to raise issues such as the installation of rainwater tanks. The overall objective is for density to increase up to 3 times the current levels, but for water demand to stay close to the current levels, via the use of rainwater tanks and greywater systems. We are continuing our work in this area, as space on sites is a challenge with the increased density.
- KO is attempting to build houses that meet 'HomeStar requirements'. This does not require either grey water systems or rain water tanks.

The Chair thanked Ilze for her presentation and requested a further update on the work being done in a few months' time.

The CE expressly noted that Ilze is doing a fantastic job with KO and for Watercare.

	<p>5.3 Drought Update</p> <p>Mark Bourne, Head of Servicing and Consents, provided an update on the current water supply situation. Appendix B is a copy of the updated presentation provided by Mark (different to that in the Board pack). Key points made by Mark during the presentation included the following:</p> <ul style="list-style-type: none"> - August 2020 rainfall is likely to be normal. Rainfall for June and July was also normal. However, this does not recover the rainfall deficit experienced over the period January to April 2020. - Storage on 25 August 2020 is 64.24%. - The 7-day demand target for August was 405MLD. Expected unconstrained consumption would typically be 420MLD. The current 7-day demand is 379MLD, so well below target. The Level 3 lockdown accounts for around 6 MLD, so this amount is likely to be added back into the numbers as Auckland moves to Covid-19 Alert Level 2. Sunday, 23 August 2020 was 358MLD, the lowest daily usage in three years. - The 7-days average take from the storage lakes is 197MLD. The company had to go back to 1960s records to find days when the draw-down from lakes was this low. This demonstrates the importance of the Onehunga and Waikato water treatment plants. - The 7-day non-storage production is slightly under target by 13MLD. This was driven by two issues: the residual effects of the tie-in work being done at Pukekohe East; and very low demand. This has seen us maximise production at the Waitakere and Huia Water Treatment Plants to minimise the spill risk from the Waitākere dams. This means that Ardmore is now operating at 90MLD, when it is designed to operate at a minimum of 140MLD. <p>The report was noted.</p>
6.	<p>For Discussion</p> <p>6.1 Safety Moment</p> <p>Nigel Toms, Acting CFO reported that following the Government announcement on mask wearing, all staff who are working on any site are to wear face masks at all time, in Auckland and also in Waikato.</p> <p>6.2 Chief Executive's Report</p> <p>The report was taken as read. Management responded to questioning from the Board.</p> <p><i>Puketutu Island and the levy increase (Page 65, Boardbooks).</i></p> <ul style="list-style-type: none"> - David Hawkins, Chief Corporate Affairs Officer, provided an update to the Board. In 2008, when the Bill went through the Select Committee, it was vigorously opposed by the Ministry for the Environment Officers. Even though Puketutu was to be exempted in 2008, Watercare was concerned this could change in the future. At Watercare's urging, John Carter therefore tabled a note which was included in Hansard, was noted that the will of Parliament was for Puketutu was to be exempt. The officials responsible for the 2020 legislative update did not want Watercare to be exempt. However, the note in Hansard proved very helpful in ensuring Puketutu remains exempt. - Prior to the meeting, Nicki Crauford and the Chair had questions regarding this issue as well. Below is a summary of the questions/answers. <p>Question 1 from Nicki Crauford: Does the waste levy have implications for Rosedale and for re-use? Shane Morgan, Chief Operations Officer, answered the question as follows:</p> <p><i>What is the levy?</i></p> <p><i>The waste levy is designed to 'penalise' waste generators and encourage reduction, and to also provide a waste minimisation fund for further waste minimisation investment. In June 2020 Cabinet approved a waste levy increase from \$10 per tonne to \$60 per tonne for municipal landfills, to be in place by 2024 (an increase of \$50 per tonne).</i></p>

What would it cost if applied to Puketutu?

Puketutu was especially scheduled for a separate levy in the draft document for a \$20 per tonne levy. Through the consultation process, Watercare made a strong submission with support from Auckland Council on the merit of our rehabilitation programme that resulted in Puketutu (as an industrial scale monofill) being specifically removed from the schedule. Watercare's submission centred on the restorative nature of the project on the Island which is owned by Iwi. Puketutu currently receives 115,000 tonnes per year of biosolids. The levy would therefore have cost Watercare \$2.3M per year (at \$20 per tonne) or \$5.75M per year (at the full \$50 per tonne).

What is the rate to other (non-Mangere) wastes?

Watercare's waste disposal to municipal landfill will increase by \$50 per tonne over the next 4 years. Watercare disposes approximately 35,000 tonnes of waste to municipal landfills per year. The cost will increase our operations by \$1.75M per year, with a staged impact as per below.

Current levy	July 2021	July 2022	July 2023	July 2024 and beyond
\$10	\$20	\$30	\$50	\$60

Next steps

Rosedale produces approximately 18,000 Tonnes of biosolids per year, and this goes to municipal landfill and will be subject to an increase of \$50 per tonne levy by 2024 (\$900,000 per year). This further provides a financial incentive to divert to beneficial reuse. We are actively working on technical and resource consent solutions to divert Rosedale biosolids (and potentially other Watercare biosolids and sludges) from municipal landfill to reuse including Puketutu.

The biosolids products may need to present higher value (through more treatment) to be allowed to move up the waste value hierarchy and to be excluded from a levy in future. The thermal hydrolysis project underway at Rosedale provides this improvement.

Question 2 from the Chair: If Rosedale was to be the site for re-use/re-cycled water, would there be a further impact? Shane's response was as follows:

Theoretically yes, but we should have managed this exposure ahead of time.

The levy applies to sludge and biosolids that is currently sent to landfill from Rosedale. With recycled water we will produce more solids for disposal, so the cost of recycled water will go up relative to pre-levy rise.

However, we are currently working on a consent change for Puketutu to allow Rosedale biosolids to go to the monofill as daily cover, once our thermal hydrolysis plant is up and running. From that point on we have diverted another 18,000 tonnes per annum away from landfill (and levy).

CCO Review (page 78)

- Sarah Holdem, CCO Oversight and Monitoring, provided an update on the CCO review report. Council officers are tabling two reports with the Governing Body on 27 August 2020. One report concerns the merger of RFA and ATEED. The other concerns the remainder of the report's recommendations, which includes an overall recommendation from Council Officers that the Governing Body appoint a project manager to oversee the implementation of the review recommendations with a report due in three months' time.

Health, Safety and Wellness (Page 57)

- In response to questioning from the Board, Shane Morgan, Chief Operations Officer, provided an update on the chlorine gas release. It involved a small amount of gas from regulator unit and was not a release from the chlorine storage drum. A regulator unit is a very small unit attached to the drum. Our standard practice to date has not anticipated the regulator being faulty during a tank changeover. We are now carrying out a full iCAM investigation into this incident, so we can incorporate aspects such as equipment fault and failure into the Standard Operating Procedure (SOP). This may require us to, for example, check for any faults in the regulator either between cylinder replacements, or at the time of cylinder replacement.
- When the release of gas occurred, standard practice is for the operator to immediately leave the area. However, the operator was a trainee, and did not do this even though he was being supervised at the time.
- In response to questioning, Shane advised that all water treatment plants require stores of chlorine gas. In Ardmore we have 24 tanks, but there are a lot less at Huia.
- Watercare's current practice around the handling of chlorine gas complies with WorkSafe standards and is the standard industry practice for NZ. However, in reviewing our SOP, there are improvements that could be made.

Service Strikes

- There was a robust discussion around service strikes and the overall LTI and TRIFR numbers in general. One of our contractors, who has been traditionally one of our best contractors, has had a few incidents so Watercare management has put the contractor's senior managers on notice.
- Our LTI numbers and our TRIFR continues to climb and there have been several close calls involving critical risks.
- In response to questioning, the CE confirmed that the last full review of H&S occurred around four years ago. The Board agreed it was timely to conduct a further full review of Watercare's approach to HSW.

Nicki Crauford joined the meeting at this point (11.10am)

Industrial Athlete

- Bronwyn provided an update on this programme, which our workers are excited about.
- While many worksites incorporate workers stretching at the start of the day, it is now being recommended that they properly warm up their bodies before commencing any work. Therefore, warm up activities are going to be rolled out to worksites.
- The Industrial Athlete concept also involves a mental element, and ensuring all workers properly think through the work they are about to conduct and what approach they should take to address the risks involved.
- Good nutrition is another element, as is rest and recovery, sleep and relaxation.
- The HSW team is working with a physiotherapist on this programme and conducting research on a small sample of workers. The research will be complete in February 2021, but implementation (including equipment upgrade/substitution) is occurring as the research continued.
- A regular update on the Industrial Athlete programme will be provided via the CE's report.

The report was noted.

6.3 Board Committee Updates**AMP and Major Capex (AMCC) Committee**

Nicki Crauford, Committee Chair reported that the Committee had held a meeting in late July 2020 (carried over to a second session), as well as a follow up workshop. These meetings and workshop had focussed on future investment, the Asset Management Plan (AMP), the development of new sources of water, as well as some of the policies that underpin the AMP.

The Board will receive a detailed update on the AMP at the September 2020 Board meeting, which will provide a high-level summary.

Strategic Transformation Programme (STP) Committee

Brendon Green, Committee Chair, noted that there is some work being done to finalise the project, including resolving a claim with Infor, as well as finalising benefit realisation. The Committee will hold a close-out meeting sometime over the next two months.

Te Tangata Komiti (TTK)

Dave Chambers, Komiti Chair, reported that the committee last on 24 August 2020. At that meeting the Komiti:

- Received an excellent Scanning the Horizon update from Jason Glennon, Chief People Officer. This included an update on how staff are feeling following Covid-19, Raveen's resignation, and upcoming water reform in New Zealand. There is significant work being done by the People and Capability Team in this area, and in the Senior Management Team regarding the retention of key staff. Dave thanked Jason for his leadership in this area.
- Reviewed and updated the Te Tangata Komiti Charter, which will be tabled with the Board for approval shortly.
- Reviewed the Good Employer Policy, which requires further work to ensure it aligns with The Watercare Way/Code of Conduct.

Dave noted that the November 2020 TTK meeting will have a focus on HSW, which all Board members are encouraged to attend.

Committee for Climate Action (CCA)

Brendon Green, Committee Chair, reported that the last meeting will was held on 6 August 2020. At that meeting the Committee:

- Welcomed Mark Lusic of ARUP as an expert advisor to the Committee. He shared his views on the global landscape for climate litigation.
- Received a presentation from three members of Generation Zero, who provided a youth (rangatahi) view on climate change and their thoughts on how rangatahi could be included in Watercare's climate change work.
- Received an update on Watercare's solar energy programme, which is mitigating carbon and providing opex savings. It was a constructive session, and the Board will receive an update on expanded solar deployment in due course.

Audit and Risk (ARC) Committee

Hinerangi Raumati-Tu'ua, Committee Chair, noted that last meeting was on 24 August 2020. At that meeting the Committee:

- Approved the FY20 financial statements; and in today's closed Board session, the Committee will make a recommendation to the Board regarding these statements.
- Reviewed the Sensitive Expenditure Policy -this will return to the Committee at the next meeting;
- Received the Internal Audit and the first report regarding the disposal of non-strategic assets (part of ongoing programme of work for this financial year to assist the Council's debt to revenue issue).

7	<p>For Approval</p> <p>7.1 Corporate Governance Charter Review</p> <p>Emma McBride, Head of Governance, spoke to the report.</p> <ul style="list-style-type: none"> - At the request of the Board, this Charter will be reviewed to: <ul style="list-style-type: none"> o Ensure any relevant recommendations or observations made by the CCO Review Report are captured; o Capture other statutory duties/ responsibilities that Directors may have (e.g. Climate Change); and o include details around the Board’s engagement with Iwi. - The Charter should also be updated to allow for the formation and removal of committees with the approval of the Board (so the STP Committee can be closed later this year). <p>The report was noted.</p>
8.	<p>Directors’ Corporate Governance Items</p> <p>8.1 Board Planner</p> <p>The report was noted.</p> <p>8.2 Disclosure of Senior Executive’s Interests</p> <p>The report was noted.</p> <p>8.3 Directors’ Appointment Terms and Committee Memberships and meeting attendances</p> <ul style="list-style-type: none"> - In response to questioning from the Chair, Sarah Holdem of CCO Oversight and Monitoring, noted that she understands that new director recruitment is underway. <p>The report was noted.</p>
9.	<p>General Business</p> <ul style="list-style-type: none"> - Sarah Holdem reported that the Governing Body is considering a paper this Thursday regarding Central Government’s Three Waters Reform. The recommendation of Council Officers is that Auckland Council (and therefore Watercare) “opt-in” to be part of the process. While Auckland Council will not receive the same cash incentive as other Councils around New Zealand, the reforms also involve work that may result in “balance sheet separation”, which would benefit Council and Watercare.
	<p>David Thomas provided a closing Karakia.</p> <p>The meeting closed at 11.40am.</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

Margaret Devlin
Chair

Mining & Quarrying Regulations

Appendix A

3.1

8 projects (incl. CI) have or remain working under the Mining & Quarrying Regulations

2 projects beginning within 12 months

Projects include tunnel and shafts, maximum depth 45m. Including tunnelling under motorways, roads, buildings and harbours

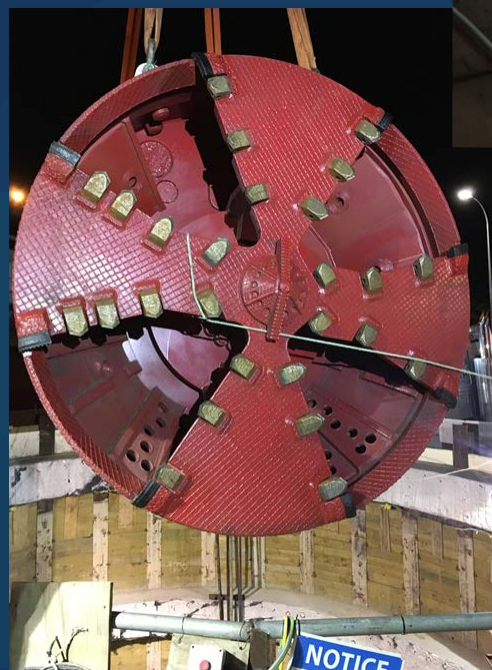
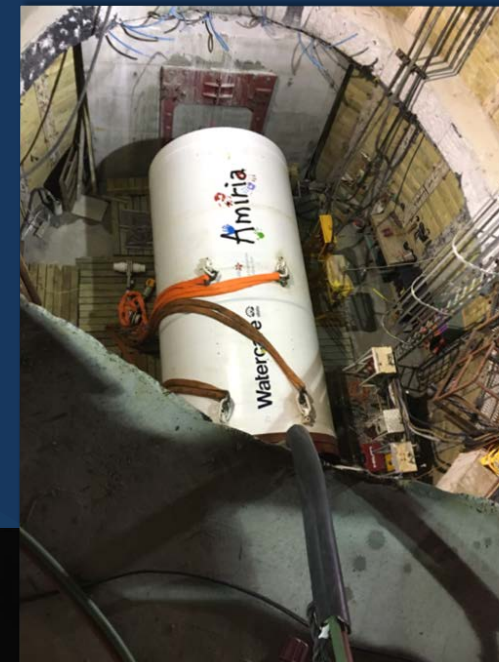
Total of 8.2 km have been tunnelled under the regulations to date

A further 8.5km (excluding CI) will be completed in the next 24 months



Mining & Quarrying Regulations

Project Name	Project works covered by the regulation	Tunnel length (Km)	Works % complete
Hunua 4	Tunnelling TBM 3.0m diameter	5.8	70%
Glendowie Branch Sewer Upgrade	Tunnelling – TBM 2.4m diameter	1.0	100%
Snells Algies WWTP Ocean Outfall	Tunnelling – Direct Pipe® 1.2m diameter sewer – 10m deep shafts	2.5	95%
Army Bay WWTP Ocean outfall.	Tunnelling – Direct Pipe® 1.2m diameter sewer – 48 m deep shafts	2.0	100%
Warkworth – Snells Transfer main	Tunnelling 1.2m diameter sewer - 12m deep shafts	5.4	0%
NINh2	Tunnel 2.1m diameter TBM tunnel under SH18		100%
Puketutu Island Rehabilitation Phase 4	18.6m deep excavation for pump station		0%
BNR	2x 1.5m diameter pipes under Greenwood Road, 2x shafts		100%
Wynyard Quarter Rising Main	Tunnelling for rising main under Fanshawe Street		100%
Total tunnel length		16.7km	



3.1

Appendix B

Weekly Drought Update: Dated 25 August 2020

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

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

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

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

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

Drought Update for 25 August 2020

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

	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
A Lake storage levels (target % at end of month)		49.6%*	56.0%	62.4%	68.6%	75.0%
<i>Actual</i>	43.4%	55.3%	59.5%			
B Average daily use (target MLD)		410	409	405	405	415
<i>Actual</i>	423	405	397			
C Waikato & Onehunga production forecast (MLD) which includes maximising Waikato WTP above the current consent from July 2020 (extra 10MLD) and August (extra 20MLD), and the addition of Pukekohe Stage 1 August (extra 2.5MLD)		170	180	192.5	192.5	192.5
<i>Actual</i>	167	174	157 [§]			
D Abstraction from the storage lakes (MLD)		240	229	213	213	222
<i>Actual</i>	256	231	240			
E Total lake recharge required (MLD) for the month		435	424	408	408	417
<i>Actual</i>	192	521	514			
F Normal monthly rainfall (mm)	132	176	203	182	154	146
<i>Actual</i>	158	274	134			
G Estimated rainfall required to achieve 75% lake storage by October and follow previous summer		98%	83%	90%	108%	116%
H Forecast rain conditions (% of normal) #	100%	100%	103%	111%	96%	88%
<i>Actual</i>	102%	157%	65%			
I Forecasted rain conditions (NIWA 3 month)	Normal rainfall	Normal rainfall	Normal rainfall	Normal rainfall	Normal rainfall	Below normal rainfall

*restriction zone

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

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

Status Report – to week ending 23 August 2020

Monthly storage commenced 1 August 2020 59.5%




Target storage for 31 August 2020 62.4%

	Status at 23 August	Target for 23 August
Storage at end of week	63.1%	60.7%
7 Day Demand (m ³ /day)	379,643	405,300
Month to Date (m ³ /day)	383,826	405,300
Non-Storage 7 Day Production (m ³ /day)	177,295*	190,000
7 Day Rainfall (% of normal)	152.7%	90%
Month to Date Rainfall (% of normal)	99%	90%
Coming Week Rainfall Forecast (% of normal)	93.7%	90%
Coming 4 week	120%	90%

*Waikato production has been required to be trimmed in line with very low demand and during commissioning of the new Pukekohe East Reservoir.

Report to the Board of Watercare Services Limited
Prepared for the 29 September 2020 meeting

Disclosure of Directors' interests

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

1. Purpose and context

s140 Companies Act 1993 requires all directors to keep an Interests Register, which must be disclosed to the Board of the company.

2. The details

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

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

Director	Interest
Julia Hoare	<ul style="list-style-type: none"> • Deputy Chair, The a2 Milk Company Limited • Director, The a2 Milk Company (New Zealand) Limited • Director, Port of Tauranga Limited • Director, Auckland International Airport Limited • Director, Meridian Energy Limited • Chair, Auckland Committee, Institute of Directors • Member, Advisory Panel to External Reporting Board • Vice President, Institute of Directors National Council • Member, The Sustainable Finance Forum Leadership Group
Nicola Crauford	<ul style="list-style-type: none"> • Chair, GNS Science Limited • Director and Shareholder - Riposte Consulting Limited • Board member - Kāinga Ora - Homes and Communities • Director – CentrePort Limited Group • Trustee – Wellington Regional Stadium Trust • Advisory Board member – Stats NZ
David Thomas	<ul style="list-style-type: none"> • Chair, Ngāti Whakaue Tribal Lands Inc. • Chair, Gypsum Board Manufacturers of Australasia • Shareholder / Employee, Fletcher Building Limited • Director, New Zealand Ceiling & Drywall Supplies Limited • Chair, Altus NZ Limited • Director, Winstone Wallboards Limited
Brendon Green	<ul style="list-style-type: none"> • Director, Kaitiaki Advisory Limited • Director, Tainui Kawhia Incorporation • Director, Peak2Peak Limited • Director, Hiringa Energy Limited • Executive Director, Advanced Biotech NZ Limited • Management contract, Tainui Kawhia Minerals • Australia-NZ representative, Wattstock LLC (USA) • Representative of Waipapa Marae, Kawhia, Te Whakakitenga o Waikato Tainui • Runanga Manukau Institute of Technology - Te Whakakitenga o Waikato representative • Member – Waikato District Council – Infrastructure Committee • Advisor – Te Taumata Aronui – Ministry of Education • Adjunct Senior Fellow – University of Canterbury – Department of Chemical Engineering

Director	Interest
Hinerangi Raumati-Tu'ua	<ul style="list-style-type: none"> • Chair, Parininihi Ki Waitotara Incorporated • Trustee, PKW Trust • Chair, Ngā Miro Trust • Chair, Nga Kai Tautoko Limited • Chair, Te Kiwai Maui o Ngaruahine Limited • Director, Taranaki Iwi Holdings Management Limited • Director, Aotearoa Fisheries Limited • Director, Sealord Group Limited • Director, Port Nicholson Fisheries GP Limited • Director, Te Puia Tapapa GP Limited • Director, Tainui Group Holdings Limited • Executive Member, Te Whakakitenga O Waikato • Member, Venture Taranaki
Dave Chambers	<ul style="list-style-type: none"> • Director, Paper Plus New Zealand Limited • Director, Living Clean NZ Limited • Director, Turners and Growers Fresh Limited
Frances Valentine	<ul style="list-style-type: none"> • Director and CEO, The Mind Lab Limited • Director and CEO, Tech Futures Lab Limited • Director, Harcourt Jasper Limited • Director, Pointed Tangram Limited • Director, Harper Lilley Limited • Director, On Being Bold Limited • Director, Sandell Trustees Limited • Selection Advisor, Edmund Hillary Fellowship • Trustee, Dilworth Trust Board • Futures Advisor, BNZ Bank
Colin Magee (Board intern)	<ul style="list-style-type: none"> • Chair, Ākau Ltd and Ākau Foundation • Member, Advertising Standards Complaints Board • Contractor, College of Law • Director, C Magee Limited • Director, MyCap Limited • Director, MyCap Markets Limited • Member, Te Ārai Tūpono (Audit and Risk Committee) of Te Wānanga o Aotearoa

Report to the Board of Watercare Services Limited

Prepared for the 29 September 2020 Board meeting

Central Interceptor report for August 2020

HIGHLIGHTS AND LOWLIGHTS

- The Tunnel Boring Machine completed its Factory Acceptance Testing and is being dismantled for shipping to Auckland. Delivery to site remains on 27 November 2020.
- The Auckland region reverted to Covid-19 Alert Level 3 on 12 August 2020. Work was suspended for 1 day to allow all parties to implement the stricter workplace controls.
- Travel exemptions have been granted for 11 essential workers (10 GAJV, 1 Jacobs), with the first resource arriving incountry at the end of the month. Getting skilled personnel into New Zealand remains the highest risk to the successful delivery of the project.
- Shaft excavation is now well underway at both May Road shaft A and Māngere Pump Station.
- The poor ground conditions in the rising main trench have been overcome, with 224m of pipe welded and being installed into the trench without issue.

FUTURE OUTLOOK

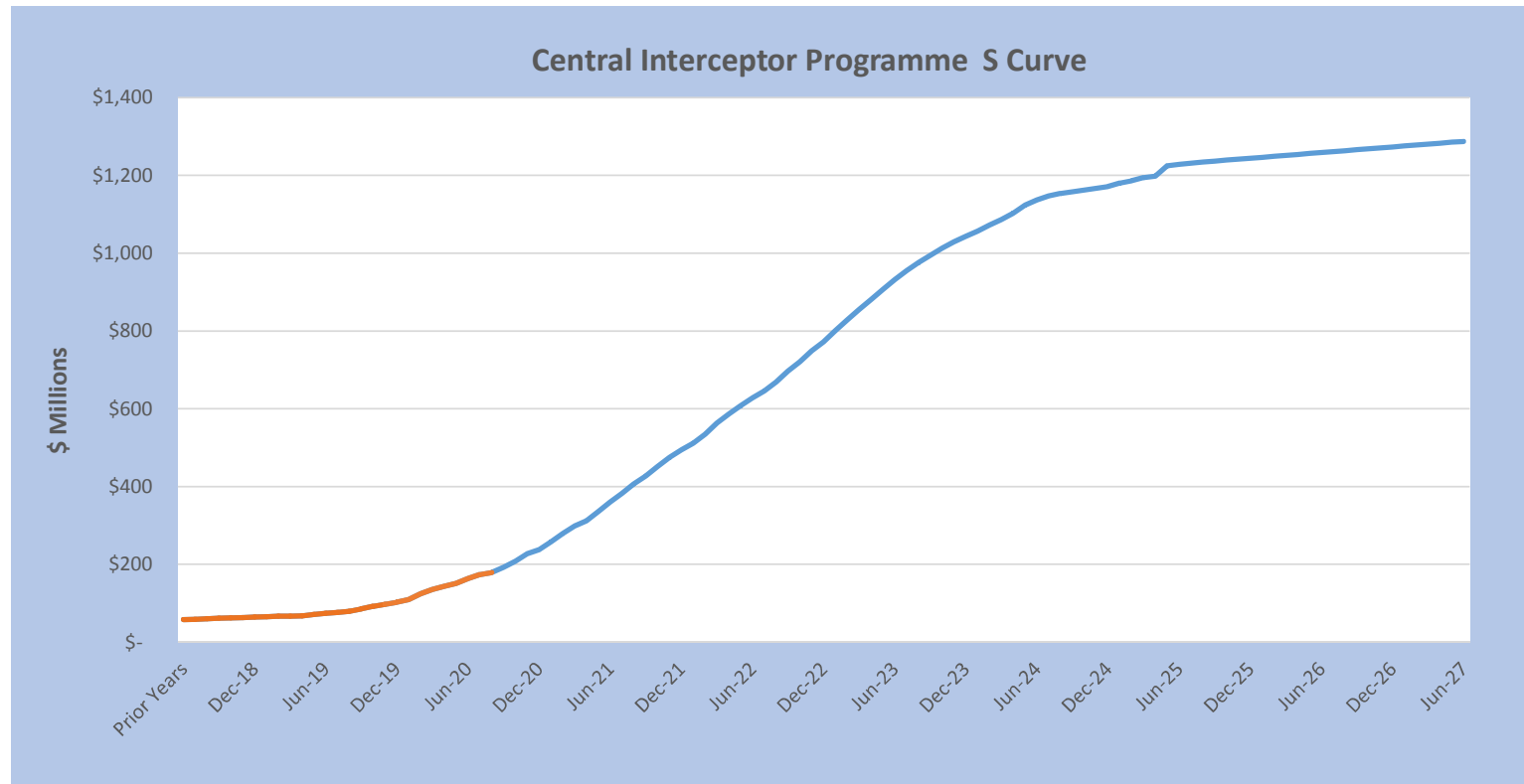
- September has a number of theme based activities, including Suicide Prevention in conjunction with Mates in Construction, Tongan Language Week and Maori Language Week.
- Haycock Avenue secant piling for the shaft to commence in September.
- The condition assessment for the Māngere WWTP Confluence Chamber will be completed in September. This will determine design and methodology for construction works.
- Site establishment works at Miranda Reserve will commence late in September.



Shayne Cunis

Executive Programme Director, Central Interceptor

1. FINANCIAL SUMMARY



6.1

Project Expenditure

- Total project expenditure (including Grey Lynn Tunnel) to date is \$178.5M against an approved budget of \$1.268B. This level of expenditure aligns with the forecast.
- Committed Risk to date is \$10.9M. This includes COVID 19 impacts of \$7.8M (TBM relocation \$5.1m, Pre-lockdown \$0.2m, Lockdown \$2.5m)
- The Total Outturn Cost for the programme of works remains at \$1.267B.
- \$30M advance payment was issued to GAJV in March 2019, which will be repaid over the first few years of the contract. A second \$20M additional advance payment was issued to GAJV in December 2019, with \$16M of this to be repaid by June 2021 and the remainder repaid by 2023.

PROJECT SUMMARY



HEALTH, SAFETY & WELLNESS

- COVID 19 pandemic response was key focus area during August. Watercare worked closely with GAJV to ensure business continuity and safe operation of project site during Alert level 3 and 2 in accordance with COVID-19 guidelines. Systems were tested immediately when one of the GAJV subcontractors was identified as a close contact of the second cluster. Their bubble onsite was isolated and sent for Covid-19 testing, with all returning negative results. A number of other project team members, both on the Client and GAJV, have been casual contacts of positive people and been requested to be tested. All results to date have been negative.
- With the commencement of the Māngere shaft excavation, there has been a heightened focus on emergency preparedness associated with these works. Extensive briefings have taken place on emergency preparedness for different events, with an emergency scenario test completed in the month. The test was undertaken under the supervision of Mines Rescue. The team responded well, with key learnings identified and have been addressed on site.
- An overall improvement of health and safety has been noted, particularly around site facilities, security and housekeeping standards. This has been reflected in a reduction in incidents recorded in the month.

DELIVERY

- Māngere Pump Station:
 - Main Shaft excavation has extended to 10.5m below ground level
 - Inlet Shaft excavation has extended to 7.5m below ground level
 - The first length of HDPE rising main pipes has been pulled into the trench
- May Road:
 - Shaft A excavation has extended to 10m below ground level
 - Coring of basalt in Shaft B is ongoing
 - Construction works on Roma Road and associated retaining wall continues
- Keith Hay Park:
 - Construction works for Network Sewer 4 diversion have commenced
 - Site investigation on southern side of SH20 has been completed for Branch Sewer 9B crossing
- Haycock Avenue:
 - Site establishment activities are nearing completion
 - Preparations underway for shaft secant piling to commence in September
- Dundale Avenue:
 - Site establishment activities are ongoing
- Pump Station 25
 - Preliminary existing services investigation completed

PEOPLE

- Foreign essential workers who received travel exemptions in August have begun receiving their visas to allow them to travel to New Zealand and to commence work. The first of these workers have begun arriving in the country and are currently serving out their two-week managed isolation period.
- We continue to face the challenge of our existing ex-pat workforce not being able to apply to re-enter New Zealand before they depart to their home countries for family visits. This is creating a retention risk for some of our critical roles.
This is an industry wide challenge and we continue to maintain dialogue with organisations such as MBIE and CRL/Link Alliance around an industry solution to the issue.
- Following the move to Alert Level 2.5, all team members have returned to their normal place of work.

RISKS

- Section 5 provides greater detail on the current risks in play and the movements from last month.
- The second mine site has been declared to WorkSafeNZ – May Road Shaft A.
- New cases of Covid-19 community transmission has occurred, increasing risk of transmission to staff within NZ.
- Progress has been made on bringing personnel into NZ, but this remains the highest risk on the project at this time.
- Ground conditions at the Māngere PS rising main have proved challenging with soft ground conditions. Additional geotechnical investigations have been carried out for the remaining length with trench and bedding designs updated to accommodate conditions.

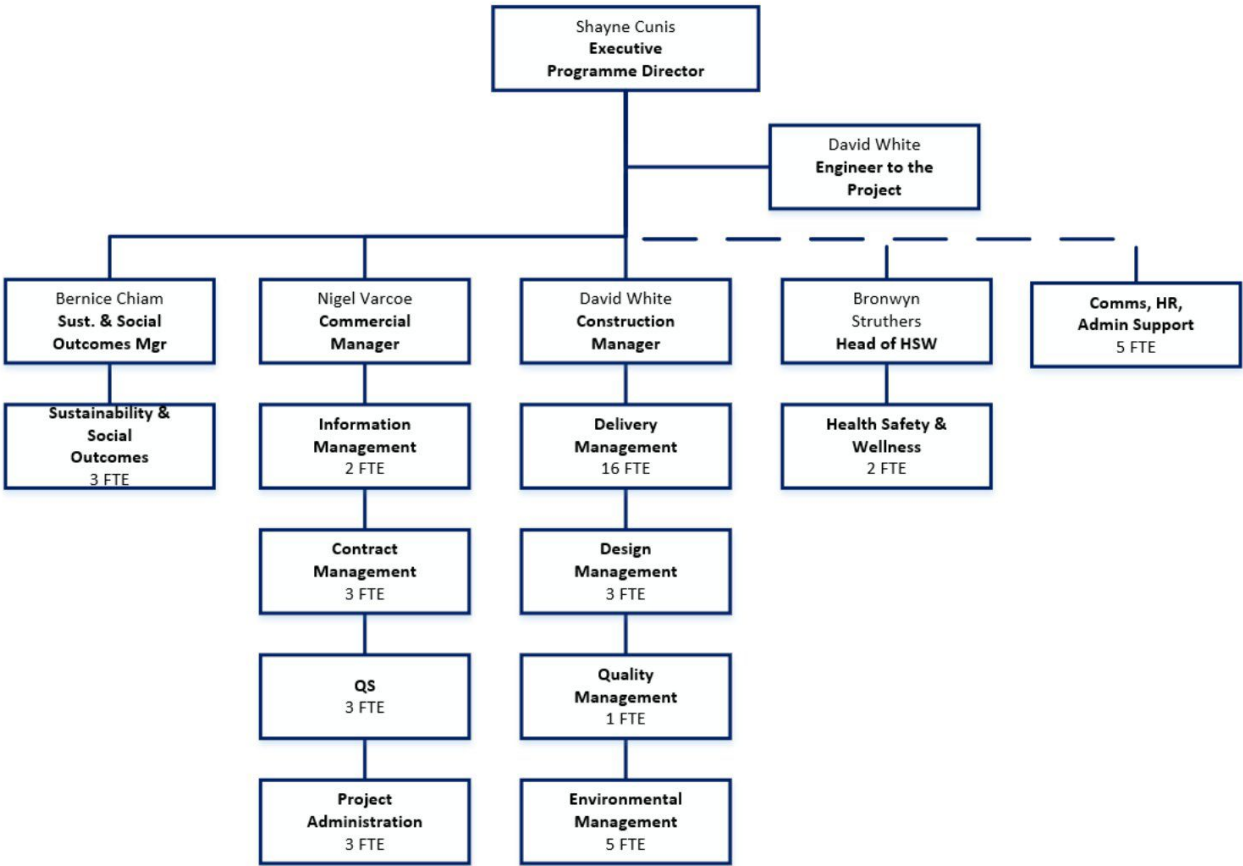
STAKEHOLDER & COMMUNICATIONS

- Issued further stakeholder communications including notices to 400+ residents and businesses re our sites working safely under new Covid levels and two site bulletins and also finalised the project newsletter.
- Prepared and presented (via Skype) a construction update to the Albert Eden local board, which was well received.
- CI Mobile Visitor Centre continues to be constructed. The trailer unit is nearing completion. The internal fitout and visitor engagement experience has been developed, and installation will commence in September.
- Progressed discussions with Kāinga Ora and Whau area community groups re relocation and new build of local children's playground in Miranda Reserve.

CONSENTS & APPROVALS

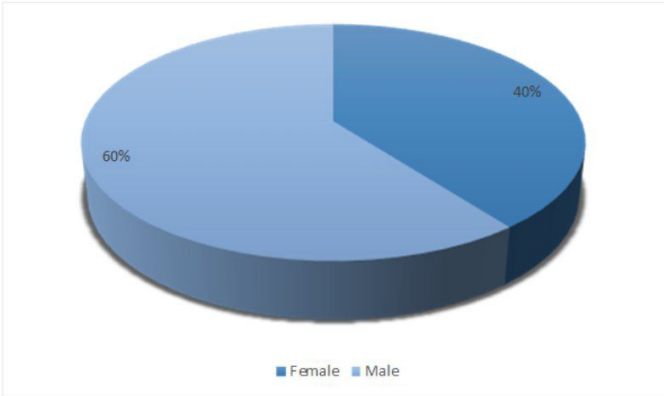
- Application to vary to the Activity Specific Noise Management Plan resource consent condition to delete the requirement for written endorsements has been submitted, following a pre-lodgement meeting with Auckland Council.
- Draft application for the construction of a haul road at Western Springs was presented to Regional Facilities, as landowner. It is now with them to approve.
- Waititiko – Meola Creek Enhancement Plan works at Mt Albert Grammar School have been completed with the installation of fencing to protect riparian planting. The project used fencing posts made from recycled plastic.
- The remaining objection on the alignment of the Grey Lynn Tunnel was resolved.

2. ORGANISATION STRUCTURE

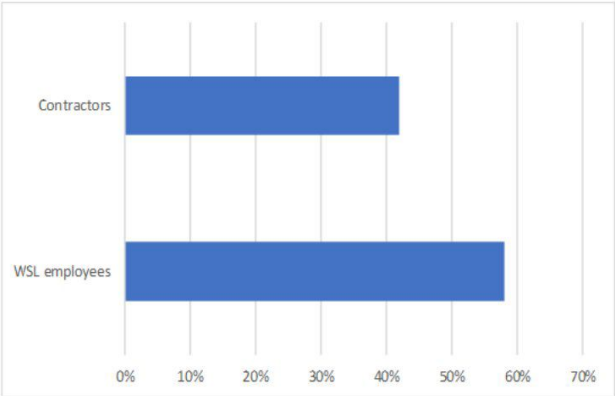


6.1

Gender balance



Workforce split



3. Health, Safety & Wellness

Watercare, its partners and the GAJV worked a total of 63,032 hours in August 2020. The rolling Lost Time Injury Frequency Rate (12 monthly) is 0 and the Total Recordable Injury Frequency Rate (TRIFR) is 3.7 per million hours.

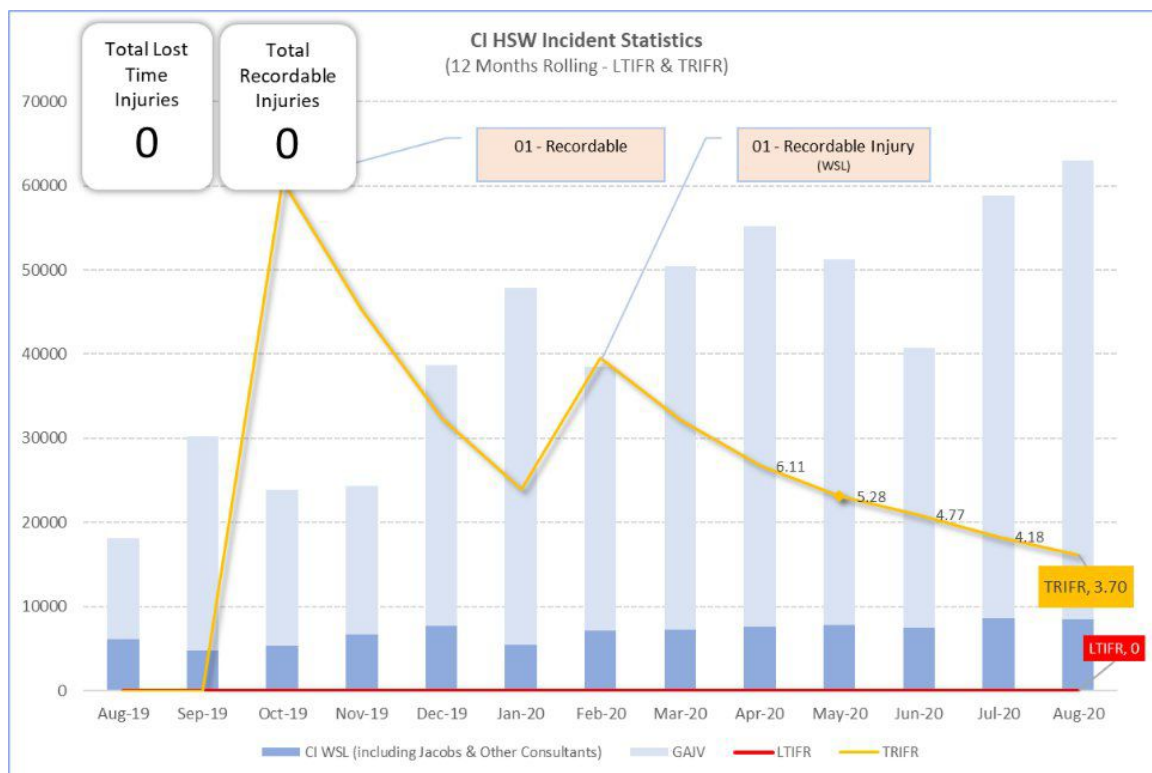


Figure 1: H&S Statistics (12 months rolling rate)

No serious injuries reported during this month. The GAJV reported two Close Calls, two Minor First Aid cases and one property damage during this period.

	Hours Worked*	FAI	MTI	LTI	Close Call	PD	RO	NI
Watercare Employees	4,608.4	0	0	0	0	0	0	0
Jacobs Construction Management	1,696.0	0	0	0	0	0	0	0
Other Consultants*	2,145.0	0	0	0	0	0	0	0
Ghella Abergeldie JV	54,583.0	2	0	0	2	1	0	0
Total	63,032.4	2	0	0	2	1	0	0

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

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

4. Risks

Covid-19

August has seen the re-emergence of community transmission of Covid-19, with Auckland having an Alert Level 3 for a two week period, before dropping to Alert Level 2.5 at the end of August.

Construction on site continued over this period, albeit with increased social distancing and hygiene measures along with restrictions on staff movements between sites.

There is heightened awareness and diligence with the continued presence of community transmission.

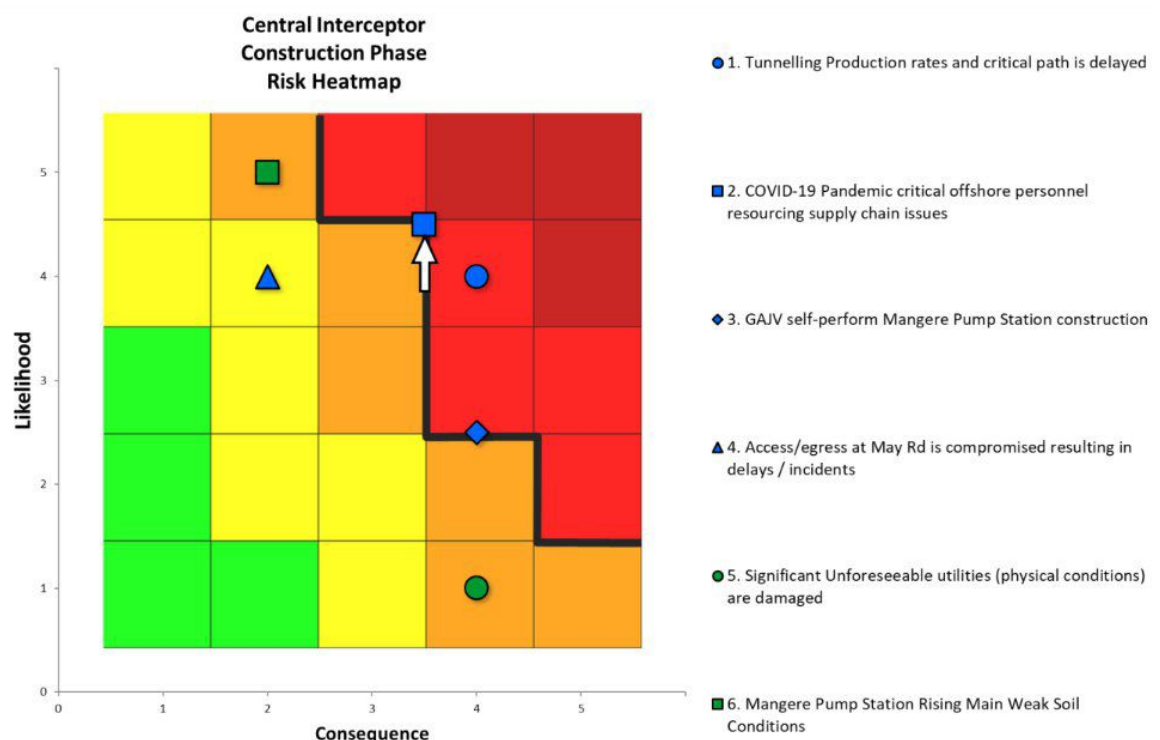
Ongoing Risks

Mangere Pump Station Rising Main installation has faced significant difficulties due to much weaker ground conditions than anticipated by the design. Ground conditions have been investigated for the remaining length and trench design modified to suit.

Mines Sites

In the middle of August, May Road Shaft A was declared a mine site to WorkSafe NZ. This site joins Mangere Pump Station as the second site to be declared as such. The mines classification requires additional controls which have been implemented across both sites.

Risk Heatmap













Risk Description		Risk Reduction Actions
Tunnelling production rates and critical path is delayed Ground conditions are more adverse than baselined in GBR results in delays to programme and additional costs.	 	Additional probe drilling for specific ground conditions. We will actively monitor ground conditions and tunnelling rates during operation. TBM has facility for real-time monitoring.
COVID-19 Pandemic critical offshore personnel resourcing and supply chain issues Resourcing – critical staff not able to obtain exemptions to be able to enter New Zealand. Now presents a critical risk to the project.	  	\$5M expenditure to procure TBM from Germany instructed in late February 2020. Engagement with GAJV for critical resourcing requirements from overseas. WSL can offer endorsements if necessary to pass government requirements. Close monitoring of supply chain impacts due to COVID-19 incl. engagement with suppliers. Staff movement restrictions between sites.
GAJV self-perform Mangere Pump Station construction Contractor proposing to self-perform delivery of Mangere Pump Station works. Quality and/or commissioning issues arising from Insufficient capability within Contractor to successfully deliver works.		Approval process and in-depth review of contractor capabilities. Engagement of appropriate sub-consultants where required. Yet to approve.
Access/egress at May Rd is compromised due to conflicting activities from leaseholders/tenants Tenants not following TMPs/TMPs not accepted by landowner. HSE Incidents.	 	Full time warden. Additional traffic controls. Option to exercise WSL regulator rights under the Public Works Act. Regular coordination meetings. Revisit options for securing rights to the property. Heightened communications/improve relations with tenants. Roma Road accessway under construction.
Significant utilities (unforeseeable physical conditions) are damaged Utilities not shown on drawings or with visible evidence on site. Inadequate investigations		Ensure services investigations are undertaken by the Contractor Review Contractor method statements and risk assessments for utility location.
Mangere Pump Station Rising Main Weak Soil Conditions Quality issues arising from soil conditions along route of Rising Main softer than anticipated. Additional cost will result due to revised trench and foundation approach.		Contractor reworking their work method statements to cater for changed ground conditions. Additional geotechnical investigation carried out, trench and foundation design revised.

Photo Update – August 2020

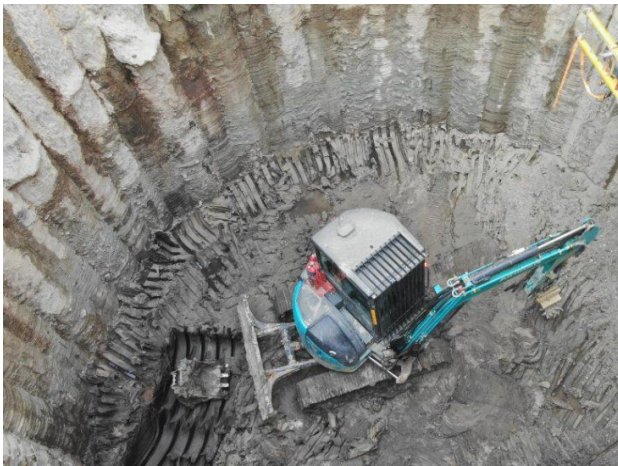
6.1



MPS– Main Shaft excavation



MPS – Laying rising main pipe in trench



May Road - Shaft A excavation



Dundale Avenue – Puriri tree relocation



May Road - Site overview

5. Construction Programme




When is the Central Interceptor being

6.1



Disclosure of Director Expenses

6.2

Purpose			Team		
Information	Discussion	Approval	Prepared	Recommended	Submitted
			James Davies Head of Internal Audit	Nigel Toms Acting Chief Financial Officer	Raveen Jaduram Chief Executive
Intellectual capital	People and culture	Community and stakeholder relationships	Financial capital & resources	Natural environment	Assets and Infrastructure
					

1. Recommendation

That the Board approves the format for the disclosure of Director related expenses (**Appendix 1**).

2. Purpose and context

The Board requested that management include details of Director related expenses as part of the monthly board pack.

3. The details

The proposed format of the disclosure is shown in **Appendix 1** and covers 2 types of expenses:

- Reimbursed expenses – these are Watercare related expenses paid by Directors out of their own pocket. Examples include training course fees and travel costs.
- Related expenses – these are expenses incurred by Watercare on behalf of a Director. Examples include flights, taxis and hotel costs.

4. Next steps

Following approval, the new disclosure reporting will be included in Board packs from 1 October 2020.



Appendix 1

DIRECTOR EXPENSES FOR [MONTH]

1. Reimbursed Expenses

Name	Details of expenditure	Amount \$	Approved by

2. Director Related Expenses

Name	Details of expenditure	Amount \$	Approved by

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

6.3

Drought Update for 24 September 2020

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

	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
A Lake storage levels (target % at end of month)		49.6%*	56.0%	62.4%	68.6%	75.0%
<i>Actual</i>	43.4%	55.3%	59.5%	66.8%		
B Average daily use (target MLD)		410	409	405	405	415
<i>Actual</i>	423	405	397	382		
C Waikato & Onehunga production forecast (MLD) which includes maximising Waikato WTP above the current consent from July 2020 (extra 10MLD) and August (extra 20MLD), and the addition of Pukekohe Stage 1 August (extra 2.5MLD)		170	180	192.5	192.5	192.5
<i>Actual</i>	167	174	157 ^s	177 ^s		
D Abstraction from the storage lakes (MLD)		240	229	213	213	222
<i>Actual</i>	256	231	240	204		
E Total lake recharge required (MLD) for the month		435	424	408	408	417
<i>Actual</i>	192	521	514	445		
F Normal monthly rainfall (mm)		176	203	182	154	146
<i>Actual</i>	132	274	134	185		
G Estimated rainfall required to achieve 75% lake storage by Oct. and follow previous summer		98%	83%	90%	108%	116%
H Forecast rain conditions (MetService 6 month - % of normal) #		100%	103%	111%	76%	95%
<i>Actual</i>	102%	157%	65%	100%		
I Forecasted rain conditions (NIWA 3 month)^		Normal rainfall	Normal rainfall	Normal rainfall	Normal rainfall	Normal rainfall

*restriction zone

#forecast presented from MetService 8 September shows a softening of the previous dry spring signal and aligns with August's forecasts

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

[^]NIWA forecast received 1 September indicated that while the north of the North Island exposed areas may receive above normal rainfall, Auckland is likely to be normal due to 'shading' by Coromandel and Northland

Status Report – to week ending 20 September 2020

Monthly storage commenced 1 September 2020 66.7%

Target storage for 30 September 2020 68.6%

	Status at 20 Sept	Target for 20 Sept
Storage at end of week	67.5%	66.5%
7 Day Demand (m ³ /day)	387,067	404,640
Month to Date (m ³ /day)	384,731	404,640
Non-Storage 7 Day Production (m ³ /day)	176,917*	190,000
Storage 7 Day Production (m ³ /day)	208,645	214,640
7 Day Rainfall (% of normal)	44.5%	108%
Month to Date Rainfall (% of normal)	41.2%	108%
Coming Week Rainfall Forecast (% of normal)	87.7%	108%
Coming 4 week	84%	96%

*Waikato and Onehunga production has been required to be trimmed in line with very low demand.

Drought Update for 24 September 2020

Drought Response Forecast - November 2020 to February 2021

	Nov-20	Dec-20	Jan-21	Feb-21
A Lake storage levels (target % at end of month) <i>Actual</i>	72.3%	67.9%	62.5%*	57.4%*
B Average daily use (target MLD) <i>Actual</i>	430	440	460	510
C Waikato & Onehunga production forecast (MLD) which includes maximising Waikato WTP above the current consent from July 2020 (extra 10MLD) and August (extra 20MLD), and the addition of Pukekohe Stage 1 August (extra 2.5MLD)	192.5	185	185	185
D Abstraction from the storage lakes (MLD) <i>Actual</i>	238	248	278	328
E Total lake recharge required (MLD) for the month <i>Actual</i>	252	193	195	161
F Normal monthly rainfall (mm) <i>Actual</i>	124	132	104	103
G Estimated rainfall to follow previous summer's climate conditions and storage response	85%	62%	79%	68%
H Forecast rain conditions MetService (% of normal) [#] <i>Actual</i>	80%	109%	77%	132%
I Forecasted rain conditions (NIWA)	Normal rainfall			

*restriction zone

[#]MetService seasonal forecast received 8 September expressed very little confidence in current the January/February prediction

Augmentation status update – to 24 September 2020

Location	Underway now			
	Pukekohe Bore Capex Approved	Hays creek dam in Papakura Capex Approved	Waitakere Water Treatment Plant Awaiting Capex Approval	Waikato Water Treatment Plant (existing plant)
On track				
Action	Bringing this bore back into service by setting up modular Water Treatment Plant and local network connections	Bring this dam back to service by setting up modular Water Treatment Plant and local network connections	Maximising abstractions	Maximising abstraction From 6.00pm 16 June 2020 abstraction increased from 150 MLD to 165 MLD
Additional supply and date that supply comes online	5MLD in production, to be delivered in a single stage by October (previously December)	Yield = 8MLD Daily Peak = 18MLD Stage 1 = 6MLD by December 2020	Peak = increase from 12 to 18MLD ETA: 15 MLD August 2021 18 MLD TBC	Extra 25MLD total by August 2020
Action underway	<ul style="list-style-type: none"> Currently tracking towards going live 25 October 2020. There will be works undertaken beyond the “go-live” date (Phase 2) to ensure ongoing plant reliability and resilience: <ul style="list-style-type: none"> Completion of the site, civil works Installation of fluoride dosing systems Completion of mechanical and electrical installation works Extensive works taking place onsite on multiple work fronts, civil, mechanical, electrical and control systems service providers are working extremely hard to deliver required outcome Water Safety Plan development underway and workshops in flight Off spec water discharge consent expected late September Design for reconfiguration of the treated water network ongoing. Civil works to commence in September, electrical and control design underway 	<ul style="list-style-type: none"> Preparation of site for temporary Water Treatment Plant is progressing to schedule. This includes the development on a secondary access way through a neighbouring property Temporary train (for Stage 1 - 6MLD) and permanent plant layout being developed Temporary plant fabrication is in flight with the first of the containerised systems expected to land in New Zealand during the first two weeks of October Discharge consent application being completed and to be lodged on 1 October Multiple contracts in development and procurement agreements in flight Papakura No.2 pipeline replacement has commenced. Contractor working on multiple fronts 	<ul style="list-style-type: none"> Plant now able to produce 15 MLD Scope for Filter 1 and Filter 6 rehabilitation confirmed Contract with ACH to undertake a structural assessment of the filters has been signed Commencement of filters structural condition assessment - Pending assessment report The filter media specification is under review Cost and benefit of upgrade to 18 MLD (additional 3 MLD) to be agreed 	<ul style="list-style-type: none"> Seasonal consent (1 May to 30 Sept) for additional 100MLD granted on 9 September HCC Consent granted on 4 September and allows additional 25 MLD abstraction over summer (1 October to 30 April) The Waikato Water Treatment Plant has achieved a new record high, daily production of 173 MLD. This output does require the operation of the system in a specific configuration Waikato river flows dropped below median level on 16 September, We are now relying n our new seasonal consent to maintain abstraction above 150 MLD

Location	Ardmore Water Treatment Plant Awaiting Capex Approval	Onehunga Water Treatment Plant Capex approved	Waikato 50 Capex approved
On track?			
Action	Reduce minimum flow to reduce abstraction pressure on dams	Maximising abstractions	Design, consent and build new plant to process the additional water available under the seasonal take and the 2013 application when granted – Waikato A Capex needs development
Additional supply and date that supply comes online	Reduce Water Treatment Plant output to allow enhanced conjunctive use of other water sources. ETA: December 2020	Stage 1: Maximise production from the existing Water Treatment Plant. Restore Maximum Production Capacity up to 24 MLD. ETA – December 2020	Stage 1 = 50 MLD by May 2021
Action underway	<ul style="list-style-type: none"> The Ardmore Water Treatment Plant minimum flow was 140 MLD, but following the low flow trial has operated reliably at 85 MLD. It is anticipated that as demand starts to increase as we move into spring, Ardmore will be required to operate at higher flows This trial will mean that the maximum production capacity of Ardmore will be limited to 250 MLD Based on the current experience a programme of works is being developed to deliver longer term improvements to allow Ardmore to operate more reliably at these low flows. A business case will be submitted upon completion of this scoping activities 	<ul style="list-style-type: none"> Filters rehabilitation is being scoped for capacity restoration to 24MLD The plant is being maximised this winter and has been since aquifer levels increased Pearce Street Pump Station pump testing complete, developing a programme to enhance abstraction Received the draft report for the overall electrical capacity assessment of the Onehunga Water Treatment Plant Filter rehabilitation works contract negotiations complete, final contract engagement progressing, site works commencement within the next three weeks The new magnetic flowmeter has been delivered to site, procurement of new treated water pump filter inlet piping is underway New operating philosophy has been developed 	<ul style="list-style-type: none"> For stage 1 - Project team consisting of Watercare Staff, designed and contractor has been formed, with a co-located office for design and site office for construction Typically, 60-70 contractors in site and over 70 staff working on the design at the BECA collocation office Concept design of intake structure, Waikato A treatment plant complete Winter take consent for 100MLD and summer take consent for 25MLD received Boost pump station design progressed, pumps ordered and landowner negotiations complete, consent obtained, and construction started Detailed design started for Waikato 50 with confirmed final layout and process options for 50MLD expansion by May 2021 Risks reviewed on a fortnightly basis Long lead items ordering progressed Iwi hui held on site and weekly update hui arranged Earthworks at Waikato 50 progressing ahead of schedule Site establishment planning for laydown, offices progressed, and temporary access road complete Stream works consent received for filling on site to create second access road and laydown areas General consent (OPW) obtained for Waikato 50 site

Non-Revenue Water status update – to 24 September 2020

Activity	Pressure Management	Creating smaller District Metered Areas	Leakage Control	Meter Replacements	Theft
On track?					
Action	<p>Pressure reductions in geographical zones to reduce the number of bursts, the volume lost through leakage and the demand.</p> <p>Note: careful consideration is taken to ensure that the level of service (LOS) is maintained across the network</p>	<p>65% of the City with District Meter Area's less than 10,000 connections</p> <p>Installing meters and valves to create geographical areas in which we can measure:</p> <ul style="list-style-type: none"> Supply Consumption Non-revenue water 	<p>Increase ground surveying of leak detection to 6,000km a year. Contractor has been appointed</p> <p>Fix all moderate to major leaks detected within 5 days</p>	<p>Improve accuracy of customer meters by replacing per year:</p> <ul style="list-style-type: none"> 30,000 domestic 1,000 non-domestic <p>NOTE: This work will decrease the volume of water consumed-unbilled. It is unlikely decrease demand.</p>	<p>Meter fire connections in specified properties to monitor for illegal use.</p> <p>NOTE: This work will decrease the volume of water consumed but unbilled. It is unlikely to decrease demand.</p>
Actions Underway	<p>First set of zones reduced to lowest acceptable level (completed by July 2020):</p> <ul style="list-style-type: none"> Papatoetoe – reduced by 100kpa, no known customer complaints. Small decrease in reported faults; reduction in night flow equating to 28ML/Y. Beach Haven – reduced by 40KPA, no known customer complaints Otara east & west reduced by 130kpa, no known customer complaints. 10% drop in breaks and 20% reduction in minimum night flow observed for the 6th week running. Estimated saving: 0.77 MLD Moderate decrease in reported faults; reduction in night flow equating to 1.4ML/Y. <p>Business case to establish the next tranche of 30 DMAs has been drafted and is undergoing review. This will allow pressure reduction in almost 20% of the city's metropolitan network (by volume).</p>	<p>Stage 1 Waitakere:</p> <ul style="list-style-type: none"> Rezoned from 6 to 24 DMAs by August 2020 (95% completed - delay due to shutdown scheduling conflict at one site) <p>Stage 2 Maungakiekie:</p> <ul style="list-style-type: none"> Rezoned from 1 to 5 DMAs by December 2020 (40% completed - traffic plans application sent to AT) <p>Stage 3 to be integrated with pressure management programme.</p> <ul style="list-style-type: none"> Capex to commence create and pressure reduce 30 DMAs has been written and is undergoing review. This will pressure reduce 22% of the city's network (by volume) 	<ul style="list-style-type: none"> Zones currently in progress <ul style="list-style-type: none"> Māngere Airport 420km (30% complete) Pukekohe 212km (30% completed) Devonport 71km (20% completed) Pakuranga 138km (20% completed) Maungawhau 313km (10% completed) Completed <ul style="list-style-type: none"> Total km surveyed to date: 1084 Total leaks found: 596 Total MLD confirmed saved: 2.03 MLD Zones completed (Maungakiekie, New Lynn, Otara, Clarks Beach, Green Bay, CBD, Onewunga, Otahuhu, Northcote) 	<ul style="list-style-type: none"> Work started in July 2020 and ongoing throughout FY21: <ul style="list-style-type: none"> 2774 domestic meters replaced during August Benefit for Smart Metering the top 1000 non-domestic customer accounts is currently being prepared This business case is currently undergoing management review 	<p>Property fire supply is being monitored to determine if theft is occurring.</p> <p>No theft detected as yet</p>
Benefits	<ul style="list-style-type: none"> Papatoetoe - 0.1MLD Beach Haven - 0.1MLD Otara east & west - 0.2MLD Māngere airport – 1.6MLD Howick – 1.0MLD Konini – 0.2MLD Maungakiekie – 1.7MLD Waitakere – 0.9MLD Flat Bush – 2.8MLD Total: 8.6 MLD by Nov 21 <p>Benefits are based on:</p> <ul style="list-style-type: none"> reducing average pressure which results in reduced faults, reduced leakage, and a small reduction in customer demand 	<ul style="list-style-type: none"> The creation of DMAs is an enabler to maximise the efficiency of pressure management and leakage control DMAs enable the benefits of all NRW initiatives to be monitored and tracked 	<p>Benefits are 1.6MLD saved for every 1,000km swept. Based on:</p> <ul style="list-style-type: none"> 394km swept in Maungakiekie – (1MLD predicted savings) 260km swept in Māngere Airport – (0.4MLD predicted savings) Average savings rate 2.15 MLD saved every 1,000km Conservative 75% estimate: 1.6MLD <p>Total: 9.6 MLD by Jun 21 (Opex funding of \$780K budgeted and approved)</p> <p>Note: predicted savings are based on leak detection contractor's analysis of each leak found</p> <p>Note: these savings will not be realised unless:</p> <ul style="list-style-type: none"> All leaks detected can be fixed within 5 days of reporting A renewals program is overlaid alongside the leak detection works. A large portion of the network is reaching its design life. This is evident in Maungakiekie where a second sweep of the zone revealed that over 130 new underground leaks had occurred within a 6 months period 	<p>Benefits are \$3.6 M per annum additional revenue based on:</p> <ul style="list-style-type: none"> 8% revenue gain in domestic meters 6% revenue gain in non-domestic meters 460 l/d average consumption of domestic meters 22,000 l/d average consumption of non-domestic meters Value of water sold: \$4.36 per 1KL 	<ul style="list-style-type: none"> Benefits will be determined post trial
Future Expenditure	<ul style="list-style-type: none"> Total 8.3 MLD savings estimated 18 months from approval which would require: <ul style="list-style-type: none"> Opex: \$326K Capex: \$7.5M 		<ul style="list-style-type: none"> Total 15 MLD savings estimated for FY22 which would require: <ul style="list-style-type: none"> Opex: \$800K (Leak detection 9.6MLD, management approval) Capex: \$60M (Watermain renewals, Board approval) 	<ul style="list-style-type: none"> \$1.2M annually in additional water and wastewater charges which requires: <ul style="list-style-type: none"> Capex: \$6.75M (Meter replacement capex) 	<ul style="list-style-type: none"> Increased expenditure Depending on trial results <ul style="list-style-type: none"> Unit costs to be determined at end of trial

Report to the Board of Watercare Services Limited
Prepared for the 29 September 2020 Board meeting



Chief Executive's report for August 2020

HIGHLIGHTS AND LOWLIGHTS

7.2

1. Health, Safety & Wellness

- There was one Lost Time Injury (LTI), involving a Watercare employee in August 2020.
- There was one Lost Time Injury (LTI), and one Restricted Duties Injury (RDI) involving contractors in August 2020.
- The rolling 12-month Lost Time Injury Frequency Rate (LTIFR) for employees is 9.77 per million hours, exceeding our target of ≤ 5 .
- The rolling 12-month Total Recordable Injury Frequency Rate (TRIFR) for employees is 19.54 per million hours, within our target of ≤ 20 .
- **Trends:** A Safe Hands campaign is being developed after there were eight injuries to hands during the month of August.
- **Working in the Public Domain:** The Security Team are taking the lead with education and communication of our workers after several recent incidents with members of the public being aggressive towards our team whilst working in the community.
- **External Audits:** Preparation underway for two external audits in September. The first is ACC Employee Partnership programme and the second is the final Telarc Audit for 4501 accreditation.
- **Service Strikes:** With two service strikes during August, we continue to explore solutions driven through the Infrastructure team.
- **Covid-19:** We are currently in Alert Level 2.5 having been in Alert Level 3 until Sunday 30 August. The Covid-19 incident management team reformed to manage the Incident and predicts that Alert Level 2.5 will remain in place until near the end of September 2020 to account for further contact tracing of the community transmission. The company has therefore planned to continue at Alert Level 2.5 until this later date. All facets of the business are functioning as normal with the additional measures in place to ensure safety in line with the Government guidelines. This report includes an update on the various actions the company is taking to ensure we can continue to provide essential water and wastewater services whilst operating under Alert Level 2.5.

2. Financial Capital and Resources

- COVID-19 challenges continue, and we are monitoring to ensure that Watercare's debtor position is appropriately managed and cases of customer hardship are addressed; hardship applications are below the historical average but are expected to increase.

3. SOI measures and customer service

- This year, we have the same SOI measures as last year, plus 15 new additional SOI Performance Measures, which are aligned with our Integrated Reporting Capitals. Reporting against these new measures commences in this month's CE's report.
- NPS is at 41 (12-month rolling average), 1 point decline vs last month, this is largely driven by high scores rolling off. In the month of August we saw +8pt lift in NPS for August vs July due to focus on clearing backlog, streamlining processes and staff training and coaching.
- Customer Satisfaction (12-month rolling) score also increased to 72.5% again driven by the focus on training and 1:1 coaching. August month score was 76, 1pt ahead of target.
- Complaints within SLA has improved to 95.8% with a lot of focus and monitoring on resolution time frames.
- Ebill now at 63.1% with continued focus on regular proactive campaigns to shift customers off paper bills.

4. People, Capability and Learning

- The percentage of voluntary leavers and absences due to illness remains below our limits.
- The number of FTEs remains below our budget.

5. Community and stakeholder relationships

- Local Boards continue to be updated on the drought response.
- We also continue to liaise with Local Boards affected by the Central Interceptor Project works in local parks and are looking to organise a site visit for the Puketapapa and Albert Eden Local Boards.
- Construction related communication continues to be shared in the interests of no-surprises including briefings with relevant local boards.
- **Waikato District Council:** Capital works delivery is accelerating. Operationally, there were no significant outages in August 2020. Watercare is assisting WDC develop business cases to be put forward for the Water Reform Funding package.
- **Legislation update, including submissions on various bills:** Freshwater Implementation Group established to oversee implementation of new national direction for freshwater; MfE currently consulting on its "Reducing the impact of plastic on our environment – moving away from hard-to-recycle and single-use items", Watercare is working on a submission with Council; MBIE is consulting on its "Whole-of Life Embodied Carbon Emissions Reduction Framework", Watercare is considering its position; MfE released a summary of submissions made to its NPS-IB, next step is to consider the issues; Hamilton-Waikato Metropolitan Spatial Plan to be incorporated into the Future Proof Phase 2 Strategy; Report of the Resource Management Review Panel released, Water Service Bill introduced into Parliament; the Governing Body resolved to agree to participate in initial stage of Three Waters service delivery reform and to investigate the option for Watercare's balance sheet to be separated from the Council's.
- **Māori Engagement & Outcomes:** A significant focus in August 2020 continued to be Waikato Awa water consents and documents and continuing consultation.
- **Communications snapshot:** The drought continues to receive extensive coverage in the media and current affairs shows.

6. Natural Environment

- **Watercare's Drought Management Response:** Stage 1 water use restrictions remain in place since 16 May 2020, following the resolution of the Auckland Council Emergency Committee on 7 May 2020. As well as putting in place interventions to manage demand, we are working to reduce pressure on our water storage lakes by maximising production, returning former water sources to production by year end, and increasing production from the Waikato River. We are also continuing work to reduce leaks in the network.
- **Water outlook for August 2020:** At the end of August 2020, system storage was 66.7%. As at 21 September 2020, total storage was 67.47% against a historical average of 89.6%. Current long-term forecasts have continued to suggest a drier than normal spring but have again softened on the severity for September to December. There is again a potential wetter start to summer, but with a lot of variation in the forecasts received and reduced confidence in the potential summer rain.
- It is important to note that reduced short-term weather forecast accuracy has been confirmed due to the sharp drop in the number of airplane observations of temperature and wind that weather models use. It is likely that long-range models are also affected, but as yet this has not been quantified

7. Resource Consent Compliance

- Watercare currently holds 512 active consents across Auckland and Waikato. Of these, 192 relate to water takes or discharges to water, air, or land. Water takes, and discharges are the activities most likely to have non-compliances.
- In August 2020, 17 of our 193 discharge and take consents were technically non-compliant; 15 under Auckland Council and two under Waikato Regional Council. One non-compliance in Auckland was Category 3 (for a water treatment plant). No non-compliances were Category 4. We have resolved historical issues at the Helensville and Denehurst wastewater treatment plants to Auckland Council's satisfaction.

8. Assets and Infrastructure

- **Grey Lynn Tunnel (Central Interceptor) — All property approvals now completed**
The company has now received all property approvals to allow the work on the Grey Lynn Tunnel extension to proceed. Over 90 properties are going to be affected and all are positively completed. We received three formal objections, which were all successfully resolved.

FUTURE OUTLOOK

UPCOMING BOARD ACTIVITY

- Committee for Climate Action — 13 October 2020
- Audit & Risk Committee meeting — 27 October 2020
- Board meeting — 27 October 2020



Raveen Jaduram
Chief Executive

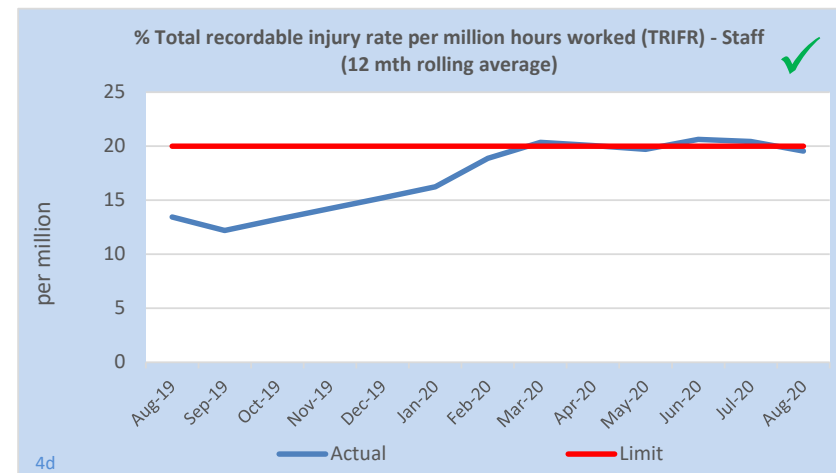
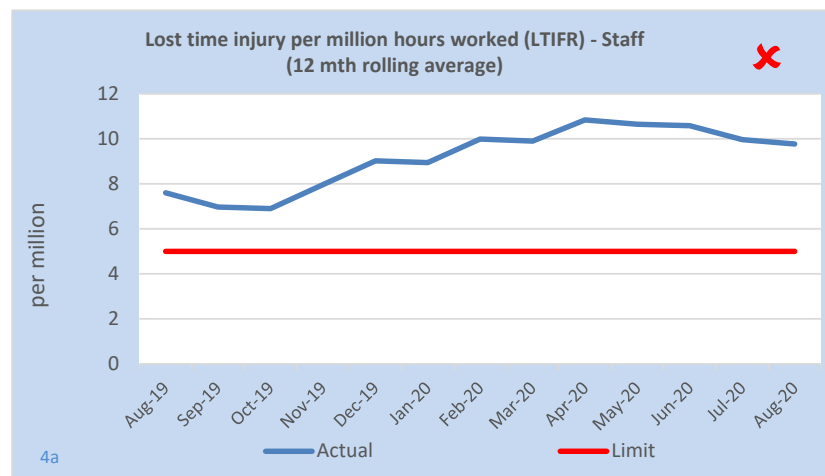
1. HEALTH, SAFETY & WELLNESS UPDATE




An Executive Safety Group has been established consisting of the Chief People Officer, Chief Operations Officer, Chief Infrastructure Officer, Chief Customer Officer and Head of HSW. This group meets fortnightly and will lead the HSW review.

We have been in contact with specialist providers and are working through the scope of the review with each of them. We plan to have a recommendation by the end of October.

7.2



Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
Watercare LTI Operation – Waikato 13078 26/08/20	No – Manual Handling LTI – 4 days	A worker was helping assemble water fittings. As the final bolts were being tightened, the assembly shifted, and the worker's thumb and hand were jammed underneath it. The worker was taken to a doctor where the injury was treated. The worker was referred to a hand specialist and was deemed fully unfit for work for four days.	<ul style="list-style-type: none"> PPE must be fit for purpose. 	<ul style="list-style-type: none"> The incident was reviewed, and heavy-duty gloves have been provided to workers for use as appropriate.
Contractor LTI Customer – AD Riley 12997 20/08/20	No – Manual Handling LTI – 5 days	A meter reader had to lift metal covers and clean meter faces in order to complete the read. During the process, one of the covers fell onto his finger and crushed the worker's thumb. The worker received first aid on site, was subsequently taken to a doctor for treatment and was deemed fully unfit for work for five days.	<ul style="list-style-type: none"> Understanding the work environment is important when planning risk controls. 	<ul style="list-style-type: none"> The work procedure has been reviewed and updated. A work order has been submitted to have the metal covers replaced with plastic meter covers.
Contractor MTI Infrastructure – Fletcher Construction trading as Brian Perry Civil 13115 26/08/20	No – Manual Handling RDI – 5 days	Two workers were fitting a bracket. As a brace was being passed from one worker to the other, the brace dropped onto one worker's finger. The worker was wearing riggers gloves at the time. The worker received first aid on site and was taken to the doctor where they were treated and placed on restricted duties for five days.	<ul style="list-style-type: none"> Communication in a complex, sometimes noisy environment can require extra vigilance. 	<ul style="list-style-type: none"> All workers on site were reminded to ensure communication was clear and understood. If they are not sure, they are to wait and repeat to ensure understanding.

HEALTH, SAFETY & WELLNESS UPDATE continued**SIGNIFICANT INCIDENTS/HAZARDS/CLOSE CALLS**

There were five significant incidents in August 2020.

Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
Watercare Operations Rosedale WWTP Hazard 12842 16/08/20	Yes – Hazardous Substance. Uncontrolled release	The roof of one of the digesters developed a leak, releasing biogas into the atmosphere. The plant team took immediate action to make the site safe and to monitor ongoing gas levels. Solid and liquid treatment processes and sludge removal were put in place.	<ul style="list-style-type: none"> The importance of process safety controls to manage critical risk. 	<ul style="list-style-type: none"> The digester refurbishment project at the plant has been reviewed and is being managed by the Infrastructure team. WorkSafe were notified and are supportive of Watercare's response.
Watercare Operations Ardmore WTP Incident, injury or illness 13003 21/08/20	Yes – Hazardous Substance. Uncontrolled Release	A chlorine drum was changed over as part of routine operations. Approximately 30 minutes later, the gas alarm was activated, and site response plans were initiated. An investigation was conducted by two workers wearing self-contained breathing apparatus (SCBA). The room was vented, and drums were gassed down to make the area safe. FENZ attended site, monitored and remained available as standby. There were no injuries.	<ul style="list-style-type: none"> This event highlights the importance of having Emergency Response Plans that have been tested and rehearsed. 	<ul style="list-style-type: none"> Initial assessment indicates an issue with the vacuum regulating valve. A full causal analysis is underway and full follow-up will take place in line with event notification requirements.

Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
Contractor Central Interceptor Close call 13031 25/08/20	Yes – Dropped Object	While carrying out Geotech Drilling, a 60kg weight dropped off the rig and landed near the operator's foot. The equipment was tagged out and removed from site.	<ul style="list-style-type: none"> When an issue is identified, it must be dealt with immediately. 	<ul style="list-style-type: none"> An investigation revealed the operators had noted the need for the equipment to have maintenance work. The had planned it for the following day, once the job was complete. All the company's drill rigs were inspected for similar faults. Locking pins are now in place on all equipment to prevent a reoccurrence.
Contractor Infrastructure – Cassidy Kowhai Reservoir Close call 12938 19/08/20	Yes – Working at Height	A worker was installing roof steel from a scissor lift when they stepped outside the scissor lift, working on the wall without the harness being clipped to an anchor. The worker was stopped, and the work methodology and risk assessment were revised.	<ul style="list-style-type: none"> Workers will make errors of judgement. Systems cannot rely on 100% compliance. 	<ul style="list-style-type: none"> The worker acknowledged they had used the incorrect procedure. All workers were reminded of the importance of using PPE correctly.
Contractor Operations – Fulton Hogan Incident, injury or illness 13077 26/08/20	Yes – Service Strike	A contractor was required to cut into a cast iron water main to affect repairs. Services were uncovered and identified according to the site plans. When the workers started cutting the cast iron pipe, they smelled gas. The site was evacuated, FENZ attended and Vector came on site to repair the line. No-one was injured. At some time previous, a gas line had been run in an abandoned water pipe. The pipe was not marked as having a gas line inside it, and a different contractor working on a site nearby had covered the watermain that would have identified the incorrect alignment.	<ul style="list-style-type: none"> We must take the time to prove work is safe to start. 	<ul style="list-style-type: none"> Watercare called a group meeting the following day. While several factors mitigated the decision to cut the line, the group agreed a positive identification of the line as being a water pipe is required prior to any cutting. Watercare is following up with Vector regarding the use of the pipe.

HEALTH, SAFETY & WELLNESS UPDATE continued

<p>TRENDS</p> <p>Hands:</p> <p>There were eight injuries to hands during the month of August, including both Watercare employees and contractors. A Safe Hands campaign is being developed.</p> <p>Working in the Public Domain:</p> <p>Several recent incidents have occurred in which members of the public have been aggressive towards our team while they have been at work in the community. The Security Team are taking the lead with education and communication.</p> <p>Service Strikes:</p> <p>There were two service strikes this month, one below ground and one overhead. Both were Chorus cables and no injuries occurred. We continue to explore solutions, driven through the Infrastructure team.</p>	<p>External audits</p> <p>Preparation is well underway for two external audits in September.</p> <ul style="list-style-type: none"> • The first is for the ACC Employee Partnership programme which we entered twelve months ago. • The second is our final Telarc Audit for 4501 accreditation. This will move to the 45001 standard from next year. The new standard is more reflective of the HSWA 2015 with a greater focus on employee engagement and consultation.
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The Industrial Athlete- Program

Developed by Darrian Holten

Watercare

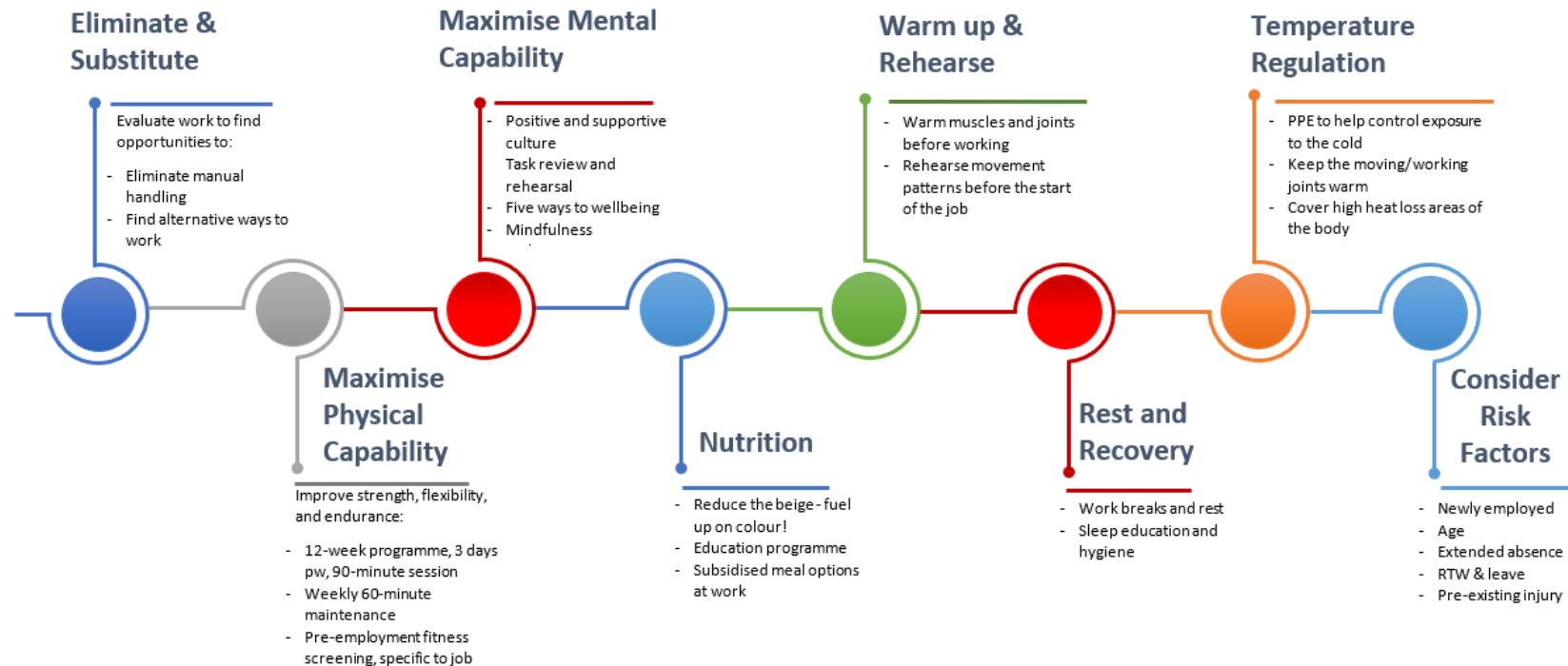


The Problem

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

The Solution

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



7.2

Covid-19 Update 17 September 2020




We remain in Alert Level 2.5 until the Government reviews its Alert Levels again on 21 September. We continue to review our Covid plans for the business and they remain strong.



There are no known COVID cases amongst Watercare staff or contractors.

The business is returning to normal during Alert Level 2.5, with most if not all activities and services functioning as normal, albeit with the Covid protocols in place.

The major risks facing the company are:

- The continuing drought recovery
- Failure to maintain safe Covid working practices
- Community transmission accelerates beyond the current known cluster/sub cluster numbers

COVID-19 Second Wave	Actions completed	Actions Underway
People and Culture 	<ul style="list-style-type: none"> • Regular contact is being maintained with staff working from home • We have reviewed all the existing protocols for Covid Alert Level 2.5 • Masks, hand sanitisers and glove stocks are at healthy levels 	<ul style="list-style-type: none"> • Monitor and liaise with the various Covid-19 agencies • Phased approach of return to work continues by staff • The need for physical distancing, hygiene and mask use within the office and where practicable at construction and operational sites has been reinforced
Assets and Infrastructure 	<ul style="list-style-type: none"> • All infrastructure projects, meter readings, new connections, lab services and normal operations work continue with the heightened Covid-19 protocols including hygiene, physical distancing and contact tracing protocols in place 	<ul style="list-style-type: none"> • Additional vigilance and messaging are in place to ensure complacency does not set in
Community and Stakeholder Relationships 	<ul style="list-style-type: none"> • We continue to liaise with Auckland Council, Civil Defence and Lifelines groups 	<ul style="list-style-type: none"> • We continue to liaise with third party groups including Auckland Council to ensure alignment of the best practice Covid-19 protocols and guidelines • Lists of 'close contact' hot spots continue to be shared with staff as part of regular emails, to ensure awareness is maintained

COVID-19 Second Wave	Actions completed	Actions Underway
Intellectual Capital 	<ul style="list-style-type: none"> We are following Ministry of Health guidance on wearing of face coverings Resilience built into Watercare's backend access VPN and cloud server continues to be reviewed to ensure that it would resist a DDoS attack 	<ul style="list-style-type: none"> Level 2.5 guidelines will continue to be updated, in line with official guidance from the Government as these evolve Hot spots and cluster reports are being monitored to ensure risk to Watercare staff and operations is highlighted and support is available where needed Website and custom cloud applications are at possible risk from cyber-attacks however due to the nature of the attacks and our measures in place, the likelihood of a successful attack succeeding is low. This is under constant monitoring along with the implementation of mitigating actions
Financial capital and resources 	<ul style="list-style-type: none"> Financial constraints caused by claims from delayed projects are being monitored 	<ul style="list-style-type: none"> No claims have currently been received for delayed projects The Supply Team is continuing to monitor stock and order levels. They are also keeping in regular contact with suppliers to ensure market intelligence is maintained on stocks availability

2. FINANCIAL CAPITAL AND RESOURCES



Debtor Management and Customer Hardship

With COVID-19 challenges continuing we are monitoring to ensure that Watercare's debtor position is appropriately managed and cases of customer hardship are addressed.

The current position is given below:

Residential and Commercial Debtors: 30 days +	
Position as at end of March 2020	\$10.4m
Position as at end of August 2020	\$7.6m

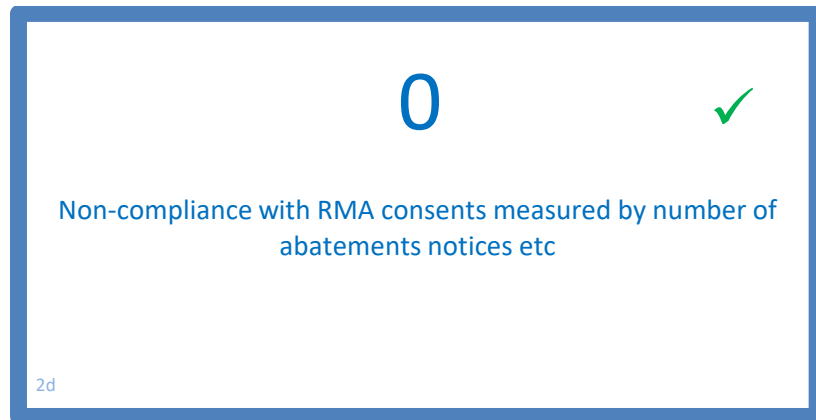
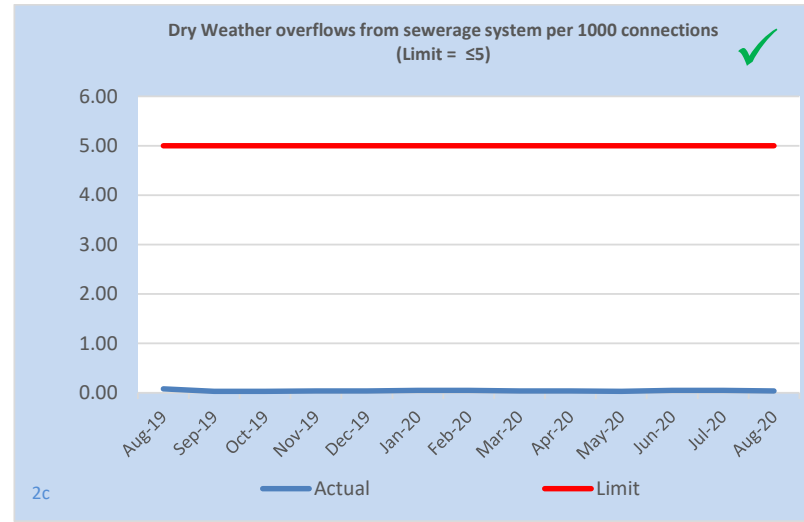
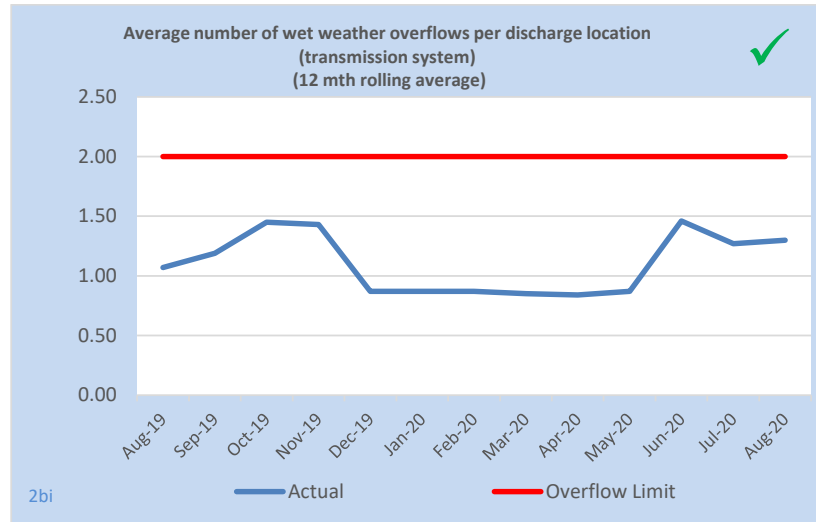
Effective management of our aged debtors is continuing despite the continuing COVID-19 impacts.

Hardship applications to WUCAT	
Average applications per month for the 7 years to 2019	20
Average applications per month for January to June 2020	9

While hardship applications are below the historical average, numbers are expected to increase later in the year as support and subsidies reduce or cease.

Active monitoring of the position will continue throughout FY21.

3. SOI MEASURES – 2020-21 - Natural environment



SOI MEASURES – 2019-2020 – Assets and Infrastructure



100%



Volume of water meeting Aa standard

1a

100%



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

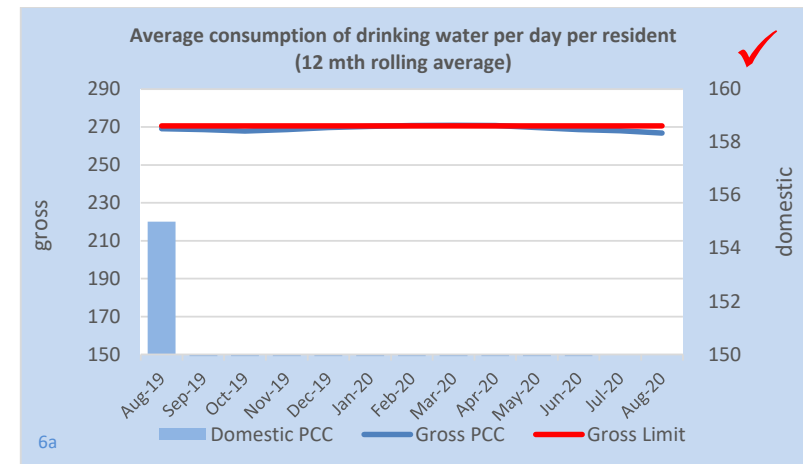
1a

100%



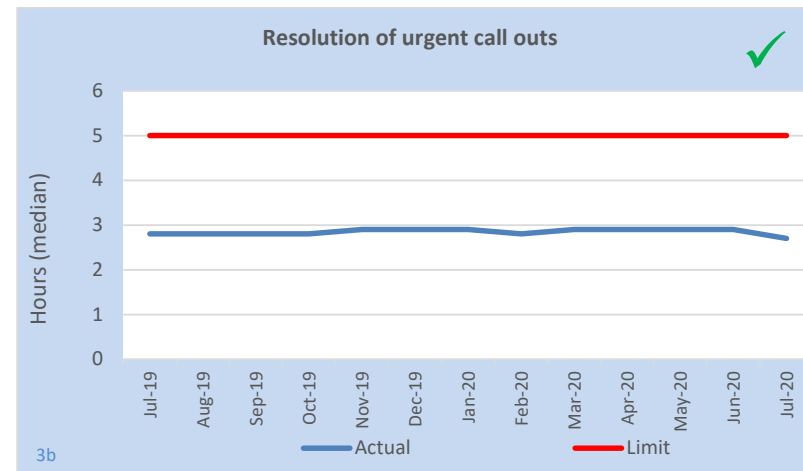
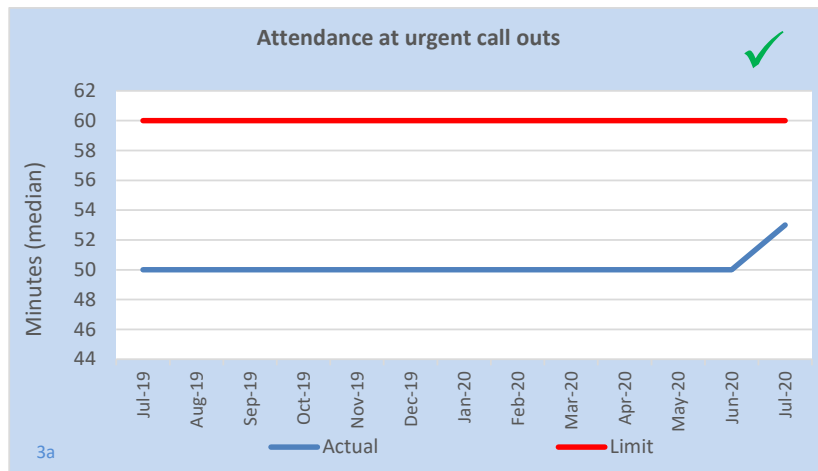
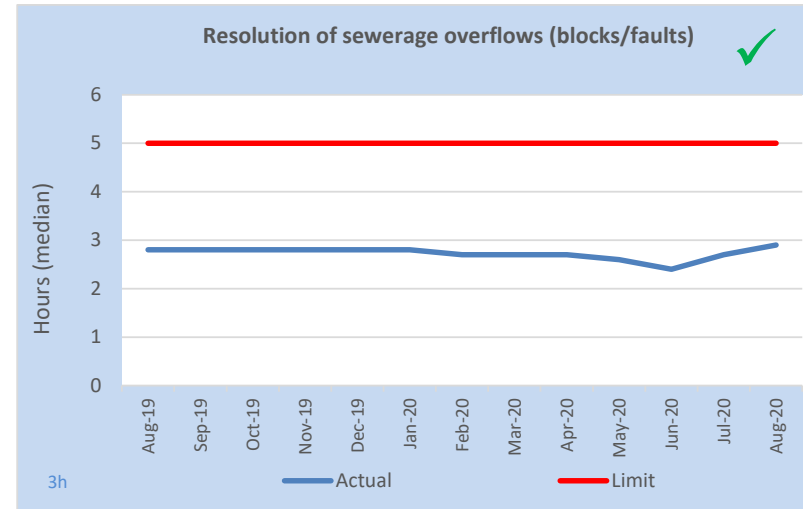
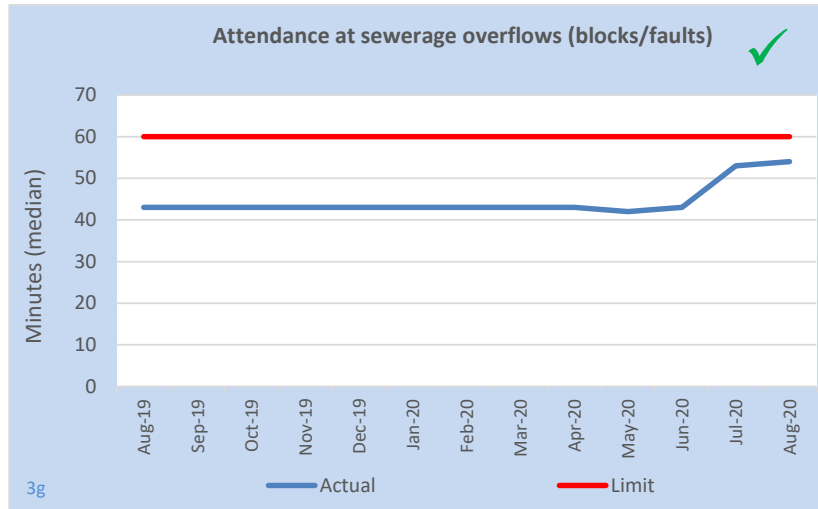
Compliance with Part 5 of the Drinking Water Standards
(protozoal)

1b



7.2

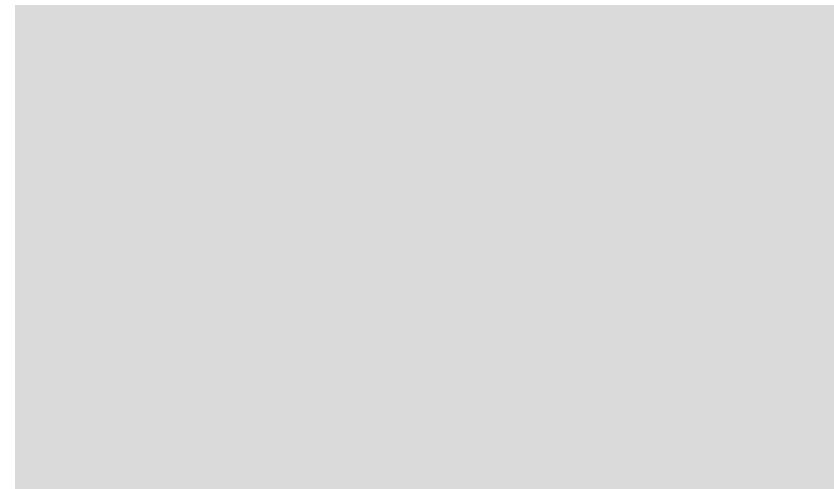
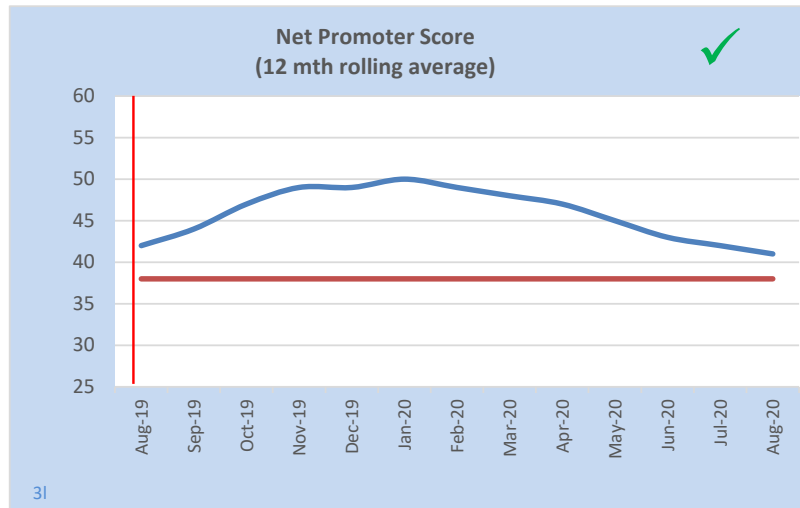
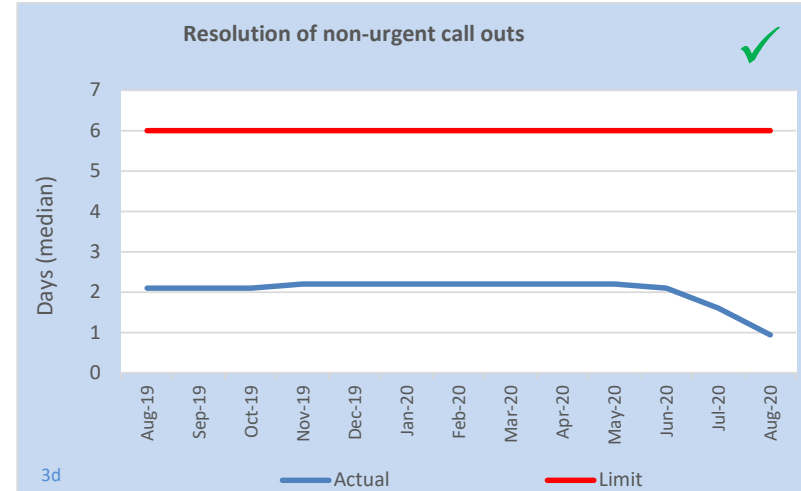
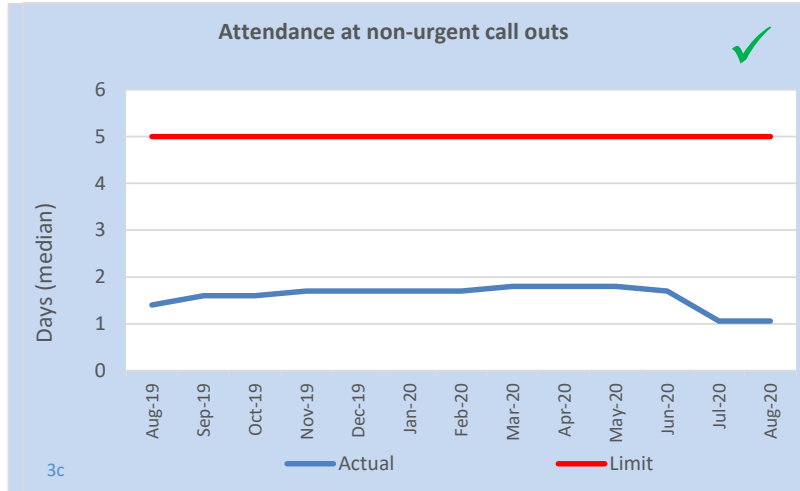
SOI MEASURES – 2020-2021 – Community and Stakeholder relationships



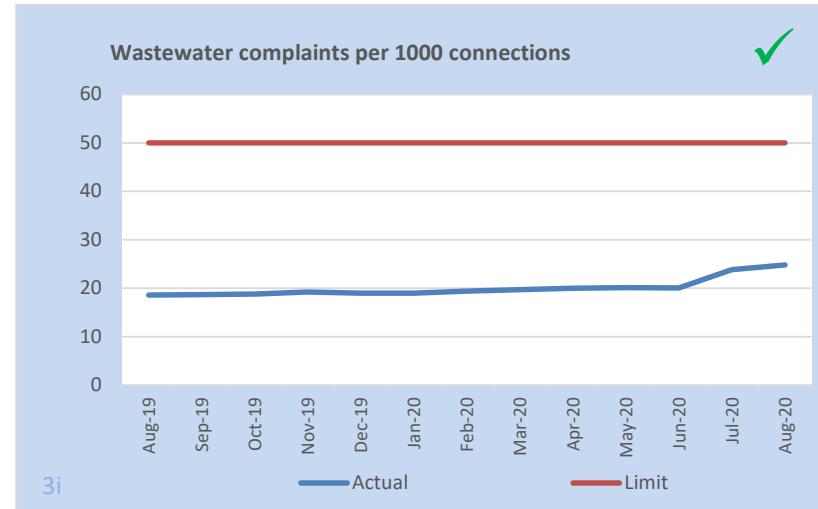
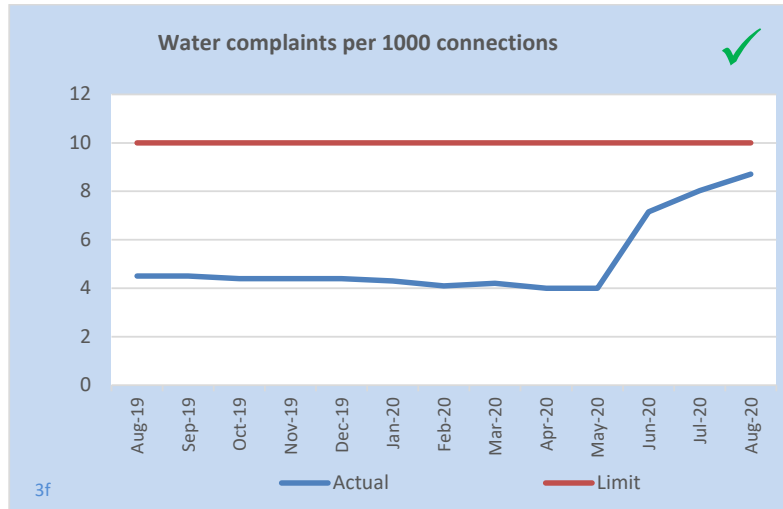
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SOI MEASURES – 2020-2021 – Community and Stakeholder relationships



SOI MEASURES – 2020-2021 – Community and Stakeholder relationships



7.2

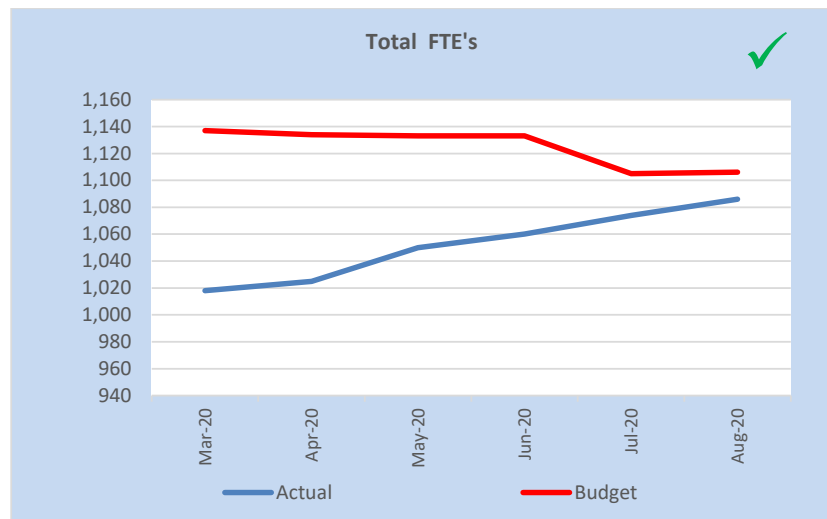
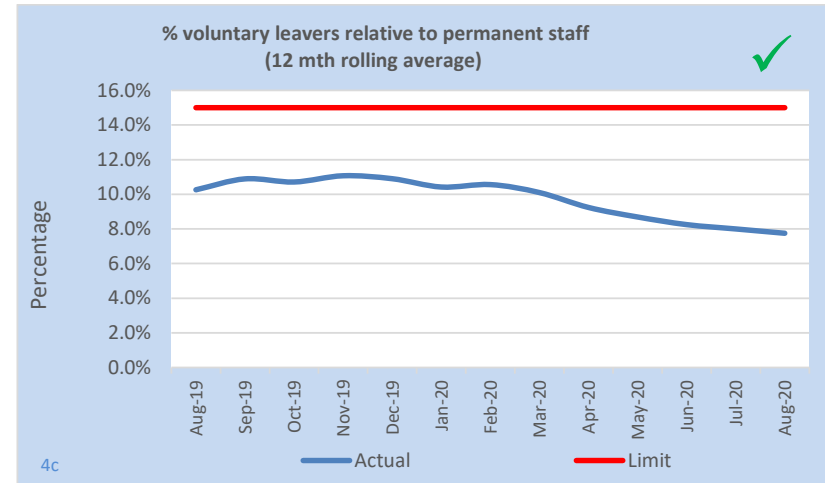
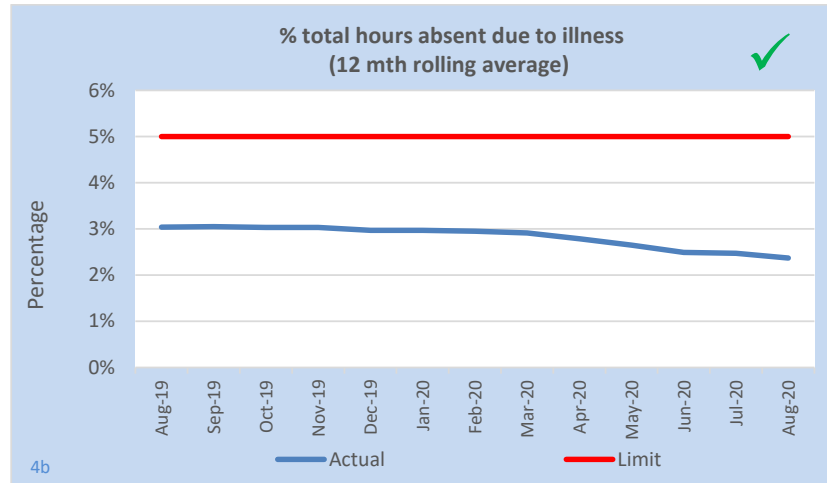
New SOI Measures for 2020-2023

Capital	8	Measure	SOI	Target	Aug 2020 Commentary/Result
Customer & Stakeholder Relationships	New	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)	SOI	x/19	Relationship meetings held with Waikato Tainui, Ngāti Tamaoho, Ngāti Te Ata, Te Ākitai Waiōhua and Te Ahiwaru. Relationship hui pending Ngāti Whātua Ōrākei, Ngāi Tai ki Tāmaki, Ngāti Paoa Settlement Trust, Ngāti Whanaunga, Te Kawerau ā Maki
Customer & Stakeholder Relationships	New	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)	SOI	TBC	Pass
People & Culture	New	We will improve our employee engagement. eNPS	SOI	≥20	eNPS is calculated quarterly. The next result will be provided in October
People & Culture	New	Watercare has committed to the Diversity Agenda Accord. Improve gender workforce split in departments where the split is uneven (Identify 2020/21 baselines and improve on baseline)	SOI	TBC	Reviewing monthly recruitment data to provide insights into hiring process and attract a broader range of applicants to ultimately increase representation.
People & Culture	New	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)	SOI	TBC	Reviewing monthly recruitment data to provide insights in to our hiring process and attract a broader range of applicants to ultimately increase representation.
Financial Capital & Resources	New	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	SOI	≤1.5	0.79%
Financial Capital & Resources	New	We are a financially-sustainable business. Watercare group's debt headroom (Set measure in conjunction with Council and establish baseline)	SOI	TBC	Financial Control has obtained the financial reporting calculation used in Auckland Council's group financial statements for the debt to revenue ratio. The calculation requires some data points which are not readily available at present, and this measure will be reported for the first time on the Q1 results.

Capital	8	Measure	SOI	Target	Aug 2020 Commentary/Result
Intellectual capital	New	<p>We create new value in our infrastructure supply chain through the Enterprise Model.</p> <p>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>	SOI	TBC	Carbon portal trial has begun with pilot projects. Functionality and content feedback provided and being improved. Will launch in Watercare in September.
Intellectual capital	New	<p>We create new value in our infrastructure supply chain through the Enterprise Model.</p> <p>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>	SOI	TBC	An EM Toolkit structure has been set up. More and more tools will be added to the Toolkit over time. An example of a tool that will reduce costs is the standard/structured agendas for the Collaboration workshops. This include agendas for 2 x 40:20:20 (Carbon: Cost: W, H&S) challenge workshops.
Assets and infrastructure	New	<p>Watercare will operate responsibly</p> <p>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>	SOI	Pass/Fail	Pass
Assets and infrastructure	New	<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>	SOI	TBC	<p>Leak detection of 6000km/year is being conducted with the intention to train the capability in house. Pressure management and smart metering trials are underway citywide</p> <p>Planned Targets:</p> <ul style="list-style-type: none"> • Create ** DMA's PMA's by 2023 • Maintain Real losses below 13% • By 2025 achieve **** L/C/d

Capital	8	Measure	SOI	Target	Aug 2020 Commentary/Result
Natural Environment	New	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)	SOI	Pass	Met, PCC came in at 266.83, FY21 Target >268.55
Natural Environment	New	We will implement Mitigation measures in line with our responsibility to keep global warming within 1.5oC. We will reduce annual greenhouse gas emissions from Scope 1 and Scope 2 emissions (operational mitigation). (• 2020/2021: Complete work on a plan to achieve a 45% reduction in operational emissions by 2030 • 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)	SOI	TBC	Greenhouse gas footprint verified for 2019/20. Emission reduction road map (draft) due in January 2021. Reviewing the methodology and approach for measuring the emissions from wastewater processing.
Natural Environment	New	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)	SOI	TBC	Connections data has been collated, need to define distinction between domestic and non-domestic and define connections
Natural Environment	New	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 • 30 September 2021: Report on target and publish targets through to 2024 in the 2021–2024 SOI)	SOI	TBC	Connections data has been collated, need to define distinction between domestic and non-domestic and define connections

4. PEOPLE, CAPABILITY AND LEARNING



PEOPLE, CAPABILITY AND LEARNING continued

UNIVERSITY OF AUCKLAND SOLVEATHON

The University of Auckland approached Watercare in the beginning of February 2020 with a request to participate in their annual SDG Solveathon.

The Solveathon, a case based competition themed around the UN's Sustainable Development Goals, is presented by SINZ (Social Innovation New Zealand), a student-run club of the University.

SINZ provides a platform for students to create innovative solutions to pressing social issues.

We provided a one-line challenge around SDG 6, '*Clean water and sanitation for all*', which the students had to solve over a weekend.

Five teams of four students signed up for our Challenge which was: ***"Being surrounded by large bodies of water, Aucklanders do not necessarily see the possibility of a serious drought as a real threat. Therefore, we tend to be somewhat careless in the way we consume this precious resource. What would responsible and innovative approaches be to ensure continued availability of top quality water for future generations?"***.

Lucas Gan, a talented young Watercare engineer, worked with these students over the Solveathon weekend as a subject matter coach. Our five teams delivered outstanding quality presentations to the judges' panel at the end of the weekend and the winning team had the opportunity to present their work to the Watercare executive team.

5. COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE



WORKING WITH LOCAL BOARDS

- Local Boards continue to be updated on the drought response. The latest update included an infographic on the water supply situation at the start of spring. Local Board members are also provided with water saving messages that can be shared on social media. Local boards in the North and South of the region received a briefing from Healthy Waters and Watercare on the summer rain tank response. This was intended as a no-surprises approach in preparation for the coming summer.
- We also continue to liaise with Local Boards affected by the Central Interceptor Project works in local parks and are looking to organise a site visit for the Puketapapa and Albert Eden Local Boards. Further updates were provided on local projects that may have been visible or disruptive including wastewater repair works in Chelsea Bay. A reply was also provided to Rodney Local Board in response to constituent complaints about a Watercare lease extension in Snells Beach.
- Construction related communication continues to be shared in the interests of no-surprises including briefings with relevant local boards.

WAIKATO DISTRICT COUNCIL (WDC) STATUS UPDATE

- The Asset Management Plan and Business Plan were submitted to WDC on 30 June 2020. A workshop was held with the WGB in July and the outcomes will be incorporated in the AMP prior to the WDC councillor workshops in October 2020.
- Work continues on preparing discharge consent applications for Raglan, Meremere and Te Kauwhata. The Meremere 35-year discharge consent will be lodged on the 18th of September 2020.
- Capital works delivery is accelerating with Te Kauwhata WWTP concept design and ground investigations underway and a large network renewals package of works out to tender.
- Watercare is assisting WDC Business Cases for the Water Reform Funding package.
- Watercare will commence undertaking laboratory and trade waste services for WDC on the 1st of October and planning for this transition is nearing completion.
- There were no significant treatment plant or network outages in August 2020.

COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE *continued***LEGISLATION UPDATE****FRESHWATER REFORMS – FRESHWATER IMPLEMENTATION GROUP**

A Freshwater Implementation Group has been established to oversee the implementation of the new national direction for freshwater including the NES-FM and NPS-FN ([more information can be found here](#)).

The Group is comprised of representatives from the Ministry for the Environment, Ministry for Primary Industries, regional councils, Te Kahui Wai Māori, primary sector organisations and environmental NGOs. There is limited representation from local government (only regional councils) and no representation from municipal Three Waters suppliers.

The Group's role is to monitor and advise the Government on how the implementation of the new national direction can be achieved. It will do this by assisting with implementation programmes, strengthening central oversight and ensuring the implementation of relevant instruments and Te Mana o te Wai. The Group will collaboratively develop an implementation programme that is intended to achieve national consistency and deliver the overall objectives of the new national direction.

MINISTRY FOR THE ENVIRONMENT – “REDUCING THE IMPACT OF PLASTIC ON OUR ENVIRONMENT – MOVING AWAY FROM HARD-TO-RECYCLE AND SINGLE-USE ITEMS”

The Ministry for the Environment (MfE) is currently consulting on its “Reducing the impact of plastic on our environment – moving away from hard-to-recycle and single-use items”. Public submissions close on 4 November. Watercare is considering its position and will work with Council on developing their submission.

MINISTRY OF BUSINESS INNOVATION & EMPLOYMENT (MBIE) - “WHOLE-OF LIFE EMBODIED CARBON EMISSIONS REDUCTION FRAMEWORK”

The Ministry of Business Innovation & Employment (MBIE) is currently consulting on its “Whole-of Life Embodied Carbon Emissions Reduction Framework.” Public submissions close 30 September. This is the first public consultation under the new Building for Climate Change programme – the building and construction sector's contribution to New Zealand's goal of net zero carbon emissions by 2050. Watercare is considering its position and will work with Council on developing their submission.

MINISTRY FOR THE ENVIRONMENT (MfE) - PROPOSED NATIONAL POLICY STATEMENT FOR INDIGENOUS BIODIVERSITY (NPS-IB)

The Ministry for the Environment (MfE) released its Proposed National Policy Statement for Indigenous Biodiversity (NPS-IB) – and associated documents – on 26 November 2019 for public consultation.

The summary of submissions was released in early September 2020. 7,305 submissions were received, with around 92% in support of the NPS-IB. The next step for MfE and DOC is to consider the issues raised in submissions and determine what amendments should be made to the consultation version. The final NPS-IB is anticipated to be released in the first half of 2021.

HAMILTON-WAIKATO METROPOLITAN SPATIAL PLAN

As signalled in the announcement, the Plan identifies the delivery of Three Waters infrastructure as essential for the development and growth of the metro area. It is intended to set overall strategic guidance which will inform central and local government initiatives (this includes both statutory and non-statutory policies and plans).

The Plan will be incorporated into the Future Proof Phase 2 Strategy Update that is to address the requirements of the National Policy Statement on Urban Development and the Hamilton to Auckland Corridor Plan (as part of the Government's Urban Growth Agenda). This Future Proof strategy (30-year growth management and implementation plan that was adopted in 2009) is delivered by a partnership between Waikato-Tainui, Tainui Waka Alliance, tāngata whenua, Central Government, Waikato District Council, Waipā District Council, Hamilton City Council and Waikato Regional Council. The Phase 2 Strategy Update is anticipated in draft this year with public consultation to occur in early 2021.

Some key points that are of particular relevance to Watercare (Note: Watercare is not referred to in the Plan) are:

- the Plan highlights that a collaborative partnership with iwi and tangata whenua is critical to give effect to Te Ture Whaimana o Te Awa o Waikato – Vision and Strategy for the Waikato River;
- the Waikato Sub-Regional Three Waters Project is identified as a key work stream for achieving this objective;
- the Plan includes directives providing that environmentally integrated and water sensitive planning and design principles should be applied to assessing and planning development; and
- it recognises that significantly greater investment is likely to be required in infrastructure and policy development, to achieve the outcomes of the Plan in relation to Three Waters.

In terms of implementation, a sub-regional Three Waters study and a Three Waters detailed business case are identified and prioritised as the key water initiatives for the next 3 to 10 years.

REFORM OF THE RESOURCE MANAGEMENT SYSTEM

The Report of the Resource Management Review Panel — the “Randerson Report” — was released late-July 2020. Most significantly, it recommended repeal of the RMA, and its replacement with three new pieces of legislation — a Natural and Built Environments Act, a Strategic Planning Act, and a Managed Retreat and Climate Change Adaptation Act. This 531-page report contains over 140 key recommendations. It is likely that a number of these recommendations will be actioned after the new Government is formed in October.

Within this Report, the Panel strongly advocated for greater legislative integration. However, there is a note of caution with such an intention. The costs of achieving the Panel's highly recommended integrated system would be significant. In fact, capability and capacity-related issues could even worsen. It needs to be remembered that the Panel's proposals would be enacted when the finances of central and local government, along with all stakeholders, will be constrained due to the economic impacts of COVID-19. In addition to this, it could be considered that the Panel's concerns regarding the capability and capacity constraints of central and local government to deliver their resource management functions effectively could become even more acute. This may result in even significantly less integration than what the Panel has proposed.

The Water Services Bill — This bill was introduced into Parliament in late-July and is likely to have public submissions called for after Parliament resumes in October. This omnibus bill is over 200 clauses and would give the new water regulator — Taumata Arowai (a Crown Agent) — its duties, obligations, functions and powers. These are quite extensive.

In summary, there are three main parts to this bill:

It sets out a wide range of duties/provisions relating to the supply of drinking water, including:

- Duty to comply with drinking water standards, duty to register supply, supply aesthetically acceptable drinking water
- Duty to provide sufficient quantity of drinking water and a duty to protect against risk of backflow
- Owner must have drinking water safety plans and there will be a need for source water risk management plans
- Taumata Arowai can declare a “drinking water emergency” — can also override certain provisions of the RMA
- Operators must be “authorised”, and laboratories must be accredited

It sets out Taumata Arowai’s enforcement powers, including:

- Power to obtain information (including power to question the drinking water supplier) — powers to enter, search and for seizure, can issue compliance rules
- The Board of Taumata Arowai must produce a Strategy every 3 years — can amend these at any time
- Taumata Arowai has a number of reporting functions, including that it must publish an annual drinking water regulation report, and complete an annual report on extent of compliance.

- Taumata Arowai must develop, publish and maintain environmental performance measures for wastewater and stormwater networks

Clauses in relation to criminal proceedings, liability and offences include:

- Liability of body corporate, unincorporated body, principle or individual — all can be charged — with an action or an omission for offences against this Act
- Liability of elected officials — may not be charged — such as a member of a local authority, local board, or community board
- Offences relating to the supply of unsafe drinking water — Drinking water supplier — individual up to 5 years imprisonment, or maximum of \$600k — Body corporate maximum \$3m
- Offence relating to duty to provide sufficient quantity of drinking water — Individual maximum \$50k — body corporate maximum \$200k

NATIONAL WATER REFORMS – AUCKLAND COUNCIL OPTS INTO STAGE ONE

In late August 2020, Council officers recommended to the Governing Body that Auckland Council participate in stage one of the national water reforms (**Appendix A**).

Following consideration of the paper, the Governing Body made the following resolution:

- agree to participate in the initial stage of the Government's Three Waters service delivery reform programme
- note that agreeing to participate does not commit Auckland Council to any reform options, and the council can opt out of the reform process at the end of the initial stage in June 2021
- delegate to the Mayor and Auckland Council Chief Executive, if required, the authority to sign a memorandum of understanding with the Minister of Local Government setting out the terms of Auckland Council's involvement in the initial stage of the reform programme
- note that Auckland Council, Watercare and government officials are investigating an option for Watercare's balance sheet to be separated from the Council's, which may (but is not guaranteed to) provide more capacity to borrow and invest in infrastructure
- note that staff will assess options for Watercare's balance sheet to be separated from the council's and will provide more advice to the Governing Body.

MĀORI ENGAGEMENT AND OUTCOMES IN AUGUST 2020

- In August 2020, participated in the Mana Whenua Managers kaitiaki forum — August hui
- Work continued on Māori engagement and outcomes including Ngāti Whātua Ōrākei engagement with the Chair, Marama Royal, as well as an engagement with the Chairs of Ngāti Te Ata, Ngāti Tamaoho and Te Ākitai Waiōhūa.
- Work also continued on the CI project and mana whenua engagement.

- In Waikato, the company had a number of engagements with Waikato Tainui and Te Taniwha o Waikato regarding various resource consents, including the Waikato 50 programme of works and consents. There was also engagement with Waiōhua Confederation.
- In relation to the Papakura, Pukekohe and Hūnua Rd Projects, consents and consent conditions, Management engaged with mana whenua entities, Ngāti Te Ata, Te Ākitai Waiōhua, Ngāti Tamaoho and Ngāi Tai ki Tāmaki.
- Working with team on BOI process for 2013 Water take application

Management is currently amending our Māori Responsiveness Plan to now reflect the Māori Outcomes Performance Measurement Framework set by Council. Once completed this will be shared with the business to ensure all business arms of Watercare are aware and understand how to incorporate into “business as usual”.

AUCKLAND COUNCIL'S MĀORI OUTCOMES FRAMEWORK (KIA ORA TĀMAKI MAKĀURAU)

Auckland Council has released a draft of fits Maori Outcomes Performance Measurement Framework (**Appendix B**), which is finalised, but subject to refinement as part of the Long Term Plan consultation process.

The framework brings together Māori aspirations, the council group's contribution towards achieving those aspirations, and performance measurement of our activities. It is aligned to the Auckland Plan 2050 and provides the next level of direction and detail for the council group.

As you are aware, completing this framework urgently was one of the recommendations of the recent CCO review.

Watercare Management is now working on amending our Māori Responsiveness Plan to reflect Kia Ora Tāmaki Makaurau. Once completed we will share this with the business and the Board, before socialising this with the business to ensure everyone understands how to incorporate the framework into our business processes.

RELATIONSHIP WITH WAIKATO ENTITIES

At the August 2020 Governing Body meeting, Council resolved to:

- a) acknowledge the cooperation and goodwill of Waikato-Tainui, the Waikato River Authority and Waikato Regional Council in working constructively with Auckland Council and Watercare in relation to the current drought and water supply issues, and for entering into He Paiheretanga o Ngā Wai o Waikato
- b) delegate to the Mayor, Deputy Mayor and Chief Executive the power to finalise and enter into He Paiheretanga o Ngā Wai o Waikato on behalf of Auckland Council.

The Agreement was signed by Auckland Council, Waikato Regional Council, Waikato Tainui and Watercare. The Waikato River Authority Board were to consider the matter at its meeting on 4 September 2020.

CORRESPONDENCE RESPONDING TO AN EMAIL FROM MR STEPHEN MOORE

- A copy of the reply to Mr Stephen Moore is attached as **Appendix C**.

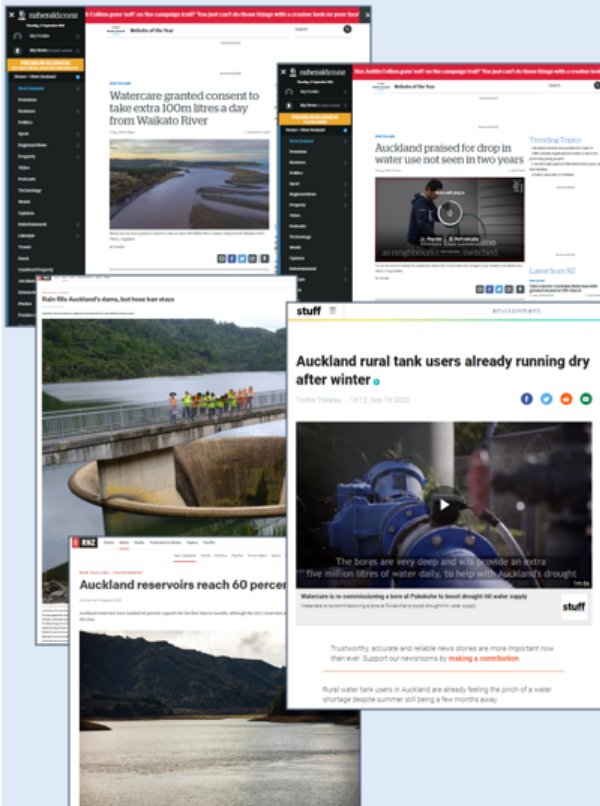
Monthly snapshot of communications and stakeholder engagement



Enabling engaged communities and stakeholders

Media

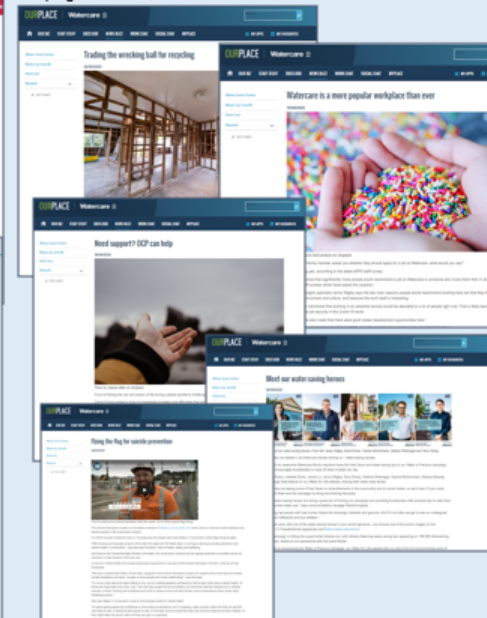
Highlights for this month include coverage about the excellent water savings achieved by Aucklanders (NZ Herald); increased lake storage levels (RNZ), granting of the 100 MLD consent for the Waikato River (NZ Herald) and the need for Aucklanders with rain tanks to prepare for another dry summer (Stuff).



Enabling safe, happy and empowered teams

Staff

We continued to share water supply and drought updates internally. We promoted the wellbeing support service available for staff and the results from the latest ENPS survey; other stories featured include the deconstruction of a house (with materials subsequently recycled) for the Central Interceptor and the Mates in Construction initiative for suicide prevention as well as the water saving local hero campaign.



Stakeholders

We continued to keep the local boards and councillors informed about the drought with water storage levels, consumption and highlights from our local water saving hero campaign.



Enabling customer trust and value

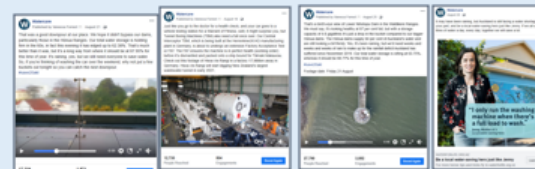
Customers and communities

We launched a new public awareness campaign to encourage Aucklanders to sustain the water conservation habits they have practiced over the past few months. With the *local water-saving hero* campaign, we want to acknowledge our customers and communities for their phenomenal efforts and also build on the main premise of our drought communications – if we all save a little, together we will save a lot – by showing that it's easy to be a local water-saving hero.

Our Water for life website, which was refreshed with a range of videos, resources and content, also includes case studies on our local water-saving heroes. This campaign is being promoted extensively on traditional and new media including Spotify, Youtube, Facebook, Twitter and Google (with a 'remarketing' advertising strategy) as well as bus shelters, outside local dairies, supermarkets and an extensive outdoor presence.



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



Watercare

CORPORATE RELATIONS AND COMMUNICATIONS PROGRAMME

There are several streams of work being delivered by the corporate relations and communications business unit, in addition to the drought response. The table below provides a high-level overview.

Activity	Target stakeholder group	Description	Examples of projects completed and underway
Corporate reporting	<ul style="list-style-type: none"> Auckland Council Other regulators Banks 	Support the business in delivering high-quality corporate reports on time, on budget and on message.	<ul style="list-style-type: none"> 2020 Annual Report which is underway Statement of Intent – content and case studies (recently completed) Asset Management Plan (in planning)
Promote Watercare's work to public through media	<ul style="list-style-type: none"> Aucklanders Local and central government officials Industry associations 	<p>Share Watercare's story with the mainstream media and through social media channels.</p> <p>There is a focus on producing high-quality, social-media-friendly videos and images.</p>	<p>Fatbergs causing big problems in sewers</p> <p>The city that soaks up water- can Auckland cope?</p> <p>How human waste is helping to save Puketutu Island</p> <p>Watercare leaks teams get busy</p> <p>Auckland wastewater system blocked by wet wipes</p> <p>Watercare CI executive programme director Shayne Cunis gives second update on progress</p>

Activity	Target stakeholder group	Description	Examples of projects completed and underway
			Ancient shells discovered during construction of Central Interceptor Giant new reservoir under construction in Pukekohe Central Interceptor replica TBM arrives at Mangere New Pukekohe Est reservoir is almost ready Watercare partnering for carbon reduction Mates in construction fly the flag for suicide prevention
Deliver a high-quality education programme that aligns with the national syllabus	<ul style="list-style-type: none"> • Young Aucklanders (aged 4 to 12) • Teachers • Parents 	About 8,000 children participate in our science-focused free education programme each year. Each participant receives a 4-minute shower timer to take home, helping them to share water-efficiency messages with their families.	<ul style="list-style-type: none"> • Education programme celebrates 100,000 students • Sam and Flo's Amazing Watery Adventure – an illustrated book on how water is treated and supplied in Auckland • A companion wastewater book will soon be launched • Both the water and wastewater illustrated books will be available for free in a digital format and in te reo.

Activity	Target stakeholder group	Description	Examples of projects completed and underway
Events <ul style="list-style-type: none"> Organise annual public open days of treatment plants and dams 	<ul style="list-style-type: none"> Aucklanders 	<p>The tours are intended to show our customers and communities everything that goes into producing high-quality water/treated wastewater and build awareness about Auckland's water and wastewater services provider</p>	<ul style="list-style-type: none"> Waikato WTP tours Warkworth WTP tours
<ul style="list-style-type: none"> Organise monthly public open days of treatment plants and dams 	<ul style="list-style-type: none"> Aucklanders 	<p>We are planning to increase the frequency of our annual open days to monthly tours; this will take effect once the COVID-19 restrictions ease.</p>	
<ul style="list-style-type: none"> Stakeholder events and open days 	<ul style="list-style-type: none"> Community Local residents Local board members Councillors 	<p>We organise these events regularly for our infrastructure projects during the planning, consenting, construction and commissioning phases. The purpose of these events is to engage with the local community, keep them informed and build lasting relationships. These types of events include informational open days, project walk-throughs, meet-the-contractor-events, tree planting days, official opening of facilities and informal completion events for the community once a project has been finished.</p>	<ul style="list-style-type: none"> Launch of the Central Interceptor training TBM Snells Beach School students visit Tunnel Boring Machine

Activity	Target stakeholder group	Description	Examples of projects completed and underway
Community initiatives/sponsorships <ul style="list-style-type: none"> Trees for Survival planting programme Free water stations at community events Plunket partnerships 	<ul style="list-style-type: none"> Local schools, parents, children, community in the Hunua Ranges Wider public Auckland families and whānau 	<p>Trees for Survival is an environmental education programme which involves young people growing and planting native trees to restore natural habitats by helping landowners re-vegetate erosion prone land, improve stream flow and water quality and increase biodiversity. Watercare is an active sponsor of the programme with our involvement going back at least 15 years. We supply the programme participants with resources to plant trees and educate students on the relationship between the forest and the catchment environment. We also organise staff volunteers to participate in the planting days.</p> <p>These mobile water stations have been made available at free public events as a way of providing 'Aa' grade drinking water to the community and reducing plastic at events.</p> <p>We partner with Plunket for promoting our key messages to their network of families; campaigns in the past have</p>	<p>Water stations a hit at World Aids Day</p> <p>TotstoTeens feature</p>

Activity	Target stakeholder group	Description	Examples of projects completed and underway
<ul style="list-style-type: none"> Water Guardians sponsorship 	Aucklanders	<p>included our “Flush three Ps only (Pee, poo and toilet paper) campaign to educate Auckland families on what to flush down their toilet and more recently, the Be Waterwise campaign, promoting water efficiency.</p> <p>This is a new initiative that is now in the planning stages; we want to build our brand as environmental stewards and we aim to do this by introducing funding for community-based environmental initiatives like tree-planting and local walkway clean-ups.</p>	

Activity	Target stakeholder group	Description	Examples of projects completed and underway
Customer communications <ul style="list-style-type: none"> Tapped In newsletter Bill inserts Customer competitions 	<ul style="list-style-type: none"> 450,000 account holders/ customers 450,000 account holders/ customers Aucklanders 	<p>This newsletter is a quarterly 4-page publication that is posted/emailed along with customer bills. Each issue focuses on a theme, with related facts, figures and infographs to clearly communicate key messages and how customers/communities can help. Themes include “Planning for growth”, “Sustainable operations”, “Environmental stewardship” etc.</p> <p>This is a DLE-sized leaflet that is part of the bill bi-monthly and it focuses on one key message or call to action. E.g Registering for My Account or Signing up for e-billing etc.</p> <p>We organise competitions to engage customers and motivate them to take action. e.g. sign up for My Account, with meaningful prizes and giveaways (shower timers, water-efficient appliances).</p>	Tapped In Winter 2020

Activity	Target stakeholder group	Description	Examples of projects completed and underway
<ul style="list-style-type: none"> Price change communications Contract change communications Plumbosolvency communications 	<ul style="list-style-type: none"> Aucklanders 450,000 customers Aucklanders 	<p>Undertaken annually, this includes the development and implementation of the price change communications plan with dissemination of key messages and facts and figures using a range of channels.</p> <p>Implemented on an “as needed” basis, a change to the customer contract will be communicated to our customers through a range of channels with the appropriate key messages. The most recent change included clarification of the Infrastructure Growth Charges.</p> <p>This is a bi-annual campaign that is required as part of Ministry of Health Drinking Water Standards and reminds consumers to flush a glass of drinking water daily to prevent dissolved metal from pipe and tap fittings from settling into the water. Communications include the dissemination of MOH’s advice through a range of channels.</p>	

Activity	Target stakeholder group	Description	Examples of projects completed and underway
<ul style="list-style-type: none"> Process change communications 	<ul style="list-style-type: none"> Aucklanders 	Any customer or transactional process change requires communication with the stakeholders and this type of activity is undertaken on an “as needed” basis. Most recent changes were brought about as a result of COVID-19 restrictions.	
Digital communications <ul style="list-style-type: none"> Social media 	<ul style="list-style-type: none"> Aucklanders 	We continue to grow our social media presence, channels and followers. We are active on Facebook, Twitter, Instagram and LinkedIn. These channels form an integral part of our communications and are actively managed to amplify the reach of our messages, campaigns and brand. We use these platforms to share milestones on projects, customer campaigns and showcase our staff.	Countdown Supermarkets, you beauty! Flashback to the night shift Shell we change tack for a minute Letter from your wastewater network Under the streets of Auckland something has been toiling away Meet Kate – our full-size training Tunnel Boring Machine (TBM) Now, that’s a bird’s-eye view of a powerful project! The first of two CI shaft walls is now complete – that’s 56 piles in place.

Activity	Target stakeholder group	Description	Examples of projects completed and underway
<ul style="list-style-type: none"> Websites 	<ul style="list-style-type: none"> Aucklanders 	<p>We manage, maintain and update our two websites and these channels are an essential part of our external communications. Our corporate website is more customer and transaction-focused with the aim of being a one-stop shop for customers; our new Water for Life website is targeted at the community with the aim of sharing our story as Auckland's water and wastewater service provider and building our brand as a lifeline service provider.</p>	<p>Watercare corporate website</p> <p>Water for life website</p>
<ul style="list-style-type: none"> Videos 	<ul style="list-style-type: none"> Aucklanders 	<p>We produce and share high-quality videos of our work (projects, teams and operations) through various channels and continue to build our Youtube channel.</p>	<p>Youtube channel 1</p> <p>Youtube channel 2</p>

Activity	Target stakeholder group	Description	Examples of projects completed and underway
Internal communications <ul style="list-style-type: none"> Roadshows Weekly messages from chief executive Intranet news 	<ul style="list-style-type: none"> Watercare staff Watercare staff Watercare staff 	<p>Plan, develop and coordinate these half-yearly, multi-site events; the roadshows have a 'show and tell' element where the senior leadership team present to staff on successes, focus areas and industry developments; this is accompanied by expo-style demos of our projects and initiatives by subject matter experts in the business.</p> <p>We draft these emails based on discussion with the chief executive (and other executives) to inform, reassure and keep staff engaged on what's happening across the business.</p> <p>Keep staff informed and updated with regular stories and features on the intranet; types of stories include project updates on milestones, staff achievements, industry insights and competitions/quizzes.</p>	

Activity	Target stakeholder group	Description	Examples of projects completed and underway
<ul style="list-style-type: none"> Communications support for events and other business units 	<ul style="list-style-type: none"> Watercare staff 	<p>We support and provide communications advice to departments across the business on campaigns, initiatives and upcoming changes to ensure they are effective and aligned to the overall company plans and objectives, e.g. Enterprise Model communications, COVID-19 Incident team, people and culture/health and safety initiatives etc.</p>	

6. NATURAL ENVIRONMENT WATERCARE'S DROUGHT MANAGEMENT RESPONSE

Aucklanders' collective water use continued to remain low. Overall savings have been 7.7% compared to the target of 5%. During August the average consumption was 382MLD, well below the target consumption of less than 405MLD.

Covid-19 Level 2.5 and what this means for our drought response initiatives

The company has continued to press ahead with the construction programme to bring on new water sources and upgrade existing ones, while adhering to the required safety protocols.

The new Pukekohe East reservoir was commissioned during the month and has allowed production to increase up to the maximum of 175MLD at the Waikato WTP. Consents have been granted for the 100MLD seasonal and harvest take and the 25MLD summer take utilising water not required by Hamilton City Council.

Work has continued on the new modular treatment plants treating water from Hays Creek Dam and the Hickey Springs bore in Pukekohe as well as earthworks to enable the Waikato WTP to be expanded.

Stage one water restrictions will remain in place but a proposal has been submitted to Auckland Council to introduce new summer restrictions.

The leak detection programme continues as well

The leak detection programme is progressing very well. The latest zone completed is Otara where 120 kilometres of pipes were swept. Pressure management work in Otara has also been successful and is saving an estimated 0.8 million litres a day without any associated customer complaints.

Leak detection has now been completed in 9 zones and a further 5 zones are underway.

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

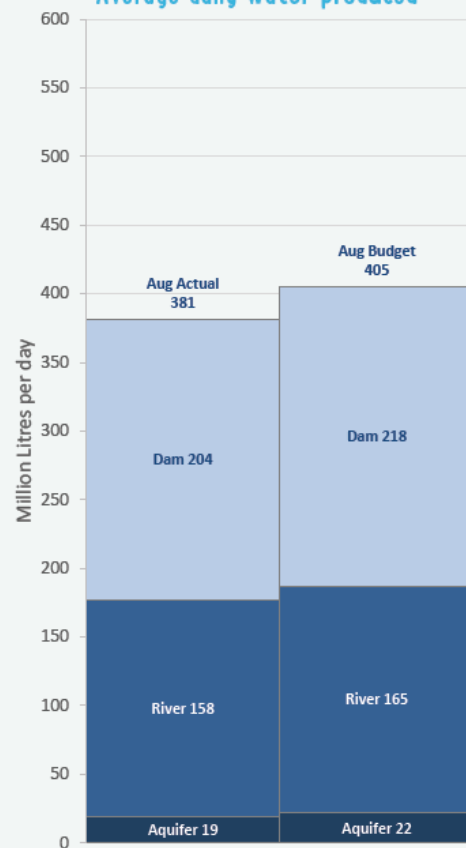
Water outlook for September 2020



Rainfall for August

	Waitakere	Hunua
August Actual	208.50mm	160.60mm
August Normal	178.00mm	186.00mm
Nov to Aug Actual	1167.99mm	886.36mm
Nov to Aug Normal	1427.00mm	1419.00mm

Average daily water produced



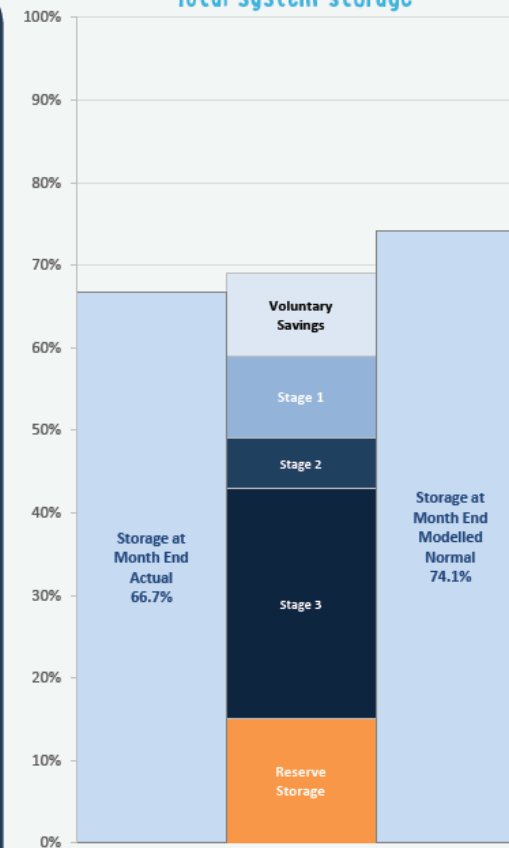
Water resources position

- Total system storage increased through August from 59.5% to finish the month at 66.7%, compared to the FY2021 budgeted storage response of 74.1% for a modelled normal response for August. Forecasting is from 1 July, the start of the FY2021.
- Rainfall for the month of August was near normal for Auckland's catchments. The Waitakere and Hunua ranges both received 117% and 86% of their historical normal respectively. Rainfall experienced since November 2019 is still in deficit with approximately 78% of normal recorded across the region for the ten month period.
- Storage remains below levels that would normally be experienced at this time of year (89.6%), if compared with the historical average (1981-2010). August's storage response was above that of a five year dry (66.0%) for the period.
- Abstractions from Waikato and Onehunga continued to be optimised throughout August to reduce abstraction pressures on the storage lakes.
- Total water treatment plant production was below budgeted volumes for August, at 5.9% below budget for the month.
- Demand throughout August dropped again from the previous month in response to the winter weather for Auckland, the introduction of water restrictions in May, the re-introduction to COVID lockdown, and to the 'Water is precious' advertising campaign.

Long range forecast position

- Rain for September has been forecast to be near to below normal for Auckland, with a large degree of variation in the forecasts received to date.
- September temperatures are likely to be above average temperatures, a trend expected to continue into spring.
- Current long term forecasts have continued to suggest a drier than normal spring but have again softened on the severity for September to December. There is again a potential wetter start to summer, but with a lot of variation in the forecasts received and reduced confidence in the potential summer rain.
- It is important to note that reduced short-term weather forecast accuracy has been confirmed due to the sharp drop in the number of airplane observations of temperature and wind that weather models use. It is likely that long-range models are also affected, but as yet this has not been quantified.

Total system storage



Watercare

Watercare Enterprise Model construction contractor using biodiesel

Fulton Hogan, one of our Enterprise Model construction delivery partners, has officially opened a fuel station at its Reliable Way asphalt plant in Mt Wellington, which provides a mixture of biodiesel and regular diesel for vehicles and machinery.

The biodiesel comes from GreenFuels, a biodiesel refinery in Christchurch owned by Fulton Hogan, which turns used cooking oil from businesses like restaurants into a clean fuel that can be blended with regular fuel.

For every 5 per cent of biodiesel used, it saves 5 per cent of the carbon for every litre of diesel burned.

Fulton Hogan already uses a blend that is 20 per cent biodiesel in its South Island fleet and will start with a 10 per cent blend in Auckland.

7.2



Fulton Hogan chair Dean Hamilton and Watercare continuous improvement infrastructure lead Anna Mogridge at the biofuel station opening.

7. RESOURCE MANAGEMENT ACT COMPLIANCE – Auckland Council



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

7.2

	Mar	Apr	May	Jun	Jul	Aug
Number of non-compliant consents held by Watercare in Auckland¹	21	52	13	16	13	15
Number of non-compliant category 3 or 4 conditions² <i>Non-compliance where the result will have or has the potential to have an adverse or significant adverse effect on the environment, or where there has been a repeat of a lower score non-compliance.</i> <i>We would typically receive notification or have warning of a category 4 non-compliance well before we prepare this report.</i>	3	3	3	3	3	1
Number of non-compliant category 1 or 2 conditions² <i>Technical non-compliance with no more than minor potential or actual adverse effect to the environment. For example, reports provided after due date.</i>	22	36	11	14	9	12

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

Area	Background and Reason for Non-Compliance	Summary of Current Actions	Current Self-Assessed Council Compliance Rating
WATER TREATMENT			
Huia Village	Long-term issue. Consent has a condition for some recycling of process discharges back to the dam, but this recycling has not been possible given the existing infrastructure at the site. Instead, all discharges go direct to Huia Stream, but monitoring shows no adverse environmental effects.	Upgrade underway. Completion delayed by August COVID-19 lockdown.	3 — Ongoing issue (negligible environmental impact)

RESOURCE MANAGEMENT ACT COMPLIANCE - Waikato Regional Council



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

7.2

	Mar	Apr	May	Jun	Jul	Aug
Number of non-compliant consents held by Watercare in Waikato¹	6	4	1	1	3	2
Number of non-compliant category 3 conditions² <i>Non-compliance where the result will have or has the potential to have an adverse or significant adverse effect on the environment, or where there has been a repeat of a lower score non-compliance.</i> <i>We would typically receive notification or have warning of a category 4 non-compliance well before we prepare this report.</i>	0	0	0	0	0	0
Number of non-compliant category 1 or 2 conditions² <i>Technical non-compliance with no more than minor potential or actual adverse effect to the environment. For example, reports provided after due date.</i>	4	6	1	1	3	2

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

8. ASSETS AND INFRASTRUCTURE

Ardmore Treated Water Resilience Project

- The project recently completed a significant tie-in to the Hūnua 3 watermain, installing one of Auckland's largest water flow control valves at 1.4m in diameter.
- The B1 Treated Water Tank upgrades have recently been commissioned. The works included building baffle walls, weir walls, inlet / outlet structures and 1.9m diameter pipework inside a 22,000m³ tank.
- When the project is complete it will reduce the risk of loss of production capacity from the Ardmore WTP.

Floating Solar Array

- The floating solar array at Rosedale WWTP has recently been successfully commissioned and brought on line and is now producing power for the wastewater treatment plant.
- The solar array is made up of 2,700 solar panels, 4,000 floating pontoons and will generate around 1,486MWH per year — enough electricity to power 200 average homes.
- The solar array reduces overall grid electricity consumption at the plant by up to 25% and exports any unused solar electricity to the grid.

7.2



9. DELEGATED AUTHORITY OF THE CHIEF EXECUTIVE

<p>For the month of August 2020, there were no documents required to be signed by the CE with the delegated authority provided to the Chief Executive by the Board in relation to deeds, instruments and other documents.</p>	<p>In August 2020, there were fourteen Capex/Opex contracts, over \$100,000, approved by the CE in accordance with the delegated authority provided to the Chief Executive by the Board.</p> <ul style="list-style-type: none"> • Māngere Digester No 5 Rehabilitation — McConnell Dowell Constructors Ltd • Infrastructure Funding Agreement 315 Flat Bush School Road — BR Land Co Limited • Waikato 225MLD WTP Upgrade Lamella Clarifier supply — Filtec Limited • Drury South Wastewater Servicing Package 3B — Dempsey Wood Civil Limited • Pukekohe Transmission Kitchener Reservoir Modifications — Pipeline and Civil Limited • Infrastructure Delivery Agreement Park Estate Bridge Watermain and Hingaia Peninsula — Hugh Green Limited • Papakura Temporary WTP membrane system supply, installation, supervision and commissioning — Suez Water Technologies & Solutions • Supply of valves for Waikato 50 WTP and Booster pump station — H J Asmuss & Co Limited • Site access works at 314 Hūnua Road for Papakura WTP — Kerry Drainage Limited • Maungakiekie Zone District Meter Construction — City Contractors Limited • Temporary hire of GAC containers and other associated equipment — Suez Water Technologies and Solutions • Supply & Delivery of electrical instrumentation for Pukekohe WTP — EMC Industrial Group Limited • Papakura WTP reinstatement — LOI for Siltbuster supply — Envirowaste Services Limited • Hays Creek Papakura No 2 Replacement — The Fletcher Construction Company Limited 	<p>In August 2020, there were two capex approvals signed in accordance with the delegated authority provided to the Chief Executive by the Board in relation to Capex approvals below a threshold of \$15m.</p> <ul style="list-style-type: none"> • Māngere WWTP reinstatement of odour beds 3 south and odour bed 4 — \$2,350,000 • Park Estate Bridge watermain and Hingaia Peninsula (Park Estate Road) watermain cost share — \$3,050,000
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Decision to opt in to the first stage of the national three waters reform programme

File No.: CP2020/11613

Item 14

7.2

Te take mō te pūrongo Purpose of the report

1. To agree in principle to participate in the initial stage of the government's three waters reform programme

Whakarāpopototanga matua Executive summary

2. Over the past three years, central government has been considering the issues and opportunities facing the system for regulating and managing the three waters (drinking water, wastewater, and stormwater).
3. The Minister of Local Government recently established a joint central-local government steering committee to provide oversight and guidance of the reform programme.
4. The government has offered a funding package to local authorities that sign a memorandum of understanding to participate in the first stage of a reform programme. If Auckland Council agrees to participate, instead of a share of the funding package, the government has said that it will investigate ways to separate Watercare's balance sheet from the council's.
5. Agreeing to participate in the first stage of the reform programme represents a commitment to assess reform options in good faith, including the government's preferred option. It does not commit the council to any change, and it can exit the reform process in June 2021 if it wishes to.
6. The government's preferred option in the reform programme is statutory entities of significant scale (multi-regional), which are asset-owning and publicly owned with a board selected on the basis of professional competencies.
7. We recommend that you agree in principle that the council should be involved in the initial stage of reform. The options to be developed may result in joint ownership of the Auckland water provider which could potentially lead to less accountability, and cross subsidisation of other regions by Auckland water consumers. However, being involved in the reform process will allow these issues to be explored and mitigations put in place.

Ngā tūtohunga Recommendation/s

That the Governing Body:

- a) agree in principle to participate in the initial stage of the government's three waters service delivery reform programme
- b) note that agreeing to participate does not commit Auckland Council to any reform options, and the council can opt out of the reform process at the end of the initial stage in June 2021
- c) delegate to the Mayor and Auckland Council Chief Executive, if required, the authority to sign a memorandum of understanding with the Minister of Local Government setting out the terms of Auckland Council's involvement in the initial stage of the reform programme

- d) note that Auckland Council, Watercare and government officials are investigating an option for Watercare's balance sheet to be separated from the council's, which may (but is not guaranteed to) provide more capacity to borrow and invest in infrastructure
- e) note that staff will assess options for Watercare's balance sheet to be separated from the council's and will provide more advice to the Governing Body

Horopaki Context

7.2

8. Over the past three years, central government has been considering the issues and opportunities facing the system for regulating and managing the three waters (drinking water, wastewater, and stormwater).
9. This stemmed from the outbreak of campylobacter in Havelock North in 2016: the resulting Government Inquiry into Havelock North Drinking Water found that there were widespread failure of suppliers to meet drinking water standards.
10. The context in Auckland is different. Watercare provides drinking water and collects and treats wastewater, while the Healthy Waters department plans for and manages stormwater (and manages some small, local drinking water systems at council facilities). Auckland consistently meets drinking water standards. The council and Watercare's scale has led to more investment and an increase in service levels.
11. Taumata Arowai, the new central government water regulator is being established. It will become responsible for drinking water regulation once a separate Water Services Bill is passed (anticipated mid 2021).
12. Central government, as well as some local authorities, think that there will also need to be changes to service delivery and funding to address the long-standing issues in other parts of New Zealand.
13. The Minister of Local Government recently established a joint central-local government steering committee to provide oversight and guidance to support the reform, and to assist in engaging with local government, iwi/Māori, and other water sector stakeholders on options and proposals. Auckland Council's representatives on this group are the General Manager of Healthy Waters and the Manager of CCO Governance and External Partnerships.

Intention of the government's reform

14. The government has been clear that its starting point for the reform programme is publicly-owned multi-regional water companies with a preference for local authority ownership i.e. council-controlled organisations owned by multiple local authorities.
15. Its rationale is that reforming water service delivery, which is currently delivered by individual district and city councils, into larger scale providers would have benefits for the economy, public health and the environment over the medium to long-term. It also sees an opportunity to support economic recovery from COVID-19 by stimulating investment in water infrastructure.
16. The government's objectives for the reform programme are:
 - significantly improving the safety and quality of drinking water services, and the environmental performance of drinking water and wastewater systems (which are crucial to good public health and wellbeing, and achieving good environmental outcomes);
 - ensuring all New Zealanders have equitable access to affordable three waters services;
 - improving the coordination of resources, planning, and unlocking strategic opportunities to consider New Zealand's infrastructure and environmental needs at a larger scale;
 - increasing the resilience of three waters service provision to both short- and long-term risks and events, particularly climate change and natural hazards;

- moving the supply of three waters services to a more financially sustainable footing, and addressing the affordability and capability challenges faced by small suppliers and councils;
 - improving transparency about, and accountability for, the delivery and costs of three waters services, including the ability to benchmark the performance of service providers; and
 - undertaking the reform in a manner that enables local government to further enhance the way in which it can deliver on its broader “wellbeing mandates” as set out in the Local Government Act 2002.
17. The government intends that through the reform process, the following design features will be considered as a minimum:
- water service delivery entities, that are:
 - of significant scale (most likely multi-regional) to enable benefits from aggregation to be achieved over the medium to long-term
 - asset owning entities, with balance sheet separation to support improved access to capital, alternative funding instruments and improved balance sheet strength
 - structured as statutory entities with appropriate and relevant commercial disciplines and competency-based boards
 - delivery of drinking water and wastewater services as a priority, with the ability to extend to stormwater service provision only where effective and efficient to do so
 - publicly owned entities, with a preference for collective council ownership
 - mechanisms for enabling communities to provide input in relation to the new entities.
18. The Auckland model already has most of these components. Where it differs is that it only covers the Auckland region and the council is the only shareholder.
19. In October 2018, Auckland Council agreed an early position on reform of the three waters sector, which:
- acknowledged the significant challenges facing some parts of the country and the likely costs
 - stated that those costs should not be subsidised by other communities
 - suggested that the government include other models, for example Auckland contracting with other local authorities.

Tātaritanga me ngā tohutohu Analysis and advice

The reform process

20. The government’s intention is that the reform programme will take three years and will be split into three stages. The first stage is an opt in, non-binding approach. If the council were to agree to be involved, it would be agreeing to assess options for larger-scale water services providers. It does not bind local authorities to any changes, and the council could exit the reform process at the end of the initial stage of reform in June 2021.
21. Other local authorities that agree to opt in by the end of August 2020 will receive a share of an initial \$761 million government funding package using a formula which takes into account population and land area. To obtain the funding, each local authority must sign a standard memorandum of understanding, Attachment A to this report. The memorandum of understanding represents a commitment to assess options for aggregation in good faith.
22. However, the government has said that it will take a different approach in Auckland because Auckland Council is “further along in [its] service delivery arrangements”.

23. After the initial stage of reform ends in June 2021, the government has signaled that there may be further tranches of funding, but these will be at its discretion and may depend on progress with reform.
24. The government has said that its final decisions on a service delivery model will be informed by its discussion with the local government sector and the work of the joint central-local steering committee.

A different approach for Auckland

25. The government's approach for Auckland is different from other local authorities. Instead of a share of the funding package, the government has indicated that it would be willing to investigate options to separate Watercare's balance sheet from the council's.
26. Although we have not fully assessed the impacts of such a move, it may reduce the pressure on the council group's debt to revenue ratio. This could free up capacity for both the council and Watercare to borrow more to invest in infrastructure while maintaining the same credit rating (and therefore not affecting the interest cost of that borrowing).
27. We are currently working with government officials to investigate the practical means of achieving balance sheet separation, and what that would mean for both Watercare and Auckland Council in terms of additional debt capacity.

Advice

28. The government's preferred option is well-formed. That option could involve cross-subsidisation between local authority areas, although it is not clear whether that would mean Aucklanders paying more or less for water than they currently do. The implications of a multi-regional water entity would become clearer during the first stage of the reform programme.
29. We recommend that you agree in principle that the council should be involved in the initial stage of reform because:
 - We recognise the challenges many other local authorities are facing in three waters, and as the largest local authority in New Zealand, Auckland Council should be seen to support efforts to improve the sector.
 - The council will have more influence over the reform process if it has a seat at the table.
 - Balance sheet separation, if it could be achieved, may allow the council and Watercare to borrow more to invest in infrastructure.
30. We recommend that you delegate to the mayor and chief executive the approval of a separate memorandum of understanding for Auckland. This should stipulate that:
 - Auckland Council is prepared to participate in the first stage of the reform programme
 - the objective of any balance sheet separation is to free up capacity for the council to borrow and invest i.e. the objective is not about giving Watercare more independence
 - any changes should not affect any of the council's other governance or accountability mechanisms, or its ability to set strategic direction for Watercare.
31. Although we have not yet considered what the specific options are that should be assessed, they would likely involve local authorities in Northland and the Waikato region.

Tauākī whakaaweawe āhuarangi

Climate impact statement

32. There are no direct climate impacts if you decide to enter into the initial stage of the reform programme. However, one of the reform objectives is to increase the resilience of the three waters to risk, particularly climate change and natural hazards.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera Council group impacts and views

33. Watercare and council staff would work together to develop and assess the options before providing more advice to you. Watercare holds much of the information that would need to inform the options assessment.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe Local impacts and local board views

34. We have not engaged with local boards about this. If you agree to enter the first stage of the reform programme, we will develop an appropriate way to consult local boards on the programme.

Tauākī whakaaweawe Māori Māori impact statement

35. The joint central-local government steering committee will engage with iwi/Māori throughout the reform process. It invited mana whenua to the initial workshops that were held to announce the reform process, and is currently developing a programme of Māori engagement.
36. If you agree to enter the initial stage of the reform programme, we will engage with mana whenua in Tamaki Makaurau on the different options and their impact for Māori.

Ngā ritenga ā-pūtea Financial implications

37. If you agree to enter the initial stage of the government's three waters reform programme, there would be no direct financial implications. However, it would likely take significant council and Watercare staff time.

Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

38. If you agree to be involved in the first stage of the reform, the options to be developed may result in joint ownership of the Auckland water provider.
39. This could potentially lead to less accountability, and cross subsidisation of other regions by Auckland water consumers. However, being involved in the reform process will allow these issues to be explored and mitigations put in place, and we think that the risk of not being involved is greater.
40. There is also a risk that a balance sheet separation does not result in additional capacity to borrow or reduce the pressure on the council's debt to revenue capacity. The analysis to date has only considered the likely response of S&P Global and not the council's other credit rating agency Moody's. Moody's takes a different approach to S&P Global in that, while more subjective, they tend to treat Watercare as a self-funding entity and therefore exclude Watercare's debt and revenue from their version of council's debt to revenue ratio.
41. This could mean that, under Moody's methodology, the council does not receive any benefit (and therefore extra debt headroom) from the proposed balance sheet separation. As a consequence, any extra debt that the council takes on could result in a ratings downgrade from Moody's even if it is acceptable under S&P Global's methodology.

Ngā koringa ā-muri

Next steps

42. If you agree to enter into the first stage of the reform programme, the next steps would be to:
- Consider whether to develop a memorandum of understanding to be signed by the mayor and chief executive and the Minister of Local Government. If this was necessary, this would be based on the memorandum of understanding for other local authorities (Attachment B), with specific changes for Auckland as required.
 - Develop a terms of reference with local authorities in Northland and the Waikato region (should they opt into the reform process) to agree the parameters of our engagement, including how options would be assessed.

Ngā tāpirihanga

Attachments

No.	Title	Page
A ¹	Standard memorandum of understanding for all local authorities except Auckland	77

Ngā kaihaina

Signatories

Authors	Sarah Holdem - Principal Advisor John Bishop - Group Treasurer
Authorisers	Alastair Cameron - Manager - CCO Governance & External Partnerships Phil Wilson - Governance Director Patricia Reade - Acting Chief Executive

Memorandum of Understanding Three Waters Services Reform

Between the Sovereign in right of New
Zealand acting by and through the
Department of Internal Affairs and

PURPOSE

This Memorandum of Understanding (Memorandum) sets out the principles and objectives that the Parties agree will underpin their ongoing relationship to support the improvement in three waters service delivery for communities with the aim of realising significant public health, environmental, economic, and other benefits over the medium to long term. It describes, in general terms, the key features of the proposed reform programme and the Government funding arrangements that will support investment in three waters infrastructure as part of the COVID 19 economic recovery.

BACKGROUND

Over the past three years central and local government have been considering solutions to challenges facing the regulation and delivery of three water services. This has seen the development of new legislation to create Taumata Arowai, the new Water Services Regulator, to oversee and enforce a new drinking water regulatory framework, with an additional oversight role for wastewater and stormwater networks.

While addressing the regulatory issues, both central and local government acknowledge that there are broader challenges facing the delivery of water services and infrastructure, and the communities that fund and rely on these services. There has been regulatory failure, underinvestment in three waters infrastructure in parts of the country, and persistent affordability challenges, and additional investment is required to increase public confidence in the safety of drinking water and to improve freshwater outcomes. Furthermore, investment in water service delivery infrastructure is a critical component of a collective response to climate change and increasing resilience of local communities.

The Parties to this Memorandum consider it is timely to apply targeted infrastructure stimulus investment to enable improvements to water service delivery, progress reform in partnership, and ensure the period of economic recovery following COVID-19 supports a transition to a productive, sustainable economy. Additional funding will be subject to Government decision-making and reliant on the Parties demonstrating substantive progress against the reform objectives. The quantum, timing, conditions, and any other information relating to future funding will be advised at the appropriate time but will likely comprise additional tranches of funding and more specific agreement to key reform milestones.

The reform process and stimulus funding, proposed by Government, is designed to support economic recovery post COVID-19 and address persistent systemic issues facing the three waters sector, through a combination of:

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

There is a shared understanding that a partnership approach will best support the wider community and ensure that the transition to any eventual new arrangements is well managed and as smooth as possible. This requires undertaking the reform in a manner that enables local government to continue and, where possible, enhance delivery of its broad “wellbeing mandates” under the Local Government Act 2002, while recognising the potential impacts that changes to three waters service delivery may have on the role and functions of territorial authorities.

PRINCIPLES FOR WORKING TOGETHER

The Parties shall promote a relationship in their dealings with each other, and other Parties related to the three waters services reform, based on:

- mutual trust and respect; and
- openness, promptness, consistency and fairness in all dealings and communication including through adopting a no-surprises approach to any matters or dealings related to the reform programme; and
- non-adversarial dealings and constructive problem-solving approaches; and
- working co-operatively and helpfully to facilitate the other Parties perform their roles; and
- openly sharing information and analysis undertaken to date on the state of the system for delivering three waters services and the quality of the asset base.

This Memorandum is intended to be non-binding in so far as it does not give rise to legally enforceable obligations between the Parties.

REFORM OBJECTIVES AND CORE DESIGN FEATURES

By agreeing to this Memorandum, the Parties agree to work constructively together to support the objectives of the three waters service delivery reform programme.

The Parties agree that the following objectives will underpin the reform programme and inform the development of reform options/proposals:

- significantly improving the safety and quality of drinking water services, and the environmental performance of drinking water and wastewater systems (which are crucial to good public health and wellbeing, and achieving good environmental outcomes);
- ensuring all New Zealanders have equitable access to affordable three waters services;
- improving the coordination of resources, planning, and unlocking strategic opportunities to consider New Zealand's infrastructure and environmental needs at a larger scale;
- increasing the resilience of three waters service provision to both short- and long-term risks and events, particularly climate change and natural hazards;
- moving the supply of three waters services to a more financially sustainable footing, and addressing the affordability and capability challenges faced by small suppliers and councils;
- improving transparency about, and accountability for, the delivery and costs of three waters services, including the ability to benchmark the performance of service providers; and
- undertaking the reform in a manner that enables local government to further enhance the way in which it can deliver on its broader "wellbeing mandates" as set out in the Local Government Act 2002.

In addition to these objectives, the Parties recognise that any consideration of changes to, or new models for, water service delivery arrangements must include the following fundamental requirements and safeguards:

- mechanisms that provide for continued public ownership of water service delivery infrastructure, and protect against privatisation; and
- mechanisms that provide for the exercise of ownership rights in water services entities that consider the interests and wellbeing of local communities, and which provide for local service delivery.

The Parties also recognise the reform programme will give rise to rights and interests under the Treaty of Waitangi and both Parties acknowledge the role of the Treaty partner. This includes maintaining Treaty settlement obligations and other statutory rights including under the Resource Management Act 1991 and the Local Government Act 2002. The outcome of discussions with iwi/Māori will inform design of appropriate mechanisms to reflect Treaty interests. This will include clarity of roles and responsibilities.

The Parties agree to work together to identify an approach to service delivery reform that incorporates the objectives and safeguards noted above, and considers the following design features as a minimum:

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

The Parties acknowledge that work will also be undertaken to develop a regulatory framework, including mechanisms to protect the interests of consumers.

FUNDING ARRANGEMENTS

The Government has indicated its intention to provide funding to stimulate investment to enable improvements in water service delivery, support economic recovery and progress Three Waters Services Reform. The quantum of funding available for the Council (and each participating Council) will be notified by Government prior to signing this Memorandum.

Funding will be provided as soon as practicable following agreement to this Memorandum and the associated Funding Agreement and Delivery Plan. The Delivery Plan will need to show that the funding is to be applied to operating or capital expenditure on three waters service delivery (with the mix to be determined by the Council) that:

- supports economic recovery through job creation; and
- maintains, increases and/or accelerates investment in core water infrastructure renewals and maintenance.¹

The Delivery Plan will be based on a simple template and will include a summary of projects, relevant milestones, costs, location of physical works, number of people employed in works, reporting milestones and an assessment of how it supports the reform objectives set out in this Memorandum.

The Delivery Plan will be supplied to Crown Infrastructure Partners, and other organisations as agreed between the Parties, who will monitor progress of application of funding against the Delivery Plan to ensure spending has been undertaken consistent with public sector financial management requirements.

Agreement to this Memorandum and associated Funding Agreement and Delivery Plan are required prior to the release of Government funding. The Council will have the right to choose whether or not they wish to continue to participate in the reform programme beyond the term of the Memorandum.

FUTURE AGREEMENTS

The Parties may choose to enter other agreements that support the reform programme. These agreements will be expected to set out the terms on which the Council will partner with other councils to deliver on the reform objectives and core design features, and will include key reform milestones and detailed plans for transition to and establishment of new three waters service delivery entities.

PROGRAMME MANAGEMENT

The Government will establish a programme management office and the Council will be able to access funding support to participate in the reform process.

The Government will provide further guidance on the approach to programme support, central and regional support functions and activities and criteria for determining eligibility for funding support. This guidance will also include the specifics of any information required to progress the reform that may be related to asset quality, asset value, costs, and funding arrangements.

TERM

This Memorandum is effective from the date of agreement until 30 June 2021 unless terminated by agreement or by replacement with another agreement related to the reform programme.

¹ Maintains previously planned investment that may have otherwise deferred as a result of COVID-19.

INTERACTIONS, MONITORING, INFORMATION AND RECORDS

The Parties nominate the following representatives to act as the primary point of communication for the purposes of this Memorandum and any other purpose related to the reform programme.

Government's representative	Territorial Authority's representative
<p>Allan Prangnell</p> <p>threewaters@dia.govt.nz</p> <p>CC. Chief Legal Advisor</p> <p>Legal.notices@dia.govt.nz</p>	

It is the responsibility of these representatives to:

- work collaboratively to support the reform objectives;
- keep both Parties fully informed;
- act as a first point of reference between Parties and as liaison persons for external contacts; and
- communicate between Parties on matters that arise that may be of interest to either party.

If the contact person changes in either organisation, the other party's contact person must be informed of the new contact person immediately and there should be an efficient transition to ensure the momentum of the reform process is not undermined.

CONFIDENTIALITY

Neither of the Parties is to disclose, directly or indirectly, any confidential information received from the other party to any third party without written consent from the other party, unless required by processes under the Official Information Act 1982 or the Local Government Official Information and Meetings Act 1987 (whichever applies), or under a Parliamentary process- such as following a Parliamentary question, in which case the relevant party is to inform the other party prior to disclosure. Protocols will be established to enable exchange information between Councils where that is consistent with progressing reform objectives.

DISPUTE RESOLUTION

Any dispute concerning the subject matter of this document is to be settled by full and frank discussion and negotiation between the Parties.

Item 14

7.2

Attachment A

Item 14

Attachment A

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SIGNED by The Sovereign in right of New Zealand
acting by and through the Chief Executive of the
Department of Internal Affairs

Date

.....

SIGNED by

on behalf of

Date

.....

SIGNED by

on behalf of

Date

Witness signature

.....

Witness name

Witness occupation

Witness address

Date

7.2

Appendix B



26 August 2020

Chief Executive of Auckland Transport, Shane Ellison

Shane.Ellison@at.govt.nz

Chief Executive of Auckland Tourism, Events and Economic Development, Nick Hill

Nick.Hill@aucklandnz.com

Chief Executive of Panuku Development, David Rankin

David.Rankin@panuku.co.nz

Chief Executive of Regional Facilities Auckland, Chris Brooks

Chris.Brooks@rfal.co.nz

Chief Executive of Watercare, Raveen Jaduram

Raveen.Jaduram@water.co.nz

Via e-mail

Tēnā koutou e ngā rangatira

Re: Māori Outcomes Performance Measurement Framework

I am pleased to confirm that the Parks, Arts, Community and Events (PACE) Committee and our executive leadership team have approved the **attached Māori Outcomes Performance Measurement Framework**, known as **Kia Ora Tāmaki Makaurau**, subject to refinements that will occur through the Long-term Plan (LTP) process.

The framework brings together Māori aspirations, the council group's contribution towards achieving those aspirations, and performance measurement of our activities. It is aligned to the Auckland Plan 2050 and provides the next level of direction and detail for the council group.

As you may be aware, completing this framework urgently was one of the recommendations of the recent CCO Review.

We plan to further refine the framework and ensure associated funding through the LTP, with implementation to occur across the group. Our staff will work alongside yours to align initiatives through the LTP, and statement of intent process. We will also work with local boards to embed the framework at the local level.

Progress at the outcomes level will be reported six-monthly to the PACE Committee and financials to the Finance and Performance Committee. I seek your ongoing commitment to shared implementation and oversight via your executive leadership teams including their leadership of key work programmes and actions.

I would like to acknowledge and thank you for the contribution of your staff to the joint development of the framework, notably your representatives on the Māori Outcomes Steering Group. This shared effort and approach sets the scene for effective implementation and delivery for Tāmaki Makaurau.

Please feel free to contact me or Tania Winslade if you have any pātai (questions).

Ngā mihi nunui i tenei wa. Noho ora mai, nā



Patricia Reade

Chief Executive (Acting)

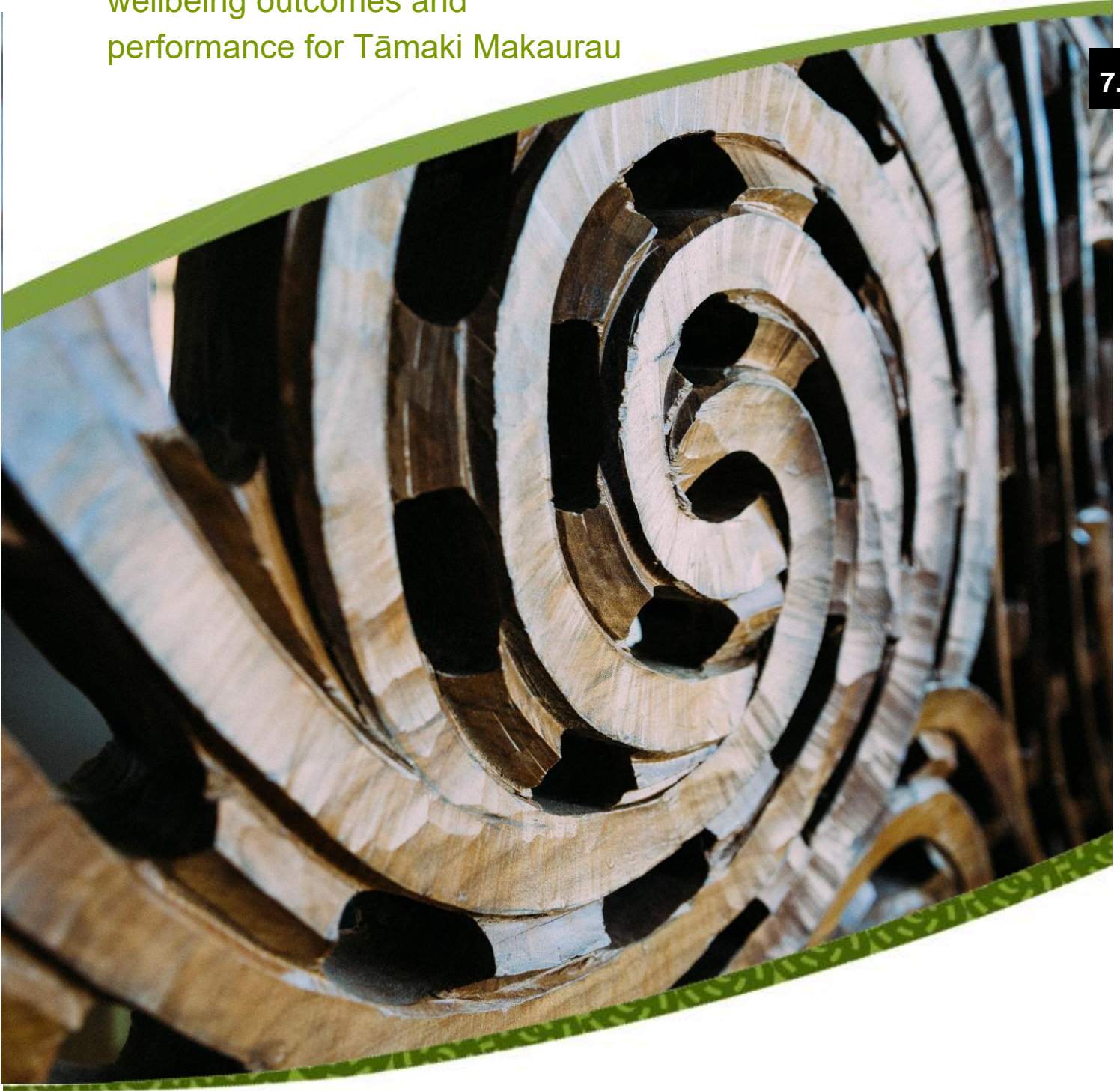
Encl.

cc: Mayor Phil Goff
Chair and Deputy Chair of PACE Committee, Councillor Alf Filipaina and Councillor Cathy Casey
Māori Outcomes portfolio holder, Councillor Angela Dalton
Chairs of Auckland Transport, Auckland Tourism, Events and Economic Development, Watercare,
Panuku, Regional Facilities Auckland
General Manager Ngā Mātārae/Māori Outcomes, Tania Winslade
Chair and Chief Executive (Acting), Independent Māori Statutory Board
Manager Council Controlled Organisation Governance

Kia Ora Tāmaki Makaurau

A framework to measure Māori wellbeing outcomes and performance for Tāmaki Makaurau

7.2



1 Introduction

Māori identity and culture are Auckland's unique point of difference in the world. Whānau, hapū, iwi and Māori communities aspire to have healthy and prosperous lives and have defined mana outcomes – the areas that matter most to whānau, marae, iwi, and communities – that will support and progress towards these aspirations.

Auckland Council Group's previous framework, The Māori Responsiveness Framework, focused on strengthening the organisation's capacity to engage with Māori entities to serve the needs of the Māori community.

2 Purpose of the Framework

The Māori Outcomes Framework - *Kia Ora Tāmaki Makaurau* is an evolution of the Māori Responsiveness Framework. It is a performance measurement framework and named for its overall outcome: holistic wellbeing for Tāmaki Makaurau. The Framework supplements the responsiveness approach to be relevant to the expectations and aspirations of Māori under the Treaty of Waitangi.

The Framework aligns the mana outcomes that Māori have identified as mattering most for them, with the 10 strategic priorities agreed to as part of the 2018-2028 Long Term Plan.

It then outlines the practical steps to deliver on priority-aligned Māori outcomes, by identifying focus areas where the council can best influence and direct resources for consistent delivery.



This outcomes-based approach shifts the council's focus from internal responsiveness to the delivery of priorities to benefit Māori. However, a focus on responsiveness will continue through the development of Māori Responsiveness Plans in each of the council's directorates, under the leadership and support of their Māori Outcome Leads.

The 10 priorities of the Māori Outcomes Framework will be delivered through the development of work programmes to become business as usual under the Long-Term

Plan. Ultimately, the council by addressing the needs of Māori, in particular, will benefit the community of Tāmaki Makaurau as a whole.

3 Developing the Framework

To respond effectively to the needs and aspirations of Mana Whenua and Māori communities, the Framework needs to reflect te ao Māori, be informed by mātauranga Māori and be Māori-centric. To enable this, it was developed, first, by consulting Māori evaluation experts and completing desktop reviews of mātauranga Māori approaches to outcomes measurement (including other Mana Whenua and Māori community outcomes and wellbeing frameworks).

Its development also involved hui, wānanga and kōrero with Mana Whenua and Māori communities. These kōrero remain ongoing.

The implementation of the Framework requires:

- Integrated collaboration within the council organisation
- Evaluation of the council's Māori responsiveness approach to date
- Kōrero with the council's subject matter experts and staff
- Working relationship with the Independent Māori Statutory Board.

This work has informed the Framework's conceptual foundation and Mana Outcomes. The council's objectives were then developed to align with these outcomes.

4 Conceptual Foundation

The research informed the Framework's conceptual foundation, which reflects both the relationship between Māori and Council, and the outcomes and objectives that provide the basis for that relationship. The Framework is based on four key principles.

Principle 1: Ora I Te Tuatahi

The connection of all things in Tāmaki Makaurau

- Wellbeing needs to be the ultimate outcome of the Māori-Council relationship.
- Wellbeing is considered in relation to Te Tātai, the interconnectedness of *Te Ira Atua* (primal ancestors), *Te Ao Tūroa* (the natural world) and *Te Ira Tangata* (humanity)

Principle 2: Mana Māori Motuhake

Māori identity and Māori wellbeing

- Mana Whenua and Māori communities have the *mana* to determine the outcomes – what matters most – for Māori in Tāmaki Makaurau.
- Māori outcomes need to be informed by the direct, lived experiences of mana whenua and Māori communities.

- It is useful if they align with the council's existing long-term priorities for Māori
- The outcomes need to reflect the broad domains of Te Ao Māori in Tāmaki Makaurau.
- The Framework needs meaningful indicators that support Mana Whenua and Māori community aspirations and development.

The council needs to maintain ongoing working relationships with Mana Whenua and Māori communities to maintain their relevance, in order to keep this a living document.

7.2

Principle 3: Me Mahi Tahī Tātou

We work together towards wellbeing outcomes

- The council group needs to work closely with Mana Whenua and Māori communities to do the mahi (the work) to drive and deliver on outcomes.
- Auckland Council divisions, departments and Council Controlled Organisations (CCOs) take ownership of specific Mana Outcomes and develop objectives, with work programmes, to deliver against the Mahi Objectives.

We will measure the performance of the council group, department and CCO to deliver against their Mahi Objectives and contribute towards Mana Outcomes.

Principle 4: Kia Ora Tāmaki Makaurau

Wellbeing for Māori is wellbeing for all Tāmaki Makaurau

- Driving positive outcomes for Māori will contribute to the positive social, cultural, economic, and environmental outcomes for Tāmaki Makaurau and Aotearoa.
- Positive Māori outcomes can be achieved with Mana Whenua and Māori, community leadership and the council support.

To drive positive Māori outcomes effectively and efficiently, we can collaborate with broader participants in the Tāmaki Makaurau ecosystem, including central government, Non-Government Organisations, private sector organisations, tertiary institutions, and communities.

5 Integrated Wellbeing

Kia Ora Tāmaki Makaurau focuses on holistic wellbeing. Kia Ora Te Tātai refers to the way wellbeing is dependent on being in balance and connected to the Tāmaki Makaurau ecosystem. The interconnectedness and interdependencies of the spiritual, natural, and human aspects of Tāmaki Makaurau need to be considered as Mana Whenua, Māori communities, the council and others drive Māori outcomes.

Aspirational Outcome: *Kia Ora Te Tātai*

The interconnections of all things – spiritual and physical - within the Tāmaki Makaurau ecosystem is acknowledged, maintained, and enhanced.

Māori view the world as a dynamic and complex ecosystem of interconnections and interdependencies. Experts recite the whakapapa (genealogy) of people, birds, fish, trees and the weather to explain the relationships between all things and to place themselves within the world. Humans not only depend on ecosystems, but they also influence them.

Kia Ora Te Tātai emphasises the wellbeing of the ‘connections’ within the ecosystem as much, if not more than that ecosystem’s components.

Kia Ora Te Ira Atua (Primal Ancestors)

Ira Atua refers to spirituality, wellbeing, and sacredness of Atua Māori (Māori deities). As with all parts of the ecosystem, Māori and other humans are a living connection to primal ancestors, the gods, and the universe. We are born with Ira Atua.

Kia Ora Te Ira Atua signals the acknowledgement and nurturing of this spiritual connection in all we do.

Kia Ora Te Ao Tūroa (Natural World)

Te Ao Tūroa refers to the environment – natural and built. It maintains that the interconnection between humans and the environment is fundamental for wellbeing and is the basis for human survival. It also promotes intergenerational equity; one generation ensures natural resources remain in as good a condition or better for the next.

Kia Ora Te Ao Tūroa emphasizes the human connection to our environments and the need to provide for this connection.

Kia Ora Te Ira Tangata (Humanity)

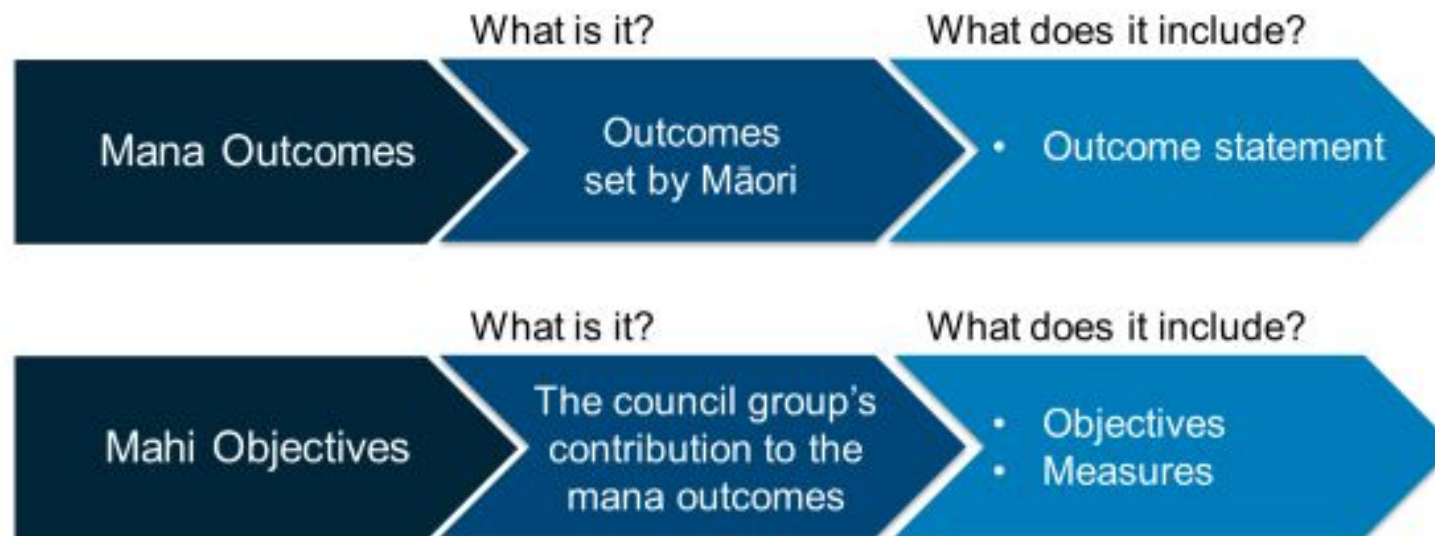
Te Ira Tangata is one of three essences with which we’re born. Every living thing is part spirit and part animate. For humans, te ira tangata is the animate part. It links all humans with each other, and it links one generation to the next.

Kia Ora Te Ira Tangata requires us to ‘keep well’ our connections within us, with each other, and with generations before and after.

6 Structure of the Māori Outcomes Framework

The 10 Priorities of the Māori Outcomes Framework have titles in te reo Māori, provided by the Mana Whenua Kaitiaki Forum. Each priority is stated as a Mana Outcome and includes an outcome statement. Each Mana Outcome is connected to a Mahi Objective to define what the council will do to contribute to delivering the outcomes. The Mahi Objectives include performance measures.

Mana outcomes and mahi objectives



7 Māori Outcomes Performance Measurement Framework

Kia ora te Kāinga Papakāinga and Māori Housing Led by Regulatory Services	Mana outcomes statement:	Mahi objective:	Measures:
	<p>Whānau Māori live in warm, healthy and safe homes. Housing options meet the individual and communal needs of whānau in Tāmaki Makaurau</p> <p>Public sector, iwi and communities work together to ensure Māori housing is fit-for-purpose</p>	<p>The council group supports Māori housing and papakāinga aspirations through providing expert advice, appropriate investment and improved associated infrastructure.</p>	<ul style="list-style-type: none"> • Number of Māori organisations and trusts supported to progress Māori housing and papakāinga development.¹ • Number of consents issued that support Māori housing, papakāinga and marae infrastructure.² • Number of cultural values assessment (CVA) requests.³
Kia ora te Umanga Māori Business, Tourism and Employment Led by ATEED	Mana outcomes statement:	Mahi objective:	Measures:
	<p>Intergenerational wealth is created through a thriving Māori economy</p> <p>Māori businesses and iwi organisations are significant drivers of a thriving economy in Tāmaki Makaurau. Innovation and enterprise are key elements of Māori success and hallmarks of Māori development.</p> <p>The Māori economy in Tāmaki Makaurau sees hapū and iwi endure through intergenerational approaches to investment outcomes.</p>	<p>The council group supports a resilient and regenerative Māori economy by supporting economic opportunities for Māori businesses and iwi organisations.</p>	<ul style="list-style-type: none"> • Number of Māori businesses involved in social procurement opportunities of the council group.⁴ • Number of businesses that have been through an ATEED programme or benefited from an ATEED intervention.⁵ • Number of initiatives supported by LTP Māori Outcomes fund that contributes to Māori economic development⁶

¹ Existing Long-Term Plan (LTP) and Independent Māori Statutory Board (IMSB) Values Report – kaitiakitanga fig.14

² Proposed

³ Proposed

⁴ Proposed

⁵ Existing LTP and IMSB Values Report – Kaitiakitanga fig.18

⁶ Proposed

Kia Ora Tāmaki Makaurau

Māori outcomes performance measurement framework

Kia ora te Marae Marae Development <i>Led by Customer & Community Services</i>	Mana outcomes statement:	Mahi objective:	Measures:
	<p>Marae are centres of excellence for whānau Māori and have an abundant presence in communities</p> <p>Marae in Tāmaki Makaurau aspire to be self-sustaining and thriving. They provide a cultural connection and space to practice kaitiakitanga for Mana Whenua and Māori communities. Mana Whenua marae carry the responsibility of ahikā; mataawaka marae manaaki whānau and the community.</p> <p>Marae offer services that contribute to and support whānau and community wellbeing, such as civil defence centres, kōhanga reo and early childhood education. Marae often deliver a range of health, education and social services. Marae have a leadership role to manaaki and foster whanaungatanga for Māori and the wider community, this requires appropriate resource and support</p>	Invest in marae to be self-sustaining and thriving hubs for Māori and the wider community.	<ul style="list-style-type: none"> • Number of mana whenua and mataawaka marae that receives support to renew or upgrade marae infrastructure.⁷ • Māori Outcomes funded investment in marae.⁸ • Number of consents issued that support marae infrastructure.⁹

⁷ Existing LTP and IMSB Values Report – Kaitiakitanga fig.4⁸ Proposed⁹ Proposed

Kia Ora Tāmaki Makaurau

Māori outcomes performance measurement framework

Kia ora te Reo Te Reo Māori <i>Led by Governance</i>	Mana outcomes statement:	Mahi objective:	Measures:
	<p>Ko te reo Māori te mauri o te mana Māori</p> <p>Te reo Māori is an official language in Aotearoa New Zealand and fundamental to a thriving Māori identity for Tāmaki Makaurau. Investment and support are needed to create opportunities to see, hear, speak and learn te reo Māori.</p> <p>A bilingual Tāmaki Makaurau can be demonstrated through signage, heard on modes of transport and reflected on media platforms. Widespread commitment to increase fluency in day to day usage of te reo will ensure this taonga tuku iho (legacy) flourishes for generations to come.</p>	<p>The council group supports te reo Māori to be seen, heard, spoken and learned throughout Tāmaki Makaurau</p>	<ul style="list-style-type: none"> • Number of reo Māori or bilingual signs e.g. Parks, facilities and Local Board offices.¹⁰ • Number of translation requests.¹¹ • Reo Māori public announcements e.g. transport routes/stations, public facilities, service centres.¹² • Percentage of actions in Te Reo Action Plan that are implemented (proposed) • Ratio of reo Māori to English content on Council's internal and external web.¹³ <p>(Note: see Empowered Organisation for a measure on learning te reo Māori)</p>
Kia ora te Ahurea Māori Identity and Culture <i>Led by Chief Planning Office</i>	Mana outcome statement:	Mahi objective:	Measures:
	<p>Tāmaki Makaurau is rich with Māori identity and culture.</p> <p>Mana whenua identity and Māori culture are Auckland's point of difference in the world – they advance wellbeing and prosperity for Māori and benefit all Aucklanders. Their uniqueness is underpinned by the many iwi and hapū whose mana extends over Tāmaki Makaurau and who are valued for the kaitiakitanga and manaakitanga roles they hold toward all who live and visit here.</p>	<p>The council group reflects and promotes Māori culture and identity within the environment, and values mātauranga Māori</p>	<ul style="list-style-type: none"> • Number of sites of significance included in notified plan changes.¹⁴ • Number of events and programmes supported by the council group that showcases Māori identity and culture in Tāmaki Makaurau.¹⁵ • Council group investment in tohu tangata whenua in Tāmaki Makaurau.¹⁶

¹⁰ Proposed¹¹ Proposed¹² Proposed¹³ Proposed¹⁴ Proposed¹⁵ Proposed variation of IMSB Values Report – Wairuatanga fig.7¹⁶ Proposed variation of IMSB Values Report – Wairuatanga fig.2

Mana outcome: Kia ora te Whānau Whānau and Tamariki Wellbeing <i>Led by Customer & Community Services</i>	Mana outcome statement:	Mahi objective:	Measures:
	Empowered whānau Māori across Tāmaki Makaurau Whānau are resilient, confident and successful. Investment is needed to support the aspirations of whānau Māori. Investing in the future of whānau is vital to advancing Māori wellbeing. Nearly a third of Auckland Māori are under the age of 15, and their wellbeing is intricately interwoven with that of their whānau.	The council group will enable whānau Māori to experience relevant and welcoming public facilities and services. It will support Maori-led services where appropriate.	<ul style="list-style-type: none"> Percentage of tamariki Māori using the council group's services is greater than or equal to the Māori population average.¹⁷ Number of grants that support whānau and tamariki wellbeing.¹⁸
Kia ora te Rangatahi Realising Rangatahi Potential <i>Led by Governance</i>	Mana outcome statement:	Mahi objective:	Measures:
	Rangatahi Māori realise their potential Māori youth have opportunities to become leaders. They have an important role in contributing to Auckland's present and future. To enable their participation in leadership roles and political decision-making, they need access to relevant education and support to pursue meaningful careers that contribute positively to Auckland now and in the future.	Rangatahi Māori of Tāmaki Makaurau are supported in career development and participate meaningfully and effectively in decision-making processes.	<ul style="list-style-type: none"> Number of Māori youth employed in Auckland Council Group.¹⁹ Number of Māori youth on Auckland Council Group's decision-making forums.²⁰ Percentage of rangatahi Māori accessing Auckland Council Group's youth career and development programmes.²¹

¹⁷ Proposed¹⁸ Proposed¹⁹ Existing IMSB Values Report – Rangatiratanga fig.4²⁰ Existing IMSB Values Report – Rangatiratanga fig.4²¹ Proposed

Kia ora te Taiao Kaitiakitanga Led by Infrastructure and Environmental Services	Mana outcome statement:	Mahi objective:	Measures:
	<p>Mana whenua exercise kaitiakitanga of te taiao in Tāmaki Makaurau</p> <p>Mana whenua actively exercise kaitiakitanga in Tāmaki Makaurau. Kaitiaki provide an aligned approach to remediate, protect, and enhance the mauri of these treasured environments for present and future generations. Embedding these concepts into our thinking and design supports a focus on the interrelationship between the natural environment and people.</p>	<p>Māori exercise tino rangatiratanga and kaitiakitanga through Te Tiriti based relationships with the council group, to enhance the mauri of te taiao.</p>	<ul style="list-style-type: none"> Auckland Council Group investment into transformational activities that contribute to Māori environmental outcomes.²² Number of initiatives with Māori which protect and improve the environment, improve water quality, and reduce pollution.²³
Kia ora te Hononga Effective Māori Participation Led by Governance	Mana outcome statement:	Mahi objective:	Measures:
	<p>Mana whenua and Māori are active partners, decision-makers and participants alongside Auckland Council Group</p> <p>Mana whenua are partners under Te Tiriti o Waitangi and exercise rangatiratanga in Tāmaki Makaurau. Establishing partnerships with Mana Whenua and Māori in Tāmaki Makaurau allows the council to meet its commitments under Te Tiriti o Waitangi.</p>	<p>Mana whenua and Māori are active partners and participants at all levels of the council group's decision-making.</p>	<ul style="list-style-type: none"> Percentage of adopted core strategies, policies and plans incorporating Māori outcomes or developed with Māori participation.²⁴ Percentage of Māori governing body and local body members, relative to the Tāmaki Makaurau Population.²⁵ Percentage of Māori residents who feel they can participate in Auckland Council decision-making.²⁶

²² Existing IMSB Values Report – Kaitiakitanga fig.25

²³ Proposed

²⁴ Existing LTP

²⁵ Existing IMSB Values Report – Rangatiratanga fig.6

²⁶ Existing LTP and IMSB Values Report – Rangatiratanga fig.8

Kia Hāngai te Kaunihera An Empowered Organisation Led by People and Performance	Mana outcome statement:	Mahi objective:	Measures:
	<p>The council group achieves outcomes and benefits for and with Māori</p> <p>The council group has legal and treaty obligations to deliver on Māori outcomes. It needs policies that support effective Māori participation and enables the council to meet its legislative and Te Tiriti derived obligations. An empowered organisation also needs processes that enable Māori to participate meaningfully in council matters, particularly those that support the development of strong, thriving and flourishing Māori communities.</p>	<p>The council group fulfils its commitments and legal obligations to Māori derived from Te Tiriti o Waitangi and has the capability to deliver Māori outcomes.</p>	<ul style="list-style-type: none"> • Māori Outcomes LTP fund is fully allocated each financial year.²⁷ • Percentage of council employees in permanent roles who identify as Māori.²⁸ • Percentage of council staff in senior leadership positions who identify as Māori.²⁹ • Number of staff and elected members that participate in council supported Māori and Te Tiriti learning programmes.³⁰ • Percentage of IMSB treaty audit recommendations closed.³¹

²⁷ Proposed²⁸ Existing IMSB Values Report – Rangatiratanga fig.7²⁹ Proposed³⁰ Proposed³¹ Proposed



2 September 2020

Mr Stephen Moore

via email: stephenmoore@xtra.co.nz

Dear Mr Moore

Thank you for your email.

Answers to your questions are set out below.

The affects of COVID are that many ratepayers re suffering income loss/lost jobs and this is likely to continue for some years. Most businesses are cutting costs/ reducing staff. Very few are increasing prices. The ratepayer needs for the first time in a number of years needs a zero rates increase for FY21.

1. Is Watercare planning on a zero rates increase for FY21?

Watercare's price rise on 1 July 2020 for FY21 was 2.5%. This was less than our previously planned 3%. The demand for our services continues despite COVID-19. Watercare is required to maintain levels of service to customers. We must also continue to undertake increased capital investment to meet the requirements of growth which is continuing. Our water and wastewater charges are less than 1% of the average household income. The average increase per annum is 7 cents per day. Watercare has recently increased the funding for the Water Utility Consumer Assistance Trust (WUCAT) (see page 4).

2. How many staff and what overhead reductions have occurred since Covid/will occur?

Watercare as a Lifeline Utility, undertaking essential services, has remained fully operational throughout Covid-19 with additional measures implemented to ensure that all water and wastewater operations can be maintained. Work to address the drought is also continuing as planned. We do not have "nice to have" services that can be put on hold. As a result, there are no staff or overhead reductions as the scale and cost of operations remains unchanged. We have not reduced staff numbers for the reasons given above. We have, however, reduced around 100 contractors.

3. Does Watercare accept Larry Mitchell's comment that the local body salaries are 1/3rd higher than the private sector?

Not in the case of Watercare. In setting annual remuneration we use EY and Strategic Pay as advisers, comparisons are made with salaries for other local government entities and also with other similar utilities in the private sector. The salaries for our people are under or at the median with comparative jobs. Staff salaries over \$100K are listed every year in our annual report. The recent CCO Review Panel looked at the CCOs salaries and their findings and recommendations are set out in the report at page 89 - 91, attached. Also see article attached from the CEO of Strategic Pay.

4. Does Watercare accept that having the best building in Newmarket and one of the best in Auckland upsets ratepayers?

Whether number 73 Remuera Road is "the best" in Newmarket is highly debatable. Upon integration, Watercare had head office staff in three separate locations, two in Newmarket and customer services in East Tamaki. It was necessary for efficiency to find a building of sufficient size to accommodate staff. The premises at 73 Remuera Road is a 5 Star Green Star rated design. The building and location was chosen as it was close to our previous building; in easy

walking distance of train and bus stops, which encourages many of our staff to use sustainable transport options. The building has energy efficient heating, ventilation and air conditioning; is double glazed and uses LED lighting. All requirements to achieve a 5-Star Green rating. The rental rate per sq m paid for a building in Newmarket is generally far less than offices in the CBD.

The structure is simply wrong, no fault of Watercare, but the National/Act SuperCity model (despite Sir Don McKinnon's comments in today's Herald in favour of CCO's) took all power and voice away from local bodies and the ordinary ratepayer e.g. look at the sham consultation on this year's Auckland City rates rise where 0% rates was not consulted on. The key omission from the SuperCity was the appointment of a independent Performance Auditor (the UK has a statutory regulator Ofwat <https://www.ofwat.gov.uk/> to protect the ratepayer. The ratepayer needs protection.

7.2

1. Does Watercare support the appointment of a Performance Auditor?

Watercare supports the appointment of an Economic Regulator to oversee economic efficiency of the water sector in NZ. Watercare has recently engaged the Water Industry Commission of Scotland (the Scottish Economic Regulator for Water) to perform a review of Watercare's economic efficiency relative to other water entities in New Zealand and in the UK. This work is underway and we expect to make the results available later this year.

The pricing model Watercare uses discourages water conservation and puts no performance targets on Watercare. Ratepayers know that if they were to save 10% water, Watercare would put its charges up as it is mainly a fixed cost business and needs to recover the lost revenue. My suggestions are:

1. Isn't the pricing model of the old North Shore City Council which had a fixed charge for wastewater and volumetric for water a fairer way?

No. The volume of wastewater is directly linked to the volume of water used and carried. Under a fixed wastewater system, the occupants of a household with three or four people pay the same as a single occupant. In 2014 before Watercare standardised wastewater charges for business, extensive consultation was undertaken. There was overwhelming support for a volumetric basis for charging for wastewater. Watercare's customers use significantly less water per person than any other part of NZ except for Western Bay of Plenty which is required to apply restrictions on water use on a regular basis. There is strong evidence in Auckland that volumetric charges for water and wastewater encourages reduction in the use of water.

Following integration in 2010, Watercare worked to standardise the different water and wastewater prices which were charged by the legacy Councils and Manukau Water and Metrowater. The savings to customers today are \$177m every year compared to the price path of the legacy Councils. Many customers are paying less for their water today than they were 10 years ago. Prior to integration, North Shore City customers were paying \$1.52 per 1,000 litres. Only in 2019/20, 10 years later, are they paying marginally more at \$1.55 per 1,000 litres. Watercare in the 10 years since integration, delivered capital projects of \$2.7b and spent \$1.8b on maintenance of assets. During that time debt has only grown by \$463m.

2. What penalties does Watercare suffer for failing to fix leaks?

Watercare incurs increased costs where leakage exceeds an economic level, i.e. where the total cost of water lost exceeds the cost of repair. A report indicated this level was around 13% which is the target in Watercare's Statement of Intent. The level achieved in FY June 2020 is 13.2% against the KPI of 13%. Changing weather conditions cause the ground to shrink and swell. This in turn can cause joints to leak. The very hot summer saw an increase in leaks.

3. Why not say there will be a \$nil rates increase FY21 if Auckland ratepayers meet targets?

Following the first Covid-19 lockdown, Watercare reviewed its forward costs, including expectations of capital programme and responding to the drought. While some efficiencies were identified, broadly the cost of running the business remains unchanged. Watercare continues to service Auckland's water and wastewater needs including the needs of growth. On that basis the Board approved a reduction in the previously planned price rise from 3% to 2.5%.

4. What financial incentive is there to conserve water when the rates go up to cover the "revenue" shortfall?

Under Watercare's volumetric tariff structure customers who reduce their consumption pay a proportionally lower share of costs than those who do not. Watercare's revenue is derived solely from water and wastewater charges and Infrastructure Growth Charges. Watercare receives no payment from Auckland Council, accordingly there is no relationship to the rates charged by Auckland Council. The shortfall in revenue for the Council is primarily driven by a lack of dividends from AIAL and Ports of Auckland and reduced revenue from other activities including public transport and event management.

Watercare does not engage with the ratepayer, rams down a yearly price increase of 2.5%, its contract is heavily weighted to Watercare, and sustainability is not rewarded or encouraged due to the revenue model employed. The ratepayer needs to be consulted and listened to. I don't accept that because of the CCO model, Watercare does not need to communicate directly with the ratepayer on decision

1. The ratepayer should be consulted on the suggested price increase each year and options given where it exceeds CPI?

As part of the Council's Long-Term Plan (LTP) process, Watercare prepares an Asset Management Plan (AMP) and Funding Plan (including forecast price increases over a 10-year period) proposal which form part of the Council's LTP consultation. Following adoption of the LTP by the Council, Watercare publishes its AMP and Funding Plan on our website. Since the last such publication in 2018, Watercare's annual price rises have been consistent with the published plan (apart from the slight reduction in July 2020 as noted above following Covid-19). Following integration in 2010, Watercare standardised the different water and wastewater charges which were charged by the legacy councils, Manukau Water and Metrowater. The savings to customers today are estimated at \$177m pa compared to the project price paths of the legacy councils. Ten years on, many customers are paying less for their water than at integration.

2. Are there plans for sustainable solutions, e.g. recycled water (I like that idea), water tanks and will the ratepayer be consulted?

Watercare and Council are currently working on a Water Strategy for Auckland which will address future sources, conservation and the other items you mention. The provision of water tanks is a land use matter in that it is Council that controls site coverages and building consents. It is for Council if it wishes to make it compulsory for water tanks to be installed with new builds. Watercare has no statutory power to control this matter. Watercare is looking to purified recycled water (i.e. highly treated wastewater) as a likely source of potable water after the proposed second take from the Waikato River. The use of purified recycled water and desalination plants is significantly more costly than additional water from the Waikato River. Significant consultation will be undertaken to allow public input into the use of purified recycled water in the future.

3. What is Watercare doing to increase the number of dams?

Watercare has a very transparent planning and investment programme. This is provided in our AMP, which is published every three years. The current 2018 AMP is available [here](#). In 1998 Watercare obtained consent to take 150MLD of water from the Waikato River. This was a large increase in supply. As such a large source was provided at one time. The Waikato WTP was expanded six times from 50 to 75 to 90 to 110 to 125 to 150 and this year, 175MLD. The next source of water to meet the increase in population is not required until the mid-2020s. Recognising that, developing new sources of water takes many years, Watercare reviewed nearly 100 potential sources, including new dams, in 2012. This resulted in a decision to increase supply from the Waikato River. Resource consent application for the project were lodged with the Waikato Regional Council in December 2013 and has been called in by the Minister of the Environment to be heard by a Board of Inquiry. The Mangatangi Dam in the Hūnua Ranges is our largest dam. The yield from that dam is 96MLD. Without the current and proposed take from the Waikato River, another three or four similar size dams would be required. For one dam, that requires a valley with a sizeable water source and a catchment area of 30-40sq km, preferably at an elevation sufficient to enable gravity feed. There is no such site in Auckland available.

4. Why don't tenants pay the full water bill?

We note the Residential Tenancy Act prohibits landlords passing on Watercare's fixed charges to tenants. Many landlords in Auckland pass the volumetric charges onto tenants. This is a matter between landlord and tenants.

Is the Board of Directors appropriate (and please I am not attacking the Directors personally) to represent the ratepayer. My concern is that Chair Margaret Devlin defended the CEO salary of \$775k (which in the private sector rightly or wrongly may be payable for an organisation of 1,000+ like Watercare) but is totally inappropriate for a local body esp when the Auckland Council CEO earns \$600k

- 1. Are the Directors aware that any price increase esp this year means less money in other areas for most ratepayers?**
- 2. Do the Directors live in Auckland?**
- 3. Is Chair Margaret going to withdraw her comment re the \$775k salary?**
- 4. Should the Board of Directors include an ordinary ratepayer income?**

When I use "ratepayer" I am talking about the average ratepayer earning \$50k to \$110k.

- 1. The Board are well aware of the statutory obligation to keep costs to customers (collectively) at minimum levels. The average Auckland household spends less than 1% of their monthly income on water and wastewater charges. Compare that to the costs of other utilities such as power and phone.**

When reviewing any price increases, the Board weighs up a variety of factors, including the impact on our customers. As noted above, the planned 3% increase for this year was reduced to 2.5% in light of the pressure of Covid-19 on customers.

If customers face financial difficulties paying our bills, our Customer teams will work with customers to arrange payment plans. In cases of financial hardship, we refer our customers to the [Water Utility Customer Assistance Trust](#) – a Trust set up by Watercare. The purpose of the Trust is to provide financial support to Watercare customers who are struggling to manage their water and wastewater charges. Currently the service is available only to residential customers,

but we are now working with the Trust to increase the funding provided to it and to extend the Trust to small businesses affected by Covid-19. Through its financial support, Watercare enables WUCAT to provide assistance to residential customers who are in financial strife. Customers are invited to seek support from WUCAT as soon as they are identified as potentially financially vulnerable.

2. Watercare has 8 professional independent directors, who are appointed by the shareholder, Auckland Council. Six of our directors live in Auckland, Chair Margaret Devlin lives in Hamilton and Dr Nicki Crauford lives in Wellington. Both have significant experience in the water industry.

Director fees are set by Auckland Council for the Boards of all CCOs.

No. The retiring CEO of Watercare has over twenty years' experience in the water and wastewater sector. He is one of the most experienced water and wastewater engineers in New Zealand. He has been a CEO of two water companies prior to being appointed to the CEO role with Watercare. The CEO salary is set by the Watercare Board after taking external advice on market remuneration. However, this process may well change in the future in light of the CCO Review (at page 90) which recommends *"In our view, the council needs to have some say about chief executives' pay (as well as their appointment and tenure). CCOs are, after all, public sector entities, not private commercial companies, and their chief executives' remuneration must reflect this fact. We also consider CCO chief executives should be required to consult the council before undertaking collective bargaining negotiations so CCOs and the council have a consistent position during such negotiations."*

Yours sincerely



Rob Fisher
Company Secretary

7.2

Extract from Review of Auckland Council's Council Controller Organisations – Report of Independent Panel

We examined two areas where all CCOs might adopt council policies. One was remuneration and the other was shared services. CCOs said they "[tried] to align their remuneration policies with the council's policy, including having similar job salary banding and grades", although this alignment applied only to non-executive staff. (They all said they used consultants to help set salaries for senior managers in order to be competitive with the market and attract individuals with the necessary level of skills, although Panuku said its consultants used council policy as a benchmark.) A senior council manager said that on the whole CCOs paid more for similar roles. "Some of them may use the same structure," he said, "but they do not make the same decisions we make." We know ATEED, Panuku and Regional Facilities Auckland have the same salary bands as the council for non-executive staff, although we know that in practice Panuku pays higher average salaries than the council due to a different workforce composition. We also know Watercare and Auckland Transport have their own separate bands, which they said was necessary to attract and retain staff.

Annual reports tell us CCOs' top-paid individuals – presumably their chief executives – receive salaries ranging from, at the bottom, ATEED (on a possible maximum of \$429,999), up to Watercare on a possible maximum of \$780,000. The top salary at the council, that of its recently departed chief executive, was by comparison \$698,000. This range is understandable, given the corresponding differences in the size and responsibilities of individual chief executive roles, although many expressed surprise that the salary of Watercare's chief executive was higher than

7.2



that of the council's chief executive. Those salaries are set by each CCO board (after taking external advice on market remuneration).

However, in our view, the council needs to have some say about chief executives' pay (as well as their appointment and tenure). CCOs are, after all, public sector entities, not private commercial companies, and their chief executives' remuneration must reflect this fact. We also consider CCO chief executives should be required to consult the council before undertaking collective bargaining negotiations so CCOs and the council have a consistent position during such negotiations.

The council has no policy about sharing services with CCOs to reduce duplication and costs. Currently, the council provides payroll, recruitment, information technology, financial transaction and legal services to ATEED, Panuku and Regional Facilities Auckland. (Watercare and Auckland Transport are completely self-sufficient.) All three CCOs' statements of intent say they intend, where appropriate, broadening the scope of shared services.¹¹⁹ However, we could find no evidence of the council having taken action to give effect to that intention. The council's value for money programme recommended in 2019 that the council and CCOs develop a strategy for sharing all back-office functions.¹²⁰ To our knowledge, no steps have been taken to implement this resolution.

We asked CCOs about their experience of shared services. One said the council had developed some shared services solely with its own needs in mind, overlooking the specific requirements of smaller CCOs. Examples cited to us were the council's online health and safety and human resources systems, which were designed for the council's large-scale needs. CCOs had no involvement in their design and found them unsuited to their purposes.

CCOs also criticised the performance of some council services. The council's legal department provided effective service, but human resources and information technology services were, they said, frustratingly poor and slow, affecting their ability to carry out their work. One CCO talked of delays of up to a month in issuing employment agreements, which "risked losing candidates at the final stages of the recruitment process". On the other hand, one senior council manager said CCOs "expect[ed] a gold-plated service" and were increasingly "moving away to build their own capability". The council has no agreements with CCOs, as would be expected in the commercial world, setting out services to be provided and to what standard.

One service that CCOs said lent itself to sharing was leadership programmes for future managers. The council and CCOs currently run their own such programmes, and there may be merit in the council and CCOs exploring some common programmes for other skills development, which would put an end to the current arrangement, where, as one senior council manager put it, providers of these services "effectively play[ed] one off against the other".

¹¹⁹ Auckland Transport's Statement of Intent 2019-2022: says it "will continue to seek to optimise efficiency and value for money, through removal of duplication and different approaches to core systems, and will pursue shared back-office delivery, including investment in information and communications technology, where appropriate", p 16.

¹²⁰ Auckland Council Governing Body, Value for Money Finance Review, 27 June 2019, Resolution GB/2019/60: That the Governing Body: a) request that council's chief executive collaborate with the chief executives of the council-controlled organisations to develop and implement a shared services strategy and operating model for all back-office services.



Improvements

The council and CCOs should work together to draw up group policies on:

- shared services (This would include coherent criteria about which services to share, and which not to, recognising that a one-size-fits-all approach does not work in some instances, and that council services must be of a high standard and cost-efficient.)
- the development of leadership talent
- remuneration. (This would contain common salary bands for all staff except chief executives, common rules on placing staff in, and progressing them through, bands, and a common process for dealing with exceptions to the rules. Chief executives' salaries would be dealt with in a statement of expectation.)

Shared services should have formal supplier/purchaser agreements, with agreed service levels (subject to any policy for such services).

CCOs should discuss their proposed collective bargaining strategy with the council.

The council should make compliance with the procurement policy mandatory on all CCOs to reduce costs and minimise duplication, noting that the council or a CCO should lead individual procurement processes, according to the circumstances.

7.2

Article from NZ Local Government Magazine – September 2020

/ REMUNERATIONS

Local government pay levels – a positive view

Strategic Pay has a view on pay in the local government context through referencing its local government surveys and other more broad-based surveys. By **John McGill**, CEO of Strategic Pay.



For the past 20 years Strategic Pay has annually (or twice-annually) surveyed the remuneration levels within local government (and other sectors in New Zealand).

Our surveys are used by most councils to develop remuneration structures and related performance management processes. We also conduct surveys across the private sector, other parts of the public sector, and the not-for-profit sector.

Over 1000 organisations contribute data to our surveys with this information being updated at least on an annual basis. Our survey database currently has 230,000 individual roles with a full breakdown of individual information for each of those roles including job evaluation or "sizing" information to enable like for like comparisons.

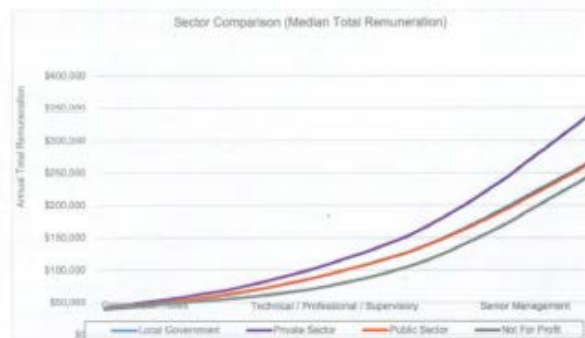
In addition, a number of public sector bodies like the State Services Commission and the Remuneration Authority use our services to assist in the determination of pay for senior public sector roles. We also provide similar services across the South Pacific for several countries and their public sector entities.

Comparisons and pay relativities are important for our clients to be abreast of and we regularly provide this information. The comparisons between sectors is of intense interest and information on this is regularly disseminated at our remuneration forums conducted twice yearly.

What pay levels look like in local government against other sectors is shown in the chart above.

The local government line may be difficult to see as it is coincident with (not surprisingly) our public sector data (public sector includes local government, central government, education, health). You will note that the table does not cover the most senior roles.

Our clients use our survey data annually (along with other information) to make



decisions on pay levels for individual roles and to make decisions on pay reviews. This constant critical review of our survey reports gives us the confidence to make a number of comments regarding local government pay.

Council pay rates vary from council to council but by and large, sit below those of similarly sized roles in the private sector. Local Government is (as expected) more generally in line with public sector pay and sits above the pay levels found in the Not for Profit sector. For lower paid roles, the difference is negligible.

Council pay structures are set at relatively conservative levels.

Councils generally have pay setting processes that are open, transparent and subject to constant review. It is relatively common practice to have active union consultation processes around sizing of roles and related matters (e.g. collective agreements).

I believe any suggestion that pay bands should be reduced will (apart from a very predictable union response and management response too I would add) not resolve any of the alleged issues of overstaffing, rather they will cause near chaos and a likely erosion in the provision of services.

Many, particularly larger, local authorities have been successfully lobbied by advocates of the Living Wage, hardly

an endorsement of high levels of pay, given it currently is calculated at \$22.10 (2020/21) per hour.

We are aware of the make up of council staff with many councils having large numbers of technical positions filled by well qualified and experienced employees. This mix of staff is often quite different to that of an organisation in the private sector and comparing the 80 or so highly specialised organisations (ie local government) against average income data from the HES is not realistic and will provide distorted, incorrect data.

In addition, many councils have contracted out services that may have traditionally employed larger numbers of lower paid employees.

Finally, there are many ways of looking at pay and many metrics available for understanding pay levels in an organisation.


Comparisons against the marketplace are important as are the relativity of pay levels at the top levels of the organisation as well as the bottom.


While there may well be a level of public cynicism with regard to pay in local government (although to be fair, cynicism around pay exists more widely than that), it is noted that this concern needs to be tested with examination against reliable and comprehensive analysis, and I would agree with that. **LG**

Report to the Board of Watercare Services Limited

Prepared for the 29 September 2020 meeting

CCO Review Recommendations

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



7.3

1. Purpose and context

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

The process from here:

- The Council Chief Executive is to be responsible for review implementation.
- He is to appoint a review implementation lead. *We have not yet received advice of the appointment.*
- A joint CCO/Council project implementation team is to be established to oversee the work programme - *We will provide a person at the appropriate level, once we see who is the Council lead*
- That team is to report within 3 months to the CCO Oversight Committee on the programme, the proposed approach and timing. *Noted.*
- Progress reports to the CCO Oversight Committee at 6 monthly intervals. *Noted.*

2. The details

Actions for CCOs

- To report progress as part of their quarterly report. *This was done for the meeting of the CCO Oversight Committee on 22 September.*
- The Board to include in the CEs performance objectives and measure the successful implementations of the relevant review recommendations and programme of works. *Jason Glennon will action.*
- The Council CE to work with the CCOs CEs on the recommendations on Table 2 (attached). *Marlon has led a discussion with the Executive and assigned tasks.*
- The Council CE to work with the CCOs CEs on how best to implement the recommendations on Table 3 (attached) *Marlon has led a discussion with the Executive and assigned tasks.*
- CCOs to work with Local Boards to implement recommendation 34 (how they work together) and 53 (how CCOs co-ordination and consultation with the community). *Brent Evans to action.*

Table 1 is a summary of recommendations that can be actioned now (see attached). They include those specific to Watercare (2 out of 24)

- The Council formulates a three waters strategy and includes a reference in the strategy to Watercare's obligation to consult the Council about the broad directions of pricing and water services. *(note **consult not seek approval**). Work is well underway on the formulation of the Three Waters Strategy. Watercare has provided much of the data upon which the strategy has been derived. Significant input to the strategy has been provided by Amanda Singleton, Mark Bourne, with Chris Thurston as our lead).*
- Watercare (and AT) submit their AMPs and detailed supporting information to the Council every year. *The AMP paper is on the agenda for the September meeting. Steve Webster to action once the AMP has been finalised.*
- *The job descriptions of the Chief Executive and senior executives to include the requirements to collaborate with Council (and the other CCOs), follow Council directions and meet Council expectations (51) Jason Glennon has this recommendation in hand.*
- *Council will be taking the lead on most of the items in Table 1. For example: the CCO Governance group are looking at a template for the drafting of SOIs (Recommendation 23). The Company Secretary is involved in discussions on improvements to the SOI process including developing the template.*

Table 2 recommendations specific to Watercare (3 out of 22)

- The Council, Watercare and AT resolve consent processing delays (17). *Work is underway with Council on a Service Level Agreement, also including Auckland Transport.*
- The Council reaches agreement with Watercare and AT on clear measurable minimum performance levels when reviewing consent applications [by third parties] (18). *We have not been provided with the detail of the specific examples provided to the Panel as evidence of delay on the part of Watercare. We believe these may be historic in nature. There has been an improvement in our response times since a new system, IPS, was implemented in November 2019. Management continue to invite developers to engage early, even before they make their application for resource consent. This is particularly effective in early resolution of servicing solutions.*
- Establish a formal mechanism to allow objections to the way both CCOs enforce their codes of practice. *Watercare has a voluntary process for objections to IGCs. The process closely follows that for objections to development contribution as required by the Local Government Act 2002. Helen Atkins is our lead Commissioner. Helen is a very experienced practitioner in the areas of RMA and Local Government. She is on the Board of Water NZ. She knows the industry of water. It is proposed to extend the jurisdiction to cover objections to our Code of Practice. Helen Atkins has agreed to that.*

Table 3 recommendations that require further analysis (none of the nine are specific to Watercare)

Note: Under Financial Benefits there is identified savings of \$2.5m (\$5m annualised) operating cost savings from the merger of ATEED and RFA and \$2.5m in back office savings across the Group. No specifics are given. The first step as recommended by the Panel is the development of a policy for Group shared services. *Stuart Bird is considering this recommendation, in particular how Watercare can lend its expertise in procurement for the benefit of the Council Group.*



Table 1: Summary of Recommendations that can be actioned now

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

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

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

Table 3: Recommendations that require further analysis




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

Board - Public Session - Directors' Corporate Governance Items

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

Report to the Board of Watercare Services Limited
Prepared for the 29 September 2020 Board meeting

Disclosure of senior executives' interests

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

8.2

1. Purpose and context

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




2. The details

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

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



Directors' appointment terms, committee memberships, and meeting attendances

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

8.3

1. Purpose and context

This paper provides an update on:

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

2. The details

Table 1: We have eight directors

Our directors are appointed by Auckland Council

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

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

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

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

**Board Chair attends in ex-officio capacity*

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

Board member attendance 2020	Attendance at Board meetings												Attendance at Audit and Risk Committee meetings					Attendance at AMP & Major Capex Committee meetings					Attendance at Strategic Transformation Project Committee meetings				Attendance at Te Tangata Komiti meetings					Attendance at Committee for Climate Action meetings					
	Board 28 January 2020	Board 20 February 2020	Board 28 April 2020	Extraordinary 19 May 2020	Board 28 May 2020	Board 30 June 2020	Board 28 July 2020	Special Board 10 August 2020	Board 25 August 2020	Board 29 September 2020	Board 27 October 2020	Board 24 November 2020	A&R 28 January 2020	A&R 25 May 2020	A&R 10 August 2020	A&R 24 August 2020	A&R 28 October 2020	AMCC 6 March 2020	AMCC 23 April 2020	AMCC 28 July 2020	Catch up AMCC 6 August 2020	AMCC 19 November 2020	STPC 19 June 2020	STPC ?? July 2020				TTC 29 January 2020	TTC 29 April 2020	Catch-up TTC 11 June 2020	TTC 29 July 2020	TTC 24 August 2020	TTC 26 November 2020	CCA 18 February 2020	CCA 22 May 2020	CCA 6 August 2020	
Margaret Devlin	✓	✓	✓	✓	✓	✓	✓	✓	✓				✓	✓	✓	✓		✓	✓	✓	✓		✓					✓	✓	✓	✓	✓			✓	✓	✓
Nicki Crauford	✓	✓	✓	✓	✓	✓	✓	✓	✓				✓	✓	✓			✓	✓	✓	✓		✓							✓	✓				✓	✓	✓
Brendon Green	✓	✓	✓	✓	✓	✓	✓		✓				✓	✓		✓				✓			✓											✓	✓	✓	
Julia Hoare	✓	✓	✓	✓	✓	✓	✓	✓	✓				✓	✓	✓	✓		✓	✓	✓	✓																
David Thomas	✓	✓	✓	✓	✓	✓	✓	✓	✓				✓	✓	✓	✓													✓	✓	✓	✓	✓				
Colin Magee (Board Intern)	✓	✓	✓	✓	✓	✓	✓	✓	✓				✓	✓	✓	✓		✓	✓	✓										✓	✓						
Hinerangi Raumati-Tu'ua	✓	✓	✓	✓	✓	✓	✓		✓				✓	✓	✓	✓				✓																	
Dave Chambers	✓	✓	✓	✓	✓	✓	✓	✓	✓				✓						✓									✓	✓	✓	✓	✓			✓	✓	✓
Frances Valintine	✓	✓	✓	✓	✓	✓	✓	✓	✓						✓			✓	✓	✓	✓		✓											✓	✓	✓	