

Board meeting | 13 June 2023
Public session



Venue	Watercare Services, Level 3 Boardroom, 73 Remuera Rd, Remuera and via Microsoft Teams
Time	9:45am

Meeting administration		Spokesperson	Action sought	Supporting material
1	Opening Karakia	Julian Smith	-	Verbal
2	Apologies	Chair	Record apologies	Verbal
3	Quorum	Chair	Five directors required	Verbal
4	Declaration of any conflicts of interest	Chair	For noting	Verbal
5	Minutes of the previous meeting of 9 May 2023 Board meeting	Chair	For approval	Minutes
6	Public deputations	Chair	For information	Verbal
Items for information, discussion and approval				
7	Final draft of Watercare's Statement of Intent 2023-2026	Emma McBride	For approval	Report
8	Review of the Audit and Risk Committee Charter	Emma McBride	For approval	Report
9	Review of the Corporate Governance Charter	Emma McBride	For approval	Report
10	Review of annual report requirement	Jamie Sinclair	For approval	Report
11	Chief Executive's report	Dave Chambers	For discussion	Report
12	Health, safety and wellbeing update	Executive Team	For discussion	Report
Governance				
13	Audit and risk committee meeting update	Hinerangi Raumati-Tu'ua	For discussion	Verbal update
14	Board planner	Chair	For information	Report
15	Directors' meeting attendances	Chair	For information	Report
16	Disclosure of Directors' and Executives' interests	Chair	For information	Report
17	General business	Chair	For discussion	Verbal update
Date of next meeting		Tuesday, 4 July 2023		



Karakia Timatanga (To start a meeting)

1. Whakataka te hau ki te uru

Whakataka te hau ki te tonga

Kia mākinakina ki uta

Kia mātaratara ki tai

E hī ake ana te atakura

He tio, he huka, he hau hū

Tihei mauri ora!

*Cease the winds from the west
Cease the winds from the south
Let the breeze blow over the land
Let the breeze blow over the ocean
Let the red-tipped dawn come with a sharpened air.
A touch of frost, a promise of a glorious day.*



2. Tukua te wairua kia rere ki ngā taumata

Hai ārahi i ā tātou mahi

Me tā tātou whai i ngā tikanga a rātou mā

Kia mau kia ita

Kia kore ai e ngaro

Kia pupuri

Kia whakamaua

Kia tina! TINA! Hui e! TĀIKI E!

Allow one's spirit to exercise its potential

To guide us in our work as well as in our pursuit of our ancestral traditions

Take hold and preserve it

Ensure it is never lost

Hold fast.

Secure it.

Draw together! Affirm



Minutes

Board meeting	Public session
Date	4 April 2023
Venue	Watercare Services, Level 3 Boardroom, 73 Remuera Rd, Remuera and via Microsoft Teams
Time	9:45am to 11:35am

Attendance		
Board of Directors	Watercare staff	Guests
Margaret Devlin (Chair) Nicki Crauford Julian Smith Frances Valintine Brendon Green Graham Darlow Via Microsoft Teams Hinerangi Raumati-Tu'ua (for items 1 to 8)	Dave Chambers (CE) Jamie Sinclair (Chief Corporate Services Officer, for all items except for first part of item 9) Amanda Singleton (Chief Customer Office, for items 1 to 9) Sarah Phillips (Chief People Officer, for items 1 to 7) Bronwyn Struthers (Head of Health, Safety and Wellbeing, for items 1 to 8) Suzanne Lucas (GM Asset Upgrade and Renewals, for items 1 to 7) Andrew Mercer (Head of Asset Efficiency and Acting Chief Operations Officer) Jonathan Piggot (Production Manager – South, for item 8) Andrew Lester (Water Resources Manager, for item 9) Emma McBride (Head of Legal and Governance) Pinaz Pithadia (Legal and Governance Advisor) Via Microsoft Teams Richie Waiwai (Tumuaki Rautaki ā-lwi me ngā Hononga, for items 1 to 7)	Councillor Ken Turner, Watercare's Lead Councillor (for items 1 to first part of item 9) Via Microsoft Teams Trudi Fava, CCO Programme Lead, Auckland Council

1.	<p>Opening karakia</p> <p>Graham Darlow opened the meeting with a karakia.</p> <p>Meeting administration</p> <p>The Chair welcomed everyone to the meeting.</p>
2.	<p>Apologies</p> <p>Hinerangi Raumati-Tu'ua advised that she currently dialling in from overseas and may need to leave before the end of the public meeting. She also provided her apologies for the confidential meeting, which follows the public meeting. Hinerangi provided feedback to the Chair on the remainder of the papers.</p>
3.	<p>Quorum</p> <p>The Chair confirmed that a quorum was established.</p>
4.	<p>Declaration of any conflicts of interest</p> <p>No conflicts of interest were noted.</p>
5.	<p>Minutes of the previous meeting</p> <p><i>The Board resolved that the minutes of the public session of the Board meeting held on 4 April 2023 be confirmed as true and correct.</i></p>
6.	<p>Public deputations</p> <p>The Chair noted that there were no public deputations.</p>
7.	<p>Chief Executive's report</p> <p>The CE introduced the report. The CE highlighted the following key topics from the report.</p> <ul style="list-style-type: none"> • The leadership team has started holding monthly HSW meetings. The most recent meeting focussed on understanding what is leading to the results we have, and why injuries are occurring.

- Last Friday, a HSW leadership forum was held with our industry partners. When they work for Watercare, their safety records are worse than when they work for other companies. At the meeting, Watercare acknowledged that we have an issue to address; we are investigating why our safety record is not as good as it could be and how we can make improvements.
- In response to questioning from the Board, Bronwyn Struthers confirmed that we do have a partnership with Mates in Construction on all infrastructure projects, and some of our operational teams also have a partnership with this organisation.
- Bronwyn also reported that the HSW team has met with Worksafe's Puataunofu Programme team to discuss how culture fits into HSW.
- The CE noted that the Sensitive Expenditure Policy is being presented to the Board in the confidential session for review. This review is not being done in isolation – other non-board approved policies (e.g. P-Cards, Gifts & Inducements and The Watercare Way) – are all being reviewed as well. Once the Policy is approved, it will be circulated to our staff.
- In relation to diversity, including gender diversity, the Board stressed the importance of the business being proactive in improving the position of women in the industry. They noted that Watercare has a massive capital programme of \$1b/year ahead of us, and women should be making a tangible contribution to that capital programme. Suzanne Lucas confirmed that in relation to our AUR programme recently launched, the Watercare team is elevating diversity and gender discussions, including when we select our partners for the work programme.
- In relation to water quality, the CE explained that our DIA performance is 100% compliant. However, the new Taumata Arowai rules include different measures. There is a disparity between the DIA and Taumata Arowai measures. The Board is keen to ensure this issue is addressed and that there is clarity in respect of drinking water quality. We are working on how to illustrate this in a simple manner for the Board.
- In relation to the Central Interceptor: the confluence chamber work is well underway at Māngere and the project, overall, has received positive news coverage by Seven Sharp. The Point Erin extension resource consent was notified on 17 March 2023 and there have been 4-5 (now 8) objections, including from people concerned about the value of their property should a tunnel run under their property.
- In response to a query from the Lead Councillor, Cr Ken Turner, the CE explained that our solar programme has not calculated the total savings we are making from our solar initiatives. However, as Watercare expands the solar network out, the business will consider Totex business cases.
- The Board thanked Management for the update on what we are doing to encourage Māori and Pacific Peoples.

Key performance measures

- In relation to the SOI measures that are not being met because of the January/February storms, the Board requested that we also calculate what the result would have been, but for the storms.
- In relation to the leakage measure, and the water balance in general (water in, water out, consumption), it was confirmed that Finance does do a reconciliation between what has been produced, and what we have sold.
- Cr Turner noted a complaint he had received from Waitakere Primary School, and possible issues with their smart meter. Amanda Singleton confirmed she would follow this up.

- The SOI for Diversity of Sources commentary is not correct and needs to be corrected for year-end.
- In response to questioning from the Board, Amanda noted that customer metrics have dipped over the last few months, but they are now rebounding. We should meet the 12 month rolling target by 30 June 2023.

People dashboard

- Staff turnover is trending down. Annual leave balances are still high, and this has been a challenge due the floods and shift work. Leadership is working to encourage our people to take annual leave.
- In response to queries from the Board, Bronwyn and Amanda noted that whilst HSW is correlated with People metrics, it is often not as simple as getting people to take leave in order to improve HSW metrics. If some teams are not sufficiently resourced, then having people on leave means the teams still rostered on are doing overtime, which can increase safety risks. The aim is to have an optimal level of staffing, which we are working towards.

Flood response recovery plan

Suzanne Lucas provided an update to the Board on the Flood recovery plan.

- Suzanne confirmed there is a database of slips we are dealing with, and there is not much overlap with the slips Council is dealing with. Most of the slips Watercare is dealing with are on landowner properties. If the slip is on their property, typically it will be the landowner's responsibility to fix the land. The team is being very proactive with property owners.
- We are bundling works together and have a big focus on eliminating overflows.
- In terms of resourcing the flood recovery projects, this is mostly being done by external contractors, which means our capital programme can continue uninterrupted.
- We have submitted the "first cut" of our insurance claim, but more detail will need to be provided as further information comes to light as repairs are undertaken. We have requested a first insurance payment be made (as Auckland Council has already received a first payment), and we hope to receive this in June 2023.
- The work in Muriwai has included geotechnical assessments of our damaged Water Treatment Plant. Whilst further testing is required, it is possible we may be able to access 50% of the water source at that site. We also hope to have the WTP operational by the second half of this year.
- Suzanne noted that Watercare staff are meeting with the Recovery Manager at Council twice a week. She also noted that Chris Thurston, Head of Sustainability is part of an adaptation working group looking at the level of repair/adaptation needed to be done in light of the storms.
- It was noted that this Flood Report update will be presented to the Board again in June, and then it will move to quarterly.

	<p>Resource consent compliance</p> <ul style="list-style-type: none"> • The Board queried why resource consent compliance at Army Bay may take until 2026-2031 to be resolved. • Management explained that the plant is non-compliant during heavy loads, not all the time. • A more detailed update on Army Bay will be provided to the Board in June 2023. <p><i>The Board noted the report.</i></p>
8.	<p>Health, safety and wellbeing update</p> <p>Bronwyn Struthers introduced the report and Jonathan Piggot, Wastewater Production Manager South to the meeting.</p> <ul style="list-style-type: none"> • Bronwyn noted that as a part of our emergency response training, a scenario based training session was undertaken by Jonathan. • Jonathan shared a presentation on rehearsals for deep tank rescue (attachment 1). • During the series of rehearsals, FENZ, St Johns Ambulance and contractors also participated. • As well as providing our staff with an opportunity to learn and practice, these sessions also strengthened our relationship with emergency services and enhanced their familiarity with our work and this site. <p>Bronwyn noted the following key topics from the HSW report:</p> <ul style="list-style-type: none"> • HSW accreditation is moving from ISO 4801 to ISO 45001. The accreditation audit process is progressing. The upgrade to 45001 brings a stronger focus on kaimahi consultation and engagement, continual improvement, and a risk-based approach. Last week the auditor did a first review and recommended we move to the next stage of seeking accreditation. • The People team has hired a new analyst who will be able to extract better insights and data from our systems. • For this report, and in the future, our HSW incident metrics have been split between Watercare and contractors to provide more clarity. This has shown that Watercare's exposure to critical risks is lower than for our contractors. There were no injuries from these critical risk exposures. The metrics show that there are working controls in place. That said we are ensuring our focus remains on these risks. • In relation to the hazardous materials critical risk exposure events, Bronwyn confirmed that proper PPE was being worn during both events. <p><i>The Board noted the report.</i></p> <p><i>Hinerangi Raumati-Tu'ua departed the meeting.</i></p>
9.	<p>Auckland Drought Management Plan</p> <p>Andrew Lester took the report as read and noted the following key topics:</p>

	<ul style="list-style-type: none"> Following the 2019-21 Auckland Drought, an extensive review and consultation process was undertaken with key customers, Council staff, and the Mana Whenua Kaitiaki Forum. In response, the updated 2023 DMP was developed. The 2023 DMP considers updated climate data, and changes to the water supply system. The 2023 DMP is an evolution of previous DMPs, however the formatting and language has been improved. The 2023 DMP has the new trigger levels in place with the associated schedule of water use restrictions. The 2023 DMP was endorsed by Auckland Council's Planning, Environment and Parks Committee on 30 March 2023. The Committee noted that Council staff and Watercare will work collaboratively to develop a peak demand management plan and ensure integration with drought response in alignment with the Auckland Water Strategy. <p>The Board and Cr Turner acknowledged that the 2023 DMP is a management tool. However, everyone agreed it would be good to have a simplified version as some terms are difficult for customers (including commercial customers required to use non-potable water) to understand. In particular, the Board and Cr Turner asked that the trigger levels and what this means for customers should be clarified in simple terms.</p> <p>Brendon Green noted that he will send his comments on the 2023 DMP for Management's response.</p> <p><i>The Board approved Watercare's Auckland Drought Management Plan (March 2023), which was endorsed by Auckland Council's Planning, Environment and Parks Committee on 30 March 2023.</i></p> <p>The Board advised that whilst the 2023 DMP is approved, Management's next task is to work out how we communicate the 2023 DMP in as simple terms as possible. This piece of work does not need to return to the Board.</p> <p><i>Cr Turner departed the meeting at 11:23am to attend to an urgent phone call regarding the approaching storms and returned at 11:25am.</i></p> <p>The Chair will discuss with the Audit and Risk Committee Chair and the CE about how we look at the risk position of dam failures not only from the operations perspective but also from wider perspective.</p> <p>Cr Turner advised that Civil Defence will soon send out an emergency alert to mobile phones regarding the approaching severe weather.</p> <p><i>Cr Turner departed the meeting at 11:29am.</i></p>
10.	<p>Board planner</p> <p>The Chair noted that the Waikato District Council Waters Governance Board has been invited to a Board-to-Board hui on 13 June 2023.</p> <p><i>The Board noted the Board planner.</i></p>

11.	<p>Directors' meeting attendances</p> <p>The Chair advised that she will be an apology for the 4 July 2023 Board meeting.</p> <p><i>The Board noted the report.</i></p>
12.	<p>Disclosure of Directors' and Executives' interests</p> <p>Nicki Crauford advised that she is no longer a Board member of GNS Science Limited.</p> <p><i>The Board noted the report.</i></p>
13.	<p>General business</p> <p>The Chair confirmed that due to heavy rain, thunderstorms, and likely flooding, we may close the Confidential session early so Board members and staff could either work on weather incident response, collect children from schools, and get home before the next band of heavy rain arrived.</p> <p>The public meeting closed at 11:35am.</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

.....
Margaret Devlin, Chair

Attachment 1



5.1

Rescue from a Deep Tank exercise

May 2023

Evacuation/Rescue plan from a deep tank

5.1

When reviewing the effectiveness and cost efficiency of Evac & Rescue plans from a Reactor Clarifier (RC) it highlighted a few areas of discussion & improvement...

- Gain consistency across contractors (internal & external)
- Identify cost effective way of ensuring evac/rescue plan is in place
- The need to practice the rescue plan to check it works
- Participation of everyone to experience & be comfortable that it is the right option.
- Having professionals in the rescue space, (FENZ & St Johns), involved & familiar with our site, their associated hazards & proposed evac/rescue methods.



Current evacuation/Rescue methods

5.1

Current methods listed on RC rescue plans include...

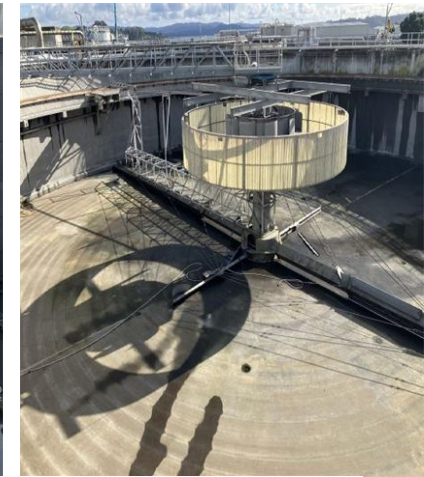
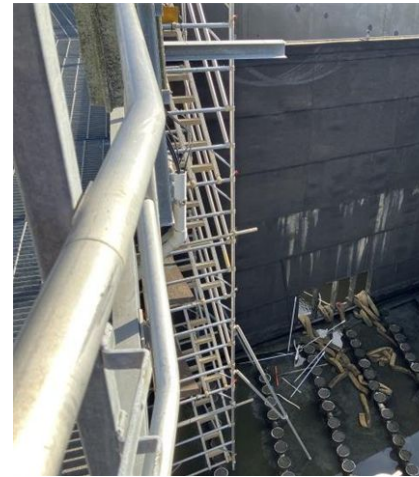
- Self rescue using tower scaffold with egress via ladders & platform hatches
- Tripod or davit arm to winch person in harness out
- Crane on standby using man cage lift to remove person



Practicality and cost of existing plans

5.1

- **Winch person in harness via tripod or davit arm**
 - Only if injury/medical event allowed
 - Winch/Davit Cost for 6 weeks = \$1,200
- **Self or assisted rescue by tower scaffold with egress via ladders**
 - Only if injury/medical event allowed
 - Scaffold Cost for 6 weeks = \$7,000
- **Crane on standby & use man cage to lift person out**
 - Limited space in single man cage
 - Crane Cost per week = \$20,000
 - Total cost 40-50K for 6 weeks

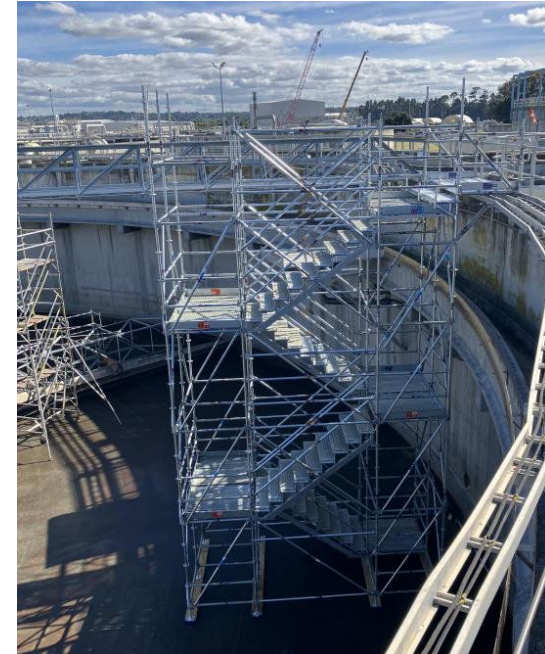


Aim of the rescue exercise

After a series of workshops, to engage with staff and other emergency professionals, a preferred solution was identified.

The exercise was to trial the proposed option to practice a safe and effective rescue of an injured person, or someone who has had a medical event, from a deep tank (RC) on the Mangere WWTP facility.

- Perform a rescue using a stretcher with 80kg dummy (Sandy Deadweight) using the scaffold tower stairway
- One trial from both the Clarifier & Reactor
- Then have open discussion with staff & professionals to get feedback on the experience
- Gain consensus from all on mutual approach for evacuation & rescues from an RC



Reactor & Clarifier (6.5m deep)
New tower scaffold with 4 flights
of 1.4m wide stairs

5.1

Lessons learnt

Overall, it was a great exercise with positive feedback, great learnings and experiences.

5.1

- Multiple FENZ stations now have familiarisation of our Mangere site
- FENZ & St Johns have endorsed our approach and method
- Staff have openly discussed the options and feel included.
- Everyone was surprised at effort required to carry a stretcher with just 80kgs and realised the previous options were lacking
- Cost for new approach is 20k for six weeks
- Next step is investigating cost to fabricate a stairwell structure that can be used in all RCs at Mangere.
- Next Exercise: Large Scale Chemical Spill



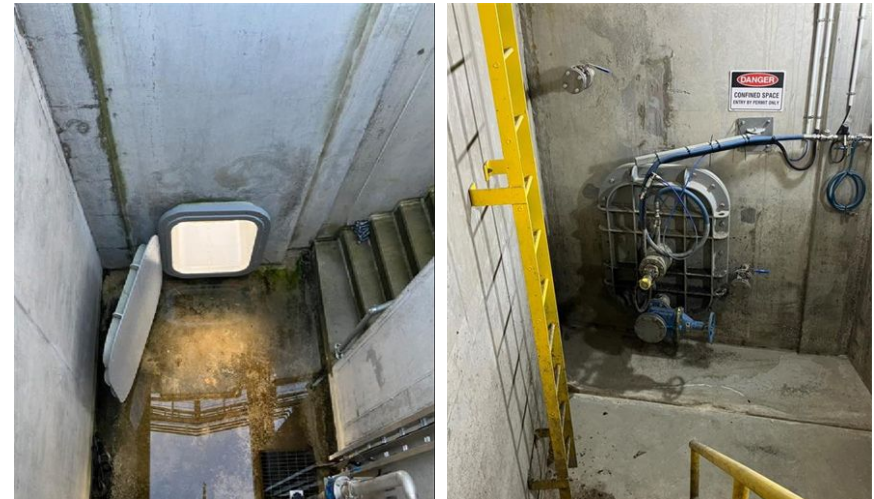
- 51 staff, 10 x 4-person FENZ crews, 8 St John medics & 10 contractors participated

Incorporating lessons learnt

5.1

To take advantage of the lessons learnt the following actions are recommended...

- Share the exercise approach and learnings with other Production and Infrastructure Managers
- During design consider, where possible, engineering appropriate access/egress into deep tanks
- Work with WSL HS&W team to set a standard for minimum access/egress from certain deep tanks



Designing access into tanks

- BNR tank lower access (6.5m deep)
- Digester 8 lower access (8m deep)

Open discussion

5.1

Any questions?



Board meeting | 13 June 2023
Public session



Final draft of Watercare's Statement of Intent 2023-26

For approval

Te pou whenua tuhinga / Document ownership

Prepared by

Emma McBride
Head of Legal and Governance

Recommended and submitted by

Jamie Sinclair
Acting Chief Executive and Chief Corporate Services Officer

1. Te tūtohunga / Recommendation

We recommend that the Board:

- discusses the proposed response to the shareholder's comments and the related proposed additions or amendments in the final draft of the Statement of Intent 2023-26 (SOI),
- provide management with feedback on the proposed additions or amendments in the final draft of the SOI,
- approves the final draft of the SOI ([Attachment 2](#)) for submission to the Shareholder, Auckland Council, by 31 July 2023, and delegate final sign off of the draft (including incorporation of any requested changes, and the financials once the budget has been approved), and a cover letter to the Mayor, to the Chair and Chair of the Audit and Risk Committee.

2. Whāinga / Purpose

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

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

Schedule 8 of the Act sets out the required contents of the SOI. It requires that a draft is to be presented to the shareholder by 1 March each year. This year, Council extended the deadline to 31 March 2023 and Watercare met this deadline.

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

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

3. Kōrero pitopito / The details

- Watercare's draft SOI was submitted to Auckland Council on 31 March 2023.
- On 11 May 2023, the CCO Direction and Oversight Committee reviewed Watercare's draft SOI and agreed to provide formal feedback to Watercare on the SOI.
- The Mayor wrote to the Chair on 25 May 2023 setting out in detail the shareholder's comments on the draft SOI. A copy of the letter is appended as [Attachment 1](#). The letter includes comments that are generic to all of Auckland Council's CCOs, as well as comments specific to Watercare.
- Management has revised the SOI to take into account the feedback set out in Mayor's letter. [Attachment 2](#) includes the final draft SOI, supported by a schedule of shareholder comments and management's proposed responses as [Attachment 3](#).
- To comply with the section 96 of Local Government (Auckland Council) Act 2009 requirement, Watercare is now required to provide an opportunity for the public to comment on the Shareholder's feedback at today's Board meeting.
- The deadline to submit the final SOI to Council is 31 July 2023.
- In August 2023, the SOI will formally adopted by Auckland Council.

4. Ā muri ake nei / Next steps

If there are public deputations at the June Board meeting, then the Board may wish to amend the draft SOI before it is submitted to Council.

The FY24 budget is being considered by the Board during the confidential session of this meeting. Once the budget has been approved, the SOI financials can be included into the final SOI for submission to Council.

In light of the above, at the meeting, the Board will be asked to delegate final sign off of the draft SOI (including any changes requested by the Board, and the inclusion of the final SOI financials), as well as the cover letter to the Mayor, to the Chair and Chair of the Audit and Risk Committee.

The approved SOI needs to be sent to Council by 31 July 2023, and will be formally adopted by Auckland Council in August 2023.

5. Ngā whakapiringa / Attachments

Attachment number	Description
1.	Letter dated 25 May 2023 from the Mayor containing the Shareholder's feedback
2.	Watercare's final draft of the SOI 2023-26
3.	Management's proposed responses to the Shareholder's comments



Attachment 2



25 May 2023

Margaret Devlin
Chair
Watercare Services Limited

By email: margaret@margaretdevlin.co.nz

Tēnā koe Margaret

Shareholder comments on the Watercare Services Limited draft Statement of Intent 2023-2026

Thank you for providing the draft Statement of Intent 2023 – 2026 (SOI) for Watercare. The CCO Direction and Oversight Committee considered it at its 11 May 2023 meeting. As context for this discussion a copy of the full report can be found here:

https://infocouncil.aucklandcouncil.govt.nz/Open/2023/05/20230511_CDOCC_AGN_11505_WEB.htm

Below are shareholder comments common to all CCOs and following that the shareholder comments specific to Watercare.

I would like to thank you for the hard work that you and your organisation have put into producing the draft SOI. We acknowledge that the environment the council group is operating in remains a very challenging one and appreciate your support as we navigate this.

General shareholder comments to all CCOs

Financial and non-financial performance

Final SOIs should reflect the council's final decisions on the 2023/24 annual budget and financial statements should be fully populated consistent with these decisions and agreed with the council's Financial Planning staff. Financial information that should be reflected in final SOIs will be finalised through the annual budget process and decisions are being made 8 June 2023.

Some draft SOIs reflected changes to performance measures and/or targets, or targets were missing. Final SOIs should ensure that all performance measure targets are fully populated and that measures and targets reflect those in the long-term plan, with agreed variances being clearly identified.

Council wants to receive more meaningful information about the activities of each CCO. Activity based financial information (opex and capex) should be provided in the financial statements of final SOIs and reported quarterly.

Independent Māori Statutory Board

Final SOIs should outline the CCO's relationship with the Independent Māori Statutory Board and refer to the IMSB's Māori Plan or Schedule of Issues of Significance.

Response to letters of expectation

CCOs have responded positively to the request for specific projects or areas of work that were set out in the letters of expectation but this is generally at a high level. More specifics should be provided in final SOIs on the projects requested in letters of expectation, including milestones and timeframes.

Transparency and accountability

Council is pleased to see commitments in the SOIs to operating openly and holding meetings in public. But the Lead Councillors are concerned that there is still much of the CCO board's business conducted in confidential meetings and not made available to the public. We believe CCOs should do better and we will be scrutinising your performance in this regard.

Council also acknowledges the importance of facilitating opportunities for direct Governing Body and CCO board engagement and relationship building. We will work with your board over the coming months to establish these.

Specific shareholder comments for Watercare

Structure of SOI

Watercare's draft SOI is streamlined and very concise. The presentation of the SOI around the six activities is clear to understand and a good basis for accountability to the council and the public.

The other CCOs have followed the template agreed in 2021 that sets out the structure of SOIs, while Watercare has not.

Watercare is requested to apply the template to its final SOI so there is a consistent format between all the CCO SOIs and legislative requirements are met. The agreed template is structured in two parts: first, strategic overview which includes contribution to Auckland Plan outcomes and alignment with the council's Development Strategy and second, statement of performance expectations, noting that this includes a three-year work programme that should have clear deliverables and implementation dates. Applying the template can be achieved while keeping the SOI easy to understand and accessible and without adding significantly to the length of the document.

Alignment to letter of expectation

Watercare's draft SOI has largely addressed the specific expectations set in the letter of expectation. Areas of feedback are raised below.

Government's Water Services Reform

For the Government's reform to progress, water services assets will need to be specified for transfer to the new water services entity (Entity A). The Water Services Legislation Bill provides that assets that 'relate partly' to the provision of water services will transfer to water services entities if included in the allocation schedule and also provides that all 'mixed use assets or property' will vest in the next entity on the establishment date.

It is important that Auckland Council retains all assets that are not essential to the provision of water, wastewater and stormwater services. We are concerned that legislation, once finalised, could require transfer of land used under leasehold rights by Watercare, whole catchments or other properties not required by the new entity.

To support discussions within the council group and with the National Transition Unit, could you please provide the council with a list of all land, assets and properties under Watercare control and reasons that they are essential; are of shared or part use for water/ wastewater services; or not essential to your current and future operations. Could you please advise the Mayoral Office the timeframe for providing this information by 31 May 2023.

On other matters concerning the reform in the draft SOI:

- We note that in the activity on preparation for the government's reform it states this will be done without compromising four of the other activities specified in the draft SOI. We assume it is an oversight not to include all five other activities listed in the draft SOI and expect to see this corrected in the final version.
- We seek that the final SOI includes how Watercare is ensuring compliance with Taumata Arowai regulatory requirements.

Develop local growth charges

While the draft SOI refers to the problem with local network delivery and funding and the investigation of opportunities to enhance the model, it does not include what is planned to be achieved and the associated milestones and timeframes.

Council wants to see good momentum on progressing the work on local infrastructure growth charges. The SOI should set out how this will be progressed to implementation in 2024-25. We do not want the Government's reform to slow down this work, which is already well underway. The CCO Direction and Oversight Committee wants regular updates on progress, including any impacts or impediments due to reform transition.

Strategic alignment

The strategic alignment referred to in the draft SOI is limited and includes climate, health and safety and Māori outcomes at a high level.

We suggest that in the final SOI Watercare:

- includes the primary outcomes Watercare delivers against the Kia Ora Tāmaki Makaurau Framework.
- provides more information on Watercare's delivery of the Auckland Water Strategy actions it is leading, including progress on drought resilience and supply expected to be achieved in 2023-24.
- more strongly reflects resilience as climate change results in more frequent extreme weather events in the climate change activity.
- confirms that you will continue to report the important mahi with the Waikato Tainui Governance Board and Te Taniwha o Waikato to meet the Waikato River consent within the existing quarterly reporting regime.

Performance measures

Council supports the inclusion of new financial measures in response to the KPMG review of performance measures across CCOs; on the delivery of the capital programme and on reactive and proactive maintenance spend against budget. We expect the final SOI to include the methodology and target for the latter measure.

A new controllable costs measure has been introduced but there is little information provided on this measure in the draft SOI. We expect the final SOI to include methodology, baseline and target for the measure, as a reflection of the considerable work Watercare has undertaken in this area with the Water Industry Commission for Scotland.

We ask that you ensure the SOI targets for water consumption is consistent with the Auckland Water Strategy targets, noting that this is less than or equal to 253 litres consumption per person per day by 2025.

For the Māori outcomes measures that have been removed from the SOI the council expects that results relevant to Kia Ora Tāmaki Makaurau and Watercare's Achieving Māori Outcomes Plan will continue to be reported to council.

It is positive that Watercare has retained its measure on the procurement sourced through Māori-owned businesses. We note it is different to the council standard measure and target of five per cent direct spend to Māori and Pasifika business or social enterprises and 15 per cent of indirect spend and ask that Watercare consider adopting this for consistency.

We request that the final SOI includes that Watercare will report on scope 3 greenhouse gas emissions and actions to reduce, consistent with your commitments and the Auckland Council group approach.

Council staff will work closely with your staff to ensure these shareholder comments are clear, and to relay any feedback from the 11 May 2023 committee meeting that relates to performance or operational issues, or issues of detail or wording.

I look forward to receiving the final SOI by 31 July 2023.

Yours sincerely



Wayne Brown
MAYOR OF AUCKLAND

Copy to: *Deputy Mayor, Desley Simpson*
Councillor Wayne Walker, Chair - CCO Direction and Oversight Committee
Councillor Shane Henderson, Deputy Chair - CCO Direction and Oversight Committee
Councillor Ken Turner, Lead Councillor - Watercare Services Limited
Jim Stabback, Chief Executive - Auckland Council
Dave Chambers, Chief Executive - Watercare Services Limited

Attachment 2

Watercare Services Limited Statement of Intent 2023 to 2026

7.2



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DRAFT

Message from the Chair of the Board and Chief Executive of Watercare Services Limited

Watercare's primary focus remains unchanged - the provision of reliable, safe and efficient water and wastewater services to Aucklanders.

Watercare's service delivery was tested by the Auckland Anniversary Floods and Cyclone Gabrielle. Despite these two severe weather events, our focus did not waver on maintaining and restoring quality water and wastewater services to our customers. We are moving into recovery and a large part of our work over the coming months/years will be to repair, and where necessary, rebuild, upgrade, or adapt our infrastructure to improve our resilience as climate change results in more frequent extreme weather events.

In line with the Letter of Expectation, this includes a suite of measures to provide Council and the public with useful information on our quality, performance, and efficiency. That said, the Board continues to monitor a wider suite of business performance measures not included in this updated report, including for example Māori outcomes and our diversity and inclusion initiatives.

Watercare's six key activities for 2023-2026 are:

1. Delivering safe and reliable water and wastewater services to Aucklanders 24/7.
2. Building and renewing the necessary water and wastewater infrastructure to improve resilience and the level of service for our customers.
3. Delivering our services and infrastructure projects efficiently, keeping a strong focus on operating costs, so we can minimise water charges.
4. Strengthening our relationships with developers, customers, community stakeholders and our Māori partners.
5. Improving our organisational performance in relation to our core strategic outcomes, namely: Climate Change (including drought and extreme weather resilience and supply); the health, safety, and wellness of our kaimahi; and Māori Outcomes.
6. Preparing for Central Government's Affordable Water reform programme, without compromising 1-5 above, whilst also preserving the ability to implement alternative water reform arrangements if the Affordable Water reform programme does not proceed as planned.

We confirm that Watercare will also abide by the Statement of Expectations of Substantive CCOs (July 2021).

The Board and Management will keep the Mayor, our Lead Councillor, Councillors, and the Council's Chief Executive informed of any matters that are potentially contentious or of high public interest, in line with the "no surprises" policy. We are working closely with Council to understand the Government's Affordable Water Reform proposals and what it means for Aucklanders. Watercare anticipates having a significant role to play in the water services reform process. That said, continuity of our essential services, leading up to, during and after transition remains paramount. If there are risks to our programmes from the Affordable Water reform transition requirements, we will raise these with Council at the earliest opportunity.

In the meantime, Watercare will continue to work closely with Auckland Council, and the broader Council family to ensure that Council's vision for the city is achieved. Watercare is committed to providing world class water and wastewater services to Aucklanders. Our SOI reaffirms our commitment to work with Council and our partners so that together, we can meet the challenges of today and tomorrow.

DRAFT

Margaret Devlin
Chair of the Board

DRAFT

Dave Chambers
Chief Executive Officer

Part 1: Strategic overview

1.1 Roles and responsibilities

Watercare is a lifeline utility providing water and wastewater services to 1.7 million people in Auckland. Our services are vital for life, keep people safe and help communities flourish. We supply reliable, high-quality drinking water to homes and businesses in the Auckland region and collect, treat, and discharge their wastewater in environmentally responsible ways.

We manage water and wastewater assets valued in the order of \$14 billion and plan and build infrastructure to ensure we are resilient and reliable and can support growth today and into the future.

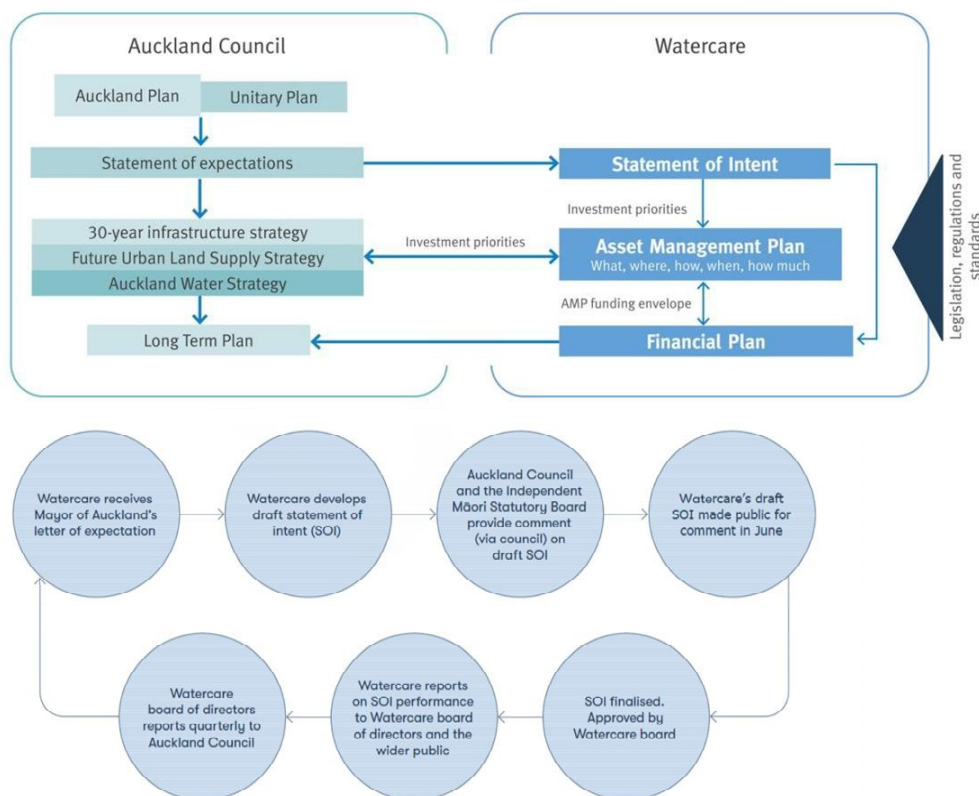
Our functions

Watercare is a council-controlled organisation, wholly owned by Auckland Council. The Council appoints our Board of Directors, who in turn appoint our Chief Executive.

We do not receive any funding from Auckland Council or the Government, nor do we pay a dividend to Auckland Council. Instead, our services and programmes are financed solely through user charges and borrowings. We are required by law to be a minimum-cost, cost-efficient service provider to our customers (collectively) that operates effectively into the long-term. Our legislative framework is summarised [on our website](#).

Purpose of statement of intent (SOI)





Our annual SOI is required by the Local Government Act 2002 and publicly states our activities and intentions for the next three years, and how they contribute to the Council's objectives. Our SOI provides an opportunity for Council to influence the direction of Watercare and provides a basis for the accountability of performance.





1.2 Responses to Council's strategic objectives and outcomes

We are fully committed to working with the Council group to deliver the Auckland Plan 2050, the Auckland Water Strategy, Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan, Kia ora Tāmaki Makaurau: Māori Outcomes Performance Measurement Framework, relevant performance measures and any associated guidance.

Our major contributions to the Auckland Plan 2050 outcomes are:

Auckland Plan Outcomes	How we will contribute
Opportunity and prosperity  Auckland is prosperous with many opportunities and delivers a better standard of living for everyone	<ul style="list-style-type: none"> • By reliably and efficiently delivering safe drinking water to our customers • By reliably and efficiently delivering wastewater services to our customers • By building customer trust and value through exceptional performance and engagement • By developing and maintaining a safe, engaged, empowered, diverse and inclusive workforce • By providing a reliable pipeline of infrastructure programmes • By providing high performing infrastructure (reliable and resilient now and in the future) • By working with industry partners and tertiary education providers to deliver graduate programmes as well as apprenticeship and internship opportunities • By working with Council to deliver the Economic Development Action Plan • By encouraging innovation to find new solutions to improve the way we work – to do this we allow our staff and partners to explore, experiment and if necessary, fail safe and learn fast
Environment and cultural heritage  Preserve, protect and care for the natural environment as our shared cultural heritage for its intrinsic value, and for the benefit of present and future generations	<ul style="list-style-type: none"> • By working with Council on implementing the Auckland Water Strategy to achieve the Auckland Plan 2050's objectives of adapting to a changing water future • By reliably and efficiently delivering wastewater services to our customers and discharging it in a safe and responsible manner for people and the environment • By planning and providing resilient infrastructure that is adaptive to future changes including climate change • By adopting Council's 50% target for greenhouse gas reduction by 2030 • By actively promoting water-efficient technologies and behaviours to customers and homebuilders • By consulting with affected parties on our development plans
Homes and places  Aucklanders live in secure, healthy and affordable homes and have access to a range of inclusive public places	<ul style="list-style-type: none"> • By reliably and efficiently delivering safe drinking water to our customers • By reliably and efficiently delivering wastewater services to our customers • By collaborating with the wider Council group to support areas of growth identified by Council • By aligning major infrastructure development for future urban areas with Council's Future Development Strategy (FDS) • By proactively engaging with Kāinga Ora to plan, fund and deliver water and wastewater infrastructure to support its major urban transformation programmes • By collaborating with Council on the implementation of the Auckland Water Strategy, including the introduction of long-term new water consumption targets
Māori identity and wellbeing  A thriving Māori identity is Auckland's point of difference in the world – it	<ul style="list-style-type: none"> • By actively working with the Council group to deliver our Achieving Māori Outcomes Plan, a framework that will be used to measure Watercare's contribution to Māori Outcomes. Our work is guided by, and is aligned to, Council's Māori Outcomes Performance Measurement Framework, Kia ora Tāmaki Makaurau • By actively fostering and maintaining relationships with local Māori, including via the Mana Whenua Kaitiaki Forum, mana whenua and mātāwaka

7.2

Auckland Plan Outcomes	How we will contribute
<p>advances prosperity for Māori and benefits all Aucklanders</p>	<ul style="list-style-type: none"> • By working alongside Council's Ngā Mātārae and the Māori Outcomes Steering Group to achieve stronger alignment with Kia ora Tāmaki Makaurau regarding: a) rangatahi/ intern opportunities; and b) key performance indicators relating to Māori • By providing technical advice related to water supply and septic tanks to all marae • By providing technical advice for water supply and septic tanks to all marae
<p>Belonging and participation</p>  <p>All Aucklanders will be part of and contribute to society, access opportunities, and have the chance to develop to their full potential</p>	<ul style="list-style-type: none"> • By reliably and efficiently delivering safe drinking water to our customers • By reliably and efficiently delivering wastewater services to our customers • By developing and maintaining a safe, engaged and empowered workforce • By collaborating with the wider Council group to support areas of growth identified by Council • By employing a diverse and inclusive workforce • By providing a reliable pipeline of infrastructure programmes • By developing education programmes for our customers and tamariki, including water awareness programmes, free water education programmes for schools and open days at our treatment plants • By engaging Aucklanders on decisions around future infrastructure investments.
<p>Transport and access</p>  <p>Aucklanders will be able to get where they want to go more easily, safely and sustainably</p>	<ul style="list-style-type: none"> • By collaborating with the wider Council group to support areas of growth identified by Council • By ensuring Watercare works with Council, Auckland Transport, Waka Kotahi and other utilities to align infrastructure projects wherever possible, to minimise the effects on traffic and neighbourhoods

1.3 Nature and scope of activities – ‘what we do’

Our vision, mission and value creation model are illustrated below. We continue to focus our efforts and resources on creating value for Aucklanders while we prepare and adapt for rapid population growth, the impacts of climate change, higher standards for improved environmental outcomes and fulfil our mandate to be a minimum-cost, cost-efficient service provider into the long-term.



1.4 About us – The Watercare Board’s approach to governance



The Directors and the Executive team are committed to ensuring the company applies best-practice governance policies and procedures. The company has an Audit and Risk Committee chaired by Hinerangi Raumati-Tu’ua. Our Board undergoes Board performance reviews biannually, in line with the Council-adopted process.

Watercare ensures we fulfil the public meetings stipulation of the Local Government (Auckland Council) Act 2009 which requires Auckland Council’s CCOs to hold two public meetings a year and the timing for these is set out below. All other Board meetings also include a public session. Dates and times are publicly notified in advance with agendas and minutes made available on our website. Members of the public are welcome to attend any public Board meeting held by Watercare.

Date	Purpose	Form of public notification
13 June 2023	Consider shareholder comments on draft SOI	Public notice
7 November 2023	Consider performance against SOI targets	Public notice
May/June 2024	Consider shareholder comments on draft SOI	Public notice
November 2024	Consider performance against SOI targets	Public notice

Watercare works diligently to meet our legal obligations and act in accordance with the Statement of Expectations of substantive council-controlled organisations (SOE), which sits alongside this SOI and forms part of the annual binding agreement between Council and Watercare. We operate under a no-surprises policy and inform the Mayor, Councillors or Local Boards (as appropriate) well in advance of anything that could be potentially contentious, whether or not the issue is covered by the SOI or legislation. We also ensure that if an issue is likely to attract public interest, that the Mayor, Councillors and/or Local boards (as appropriate) are fully briefed.

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

Managing risk

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

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

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

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

Measuring our performance

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

The measures and targets include mandated non-financial measures of the Department of Internal Affairs and those that were agreed with Council as part of the LTP 2021-2031.

Part 2: Statement of performance expectations

2.1 Introduction

In line with all of Aotearoa, Watercare has faced unprecedented external challenges over the past three years that have tested our organisational resilience like never before. We have navigated the Covid-19 pandemic, the drought, and now we have at least two years of work ahead of us to rebuild following the extreme weather events of January/February 2023.

As we look to the future, and water services reform, we remain committed to providing safe and reliable water and wastewater services to Aucklanders and to work with Council on delivering the Auckland Plan outcomes.

2.2 How we will deliver – annual work programme

Key activities and programmes over the coming financial year are below. We measure success through the performance measures and targets documented in the Appendices to this document..

Our contributions to the Auckland Plan	Significant activities and programmes over the coming financial year	Direct expenditure \$m	Capex budget \$m
Deliver safe and reliable water services 24/7	<ul style="list-style-type: none"> Water operating activities Meet Taumata Arowai water quality regulations Implementation of the Auckland Water Strategy, including the continued roll out of smart meters, water efficiency programs and management of network leakage to ELL. Continue planning the Huia Water Treatment Replacement Plant to help meet peak demand and improve system resilience. 	\$141m	Refer to page xx
Deliver safe and reliable wastewater services 24/7	<ul style="list-style-type: none"> Wastewater operating activities Via TARP (Targeted Asset Replacement Programme), expand the Inflow and Infiltration reduction programme and network renewals programme, to improve and coordinate cost effective asset refurbishment Deliver a new Wastewater Network Strategy to update the 2017 Strategy, and in the meantime, continue work to reduce overflows 	\$255m	Refer to Page xx below
Minimum cost, efficient, financially robust provider both now and in the future & industry leading thinking and processes	<ul style="list-style-type: none"> Work collaboratively with the National Transition Unit, the Local Establishment Entity and Auckland Council, including Healthy Waters, on transition to a new water services entity (Entity A). Continue to work closely with Council to provide advice and support to the government on the development of an economic regulator. Build on regulatory capability within Watercare ahead of economic regulation. Continue collaborating with Council on the finalisation, and then implementation of Climate Related Financial Disclosure (TCFD) reporting requirements Continue to develop and deliver our Enterprise Model Target efficiency savings against current opex costs 	Within Operating and Capital Budgets	N/A
High performing infrastructure (reliable and resilient now and in the future)	<ul style="list-style-type: none"> Continue work to optimise our AMP Continue to implement the Auckland Water Strategy including continuing our leak detection programme ensuring we are within the ELL, including understanding what is required to design, measure and implement water infrastructure that is regenerative, resilient, low carbon and increases the mauri of water. <p>Actively engage with Council in the development of the Auckland Future Development Strategy and additions to the Infrastructure Strategy</p>	\$396m	\$xx
Future-proofed growth and supply assurance	<p>We currently have under design or construction (projects over \$50M):</p> <p>Water (growth, level of service and renewal)</p> <ul style="list-style-type: none"> Ardmore to Redoubt Rd watermain Nihotupu No.1 and Huia No.1 watermain replacement Hays Creek source programme 		\$2,760M

Our contributions to the Auckland Plan	Significant activities and programmes over the coming financial year	Direct expenditure \$m	Capex budget \$m
	<ul style="list-style-type: none"> Redoubt Road reservoir expansion Waikowhai pump station & watermain Smart meter programme Wastewater (growth, level of service and renewal) <ul style="list-style-type: none"> Central interceptor Western Isthmus Water Quality Improvement Programme Queen Street diversion Otara Catchment wastewater capacity upgrades Dunkirk Road pumpstation and capacity upgrade East Coast Bays link sewer Whenuapai & Redhills wastewater scheme Pukekohe wastewater treatment plant upgrade Warkworth-Snells-Algies wastewater network Snells wastewater treatment plant <p>In addition to the above we have \$1,000M of approved water and wastewater projects, under \$50M, in design or construction.</p>		
Protect and enhance our natural environment	<ul style="list-style-type: none"> Continue our work with our Enterprise Model partners to develop processes to reduce carbon associated with infrastructure projects. This includes developing a carbon portal to measure emissions related to infrastructure builds, also included within the EDAP Continue our work with customers to reduce water demand to ensure we achieve the targets in the Auckland Water Strategy 	Within Water and Wastewater Opex budgets	Within Capex budgets above
Enhance our partnerships and strong relationships with Māori in Tāmaki Makaurau	<ul style="list-style-type: none"> Continue to deliver on our Achieving Māori Outcomes Plan Build on the recently launched procurement programme to source 5% from Māori owned businesses by the end of 2025 Continue our work with The Mana Whenua Managers Kaitiaki Forum (MWMKF). Watercare hosts the bi-monthly meetings of the MWMKF Recognise the impact of Affordable Water reform on iwi and continue to strengthen existing hononga (relationships) and build new partnerships that represent Māori communities 	<p>Māori Outcomes team included in Opex</p> <p>FY24 Target 3% procurement from Māori owned businesses</p>	N/A
Customer trust and value through exceptional performance and engagement	<ul style="list-style-type: none"> Launch a Customer Panel who will be engaged on a regular basis to help guide our decision making Participate in a collaborative working group with Council to assess and define a water literacy framework (Auckland Water Strategy Action 2.1) Increasingly segment our customer base to engage in ways that are relevant to them and increase water literacy and trust Continue the deliberative democracy project with Koi Tū Centre for Informed Future to ensure we get a collaborative future/outcomes 	Within Water and Wastewater Opex budgets	N/A
Safe, engaged and empowered team	<ul style="list-style-type: none"> Continue building capability through our staff development and training programmes Embed employee wellbeing and safety as core principles of the organisation. Further develop our safety programmes including Back to Basics safety collaboration with contractors. 	Within Water and Wastewater Opex budgets	N/A

2.3 Our six key activities for 2023-2026

1. Delivering safe and reliable water and wastewater services to Aucklanders 24/7

Watercare's [Customer Promise](#) is to “*deliver water and wastewater services you can trust*”. Over the period of the SOI we will deliver on this promise by embedding and reporting against new drinking water standards, investigating alternative sources for drinking water, ensuring our preparedness for future droughts, and working closely with customers to manage water demand and reduce water losses.

On 14 November 2022, Taumata Arowai introduced a new suite of drinking water standards, quality assurance rules and aesthetic values came into force. These sit alongside the Department of Internal Affairs non-financial performance measures, which include some water and wastewater safety measures, as well as the requirement to have Drinking Water Safety Plans for each of our water treatment plants, which includes source risks, and our distribution network.

Ensuring a safe and reliable water supply has always been our core purpose. We remain committed to delivering services that protect public health and comply with all regulatory standards. Our water quality team has been working with production, headworks, service delivery, commercial customers and lab teams since 2020 to prepare for these new water quality standards. Watercare's performance against the standards is reported to the Board monthly. They will also be reported to the Governing Body via our Quarterly report. Any non-compliances are reported to Taumata Arwoai automatically, and at the end of each calendar year, Taumata Arowai produces a summary report, which Watercare will share with Council.

In terms of wastewater, our ability to protect the environment has been challenged by the extreme weather events and power outages, which has resulted in wastewater overflows. Through the progress of our Central Interceptor wastewater tunnel, our floods recovery programme of work, and our existing Asset Management Plan processes, we are working to upgrade or adapt many of our wastewater assets to ensure they remain resilient in the face of a growing population and more frequent extreme weather events. Watercare is currently working with Auckland Council on the recovery following the recent weather events.

Linked to population growth, we currently plan our water security to meet the following standards:

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

Sitting alongside these Levels of Service is our recently updated Drought Management Plan, which was approved by Auckland Council's Planning, Environment and Parks Committee in March 2023. This Plan provides a series of responses to mitigate the potential impact of droughts so we can continue to deliver water our customers can trust, even during a drought.

Live data showing our current water supply situation in our dams is publicly available on our website. Looking to the future, we continue to further improve our source drinking water source diversity by focusing on alternative sources, which could include purified recycled water, desalination, and increased use of groundwater sources.

To manage water demand, we have a comprehensive demand management plan which aligns with the Auckland Water Strategy. The Auckland Water Strategy sets out a series of actions and milestones for both Watercare and Auckland Council to ensure the delivery of the agreed outcomes.

We are also undertaking various other initiatives, such as our proactive leak detection programme, to reduce water loss. In parallel we continue to encourage and embed water efficiency behaviours across all customer segments, including our tamariki and rangatahi through our free education programme.

As part of the second Waikato River consent, from 2026, Watercare will submit a water management plan to Waikato Regional Council every five years on the progress being made on the investigation and implementation of future water source options for Auckland. Watercare must establish and maintain a committee or board within its organisation to promote the vision and strategy for the Waikato River (as set out in Schedule 2 Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010). Representatives of Te Whakakitenga o Waikato Incorporated (Waikato Tainui Governance Board) and Te Taniwha o Waikato (a collection of 7 Marae along the lower river and part of Waikato Tainui) will be invited to be members of that committee or board in order to become material participants and directly involved in all aspects of the management, governance and use of the river, including its water. Generally, the purpose and function of that committee or board will be to investigate and address options for the reduction in reliance on the awa by Watercare, including identifying new alternative sources for resilient water and wastewater systems. In particular, the committee and board will be looking at the following:

- reduction in reliance on the Waikato River for the supply of water to Auckland;
- reduction in the volume (both relative and absolute) of water taken from the Waikato River;
- increased resilience of the Waikato River to human activities and their effects; and
- in that context, recognition of the rights and interests of tangata whenua in fresh water.

Progress against this work programme will be reported to Council regularly. The five yearly reports will be made publicly available and shared with representatives of Te Whakakitenga o Waikato Incorporated, Te Taniwha o Waikato, Te Tokanganui-a-noho Regional Management Committee and Hauauru Ki Uta Regional Management Committee, Ngā Waihua o Paerangi, Te Kotahitanga o Ngāti Tuwharetoa, Raukawa Settlement Trust, Te Arawa River Iwi Trust, Ngāti Tahu-Ngāti Whāoa, and the Waikato River Authority.

SOI performance measures related to the above activities are set out in **Appendix A and A1**.

2. Building and renewing the necessary water and wastewater infrastructure to improve resilience and maintain service levels for our customers

Regional growth in population, industry, and commerce has a direct impact on Watercare's ability to provide safe and reliable water and wastewater services and protect both public health and the environment. Our focus over the SOI period will be continuing to deliver Watercare's Asset Management Plan (AMP), which will be reviewed to reflect the impact of recent weather events and the increasing challenges of delivering large infrastructure projects. We will also review our approach to the funding and delivery of the local network, seeking to fairly distribute the cost of increased demand on these assets.

Watercare's Asset Management Plan (AMP) 2021-2041 is a future focussed planning document for managing our infrastructure effectively to achieve our long-term strategic goals and meet future demand increases. Over the next 20 years, our AMP sees Watercare invest at least \$18.5 billion to build, maintain and expand water and wastewater infrastructure for Aucklanders. Our asset management planning is focused on: growth, renewals, and levels of service. It helps us to decide what, where, how, when, and how much we invest to build and maintain networks.

The 2023 Auckland floods significantly impacted our assets and as a result, we are developing a programme of repairs, replacements, and upgrades to work on over the next two to three years. This will necessarily mean our current published AMP will need to be revised to allow us to undertake necessary repairs/upgrades to ensure the resilience of our assets. We will keep Council updated in this regard.

To part fund the growth portion of our AMP, we charge customers IGCs – infrastructure growth charges. This is a contribution towards the capital investment we have made in bulk infrastructure – i.e. new water sources, new transmission water pipes, new transmission wastewater pipes and new treatment plants and expansions.

Through the IGCs, the cost of increasing the capacity of our bulk infrastructure is paid for by those who increase demand on the system now, rather than by existing customers or future generations. Without the IGCs we would need to recover a greater proportion of our growth-related capital investment costs through our operational charges. This would cost all customers a lot more for their water and wastewater services.

Currently, IGCs do not cover increasing the capacity of local networks. Instead, local network infrastructure is currently built and paid for by developers, and then vested in Watercare once the development is complete. In early 2023, Watercare sought feedback from the community on the issues experienced with the existing local network policy. We are now reviewing the current model based on this feedback to determine where upgrades are needed. As requested in the Letter of Expectation, we will investigate opportunities to enhance the local network delivery and funding model. As we progress this work, we will monitor developments with the DIA and their plans for developer/growth charges under the new entity. Progress updates on this local IGC workstream will be provided to Council via our Quarterly reports.

SOI performance measures related to the above activities are set out in **Appendix B**, two of which have been informed by KPMG's Auckland Council CCO Performance Measures and Target Review undertaken in 2022/2023.

3. Delivering our services and infrastructure projects efficiently, keeping a strong focus on operating costs, so we can minimise water charges

Legislation mandates that Watercare must manage our operations efficiently – keeping costs to customers (collectively) at minimum levels while maintaining the long-term integrity of our assets. To deliver on this, we will continue our focus on controllable costs – embedding efficiency expectations to our annual budgeting process. We will also carefully manage the funding needed to deliver our asset improvements over time, implementing our agreed price path while maintaining customer costs below our SOI target of 1.5% of Aucklanders' household income and supporting customers who need assistance with their bills.

Our financial management is underpinned by robust plans and policies, supported by a comprehensive risk and audit programme. To be financially stable over the long term, we consider network age and resilience, risk, future demand, debt levels, interest costs and inter-generational equity. We are required to not pay a dividend to our shareholder and collect from our customers no more than what is needed to operate and reinvest in our network.

Our borrowings are sourced through Auckland Council's centralised treasury function. We work closely with Auckland Council's treasury and financial planning teams to ensure our debt and cash flow requirements align with Council's forecasts and debt limits.

The challenge of our budget throughout the next 10 years is balancing our increased investment and service level needs with affordability for our customers and to be within the Council group's prudential debt limits. Watercare's financing requirements are being openly and transparently discussed with Auckland Council.

Our current published price path sees an annual increase of 9.5% from 2023 to 2029.

Over the last few years, the nation's infrastructure industry has been particularly hard hit, with inflationary pressure pushing up the cost of construction materials, labour and shipping. With a large capital programme, Watercare is not immune from this pressure. Operationally, we are also incurring increased production costs (e.g. chlorine has risen in cost 600% over the last two years).

Considering these challenges, as well as the current cost-of-living crisis, Watercare has already adopted a strong focus on achieving sustainable efficiencies and reducing costs, to ensure our services remain affordable and that we are delivering value for money. We will continue to drive sustainable cost reductions across the business by identifying process, system and operational efficiency and by limiting non-core activity.

We continue to monitor affordability for our customers, which is still well below our SOI target of 1.5% of Aucklanders' household income. In line with our Customer Promise, which states "we will support you in difficult times", assistance is always available for our customers who are struggling to pay their bills. We will continue to provide flexible payment

options to customers and we also fund the Water Utility Consumer Assistance Trust (WUCAT), which supports customers suffering genuine hardship by writing off part, or all, of the amount owed.

SOI performance measures related to the above activities are set out in **Appendix C**.

4. Strengthening our relationships with customers, developers, community stakeholders, elected members, and our Māori partners

7.2

Our services are vital to life and help communities to flourish. As a lifeline utility, we have relationships with customers, developers, community stakeholders, elected members, and our Māori partners.

Customers: Over the past few years, we have built on our engagement model to include always-on feedback about our infrastructure projects as well as very early consultation on future investment decisions. We continue to focus on extracting insights from our day-to-day customer interactions, be it through our satisfaction surveys, co-design workshops or interrogation of the underlying processes and behaviours behind customer complaints. The continuous improvements across our business, informed by customers, are evidenced in our trust and customer net satisfaction scores.

Developers: Watercare is committed to continuing to work with Council to reduce the time and costs for our teams to provide technical assessments needed to process resource consent applications.

Our current Service Level Agreement (SLA) with Council requires us to complete Watercare's specialist input requests for resource consents within 10 working days. A new SOI performance measure has been included for FY24 and will be reported quarterly to Council. From January 2022 until December 2022, Watercare's performance against the SLA was 82.6%. In FY24, our teams are targeting an improvement in response times and 90% against the SLA.

We will also work with Council to improve the Better Faster Consents mechanism to allow objections to the way Watercare enforces its code of practice and design manuals. However, developers are always welcome to chat with our teams regarding any concerns they have with our code of practice. We also regularly hold Developer Forums, which allow us engage face-to-face with developers.

In 2022, Watercare conducted both quantitative and qualitative research with developers who work with us. The first piece of work was a survey that was completed by 200 developers in June 2022 and highlighted a number of areas for improvement. We followed this up with focus group sessions to understand developers' frustrations and the experience they are seeking from Watercare.

Elected Members, Council and Local Boards: Combined CCO engagement plans are now in place with regular reporting commitments being followed. Watercare is committed to working collaboratively and sharing information with elected members and Council staff, as appropriate, including adherence with the no-surprises protocols set out in Council's Statement of Expectation.

We maintain strong relationships with the Councillors and Local Board members by providing timely and accurate information on Watercare-related matters, including infrastructure planning and construction projects in the interests of no-surprises. We have a dedicated team who ensure Councillors and Local Board members are pro-actively briefed and updated on projects and provide a high level of service for enquiries about operational issues. We also have [a Local board hub](#) on our website to ensure local board members have access to good information about the existing infrastructure and projects in their areas. Many treatment plants also have special requirements for ongoing community liaison groups, and we regularly meet to share information and discuss local issues.

IMSB: Watercare will continue to foster its relationship with the Independent Māori Statutory Board across 2023 – 2026. The Independent Māori Statutory Board's Schedule of Issues of Significance recognise access to infrastructure as an Issue of Significance to Māori in Tāmaki Makaurau. It seeks to ensure that Māori receive ongoing access to safe, operational, and reasonably priced infrastructure services and are enabled to contribute to the decision-making process of future infrastructure projects actively and meaningfully. Watercare will strengthen our relationship with the Independent Māori

Statutory Board through regular meetings at both operational and governance levels. Watercare will also work with the Independent Māori Statutory Board towards the discharge of its Te Tiriti o Waitangi audit obligations.

Māori Partners: We value our partnership with Māori. In working with our Māori partners we have developed a mutual respect and a shared understanding. Watercare supports the Auckland Water Strategy's commitment to partnering with Mana Whenua to achieve the vision of te Mauri o te Wai o Tāmaki Makaurau and working together to advance our core interests in water and the environment.

SOI performance measures related to the above activities are set out in **Appendix D**.

7.2

5. Improving our organisation performance in relation to our core strategic outcomes, namely: Climate Change (including drought resilience and supply); the health, safety and wellness of our kaimahi; and Māori Outcomes.

Climate Change: The impacts of climate change are often seen through water, and it is our responsibility to recognise, mitigate and adapt to these impacts. Climate change can make new issues arise while exacerbating existing problems. This demands that we change not only what we do but how we do it.

We are committed to delivering on the actions and direction set out in Te Tāruke-ā-Tāwhiri, including Auckland's regional targets of halving emissions by 2030 and net zero by 2050. To achieve this, Watercare has adopted a range of climate change targets that give direction to the company in taking responsibility for our impacts and establishing ourselves as a low-carbon company including:

- Reducing infrastructure emissions by 40% by 2025
- Reducing operational emissions by 50% by 2030
- Energy neutrality at major WWTPs by 2030
- Net-zero emissions by 2050.

In order to achieve our 2030 targets, we have adopted a decarbonisation roadmap – identifying the key initiatives necessary to achieve our objectives. The priorities over the coming years include: expanding our solar rollout to more facilities; investigating options around the use of biogas at our treatment plants; and reducing the intensity of our wastewater process emissions. Whilst our GHG emissions are predicted to stay relatively steady or slightly rise over the short term, including this SOI period, once we have implemented our decarbonisation initiatives, those GHG emissions will stabilise and then start reducing to meet the 2030 reduction target and realise our goal of providing low carbon water and wastewater services.

Watercare will continue to report to Council our Scope 1 and 2 greenhouse gas emissions annually, against our SOI target. In FY24, we will also report our Scope 3 greenhouse gas emissions annually on our website and to Auckland Council, consistent with our commitments and the Auckland Council group approach.

In 2022, Watercare's Climate Change Strategy was refreshed in light of this overarching strategy and a new document, the Watercare and Healthy Waters Climate Action Plan has been established. The Action Plan includes the key areas we will focus on to meet our 2030 Climate targets and GHG performance measures are now included in this SOI for a second year. We are working together with Healthy Waters to ensure the targets in the Action Plan and our actions to monitor and prepare for climate impacts are aligned.

Watercare commits to working with Council on climate change risk assessment and disclosure. During 2023 direct support will be provided to implement the underlying processes that will meet the mandatory reporting requirements under the Financial Sector (Climate Related Disclosures and other Matters) Amendment Bill.

Our water and wastewater systems have a reasonable degree of resilience engineered into them. However, the resilience of our water and wastewater networks has and will continue to be challenged. Over the last five years, Auckland has

experienced extremes in weather, ranging from storm events with record rainfall to severe droughts depleting our water storage.

As assets age, we normally see a decline in their performance, sometimes to the point of asset failure. Asset failures can cause service interruptions and may pose a risk to public health and safety. We have developed asset replacement and rehabilitation programmes to monitor the condition and performance of assets to estimate the end of their useful lives. Asset renewal decisions are based on a risk assessment of the likelihood and consequence of failure, taking into account the asset's age and life expectancy, condition, performance, system resilience and criticality.

Over the next six years, we Watercare will deliver a \$1.8b asset upgrade and renewals programme, which will support and improve Watercare's resilience to extreme weather events. This uplift in investment aligns with the independent economic benchmarking review by WICS that recommended increased renewals investment and funding to ensure a reliable and sustainable network over the long-term.

Health, Safety and Wellbeing of our kaimahi: The Water Services Entities Bill 1 received royal assent on 14 December 2022 and the Entity A CE was appointed in late January 2023. This has created a different environment for Watercare and has caused a feeling of uncertainty amongst staff. This uncertainty creates a risk around retaining and attracting talent. We are managing as best as we can with regular communications to our kaimahi.

At an operational level, musculoskeletal (sprains and strains) and hand injuries are the most common type of injuries our people get at work, so we are continuing to equip our teams with training and resources to enable them to carry out their work safely.

We are also continuing our back-to-basics campaigns across our construction sites, focusing on a different theme each month to get people thinking about workplace safety. The themes pertain to our 14 critical hazards and risks including working at heights, confined spaces and working with suspended loads. The purpose behind these campaigns is for people on-site to decide on one action they can do to make their site safer every week. By getting people to commit to a safety action, the programme enables them to be proactive, build better workplace relationships and open the lines of communication, so they feel comfortable talking about any issues.

Māori outcomes: Watercare is an active member of the Māori Outcomes Steering Group. The Māori Outcomes Steering Group reports into Council's Executive Leadership Team and the Council Group Chief Executives and has oversight of the long-term plan funding for Māori Outcomes

Watercare has identified initiatives within its Achieving Māori Outcomes Plan that it will advance over the next 3 to 4 years to improve social, economic, and cultural wellbeing for Māori communities throughout Auckland. The plan aligns to Kia Ora Tāmaki Makaurau, the Council group's Māori Outcomes Performance Measurement Framework, and progress against the plan is reported to Council quarterly.

Watercare's Te Rua Whetū - Māori Outcomes & Relationships Unit, has strong relationships with their counterpart teams at Council and other CCOs, and is committed to explore opportunities to improve the consistency between CCOs in how they contribute to Kia Ora Tāmaki Makaurau

Watercare will continue to provide Council with regular updates on engagement hui with iwi and mana whenua including update relevant to Kia Ora Tāmaki Makaurau and Watercare's Achieving Māori Outcomes Plan.

SOI performance measures related to the above activities are set out in **Appendix E**.

6. Preparing for Central Government's Affordable Water Reform, without compromising 1-5 above, and whilst also preserving the ability to implement alternative water reform arrangements if the Affordable Water Reform programme does not proceed as planned

The workstreams that Watercare has identified (and which align with the workstreams of Auckland Council's Transition Office) are as follows:

- Iwi engagement – supporting iwi engagement activities associated with reform.
- People and culture – including supporting the impact of reform on employees in Watercare, resource planning, organisational design, staff engagement and retention, and third party/union relationships Legal support – due diligence, contract reviews, reform legislative support and guidance.
- Commercial, financial and technical support – includes provision of financial, commercial and risk expertise from the business, including data and systems expertise to inform the integration process.
- Other support – including staff involvement in reform across key technical areas, including Asset Management, Operations and Customer.

Watercare staff time spent on reform activities is covered by either the DIA directly (as in the case of employee secondments), or by the transition funding received from Central Government via Auckland Council.

Watercare and its Board commit to being transparent with Council about any work being undertaken on Three Waters. Substantive and pertinent information Watercare shares with the Department of Internal Affairs within the reform transition period will continue to be shared with Council as well.

Watercare will seek to preserve our ability to implement alternative arrangements with the Council, including a return to the present position, if the reform does not proceed or is revised or reversed by Central Government. However, this will become more challenging if the current legislation programme continues at the current pace. If reform does not proceed, we will ensure that any improvements identified through the enhanced scrutiny process undertaken by the Water Industry Commission for Scotland (WICS), and s17A reviews, are embedded in our business.

Updates on the three waters work programmes, as well as the efficiency programme recommendations established from our work with the WICS, will be provided to Council via our quarterly reports.

2.4 Financial statements for the long-term plan

To be updated once the budget is finalised.

7.2

DRAFT

SOI Performance Measures

Appendix A: Delivering safe and reliable water and wastewater services to Aucklanders 24/7

Measure	Source	2022 Actual	2023 SOI Target	Next three-year targets		
				2024	2025	2026
Adherence to all of DIA's non-financial service performance measures set out in Appendix A1	DIA measures	92.9% (13/14 achieved)	100%	100%	100%	100%
Average number of wet-weather overflows per engineered overflow point per discharge location (12-month rolling average)	Watercare	1.1	≤2 overflows per year	≤2 overflows per year	≤2 overflows per year	≤2 overflows per year
Leakage performance - litres/connection/day (l/c/d)	Watercare	New measure	107.9 l/c/d being the Economic Level of Leakage	107.9 l/c/d being the Economic Level of Leakage	TBC	TBC

The Economic Level of Leakage (ELL) has been incorporated into the Auckland Water Strategy. The ELL lies at the intersection of the marginal costs and benefits of leakage reduction and is represented by the litres of leakage/connection/day (l/c/d). As the model relies on two variables (the cost of leakage reduction and the cost of water), the ELL will need to be periodically reviewed and may change from year to year.

Appendix A1: DIA Non-financial performance measures

Measure	Source	30 June 2022 Actual	30 June 2023 Target	Next three years		
				30 June 2024	30 June 2025	30 June 2026
1	Compliance with the territorial authority's resource consents for discharge from our sewerage system measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders (d) convictions received by Watercare in relation to those resource consents	(a) 1 (b) 0 (c) 0 (a) 0	(a) ≤2 (b) ≤2 (c) ≤2 (d) 0	(a) ≤2 (b) ≤2 (c) ≤2 (d) 0	(a) ≤2 (b) ≤2 (c) ≤2 (d) 0	(a) ≤2 (b) ≤2 (c) ≤2 (d) 0
2	The average consumption of drinking water per day per resident within the territorial authority district (*litres plus/minus 2.5%)	243.9	258 litres*	256 litres*	253 litres*	252 litres*
3	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	100%	100%	100%	100%	100%
4	The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	100%	100%	100%	100%	100%
5	Median response time for attendance for urgent call-outs (water): from the time that the local authority receives notification to the time that service personnel reach the site (minutes)	59 mins	≤60 mins	≤60 mins	≤60 mins	≤60 mins
6	Median response time for resolution of urgent call-outs (water): from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (hours)	3.1 hours	≤5 hours	≤5 hours	≤5 hours	≤5 hours
7	Median response time for attendance for non-urgent call-outs (water): from the time that the local authority receives notification to the time that service personnel reach the site (days)	1.1 day	≤5 days	≤5 days	≤5 days	≤5 days

8	Median response time for resolution of non-urgent call-outs (water): from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (days)	1.9 days	≤6 days	≤6 days	≤6 days	≤6 days
9	The total number of complaints received by the local authority about any of the following: (a) drinking water clarity (b) drinking water taste (c) drinking water odour (d) drinking water pressure or flow (e) continuity of supply (f) Watercare's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system	8.8	≤10	≤10	≤10	≤10
10	Attendance at sewerage overflows resulting from blockages or other faults: median response time for attendance – from the time that the territorial authority receives notification to the time that service personnel reach the site (minutes)	63	≤60 mins	≤60 mins	≤60 mins	≤60 mins
11	Attendance at sewerage overflows resulting from blockages or other faults: median response time for resolution – from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault (hours)	3.7 hours	≤ 5 hours	≤ 5 hours	≤ 5 hours	≤ 5 hours
12	The total number of complaints received by the territorial authority about any of the following: (a) sewerage odour (b) sewerage system faults (c) sewerage system blockages (d) Watercare's response to issues with its sewerage system expressed per 1000 connections to the Watercare's sewerage system	27.1	≤50	≤50	≤50	≤50
13	The percentage of real water loss from the local authority's networked reticulation system	11.4%	≤13%	≤13%	<13%	<13%
14	The number of dry-weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system	1.1	≤5	≤5	≤5	≤5

All of the above DIA measures are also Auckland Council Long Term Plan measures.

Appendix B: Building and renewing the necessary water and wastewater infrastructure to improve resilience and maintain service levels for our customers

Measure	Source	30 June	30 June	Next three years
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		2022 Actual	2023 Target	30 June 2024	30 June 2025	30 June 2026
Deliver capital programme in line with the asset management plan baseline approved by the Board	Watercare	New measure	N/a	80% of projects are delivered within the approved budget and 80% of projects are in service within the approved time		
Reactive spend v's proactive maintenance spend (against budget)	Watercare	New measure	New measure	Establish a methodology on how this should be measured to demonstrate resilience within the network.	Introduce new SOI measure	New SOI measure

Appendix C: Delivering our services and infrastructure projects efficiently, keeping a strong focus on operating costs, so we can minimise water charges

Measure	Source	30 June 2022 Actual	30 June 2023 Target	Next three years target		
				30 June 2024	30 June 2025	30 June 2026
Percentage of household expenditure on water supply services relative to average household income	Watercare	0.85% Achieved	<1.5%	<1.5%	<1.5%	<1.5%
Debt to revenue ratio	Watercare	2.8	≤3.61	100	100	100
Controllable Cost target	Watercare	100	New measure	To be confirmed in July once the budget process has been finalised	100	100

Appendix D: Strengthening our relationships with customers, developers, community stakeholders, and our Māori partners

Measure	Source	30 June 2022 Actual	30 June 2023 Target	Next three years		
				30 June 2024	30 June 2025	30 June 2026
Customer Net Satisfaction Score (Previously Net promoter score)+	Watercare	54	≥45	≥45	≥45	≥45
Community trust score	Watercare	57%	≥55%	≥55%	≥55%	≥55%
Percentage of customer complaints resolved within ten days of notification	Watercare	98.9%	≥95%	≥95%	≥95%	≥95%
Ratio of procurement sourced through Māori-owned businesses*	Watercare	1.48%	2%	3%	5%	5%
Adherence to the Service Level Agreement with Council (10 working days) for Watercare to provide specialist input into resource consents (New measure)	Watercare	New Measure	New measure	90%	90%	90%

+ Customer Net Satisfaction Score includes, amongst many other things, a measure of the new connections performance, but not the developer experience end-to-end.

*addressable spend, including through design, construction, maintenance and subcontracting suppliers.

Appendix E: Improving our organisation performance in relation to our core strategic outcomes

Measure	Source	30 June 2023 Actual	30 June 2023 Target	Next three years		
				30 June 2024	30 June 2025	30 June 2026
Operational greenhouse gas performance. We will implement Mitigation measures in line with our emissions reduction targets (scope 1 and 2). <i>Note: these targets exclude emissions from Puketutu island as our current measurement methodology does not provide enough accuracy for a performance target. Actions to directly monitor emissions from this source as well as reduce them are being delivered and future SOI's will include these numbers.</i>	Watercare		<88,400 tonnes CO ₂ e	<89,200 tonnes CO ₂ e	<89,900 tonnes CO ₂ e	<88,200 tonnes CO ₂ e
Total recordable injury frequency rate (TRIFR) per million hours worked	Watercare	14.3*	<10	<10	<10	<10

*Target in 2022 was ≤20

Attachment 3: Shareholder feedback on Watercare's draft SOI, compared to Watercare's updated draft SOI

Shareholder feedback on Watercare's draft SOI	How this has been addressed in the updated final draft SOI
General shareholder comments to all CCOs	
Independent Māori Statutory Board Final SOIs should outline the CCO's relationship with the Independent Māori Statutory Board and refer to the IMSB's Māori Plan or Schedule of Issues of Significance.	New paragraph included in part 4, which reads as follows: <i>IMSB: Watercare will continue to foster its relationship with the Independent Māori Statutory Board across 2023 – 2026. The Independent Māori Statutory Board's Schedule of Issues of Significance recognise access to infrastructure as an Issue of Significance to Māori in Tāmaki Makaurau. It seeks to ensure that Māori receive ongoing access to safe, operational, and reasonably priced infrastructure services and are enabled to contribute to the decision-making process of future infrastructure projects actively and meaningfully. Watercare will strengthen our relationship with the Independent Māori Statutory Board through regular meetings at both operational and governance levels. Watercare will also work with the Independent Māori Statutory Board towards the discharge of its Te Tiriti o Waitangi audit obligations.</i>
Response to letters of expectation CCOs have responded positively to the request for specific projects or areas of work that were set out in the letters of expectation but this is generally at a high level. More specifics should be provided in final SOIs on the projects requested in letters of expectation, including milestones and timeframes.	This is addressed further below
Transparency and accountability Council is pleased to see commitments in the SOIs to operating openly and holding meetings in public. But the Lead Councillors are concerned that there is still much of the CCO board's business conducted in confidential meetings and not made available to the public. We believe CCOs should do better and we will be scrutinising your performance in this regard. Council also acknowledges the importance of facilitating opportunities for direct Governing Body and CCO board engagement and relationship building. We will work with your board over the coming months to establish these.	Just for noting. No need to update SOI.
Specific shareholder comments for Watercare	
Watercare is requested to apply the template to its final SOI so there is a consistent format between all the CCO SOIs and legislative requirements are met. The agreed template is structured in two parts: first, strategic overview which includes contribution to Auckland Plan outcomes and alignment with the council's Development Strategy and second, statement of performance expectations, noting that this includes a three-year work programme that should have clear deliverables and implementation dates. Applying the template can be achieved while keeping the SOI easy to understand and accessible and without adding significantly to the length of the document.	Template applied to the updated draft SOI
Government's Water Services Reform For the Government's reform to progress, water services assets will need to be specified for transfer to the new water services entity (Entity A). The Water Services Legislation Bill provides that assets that 'relate partly' to the provision of water services will transfer to water services entities if included in the allocation schedule and also provides that all 'mixed use assets or property' will vest in the next entity on the establishment date. is important that Auckland Council retains all assets that are not essential to the provision of water, wastewater and stormwater services. We are concerned that legislation, once finalised, could require transfer of land used under leasehold rights by Watercare, whole catchments or other properties not required by the new entity. To support discussions within the council group and with the National Transition Unit, could you please provide the council with a list of all land, assets and properties under Watercare control and reasons that they are essential; are of shared or part use for water/ wastewater services; or not essential to your current and future operations. Could you please advise the Mayoral Office the timeframe for providing this information by 31 May 2023.	Response sent to the Mayor on 30 May 2023 by Chair and CE.
We note that in the activity on preparation for the government's reform it states this will be done	Typographical error corrected.

Shareholder feedback on Watercare's draft SOI	How this has been addressed in the updated final draft SOI
without compromising four of the other activities specified in the draft SOI. We assume it is an oversight not to include all five other activities listed in the draft SOI and expect to see this corrected in the final version.	
We seek that the final SOI includes how Watercare is ensuring compliance with Taumata Arowai regulatory requirements	<p>New paragraph added in part 1 which reads as follows:</p> <p><i>Watercare's performance against the standards is reported to the Board monthly. They will also be reported to the Governing Body via our Quarterly report. Any non-compliances are reported to Taumata Arowai automatically, and at the end of each calendar year, Taumata Arowai produces a summary report, which Watercare will share with Council.</i></p>
<p>Develop local growth charges</p> <p>While the draft SOI refers to the problem with local network delivery and funding and the investigation of opportunities to enhance the model, it does not include what is planned to be achieved and the associated milestones and timeframes.</p> <p>Council wants to see good momentum on progressing the work on local infrastructure growth charges. The SOI should set out how this will be progressed to implementation in 2024-25. We do not want the Government's reform to slow down this work, which is already well underway. The CCO Direction and Oversight Committee wants regular updates on progress, including any impacts or impediments due to reform transition.</p>	<p>Additional final sentence added to the following paragraph</p> <p><i>Currently, IGCs do not cover increasing the capacity of local networks. Instead, local network infrastructure is currently built and paid for by developers, and then vested in Watercare once the development is complete. In early 2023, Watercare sought feedback from the community on the issues experienced with the existing local network policy. We are now reviewing the current model based on this feedback to determine where upgrades are needed. As requested in the Letter of Expectation, we will investigate opportunities to enhance the local network delivery and funding model. As we progress this work, we will monitor developments with the DIA and their plans for developer/growth charges under the new entity. Progress updates on this local IGC workstream will be provided to Council via our Quarterly reports.</i></p>
<p>Strategic alignment</p> <p>We suggest that in the final SOI Watercare includes the primary outcomes Watercare delivers against the Kia Ora Tāmaki Makaurau Framework.</p>	<p>Included in the Auckland Plan Outcomes table at point 1.2 and includes the following details of how we will contribute:</p> <ul style="list-style-type: none"> • <i>By actively working with the council group to deliver our Achieving Māori Outcomes Plan, a framework that will be used to measure Watercare's contribution to Māori Outcomes. Our work is guided by, and is aligned to, Council's Māori Outcomes Performance Measurement Framework, Kia ora Tāmaki Makaurau</i> • <i>By actively fostering and maintaining relationships with local Māori, including via the Mana Whenua Kaitiaki Forum, mana whenua and mātāwaka</i> • <i>By working alongside Council's Ngā Mātārae and the Māori Outcomes Steering Group to achieve stronger alignment with Kia ora Tāmaki Makaurau regarding: a) rangatahi/ intern opportunities; and b) key performance indicators relating to Māori</i> • <i>By providing technical advice related to water supply and septic tanks to all marae</i> • <i>By providing technical advice for water supply and septic tanks to all marae</i>
We suggest that in the final SOI Watercare provides more information on Watercare's delivery of the Auckland Water Strategy actions it is leading, including progress on drought resilience and supply expected to be achieved in 2023- 24.	<p>Included in the Auckland Plan Outcome table at 1.2 and includes the following details of how we will contribute:</p> <ul style="list-style-type: none"> • <i>By working with council on implementing the Auckland Water Strategy to achieve the Auckland Plan 2050's objectives of adapting to a changing water future</i> • <i>By collaborating with Council on the implementation of the Auckland Water Strategy, including the introduction of long-term new water consumption targets</i> • <i>Implementation of the new Auckland Water Strategy prepared by Auckland Council, including the continued roll out of smart meters and a reduction in network leakage to ELL</i> • <i>Implement the Auckland Water Strategy including continuing our leak detection programme to meet the ELL, including understanding what is required to design, measure and implement water infrastructure that is regenerative, resilient, low carbon and increases the mauri of water.</i> • <i>Continue our work with customers to reduce water demand to ensure we achieve the targets in the Auckland Water Strategy</i> • <i>Participate in a collaborative working group with Council to assess and define a water literacy framework (Auckland Water Strategy Action 2.1)</i> <p>Note: we are not increasing supply in 2023-2024 so this is not mentioned in the updated SOI.</p>
We suggest that in the final SOI Watercare more strongly reflects resilience as climate change results in more frequent extreme weather events in the climate change activity.	<p>Included in the Auckland Plan Outcome table at 1.2 and includes the following details of how we will contribute:</p> <ul style="list-style-type: none"> • <i>By planning and providing resilient infrastructure that is adaptive to future changes including climate change</i>

Shareholder feedback on Watercare's draft SOI	How this has been addressed in the updated final draft SOI
	<p>Included in the Significant activities and programmes over the coming financial year is the following:</p> <ul style="list-style-type: none"> Continue planning the Huia Water Treatment Replacement Plant to help meet peak demand and improve system resilience <p>In the climate change section at part 5, we have also included the following wording:</p> <p><i>Our water and wastewater systems have a reasonable degree of resilience engineered into them. However, the resilience of our water and wastewater networks has and will continue to be challenged. Over the last five years, Auckland has experienced extremes in weather, ranging from storm events with record rainfall to severe droughts depleting our water storage.</i></p> <p><i>As assets age, we normally see a decline in their performance, sometimes to the point of asset failure. Asset failures can cause service interruptions and may pose a risk to public health and safety. We have developed asset replacement and rehabilitation programmes to monitor the condition and performance of assets to estimate the end of their useful lives. Asset renewal decisions are based on a risk assessment of the likelihood and consequence of failure, taking into account the asset's age and life expectancy, condition, performance, system resilience and criticality.</i></p>
<p>We suggest that in the final SOI Watercare confirms that you will continue to report the important mahi with the Waikato Tainui Governance Board and Te Taniwha o Waikato to meet the Waikato River consent within the existing quarterly reporting regime.</p>	<p>Section 1 now includes the following wording:</p> <p><i>As part of second Waikato River consent, from 2026, Watercare will submit a water management plan to Waikato Regional Council every five years on the progress being made on the investigation and implementation of future water source options for Auckland. Watercare must establish and maintain a committee or board within its organisation to promote the vision and strategy for the Waikato River (as set out in Schedule 2 Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010). Representatives of Te Whakakitenga o Waikato Incorporated (Waikato Tainui Governance Board) and Te Taniwha o Waikato (a collection of 7 Marae along the lower river and part of Waikato Tainui) will be invited to be members of that committee or board in order to become material participants and directly involved in all aspects of the management, governance and use of the river, including its water. Generally, the purpose and function of that committee or board will be to investigate and address options for the reduction in reliance on the awa by Watercare, including identifying new alternative sources for resilient water and wastewater systems. In particular, the committee and board will be looking at the following:</i></p> <ul style="list-style-type: none"> reduction in reliance on the Waikato River for the supply of water to Auckland; reduction in the volume (both relative and absolute) of water taken from the Waikato River; increased resilience of the Waikato River to human activities and their effects; and in that context, recognition of the rights and interests of taangata whenua in fresh water. <p><i>Progress against this work programme will continue to be reported to Council regularly. The five yearly reports will be made publicly available and shared with representatives of Te Whakakitenga o Waikato Incorporated, Te Taniwha o Waikato, Te Tokanganui-a-noho Regional Management Committee and Hauauru Ki Uta Regional Management Committee, Ngā Waihua o Paerangi, Te Kotahitanga o Ngāti Tuwharetoa, Raukawa Settlement Trust, Te Arawa River Iwi Trust, Ngāti Tahu-Ngāti Whāoa, and the Waikato River Authority.</i></p>
<p>Performance measures We expect the final SOI to include the methodology and target for the latter measure (reactive and proactive maintenance spend against budget)</p>	<p>We note that we are still developing this methodology. We will adopt a new approach by the end of the financial year and will share the methodology in advance of implementation.</p>
<p>A new controllable costs measure has been introduced but there is little information provided on this measure in the draft SOI. We expect the final SOI to include methodology, baseline and target for the measure, as a reflection of the considerable work Watercare has undertaken in this area with the Water Industry Commission for Scotland</p>	<p>The target will be included in the final version sent to Council in July 2023. This cannot be done until July as the budgets are still being finalised.</p>
<p>We ask that you ensure the SOI targets for water consumption is consistent with the Auckland Water Strategy targets, noting that this is less than or equal to 253 litres consumption per person per day by 2025.</p>	<p>This measure is has been updated to 253 l/p/d by 30 June 2025.</p>

Shareholder feedback on Watercare's draft SOI	How this has been addressed in the updated final draft SOI
For the Māori outcomes measures that have been removed from the SOI the council expects that results relevant to Kia Ora Tāmaki Makaurau and Watercare's Achieving Māori Outcomes Plan will continue to be reported to council.	<p>New sentence added into part 4 of the updated draft:</p> <p><i>Watercare will continue to provide Council with regular updates on engagement hui with iwi and mana whenua including update relevant to Kia Ora Tāmaki Makaurau and Watercare's Achieving Māori Outcomes Plan.</i></p>
is positive that Watercare has retained its measure on the procurement sourced through Māori owned businesses. We note it is different to the council standard measure and target of five per cent direct spend to Māori and Pasifika business or social enterprises and 15 per cent of indirect spend and ask that Watercare consider adopting this for consistency.	<p>Watercare does not wish to change the target half-way through the period. When Watercare set our target of 5% by 2025 of our spend with Māori Businesses, we looked at what other organisations were doing at the time. Central Government through Te Puni Kōkiri Te Kaitiaki (Progressive Procurement) are focused on Māori Businesses (5% of contracts awarded to Māori businesses). We wanted to take a % of spend target as this was seen and has proven to be more ambitious than the Government's volume of contracts target. Also like Government, we wanted to focus on Māori businesses. In our view, this aligns us better with our obligations under Te Tiriti O Waitangi. Whilst we acknowledge the relationship (hononga) between Māori and Te Moana nui a Kiwa (Pacifica) there is only one tangata whenua (Iwi Māori) and Te Tiriti o Waitangi partnership with the crown.</p>
We request that the final SOI includes that Watercare will report on scope 3 greenhouse gas emissions and actions to reduce, consistent with your commitments and the Auckland Council group approach.	<p>New paragraph added to part 5 as follows:</p> <p><i>Watercare will continue to report to Council our Scope 1 and 2 greenhouse gas emissions annually, against our SOI target. In FY24, we will also report our Scope 3 greenhouse gas emissions annually on our website and to Auckland Council, consistent with our commitments and the Auckland Council group approach.</i></p>

Board meeting | 13 June 2023
Public session



Review of the Audit and Risk Committee Charter

For approval

Te pou whenua tuhinga / Document ownership

Prepared by

Emma McBride
Head of Legal and Governance

Recommended by

Jamie Sinclair
Chief Corporate Services Officer

Submitted by

Dave Chambers
Chief Executive Officer

1. Te tūtohunga / Recommendation

We recommend that the Board accepts the Audit and Risk Committee's (ARC) recommendation to approve the revisions made to the Audit and Risk Committee Charter (the Charter). A marked-up version of the Charter is attached with this report as [Attachment 1](#).

2. Whāinga / Purpose

The Charter was last reviewed and approved by the Board in July 2021.

Clause 7 of the Charter requires the ARC to undertake, with management assistance, a review of its performance, purpose, responsibilities and Charter.

ARC must then advise the Board of the outcome of that review, along with any recommended changes to the Charter.

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

3. Kōrero pitopito / The details

To assist the ARC, management reviewed the Charter. Since the last Charter review, the Board has rationalised the number of Board sub-committees, and now the Audit and Risk Committee is the only sub-committee of the Board. Therefore, the review of the Charter was undertaken in light of that development.

The updated Charter, with Management's recommended changes were presented to the ARC at its meeting of 23 May 2023. Management suggested following key changes to the ARC:

- Aligning the Charter, where appropriate, with Council's Terms of Reference for its ARC
- Updating role titles
- Confirming that the ARC does not oversee HSW and Climate Change
- Adding in that the ARC is responsible for reviewing enterprise risk management across Watercare, including enterprise risk level considerations as they relate to significant projects, programmes of work or procurement.

At the 23 May 2023, the ARC recommended the updated Charter for Board's approval, subject to following changes:

- Correct the typographical error on page 1 to read Watercare, not council
- Include insurance at the top of the list of responsibilities
- Include business continuity and interruption in section 6.

Attachment 1 is a marked-up version of the Charter that the ARC recommends for Board approval.

In relation to the review of the ARC's performance, the ARC agreed that this should be done together as part of the upcoming Board review.

4. Ngā whakaaweawe ki a Watercare / Impact on Watercare

If the Charter is not regularly reviewed, it will become outdated and not accurately serve the governance purposes of Watercare. The Charter has been prepared in consultation with the ARC Chair and members of the ARC and subject to review every two years or more often as conditions dictate.

5. Ā muri ake nei / Next steps

Subject to the Board's approval, the Charter will next be reviewed in June 2025.

6. Te whakapiringa / Attachment

Attachment number	Description
1.	A marked-up version of the Charter



Attachment 1

Audit and Risk Committee Charter

June 2023

8.1

1. Purpose and Composition

The Audit and Risk Committee (ARC) is a committee established by the Board of Directors (the Board) of Watercare Services Limited (Watercare).

The primary purpose of the ARC is to assist and advise the Board in discharging its responsibility around governance, risk management, and internal controls.

The ARC will review the effectiveness of the following aspects of governance, risk management and internal controls:

- enterprise risk management across Watercare, including enterprise risk level considerations as they relate to significant projects, programmes of work, or procurement
- internal audit and external audit assurance
- insurance review and renewal
- business continuity and resilience
- integrity and investigations
- oversight of preparation of external reporting, including the Annual Report and Statement of Service Performance
- determine the adequacy of Watercare's administrative, operating and financial accounting management and controls; and
- act as a forum for the free and open exchange of views and information between the Board and its internal and external auditors.

The ARC will be independent of management and comprise at least three directors. The ARC will be structured to ensure that, as a collective group, it has the qualifications, skills, experience and knowledge to fulfil its purpose and responsibilities.

At least one member of the ARC will have accounting expertise or a financial background. To perform their role effectively, each committee member must develop and maintain their skills and knowledge, including an understanding of the ARC's responsibilities, and of Watercare's business, operations and risks. Any member of the ARC who does not have an accounting or financial background should be financially literate and conversant with risk management but may not represent themselves to be an expert in those fields simply by being a member of the ARC.

The Board will appoint, remove or replace the members and the Chair of the ARC (Committee Chair). The Chair of the Board may be a member of the ARC, but not the Committee Chair of the ARC.

2. Meetings

Meetings of the ARC must be held not less than four times a year in months that align with the reporting and audit cycle and meet shareholder requirements.

Meetings of the ARC will be held at the discretion of the Committee Chair at any time or if requested by any ARC member, the Board, the Chief Executive, Chief Corporate Services Officer, the external auditor or the internal auditor.

A quorum shall be a majority of members.

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

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

The Governance Team, in conjunction with the Committee Chair is responsible for coordinating all ARC business including scheduling meetings, setting agendas, distributing papers and minutes, communicating with the Board and management and any other secretarial services.

Minutes of each meeting must be taken, and circulated in draft form to the Committee Chair within five working days of the meeting. They are then to be confirmed at the following meeting and signed thereafter by the Committee Chair as a correct record of proceedings of the meeting.

The ARC may have in attendance management (including the Chief Executive, Chief Corporate Services Officer, the General Manager of Finance and General Manager of Quality, Risk and Assurance) and such others persons including internal and external auditors, external experts and others it deems necessary to provide appropriate information, explanation or assistance.

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

Directors who are not members of the ARC may attend meetings but may not vote.

3. Authority

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

- committee governance;
- financial management, financial and performance reporting;
- audit functions;
- internal controls and risk management; and
- such other responsibilities as the Board at any time considers appropriate.

While oversight of risk management is a responsibility that sits with the full Board (with quarterly **enterprise** risk reporting by management), the ARC is responsible for reviewing the risk management policy on a three-yearly basis (or more often as required) and undertaking more detailed reviews **and deep dives into** specific risks as required.

The ARC is not responsible for the oversight of Health, Safety and Wellbeing governance matters, **nor Climate Change governance**, as those responsibilities sit with the full Board.

The ARC may:

- make decisions (or submit recommendations for consideration by the Board) on matters where decision-making authority has been delegated to the ARC by the Board [see responsibilities in section 6]; and
- submit recommendations to the Board on matters for which decision-making authority has not been delegated by the Board.

The ARC will not become involved in day-to-day operations, functions or decision-making by management or employees. The ARC is not responsible for conducting accounting or auditing reviews or procedures.

It is the responsibility of the Chief Executive to ensure that appropriate resources are applied to execute the internal audits reported to the ARC.

It is the responsibility of the Executive Team¹ to draw the Committee Chair and ARC's immediate attention to any material matter that relates to the financial condition of Watercare, any material breakdown in internal controls, any material event of fraud or malpractice, and any significant item of legislative non-compliance.

4. Access and Independent Advice

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

The ARC is authorised by the Board to have access to external and internal auditors without management present, to request additional information or explanations.

Individual members of the ARC are entitled at any time to access Watercare's Executive Team to request additional information or explanations.

Members of Watercare's Executive Team have an express right of direct access to the Committee Chair in relation to any matters of material concern that have been raised through normal management processes but have not been advised to the ARC.

The ARC is authorised by the Board to obtain, at the expense of Watercare, independent legal or professional advice it considers necessary to discharge its responsibilities.

5. Relationship with Auditors

The internal auditor reports to the ARC for the committee's reporting requirements and is a resource for the Chief Executive in regard to areas or activities the Chief Executive requires.

On a day-to-day basis **the General Manager of Finance** is responsible for the relationship with external auditors and will inform the ARC of any material communication between the external auditors and management.

The Executive Team is responsible for the timely and accurate provision of information to external and internal auditors.

The external auditors and the internal auditor have direct access to the Committee Chair in respect of any issues considered appropriate.

Despite the existence of the ARC, both the external auditors and internal auditor have direct access to the full Board if required.

Watercare must not offer employment to employees or former employees of the audit firm appointed by the Controller and Auditor General to conduct the audit, within two years of them ceasing to be employed by that firm.

From time to time, the external auditor (appointed by the Auditor General), may be requested by **Watercare** to undertake additional audit work, which is outside the terms of its Auditor General appointed role. In such situations, the Committee Chair will be responsible for approving any such additional audit work.

6. Responsibilities

The ARC must provide assistance to the Board in fulfilling its responsibility to the shareholder, and other stakeholders, relating to accounting, internal controls, risk management, reporting practices and the quality and integrity of externally published financial and performance reports of Watercare. In carrying out these responsibilities, the ARC does not relieve the Board of its responsibilities and legal obligations.

¹ Executive Team and Senior Management Team

It is the responsibility of the ARC to maintain communication with the Board, the external auditor, the internal auditor, and Watercare's Executive Team.

In carrying out its responsibilities, the ARC's policies and procedures should remain flexible, in order to best react to changing conditions and enable it to assure the Board and shareholder that the accounting and reporting practices of Watercare are of the highest quality and compliant with all applicable laws, regulations, standards and codes of practice.

The duties and responsibilities of ARC members are additional to those they have as a member of Watercare's Board.

In carrying out its responsibilities, the ARC will:

6.1 Committee Governance

- Establish and review the schedule of annual activities of the ARC.
- Ensure minutes and papers (including documents tabled at meetings) for all ARC meetings are provided to the Board. The Committee Chair will report to the next Board meeting on the outcomes, findings and recommendations of the ARC meeting.
- Investigate any matter brought to its attention within the scope of its responsibilities, retaining independent legal or professional advice for this purpose if, in its judgment, that is appropriate.
- Unless identified in this charter or otherwise directed by the Board, the ARC will have no delegated authority in regard to its findings and recommendations.

6.2 Financial Management

- Assess the performance of financial management.
- Review accounting, financial management and treasury policies and recommend any changes to the Board for approval.
- Assess whether there are adequate controls over significant, unusual or complex transactions.
- Review compliance with statutory responsibilities that affect the financial statements, related policies and other requirements.
- Review compliance with contractual obligations and conditions of bank covenants in relation to financing arrangements.
- Oversee tax management and compliance.
- Review and report to the Board on the effectiveness of Watercare's insurance policies.
- **Review and assess the insurance renewal programme**
- Review and assess the propriety of all transactions between Watercare and related parties.
- Review policies and procedures for management expense accounts and other benefits, including use of Watercare assets and consider the results of any relevant review by the auditors (external or internal).

6.3 Financial Reporting

- Review and recommend to the Board for approval, Watercare's half year and annual financial statements contained in reports to the shareholder. In carrying out the reviews, the ARC will consider:
 - all audit reports related to the financial statements;
 - all audit findings; and
 - all representations from internal audit and management.
- Review whether the financial statements and reports fairly reflect Watercare's financial position, comply with legislation and the applicable Public Benefit Entity accounting standards and whether they are adequate for shareholder needs. In carrying that out, the ARC will consider:
 - The significant estimates and judgements in the financial statements by enquiring of management about the process used in making material estimates and judgements and then enquire of the external auditors their conclusions on the reasonableness of management's estimates and judgements.
 - The degree of aggressiveness or conservatism of Watercare's accounting principles and underlying estimates.
 - How satisfied the external auditors are with the quality of management's adopted accounting principles, disclosure and financial reporting practices (including any changes in these areas), content of the financial statements and any other financial information to be presented to the shareholder.
 - Whether all taxation obligations have been adequately and appropriately discharged.
 - Any significant findings or disagreements between management and the external auditors.

6.4 Performance Reporting

- Review and recommend to the Board for approval, the non-financial performance measures contained in the annual report to the shareholder. In carrying out the review, the ARC will satisfy itself as to the reasonableness of the information and consider:
 - Whether the statement of service performance fairly reflects Watercare's achievements for the year and whether they are adequate for shareholder needs.
 - The results of external assurance providers' work to confirm that Watercare has good systems to record service performance and other non-financial measures.
 - Any recommendations made by external assurance providers on internal controls to ensure the completeness and accuracy of the non-financial performance measures.

- Any observations by the external auditors on the content of the statement of service performance.

6.5 Audit Functions

- Review any reports received from legal or regulatory bodies for matters that may have a material effect on Watercare's financial statements or related compliance policies.
- Review and consider the findings of any examinations of Watercare by regulatory bodies or government agencies.
- Monitor management's execution of recommendations highlighted within external and internal auditors reports.

External audit

(Note: The Auditor-General is the auditor of Watercare and is responsible for appointing the external auditor that carries out the work on her/his behalf).

- Meet with and approve the external auditor's terms of engagement, scope and timetable for the half year and annual audit, and the associated fees.
- Review the nature and scope of all relationships with, and other non-audit services provided to, Watercare by the external auditor in order to assess whether or not that has compromised the independence of the auditor.
- Provide an opportunity for the external auditors to meet ARC members without management present. Among the items to be discussed in these meetings are the adequacy of Watercare's internal controls, the external auditors' evaluation of Watercare's financial personnel, the quality and acceptability of Watercare's judgements in relation to accounting principles, the cooperation received by the external auditors and difficulties that arose during the course of the audit, the types of services provided and fees.
- Review the performance of the external auditors.
- Report the results of the half year and annual audits to the Board.

Internal audit

- Review the internal audit function of Watercare including the independence and authority of its reporting obligations, the proposed audit plan for the coming year and the coordination of such plan with the external auditors.
- Receive a summary of findings from completed internal audits and a progress report on the internal audit plan, with explanations for any deviations from the original plan.
- Ask management and the internal auditor for information on significant risks or exposures, effectiveness of risk controls and assess the steps management have taken to minimise these risks.
- Review and assess the internal auditor's activities and performance.

6.6 Internal Controls

- Review the adequacy and effectiveness of Watercare's internal control framework and structure, including information systems controls, security, conflicts of interest, the prevention and identification of fraud, and the role of internal and external auditors.
- Consider the adequacy of internal controls on major projects, that could have an effect on the way Watercare does business.
- Oversee any incidents of fraud, including disclosures made via the whistleblower service.
- Consider whether actions being taken by management are sufficient to remedy any significant failings or weaknesses in internal controls that are reported.
- Determine whether the failings or weaknesses indicate the need for more extensive monitoring or changes to the internal control framework and structure.
- Review the processes in place for continuously improving internal controls and recommend any changes to the Board for approval.
- Review the degree to which the work of the internal auditor provides assurance on compliance with Board approved policies.
- Oversee legislative and organisational compliance initiatives.
- Oversee Watercare governance practices including development and review of policies and procedures (e.g. Corporate Governance Charter, Code of Conduct) and recommend any changes to the Board for approval.

6.7 Risk Management

(Note: As set out in section 3, responsibility for risk management oversight sits with the full Board, while policy and specific risk reviews may be assigned to the ARC).

- Review for Board approval, Watercare's risk management policy on a three-yearly basis (or more often as required) and undertake more detailed or rolling reviews of specific risks as required by the Board from time to time. In carrying out those tasks, the ARC will consider the effectiveness of the policy, the strategies employed and work undertaken by management and whether:
 - all material risks have been identified, taking an enterprise risk approach;
 - risks have been accurately analysed and evaluated;
 - key controls exist and are effective;
 - enterprise risks are being properly managed;
 - an effective risk management culture is evident throughout Watercare; and
 - business continuity and resilience are in place for effective and sustainable business.

6.8 Other Responsibilities

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

7. Review of the Committee and Charter

The ARC will conduct a review of its performance, purpose and responsibilities and report back to the Board every two years (or more often as conditions dictate).

The ARC will undertake a review of its Charter every two years (or more often as conditions dictate) to ensure clarity of purpose and responsibilities.

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

This Charter was reviewed by the Board in June 2023. The date of the next review will be June 2025.

Board meeting | 13 June 2023
Public session



Review of the Corporate Governance Charter

For approval

Te pou whenua tuhinga / Document ownership

Prepared by

Emma McBride
Head of Legal and Governance

Recommended by

Jamie Sinclair
Chief Corporate Services Officer

Submitted by

Dave Chambers
Chief Executive Officer

1. Te tūtohunga / Recommendation

We recommend that the Board approve the revisions made to the Corporate Governance Charter (the Charter). A marked-up version of the Charter is attached with this report as [Attachment 1](#).

2. Whāinga / Purpose

The Charter was last reviewed in June 2022 and is reviewed annually.

3. Kōrero pitopito / The details

The Charter underwent a thorough review last year. Accordingly, this year, Management does not recommend any further changes to the Charter, apart from updating the dates. These changes have been highlighted in **green** in the attached Charter (attachment 1).

4. Ngā whakaaweawe ki a Watercare / Impact on Watercare

The Charter will become outdated and not accurately serve the governance purpose.

5. Ā muri ake nei / Next step

Subject to the Board's approval, the Charter will next be reviewed in June 2024.

6. Te whakapiringa / Attachment

Attachment number	Description
1.	A marked-up version of the Charter



Corporate Governance Charter

June 2023

1. Purpose

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

2. Role of the Board

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

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

The Board delegates day-to-day management to the Chief Executive (CE). The CE in turn delegates authority to Management.

Watercare's obligations to deliver water and wastewater services for Auckland (Watercare's Obligations) are set out in Part 5, sections 57 and 58 of the *Local Government (Auckland Council) Act 2009*. Section 57(1) stipulates that an Auckland water organisation:

- must manage its operations efficiently with a view to keeping the overall costs of water supply and wastewater services to its customers (collectively) at the minimum levels consistent with the effective conduct of its undertakings and the maintenance of the long-term integrity of its assets;
- must not pay any dividend or distribute any surplus in any way, directly or indirectly, to any owner or shareholder;
- is not required to comply with section 68(b) of the Local Government Act 2002;

- must have regard for public safety (for example, the safety of children in urban areas) in relation to its structures.

Section 58 stipulates that an Auckland water organisation:

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

The Board members should align themselves with the Institute of Director's Four Pillars of Governance Best Practice for New Zealand directors:

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

3. Key activities of the Board

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

Key activities of the Board include:

Legislative responsibilities

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

Oversight of Management

- Appointing the Chief Executive
- Reviewing the terms and conditions of the Chief Executive's total remuneration package annually

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

- Setting objectives for the Chief Executive and monitoring the Chief Executive's performance against those objectives
- Overseeing the operation of Watercare's business to ensure it is being managed appropriately
- Reviewing progress on major projects, strategic plans and operating plans
- Monitoring the financial performance of Watercare including approving:
 - budgets
 - capital expenditure and investments above delegations
 - operating expenditure outside budgets and delegations.
- In the normal course of events, day-to-day management of Watercare will be in the hands of the Management.

Ethics

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

Governance

- Acting in the best interests of Watercare in a manner based on transparency, accountability and responsibility²
- Balancing these interests against Auckland Council's expectations of Watercare as a council-controlled organisation³
- Monitoring the effectiveness of our governance practices
- Monitoring the integrity of all financial and non-financial reporting to the shareholder.

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

³ Auckland Council's expectations of Watercare are set out in the CCO Accountability Policy and the Statement of Expectations for substantive Council-controlled Organisations (July 2021). Expectations are also set by Council via the yearly letter of expectation/statement of intent process.

Strategy

- Defining Watercare's purpose
- Overseeing Management's implementation and achievement of the strategic directions, plans and expectations set by the shareholder
- Exercising due care, diligence and effective oversight of all matters relating to the Asset Management Plan (AMP).

Our stakeholders and partners

- Serving the legitimate interests of the stakeholders and community partners of Watercare and accounting to them in a clear, transparent and accessible manner
- Ensuring that Watercare communicates effectively with the shareholder, customers, other stakeholders, and community partners
- Ensuring that Watercare complies with all relevant laws and regulations and that it meets its contractual obligations.

Iwi and Mana Whenua Partners

- Provide mechanisms to ensure Iwi and Mana Whenua are active partners, decision makers and participants
- Ensure Watercare's Iwi and Mana Whenua engagement approach is centred on the relationship and connectedness of Māori to wai (water) and whenua (land)
- Ensure that Watercare communicates effectively with the Iwi, Mana Whenua, and the Independent Māori Statutory Board.

Achieving outcomes for Māori

Foster positive and productive relationships between Watercare and Māori, develop the ability of Watercare and its people to contribute to Māori social, cultural, environmental and economic wellbeing outcomes by fostering strong Māori communities.

Our people

- Approving and monitoring Watercare's health, safety and wellbeing systems, with a view to ensuring the health, safety and wellbeing of Watercare's employees, contractors, agents, and also the public at all Watercare sites
- Ensuring Watercare is a good employer and acts in accordance with Watercare's Good Employer Policy
- Ensuring sound policies and processes are in place to attract and retain outstanding people to Watercare
- Oversee Watercare's people strategies, remuneration policies and practices

- Monitoring Watercare's workforce diversity (including gender and culture)
- Reviewing Watercare's people strategies, remuneration policies and practices.

Climate change and reducing carbon emissions

Exercise due care, diligence and effective oversight of all matters relating to the actions taken by Watercare to reduce carbon emissions and contribute towards a climate resistant future.

Risk management

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

4. Board committee

To assist in the process of corporate governance, the Board currently has the Audit and Risk Committee (ARC).

The Board is responsible for oversight of the ARC. The ARC may make recommendations to the full Board, but do not make decisions on behalf of the Board unless specifically mandated to do so.

The ARC Chair and members are appointed by the Chair.

The Board may establish or disestablish committees to assist in the process of corporate governance.

5. Duties imposed on Board members

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

There are three types of duties imposed on Board members:

Fiduciary duties

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

Duty of care and diligence

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

Legal and statutory duties

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

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

- Ensure Watercare gives effect to Te Tiriti o Waitangi, its principles, and its broader legal obligations including being more responsible and effective to Māori
- Discharge their duties in good faith and honesty in what they believe to be the best interests of Watercare and with the level of skill and care of a well-informed Board member of an important company
- Promote a corporate culture that embraces diversity and inclusiveness
- Owe a fiduciary duty to Watercare using the powers of office only for a proper purpose, in the best interests of Watercare as a whole
- Act with required care, diligence and skill, demonstrating reasonableness in their decisions
- Make adequate disclosure to the Board of any actual or potential conflicts of interest
- Act in accordance with the Constitution and the law relating to Watercare and companies generally
- Act for the benefit of Watercare as a whole
- Not make improper use of information gained through their position as Board members
- Not take improper advantage of the position of a Board member
- Not allow personal interests, or the interest of any associated person, to conflict with the interests of Watercare
- Make reasonable inquiries to ensure that Watercare is operating efficiently, effectively and legally towards achieving its goals
- Undertake diligent analysis of all proposals placed before the Board
- Not agree to Watercare incurring an obligation unless the Board member believes at the time, on reasonable grounds, that Watercare will be able to perform the obligations.

6. Role of individual Board members

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

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

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

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

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

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

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

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

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

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

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

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

6.1 Disclosure of interest and conflicts of interest

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

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

7. Role of Chair

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

- Ensure that the Board provides leadership and vision to Watercare
- Assess and implement a balanced Board membership within the confines of the shareholder appointment process
- Ensure that the Board is participating in setting the aims, strategies and policies of Watercare
- Ensure that there is adequate monitoring of the pursuit and attainment of the goals of Watercare
- Ensure that the Board reviews the human resources of Watercare
- Make certain that the Board has adequate information to undertake effective decision making and actions
- Ensure that administrative tasks such as the circulation of Board papers are carried out efficiently and effectively
- Direct the Board discussion to effectively use the time to address important issues
- Develop an ongoing and healthy relationship with the Chief Executive
- Guide the ongoing development of the Board as a whole and individual Board members
- Lead the Board's relationship with the shareholder
- Ensure that all Board members are encouraged to actively participate in Board discussions and decisions
- Ensure that all new Board members are provided with an appropriate induction programme.

The Chair will also:

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

8. Board process and proceedings

8.1 Board meetings

Board members will meet either in-person or virtually at least 8 times per year. Additional meetings (including via teleconference) may be scheduled at the discretion of the Board members. Board members may also be required to participate in strategy and professional development workshops.

The agenda and papers for the meeting will be circulated to all Board members in the week prior to the meeting.

The agenda will be constructed having regard to the Board's annual board planner.

The agenda will allow the Board to exercise adequate monitoring of company performance.

Agenda items will be supported by sufficient information to allow effective decision making.

8.2 Conduct of meetings

The Chair will determine the degree of formality required at each meeting while maintaining the decorum of such meetings.

The Chair will ensure that all members are heard.

The Chair will maintain sufficient control to ensure that the authority of the Chair is recognised so that a degree of formality can be reintroduced when required.

The Chair will ensure that the decisions and debate are completed with a formal resolution recording the conclusions reached.

The Chair will take care that decisions are properly understood and well recorded.

8.3 Board minutes

Minutes will contain a brief review of the discussion plus the official resolution adopted by the Board

All decisions will be recorded by way of a formal resolution.

Board members who dissent or abstain may ask to have their dissent or abstention recorded in the minutes.

Material conflicts of interest will be recorded in the minutes.

9. Key Board functions

9.1 Delegation of authority

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

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

9.2 Public representation

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

- Chair;
- Chief Executive; or
- in accordance with the External Relations and Media Contact Policy.

9.3 Execution of documents

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

9.4 Supporting the Chief Executive

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

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

9.5 Chief Executive evaluation

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

9.6 Board composition

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

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

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

9.7 Board evaluation

At least every two years, the Board will conduct a formal evaluation of its performance.

The evaluation will be aligned with any process required by the shareholder including the opportunity to have input into the shareholder appointment process.

9.8 Board Member development

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

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

9.9 Remuneration

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

Remuneration will be paid on a monthly basis.

Watercare will reimburse reasonable and properly incurred travel, accommodation and other costs which must be pre-approved by the Chair. The Chair's costs must be reviewed and pre-approved by the Chair of the Audit and Risk Committee.

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

9.10 Director indemnity and insurance

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

10. Inconsistency with Constitution

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

11. Review of the Charter

This Charter was reviewed by the Board in June 2023 and will next be reviewed in June 2024.

Board meeting | 13 June 2023

Public session



Review of annual report requirements

For approval

Te pou whenua tuinga / Document ownership

Prepared by

Emma McBride
Head of Legal and Governance

Recommended by

Jamie Sinclair
Chief Corporate Services Officer

Submitted by

Dave Chambers
Chief Executive Officer

1. Te tūtohunga / Recommendation

We recommend that the Board approves the following recommendations of the Audit and Risk Committee (ARC) regarding Watercare's 2023 Annual Report requirements.

- The Annual Report 2023 is to comply with the various legislative requirements ([Attachment 1](#)), and include three main sections:
 1. Chair and CE's letter, which demonstrates our performance beyond financial measures. Links will also be provided to key parts of our website, which tell a comprehensive story of the value we add beyond purely financial benefits.
 2. FY23 year-end financial statements.
 3. Statement of Service Performance (i.e. performance against the Statement of Intent measures).
- Production of the Annual Report 2023 is to be done in-house, and avoid unnecessary marketing/photographs, to keep costs to a minimum.
- Like last year, Watercare is not to seek Global Reporting Initiative (GRI) framework assurance.

2. Kōrero pitopito / Purpose and details

Ahead of water services reform, Management recommends that the 2023 Annual Report is streamlined to ensure compliance with legislative requirements, and only include Watercare's financials, our Statement of Service Performance, and a Chair and CEO report.

Management's reasoning is as follows:

- Historically, Watercare's annual report was a primary mechanism for communication to customers and stakeholders. As a result, the report was comprehensive and resource intensive. Watercare's approach to communication and engagement has evolved significantly in recent years and there are now multiple on-going avenues for communicating progress and key issues. This reduces the dependency on the annual report for communicating all Watercare matters. There is therefore an opportunity for the annual report to be streamlined to focus on content required by statute, with reference to other sources of information as necessary.

- Our simplified annual report would still meet statutory requirements and we would ensure that key non-financial information (e.g. carbon footprint) would be available through separate reporting and made available publicly via our website.
- As always, we already contribute to the Council Group Annual Report. Last year the Council Annual Report included detailed information that Watercare supplied regarding: Responding to growth (water); water supply; wastewater treatment and disposal; climate change risk (including details of climate change governance, strategy, risk management, metrics and targets), and our performance against the SOI (i.e. Statement of Service Performance).
- A pared down approach aligns with the Mayor's Letter of Expectation direction to "avoid superfluous information and marketing."
- The focus for Watercare over the coming financial year is on delivering core services, improving efficiency, and preparing for water services reform. It is expected that significant management time will be dedicated to these matters. It requires a significant amount of effort by various Watercare teams (Finance, Sustainability, Communications), and data owners, to produce report that includes case studies and voluntary metrics/data; and complete the assurance processes.
- Much of the external cost of a graphic designer can be avoided by taking a streamlined approach.

Given the above, Management believe it is appropriate to rationalise the level of information provided in the Annual Report while ensuring we continue to comply with our legislative requirements. A list of the legislative requirements is set out in Attachment 1.

A list of the content in the proposed 2023 Annual Report, compared with the 2022 Annual Report is set out in [Attachment 2](#).

At its meeting of 23 May 2023, the ARC agreed with Management recommendations.

3. Ā muri ake nei / Next steps

Following the Board approval, Watercare's Annual Report team will start working on Watercare's 2023 Annual Report.

4. Te whakapiringa / Attachment

Attachment number	Description
1.	Legislative requirements for Watercare
2.	Annual Report 2022 content compared with proposed content for the Annual Report 2023



Attachment 1: Legislative Requirements

Legislation	Details	What Watercare needs to do in the Annual Report 2023	Where these will be included
Watercare constitution	<p>6.3 Annual report: Within three months after the end of each financial year of the Company, the Board must deliver to the Shareholder, and make available to the public, a report on the Company's operations during that year. That report must include the information required to be included by:</p> <p>(a) subject to clause 3.2(b), sections 68 and 69 of the Local Government Act 2002;</p> <p>(b) the Statement of Intent; and</p> <p>(c) the Act.</p>	Nothing specific in constitution. Instead refers to legislation listed in rows below.	N/a
Companies Act	<p>211 Contents of annual report</p> <p>(1) Every annual report for a company must be in writing and be dated and, subject to subsection (3), must—</p> <p>(a) describe, so far as the board believes is material for the shareholders to have an appreciation of the state of the company's affairs and will not be harmful to the business of the company or of any of its subsidiaries, any change during the accounting period in—</p> <p>(i) the nature of the business of the company or any of its subsidiaries; or</p> <p>(ii) the classes of business in which the company has an interest, whether as a shareholder of another company or otherwise; and</p> <p>(b) include any financial statements or group financial statements for the accounting period that are required to be prepared under Part 11, Part 7 of the Financial Markets Conduct Act 2013, or any other enactment (if any); and</p> <p>(c) if an auditor's report is required under Part 11, Part 7 of the Financial Markets Conduct Act 2013, or any other enactment in relation to the financial statements or group financial statements included in the report, include that auditor's report; and</p> <p>(ca) if the company is required to prepare climate statements or group climate statements under section 461Z or 461ZA of the Financial Markets Conduct Act 2013 for the accounting period, include the matters required by section 461Z(2) of that Act; and</p> <p>(d) <i>[Repealed]</i></p> <p>(e) state particulars of entries in the interests register made during the accounting period; and</p> <p>(f) state, in respect of each director or former director of the company, the total of the remuneration and the value of other benefits received by that director or former director from the company during the accounting period; and</p> <p>(g) state the number of employees or former employees of the company, not being directors of the company, who, during the accounting period, received remuneration and any other benefits in their capacity as employees, the value of which was or exceeded \$100,000 per annum, and must state the number of such employees or former employees in brackets of \$10,000; and</p> <p>(h) state the total amount of donations made by the company during the accounting period; and</p> <p>(i) state the names of the persons holding office as directors of the company as at the end of the accounting period and the names of any persons who ceased to hold office as directors of the company during the accounting period; and</p> <p>(j) state the amounts payable by the company to the person or firm holding office as auditor of the company as audit fees and, as a separate item, fees payable by the company for other services provided by that person or firm; and</p> <p>(k) be signed on behalf of the board by 2 directors of the company or, if the company has only 1 director, by that director.</p> <p>(2) A company that is required to include group financial statements in its annual report must include, in relation to its subsidiaries, the information specified in paragraphs (e) to (j) of subsection (1).</p> <p>(3) The annual report of a company need not comply with any of paragraphs (a), and (c) to (j) of subsection (1), and subsection (2) if shareholders who together hold at least 95% of the voting shares (within the meaning of section 198) agree that the report need not do so.</p>	<p>We must:</p> <ul style="list-style-type: none"> describe, so far as the Board believes is material for the shareholders to have an appreciation of the state of the company's affairs and will not be harmful to the business of the company or of any of our subsidiaries, any change during the accounting period in: <ul style="list-style-type: none"> the nature of the business of the company or any of our subsidiaries; or the classes of business in which the company has an interest whether as a shareholder of another company or otherwise include any financial statements or group financial statements for the accounting period. Auditor's report Particulars of entries in the interests register made during the accounting period In relation to director (current/ former), the total number of remuneration and other benefits In relation to employees (former/current), not being directors of the company, who, during the accounting period, received remuneration and any other benefits in their capacity as employees, the value of which was or exceeded \$100,000 per annum, and must state the number of such employees or former employees in brackets of \$10,000 State the total amount of donations States the names of the persons holding office as directors of the company as at the end of the accounting period and the names of any persons who ceased to hold office as directors of the company during the accounting period State the amount payable by the company to the person or firm holding office as auditor of the company as audit fees and as a separate item, fees payable by the company for other services provided by that person or firm Be signed on behalf of the board by two directors of the company If we are required to include group financial statements in our annual report must include, in relation to our subsidiaries, the information specified in blue above However, if our shareholder agrees to not provide any of the information in blue and green above then we do not need to include these things. 	<ul style="list-style-type: none"> CE/Chair's statement Financials Financials Board member information Financials Financials Financials Include a page listing the directors and board's attendance. Financials Financials N/a N/a

Legislation	Details	What Watercare needs to do in the Annual Report 2023	Where these will be included
Local Government Act 2002	<p>67 Annual report</p> <p>(1) Within 3 months after the end of each financial year, the board of a council-controlled organisation must—</p> <p>(a) complete a report on the organisation's operations during that year; and</p> <p>(b) deliver the report to its shareholders and, in the case of an organisation that is indirectly controlled by 1 or more local authorities (for example, a subsidiary of a holding company owned by a local authority), to each local authority that indirectly controls the organisation; and</p> <p>(c) make the report available to the public.</p> <p>(2) The report must include the information required to be included by—</p> <p>(a) sections 68 and 69; and</p> <p>(b) its statement of intent.</p> <p>(3) <i>[Repealed]</i></p> <p>(3) If a council-controlled organisation has undertaken to obtain or has obtained compensation from its shareholders in respect of any activity, the undertaking or the amount of compensation obtained must be recorded in the annual report of the council-controlled organisation.</p> <p>(4) Each local authority that receives an annual report under this section must publish the annual report on an Internet site maintained by or on behalf of the local authority within 1 month of receiving it, and must maintain the report on that site for a period of no less than 7 years.</p> <p>68 Content of reports on operations of council-controlled organisations</p> <p>A report on the operations of a council-controlled organisation under section 67 must—</p> <p>(a) contain the information that is necessary to enable an informed assessment of the operations of that organisation and its subsidiaries, including—</p> <p>(i) a comparison of the performance of the organisation and its subsidiaries with the statement of intent; and</p> <p>(ii) an explanation of any material variances between that performance and the statement of intent; and</p> <p>(b) state the dividend, if any, authorised to be paid or the maximum dividend proposed to be paid by that organisation for its equity securities (other than fixed interest securities) for the financial year to which the report relates.</p> <p>Compare: 1974 No 66 s 594Z.</p> <p>69 Financial statements and auditor's report</p> <p>(1) A report on the operations of a council-controlled organisation under section 67 must include—</p> <p>(a) audited consolidated financial statements for that financial year for that organisation and its subsidiaries; and</p> <p>(b) an auditor's report on—</p> <p>(i) those financial statements; and</p> <p>(ii) the performance targets and other measures by which performance was judged in relation to that organisation's objectives.</p> <p>(2) The audited financial statements under subsection (1)(a) must be prepared in accordance with generally accepted accounting practice.</p>	<ul style="list-style-type: none"> • If we have undertaken to obtain or have obtained any compensation from our shareholder in respect of any activity, the undertaking or the amount of compensation obtained must be recorded in the annual report • Any information that is necessary to enable an informed assessment of our operations and our subsidiaries', including: <ul style="list-style-type: none"> ◦ a comparison of the performance of the organisation and its subsidiaries with the SOI and ◦ an explanation of any material variances between that performance and the SOI and • Audited consolidated statement for that financial year for that organisation and its subsidiaries • an auditor's report on <ul style="list-style-type: none"> ◦ those financial statements and ◦ the performance targets and other measures by which performance was judged in relation to that organisation's objectives • the audited financial statements must be prepared in accordance with generally accepted accounting practice. 	<ul style="list-style-type: none"> • Financials • Statement of Service Performance • Financials • Financials • Financials
Local Government (Auckland Council) Act 2009	<p>32 Reporting and audit</p> <p>(1) The board must prepare an annual report.</p> <p>(2) The report—</p> <p>(a) must include the dates and times of the board's meetings in the financial year; and</p> <p>(b) must include a summary of the board's activities in the financial year; and</p> <p>(c) may include anything else that the board wants to put in it.</p>	<ul style="list-style-type: none"> • Dates and times of board meetings in the financial year • A summary of the boards' activities in the financial year • May include anything else that the board wants to put in it 	<ul style="list-style-type: none"> • Suggest putting a link to the Board page on the internet which lists dates and times of board meetings and minutes and attendance by board members
Office of the Auditor-General New Zealand	<p>A CCO must include information in its annual report about its achievements against that statement of intent, including:</p> <ul style="list-style-type: none"> • a comparison of the performance of the entity with the statement of intent; and • an explanation of any material variances between that performance and the statement of intent. 	<ul style="list-style-type: none"> • a comparison of the performance of the entity with the statement of intent; and • an explanation of any material variances between that performance and the statement of intent • audited the financial statements 	<ul style="list-style-type: none"> • Statement of Service Performance • Statement of Service Performance • Financials

Legislation	Details	What Watercare needs to do in the Annual Report 2023	Where these will be included
	<p>As well as auditing the financial statements of a CCO, we are required to report on the performance targets and other measures by which performance was judged against the entity's objectives. In other words, the audit opinion must cover the entity's report on its non-financial performance, measured against its statement of intent (performance information).</p> <p>We are required to audit performance information in the annual reports of CCOs.</p>	<ul style="list-style-type: none"> the audit opinion must cover the entity's report on its non-financial performance, measured against its statement of intent (performance information) 	<ul style="list-style-type: none"> Financials
Auckland Council Governance Manual	Reporting requirements - Each CCO's SOI sets the performance measures for the three-year period. Each CCO must provide the council with half-yearly and annual reports [2]. The council also requires all substantive CCOs to report on their performance at the end of the first and third quarters and explain if SOI performance measures have not been met. The council has face-to-face performance discussions with CCO boards for the half-year reports and for the fourth quarter results.	Nothing specifically mentioned about the content of the Annual report.	<ul style="list-style-type: none"> n/a

Attachment 2

Annual Report 2022 content compared with proposed content for Annual Report 2023

Page	Annual Report 2022	Annual Report 2023
1	Cover page with photo	✓
2	Photograph only	Depending on space/layout
3	Theme page with photo	X
4	Theme page continued with photo	X
5	Photograph only	Depending on space/layout
6-7	About us and reporting scope	✓
8-11	Our value creation model	X
12-15	Chair and CE report	✓ To comply with the Companies Act, we must describe, so far as the Board believes is material for the shareholder to have an appreciation of the state of the company's affairs. We will also include high-level summaries and update of the other general commitments we made to the Council via our SOI in 2022-2025.
16-17	Performance snapshot – includes achievements that we made in the year, which are not necessarily SOI targets (e.g. expanded parental leave)	X
18-21	Photos and content pages	X
22-23	How we are delivering value: Natural Environment	X – update incorporated into Chair/CE's update
24	Natural Environment Case Study	X
25	Data on Water Supply; Volume of Water By Source; Conservation Activities	X; high-level breakdown is available on our website: https://www.watercare.co.nz/Water-and-wastewater/Where-your-water-comes-from X; High level overview is available on our website spread across multiple pages
26-29	Climate change GHG Emissions Graphs on Impact of changed reporting methodology Graph of Watercare greenhouse gas emissions Graph of our emissions sources Update on Infrastructure carbon	X – Information on climate change will be summarised in the Chair/CE's letter, we propose to include a new section on GHG emissions on the Watercare website which will include our GHG footprint and assurance statement. Further detail on climate change risks as well as a summary of GHG emissions will be provided via Council's Annual Report 2023 (Volume 4 Climate change risk)

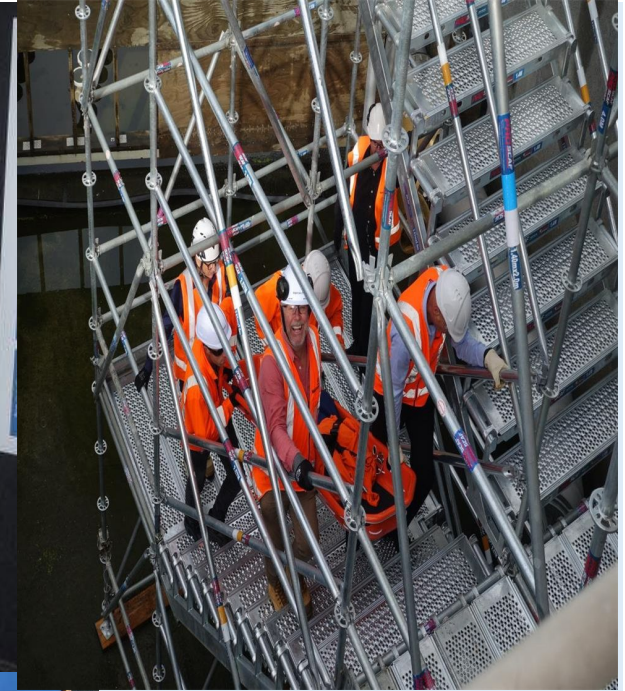
Page	Annual Report 2022	Annual Report 2023
	Table of energy consumption Table of electricity use Update on reusing waste from treatment processes Update on resource consent compliance including Table of status of resource consents	
30 -31	How we are delivering value: People and Culture	X – update incorporated into Chair/CE’s update
32	People and culture case study	X
33=35	Workforce Employment breakdown Table of new hires by gender Table of employee gender broken down by department Table of Parental Leave Staff Turnover update Table of HSW – LTIFR and TRIFR Update on Absenteeism	X Note: Gender breakdown is a SOI KPI; and TRIFR is also a SOI KPI. Both will be reported on via the Statement of Service Performance. A general update on these topics may be included in the Chair’s/CE’s update.
36	How we are delivering value: Customer and Stakeholders	X – update incorporated into Chair/CE’s update
38	Customer and stakeholders case study	X
	Update on reliable service Graph on unplanned water shutdowns restored in five hours Table on responsiveness in attending and resolving faults Table breaking down water complaints Table breaking down wastewater complaints Update on investment in community programmes	X – All of these measures are SOI KPIs. The Statement of Service Performance will include this. However, it will not include the breakdowns. Overview of community investment is available on our website - https://www.watercare.co.nz/Help-and-advice/Environment-and-community
39	Table showing contributions to education; WUCAT etc	X - High-level overview is available on our website (at above link) https://www.watercare.co.nz/Help-and-advice/Environment-and-community
40	How we are delivering value: Assets and Infrastructure	X – update incorporated into Chair/CE’s update

Page	Annual Report 2022	Annual Report 2023
42	Assets and infrastructure case study	X
43	Updates on unplanned water interruptions; dry weather overflows and wet weather overflows	X – All of these measures are SOI KPIs and will be included in the Statement of Service Performance
44	How we are delivering value: Intellectual Capital	X – update incorporated into Chair/CE's update
46	Intellectual Capital case study	X
48	How we are delivering value: Financial Capital and Resources	X – update incorporated in Chair/CE's update
50	Financial Capital and resources case study	X
54	Leadership and Governance – Bios of Board and their disclosure of interests	✓ - Companies Act requires particulars of entries in the interests register made during the accounting period to be included in the Annual Report. These are also included on our website (disclosures will be updated as of June 30, 2023) To comply with s32 Local Government (Auckland Council) Act, include a link to our website listing dates and times of board meetings and minutes.
55	Our executive team	X – Not a legislative requirement
58	Governance - Summary of Watercare's legislative framework, our governance framework and how we work, Board structure and functions	X – Information to be put on the website
60	Board member attendance at meetings	X - This information can be added to the website along with the Governance structure info above
61	Enterprise Risk Management and a table of our top 10 risks	X
62	Letter from the Environmental Advisory Group	X - EAG no longer exists so this can be removed.
64	Letter from the Mana Whenua Kaitiaki Manager's Forum	X – We will reference our work with the Forum in the Chair/CE's letter and include a link to our website where there will be further information on our work with the Forum
66	Stakeholder and materiality	X
70-73	Financial Report	✓
74	Independent Auditor's Report (Deloitte)	✓

Page	Annual Report 2022	Annual Report 2023
115	Statement of Service Performance	✓ ✓
118	Our value creation model	X
119	Glossary	X

Chief Executive's report – June 2023

Presented by: Dave Chambers



1. April 2023 update

April felt like a busy month as it was compressed with public holidays, which made it very short. With short weeks people often feel busy and we are seeing sick leave creep up. This is not helped by ongoing rain, which has resulted in a drop in customer net satisfaction and in increase in complaints. To address these issues, we have implemented workshops on managing sickness and promoting wellness to support our people. On a positive note, however, staff turnover is the lowest it has been in 8 months.

In terms of key updates this month, of particular note are the following:

New owner for our satellite labs in Invercargill and Queenstown

We sold our Invercargill and Queenstown-based labs to Eurofins, a large global laboratory services provider. This sale is aligned to our Board's strategic direction to focus on what is core to our business. Eurofins officially took over full responsibility for our South Island staff, customers, and all operations on Monday 17 April 2023. The key thing for us was ensuring our staff and our customers were being looked after. All of our staff accepted job offers from Eurofins, with terms and benefits matching their current contracts at Watercare. Our customers were also informed of the sale to ensure that the transition was seamless.

Waters services reform

The latest developments and activities as we advance into the Water Services Transition Programme:

- The government has confirmed that there is potential for an earlier start date, i.e., 1 July 2024, and this is the date that Entity A are preparing for.
- Further transition funding (tranche B) will be considered by Cabinet in June 2023.
- We have been informed that the DIA is reviewing their oversight and monitoring role related to significant water-related decisions. They have noted that they are updating their draft guidance on how this might work and have said we can expect to see it by the end of May. At the time of writing this, the guidance has not yet been received.
- The position review and pathway consultation process with our staff continues. To date, this process has been communicated via email to all staff. We are, however, expecting a more targeted approach in delivering news and communications directly to our staff soon.
- Digital programs and data transfers are significant. The DIA are establishing Product Communities that will represent a national user experience network, who will have the opportunity to influence the digital products being built for the water service entities. We expect to nominate some of our staff to participate in the coming weeks. The communities are Customer and Billing, Finance and Supply Chain, Asset Management and People and Workforce Management.
- 'No Worse Off' funding methodology is expected to be circulated in early July.

Newmarket office lease extended until 2034

We successfully negotiated an extension on our Newmarket office lease until 2034. Jon Lamonte has confirmed that Entity A will take over the lease. While many aspects of the reform process are uncertain, we hope it provides some reassurance that one of our main offices will stay in the same place. This long-term extension has also led to some great efficiency gains, which is, of course, a big priority for us.

Kāinga Ora and the Auckland Council group launch Working Better Together

Working Better Together is a shared central and local government commitment to plan, invest and deliver infrastructure for the Kāinga Ora Large Scale Projects in Auckland. This commitment creates a once in a generation opportunity and certainty to deliver a 10+ year redevelopment programme. This partnership was formally signed in September 2022, however during April we hosted an event in The Hub at Newmarket, bringing together more than 90 people – from Kāinga Ora, Auckland Council, Auckland Transport and Watercare – to share our collective vision for this partnership. This event set the stage for a joined-up approach across these organisations to working better together and delivering infrastructure for Auckland more effectively.

Site visits

Consistent with previous months, I continue to get out and about on site as frequently as possible. It is great to get out and talk to our people and see the scale of what they are achieving every single day. I had a great day out at MSN, a CI tunnel visit and the Prime Minister's visit to Rosedale wastewater treatment plant. Our Rosedale floating solar array served as a renewable energy showcase for prime minister Chris Hipkins and energy minister Megan Woods. They were interested to learn more about the great work we are doing with renewable energy – something we should all be very proud of.

Our company purpose has been simplified

An important and ongoing focus for me is ensuring that everyone in Watercare understands and believes in our company purpose. To achieve this, our company purpose needs to be clear and easy to remember. With this in mind, and we asked for feedback on our purpose and as a result we have simplified the English translation. The Te Reo and English version of our company purpose are:

*Ki te ora te wai, ka ora te whenua, ka ora te tangata
When the water is healthy, the land and the people are healthy.*

Celebrations and shout outs

In April 2023, our [Upper Nihotupu Dam celebrated 100 years](#). It is Auckland's second oldest dam and from an operational perspective, this dam provides a really important water source for Auckland. It is gravity fed so we do not have to rely on pumping, which makes it one of our cheaper and more sustainable water sources. It is also completely off-grid - it generates power from micro hydro turbines that operate off a constant flow of water, which is released from the dam as one of our consent conditions. These turbines, and a solar panel, create enough power for valve operation, communications, the control system, and lighting. This dam has stood the test of time, and we think that is something to celebrate!

2. Key performance measures

There are 8 metrics in our SOI we anticipate we may not achieve by FY23. These are predominately people related and impacts due to weather events. Climate emissions are ~12% above target.

- 2.1. Gender workforce ratio:** our target for this measure is 40% men, 40% women and 20% any gender. April 2023 results were 38.52% women and 61.48% men. We have increased female representation by 4% since 2020/21, but are unlikely to meet the target by year end.
- 2.2. Employees in fixed term and/or permanent roles, including leadership positions (Tier 3 and above) identify as Māori:** The target is 6%. Our results for April 2023 were 4.8%. Challenges in the current reform environment, means this target is unlikely to be met by year end.
- 2.3. Culture and leadership,** 100% of Tier 1 to Tier 4 who have completed 10+ leadership walks per year. This KPI does not appear to be effective. We are other metrics to establish lead indicators, with a focus on improving our health, safety and wellbeing outcomes.
- 2.4. Attendance at sewerage overflows resulting from blockages or other faults** was 67 minutes, above our target of 60 minutes or less. This is a rolling-12 month average impacted by the storms. Our performance excluding the storms would be 58 minutes. The year has been wet beyond just the severe storms of January and February 2023.
- 2.5. Average number of wet weather overflows per engineered overflow point discharge** was 5.66, above target of less than 2 overflows per year. This is a 12 month rolling average, impacted by the storms. 90% of our yearly rain has already fallen in Auckland this year. Our performance excluding the storms would be 2.4.
- 2.6. Total recordable injury frequency rate (TRIFR) per million hours worked (12-month rolling average)** is 20.51, which is above our target of less than 10. Health and safety remains a focus for Watercare.
- 2.7. Greenhouse gas emissions from Scope 1 and Scope 2 emissions** (operational mitigation): Our unaudited results at the end of Q3 indicate we may miss the FY23 target by ~10500 tCO₂e (~12%). We are reviewing our co-generation approach and the high inflows into the wastewater treatment plants to understand the trade-offs between operating procedures, energy production, natural gas use, budget efficiency and meeting targets for GHG emissions. Increased flows through WWTP due to weather events increases our WW process emissions.
- 2.8. Employee net promotor score (eNPS):** The next survey is in June 2023. In light of the challenging reform environment, it is possible we may miss the >20 target.

[Attachment 1](#) sets out Watercare's performance against the current Statement of Intent measures for April 2023.

3. Our people and customers

3.1 Our people

In April 2023, 16 kaimahi in our retail operations team graduated to achieve an NZQA Level 3 Certificate in Contact Centre qualification. The course consists of three key themes – customer service focus; health, safety and wellbeing, and customer service systems – split across nine theoretical modules and one practical assessment. It is a great achievement for this team to achieve a nationally recognised qualification to support their on the job experience.

[Attachment 2](#) is a workforce snapshot for April 2023. Our turnover has continued to drop month on month since February and to the lowest level since August last year. Rolling sick leave and monthly sick has increased slightly showing a slight trend upwards since January.

3.2 Our customers

The rain events in the first half of the year in Auckland have posed significant challenges for our customers. Some customers have faced a significant inconvenience and/or property damage due to a surge in stormwater, wastewater overflows and in some instances water outages. While our initial customer feedback was very positive, acknowledging our prompt response and effective targeted communication during the weather events, customers' patience is wearing thin. Everyone who is still impacted, now expects to be prioritised. Unfortunately, we are not able to resolve all issues instantaneously, resulting in very challenging conversations for our frontline staff. This has negatively impacted our Customer Net Satisfaction Score across all customer touchpoints. Over the past four months, the score has decreased by 6 points, dropping from 51 in December 2022 to 45 in April 2023 (12-month rolling average).

The Watercare flood recovery team has added more resources for community engagement to ensure affected customers and communities are kept abreast of plans and progress on temporary and permanent restoration of our services, through a single point of contact.

Network Discharge Consent Strategy Community Engagement undertaken every six years. This is a large programme of work with many engagement channels (i.e. drop in session, public displays and workshops). The updated strategy outlines:

- Existing performance of the network
- Outcomes of completed improvements works
- How existing performance will be improved and how urban development will be provided for
- The purpose of the process is to put the customer at the heart of everything we do.

This strategy will be submitted to Auckland Council (Regulator) June 2023.

4. Operations

4.1 Water resources

The leak management programme is ongoing. Since the start of the programme approximately 17,174 kms have been surveyed to date with 10,300 leaks found.

4.2 Water quality

Formal compliance reporting to Taumata Arowai has commenced with reporting systems operational.

Microbiological and chemical compliance was achieved in April for all water treatment plants (WTPs) and Distribution Zones.

Residual disinfection compliance has also been fully achieved for all distribution zones.

Watercare's internal audit team is currently preparing for internal audit of our Drinking Water Safety Plans.

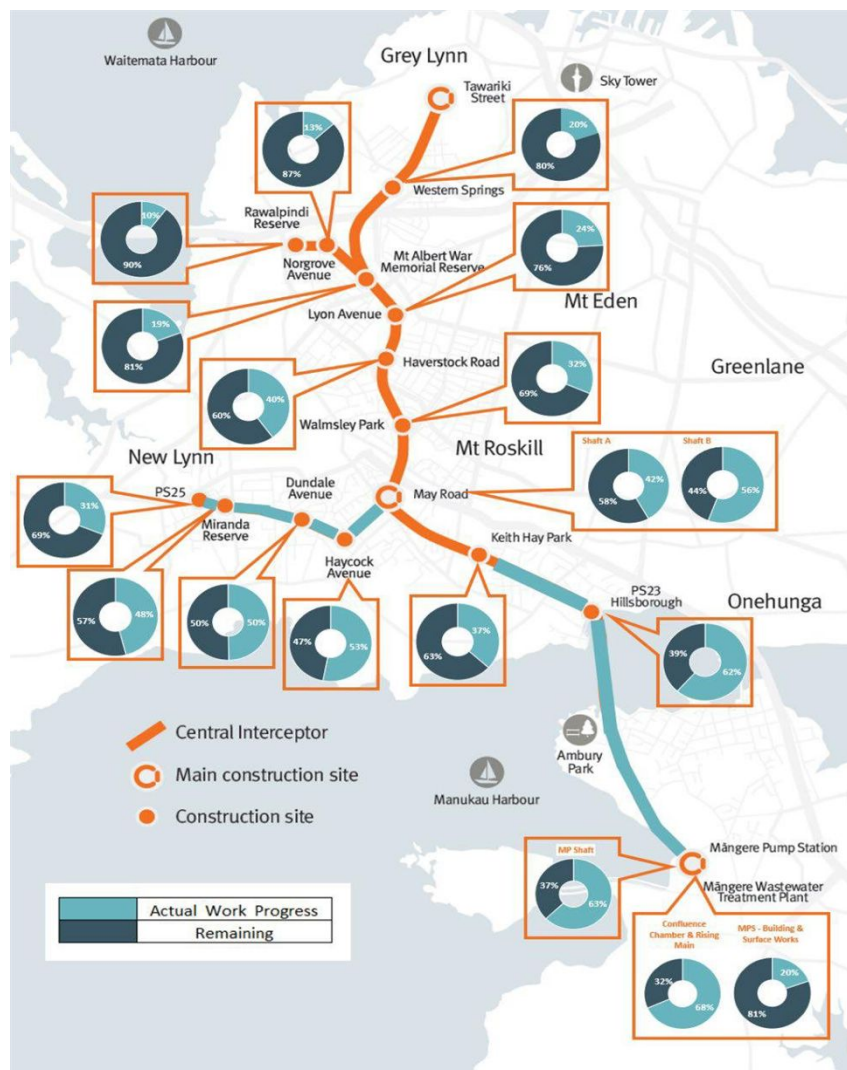
In relation to Emerging Contaminants (Microplastics, PFAS, nematodes, nitrates, viruses), new research highlights new areas for investigation will be required. Our Water Quality Science team is looking into global trends and learnings that Watercare should be aware of.

Full compliance with the Drinking Water Quality Assurance Rules has been achieved for Cyanobacteria and Cyanotoxins compliance. Alert Levels represent amount of monitoring required rather than compliance status. [Attachment 3](#) sets out water quality report for April 2023.

4.3 Flood response recovery

Work continues on the flood recovery, with immediate focus on reducing local network overflows and overland pumping for environmental outcomes. We submitted our initial insurance claim at the end of April and with are working with AON to ensure our submission gives the best possible chance of a successful claim.

[Attachment 4](#) outlines the most recent update from the Flood Recovery Working Group (FRWG).



5. Partnership

As the October national elections draw closer, requests for information and engagement from MPs continues to grow. It is especially important that Watercare staff and directors remain politically neutral when representing the company, maintaining the balance between providing information and inadvertently supporting campaigning activities. Our elected member relationship team is monitoring these requests and continues to provide guidance as appropriate.

6. Central Interceptor

Work on the Central Interceptor continues across all sites, with progress shown in the graphic. Milestones continue to be achieved across the project as construction is ramping up.

The project organised a recognition of World Safety Day on 28 April 2023. Safety workshops were held across the project to recognise the occasion and engage employees in safety-related discussions.

The Main Tunnel advanced 392m in April, with a total length of 5,550m installed at month end. This is 73% of the Southern Tunnel completed.

The first of the main header discharge pipes in the Māngere Pump Station (MPS) were installed in April to signal the MPS progressively moving into the MEICA (mechanical electrical, instrumentation, controls, automation) works phase.

Diversion Chamber external walls were completed and piling work for the Confluence Chamber is ongoing whilst having no impact on the Eastern and Southwestern Interceptors. Odour bed 3 construction was completed with commissioning expected in early June 2023.

The micro TBM maintenance and refurbishment work was completed in preparation for Link Sewer B tunnelling work.

TBM site establishment works are ongoing at May Rd. Also at May Rd, preparatory work for the installation of the GRP modules in Shaft A and the permanent concrete lining in Shaft B is progressing well.

Eight submissions were received in relation to the Pt. Erin resource consent application. Responses to each submission being prepared.

Marihi Hohepa, our student engineer, featured in Te Ao Tapatahi, Mid-day News, Māori TV representing Central Interceptor's Ara Tataki programme.

7. Risk and compliance update

7.1 Enterprise risk management

The risks associated with the Auckland Anniversary Floods and Cyclone Gabrielle remain at a heightened level. Continued actions are being taken to address these risks and implement measures to mitigate them. A comprehensive report outlining the findings and actions from the incidents was presented during the May 2023 Audit and Risk committee meeting.

Watercare has provided feedback on corrections and improvements to the Auckland Civil Defence Emergency Management Group Plan, as recommended in Auckland Council's Bush Report. Collaboration with the Auckland Lifeline Group is ongoing, with the aim of sharing the insights gained from our response and identifying key priorities for enhancing our preparedness for future incidents.

On 9 May 2023, a Level 3 incident was declared due to a heavy rain and severe thunderstorm warning, triggering an incident management response. The following day, after a risk assessment, it was determined that the wind gusts expected later that afternoon would remain below the threshold and pose a low risk. Furthermore, there were no imminent factors on the horizon that could elevate the risk profile beyond the normal level. Present efforts are focused on learning lessons from this incident and incorporating them into future strategies.

7.2 LGOIMA requests

In April 2023, we received eight requests for information under the Local Government Official Information and Meetings Act 1987 (the Act). One of these requests was forwarded to us from Auckland Council. We processed all eight requests in accordance with the Act.

7.3 Legal action

- RMA related:
 - Huia Water Treatment Replacement Plant: The second mediation session that was set down for May 2023 has been cancelled due to the unavailability of several of the appellants. The mediation session has been rescheduled for the end of June. The experts in Kauri Dieback and ecological compensation have continued to caucus as directed by the Environment Court. The ecological compensation package has been settled, whereas the debate on the appropriate treatment of Kauri Dieback is ongoing. Watercare continues to seek the resolution of the issues that the neighbours have with the proposed plant. The three key activities we are undertaking are:
 - a) continuing the resource consent process including the Environment Court process, and the timeframe is unfortunately out of our control;
 - b) continuing our other planning activities, including confirmation of our design basis for the facility; and
 - c) planning for the infrastructure required to support the plant (i.e. raw water infrastructure and the drinking water network infrastructure).
- Non-RMA related:
 - There is currently one claim for \$1.2m for alleged damage to a residential property from a burst watermain. The matter is being handled by our insurers. A further update is expected in late 2023.
 - In February 2023, Watercare was served with a copy of proceedings lodged in the Māori Land Court by Te Runanga o Ngati Whatua, Ngati Manuhiri Settlement Trust concerning the legal status of the Hōteu River bed. Watercare owns property in Wellsford that adjoins the river and draws water from the river. Watercare filed a notice of intention to appear in late March 2023. Further updates not expected for some time (years).

7.4 Whistleblowing

There have been no disclosures made through the PwC whistle-blower service since the last Board meeting. All disclosures are reported to the Audit and Risk Committee on a quarterly basis.

7.5 Non-compliance with resource consents

Consent non-compliance improved from 34 consents technically or fully non-compliant to 22, with nine full non-compliances (down from 15) and 13 technical non-compliances. Of the nine full non-compliances, four relate to wastewater treatment plants that have upgrades scheduled in the Asset Management Plan (Clarks, Waiuku, Army Bay and Warkworth). The two non-compliances for water treatment relate to supply chain issues. There was also an issue with dewatering associated with the Dunkirk Road wastewater upgrades project; the project team is working with Auckland Council to best resolve the problem.

The drivers for the 13 technical non-compliances are similar to previous months, including breaches of rolling annual statistics conditions (which persist despite issues being resolved) and a backlog of overflow reporting from the Anniversary floods and Cyclone Gabrielle that affect technical compliance with the suite of Watercare's Network Discharge Consents.

[Attachment 5](#) sets out the details on the significant non-compliance for April 2023.

8. Climate change delivery and sustainability update

Head of Sustainability Chris Thurston was invited and sponsored to attend and speak at the Global Water Summit in Berlin. Attended by around 800 delegates the challenges of climate change and how to fund a response was a key theme and topic of conversation. Chris discussed the Watercare approach to contracting and incentivising carbon reduction in our infrastructure delivery process through the 40/20/20 vision which was well received. Chris also took the opportunity to visit a specific wastewater treatment site and other contacts whilst in Europe to discuss progress on managing nitrous oxide emissions. There are learnings to bring home and it was clear that the questions Watercare are asking in the climate space are on point and the challenges are shared globally in the sector.

Our lab recently gained International Accreditation New Zealand (IANZ) accreditation for a robust method to detect total coliforms and *E. coli* in drinking water using MI Agar. Using this new approach is expected to save significant OPEX costs for the team and reduce plastic waste by up to 90%. This opportunity was identified internally by the team after changes by Taumata Arowai to the allowable methods for sampling.

9. Matters for noting

9.1 Governing Body resolution to approve an increase in capital expenditure for FY23

Auckland Council's Governing Body, at their 23 May 2023 meeting, received [Budget Update Report May 2023](#) (see from page 19). The Governing Body approved the following resolution.

That the Governing Body:

- a) *whakaae / approve Watercare's request to increase the planned capital expenditure for the 2022/2023 financial year from \$715 million to \$812 million*
- b) *tuhi ā-taipitopito / note that the additional capital expenditure will be funded by additional revenue, Shovel Ready funding, and additional debt funding of up to \$50 million*
- c) *tuhi ā-taipitopito / note that the additional debt funding can be accommodated by Auckland Council and does not materially impact Auckland Council's overall debt position or treasury risk*

d) tuhi ā-taipitopito / note that any increase in capital expenditure by Watercare has no impact on Auckland Council's operating budget gap for 2023/2024.

9.2 Significant meetings attended by the CE

- Meeting with Te Taniwha oo Waikato – a relationship meeting in which representatives from Te Taniwha oo Waikato and Waikato-Tainui were present. A request from Te Taniwha oo Waikato to have its own kawenata arrangements with Watercare was the primary purpose of the meeting. However, it was agreed that Te Taniwha oo Waikato and Waikato-Tainui would go away to discuss how shared outcomes for Te Taniwha oo Waikato could be achieved through Watercare's kawenata with Waikato-Tainui (which is still being progressed but close to final sign-off).
- Prime Minister's visit to Rosedale WWTP – Our Rosedale floating solar array served as a renewable energy showcase for prime minister Chris Hipkins and energy minister Megan Woods. They were interested to learn more about the great work we are doing with renewable energy.

10.Delegated authority to Chief Executive

In accordance with the authority delegated to the Chief Executive by the Board for the month of April 2023:

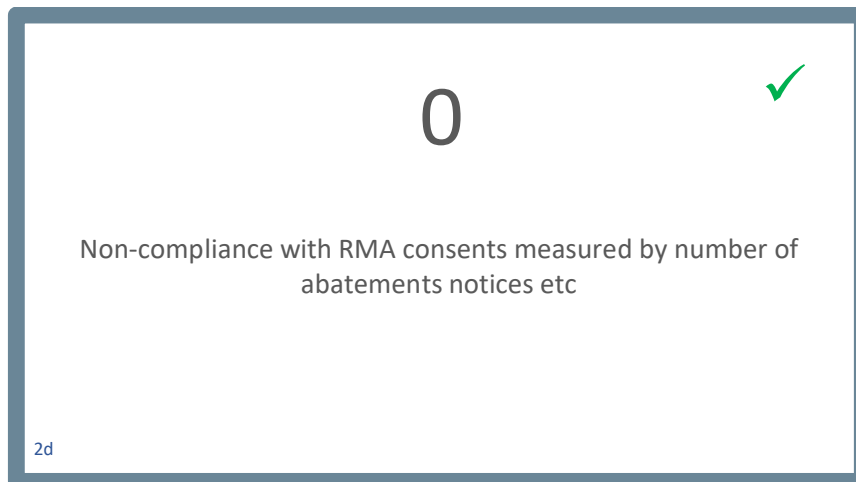
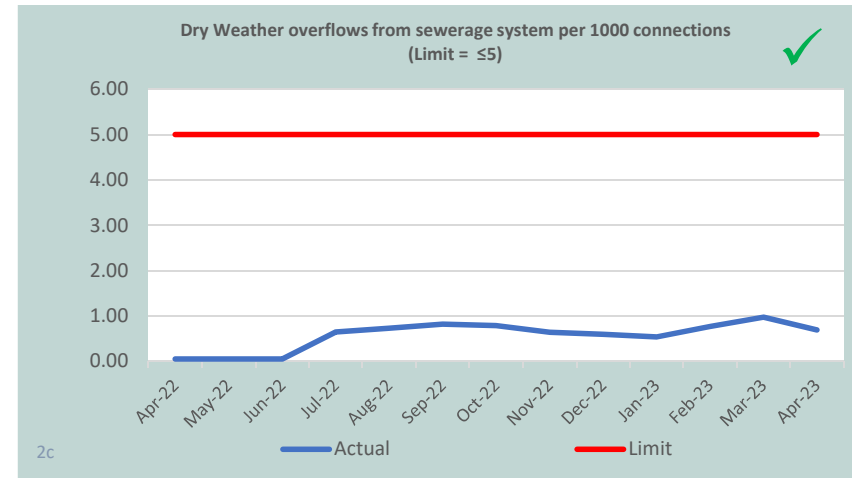
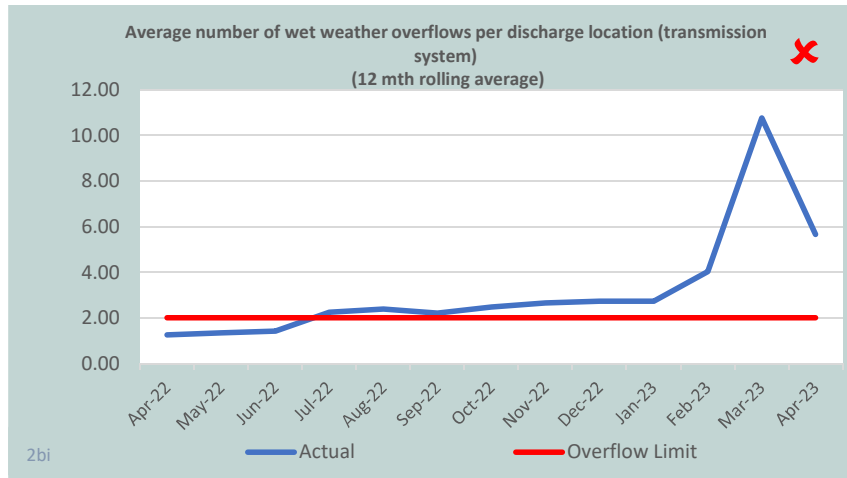
- there were three documents required to be signed by the Chief Executive in relation to deeds, instruments and other documents.
- there was one document signed by the Board Chair being renewal of the lease for 73 Remuera Road.
- there were six capex approvals signed below a threshold of \$50m.
- there were two contracts approved over \$100,000. They are as follows:

Contract description	Successful supplier
Howick Water Main and Associated Works	March Cato Limited
Hobbs Bay Pumping Station Contingency	ACH Consulting Limited

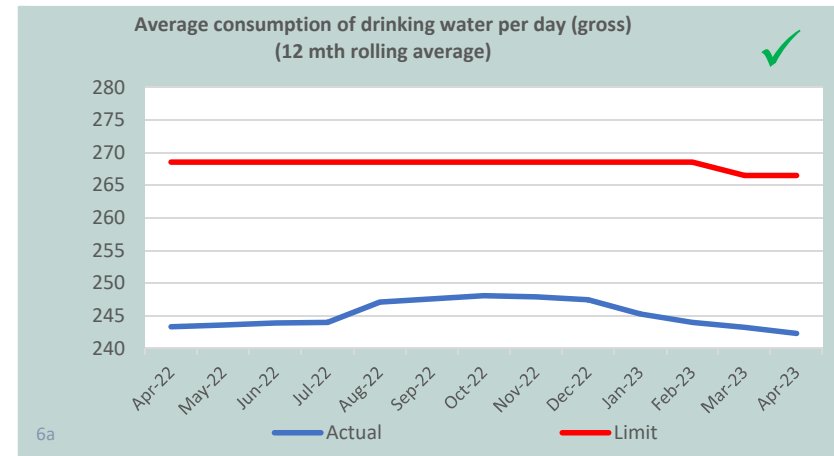
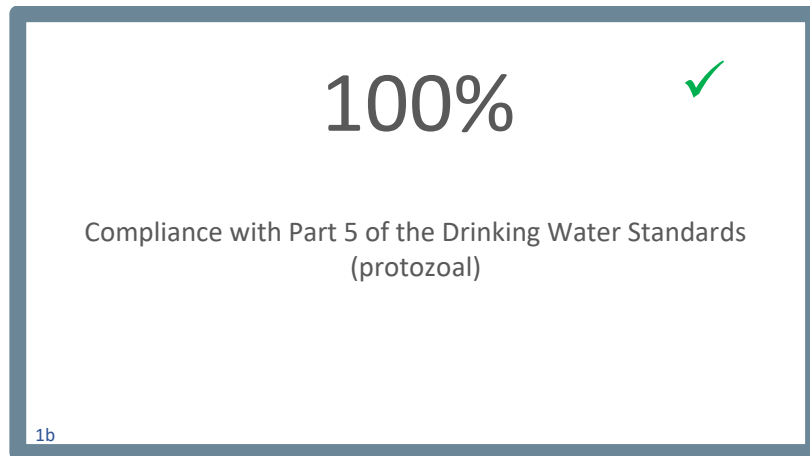
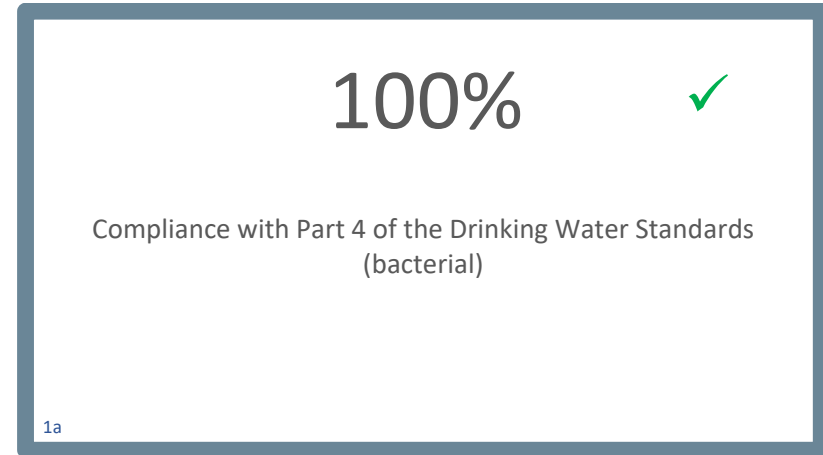
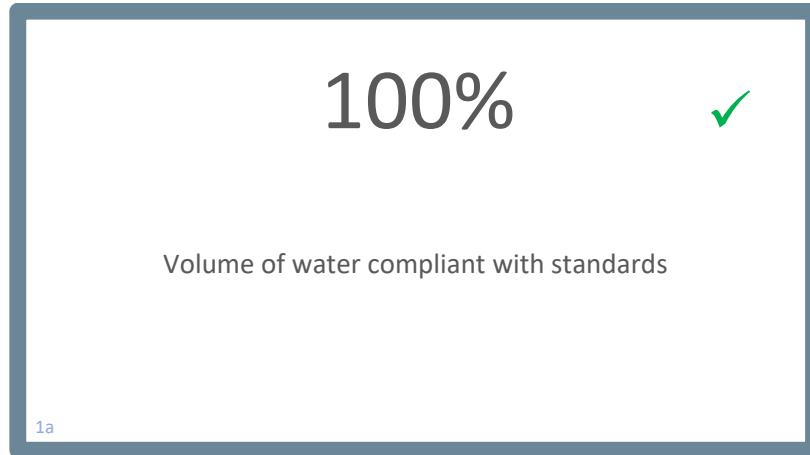
Dave Chambers
Chief Executive

Attachment 1 – Performance against Statement of Intent measures

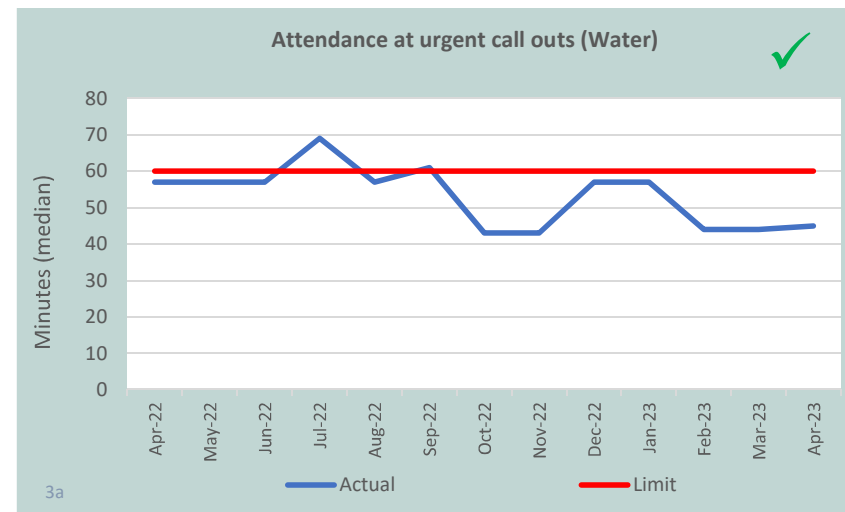
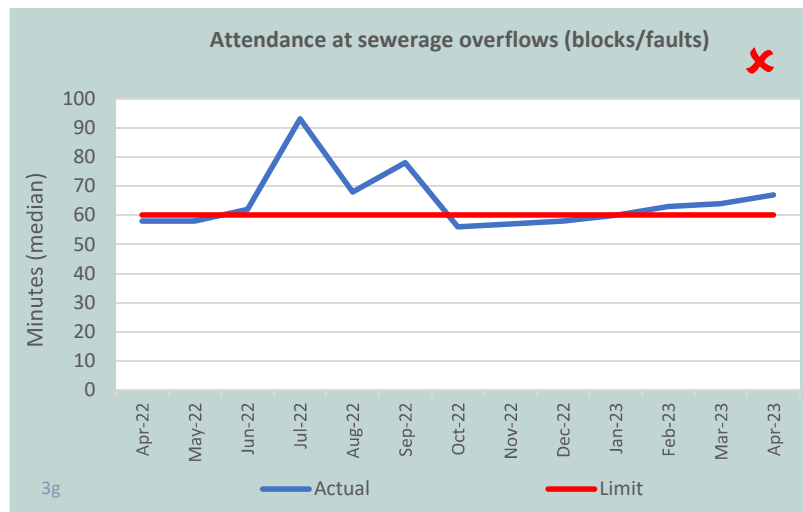
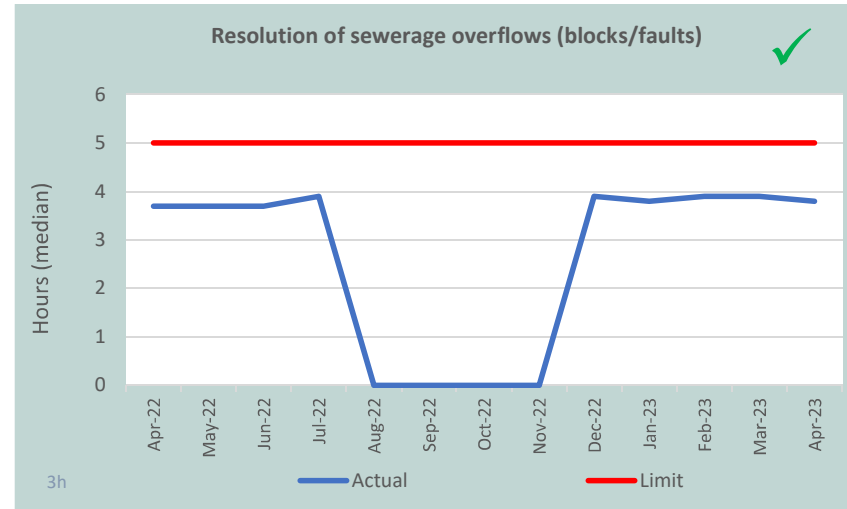
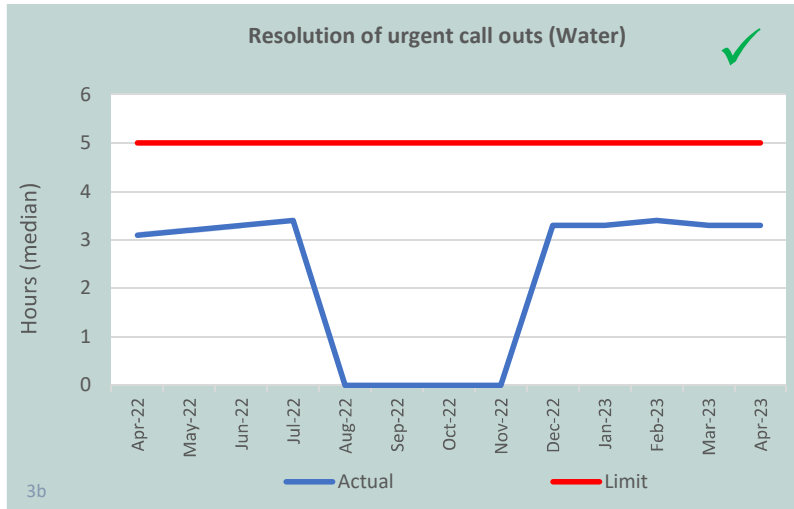
SOI Measures — Natural Environment



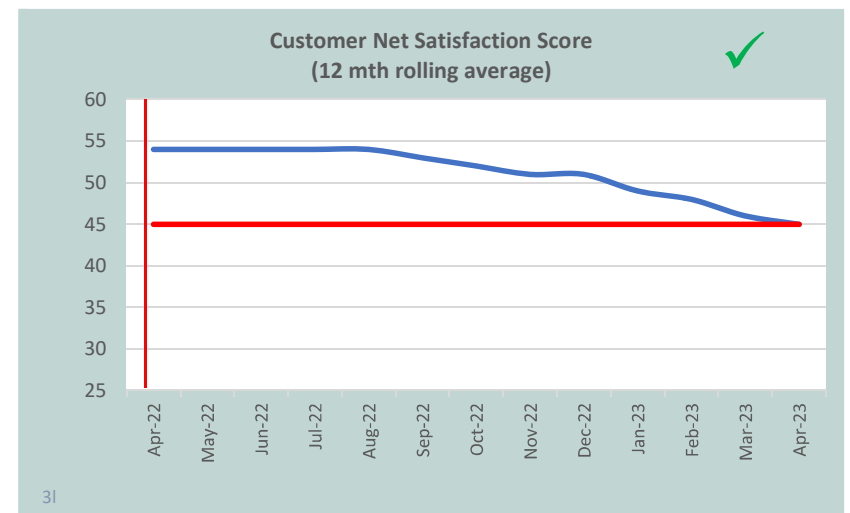
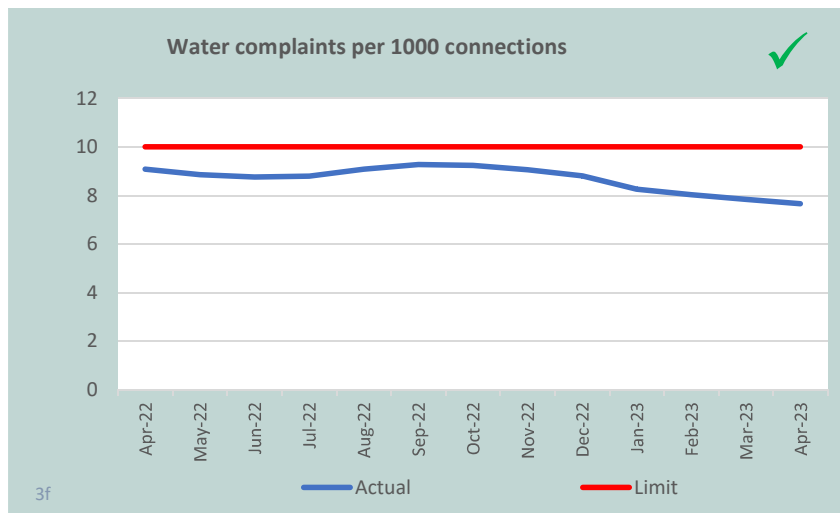
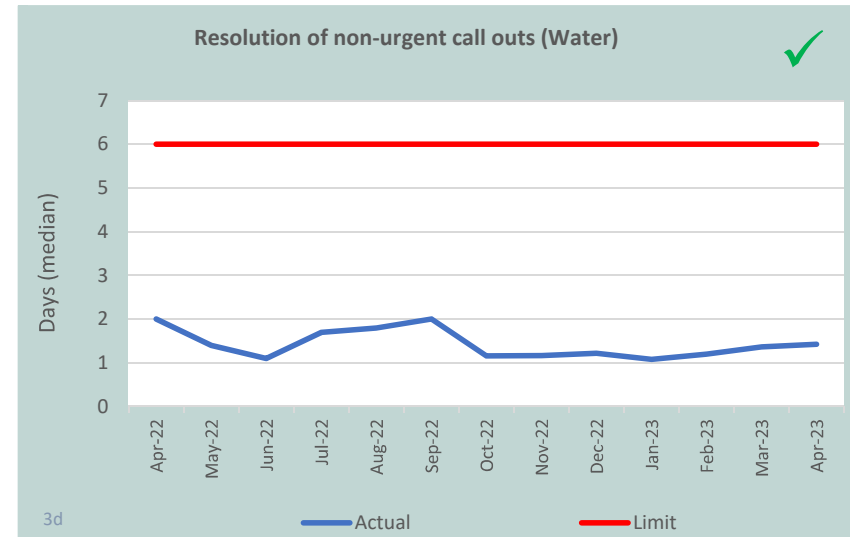
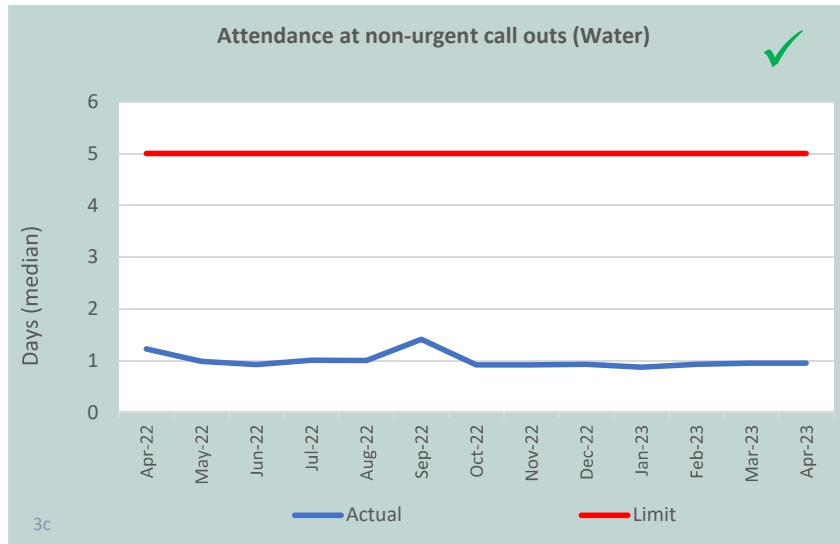
SOI Measures — Assets and Infrastructure



SOI Measures — Community and Stakeholder Relationships



SOI Measures — Community and Stakeholder Relationships



Watercare performance measures (unaudited)

No.	Measure	FY23 Target	Actual			Commentary
			April 2023	March 2023	February 2023	
1.	Total recordable injury frequency rate (TRIFR) per million hours worked (12-month rolling average)	<10	20.51	19.58	19.55	Target has not been achieved and is unlikely to be achieved by year end as it is a rolling average. We are focussing on understanding the effectiveness of critical risk controls and have refreshed our HSW commitment. We are working towards a human-centred safety culture based on the following principles: people make mistakes; blame fixes nothing; context drives behaviour; learning is vital; response matters. In practice, this means: celebrating champions and good HSW behaviours; sharing learnings and best practices; and hands on, meaningful training.
2.	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by the territorial authority in relation to those resource consents <i>Note the assumption is that abatement notices received relates to new notices issued in the financial year.</i>	 ≤2 ≤2 ≤2 0	 0 0 0 0	 0 0 0 0	 0 0 0 0	
3.	The average consumption of drinking water per day per resident within the territorial authority district (*litres plus/minus 2.5%) (12-month rolling average)	258 litres	242.27	243.33	244.00	

No.	Measure	FY23 Target	Actual			Commentary
			April 2023	March 2023	February 2023	
4.	The extent to which the local authority's drinking water supply complies with part 4 of the drinking water standards (bacteria compliance criteria)	100%	100%	100%	100%	This is a DIA measure and Watercare continues to meet this measure. In terms of water quality, New Zealand's new drinking water standards, overseen by Taumata Arowai, commenced on 1 January 2023 and Watercare started formal compliance reporting to Taumata Arowai.
5.	The extent to which the local authority's drinking water supply complies with part 5 of the drinking water standards (protozoal compliance criteria)	100%	100%	100%	100%	This is a DIA measure and Watercare continues to meet this measure. In terms of water quality, New Zealand's new drinking water standards, overseen by Taumata Arowai, commenced on 1 January 2023 and Watercare started formal compliance reporting to Taumata Arowai.
6.	Median response time for attendance for urgent water call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (minutes) 12-month rolling average.	≤ 60 mins	45	44	44	
7.	Median water response time for resolution of urgent callouts: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (hours) 12-month rolling average.	≤ 5 hours	3.48	3.35	3.35	
8.	Median response time for attendance for non-urgent water call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (days) 12-month rolling average.	≤ 5 days	0.95	0.95	0.93	

No.	Measure	FY23 Target	Actual			Commentary
			April 2023	March 2023	February 2023	
9.	Median response time for resolution of non-urgent water call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (days) 12-month rolling average.	≤ 6 days	1.43	1.37	1.20	
10.	The total number of complaints received by the local authority about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply f) the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system. (12-month rolling average)	≤ 10	7.66	7.84	8.03	Complaints reduced due to the significant volume of proactive communications sent to customers during the storm event.
11.	Attendance at sewerage overflows resulting from blockages or other faults: median response time for attendance – from the time that the territorial authority receives notification to the time that service personnel reach the site (minutes) 12-month rolling average.	≤ 60 mins	67	64	63	Target has not been achieved and is unlikely to be met by year end. The January/February weather events significantly impacted the 12-month rolling average. Resources continue to remain stretched due to our people working on permanent repairs following the January/February 2023 weather event, our people taking leave and days in lieu that they could not take during January/February. Additionally, the weather continues to be wetter than normal. Our performance excluding the storm would be 58 minutes.

No.	Measure	FY23 Target	Actual			Commentary
			April 2023	March 2023	February 2023	
12.	Attendance at sewerage overflows resulting from blockages or other faults: median response time for resolution – from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault (hours) 12-month rolling average.	≤ 5 hours	3.4	3.4	3.3	
13.	The total number of complaints received by the territorial authority about any of the following: a) sewerage odour b) sewerage system faults c) sewerage system blockages d) Watercare's response to issues with its sewerage system expressed per 1000 connections to the territorial authority's sewerage system (12-month rolling average)	≤ 50	24.20	24.67	25.74	Complaints have remained steady due to the significant volume of proactive communications sent to customers during the storm event.
14.	The percentage of real water loss from the territorial authority's networked reticulation system (12-month rolling average)	≤13%	N/A	10.87% (November figure)	10.14% (October figure)	<p>The water losses in this measure are calculated by deducting the volume of water sold and unbilled water usage (or non-revenue water) from the total volume of water produced. Due to meter readings being completed on a four monthly cycle, non-revenue water loss reporting is delayed.</p> <p>The storm event has caused 15% of meter reads to be missing over the December, January and February period of reporting. This has made leakage calculations (which are based on meter read consumption) to be unreliable for the period. This anomaly is being corrected.</p>

No.	Measure	FY23 Target	Actual			Commentary
			April 2023	March 2023	February 2023	
15.	The number of dry-weather overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system (12-month rolling average)	≤ 5	0.69	0.97	0.77	
16.	Average number of wet weather overflows per engineered overflow point per discharge location (12-month rolling average)	≤ 2 overflows per year	5.66	5.6	5.9	Target has not been achieved. Rolling average significantly impacted by January and February 2023 weather events. Results will continue to exceed target for the rest of the year due to significant volume of overflows experienced in the storm. Additionally, the weather after the storm continues to be wetter than normal. Our performance excluding the storm would be 2.4.
17.	Leakage performance [#] - litres/connection/day (l/c/d)	107.9 l/c/d	N/A	105.72 (November figure)	98.49 (October figure)	<p>The water losses in this measure are calculated by deducting the volume of water sold and unbilled water usage (or non-revenue water) from the total volume of water produced. Due to meter readings being completed on a four monthly cycle, non-revenue water loss reporting is delayed.</p> <p>February / March storms have caused 15% of meter reads to be missing over the December, January and February period of reporting. This has made leakage calculations (which are based on meter read consumption) to be unreliable for the period.</p>
18.	We are sourcing water from a diversity of sources; and we are preparing for, and promoting, the adoption of alternative sources of human drinking water in the future	Watercare to develop submission points to Central Government supporting	N/A	N/A	N/A	In early 2023, Watercare forwarded submission points that supported the adoption of more diverse water sources in the development of its Resource Management and Water Services Reform submission points. We are awaiting updated versions of the bills to see whether the submission points were incorporated.

No.	Measure	FY23 Target	Actual			Commentary
			April 2023	March 2023	February 2023	
		the use of desalination and purified recycled water as recognised sources of drinking water in New Zealand.				<p>Our CI project has a pilot wastewater reuse plant for beneficial use. The plant came into service in FY23. The plant is providing water for construction purposes to the contractor constructing the Central Interceptor tunnel. In the future, water from the plant will be used to test the new pump station being built at Māngere.</p> <p>We also have a number of other workstreams underway to promote the adoption of alternative sources of water, i.e.:</p> <ul style="list-style-type: none"> • We sell non potable water to the construction and mobile contractor industry • We are testing grey water in the home with Fletchers construction • We educate and encourage the use of rain tanks for outdoor use • We work with third parties to enable non potable water for irrigation, i.e. at parks and sports facilities.
19.	Employee net promoter score (eNPS)	≥20	Next survey in May 2023.	6 (March survey results)	N/A	Our March eNPS was 6, up from 4 in November 2022 (this is on a scale of –100 to +100). Also note that our employee engagement score increased slightly from 7.1 in November 2022 to 7.2 in March 2023 (on a scale of 1-10).
20.	Gender workforce ratio in fixed term and/or permanent roles, including leadership positions (Tier 3 and above)	40% men 40% women 20% any gender	F: 38.52% M: 61.48%	F: 38.51% M: 61.49%	F: 38.18% M: 61.82%	We have increased female representation by 4% since 2020/21, however, we are unlikely to meet the target by year end. Indeed, meeting these targets is a challenge in the current reform environment. Analysis shows we have high female representation in our early careers' programs e.g.,

No.	Measure	FY23 Target	Actual			Commentary
			April 2023	March 2023	February 2023	
						42% Grads, 70% interns. We have also implemented several positive initiatives such as Gender Tick accreditation, Ata Woman's Network, and improved policies and benefits for women.
21.	Employees in fixed term and/or permanent roles, including leadership positions (Tier 3 and above) identify as Māori	6%	4.80%	4.63%	4.50%	Expected recruitment and turnover over the next few months, and challenges in the current reform environment, means this target is unlikely to be met by year end.
22.	Safety improvement plans	100% of teams with a HSW Improvement Plan	100%	100%	100%	Improvement plans are in place for all sites and business units.
23.	Culture and Leadership	100% of Tier 1 to Tier 4 who have completed at least 10 leadership walks per year	20%	20%	25% (approx.)	This target will not be achieved by year end. This KPI does not appear to be effective. We are therefore establishing an entity wide monthly H&S meeting to discuss lead indicators, with a focus on improving our health, safety and wellbeing outcomes.
24.	Debt to revenue ratio	≤3.61	2.68%	2.68%	2.68%	Whilst the debt to revenue ratio is within our SOI target, cash headroom is tight and is being managed daily. The scale and acceleration of our capital project delivery and the lower-than-expected IGC revenue are impacting our working capital position. The impact of this improvement in capital delivery and any implications for funding is being assessed and will be provided to Board and Council for review and approval as required.

No.	Measure	FY23 Target	Actual			Commentary
			April 2023	March 2023	February 2023	
25.	Percentage of household expenditure on water supply services relative to average household income	≤ 1.5%	0.83%	0.83%	0.83%	
26.	Formal engagement with mana whenua of Tāmaki Makaurau	Partnering with mana whenua of Tāmaki Makaurau to achieve outcomes for Māori Each year, at least five priority outcomes within our Achieving Māori Outcomes Plan are being progressed with mana whenua (updated measure).	100%	100%	100%	6 of 10 priority outcomes identified within Kia Ora Tāmaki Makaurau. Initiatives under the following areas are being progressed: 1) Kia Ora te Hononga, 2) Kia Ora te Ahurea, 3) Kia Ora te Rangatahi, 4) Kia Hāngai te Kaunihera, 5) Kia Ora te Reo and 6) Kia Ora te Umanga. Te Rua Whetu have now completed their secondment with the NTU. However, the team are now providing support for Entity A and leading engagement with iwi and mana whenua in Te Tai Tokerau (Far North).
27.	Ratio of procurement sourced through Māori owned businesses	2%	Total spend 2.05% Direct 0.93%	Total spend 1.91% Direct 0.98% Indirect 0.93%	Total spend 1.88% Direct 0.98%	Total Māori business spend FY to date is \$16.87m (\$7.69m Direct, \$9.18m Indirect). Increase in spend this month is mainly due to the fact that Citycare is now reporting its Māori business spend. This means all works partner suppliers are now reporting Māori business spend.

No.	Measure	FY23 Target	Actual			Commentary
			April 2023	March 2023	February 2023	
			Indirect 1.12%		Indirect 0.90%	Work will now commence in working with professional service partner suppliers to obtain spend data from them.
28.	Integration/Adoption of Te Reo and Tikanga Māori within Watercare	Ensure all Tier 1-4 job titles include Te Reo Māori translation. and hold a Watercare Tikanga Māori experience for all staff	100%	100%	100%	Te Reo Māori translations for all Tier 1 - 4 job titles are complete.
29.	Percentage of customer complaints resolved within ten days of notification	≥95%	99.30%	99.02%	98.80%	
30.	Customer Net Satisfaction Score (Previously Net promoter score)	≥45%	45%	46%	48%	This is a 12-month rolling average.
31.	Community trust score	≥55%	59%	59%	58%	This is a 12-month rolling average.
32.	We will implement Mitigation measures in line with our emissions reduction targets. We will report annual greenhouse gas emissions from Scope 1 and Scope 2 emissions (operational mitigation) in line with our emission reduction pathway to meet 50% reduction by 2030.*	<88,400 tonnes CO ₂ e	74,407 (Q3 result)	74,407 (Q3 result)	45,347 (Q2 result)	Our unaudited GHG results at the end of Q3 suggest that we are likely to miss the FY23 target by ~10500 tCO ₂ e (~12%). This is a result of increased fuel consumption by our field service operators responding to storm related faults, increased wastewater volumes being treated due to the extreme weather events, and a change in energy production at Māngere WWTP to reduce electricity purchase. We are reviewing our co-generation operating philosophy and the high inflows into the wastewater treatment plants to better understand

No.	Measure	FY23 Target	Actual			Commentary
			April 2023	March 2023	February 2023	
						the trade-offs between operating procedures, energy production, natural gas use, budget efficiency and meeting our targets for GHG emissions.

Leakage Target for Economic Level of Leakage has now been established and as such two of the lines have been consolidated namely, Leakage Target and Leakage Performance.

**Note: these targets exclude emissions from Puketutu island as our current measurement methodology does not provide enough accuracy for a performance target. Actions to directly monitor emissions from this source as well as reduce them are being delivered and future SOI's will include these numbers.*

Attachment 2

PEOPLE DASHBOARD: April

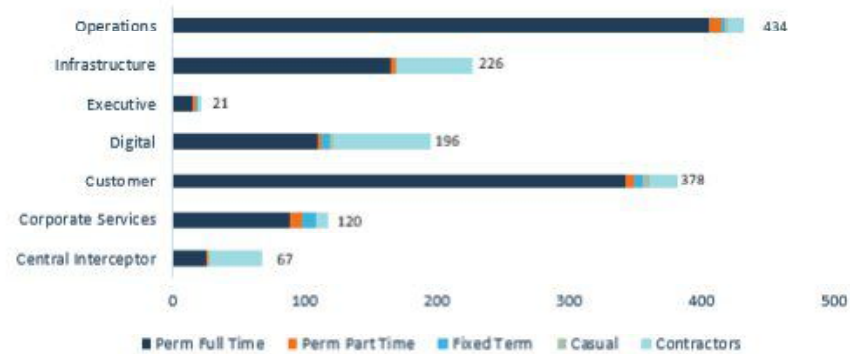
Note: As of 1 July 2022, reporting has been changed to align with Finance mapping - people to cost centre, not group.

Workforce Snapshot



* Contractors and Directors are excluded from the headcount figures above. Long term leave and parental leave employees are included.

Employees by Business Unit & Position Type



Active contractor information is based on data captured across both ServiceNow & PayGlobal.

New Hires by Month



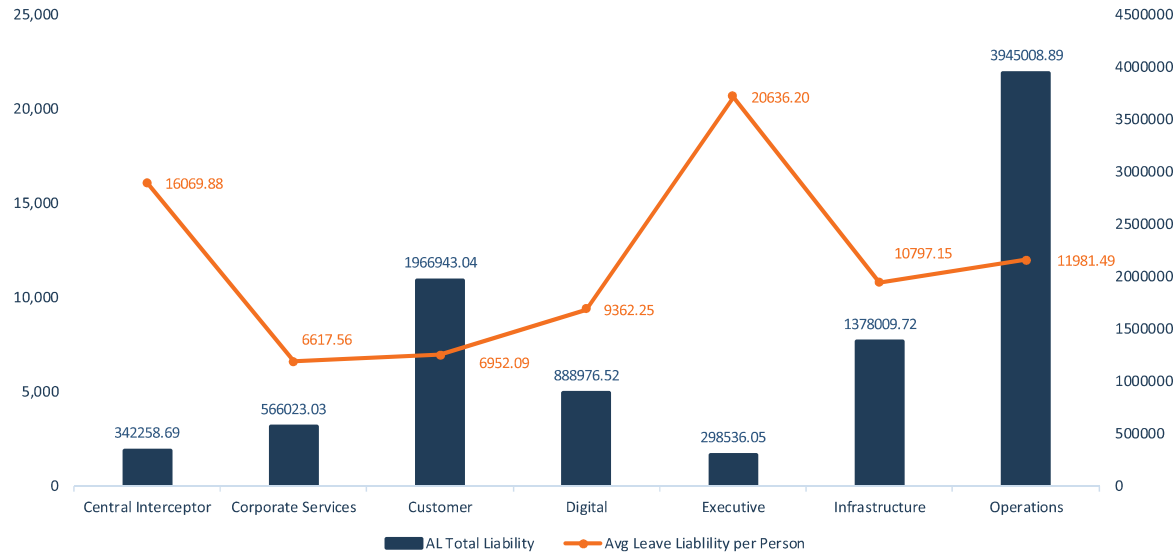
Current vacancies in recruiting process 70, -4 on prior month.
Hires by gender for April M:68.75%, F:28.13%, (3.13 Prefer not to answer).

Average 12 mos Rolling: Headcount V Voluntary Turnover(%)



This does not include anyone that has left for reasons other than resignation.
Only Permanent employees (full time and part time) are included in the data.

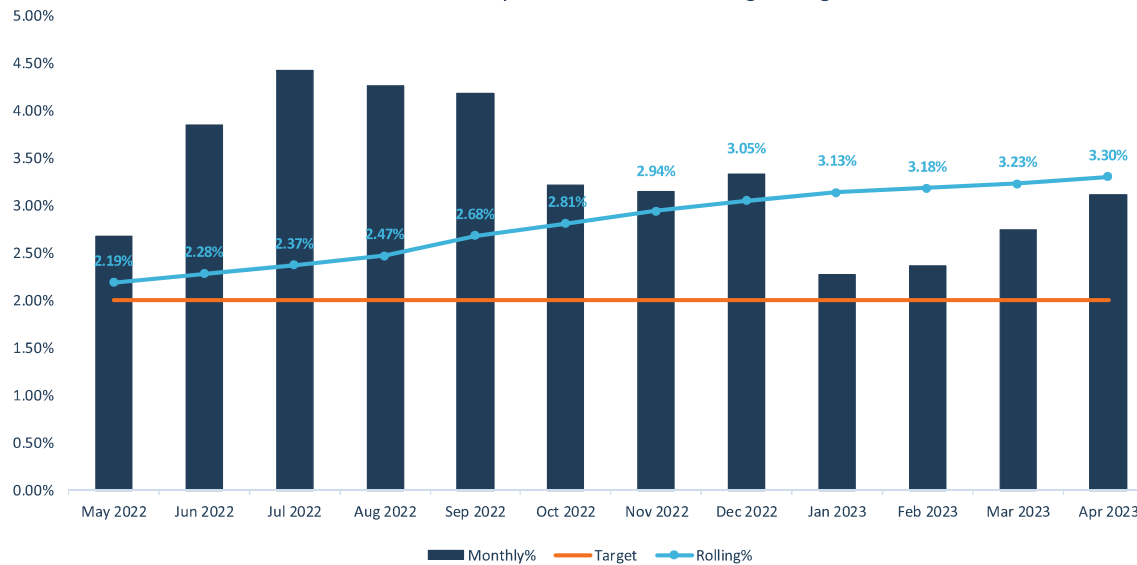
Annual & Long Service Leave Liability (\$ Value)



Includes all full time and fixed term employees. As at 30 April 2023, total annual leave liability dropped slightly to \$9.35 mil, while total long service leave liability remained stable at \$2.5 mil.

Average leave liability per person has remained stable per last month, continuing to track below Dec 2022 average per person.

Total Sick Leave by Month V 12mos Rolling & Target

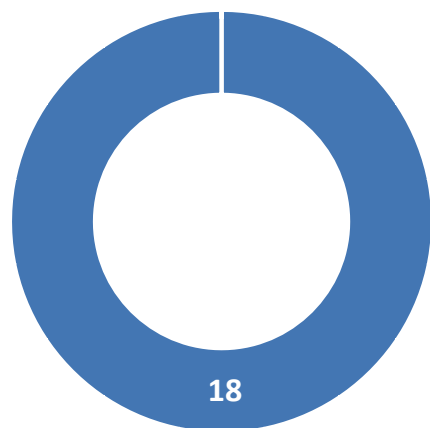


Attachment 3

Water Quality Report – April 2023

Scorecard

Status of Water Safety Plans



■ All WSPs have been submitted to Taumata Arowai in November 2022 as required

Compliance Summary

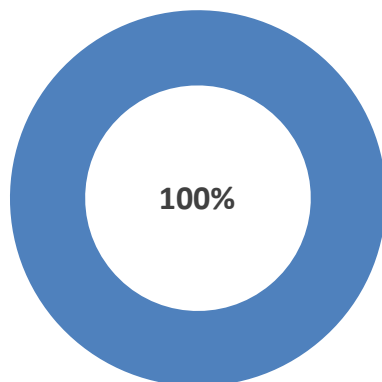
WTPs (17 total)

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

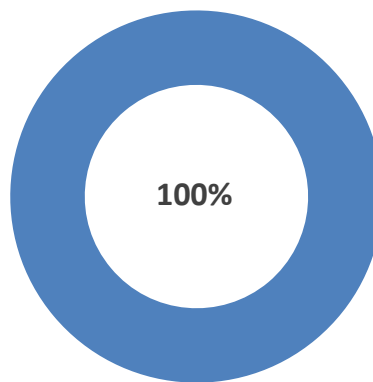
Distribution Zones (40 total)

Microbiological	100%
Chemical	100%

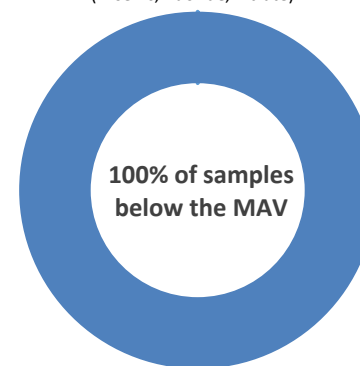
WTPs: *Bacterial** Compliance



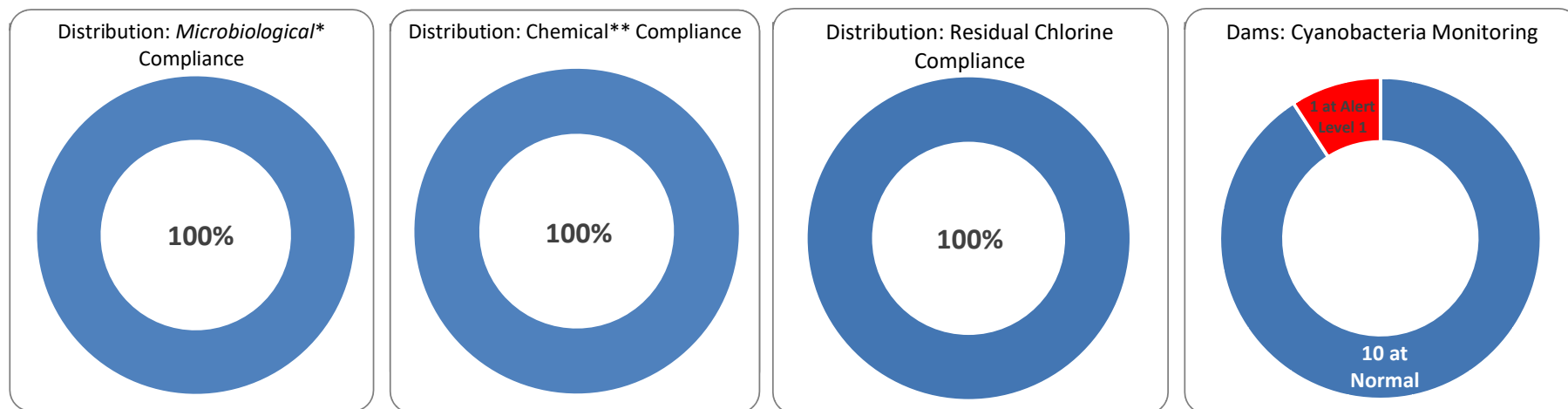
WTPs: Protozoal Compliance



WTPs: Chemical Compliance** (Arsenic, fluoride, nitrate)



11.3



*At the WTPs bacterial compliance is assessed on continuous monitoring results. In the distribution network microbiological compliance is based on *E.coli* monitoring to indicate the probable presence of bacterial contamination of water supply.

** Chemical compliance: At the WTPs determinands associated with chemicals dosed during the treatment process are monitored. In the distribution network disinfection by-products (DBPs) are monitored in each zone, and chlorates monitored in four zones where chlorine booster stations are utilised

*** Residual disinfection – 85% of free available chlorine samples in a month must be >0.20mg/L in each distribution network zone, with no results <0.1mg/L. Two results <0.1mg/L occurred in the Huia Village and High Head zones. Under previous regulations, residual disinfection was not a compliance reporting requirement. This is not a reflection of a change in water quality, but a change in compliance requirements.

Attachment 4

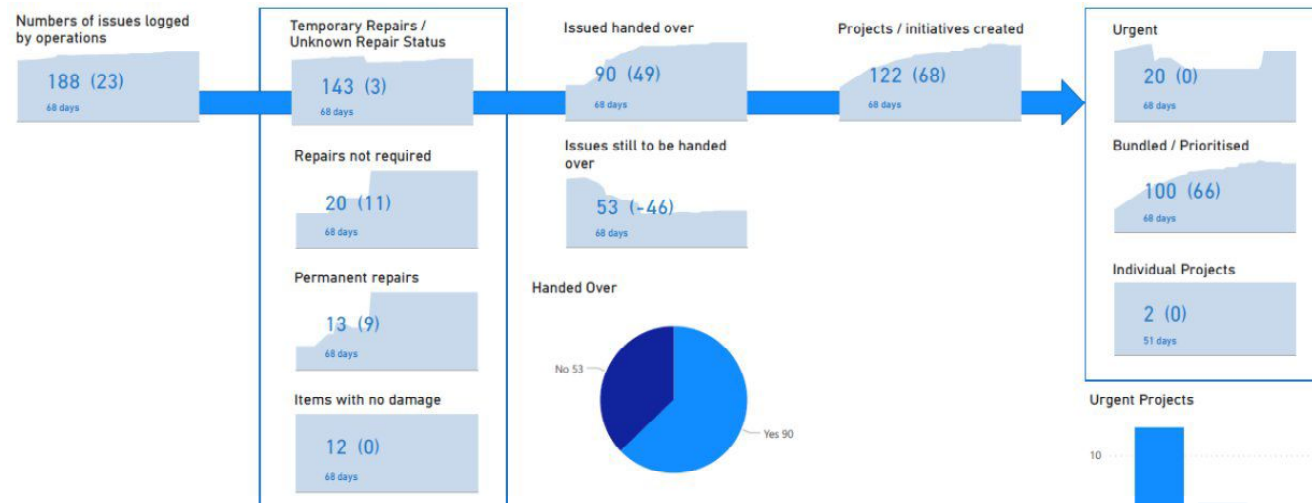
Flood Recovery Working Group - Update

June 2023

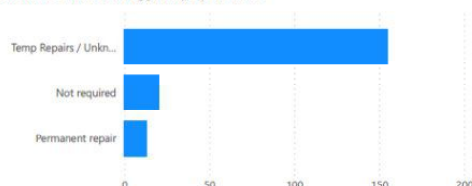
Watercare 

11.4

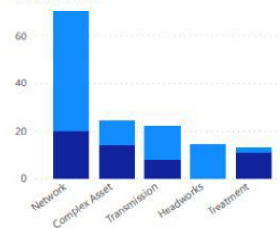
Handover Status



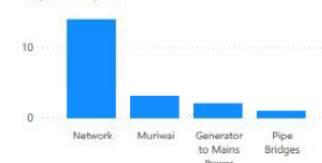
Numbers of issues logged by operations



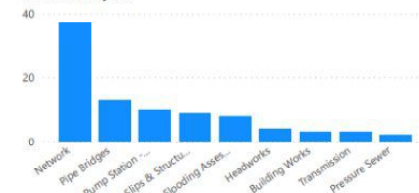
Handed Over



Urgent Projects



Bundled Projects



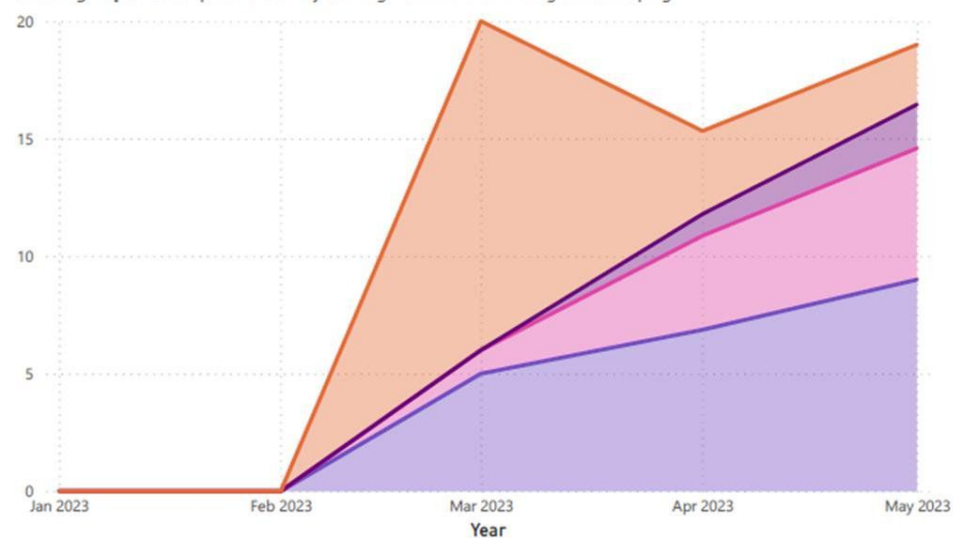
- Number of issues found and logged are stabilising
- No additional new issues logged since last month

11.4

Project Progress

Urgent Projects

Status (groups) ● Complete ● Delivery ● Design ● Initial Site Investigation / Scoping



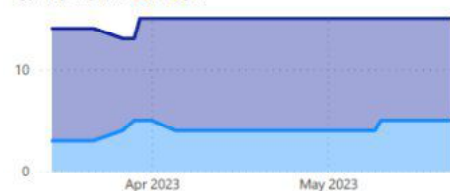
- We are making good progress moving urgent projects from the initial site investigation into design, delivery & construction
- Majority of the urgent works are now completed with a large amount of the remainder also in delivery

11.4

- Number of sites with Bypass pumping and Impacts to the Environmental are reducing

Bypass Pumping

Bypass pump in... ● no ● yes



Environmental Impacts

Ongoing enviro... ● No ● Yes



Stakeholder Engagement update

- Proactive comms with affected properties ongoing with dedicated Flood recovery team. Including proactive communication regarding works over processes
- Only one site which continues to require portaloo – Rosecamp Rd, Beach Haven (10 properties)
- Where possible, generators have been connected to residential power to limit disruption
- Permanent power connection to temporary supply pump imminent to eliminate generator.
- Working with the Ministry of Education regarding works behind Birkenhead College for site access
- Ongoing discussion with the Muriwai co-ordinator from Auckland Council about water requirements for Council operated facilities in the area

11.4

Adaptation framework

GOALS

- Focus is to return service levels as soon as possible and after any future events
- Avoid future impacts through moving assets or making changes to ensure it is protected
- Build capacity and resilience to cope with future incidents through improvements
- Framework being developed that all long term fixes will pass through
- Level of adaptation required is based on
 - likelihood of future impact
 - Priority of effort – urgency
 - Long term planning

11.4

Attachment 5

The grading Watercare applies in the detailed breakdown of full non-compliance is consistent with Auckland Council's criteria. The grading is below:

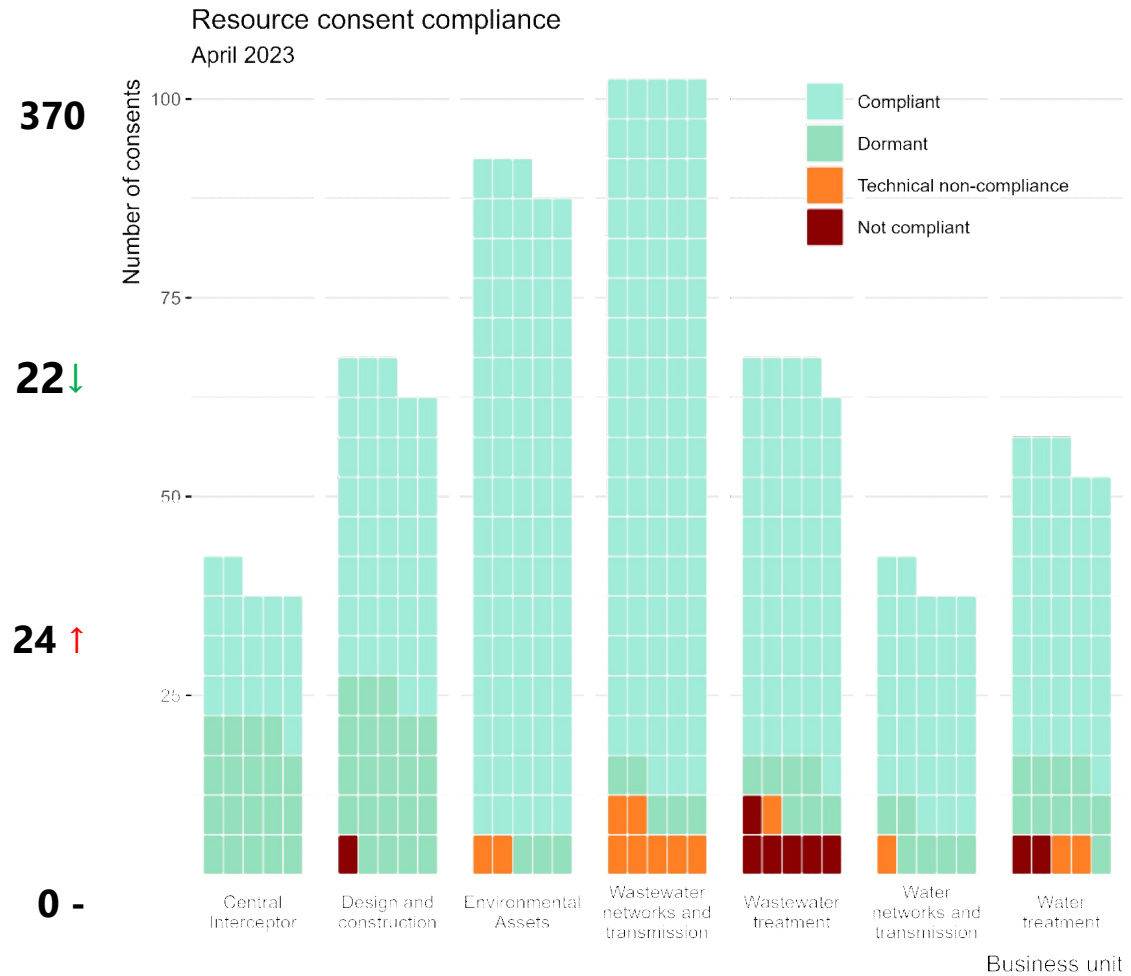
Rating	Detail
Category 1	Watercare has complied with the consent condition.
Category 2	Watercare has not complied with the consent condition. Watercare has assessed the non-compliance as technical or having no more than a minor adverse effect.
Category 3	Watercare has not complied with the consent condition. Watercare has assessed that non-compliance has the potential to result in minor adverse effects on the environment. Alternatively, since the last audit, there is evidence of repeat Category 2 non-compliance.
Category 4	Watercare has not complied with the consent condition. Watercare has assessed the non-compliance as having the potential to cause significant adverse effects on the environment. Alternatively, since the last audit, there is evidence of repeat Category 3 non-compliance.

Active resource consents in April 2023

Consents with non-compliances in April 2023

Rolling 6-month average (non-compliant consents)

Consents under enforcement in April 2023



11.5

Significant non-compliances for April 2023 (excludes technical non-compliances)

Facility/Asset	Consent	Condition(s)	Issue(s)	Actions and Commentary	Resolution	Significance
Army Bay WWTP	DIS60331146	6	Monthly UV dose target not met.	Operations has optimised the solids' handling procedure, but issues remain related to solids carryover affecting performance. There is now an approved business case for a screens upgrade. This improvement project, scheduled for FY23-24 should reduce the frequency of non-compliance. But the screens upgrade on its own will not guarantee long-term compliance. Major capital upgrade needed. Conceptual design for Stage 1 upgrades starts in July 2023.	2026-2031 (per AMP) Date contingent on conceptual design, with that process starting July 2023.	Moderate (Grade 3): Long-term and repeat issue. Future grading will depend on the efficacy of the screens upgrade.
Clarks Beach WWTP	R/REG/2015/4227-A / DIS60084111	18	High faecal coliforms in discharge. Non-compliant for April.	Issues with UV lamps. Resolved. There will be a technical non-compliance until early 2024 as the compliance against a rolling annual statistic. The ultimate solution is the Southwest wastewater treatment plant.	Early 2024 (full compliance)	Low (Grade 2): Issue resolved. Very low risk of any adverse environmental effects.

Facility/Asset	Consent	Condition(s)	Issue(s)	Actions and Commentary	Resolution	Significance
Kingseat WWTP	24255 / DIS60264334	21	High suspended solids in discharge. Non-compliant for April.	The consent allows for a high result for every 20 samples collected (across a year). Increased solids carry over meant the treatment plant needed re-seeding (early May). The plant is otherwise fully compliant.	July 2023	Low (Grade 2): Non-compliance partially related to historical results. Very low risk of any adverse environmental effects.
Helensville WWTP	22225 / DIS60265455	6	Breach of annual rolling average volume limit. Non-compliant for April.	Exceedingly high effluent volumes in July 2022 and January-February 2023 meant a breach of the rolling annual average. A return to compliance relies on dryer weather and ongoing ingress & infiltration (I&I) improvement programme.	April 2024 at earliest (rolling statistic), contingent on I&I actions and weather	Low (Grade 2): WWTP was under an abatement notice, but it should return to full compliance over the next 12 months.
		7,17	High ammoniacal nitrogen in the discharge. Non-compliant in April.	Action underway. The upgrade project is now in the performance testing phase. Because the limits use rolling 12-month calculations, full compliance is unlikely until April 2024.	April-May 2024 (rolling statistic)	

Facility/Asset	Consent	Condition(s)	Issue(s)	Actions and Commentary	Resolution	Significance
Snells WTP	37993 / WAT60275761 37953 / WAT60274031	15	Observation monitoring not possible.	Equipment failures (level logger and sampling pump). Replacements may take months to arrive due to ongoing supply chain issues. A sampling procedure review is underway assessing alternative sampling methodologies to eliminate risks of future failures.	2-4 months	Minor (Grade 2) Data to date shows no environmental issues associated with water take.
Waiuku WWTP	DIS60334129	14	High ammoniacal nitrogen. Non-compliant for April.	The Waiuku WWTP has strict conditions for ammoniacal nitrogen between November and April (inclusive), but in extended periods of cold or overcast conditions, the technology of the WWTP is insufficient to meet the condition. The ultimate solution is the Southwest wastewater treatment plant.	June 2026 (current lapse date for Southwest discharge consent)	Moderate (Grade 3) Repeat issue, resolution contingent on completion of a separate project.
Warkworth WWTP	REG-67905 / DIS60050164 / DIS603386349	24	High-suspended solids. Non-compliant for April.	The plant is at hydraulic capacity, which increases the risk of solids carryover. The ultimate solution is the diversion of flows to the Snells-Algies wastewater treatment plant.	Early 2025 (date for completion of Snells-Algies WWTP upgrade and expiry of discharge consent)	Minor (Grade 2) Recurring issue, but a very low risk of any adverse environmental effects.

Board meeting | 13 June 2023
Public session



Health, safety and wellbeing update

For discussion

Te pou whenua tuhinga / Document ownership

Prepared by

Bronwyn Struthers
Head of Health, Safety and Wellbeing

Recommended and submitted by

Jamie Sinclair
Acting Chief Executive and Chief Corporate Services Officer

1. Te tūtohunga / Recommendation

We recommend that the Board notes and discusses this report.

2. Whāinga / Purpose

This report provides a comprehensive overview of health, safety, and wellbeing at Watercare.

3. Kōrero pitopito / The details

3.1 HSW Governance

- In April we completed the first stage of ISO 45001 certification. This involved a review of the framework, documentation, systems and processes. We passed this stage and proceed to the next stage in September 2023. Stage two assesses how well the system is implemented by the business and involves two weeks of audits across all sites.
- In addition, in May we successfully completed our ACC audit which means we continue under the Accredited Employer Programme.
- The above audits both noted an improvement in documentation, particularly in accessibility and readability. In focus groups, kaimahi said they were encouraged to report issues and incidents and they felt safety was a high priority in Watercare. Training, particularly competency records, continue to be an area for improvement and both kaimahi and leaders are not clear about injury management processes. These areas will be a focus for communication and improvement over the remainder of the calendar year.

3.2 HSW metrics – April 2023

Incident metrics are split between Watercare and contractors to provide more clarity.

3.2.1 Watercare incidents

	Note	2023				2022							
		Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul	Jun	May
No. of recordable injuries	1	4	5	7	4	0	2	5	4	2	4	5	2
Critical risk/all incidents	2,3	3/25	3/30	12/73 *	4/49	4/29	16/58	17/45	7/40	8/54	18/62	17/74	20/76
High-Potential Critical events	2	-	-	-	-	-	-	-	-	-	-	1 Driving	-

* Prior to March 2023, a combined WSL/Contractor number was reported

1. In April, there were four recordable injuries to Watercare kaimahi. All injuries required medical treatment.
2. Of the 25 Watercare incidents recorded in April, two required first aid on site, five needed no treatment, and 16 resulted in no injuries.
3. Critical Risk Exposures: There were no high potential critical incidents or close calls in April. There were three incidents involving critical risks, none of which resulted in injury.

Hazardous materials 1

- During a service clean, one of the four gas detectors in use alarmed. All entrants evacuated the tank. Work was suspended until clear readings were achieved and the gas detector was sent for calibration.

Driving 2

- In one incident, a truck entering Puketutu Island was found to be exceeding its load's weight limit. This was noted to the driver and transport company and will be monitored.
- The second incident involved a nose-to-tail vehicle incident that caused minor vehicle damage and no injury

3.2.2 LTIFR / TRIFR measures



3.2.3 Contractor incidents

	Note	2023				2022							
		Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul	Jun	May
No. of recordable injuries	1	5	4	8	6	3	3	7	5	4	9	6	8
Critical risk/all incidents	2,3	4/17	21/45	12/73*	4/49	4/29	16/58	17/45	7/40	8/54	18/62	17/74	20/76
High-Potential Critical events	2	-	-	-	-	1 Suspend -ed load	-	-	1 Mobile plant	-	-	-	-

* Prior to March 2023, a combined WSL/Contractor number was reported

- In April there were five recordable injuries to contractor kaimahi.
Three of these injuries required medical treatment, and two resulted in restricted duties.
- Of the 17 contractor incidents recorded in April, three required first aid on site, one needed no treatment and eight resulted in no injuries.

3. Critical Risk Exposures: There were no high potential critical incidents or close calls in April. There were four incidents involving critical risks, none of which resulted in injury.

Tunnelling 1

- During a pipe jacking installation process, the pipe was severely damaged and work was stopped. Drill fluid had drained from the pipe during a period of inactivity and was not picked up. There was no exposure to harm and no injury.

Mobile plant 1

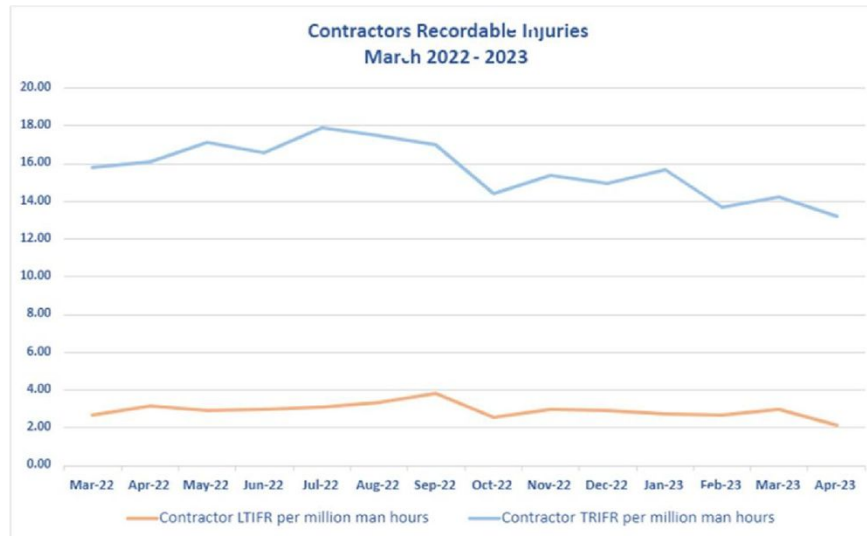
- At the end of the shift, when moving the crane to a safe position, part of the track of a crane broke.
- The crane was had been mobilised to site that day and was being inducted so had not yet been used for work on site.

Stored Energy 1

- When isolating a pressure relief valve, a connection blew off under pressure. The valve had not been installed correctly.

Service strike 1

- A 50mm diameter water pipe was scraped by an excavator. The pipe was not on any drawings or plans.



3.3 Critical risk review – Manual task / Musculoskeletal disorders

What are Manual tasks and musculoskeletal disorders?

Manual tasks are any activity requiring a person to lift, lower, push, pull, carry or otherwise move, restrain or hold any person, animal or thing. It used to be referred to manual handling. An example might be lifting gear in and out of a truck, but it also can include office work.

Manual tasks can be a major factor in the development of musculoskeletal disorders (but are not the only factor). Work related musculoskeletal disorders (WRMDs) refers to injuries or conditions of the musculoskeletal system that occur when work demands lead or contribute to a workers' pain, discomfort or injury. These can include those that affect muscles, ligaments, bones, tendons, blood vessels and nerves. These may start as mild aches and pains and can develop into serious conditions. Examples of these include strains or sprains, joint and bone injuries or degeneration, nerve injuries, muscular and vascular disorders from vibration, and chronic pain. There are five broad categories of factors which increase the risk of WRMDs:

- Physical (including manual tasks)
- Work organisation
- Environmental such as light, heat, dust, noise
- Individual
- Psychosocial

What are the biggest risks for Watercare and how frequent are these risks encountered?

Much of the mahi that we do at Watercare requires some form of manual task. The risk that this poses to kaimahi depends on a wide range of factors.

There is no doubt that there is a high level of exposure. However, serious injuries and events are uncommon. In the last 12 months we have received 522 work related pain, discomfort or injury reports (not all of which are relating to physical body stressing, however, the iCare system does not allow the capturing of accurate information relating to this). Of these, we received 54 injury claims in the last year, with 38 being determined as work related and serious enough to require medical treatment or greater.

This presents a risk to the business in terms of workforce and financial cost. Each worker experiencing pain, discomfort or injury is likely to be less productive, require additional sick, or injury related leave, and increases the workload on other employees. The financial risk is due to Watercare being an ACC Accredited employer, where Watercare pays for the costs of injuries in the place of ACC, in return for reduced ACC levies. While this has resulted in savings to date, an increase in WRMDs could result in increased liability.

Which parts of the business are affected and how big is our exposure to these risks?

Those identified as at greater risk are those in Customer (MSN and Laboratory) and Operation maintenance teams.

MSN: Recently, worker consultation identified risk factors which increase the risk of WRMDs including:

- Body positioning
- Using force
- Working hard/fast to meet deadlines or quotas
- Work being emotionally disturbing or upsetting
- People not being treated fairly – this refers to allocation of overtime

Laboratory: known risks include

- Workload
- Repetitive sitting, holding/gripping
- Having to work fast for deadlines or target quotas
- Working at a fast pace for the whole shift
- Laboratory work requires significant accuracy and high volumes of repetition

Operations' sites

Wastewater and Water treatment plants work with a lot of fixed plant – process equipment, valves, and treatment vessels. Powered tools, mobile plant and vehicles are all used, with risks varying depending on the role. Reliable surveying of hazards in this area has not been completed.

What are our controls and which controls are working well/need improvement?

Prevention controls

- Eliminating exposure to the task where possible
- Engineering controls such as using lifting devices on trucks
- Noise/vibration insulation
- Equipment such as jack hammers instead of sledgehammers to reduce exposure.

More work in this area is required, particularly for heavy manual work. This is because we are still seeing examples across MSN and Operations where our workers are exposed to these types of risks, but where steps could be taken to reduce exposure with good planning

Process controls

- Standard operating procedures
- Scheduling
- Reducing exposure to hazards through task rotation

These are less effective because they require people to carry out work in a particular way, which is often impacted by competing priorities such as workload.

Personal Protective Equipment

This is the least effective as it requires workers to use the PPE effectively to minimise harm.

What needs work

- Further engagement with our people to understand the frequency of hazard exposure within operations
- Worker-led participation in the development and implementation of controls to reduce the risk

What ideas are we exploring to improve our risk controls?

- APHIRM WRMDs process
- Learning teams



Board - Public Session - Board planner

		Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Meetings	Board	13-Jun (Statutory Public Meeting)	4-Jul	8-Aug	6-Sep	10-Oct	7-Nov (Statutory Public Meeting)	12-Dec		8-Feb	5-Mar	9-Apr	7-May (Statutory Public Meeting)	12-Jun 25-Jun
	Audit and Risk Committee			16-Aug 30-Aug			21-Nov			2-Feb		3-Apr	21-May	21-Jun
Running the Business	Financial	Board approval of Insurance proposal Board approval of 2023/2024 Budget	Auckland Council and Watercare to review 30 June Treasury Interest rates	Approve Auckland Council Reporting Pack (via an out-of-cycle resolution)	Approve 2022/23 accounts Delegate final sign off of Annual Report 2023		Auckland Council Draft Annual Plan - approve Watercare input			Approve half year accounts	Approve financials for Draft SOI including projected 24/25 price increases Approve long term financials for Auckland Council modelling			Board approval of Insurance proposal Board approval of 2024/2025 Budget and updated SOI financials
	Statement of Intent	Present shareholder SOI feedback at public meeting. Public deputations to be received. SOI to be approved	Final 2023-2026 SOI issued to shareholder by 31 July 2023	Final 2023-2026 SOI adopted by Auckland Council Q4 Performance Report - due to Council by 25 August 2023		Q1 Performance Report - due to Council (date TBC)	2022/2023 SOI Results to be presented to Board at Public Meeting. Public deputations to be received. Q1 Performance Report due to Council (date TBC)	2024/25 Letter of Expectations to be received		Q2 Performance Report - due to Council by TBC	Draft 2024-2027 SOI for Board's approval - to be sent to Council by TBC		Present shareholder SOI feedback at public meeting. Public deputations to be received.. Q3 Performance Report - due to Council by TBC	
	HSW Deep Dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives		Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives
	Community and Stakeholder Relationships	Stakeholder	Iwi	Stakeholder	Iwi	Stakeholder	Iwi Progress update from Infrastructure, Operations and Customer teams on the recommendations of the Citizens' Assembly	Stakeholder		Iwi	Stakeholder	Iwi Progress update from Infrastructure, Operations and Customer teams on the recommendations of the Citizens' Assembly	Stakeholder	Iwi
	Governance	Corporate Governance charter Audit and Risk Committee Charter review Update on Auckland flood recovery	Enterprise Risk Report (Board then Council)	Q4 Statutory compliance	Update on Auckland flood recovery		Enterprise Risk Report (Board then Council) Q1 Statutory compliance Delegations to the CE Policy	Board Delegations to CE Update on Auckland flood recovery		Enterprise Risk Report Q2 Statutory compliance	Update on Auckland flood recovery	Enterprise Risk Report	Q3 Statutory compliance	Update on Auckland flood recovery
	Karakia	Julian Smith	Frances Valintine	Margaret Devlin	Nicola Crauford	Brendon Green	Hinerangi Raumati-Tu'ua	Graham Darlow		Julian Smith	Frances Valintine	Nicola Crauford	Brendon Green	Margaret Devlin
Deep Dives - aligned to the five priorities		Capital programme - Steve Webster/Hamish Corbett, and Priyan Perera	Operations - Mark Bourne/Nathaniel Wilson, Sharon Danks and Peter Rogers	Finance - Jamie Sinclair/Angela Neeson, Nigel Toms and Chantelle Subritzky	Partnerships - Richie Waiwai, Amanda Singleton, Brent Evans and Andrew Chin	Our customers - Amanda Singtone/Priya Thuraisundaram and Rachel Hughes	Our people - Sarah Phillips/Jamie Sinclair				Capital programme - Steve Webster/Hamish Corbett, and Priyan Perera	Operations - Mark Bourne/Nathaniel Wilson, Sharon Danks and Peter Rogers	Finance - Jamie Sinclair/Angela Neeson, Nigel Toms and Chantelle Subritzky	Partnerships - Richie Waiwai, Amanda Singleton, Brent Evans and Andrew Chin
Confidential				A year end progress update for CE's KPIs AMP Implementation Report			CE's KPIs			CE's KPIs AMP Implementation Report			CE's KPIs	
Audit & Risk Committee				Auckland Council FY23 Reporting Pack (16 August meeting) Approval of Financial Statements FY23 (29 August meeting)			Board Delegations to CE			Approve FY24 half year accounts			Present plan for Year end to A&R A&R Approve Insurance Proposal Approval of 2024/25 Budget & updated SOI Financials Audit and Risk Committee Charter review Review tax ahead of year end	

Board meeting | 13 June 2023
Public session



Directors' meeting attendances

For information

Te pou whenua tuhinga / Document ownership

Prepared and recommended by

Emma McBride
Head of Legal and Governance

Submitted by

Dave Chambers
Chief Executive Officer

1. Te tūtohunga / Recommendation

We recommend that the Board notes this report outlining meeting attendances.

2. Take matua / Key points

- This report details directors' attendance at the Board and Audit and Risk Committee meetings.
- This information is included in Watercare's Annual Report.

3. Kōrero pitopito / The details

Attendance at the Board meetings and the Audit and Risk Committee meetings for 2023 is detailed in the table.

Table 1: Attendance at Board and committee meetings in 2023 is detailed in the table below:

Attended ✓ Did not attend ✕ Not on the committee ■	Attendance at Board meetings											Attendance at Audit and Risk Committee meetings				
	8 February 2023	7 March 2023	4 April 2023	9 May 2023	13 June 2023	4 July 2023	8 August 2023	5 September 2023	10 October 2023	7 November 2023	12 December 2023	3 February 2023	23 May 2023	16 August 2023	30 August 2023	21 November 2023
Margaret Devlin	✓	✓	✓	✓								✓	✓			
Nicki Crauford	✓	✓	✓	✓												
Brendon Green	✕	✓	✓	✓								✓	✓			
Hinerangi Raumati-Tu'ua	✓	✓	✓	✓								✓	✓			
Frances Valintine	✓	✓	✓	✓												
Graham Darlow	✕	✓	✓	✓								✓	✕			
Julian Smith	✓	✓	✓	✓								✓	✓			
Dave Chambers [#]																

[#] The Board has appointed Dave Chambers as acting chief executive until Entity A is stood up. Dave is therefore on sabbatical from the Board (effective from 7 February 2023) whilst acting chief executive.



Board meeting | 13 June 2023
Public session



Disclosure of Directors' and Executives' interests

For information

Te pou whenua tuhinga / Document ownership

Prepared and recommended by

Emma McBride
Head of Legal and Governance

Submitted by

Dave Chambers
Chief Executive Officer

1. Te tūtohunga / Recommendation

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

2. Take matua / Key points

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

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

3. Kōrero pitopito / The details

3.1 Watercare Services Limited's Directors' Interests Register

- The Board has appointed Dave Chambers, one of our directors, as acting chief executive until Entity A is stood up. Dave is on sabbatical from the Board (effective from 7 February 2023) whilst acting chief executive.
- All new additions in 2023 are in [Blue](#).
- All deletions in 2023 have been ~~struck out~~.

DIRECTOR	INTEREST
Margaret Devlin	<ul style="list-style-type: none"> • Director, Waikato Regional Airport • Director, Titanium Park (wholly owned subsidiary of Waikato Regional Airport) • Director, Waimea Water Limited • Director, IT Partners Group • Chair, Advisory Board Women in Infrastructure Network • Chair, Hospice Waikato • Chartered Fellow, Institute of Directors • Member, Institute of Directors, Waikato Branch Committee • Director, Dairy NZ Limited • Director and Chair, Lyttleton Port Company Limited
Nicola Crauford	<ul style="list-style-type: none"> • Chair, Electricity Authority • Director and Shareholder, Riposte Consulting Limited • Trustee, Wellington Regional Stadium Trust • Director and Chair, Burgundy Holdco Limited (owner of StraitNZ Holdings) • Chair, GNS Science Limited
Brendon Green	<ul style="list-style-type: none"> • Director, Kaitiaki Advisory Limited • Director, Tainui Kawhia Incorporation • Director, Hiringa Energy Limited • Director, Hiringa Refueling Investments Limited • 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 • Advisor, Taumata Aronui – Ministry of Education • Adjunct Senior Fellow, University of Canterbury – Department of Chemical Engineering • Co-chair, Waikato Regional Skills Leadership Group • Member, Construction and Infrastructure Workforce Development Council • Director, Scion Research Institute registered as New Zealand Forest Research Institute Limited

DIRECTOR	INTEREST
	<ul style="list-style-type: none"> • Member, Waikato District Council – Infrastructure Committee
Hinerangi Raumati-Tu'ua	<ul style="list-style-type: none"> • Chair, Ngā Miro Trust • Director, Taranaki Iwi Holdings Management Limited • Director, Te Puia Tapapa GP Limited • Chair, Tainui Group Holdings Limited • Executive Member, Te Whakakitenga O Waikato • Director, Genesis Energy Limited • Director, Reserve Bank of New Zealand • Director, Pouarua Farms Limited
Frances Valentine	<ul style="list-style-type: none"> • Director and CEO, The Mind Lab Limited • Director and CEO, Tech Futures Lab • Director and Shareholder, Harcourt Jasper Limited • Director and Shareholder, Pointed Tangram Limited • Director and Shareholder, Harper Lilley Limited • Director and Shareholder, On Being Bold Limited • Director and Shareholder, Sandell Trustees Limited • Selection Advisor, Edmund Hillary Fellowship • Board of Trustee, University of Silicon Valley • Shareholder, Thought-Wired Limited • Director, Academy EX Limited • Director, Earth Futures Lab • Director, Edlab Limited
Graham Darlow	<ul style="list-style-type: none"> • Business Executive, Acciona Infrastructure NZ Limited • Director and Shareholder, Brockway Consulting Limited • Chair, Frequency NZ Limited • Director, Hick Bros. Civil Construction Limited • Director, Hick Bros. Infrastructure Limited • Director, Tainui Auckland Airport Hotel GP (No.2) Limited

DIRECTOR	INTEREST
	<ul style="list-style-type: none"> • Director, Hick Bros. Heavy Haulage Limited • Director, Hick Bros. Holdings Limited • Director, Holmes Group Limited • Chair, The Piritahi Alliance Board
Julian Smith	<ul style="list-style-type: none"> • Advisory Board Member Vadacom Limited • Board Trustee, Look Good Feel Better Trust • Director and Shareholder of JTB Enterprises Limited • Committee member of Institute of Directors, Auckland Committee • Chair, Institute of Directors Te Tai Tokerau, Northland Sub-Committee • Committee member of Body Corporate Chairs Group NZ, Auckland Committee • Body Corporate Chair, The Residences, Auckland • Body Corporate Committee member, The Connaught Residential Apartments, Auckland • MyCareerBrand • Board Trustee – Auckland Philharmonia Orchestra

3.2 Watercare's Executives' Interests Register

- All new additions in 2023 are in [Blue](#).
- All deletions in 2023 have been ~~struck out~~.

EXECUTIVES	INTEREST
Dave Chambers	<ul style="list-style-type: none"> • Director, Paper Plus New Zealand Limited • Director, Turners and Growers Fresh Limited • Director, GB & DD's Outfit Limited • Director, Watercare Services Limited (on sabbatical since 7 February 2023)
Jamie Sinclair	<ul style="list-style-type: none"> • Director and Shareholder, Sinclair Consulting Group Ltd • Chair, Lutra Limited
Shayne Cunis	<ul style="list-style-type: none"> • Director, Lutra Limited • Director, The Water Research Foundation (USA)
Amanda Singleton	<ul style="list-style-type: none"> • Director, Die Weskusplek Pty Limited (South Africa) • Trustee, Te Motu a Hiaroa (Puketutu Island) Governance Trust
Nigel Toms	<ul style="list-style-type: none"> • Director, TRN Risk & Resilience Consulting
Steve Webster	<ul style="list-style-type: none"> • Director, Howick Swimgym Limited
Mark Bourne	<ul style="list-style-type: none"> • Trustee, Te Motu a Hiaroa (Puketutu Island) Governance Trust • Trustee, Watercare Harbour Clean Up Trust
Andrew Chin	<ul style="list-style-type: none"> • Nil
Sarah Phillips	<ul style="list-style-type: none"> • Nil
Richard Waiwai	<ul style="list-style-type: none"> • Director, and owner of Te Hautapu Consultants Limited • Trustee of Te Rana Te Araroa Waiwai Whanau Trust • Relatives work for Waikato Tainui, the Department of Internal Affairs and Three Waters National Transition Unit • Manager Strategic Relations, on secondment to the National Transition Unit
Angela Neeson	<ul style="list-style-type: none"> • Director, Tranquillo Properties Limited

