Board meeting | 7 June 2022 Public session



Venue	Watercare Services, Level 3 Boardroom, 73 Remuera Rd, Remuera and via Microsoft Teams
Time	9.15am to 12pm

	Meeting administration	Spokesperson	Action sought	Supporting material
1	Opening Karakia	Board	-	-
2	Apologies	Chair	Record apologies	Verbal
3	Quorum	Chair	Five directors required	Verbal
4	Minutes of the previous meeting	Chair	Approval of minutes: 5	Minutes: 5 April 2022
			April 2022	meeting
5	Public deputations	Chair	For information	Verbal
	Running the Business			
6	Chief Executive's report	Jon Lamonte	For discussion	Report
7	Review of Corporate Governance Charter	Jacky Simperingham	For approval	Report
8	Consideration of Shareholder Feedback on	Emma McBride	For approval	Report
	Watercare's draft Statement of Intent 2022-25			
9	Final Draft of Lutra's Revised Statement of Intent	Jamie Sinclair	For approval	Report
	2022–2025			
	Deliver the Future	•		
10	Scanning the Horizon	Various	For discussion	Report
11	Strategic focus: We are fully sustainable	Brendon Green, Steve Webster and Chris Thurston	For discussion	Verbal
12	The Climate Change Strategy Refresh	Chris Thurston	For discussion	Report
	Governance			
13	Audit and Risk Committee Update	Hinerangi Raumati-Tu'ua	For discussion	Verbal
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 5 July 2022



Board meeting | 7 June 2022 Public session

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

Tīhei 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.



Board meeting | 7 June 2022 Public session

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	5 April 2022
Venue	Held via Microsoft Teams
Time	9.15am

	Attendance							
Board of Directors	Watercare staff	Guests						
Margaret Devlin (Chair) Brendon Green Hinerangi Raumati-Tu'ua Graham Darlow Dave Chambers Frances Valintine Nicola Crauford Julian Smith	Jon Lamonte (CE) Jamie Sinclair (Chief Corporate Services Officer) Mark Bourne (Chief Operations Officer, for items 1 to 8) Nigel Toms (Acting GM – Finance, for item 8) Richie Waiwai (Poutiaki Tikanga Māori, Principal Advisor) Bronwyn Struthers (Head of Health, Safety and Wellbeing, for items 1 to 6) Brent Evans (Head of External & Strategic Relations, for items 1 to 6) Rachel Hughes (Head of Communications, for item 8) Kevin Sharp (Head of Commercial, for item 8) Rebecca van Son (Head of Strategy, for items 1 to 6 and 9) Chris Thurston (Head of Sustainability, for item 9)	Councillor Linda Cooper, Auckland Council Liaison Councillor Claire Gomas, Principal Advisor, CCO Governance and External Partnership, Auckland Council						
	Sarah Phillips (Acting GM – People & Capability, for items 1 to 6 and 10) Jacky Simperingham (Co-Head of Governance)							
	Pinaz Pithadia (Governance and Research Administrator)							

1.	Opening karakia
	The Chair welcomed everyone to the meeting. She noted that a new Karakia is being prepared by Richie Waiwai.
	The Chair congratulated the CE as he will be completing his first year at Watercare on 6 April 2022.
	The Chair acknowledged that the Chair of the Waters Governance Board at the Waikato District Council is pleased with the quality of the work being provided by the Watercare team.
	The Board opened the meeting with a karakia.
2.	Apologies Apologies were received from Wi Pere Mita (Board intern).
3.	Quorum All Directors were present at the meeting and therefore a quorum was established.
4.	Minutes of the previous meeting
	The Board resolved that the minutes of the public session of the Board meeting held on 1 March 2022 be confirmed as true and correct.
5.	Public deputations There were no public deputations.
6.	Chief Executive's report
	The CE took the paper as read.
	The CE highlighted the following topics from the report:
	 Current significant issues: Covid-19 case numbers are currently not significant for Watercare staff and contractors. The team has completed an updated risk assessment on vaccine passes and mandates. The risk around the second Omicron wave remains a concern as providing safe drinking water is a key priority.

- The 21 March 2022 storm boosted water supply in our dams. However, the flooding caused damage to wastewater mains. Both Watercare and Healthy Waters staff worked hard to resolve the reported faults. There is still significant work to do.
- A wastewater pipe plumbed incorrectly at the Central Interceptor site was rectified as soon as the fault was discovered. The CE noted the open and transparent engagement with mana whenua and Council.
- The derailment of a spoil train at M\u00e4ngere resulted in tunnelling works stopping for four days. The incident occurred due to the speed of the train and the driver could not hear the spotter to slow down in time. WorkSafe conducted a full safety review. Having visited site personally, Graham Darlow noted that robust engineering and speed controls have now been put in place and these are appropriate for the situation.
- Key performance measures: The CE noted that the report sets out a summary from the Executives' Monthly Performance meeting.
- Water sources: In response to a pātai from Councillor Cooper, the CE explained that the upgrade at the Waitākere Water Treatment Plant was due to be completed in December 2021. In March 2022, Board approved the extension of delivery time of the project to December 2022 and an increase in the cost of the upgrade. The 'Green' traffic light in the report states that the upgrade is now in line with the new Board approved delivery date of the upgrade.

Mark Bourne updated the Board on the current water supply level. He noted that Management continuously monitors the water take from the Waikato River.

• Water quality: In response to a pātai from the Board, the CE explained that there was no early indication of the existence of positive E.coli at the Muriwai distribution zone. The residual Chlorine levels remained high within the distribution zone.

Mark Bourne added that there has been a long history of compliance at the site. Samples are obtained and tested from this plant daily. There was no change in the characteristics of the water supply which would have indicated any breaks or third party interventions in our supply system. He explained that it is possible something occurred at the sampling point. It is worth considering that the proposed assurance rules and standards (which Taumata Arowai has just consulted on) suggests that any individual adverse results like this would be considered as a non-compliance.

In response to a pātai from the Board, Mark explained that Watercare provided inputs into Auckland Council submissions on the draft rules and standards. In our inputs, we have requested clarification on some terminology. Watercare is supportive of some of the aspects of Taumata Arowai's consultation document, which will improve public health in long run. The submissions note that some of the proposed rules/standards around measurement of Chlorine and Ph levels would require additional investment but would not mitigate public health risks.

• Operations update: The leak management work programmes introduced during the drought response are now business as usual. The Board noted that these programmes of works have to be incorporated into the Auckland Water Strategy, and that the level of reporting needs to be considered. The CE acknowledged that monitoring of the Auckland Water Strategy is key, and explained that Watercare's Statement of Intent covers the majority of the Strategy. Therefore, Management will be reporting to the Board on its performance against the SOI. In response to a pātai from the Board, Management confirmed that the leakage detection programmes remained a priority for the business.

Healthy, safety and wellbeing

- Management noted that a Back to Basics campaign has been run in relation to service strikes to continue to reiterate the key
 messages. The Board and Management discussed that service strikes are an ongoing problem for the industry. There is a CEO forum in
 May, which includes the CEOs of our Contractors, which will focus on this issue. One proposal for the forum is to have full service maps
 prepared. Other utilities such as Vector and Chorus are also involved in this conversation.
- The Board and Management discussed the level of complaints and abuse some employees face. Bronwyn Struthers explained the
 resilience training the Customer team has undergone. Additional measures have been put in place including the ability to alert a
 supervisor when in a conversation that is abusive.
- o Bronwyn explained the early findings of the burnout survey conducted. She noted that 90% of the stressors are not related to work. Although the survey indicates that burnout is not driven by work, it still impacts work.
- o The driver who was involved at the mobile plant incident was working outside the recommended guidelines.
- o Bronwyn noted that traffic management industry is resource constrained.
- o The Chair acknowledged the effort to reduce the number of open iCare cases.
- CCO review recommendation 17 and 18: In response to a pātai from Councillor Cooper, Jon explained that a programme of work is underway to speed up the consenting process. Craig Hobbs from Auckland Council and Steve Webster from Watercare are leading various workstreams to rationalise the consenting process to make it smoother. This is due to be completed by December 2022.

The Board **noted** the report.

7. Review of the Corporate Governance Charter

Jacky Simperingham spoke to the report and noted the proposed changes in the Charter.

The Board advised that the proposed changes in section 3 of the Charter should be amended to read 'remuneration and package', and the word 'policy' should be deleted.

The Board noted that Watercare's constitution requires Watercare to comply with the Treaty of Waitangi. The Board requested that the commitment to Te Ao Māori be embedded in the Charter.

Jacky confirmed she would work with Richie Waiwai to include Te Ao Māori in the next draft of the Charter.

The Board requested that an updated version of the Charter is to be provided at the 7 June 2022 Board meeting.

8. Pricing to support Auckland Council's Long-Term-Plan for FY23 – effective 1 July 2022

Nigel Toms and Kevin Sharp spoke to the financial section of report which was taken as read.

Nigel noted that:

- funding constraints of being a Council Controlled Organisation remain;
- capex delivery has been influenced by the Covid-19 pandemic; and
- the business is currently maintaining a financial buffer for further impacts of Covid-19.

Kevin noted that:

- this year has been materially influenced by the continuing Covid-19 pandemic. This resulted in higher than anticipated operating costs and delays in delivery of the capital investment programmes.
- the future investment programmes to address delivery of growth investment, resilience and service quality remains at previously planned levels. The price path required to deliver the investment programme is in line with the proposed price path previously agreed with Auckland Council.
- the proposed price change may create affordability issues within our community as it is occurring at a time when inflation has been increasing.
- for customers who struggle to meet their financial commitments, we continue to promote the Water Utility Consumer Assistance Trust (WUCAT) and the provision of additional funding to WUCAT as part of the FY23 budget.

Rachel Hughes spoke to the communication plan outlined in the report which was taken as read.

Rachel noted that:

- following approval of the communications plan by the Board, the company will send out a press release regarding the price increases
- price increases will also be communicated to our key stakeholder groups, top 100 customers and schools via emails.
- our June 'Tapped in' newsletter will be divided in three regionally focused editions, which will outline the price increase, regionally focused projects, the support options we provide through our hardship programmes, our partnership with EcoMatters, as well as the value we are delivering.

- a public notice via our website and notices on our invoices will also cover the price increase to comply with our obligations under the Customer Contract.
- we have launched a priority assistance service where our customers can register for support. Several support options are available to help our customers if they are facing financial difficulty.

The Chair advised that the CCO Oversight Committee were informed about the proposed price path at the meeting held on 22 March 2022.

The Board discussed the importance of clear messaging to our customers, including how much, in dollar terms, the proposed price increase will be. The Board also discussed the importance of providing suggestions to customers of simple things they could do to decrease their water bill. The Board requested a copy of the press release.

The Board **ratified** the resolution approved at the 1 March 2022 confidential Board meeting to implement price increase effective from 1 July 2022 for FY23 including:

- Water and wastewater tariff increase by 7%
- Infrastructure Growth Charges (IGC) increase by 8%
- Sundry charges increase by 7%
- Delegation to the Chief Corporate Service Officer to finalise the relevant price schedules.

The Board **noted** that the price increases above for FY23 are in line with a previous Board approval made in December 2020.

The Board **approved** the price increase communications plan subject to 'Tapped in' June edition being provided to the Board before circulating them to the customers.

9. Scanning the Horizon

Rebecca van Son spoke to the 'Los Angeles will recycle 100% of their wastewater by 2035' and 'Workforce burnout a risk' sections of the report.

Los Angeles will recycle 100% of their wastewater by 2035

Rebecca highlighted that Los Angeles is commencing its recycled wastewater journey, 20 years after first announcing it. Watercare is reaching out to LA Water to discuss their experience.

The Board noted that it would be beneficial to understand the circumstances LA operate within, including the economics, and the similarities with New Zealand. Also it would be useful to understand how they are taking their customers on this journey.

Workforce burnout a risk

Rebecca explained that she received several requests across the business to address burnout in this report. Burnout has been reported on in the national news, and the same pressures are being felt by Watercare staff as well. Staff are nervous about the water reform changes and they feel busier than this time last year. They also consider that the water reform changes will make them even busier.

Chris Thurston spoke to the 'IPCC's Climate Change 2022 report' and 'Chapter Zero New Zealand' sections of the report.

IPCC's Climate Change 2022 report

Chris highlighted that the latest IPCC Working Group report on Climate Change focuses on impacts, adaptation and vulnerability. He noted that it confirms that the science for warming is on the same trajectory, however, the compounding effects of multiple impacts and on vulnerable communities are rapidly speeding up. He noted that it is a challenge to secure a sustainable future for all.

Chapter Zero New Zealand

Chris explained that Chapter Zero is a useful resource for Directors, and that Management can provide any additional support the Board needs. The Board thanked Rebecca and Chris for the report.

The Board **noted** the report.

10. Strategic focus: We value our people and culture

Dave Chambers introduced the agenda item. He explained that the culture at Watercare is strong despite some not meeting in person since August 2021. He noted that it is a credit to our people.

Jamie Sinclair spoke about our people and culture. He noted the commitments we made through our company plan in relation to our people and culture.

A video representing a cross section of Watercare staff was played showing our people introducing themselves, their roles at Watercare and what changes they would like to see in the company culture.

In relation to staff engagement, Jamie highlighted that:

- around 86% of the staff participated in our March 2022 eNPS survey
- the March 2022 survey results was 23 which shows a good improvement on the November 2021 survey results of 11 (both on a scale of 100 to +100).
- 39% of respondents were "passives", which is an area to focus on.
- the general trend among the staff for our company culture was positive.
- the engagement of Human Synergistics to improve our company culture will bring more positive outcomes to improve the work culture.

staff are concerned on how the implementation of the company plan will occur.

The Board discussed the importance of adopting a simple approach to improve our work culture. The challenge is to implement the strategies in some of the ongoing work already underway within the company to reduce duplication.

Sarah Phillips outlined for the Board the key programmes of work around Retention, Diversity & Inclusion, Culture Programme and Learning & Development, and how these address the commitments made through our company plan.

Sarah noted that:

- the Retention Strategy is currently underway, which will broadly address the critical areas and our targets.
- positive outcomes were received following the improvement of our Diversity & Inclusion policies around Transition at Work, D&I, Disability, and Parental Leave. Our facilities are currently undergoing a disability/accessibility review.
- the Pulse survey scheduled for May 2022 will resurvey the elements of Human Synergistics survey undertaken last year.

The Board discussed:

- possible exchange programmes with water utilities overseas.
- a focus on succession planning and identifying future focused strategic leaders.
- the key role that leadership plays in improving culture.

Jamie explained the challenges we face around data and insights to know our staff better, their development opportunities, leadership and efficiency.

Sarah noted the ongoing works around early career programmes.

The Board requested a breakdown of the diversity of interns who were offered employment.

Councillor Cooper thanked Jamie and Sarah for their mahi to put this presentation together.

Dave closed the agenda item and noted that remuneration and market trends, and industrial relations, will be discussed at the 7 June 2022 confidential session.

11. Board planner

It was noted that the HSW safety visits will be rescheduled once Covid-19 restrictions allow.

The Board **noted** the Board planner.

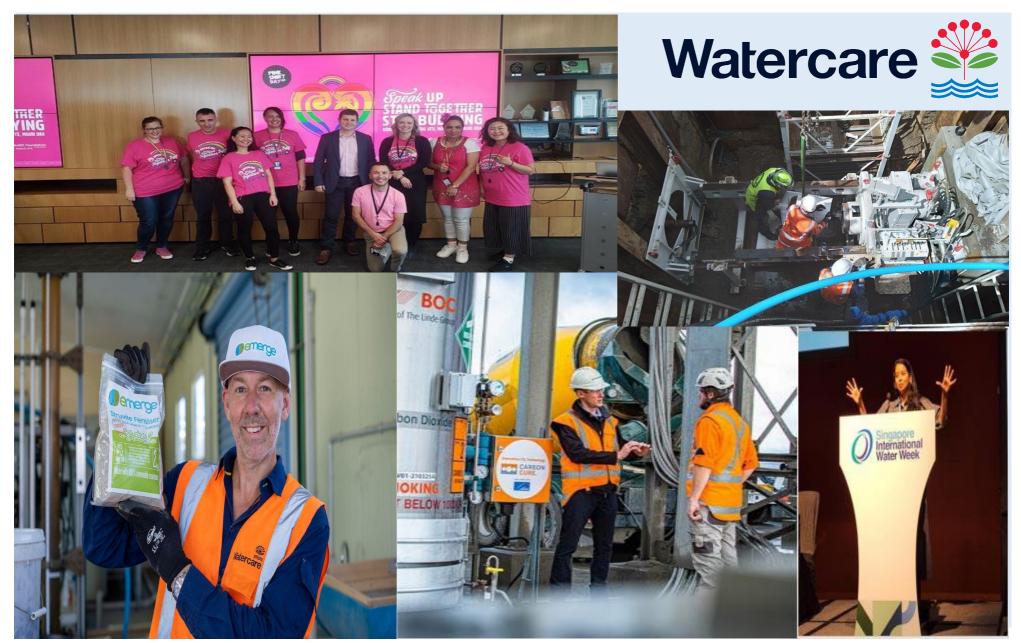
12.	Directors' appointment terms and committee memberships and meeting attendances						
	The Chair noted that Council's Appointments and Performance Review Committee has resolved to reappoint the directors of Watercare whose terms end before 1 July 2024. In light of this, the Chair suggested that the table on appointment terms could be removed from this report.						
	The Board noted the report.						
13.	Disclosure of Directors' and Executives' interests						
	The Chair has been appointed as a director of Dairy NZ Limited from 14 April 2022 and as a member of the Office of the Auditor General on their Mid Term Review Panel for a fixed term ending at the end of July 2022.						
	The Chair advised she her directorship with the Board of Aurora Energy will end on 30 June 2022.						
	The Board requested that the Governance Team archive older items in the 'Resource Centre' section of Boardbooks.						
	The Board noted the report.						
14.	General business						
	There was no general business.						
	The meeting closed at 11:17am.						

CERTIFIED AS A TRUE AND CORRECT RECORD

Margaret Devlin, Chair

Chief Executive's report – June 2022

Presented by: Jon Lamonte



1. Current significant issues

Given the timing of this meeting, much of April's activities are now somewhat dated, but the move to a more normal world beyond Covid-19 has been a strong feature of the last two months. Staff have progressively returned to the office, though this seems to be more of a new norm of hybrid working between office and home. There is a strong sense of relief at reconnecting, and a value in meeting face to face. This should help with some of the wellbeing issues we have seen over recent times.

More broadly, the easing of border restrictions has enabled people to travel to visit family and friends, and may help us reduce the burden of untaken leave. It has also allowed very limited and controlled attendance at conferences, which has shown that we desperately need to connect to global firms showing real innovation to get our own technology path; we will not find it just in New Zealand. Conversely, the easing of restrictions has allowed pent up demand to travel for work to go ahead. Whilst we have not seen an exodus, we have seen a number of individuals resign to take up other roles.

Much emphasis has gone into reshaping the Asset Management Plan to take account of the impact of Covid-19 on delivery this year, together with the cost impacts of escalation, raw materials, shipping and wage increases. This will move a number of projects to the right as we create a deliverable pipeline. This will resolve much of the issues over the next 3-4 years, but we should anticipate that resolving more of the impacts over the latter half of the decade will take longer to manage.

Central Interceptor (CI) has made good progress, both on the main TBM (1179m at the time of writing – and with Wilson's now delivering rings only for CI), and on the micro TBM on its second drive, well in excess of planned rates.

Hūnua 4 will finally be completed in June, and merits celebration despite the difficulties, given a largely trenched pipeline has been introduced through the city centre.

2. Key Performance Measures

From the Executive Monthly Performance Review meeting, the following key strands emerged:

- April was a broadly satisfactory month for performance
- After a couple of months of near normal rainfall, April was particularly dry. The lower wastewater overflows are a direct outcome of that.
- Customer trust scores continued to improve, but the qualitative information coming through showed an increased focus on value for money. Given the announcement of price increases in July, this seems to show the value in the way we approached the announcement by front footing it at a senior level.
- In year budgetary pressures remain high, with Covid-19 impacts clearer, and the delays to the capital programme which occurred earlier in the year remaining, with a consequential inability to recover labour costs in the way we had originally planned.

- Covid-19 impacts in the supply chain continue, with a shortage of meter readers leading to less readings than usual, and hence higher estimated bills. This also plays into the accuracy of the leakage figures which are dependent on metered usage.
- It was pleasing to see that the recovery work from the August storm was completed this month, but served as a reminder of how severe the event was and just how long it takes to effect repairs in a challenging location.
- The outstanding risks going forward are: budget, people (from turnover to acquiring key skills to efficient use of resources), and climate change.

Attachment 1 sets out Watercare's performance against the current Statement of Intent measures for March and April 2022.

3. Organisational plan implementation

We will be focusing on the 'We are fully sustainable' strategic pillar at item 11 on the public agenda for today's meeting.

We have implemented an initiative tracker to measure progress against the company plan. This tracker is updated monthly and any initiatives that are not on track are discussed as exceptions at the Executive team's monthly performance meeting.

4. People

Current staff numbers are 1,242 full time equivalents (excludes contractors filling full time positions)¹.

Following an updated risk profile, we completed a consultation process regarding proposed changes to our vaccination policy. We saw high attendance at the consultation sessions which were run via MS teams and on site for our operational teams. After consideration of feedback received, we confirmed the policy changes would go ahead as proposed. In summary, these changes mean that from 16 May 2022 the Watercare requirement for vaccination was lifted from our contractor managed sites and from 1 July 2022 we removed the requirement for employees and visitors accessing a Watercare site to be double vaccinated. We still strongly encourage vaccination including boosters and will continue to support this message.

Over the past year, Watercare has been partnering with Human Synergistics to build a high performing, empowered and collaborative culture. We are now planning a pulse survey to track progress and assess if we are moving in the right. The survey will run from 23 May 2022 to 3 June 2022 with results available late June 2022 or early July 2022.

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

Attachment 2 is a workforce snapshot for April 2022. Overall employee numbers have remained steady, rolling sick leave has decreased slightly since March 2022, however, has remained stable since the beginning of the year. Voluntary turnover has increased slightly to 13.69%. Whilst this compares well to other utility providers and the wider CCO family, we continue to monitor this closely.

At the 5 April Board meeting, the company's strategic pillar 'We value our people and culture' was discussed at item 10. The presentation included details of the percentage of interns. The Board requested a breakdown of the diversity of interns who were offered employment at Watercare. 36% of interns were offered ongoing employment at Watercare, out of them 78% were female, 11% were Māori and 22% were Pasifica. We are also considering some of the interns for our graduate programmes. They are all either female or Māori or Pasifica.

5. Health, safety and wellbeing

The Health, safety and wellbeing programme of work continues. Self-audits of all staffed sites, MSN and Lab are almost complete.

The report attached as Attachment 3 provides a comprehensive overview of Watercare's health, safety and wellbeing including the deep dive on one of Watercare's 14 critical risks (Working around water bodies).

6. Community and stakeholder relationships

Strategic Priority: Embedding Te Ao Māori throughout Watercare

Across Watercare, teams continue to define where and how they embed Te Ao Māori within their respective portfolios. As a result of this change, there has been an increased demand on Te Rua Whetū (Māori Outcomes & Relationships) for input and advice into strategic plans and work programmes. As part of the Enterprise Model, Te Rua Whetū has worked closely with Infrastructure in recent months, to progress this strategic priority and key deliverables within Watercare's Māori Outcomes plan.

Support from Māori leads across our EM partners including Aurecon, Stantec and WSP has created other pathways for Watercare to use valuable insights from a mātauranga Māori perspective. Any capacity issues and competing priorities for Te Rua Whetū will be addressed accordingly. However, growing understanding of Te Ao Māori and shifting mindsets will take genuine commitment and time.

Kia Ora Tāmaki Makaurau Mana Outcome: Kia Ora Te Taiao (Kaitiakitanga), Kia Ora Te Hononga (Effective Māori Participation)

In April 2022, Te Rua Whetū along with representatives from Healthy Waters, attended a planning workshop with the Three Waters team that are leading lwi Māori engagement for the National Transition Unit (NTU). The workshop focussed specifically on engagement for Entity A.

Discussions included an overview of the iwi/Māori work programme priorities for the next two years. Through Te Rua Whetū, Watercare has committed to working with the NTU as part of the engagement team for Entity A. The final workshop to confirm timeframes and coordinate a joint engagement approach between Watercare, Healthy Waters and the NTU is planned for the end of May 2022. It is envisaged that engagement with Māori within Entity A will start in mid-June 2022.

External consultants Poipoia Limited have been approached to deliver training on Te Mana o Te Wai for both Watercare staff and mana whenua representatives. The guidance and learning resources aim to help mana whenua and regional authorities work together to develop policy that prioritises the wellbeing of water, ensuring this work is led by mana whenua. We are currently awaiting confirmation on availability from Poipoia Limited. However, we have indicated preference for training dates in either June or July 2022.

Kia Ora Tāmaki Makaurau Mana Outcome: Kia Ora Te Whānau (Whānau and Tamariki Wellbeing), Kia Ora Te Rangatahi (Realising Rangatahi Potential)

A review of Watercare's water literacy strategy is underway. Findings so far highlight significant gaps in the current education programme to deliver learning outcomes for Māori medium schools and the embedding of Te Ao Māori within our organisation. Te Rua Whetū and Communications will work together to align learning outcomes and implement educational initiatives specifically targeting Māori medium schools. It also presents opportunities to apply a kaupapa Māori lens to our water literacy strategy, further supporting outcomes for Māori.

In addition to the review, Te Rua Whetū met with representatives from Ngā Kura ā Iwi o Aotearoa at the end of March. They are an organisation that supports iwi Māori schools including kura kaupapa and wharekura (Māori language immersion schools). Membership to the organisation is voluntarily. To date, 39 schools across the country are members. The meeting was a general introduction to give insight into Watercare's education programmes. As part of this, we sponsored 4 x Freshwater Detective Kits for four different kura (schools) from Northland to Otaki. Further hui with Ngā Kura ā Iwi o Aotearoa will be held to discuss potential partnership opportunities and seek their guidance into future education programmes.

7. Water resources update

7.1 Water sources

With the high temperatures (NIWA reports that summer 2021-22 was the fifth warmest summer on record in Aotearoa New Zealand) and dry weather (roughly the same number of dry days as during the drought) of the past few months, we have, as expected, seen consumption increasing. While our large commercial customers are maintaining their 10% savings on pre-drought levels, large irrigators like Auckland Council and schools with large sports fields, are using significantly more water than during the same period last year. Residential customers have also increased their consumption, however, many bulked metered customers like apartment buildings and retirement villages are maintaining a downward trend in their consumption.

Refer Attachment 4 for details of our water resources position for April, including water storage, supply and demand. Water storage levels remained high with dams at 76.1% capacity. Demand of 426MLD for the week ended 1 May 2022 was below the target ceiling of 461MLD for April 2022, and 454MLD for May 2022. Cumulative rainfall was below this time last year. Whilst storage was below normal for this time of year.

The planned production of Auckland Metropolitan Water Treatment Plants as at 8 May 2022 was 450MLD. The production capacity from the Waikato River for the week ended 8 May 2022 was limited to 140MLD due to maintenance and consent limits. Variable raw water quality was also impacting on solids handling resulting in periods of reduced capacity.

In terms of non-revenue water updates:

- Smart meters: 5,206 of 30,000 domestic customers' smart meters replaced YTD. 365 meters replaced in March. The numbers are low as crew is currently focusing on leaks. 1,800 of 2,000 commercial customers' smart meter loggers have been installed to date. The programme was affected due to Covid-19 restrictions.
- The leak management programme is progressing well. Since the start of the programme approximately 10,200kms have been surveyed to date with 5,973 leaks found.
- For Mangere and Konini zones, studies are being undertaken for future demand and growth including creating smaller district metered areas and pressure management areas.
- Currently, there are three non-potable sites. Western Springs, Halls Farm and the Hugo Johnston non-potable filling stations, which are now open again during standard business hours. Due to the recent rainfall the demand at these sites has now reduced.

7.2 Water quality

All water quality parameters have been met for the month.

Submissions were closed on the Taumata Arowai (TA) Quality Assurance Rules and the DWSNZ document Drafts (documents dated December 2021) at the end of March 2022. TA is working through the submissions. It is likely the new Standards, Rules, Aesthetic Values, Acceptable Solutions and some of the Network Environmental Performance Measures for registered drinking water suppliers will be adopted on or around 1 July 2022. It remains unclear what date the changes will be effective from and if a transition period will be provided.

Implementation and update of Watercare's existing water safety plans is underway. Updated plans are required to be submitted to TA by November 2022. Work to address the non-conformances, including improving document management, training and competency record keeping identified in the last system audit are underway.

8. Risk and compliance update

8.1 Enterprise risk management

Our new risk system will be implemented at the end of Q4 FY22 to further enhance our risk management capability across the organisation.

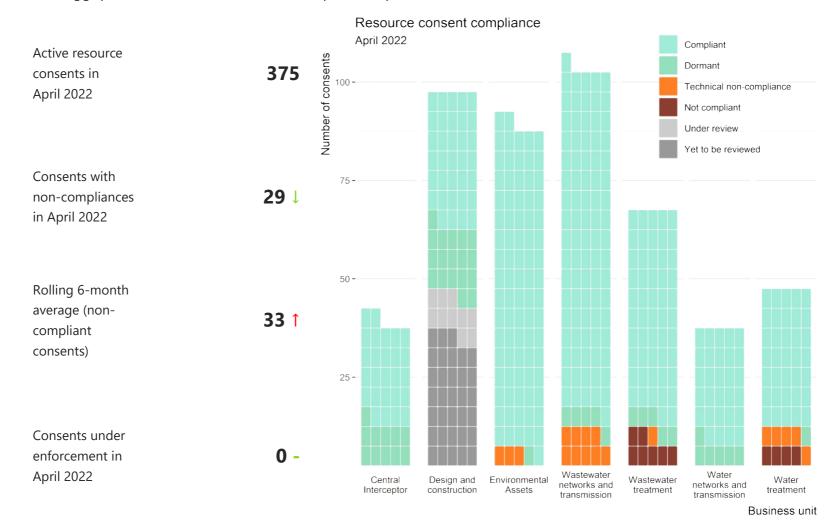
Further risk management support has been provided in the establishment of the Asset Management Plan Oversight Panel (AOP) in May 2022 to provide further governance for changes to the Asset Management Plan.

8.2 Legal and compliance

Non-compliance with resource consents

The number of consents non-compliant with their consent conditions continues to decrease from the peak observed in February, although this improvement is yet to present in the six-month rolling average. Plans are in development for all consents for which non-compliance is a repeat occurrence. In general, the non-compliances for the water and wastewater treatment assets require significant infrastructure solutions, which are allowed for in the current Asset Management Plan.

The following graph summarises Watercare's consent compliance in April 2022.



LGOIMA requests

In March and April 2022, we received twelve requests for information under the Local Government Official Information and Meetings Act 1987 (the Act). Three of these requests were forwarded to us (one from Auckland Council, one from Waikato District Council and one from the Department of the Prime Minister and Cabinet). During March and April 2022, Watercare responded to all requests within 20 working days (in accordance with the Act).

For one of the requests reported in the CE's report for 5 April 2022 Board meeting, Watercare extended the time to respond. The request necessitated reviewing a large quantity of information. We also needed to discuss and consult on this large volume of information in order to make a decision on the request. As such, a proper response could not reasonably be made within the original time limit. Watercare therefore responded to the request within 22 working days.

Legal action

- RMA related:
 - Huia Water Treatment Plant: The Environment Court (EC) was not willing to conduct face to face mediation under the Red light status. Since the
 changing of the status, the EC has sought to initiate mediation. However, the appellants have been unable to agree on a suitable date. The EC
 has now directed that the mediation begin in September 2022 and have set down two days for the initial discussions. Watercare has arranged
 to meet with the immediate neighbours (who appealed the decision) outside this process and prior to the official sessions. Watercare is also
 seeking to meet with one of the other appellants outside the process.
- Non-RMA related:

There is currently one claim for \$1.2m for alleged damage to a residential property from a burst watermain.

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.

9. Digital update

The focus for continuous improvement of our digital capability continues to build on the three broad areas previously shared in the July 2021 Board update. The areas of focus being future-fit foundations, hyper-connected utility, and data-driven optimisation. These activities continue to build on and enhance the foundations laid during the strategic transformation programme. The following summary provides a brief snapshot of the recent activity across each of these three domains.

Future Fit Foundations

- Work on replacing Watercare's aging people systems is continuing. Following on from the earlier current state analysis and definition of future requirements, a market engagement process has now been completed and business case approved to proceed with the system replacement programme. Evaluation and selection of a solution is in progress with the completed implementation of the selected solution estimated for March 2023.
- A programme of work has been established to replace the legacy field force mobility solution with a modern and flexible platform that is tailored to the unique needs of the Maintenance Services team. This programme of work has progressed at pace and is scheduled to be complete by the end of August 2022.
- A significant programme of work has been initiated to replace the aging radio and telemetry equipment inherited during the Supercity amalgamation in 2010. This four-year programme will replace control, communication and telemetry equipment across 683 sites. The programme will deliver standardised equipment patterns across Watercare sites which will streamline maintenance through consistency of equipment, improved data acquisition and visibility in the Nerve Centre and address the risk of failure arising from obsolete equipment.
- Minor enhancements are continuing to be rolled out across the business to streamline processes and improve efficiency. Recent enhancements include upgrades to the accounts payable invoice scanning and matching process to increase the level of automated matching and reduce the volume of exceptions that require manual handling.

Hyper-Connected Utility

- Smart networks work on building the smart meter data ingestion and transformation solution has progressed well. The data pipeline backbone has been deployed and data from the installed smart meter fleet is being ingested into Watercare systems. A customer app is in development with a soft launch scheduled for release in November 2022.
- Across the business, there are various other small-scale trials of sensor technologies underway such as a cloud-based solution with noise loggers for leak detection with AI (Artificial Intelligence) analysis.

Data Driven Optimisation

- Watercare has partnered externally on an experiment to test the use of satellite imagery to detect both above and below ground water leaks across the network. The experiment utilises the Watercare historic faults (leak) data to train an AI (Artificial Intelligence) model to identify leaks. Once trained, the model will ingest current satellite images and attempt to identify leaks for the attention of an operator who would then dispatch a field crew.
- The experiment has enabled Watercare to consider the use of ethical AI and the risk of bias as the model is being trained. For example, if a certain suburb is over-represented in leak data (because more people report leaks) the model would potentially be biased towards finding leaks in that

- particular area of Auckland. If successful, this technology could be deployed to proactively identify leaks across the network, reducing the reliance on Watercare customers to report leaks and other manual leak detection approaches such as walking the pipes.
- Improvements are being made to consumption forecasting models to predict demand at a DMA level and by customer type. These have over 30
 different models with multiple algorithms running simultaneously and will provide the business with insights to support a more tailored approach to
 demand management.

10.Matters for noting

10.1 Central Interceptor update

A commercial agreement was reached regarding the on-going impacts of Covid-19 up until the 31 March 2022. This has resulted in an extension of time of an additional 126 days to the completion of Section 1 and Section 2 and an additional 100 days to the overall contract completion. Settlement of costs associated with this agreement are due for payment in May.

Preparation for the final concrete pour of the pump station shaft lining at Mangere (lift 11) nearing completion. This is a significant milestone with the pour planned for early May 2022.

The Ghella Abergeldie Joint Venture (GAJV) held a 'Stand – Up – For – Safety' event, which was attended by all site staff and supported by WSL Leadership. The initiative was aimed at refreshing site staff on a range of topics such as lifting practices, incident reporting, accident investigation outputs and PPE.

Tunnelling operations from the inlet shaft at Mangere Pump Station (MPS) to May Rd advanced well with 307m excavated in the month and a total distance of 939m excavated to the end of April (12.4%). Production rates continue to improve.

The Micro Tunnel Boring Machine (mTBM) began drive number 2 of Link Sewer C from Dundale to Haycock (722m). By the end of April 2022, 40 pipes (120m) were installed.

10.2 Significant meetings

Relationship meetings (Te Kawerau ā Maki, Waikato-Tainui, Te Kotahitanga o Ngāti Tūwharetoa, Ngāti Raukawa), Three Waters Tāmaki Makaurau & Mana Whenua Kaitiaki Forum (Te Ahiwaru Waiohua, Ngāti Whanaunga, Te Rūnanga o Ngāti Whātua, Ngāti Maru, Ngāti Tamaterā, Te Patukirikiri, Ngāti Paoa, Ngāti Tai ki Tāmaki), Central Interceptor (Te Rūnanga o Ngāti Whātua, Te Akitai Waiohua, Ngāti Maru), KOTM mana outcome-related projects (water tanks – Ngāti Whātua Ōrakei, cultural interpretations – Ngāti Tamaoho, housing development – Ngāti Tāmaki), Singapore International Water Week, OzWater'22 and Water NZ Conference.

11. Delegated authority to Chief Executive

In accordance with the authority delegated to the Chief Executive by the Board:

- For the months of March and April 2022, there were no documents required to be signed by Watercare's Chief Executive with the delegated authority provided to the Chief Executive by the Board in relation to deeds, instruments and other documents. There were no property documents required to be signed by members of the Watercare Board.
- For the months of March and April 2022, there were no capex approvals signed below a threshold of \$50m.
- For the month of March 2022, there were seven capex and opex contracts over \$100,000 approved. There were no contracts approved by the CE for April 2022. The March contracts are as follows:

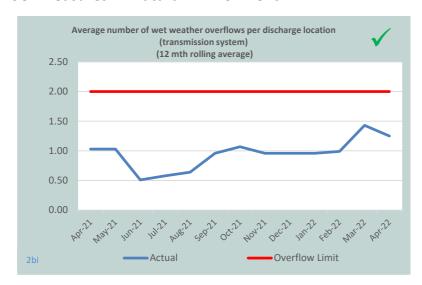
Contract description	Successful supplier
Snells Beach Wastewater Treatment Plant Upgrade Main Works	The Fletcher Construction Company Limited
Digester 7 Renewal Works Mangere	McConnell Dowell Constructors Limited
SoW for Click to Salesforce Field Service Implementation – Cycle 1 , 2022	IBM New Zealand Limited
Supply of FIDO Tech leakage detection noise loggers (FIDO Bug)	Detection Services Limited
Puketutu Island NDM Testing and UAV As Builts – Cell Wall Construction	Beca Limited
Boxfish - underwater robot	Boxfish Research Limited
Secondment Agreement to Watercare for Andrew Chin	Auckland Council

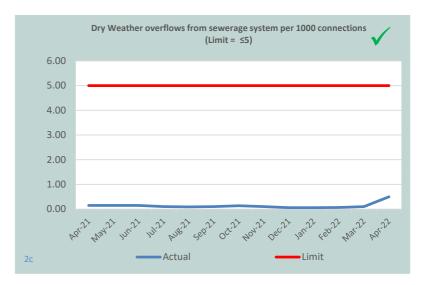


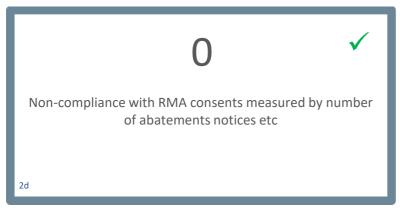
Jon Lamonte
Chief Executive

Attachment 1 – Performance against Statement of Intent measures

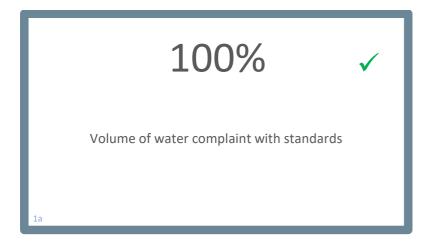
SOI Measures — Natural Environment







SOI Measures — Assets and Infrastructure

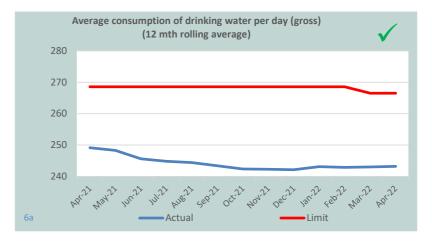


100% ✓

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

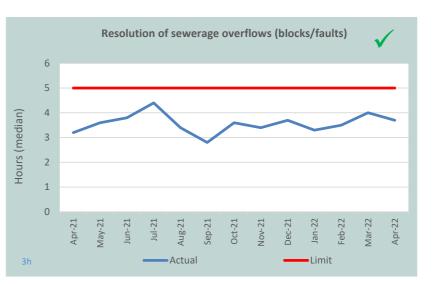
100%

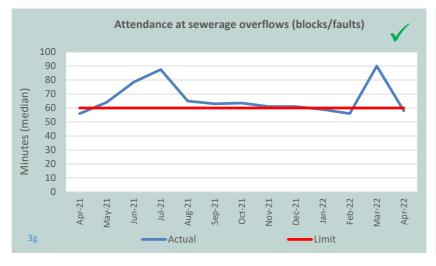
Compliance with Part 5 of the Drinking Water Standards (protozoal)

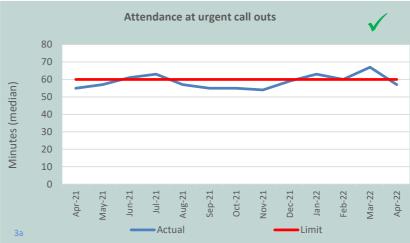


SOI Measures — Community and Stakeholder Relationships

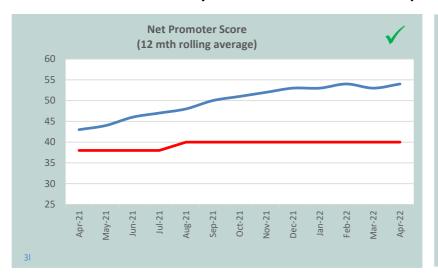


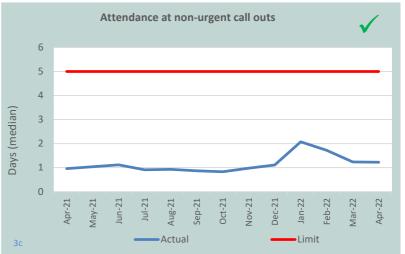




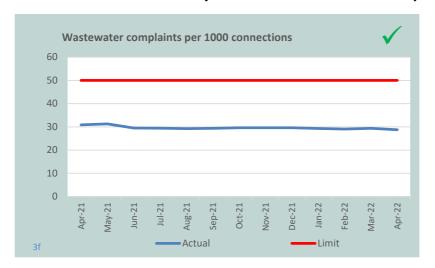


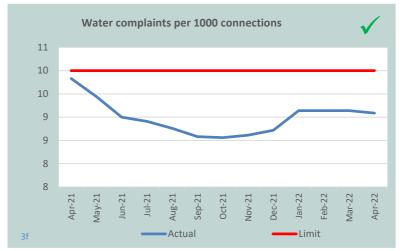
SOI Measures — Community and Stakeholder Relationships





SOI Measures — Community and Stakeholder Relationships





Watercare performance measures (unaudited)

No.	Measure	Target		Actual		Commentary
			April 2022	March 2022	February 2022	
1.	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	≤2 ≤2 ≤2	0 0 0	0 0 0	0 0	
	d) convictions received by the territorial authority in relation to those resource consents	0	0	0	0	
2.	The average consumption of drinking water per day per resident (gross PCC) (12-month rolling average)	260 litres	243.2	243.0	242.9	
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%	
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%	
5.	Median response time for attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site.	≤ 60 mins	57	67	60	The results for March were above the target due to the extreme wet weather event i.e flooding in March and high Covid-19 cases amongst the service providers. Accordingly, this created a work backlog for our service providers and hit contractors. This kept them busy for at least two weeks with delays of up to 2-4 days for clean up activities. This measure is expected to be stabilised and be within the target in coming months.

No.	Measure	Target	Actual			Commentary
			April	March	February	
			2022	2022	2022	
6.	Median response time for resolution of urgent calls-outs:	≤ 5 hours	3.1	3.6	3.3	
	from the time that the local authority receives notification					
	to the time that service personnel confirm resolution of					
	the fault or interruption					
7.	Median response time for attendance for non-urgent call-	≤ 5 days	1.23	1.24	2.08	
	outs: from the time that the local authority receives					
	notification to the time that service personnel reach the					
	site					
8.	Median response time for resolution of non-urgent call-	≤ 6 days	2.0	1.90	2.10	
	outs: from the time that the local authority receives					
	notification to the time that service personnel confirm					
	resolution of the fault or interruption					
9.	The total number of complaints received by the local	≤ 10	9.09	9.14	9.14	
	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)					

No.	Measure	Measure Target Actual			Commentary	
			April 2022	March 2022	February 2022	
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	≤ 60 mins	58	90	56	The results for March were above the target due to the extreme wet weather event i.e flooding in March and high Covid-19 cases amongst the service providers. Accordingly, this created a work backlog for our service providers and hit contractors. This kept them busy for at least two weeks with delays of up to 2-4 days for clean up activities. This measure is expected to be stabilised and be within the target in coming months.
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	≤ 5 hours	3.7	4.0	3.5	
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) the territorial authority's response to issues with its sewerage system expressed per 1000 connections to the territorial authority's sewerage system (12-month rolling average)	≤ 50	28.75	29.34	29.03	

No.	Measure	Target		Actual		Commentary
			April	March	February	
			2022	2022	2022	
13.	The percentage of real water loss from the local	≤13	13.64	13.64	13.64	Currently we report this metric by looking
	authority's networked reticulation system (12-month		(November	(November	(November	two months into the past. After a review of
	rolling average)		figure)	figure)	figure)	our processes and systems we have found
						that nearly 10% of all meter reads do not
						make it into the system within that time. To
						resolve this anomaly, we are in the process
						of changing the reporting timeframe for this
						metric. The proposed change in the
						reporting timeframe is for four months in
						arears. Therefore, this metric for December
			2 - 2	0.10		2021 can be reported in May 2022.
14.	The number of dry weather overflows from the territorial	≤ 5	0.50	0.10	0.07	
	authority's sewerage system, expressed per 1000					
	sewerage connections to that sewerage system (12-month rolling average)					
15.	Average number of wet weather overflows per discharge	≤ 2	1.25	1.43	0.99	
15.	location (transmission system) (12-month rolling average)	overflows	1.23	1.43	0.99	
	location (transmission system) (12 month rolling average)	per year				
16.	Employee net promoter score (eNPS)	≥20	23	23	11	The October eNPS survey coincided with
			(March	(March	(October	another lockdown due to Covid-19
			survey	survey	figure)	restrictions, the tail end of a number of
			results)	results)	σ ,	restructures within the business, as well as
						general end-of-year fatigue.
17.	Gender workforce ratio	Improve	F: 38.99%	F: 38.62%	F:38.1%	The baseline for FY20/21 was 34.0% female
		on prior	M: 61.01%	M: 61.38%	M: 61.9%	employment across the business. The ratio
		year				for March is F: 38.62% M: 61.38%.
		(PY ratio:				
		F: 34%				
		M: 66%)				

No.	Measure	Target	Actual			Commentary
			April	March	February	
			2022	2022	2022	
18.	Total recordable injury frequency rate per million hours	<20	13.56	15.97	15.15	
	worked (12-month rolling average)					
19.	DUEs (domestic unit equivalent) measured through IGCs	TBD	1071	2073.5	1088	Baseline to be established.
20.	Average asset age	Reduce on	39.3	39.3	39.3	This is a long-term measure and will be
		prior year	(December	(December	(December	reported every six months to give an
		(PY: 39.4)	2021	2021	2021	indication of how this is tracking.
			figure)	figure)	figure)	
21.	Debt to revenue ratio	3.54	2.78	2.83	2.73	Unaudited – numbers are based on
						forecasting.
22.	Percentage of household expenditure on water supply	≤ 1.5%	0.85%	0.86%	0.87%	
	services relative to average household income					
23.	Formal engagement with mana whenua of Tāmaki	100%	89.47%	89.47%	84%	This measure will be reported on at year
	Makaurau					end. We are continuing to meet with the
						mana whenua of Tāmaki Makaurau. Year to
						date we have met with 17 of the 19 iwi this
						includes senior members from both sides
						formally meeting. Meetings scheduled for
						2022 include mana whenua groups in Te Tai
						Tokerau (Far North).

No.	Measure	Target	Actual			Commentary
			April	March	February	
			2022	2022	2022	
24.	Ratio of procurement sourced through Māori owned businesses	1%	1.32%	1.32%	1.31%	Measure now contains indirect spend from key supply partners (EM, TARP, CI, Valued networks). However, at this stage only Fulton Hogan, McConnell Dowell and March Cato have been able to report on Māori spend. We are continuing to work with other key supplier partners to assist them in being able to report on their Māori spend. Internally during Q4 we will be increasing communications on this target with the publishing of 'Our guide to delivering Māori business outcomes' and working with Amotai to increase the uptake of Māori businesses.
25.	Percentage of customer complaints resolved within ten	≥95%	98.03%	98.40%	98.48%	
	days of notification					
26.	Net promoter score (NPS)	≥40%	54%	53%	54%	
27.	Community trust score	≥55%	57%	56%	56%	

Attachment 2

PEOPLE DASHBOARD: April

Workforce Snapshot



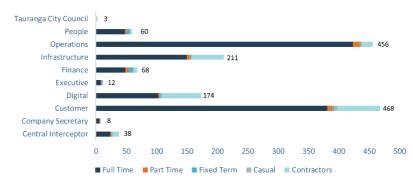




As	at	30	Api	r 2	n:	2

* 1272	38.99%	61.01%
Full Time	34.83%	58.96%
Part Time	2.59%	0.47%
Fixed Term	0.55%	1.18%
Casual	1.02%	0.39%

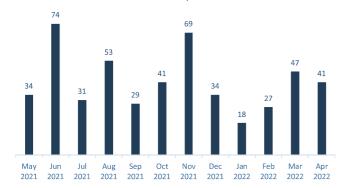
*The number of FTE as at 30 Apr 2022 is 1245.29. Casual employees are counted as 0.1 FTE. All the figures above do not include contigent workers as we currently do not collect gender information of contingent workers.



Employees By Busniess Unit & Position Type

Please note active contractor information is based on data provided by the business through ServiceNow. Some third party contractors may not be included, and further categorization of contractors (direct, third party) was not provided at time of request. There are also potentially contractors who have expired but have not been terminated by the manager. We are currently working on improving the process to better capture this information and report on it.

New Hires by Month

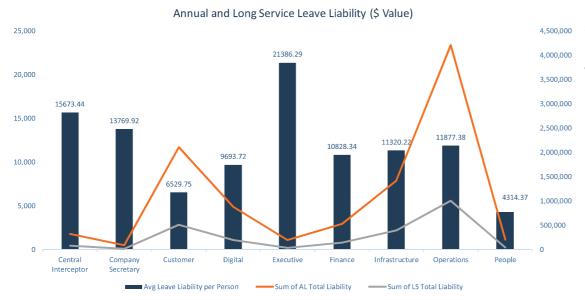


Due to the ongoing impact on the tight talent market, Time to Hire in work days (from jobs open) has continued to increase, from 51.96 days in March to to 56.56 days in April.

Average 12 mth Rolling: Headcount V % Voluntary Turnover



This does not include anyone that has left for reasons other than resignation.



Includes all full time and fixed Term Employees Total Annual Leave Liability \$9.96 mil Total Long Service Liability \$2.41 mil As at 30 Apr 2022

Average annual leave liability per person has decreased slightly in April.

Total Sick Leave by Month V 12mth Rolling & Target



Rolling sick leave has decreased slightly on March.

Attachment 3

Health, safety and wellbeing – April 2022

Critical Risk Review

The Board have expressed concern at the number of critical risks the business is managing. Work has been undertaken to rationalise the number of critical risks and a proposal will be shared with business groups whereby they focus on those critical risks relevant to the work they are doing. This will be shared by HSW Business Partners by the end of May.

Audits

Self-audits of all staffed sites, MSN and Lab are almost complete. The HSW team have streamlined the audit process for sites, and the site audit experience has significantly improved. Some themes are emerging:

- Systems gap basic systems are not available, consistent and accessible across sites e.g. training records, PPE register, pre-starts
- Fatigue related to the burn-out findings from the EM survey. Teams and individuals not so much exhausted as 'over it'.
- We have an external ACC audit in June which will focus on the Lab, MSN and Huia WTP.

Infrastructure

Work is progressing on the HSW Management plan which will be with the Infrastructure Leadership Team for consultation by the end of May. The intent is to have a single reference document for communication and expectation-setting between contractors and WSL to improve collaboration and consistency.

APHIRM Project (A Participative Hazard Identification and Risk Management Toolkit for improving risk management of musculoskeletal disorders)

This project is focussed on improving MSD incidents and outcomes and is currently being rolled out at MSN.

HSW performance – April 2022

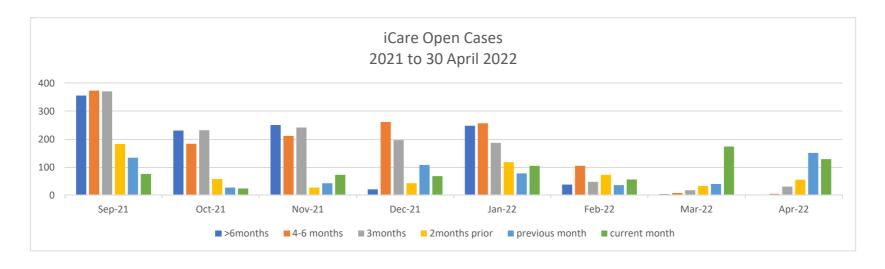
No. employees & contractors	Total hours worked	No. days overtime
1485	323,736	761 days
Employees 1246 Contractors 239	(13.3% dec on previous month) WC 53.076% Contractor 46.923%	Customer 360 days Operations 384.5 days

iCare cases

iCare is the Watercare incident reporting system.

Average time between event and reporting 1.2 days

As a result of significant focus, the number of open iCare cases, particularly those older than six months, have been closed.



Incident metrics

	Note	Apr-22	Mar-22	Feb-22	Jan-22	Dec-21	Nov-21	Oct-21
No. of recordable injuries	1	8	8	6	6	5	9	7
Critical risk exposures/all incidents	2	14/60	5/64	10/64	7/61	8/44	11/73	5/44
High Potential Critical events	3	-	1	-	-	-	-	-

In April, there were two recordable injuries to Watercare staff and six to Contractors.

- 1. One Watercare injury resulted in the worker having time away from work with muscular-skeletal damage (MSD) resulting from a trip. The other case required dust being washed from a worker's eye at hospital when it could not be treated on site.

 Four of the Contractor injuries were MSD following a trip or manual task. One contractor was bitten by a dog and one contractor's hand became
 - Four of the Contractor injuries were MSD following a trip or manual task. One contractor was bitten by a dog and one contractor's hand became severely infected requiring hospital treatment after a puncture wound was not reported or treated until several days after the event.
- 2. Of the 60 events recorded in April, six resulted in vehicle or property damage with no injury. There were two cases of abusive members of the public approaching work crews, in one case with a knife.
 - Eight events related to manual tasks and seven resulted in hand injuries, most of which were treated on site.

Four events resulted from trips on site, reflected in focus areas in inspections regarding access and housekeeping.

3. Critical Risk Exposures: There were no high potential critical events in April. There were 14 close-calls involving critical risks but controls in place ensured no injuries occurred.

Working with or near live energy 10

Mobile Plant 2

Working at Height 2

Critical Risk Deep Dive: Working around water bodies

Access ways and access points to places where work over or adjacent to water is carried out.

Watercare examples include

- The use of boats (Small boats, operating as a work boat for Watercare, are used primarily to collect water samples and do routine maintenance checks of Watercare-monitored dams and reservoirs.)
- Work performed while maintaining, monitoring, or testing water storage lakes.
- Work on the shore of water storage lakes, rivers, ponds, streams, creeks, intertidal storage basin, open wastewater and water treatment plant storage vessels and associated bodies of water.



What it looks like for Watercare

Working on, above or adjacent to water occurs within many Watercare operations. Projects constructing new structures and facilities sometimes require tasks around or near water. Operational, monitoring or maintenance work commonly requires workers to perform tasks around or near water, including working over aerated water and working in boats.

Potential harm

Although exposure is high, the only significant incident in the last five years involved a diver becoming entangled underwater. The event was well-managed and controls ensured no harm. The consequence of working around waterbodies can cause slips, falls, potential engulfment or drowning which can result in a fatality.

Controls currently in place

• Risk Controls – Risk controls have been developed using the bow-tie method.

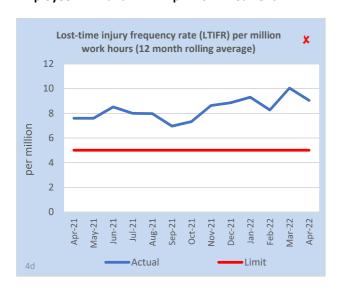


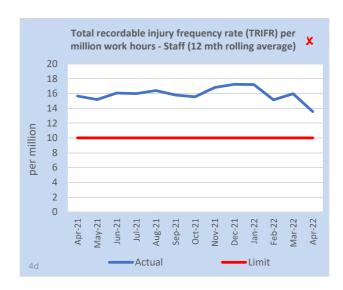
- **Planning** Careful consideration must be given to worker training and capability and the type and suitability of equipment when work on or around water is being planned. It is essential that the hazards are identified before the work starts, that the necessary equipment is provided and that a safe method of work has been developed and included in a standard operating procedure or job safety analysis.
- Engineering controls Access to places where working over water or adjacent must be constructed to standards that reduce the risk of slips and falls.
- Emergency response A task-specific emergency response plan that outlines the actions required of all relevant workers must be included in the standard operating procedures or job safety analysis. There must be a detailed description of how the rescue is going to be performed, including the individual steps that will need to be undertaken, training and competency requirements and assigned responsibilities. Lifesaving equipment, personal buoyancy devices and personal locator beacons must be available, maintained and worn at all times when working on or around water when there is a moderate to high risk of drowning or engulfment.

Training and competency

- Powerboat Training NZ
- Boat Skipper Training
- Heights and Harness training
- Hazard and Risk Management
- Rescue training and rehearsal

Employee LTIFR and TRIFR April 2022 – Current R12





Contractor LTIFR and TRIFR April 2022 - Current R12



Critical risks

Watercare's 14 critical safety risks are below. Every month the HSW team reviews one of these risks and updates the Board. The current month review and deep dive is **Working around water bodies**.

- 1. Working in confined spaces
- 2. Working with mobile plant
- 3. Driving / using vehicles
- 4. Working alone or isolated
- 5. Working with hazardous materials
- 6. Working with suspended loads
- 7. Working with or near live energy (electrical, mechanical, pneumatic, hydraulic, etc)
- 8. Working with fixed plant and equipment
- 9. Working in or near live traffic (includes road corridors, construction and operational sites)
- 10. Working at Height
- 11. Working around water bodies
- 12. Digging and working in excavations (includes tunnelling)
- 13. Working with flammables or in explosive/flammable areas
- 14. Worker mental wellbeing

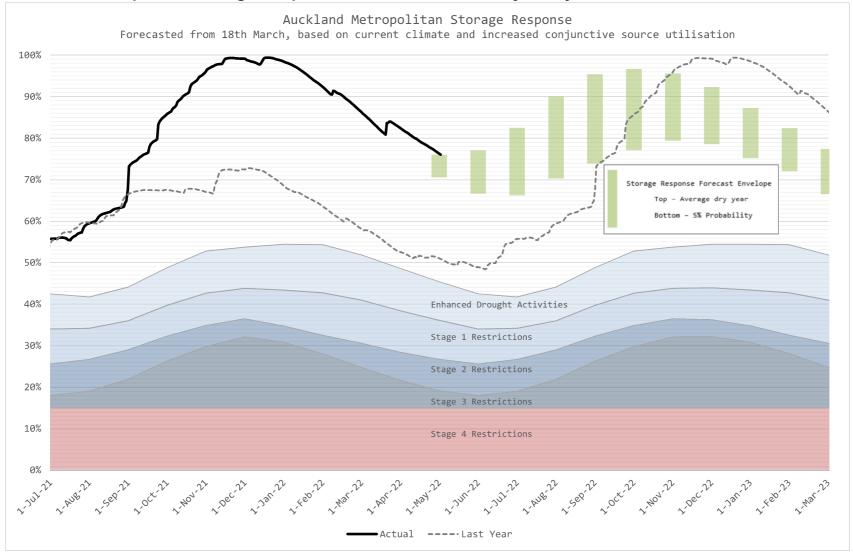


Attachment 4 - Water sources update

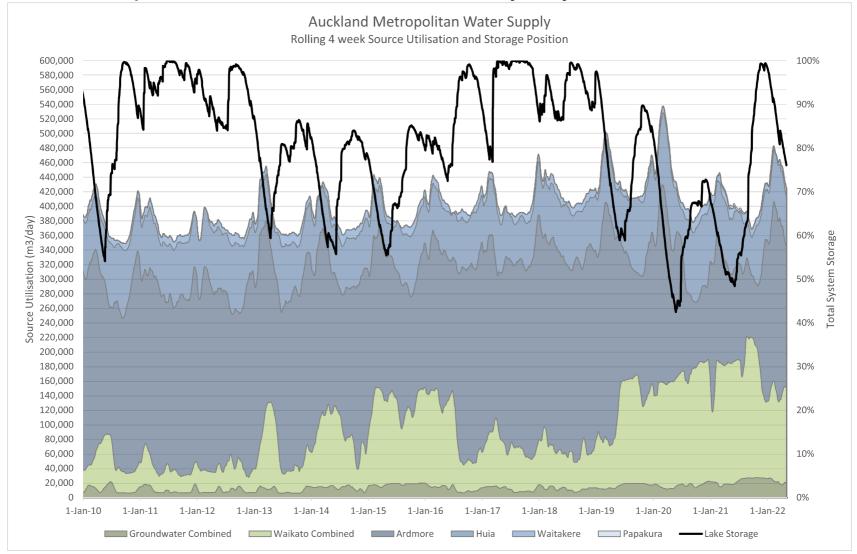
Auckland Metropolitan Total Water Demand – week ended Sunday 1 May



Auckland Metropolitan Storage Response – week ended Sunday 1 May



Auckland Metropolitan Source Utilisation - week ended Sunday 1 May

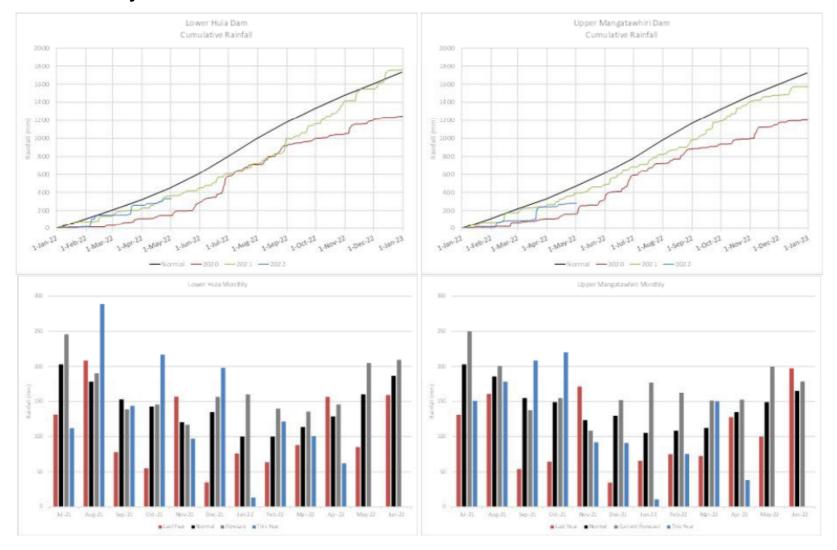


Auckland Metropolitan Water Treatment Plant Availability – week ended Sunday 1 May

Treatment plant	Sustainable peak production (MLD)	Current production (MLD)	Planned production for coming week (MLD)	Comments
Ardmore	330	197	175	
Waikato	170	107	105	Limited to 140MLD. Highly variable daily demand is requiring trim at Waikato WTP. Variable raw water quality is also
Waikato 50	45	31	35	impacting on solids handling resulting in periods of reduced capacity.
Huia	115	63	65	Capacity limited due to solid handling constraints.
Waitākere	16	15	16	Capacity increase follow return to service of filters
Onehunga	25	11	19	Summer aquifer level limiting abstraction, this is starting to recover.
Pukekohe	5	5	5	
Papakura	3	0	0	New permanent plant being developed.
Total	709	425	450	

April production	Historical max	Last week max	Last month max	Max last year
	(MLD)	(MLD)	(MLD)	(MLD)
	481	455	494	452

Rainfall summary



AUGMENTATION STATUS UPDATE

Pukekohe Bore	Hays Creek dam in Papakura	Waitākere Water Treatment Plant
The Pukekohe WTP is operating reliably at a production output of 5.5MLD.	Stage 1 = 5MLD out of service Stage 2 = 12MLD in-service is now due by June 2022, due to Covid-19 delays. Following the commissioning of the Waikato 50 WTP, the temporary Papakura WTP was shutdown to allow the development of the new permanent 12MLD Papakura WTP.	Increase peak production capacity by 8MLD. Project delivery and supply chain disruptions due to Covid-19 restrictions have resulted in significant delays to the outcome of delivery date for the centrifuge, which will increase reliability of the plant. Based on the current programming this will not be completed until December 2022.
	The Pukekohe WTP is operating reliably at a production output of	The Pukekohe WTP is operating reliably at a production output of 5.5MLD. Stage 1 = 5MLD out of service Stage 2 = 12MLD in-service is now due by June 2022, due to Covid-19 delays. Following the commissioning of the Waikato 50 WTP, the temporary Papakura WTP was shutdown to allow the development of the

Location	Waikato Water Treatment Plant (existing plant)	Ardmore Water Treatment Plant	Onehunga Water Treatment Plant
On track			
Action	Peak capacity increased by 25MLD to 175MLD.	Low flow operation reconfigured to 80MLD – 250MLD.	The Onehunga WTP is operating reliably at a production output of 23MLD.

Location	Waikato 50	
On track		
Action	Vaikato 50 WTP is in supply since 14 July 2021. 225MLD peak supply from the Waikato River (W50 and W175) was tested successfully and is available.	
	Waikato No.1 watermain boost pump station is in service and operational.	

NON-REVENUE WATER STATUS UPDATE

Activity	Creating smaller District Metered Areas and pressure management		
On track			
Action	Target is to develop district meter areas with less than 10,000 connections for 65% of the city		
	 Stage 1 Waitākere – rezoned from 6 DMAs to 24 DMAs. The changes have been made live on GIS. 		
	Stage 2 Maungakiekie – complete rezone from 1 DMA to 4 DMAs. Civil work completed; one zones commissioned in December remainder have been		
	commissioned in field. Pressure management implementation now been planned for these zones.		
	Māngere and Konini zones, studies being undertaken for future demand and growth including creating DMAs and pressure management.		

Activity	Leakage management
On track	
Action	 Increase ground surveying of leak detection to 6,000kms a year Total since start of the programme Approximately 10,200 kms surveyed to date 5973 leaks found Total since July 2021 (works were suspended during Alert Level 4 Covid-19 restrictions) Approximately 4400 kms surveyed to date 1791 leaks fixed

Activity	Meter replacements
On track	
Action	Improve accuracy of bulk metering
	208 BSPs (bulk supply points)
	8 BSPs – currently damaged/returning false readings. Values for these BSPs are being assumed based on a 14-day averages. Improvement from 13 since last
	month.
	Improve accuracy of customer meters
	5206 domestic meters replaced YTD, target 30,000. Programme was affected due to lockdown and Watercare suppliers are having problems sourcing smart
	meters. 365 meters replaced in March. The numbers are low as crew is currently focusing on leaks.
	1,800 smart meter loggers installed to date for large commercial customers and schools.

Activity		Non-potable and reuse	
On track			
Action	•	Currently there are three non-potable sites.	
	•	Western Springs, Halls Farm and the Hugo Johnston non-potable filling stations are now open again during standard business hours.	
	•	Due to the recent rainfall the demand at these sites has now reduced.	

Board meeting | 7 June 2022 Public session



Review of the Corporate Governance Charter

For approval

Te pou whenua tuhinga / Document ownership

Prepared byRecommended bySubmitted byJacky SimperinghamJamie SinclairJon LamonteCo-Head of GovernanceChief Corporate Services OfficerChief 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. Take matua / Key points

The key points are:

- The Board reviewed the Charter at the 5 April 2022 Board meeting.
- The version of the Charter discussed at the 5 April 2022 Board meeting had been amended to capture the disestablishment of three of the Board committees (being AMP and Major Capex Committee (AMCC), Committee for Climate Action (CfCA) and Te Tangata Komiti (TTK)). That version of the Charter had also been amended to reflect changes made by Auckland Council following the adoption of the Statement of Expectations for substantive Council-controlled Organisations (SoE).
- At the 5 April 2022 Board meeting, the Board requested that the commitment to Te Ao Māori be embedded in the Charter. Therefore, the Board requested that an updated version of the Charter be provided at the 7 June 2022 Board meeting.
- The revised version of the Charter is attached with this report as Attachment 1. The revisions made to the Charter following the 5 April 2022 Board meeting are tracked in Attachment 1.
- A clean version of the Charter is attached with this report as Attachment 2.

3. Kōrero pitopito / The details

All changes to the Charter are marked-up in Attachment 1. Recommended changes are as follows:

- Clause 2 Role of the Board section: This has been updated to clarify that it is the Institute of Director's Four Pillars of Governance Best Practice that Board members must align with.
- Clause 3 Key activities of the Board section:
 - Refining the wording in the 'Oversight of Management' sub-section to read 'reviewing the terms and conditions of the Chief Executive's total remuneration package annually.'
 - o Including new sub-sections that embed Te Ao Māori in the Charter:
 - 'Iwi and Mana Whenua Partners' sub-section which replaces the 'Iwi Management' sub-section.
 - 'Achieving outcomes for Māori' sub-section which replaces the 'Improve outcomes for Māori' sub-section to ensure the language is consistent with Auckland Council.
 - o Including a review of Watercare's remuneration policies in the 'Our people' sub- section.
- Clause 5 Duties imposed on Board members' section:
 - Updating the 'Legal and statutory duties' sub-section to ensure Watercare gives effect to Te Tiriti o Waitangi which is also set out in Watercare's constitution.
- Clause 9 Key Board Functions section:
 - Amending Clause 9.9, the 'Remuneration' sub-section, to make it clear that reasonable expenses incurred by directors must be pre-approved by the Chair and that the Chair's reasonable expenses must be reviewed and pre-approved by the Audit and Risk Committee.

4. Ngā ūpoko / The capitals

4.1 Our environment including climate change

The Board Charter specifically requires Board members to 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.

4.2 Our people and culture

The Board Charter includes a specific section on Oversight of Management, Ethics and Our people, including diversity and culture.

4.3 Our communities, including Māori outcomes

The Board Charter includes a specific section on our stakeholders and partners. It also now includes another section on Improving outcomes for Māori.

4.4 Our assets and infrastructure

The Board Charter notes that Watercare has an obligation to 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. The Strategy section also refers to the AMP.

4.5 Our future

The Board Charter will bring positive impact on this capital as we try to achieve best practice in our Board leadership, effectiveness, and governance. The Charter also provides useful induction tool for new Board members.

4.6 Our finances

The Board Charter does not have an impact on this capital.

5. Ngā tūraru matua / Key risks and mitigations

The Watercare Risk Appetite Statement has been considered and the report aligns with innovation and opportunities risk theme.

Risk themes	Key risk	Mitigation
Innovation and opportunities	The Charter will become outdated and not accurately serve the governance purpose.	The Charter has been prepared in consultation with the Board Chair and members of the Board and is subject to regular review as conditions dictate.

6. Ngā tuhinga ō mua / Previous deliberations

Date	Report title	Key outcomes
5 April 2022	Review of the Corporate Governance Charter	The Board requested that the commitment to Te Ao Māori be embedded in the Charter. The Board requested that an updated version of the Charter is provided at the 7 June 2022 Board meeting.

7. Ā muri ake nei / Next steps

Subject to the Board's approval, the Charter will next be reviewed in June 2023.

8. Te whakapiringa / Attachment

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

Attachment 1 Watercare

Corporate Governance Charter

June 2022

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;

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

 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 to account through effective and independent oversight of management
- 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 <u>-total remuneration package centract</u> annually, including their renumeration and package
- 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.

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, including
 the nineteen iwi entities of Tāmaki Makaurau and
 the Independent Māori Statutory Board and Local
 Boards, Please show iwi as a separate
 engagement
- Ensuring that Management gives effect to the relevant recommendations of the CCO Review Panel. Please delete as this time bars the charter
- Ensuring that Watercare complies with all relevant laws and regulations and that it meets its contractual obligations

Iwi and Mana Whenua Partners (replaces the 'Iwi Management' clause below)

- Ensure Iwi and Mana Whenua are active partners, decisions makers and participants.
- Ensure Watercare's lwi 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 lwi and Mana Whenua, the
 Independent Māori Statutory Board and Local
 Boards

Achieving outcomes for Māori (replaces the 'Improve Outcomes for Māori' clause below so language is consistent with Auckland Council)

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.

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 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.

Iwi Management (Replaced above)

Ensuring that Watercare communicates
effectively with the nineteen iwi entities of
Tāmaki Makaurau and the Independent Mācri
Statutory Board and Local Boards.

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 Waterrare
- Oversee Watercare's people strategies, renumeration policies and practices
- Monitoring Watercare's workforce diversity (including gender and culture).
- Include here Review of remuneration policies
- Reviewing Watercare's people strategies, remuneration policies and practices.

Improve outcomes for Māori (Replaced above)

Foster more positive and productive relationships between Watercare and Māori, develop the ability of Watercare and its people to respond more effectively to Māori and contribute to Māori wellbeing by developing strong Māori communities in Tamaki Makaurau.

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 dissention 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-with the approval of which must be pre-approved by the Chair. The Chair's costs are tomust be reviewed and pre-approved by the Chair of the Audit and Risk Committee. Please include that all expenditure must be pre-approved.

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 2022 and will next be reviewed in June 2023.

Corporate Governance Charter

June 2022

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.

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

- 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 to account through effective and independent oversight of management
- 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
- 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.

Strategy

- Defining Watercare's purpose
- 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.

- 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.

lwi and Mana Whenua Partners

- Ensure Iwi and Mana Whenua are active partners, decisions 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 lwi and Mana Whenua, the Independent Māori Statutory Board and Local Boards.

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, renumeration 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 dissention 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 2022 and will next be reviewed in June 2023.

Board meeting | 7 June 2022 Public session



Consideration of Shareholder's feedback on Watercare's draft Statement of Intent 2022-2025

For discussion

Te pou whenua tuhinga / Document ownership

Prepared byRecommended bySubmitted byEmma McBrideJamie SinclairJon LamonteCo-Head of GovernanceChief Corporate Services OfficerChief Executive Officer

1. Te tūtohunga / Recommendation

We recommend that the Board:

- discuss the shareholder's feedback on Watercare's draft Statement of Intent 2022-2025 (SOI), and
- provide management with feedback on the content to be included in the final draft SOI to be presented to the Board at the 5 July 2022 Board meeting.

2. Take matua / Key points

The key points are:

- Watercare's draft SOI (Attachment 1) was submitted to Auckland Council on 1 April 2022.
- Council provided shareholder comments to Watercare on 18 May 2022 (Attachment 2), after consideration at the CCO Oversight Committee meeting held on 26 April 2022.
- Management has considered the Shareholder's feedback and plans to amend the Statement of Intent to address the feedback raised. Management's proposed changes are set out at section 4.2 below.
- The overarching theme of the Shareholder comments were:
 - Provide greater alignment and reference to the Auckland Water Strategy vision, shifts, actions as noted in the report that went to the CCO Oversight Committee on 26 April 2022; and
 - o Provide clarity on how Watercare will meet and report on the Waikato River consent conditions as they relate to both investigations options for the reduction of reliance on the Waikato River, and the required governance arrangements to investigate this.
- During the confidential session of the 7 June 2022 Board meeting, the Board will consider Watercare's Emissions Roadmap, including a draft SOI performance measure to include in the draft SOI for 2022-2025.
- The next version of the draft SOI following the 7 June 2022 Board meeting will be tabled for Board approval at the public session of the 5 July 2022 Board meeting. Members of the public will be welcome to provide further comment at that meeting.

3. Whāinga / Purpose and context

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 (Council advised the date had been extended to 1 April 2022 for this year).

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

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

4. Korero pitopito / The details

4.1 The timetable of the SOI process

10 November 2021	The SOI process began with a workshop held with the CCO Oversight Committee, CCO Board Chairs and CCO Chief Executives. This was to discuss the strategic priorities for inclusion in the letters of exception.	
16 December 2021	The Mayor's Letter of Expectation was received by Watercare	
1 April 2022	A draft SOI 2022–2025 was prepared, approved by the Watercare Board and submitted to Auckland Council	
26 April 2022	The CCO Oversight Committee reviewed Watercare's draft SOI and agreed to provide formal feedback to Watercare on the SOI.	
	Informal feedback was also sent to Watercare by Council officers.	
18 May 2022	The Mayor wrote to the Chair on 18 May 2022 setting out in detail the shareholder's comments on the draft SOI. A copy of the letter is appended as Attachment 2. The letter includes comments that are generic to all of Auckland Council's CCOs, as well as comments specific to Watercare.	

	Watercare is now required to provide an opportunity for the public to comment on the Shareholder's feedback before 30 June.
7 June 2022	Public Board meeting held to comply with section 96 of Local Government (Auckland Council) Act 2009. This requires CCOs to provide for two public meetings per annum, with one meeting to be held before 30 June each year for the purposes of considering comments from shareholders on the CCO's draft SOI for the following financial year.
5 July 2022	The final draft SOI will return to the Board at the public meeting on 5 July for final Board approval.
31 July 2022	Deadline to submit final SOI to Council.
August 2022	SOI will be formally adopted by Auckland Council.

4.2 Watercare has considered the shareholder's comments

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

At the public Board meeting on 7 June 2022, members of the public will be able to provide their feedback on the Shareholder's comments.

An updated version of the draft SOI will then return to the Board for final approval at the 5 July 2022 public meeting.

Shareholder comment	Watercare planned response (amendments and additions underlined)			
General comments for all CCOs				
Presentation of SOIs A key recommendation of the CCO Review was to work towards consistency of look and feel in the SOIs, with a template to support this. In general, this is being achieved. However, for final SOIs it would be useful to clearly mark which activities in the work programme are for year one (2022/2023) and which ones will primarily be	Watercare's annual work programme for the first year is clearly set out under point 2.2. The updated draft of the SOI will include more detail of the activities to be undertaken in years two and three.			
undertaken in years two and three (2023/2024 and 2024/2025). While this was not a specified element of the template, the approach taken in the Eke Panuku draft SOI to split these up within the work programme table is a useful one and consideration should be given by CCOs to adopting something similar or providing other clarity about activity timelines where possible.				

Shareholder comment	Watercare planned response (amendments and additions underlined)
Response to Māori outcomes All CCOs make reference in their SOI about commitment to the Māori Outcomes instruments, in particular Kia Ora Tāmaki Makaurau, but there are opportunities to improve consistency between CCOs in how they contribute to KOTM.	The updated draft SOI will include the following wording in the Community section under Māori Outcomes: • 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.
CCOs should work alongside council's Ngā Mātārae and the Māori Outcomes Steering Group (which includes CCO Māori Outcomes leads) to achieve stronger alignment with KOTM in regard to rangatahi/ intern programmes and key performance indicators relating to Māori outcomes.	In Section 1.2, Auckland Plan, the Māori Identity and Wellbeing row will include the following amended and added bullet points: How Watercare contributes to Māori Identity and Wellbeing: By actively fostering and maintaining relationships with local Māori, including via the Mana Whenua Kaitiaki Forum, mana whenua and mātāwaka 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 outcomes.
The focus on key performance indicators should: give priority to procurement targets; and mana whenua and mataawaka satisfaction with CCO engagement and relationship management, given current inconsistencies.	Watercare's draft SOI already includes an SOI Performance measure relating to procurement sourced through Māori owned business. Mana whenu and mātāwaka satisfaction with CCO engagement and relationship management should necessarily be enhanced by the new proposed SOI performance measure "Formal Engagement with mana whenua of Tamaki Makaurau:" - Each year at least five priority outcomes within our Achieving Māori Outcomes Plan are being progressed with mana whenua.
KOTM is supported by the new CCO Achieving Māori Outcomes plans (AMOs). While it is appropriate that the full content of AMOs is not in SOIs, details on progress with implementing the full AMOs should be reported on in the usual quarterly reporting cycle during 2022/2023. A commitment to this should be expressed in the final SOIs.	Watercare already reports on Achieving Māori Outcomes via its quarterly reports to Council and will continue to do so. However, the following part of the draft SOI will be amended as follows: Achieving 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

Shareholder comment	Watercare planned response (amendments and additions underlined)
	Measurement Framework, and progress against the plan is reported to Council quarterly.
Climate change response Te Tāruke-ā-Tāwhiri is a critical council strategy and is well-reflected in the draft SOIs. In general terms the final SOIs should strongly support the implementation of actions identified in Te Tāruke-ā-Tāwhiri, to ensure that climate change considerations are embedded within organisational decision-making and culture, and to deliver on our two core goals: • to reduce our greenhouse gas emissions by 50 per cent by 2030 and achieve net zero emissions by 2050 and	Watercare's draft SOI already strongly supports the implementation of actions identified in in Te Tāruke-ā-Tāwhiri. We propose adding the following additional wording to the Natural Environment Section to ensure Shareholder's feedback is addressed clearly: We are committed to delivering on the actions and direction set out in Te
to adapt to the impacts of climate change by ensuring we plan for the changes we face under our current emissions pathway.	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 in line with the required ambition of the country and the world. Watercare targets for carbon reduction are in line with global science and include:
	 Reduce infrastructure emissions by 40% by 2025 Reduce operational emissions by 50% by 2030 Energy neutral at major WWTPs by 2030 Net-zero emissions by 2050
	In Section 1.2, Auckland Plan, and the table row "Environment and cultural heritage" already includes the following bullet point:
	By planning and providing resilient infrastructure that is adaptive to future changes including climate change
	The Natural Environment Section also already includes detailed commentary under the heading "Mitigate climate change and adapt to the impacts of climate change".
Infrastructure strategy Council's Infrastructure Strategy, contained within the Long-term Plan, requires CCOs to participate in the annual infrastructure strategic alignment process	In the Assets and Infrastructure Section, we propose adding in the following bullet point under the heading "Working with others"
through providing updated Asset Management Plan information annually at the	Specific strategies and plans where we are working with council include:

Shareholder comment	Watercare planned response (amendments and additions underlined)	
end of June. This includes working with council to optimise the translation of strategic direction to investment decisions in each asset group (across asset management and asset planning). It also requires CCOs to work with council to align and improve asset data and asset investment data quality to enable better decision-making across and within asset portfolios. We expect all of the final SOIs to reflect these commitments.	 Council's infrastructure strategy – in particular, Watercare will participate in the annual infrastructure strategic alignment process by providing updated AMP information to Council at the end of June every year. The Financial capital and resources section already includes the following bullet point: Specific strategies and plans where we are working with council include: Delivering our AMP 2021-2041 to align with council's infrastructure strategy and to integrate planning with council and other CCOs 	
Other strategies Council has a suite of other strategies, including the Auckland Plan 2050, growth- related strategies (e.g. Development and Future Urban Land Supply), Auckland Water Strategy, Ngā Hapori Momoho, Urban Ngahere Strategy, Waste Management and Minimisation Plan, Natural Hazards Risk Management Action Plan, Economic Development Action Plan, Toi Whītiki and I am Auckland. Council will increasingly be seeking to translate these strategies into meaningful action, and a commitment to this process should be expressed in final SOIs. It is intended that staff will work with CCOs on this in an ongoing way, both during and after the finalisation of this year's SOIs, recognising that not all strategies apply equally to the business of each CCO, the potential limitations on action imposed by resources, and the need to prioritise effort between many desirable outcomes.	 Watercare's draft SOI already includes the following: A detailed section 1.2 regarding the Auckland Plan 2050 including: In the Homes and Places section, a commitment to "aligning major infrastructure development for future urban areas with Council's Future Urban Land Supply Strategy (FULSS)" In the Opportunity and Prosperity section, a commitment to "working with council to deliver the Economic Development Action Plan" In the updated draft SOI, we propose adding in further detail regarding the Auckland Water Strategy throughout the document. Further details on this are set out below in this table under Watercare Specific Feedback. 	
Financial information Final SOIs will need to reflect the council's final decisions on the 2022/23 annual budget. Final SOIs should ensure that all measures and targets reflect agreed Long-term Plan measures and targets, with agreed variances from these being clearly identified.	The financials will be updated and the Finance team will ensure that all measures and targets reflect agreed Long-term Plan measures and targets, with agreed variances from these being clearly identified.	
Watercare Specific Feedback		
Specific shareholder comments for Watercare Watercare's draft SOI is comprehensive and largely addresses the issues raised in Watercare's letter of expectation. Your foreword in particular responds to the issues raised in their letter of expectation and notes a number of priorities for Watercare over the next SOI period; thank you.	No response required.	

Shareholder comment	Watercare planned response (amendments and additions underlined)
The high-level shareholder comments agreed by the Committee are outlined below.	
We suggest that in the final SOI Watercare: provides greater alignment and reference to the Water Strategy vision, shifts and actions noted in the Committee report, and Includes support for Auckland Water Strategy's commitment to achieve the vision of Te Mauri o te Wai in each of the water strategy shifts	We propose adding significant further detail to the draft SOI now that the Auckland Water Strategy has been adopted by Council. A few of the changes we plan to include are listed below: In the Chair's letter, under the "Watercare priorities for 2022-2025" the final bullet point will be amended as follows:
	 Collaboration with Auckland Council on implementing the Auckland Water Strategy, including embedding the Strategy's high-level vision for Auckland's waters "te Mauri o te Wai o Tāmaki Makaurau – the life sustaining capacity of Auckland's water is protected and enhanced In the Chair's letter, a new section will be added that reads as follows: Auckland Water Strategy
	Council adopted the Auckland Water Strategy in March 2022. This Strategy describes the region's core challenges related to water outcomes and provides integrated strategic direction to address them. The vision for Auckland's Water Strategy is 'te mauri o te wai o Tāmaki Makaurau, the life-sustaining capacity of Auckland's water is protected and enhanced'. We will ensure that this vision is understood across Watercare and embedded in all of the work that we do.
	Watercare worked closely with Council on the development of the Strategy and has agreed to specific actions that it will lead or contribute to. Watercare is committed to the prioritisation of the life-sustaining capacity (mauri) of water in decision-making and commits to strengthening its partnership with mana whenua to do so.
	In line with the Auckland Water Strategy, Watercare, together with Auckland Council is commencing our water-reuse journey to explore options for future water sources, which could include purified recycled water, desalination and increased use of groundwater sources. We will consult with the people of Auckland on the selection of future water source(s) through a Citizen's Assembly later this year. diversification, of sources together with the implementation of long-term water consumption reduction targets will contribute to the overall resilience of the water network.

Shareholder comment	Watercare planned response (amendments and additions underlined)
	In the Chair's letter, Achieving Māori Outcomes section, the section will be amended as follows: Watercare actively works with the Council group in delivering Māori outcomes. Over the next three years Watercare will continue to deliver its Māori Outcomes Plan, a framework that will be used to measure Watercare's contribution to Māori
	outcomes. This plan is aligned to Kia ora Tāmaki Makaurau, the council group's Māori Outcomes Performance Measurement Framework and we will advance the intent of Kia ora Tāmaki Makaurau to improve social, economic, and cultural wellbeing for Māori throughout Tāmaki Makaurau. Watercare is committed to achieving the Auckland Water Strategy's vision - Te Mauri o te Wai o Tāmaki Makaurau and Te Tiriti partnership, whereby Council, Watercare and mana whenua work together as partners in the protection, management, and enhancement of water.
	In the penultimate paragraph of the Chair's letter, the wording will be amended as follows:
	Collaboration with the Council family
	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. With the recent launch of the Auckland Water Strategy, this collaboration will include continuing committed investments and actions designed to achieve the Strategy's targets, such as the water consumption and water literacy targets.
	The updated draft of the SOI will also mention the Auckland Water Strategy strategic shifts and some of the action points, where this is appropriate.
	In Part 2 of the SOI: Statement of Performance expectations, the Auckland Water Strategy section will be amended as follows:
	Auckland Water Strategy The Auckland Water Strategy will enable council decisions and investments to contribute to improving Te Mauri o te Wai, via the eight strategic shifts that are part of the strategy (Appendix C illustrates the Auckland Water Strategy Strategic

Shareholder comment	Watercare planned response (amendments and additions underlined)
	Framework, including the vision, two cross-cutting themes and eight strategic shifts). Demand management is an early focus of the Strategy. Average gross daily consumption targets per person have been set at 253 litres by 2025, 247 litres by 2030 and 225 litres by 2050. The targets and a set of initiatives to achieve them are included in the LTP 2021-2031. Key investments by Watercare for the 2030 targets are implementing a residential smart meter programme and managing leakage to the Economic Level of Leakage (ELL). Watercare will provide regular progress reports to Council on the smart meter programme, and the ELL will be reported on via quarterly reports.
	Council contributes to achieving these targets by implementing new policy and regulation such as allowing rain tanks to be plumbed into new homes.
	In response to the drought Aucklanders made significant reductions to overall demand. Our ability to meet the Auckland Water Strategy targets will depend on the strength of our relationship with the people we serve. Our goal is for Aucklanders to remain part of a movement that values tap water as they value water in the natural environment. We will continue our proactive advertising and communication campaigns to further encourage Aucklanders to be more water efficient, build water-efficient homes and install water-efficient fittings and appliances (Refer Action Point 5.6).
	We will also implement the Watercare aspects of the adopted water consumption targets (April 2021) and continue to work collaboratively on modelling, monitoring and reporting of targets (refer Auckland Water Strategy)
	The diagram that will appear in Appendix C is set out in Attachment 3 to this report.
• provides clarity on how it will meet and report on the Waikato River consent conditions as they relate to both investigating options for the reduction of reliance on the Waikato River and the required governance arrangements to investigate this.	The updated SOI will include the following amendments in the Assets and Infrastructure section: Additionally, as part of the new Waikato River consent, from 2026, Watercare will people to report to Waikato Regional Council every five years on the
	will need to report to Waikato Regional Council every five years on the progress being made on the investigation and implementation of future water source options for Auckland. Once all appeals regarding the consent have been resolved, Watercare must establish and maintain a committee or board

Shareholder comment	Watercare planned response (amendments and additions underlined)
	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: o 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. Progress against this work programme will be reported to Council regularly via quarterly reports. 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.
considers including further detail in the final SOI about how Watercare will comply with new standards and values adopted by Taumata Arowai	In Appendix A, Our legislative Framework, the following amendment will be made: • Water Services Act 2021: This Act requires all persons who perform or exercise functions, powers, and duties under the legislation to give effect to

Shareholder comment	Watercare planned response (amendments and additions underlined)
	Te Mana o te Wai. This parallels requirements imposed on local authorities under the National Policy Statement for Freshwater Management, and on Taumata Arowai under the Taumata Arowai—the Water Services Regulator Act. In particular, the purpose of the Act is to ensure that drinking water suppliers provide safe drinking water to consumers. New Drinking Water Standards and Drinking Water Aesthetic Values come into effect on 1 July 2022, Watercare will ensure its operations are set up to comply with the new Standards and Values.
• notes on the table that provides a list of DIA measures (p.11) that these are also LTP measures provides,	This will be actioned in the updated draft.
• for the measure 'economic level of leakage', a back calculation for at last three years' leakage to compare with the old measure of leakage (percentage).	The economic level of leakage is a detailed model including a complex set of inputs including the costs of water, leak detection, pressure management and renewals. These models are down to a catchment level and require a significant amount of data. As a result, Watercare will focus resource on updating the ELL for the future, to determine a new target, as opposed to calculating what the ELL would have been in the past. For periods prior to 2021, Watercare will continue to report using the historical methodology (percentage lost) consistent with the 2021 SOI.
clarifies the measure "Māori employees in fixed term and/or permanent roles, including leadership positions (Tier 3 and above) identify as Māori". It may be that the initial word Māori is redundant when the targets seem to refer to the overall percentage of Watercare's FTEs who identify as Māori.	Measure will now read as follows: Maori Employees in fixed term and/or permanent roles, including leadership positions (Tier 3 and above) identify as Māori
reinstates the Economic Development Action Plan action: 5.2.1 Investigate water-use precincts co-located alongside wastewater reuse opportunities at Rosedale and Māngere Wastewater Treatment Plants.	In Section 2.2, how we will deliver – annual work programme, the following bullet point will be added in: In line with the Economic Development Action Plan action: 5.2.1 Investigate water-use precincts co-located near Rosedale and Māngere Wastewater Treatment Plants, we are currently in the process of building our first reuse plant at Māngere WWTP which will provide recycled water for the Central Interceptor construction. We are also investigating irrigation near Rosedale
Finally, in the draft SOI Watercare appropriately notes that it is working collaboratively with council to understand what water reform means for Auckland and responding to the government's request for information. It would be helpful, however, in the final SOI work programme to more explicitly outline	We plan to include the following paragraph in the Financial capital and resources section Water reform

Shareholder comment

areas of work that it expects it will need to undertake over the coming year to meet the timeframes and obligations expected from the water reform. It is important that we understand the implications and are kept abreast of these on work programmes, costs, timings etc.

Watercare planned response (amendments and additions underlined)

We are working closely with council to understand the government's Three Waters Reform proposals and what it means for Aucklanders. <u>Watercare anticipates having a significant role to play in the Water Reform process. However, until more clarity is provided by the enabling legislation, DIA and the National Transition Unit, the scale Watercare's role, potential costs, the exact timeline, and any support funding available to us, cannot be accurately determined.</u>

Watercare has a large team of experienced professionals with water and wastewater industry expertise who will be important in guiding the technical, financial and commercial elements of transition. Watercare will make key staff available to support the DIA to ensure it has access to Watercare's best resources and skills.

To date, we have established initial programme management activities and key workstream areas, including: iwi engagement; legal support; commercial; financial and technical advice. Over the coming year, Watercare anticipates that we will be involved in significant work to contribute to the Water Reform programme, including supporting the activities of the Northern Waters Group, and the work to stand up Entity A by the deadline of 1 July 2024. 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

 $\underline{\text{Legal support}} - \text{due diligence, contract reviews, reform legislative support and } \\ \underline{\text{guidance}}$

<u>Commercial</u>, 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

<u>Other support – including staff involvement in reform across key technical areas, including Asset Management, Operations and Customer</u>

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.

Shareholder comment	Watercare planned response (amendments and additions underlined)
	Updates on these work programmes will be provided to Council via our quarterly reports.
	Watercare's Board and Executive team are conscious of managing the impact of Water Reform on our staff, systems, and wider organisational functions. Obviously, continuity of our essential services leading up to, during, and after the transition is paramount.

Informal feedback incorporated into the updated SOI

Informal feedback received from Council has also been incorporated into the SOI as follows:

Informal feedback	Proposed SOI update
 Chair's forward – Priorities – Drinking and wastewater are separate points. E.g. "Supplying safe drinking water for the public health of consumers/ collecting, treating and discharging wastewater in a safe and responsible manner for people and the environment". Where "The diversification of sources together with the implementation of long-term water consumption targets will contribute to the overall resilience of the water network." A second sentence could be added here to acknowledge the work Watercare will be involved with to implement investments (for demand management) and develop further investment plans (for diverse sources). 	 We propose making the following changes to the Chair's letter: Priority and heading will be changed to read as follows: Supplying safe drinking water for the public health of consumers, and collecting, treating and discharging wastewater in a safe and responsible manner for people and the environment. Further down in the letter, the following sentence will be amended as follows: In line with the Auckland Water Strategy, Watercare, together with Auckland Council is commencing our water-reuse journey to explore options for future water sources, which could include purified recycled water, desalination and increased use of groundwater sources. The diversification, of sources together with the implementation of long-term water consumption reduction targets will contribute to the overall resilience of the water network.
Page 3 – suggest adding text to WSL priorities, last point around collaboration with Council on consumption, to reflect that water consumption targets have now been set. Suggest this sentence should be amended to read: "including continuing committed investments and action designed to achieve the Water Strategy targets". See also reporting requirements in attached Water Strategy table	In the penultimate paragraph of the Chair's letter, the wording will be amended as follows: • Collaboration with the Council family

Informal feedback	Proposed SOI update
	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. With the recent launch of the Auckland Water Strategy, this collaboration will include continuing committed investments and actions designed to achieve the Strategy's targets, such as the water consumption and water literacy targets.
Page 5, 1.2 suggest including water strategy in list	 We will amend the introduction paragraph of this page to read as follows: 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.
Pg 6 and 7 - Suggest amendments to the diagram to be more accurate. E.g. SOI's respond to LOE's, not the AUP. Special Housing Areas are likely not as relevant in 2022, is this meant to be Spatial Priority Areas? Water Strategy should be listed in the first paragraph alongside Auckland Plan etc. Environment and cultural heritage - Delivering wastewater services is also good for the environment as well as for customers Māori Identity and well-being – does this include mana whenua and urban marae? It is unclear whether Watercare are building relationships with mana whenua and/or mataawaka. This needs to be clarified throughout this section.	 The diagram at section 1.1 will be updated as illustrated in Attachment 3 to this report. In relation to the other points: As noted above, Auckland Water Strategy will be added to the first paragraph of 1.2 In the Environment and cultural heritage section, bullet point amended as follows: By reliably and efficiently delivering wastewater services to our customers and discharging it in a safe and responsible manner for people and the environment In the Māori Identity and well-being section, we will include the following amended and added bullet points: By actively fostering and maintaining relationships with local Māori, including via the Mana Whenua Kaitiaki Forum, mana whenua and mataawaka 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

Informal feedback	Proposed SOI update
	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
P10. Specific strategies and plans where we are working with council. Suggest adding after 'implementation of the Māori employment strategy – mahi, additional wording to aid the reader: "to grow and develop a talented and thriving Māori workforce and	Under the Achieving Māori Outcomes section, we plan to amend the wording the following:
build organisation capability to deliver Māori Outcomes."	Implementation of the Māori Employment Strategy – MAHI - to grow and develop a talented and thriving Māori workforce and build organisation capability to achieve Māori Outcomes.
P 29, Auckland Water Strategy – reference to "Te mana o te Wai" which is NPS-FM. Should be corrected to "Te Mauri o te Wai" – water strategy vision.	Noted, the updated draft will use the correct reference throughout.
The targets for the measure around "Integration/Adoption of Te Reo etc" could be more specific. The 2024 says that all external facing marketing materials and comms content includes Te Reo Māori, assuming this relates to all digital content? Are they part translations or full translations?	 To address this concern, we plan to update the SOI measures as follows: 2023: Ensure all Tier 1-4 job titles include Te Reo Māori translation; and hold a Watercare Tikanga Māori experience for all staff 2024: Ensure all external facing marketing materials and communications
The measure of success is for both Te Reo and Tikanga Māori, yet there is no reference in the targets that support Tikanga Māori in years 2023 and 2024 (they're just about Te Reo - only one part of the measure)	 content includes <u>part-translations</u> in Te Reo Māori; <u>and hold a Watercare Tikanga Māori experience for all staff</u> 2025: 50% of all staff have attended lessons to improve pronunciation of T Reo Māori, and undertaking of Tikanga Māori; <u>and hold a Watercare Tikan Māori experience for all staff</u>

5. Ngā ūpoko / The capitals

The SOI is structured around our six capitals and how they align to Council's Auckland Plan Outcomes.

6. Ngā tūraru matua / Key risks and mitigations

The Watercare Risk Appetite Statement has been considered and the report aligns with the following risk themes.

Risk themes	Key risk	Mitigation
Financial Responsibility & Commercial Acumen	Performance measure targets may not be met Continuous monitoring of performance measure targets, and reporting to Council via quarterly	Performance measure targets may not be met Continuous monitoring of performance measure targets, and reporting to Council via quarterly reports; agreement with Council to review targets should it be necessary
Reputation and Engagement	Annual work programme deliverables and outcomes not met	Continuous monitoring of progress against our agreed work programme, and reporting to Council via quarterly reports

7. Ngā tuhinga ō mua / Previous deliberations

Date	Report title	Key outcomes
1 March 2022	Our draft Statement of Intent 2022-2025 including	The Board approved the draft SOI subject to some recommended
	financials	changes and delegated authority to the Board Chair and Audit and
		Risk Committee Chair to provide approval to submit the draft SOI
		(including draft financials) to Auckland Council by 1 April 2022.
		The Board's recommended changes were incorporated into the
		draft SOI and the approved draft sent to Council on 1 April 2022.

8. Ā muri ake nei / Next steps

- Update draft final SOI to deal with feedback and recommendations from the Board in light of their review, and any comments from the public who attend the 7 June Board meeting
- The Board will also consider Watercare's emissions roadmap in the confidential session of the 7 June 2022 Board meeting and provide instructions on what SOI measure should be included in the draft SOI

• At the 5 July 2022 public Board meeting, the Board will consider the final draft of the SOI, which will include an emissions target SOI performance measure, and approve it for submission to Council by the 31 July 2022 deadline.

9. Ngā whakapiringa / Attachments

Attachment number	Description
1.	Watercare's draft SOI submitted to Council on 1 April 2022
2.	Letter dated 18 May 2022 from the Mayor containing the Shareholder's feedback
3.	New diagrams to be included in the updated SOI



Attachment 1 Statement of Intent 2022 to 2025 Watercare **W**

He mihi

Kia tīkina atu he mihi, he whakamānawa ki ngā iwi huri noa o Tāmaki Makaurau ake, me ngā tini kārangaranga o ngā mataawaka.

Ka mihi atu ki ngā kupu whakarei a te hunga kua tīpokotia e te ringa o te wāhi ngaro, rātou kua mene ki ngā Hawaiki katoa.

E rere rā ko ngā wai o Waikato, Tāmaki me te Hoteo. Kei waho rā ko ngā tai piringa o Tīkapa Moana, te Waitematā, Te Mānukanuka o Hoturoa me te Kaipara.

Kei uta, he whenua taurikura hei kāinga tupuranga uri mō tātou katoa.

Kāti, ka uia te pātai, 'Mā wai ngā hawai, ngā haroto me ngā moana e tiaki, e whakarauora mai, mei kore māku, mei kore hoki māu?' Greetings and well wishes to the mana whenua; first settlers of Tāmaki Makaurau, also visitors and residents from otherwhere.

We acknowledge you with the eloquent words of those, lost long ago to the hidden hand of eternity, those now gathered in the Hereafter.

The waters of the Waikato, Tāmaki and Hoteo flow inland while out there languish the watery havens of the Hauraki, Waitematā, Manukau and Kaipara.

Here onshore is a prosperous and peaceful place, home for us all and generations yet to come.

To pose the question, 'For whom is the business of preserving the health of waterways, if it's not mine and it's not yours?'

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1

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

Ki te ora te wai The wellbeing of our customers and communities depends on us
Ka ora te whenua looking after our water sources. Because when the water is healthy,
Ka ora te tangata the land and the people are nourished.

As Auckland's water and wastewater services provider, Watercare has a significant role in helping Auckland Council achieve its vision for the city. Our board welcomes the opportunity to work collaboratively with the Mayor and Councillors to jointly develop strategies and policies which achieve efficiencies and provide greater benefit to our customers and the communities of Auckland. This Statement of Intent (SOI) sets out Watercare's commitment to fulfil our vision to be trusted by our communities for exceptional performance every day and our mission to provide safe, reliable and efficient water and wastewater services to all of Auckland.

Watercare's priorities for 2022-2025 are:

- Supplying safe drinking water and collecting and treating wastewater
- Health, safety and wellbeing of all staff and contractors, especially as they tackle the continued impacts of Covid-19
 and the associated changes with the water reform programme
- Promotion and celebration of a diverse and inclusive culture
- Continuing to prepare our business, in collaboration with Auckland Council, for water reform by ensuring the company is in the strongest shape for reform when it occurs
- Improving network performance by building and maintaining critical infrastructure
- · Protecting the environment, adapting and mitigating for climate change
- Improving Māori outcomes
- Continued collaboration with our customers and other stakeholders
- Collaboration with Auckland Council on implementing the Auckland Water Strategy, including the introduction of long-term new water consumption targets.

Supplying safe drinking water and collecting and treating wastewater

We currently supply water and wastewater services to around 1.7 million people. As Auckland's water utility, we face three main challenges – population growth (with an estimated growth of 476,000 people over the next 20 years), ageing infrastructure and climate change. In the face of these challenges, Watercare will continue to:

- Comply with the Water Services Act 2021, including delivering to new drinking water standards and rules, as well as environmental and levels of service standards
- Deliver safe, cost-effective and efficient water and wastewater services, which does not compromise the health of our customers or the environment
- Focus on water efficiency and innovation across the network to further improve water service delivery.

Improving network performance by building and maintaining critical infrastructure (renewals and growth)

Regional growth in population, industry, and commerce has a direct impact on Watercare's ability to provide reliable services and protect both public health and the environment.

Our Asset Management Plan (AMP) 2021-2041 is our tactical plan for managing our infrastructure effectively to achieve our long-term strategic goals and meet those future demand increases. Our asset management planning is focused on: growth, renewals, and levels of service. Over the next 20 years, we will invest about \$18.5 billion to build and maintain water and wastewater infrastructure for Aucklanders. This equates to roughly an average of \$2.5 million every single day for the next two decades. This plan also outlines our largest ever investment towards renewals (pipes and plants) at \$8.7 billion to address the problem of ageing infrastructure.

In early 2022, Watercare was granted a 20-year resource consent for up to 150 million litres a day (MLD) from the Waikato River, ensuring Aucklanders will continue to have a reliable water supply as the population grows. We have agreed to invest \$40 million over the life of the consent towards projects that restore the awa and its tributaries. The

Waikato River helps us to provide a lifeline service to our customers and we will be doing our bit to give back and enable the awa to thrive.

We are also continuing to plan for the replacement of the ageing Huia WTP with a new 140 MLD capacity plant. With an additional 30MLD production capacity, the replacement plant will help meet peak demand and improve system resilience.

In the meantime, we are starting our water-reuse journey to explore options for future water sources, which could include purified recycled water, desalination and increased use of groundwater sources. The diversification of sources together with the implementation of long-term water consumption targets will contribute to the overall resilience of the water network.

Protecting the environment and building resilience against climate change impacts

Droughts such as the one we experienced over the last three years are likely to be more common as our climate continues to change. We have worked hard to increase the volume of water available to Aucklanders by building and expanding water treatment plants. We have engaged with our customers on their water use and encouraged them to use water wisely indoors and out. We are pleased with the progress we have made in increasing the resilience of the city's water supply through greater diversity of sources and by reducing reliance on dams, which suffer the effects of droughts more acutely than river and underground sources.

In the coming years, we will continue to work together with the council group to deliver the actions associated with Te Tāruke-ā-Tāwhiri: Auckland's Climate Action Plan, reducing greenhouse gas emissions (GHG) and preparing Auckland for the impacts of climate change. This includes plans to meet specific targets from the short-term goals of 50% saving in carbon emissions by 2030 to the long-term goal of net zero emissions by 2050 and actions to monitor and prepare for climate impacts.

Watercare's Climate Change Strategy has been refreshed in light of this overarching strategy and been renamed the Climate Change Implementation Framework. The Framework will include a roadmap to meet our 2030 Climate targets and GHG performance measures have been included in this SOI for the first time. Further, in advance of water reform, we are working together with Healthy Waters to ensure the targets in our Framework are aligned.

Watercare commits to working with council on climate change risk assessment and disclosure. During 2022 direct support will be provided to implement the underlying processes that will support the recommended disclosures of the Task Force on Climate Related Financial Disclosure (TCFD) framework.

Water reform

We are working collaboratively with council to understand what water reform means for Aucklanders and are positively responding to the government's requests for information.

We are working collaboratively with the National Transition Unit, the Local Establishment Entity and of course, Auckland Council, including Healthy Waters, on transition to a new water services entity (Entity A). We are also starting to build relationships with our neighbours in the North, who will join Watercare in forming Entity A.

We continue to work closely with council to provide advice and support to the government on the development of an economic regulator.

Māori outcomes - achieving outcomes with Māori

Watercare actively works with the Council group in delivering Māori outcomes. Over the next three years Watercare will continue to deliver its Māori Outcomes Plan, a framework that will be used to measure Watercare's contribution to Māori outcomes. This plan is aligned to Kia ora Tāmaki Makaurau, the council group's Māori Outcomes Performance Measurement Framework and we will advance the intent of Kia ora Tāmaki Makaurau to improve social, economic, and cultural wellbeing for Māori throughout Tāmaki Makaurau.

Covid-19

The Covid-19 pandemic has impacted our business programmes, staff, customers and supply chain, resulting in cost escalations and has dramatically changed the way our people work. Our coordinated incident management framework for Covid-19 has served us well over the past two years and we are confident that we have the resilience and expertise we need to cope with the evolution of this pandemic.

Collaboration

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 stakeholders so that together, we can meet the challenges of today and tomorrow.

Margaret Devlin

Chair of the Board

Jon Lamonte
Chief Executive



Priyan Perera, Head Strategy and Planning, Infrastructure, takes a sample of the water flowing through the Hays Creek Stream

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 \$12b and plan and build infrastructure to ensure we are resilient and reliable and can support growth today and into the future.

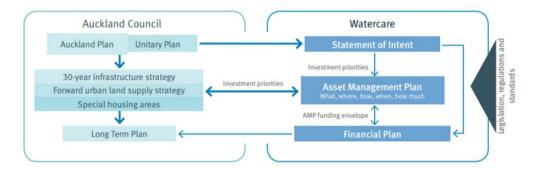
Our functions

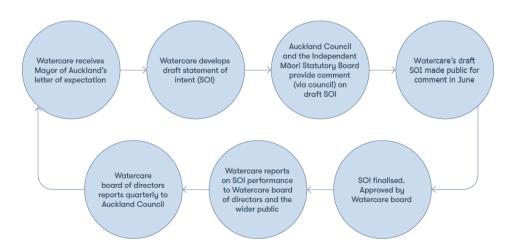
We are a council-controlled organisation (CCO), fully owned by Auckland Council (council). Our services and programmes are financed solely through user charges and borrowings. We are required by law to be a minimum-cost, cost-efficient service provider to our customers (collectively) that operates effectively into the long-term. We do not pay a dividend to our shareholder.

The way we manage and measure our performance is detailed in section 1.4 and our legislative framework is summarised in Appendix A.

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, Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan, Kia ora Tāmaki Makaurau: Māori Outcomes Performance Measurement Framework, relevant performance measures and any associated guidance.

We apply the integrated reporting framework in our decision-making and reporting. Our approach focuses on how we create value through our inputs (or six-capitals) and business activities, focusing on what matters most to our many stakeholders and is intrinsically linked the Auckland Plan 2050 outcomes.

Our major contributions to the Auckland Plan 2050 outcomes are:

Auckland Plan	How Watercare contributes
Outcomes	now watercare contributes
Opportunity and prosperity Auckland is prosperous with many opportunities and delivers a better standard of living for everyone	 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 Be 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	 By working with council on 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 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 actively promoting water-efficient technologies and behaviours to customers and homebuilders By consulting with affected parties on our development plans
Aucklanders live in secure, healthy and affordable homes and have access to a range of inclusive public places	 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 Urban Land Supply Strategy (FULSS) By proactively engaging with Kāinga Ora to plan, fund and deliver water and wastewater infrastructure to support its major urban transformation programmes By collaborating with Council on the implementation of the Auckland Water Strategy, including the introduction of long-term new water consumption targets

Auckland Plan	How Watercare contributes
Outcomes	
Māori identity and wellbeing A thriving Māori identity is Auckland's point of difference in the world – it advances prosperity for Māori and benefits all Aucklanders	 By actively working with the council group to deliver our 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 By providing technical advice related to water supply and septic tanks in marae By providing technical advice for water supply and septic tanks on marae
All Aucklanders will be part of and contribute to society, access opportunities, and have the chance to develop to their full potential	 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
Aucklanders will be able to get where they want to go more easily, safely and sustainably	 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



Tamariki taking part in Watercare's free water education programme

1.3 How we create value – Kia whaihanga ngā huanga

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.



How we're delivering value

Customer and stakeholder relationships



Value created
Public health
Engaged communities
and stakeholders
Thriving communities
and economy

Our vision is to be trusted by our customers and communities for exceptional services

We work hard to gain and maintain the trust of the communities we serve. With focus on:

- delivering safe and reliable drinking water and wastewater services 24/7
- enhancing our partnerships and strong relationships with Māori in Tāmaki Makaurau
- operating responsibly and trusted by our community and stakeholders for exceptional performance.

Deliver safe and reliable drinking water and wastewater services 24/7

Under Taumata Arowai – the Water Services Regulator Act 2020, the principal regulators of our water quality include Auckland Council, Waikato Regional Council, and Taumata Arowai.

We have the responsibility and dedication to provide Aucklanders with safe and high-quality drinking-water. The Water Services Act 2021* requires water suppliers to comply with Drinking Water Standards and Drinking Water Aesthetic Values and operate within a water safety plan. Water safety planning strengthens focus on preventive measures across the whole drinking-water supply system, promotes a multi-barrier approach to managing risks and supports continuous improvement to guide day-to-day activities now and into the future.

*Note: In the June 2022 final draft of the SOI, consider including further detail of how we will comply with the Drinking Water Standards and Drinking Water Aesthetic Values that will come into force on 1 July 2022. Currently, these are still under consultation, so exact wording cannot yet be included.

We are working with the regulators to continuously improve our water safety initiatives and undertake annual internal audits of WSPs (Water Safety Plans) to:

- Ensure we follow the prescribed practices and procedures in our WSP for the treatment and management of water services operations. This is in advance of external audits carried out at any time by the regulator(s).
- Ensure evidence is gathered to support Watercare operations and compliance. And where there is non-compliance, provide the reasons for non-compliance and the impact on ensuring safe and secure drinking-water.
- Confirm stated improvements are being actioned and potential new risks are identified.

Through a series of underground wastewater pipes, the majority of Auckland households and businesses are connected to one of our major treatment plants at Māngere, Rosedale, Pukekohe or Army Bay. We treat and discharge our wastewater in an environmentally sustainable manner.

We are committed to providing great service, whether it is fixing a leak, clearing a blockage, or resolving a bill query. We take guidance from the DIA non-financial measures for water and wastewater operators (see Appendix B); and we set targets for these measures to make sure we maintain the trust of our customers.

Ensure reliable water supply

We recognise that reliable water supply is essential not only for Aucklanders' public safety and wellbeing but also to give businesses the confidence to invest and operate in our city, ultimately improving the economic prosperity of New Zealanders.

Our weather is changing. Climate change means that over the long term, we will see drier summers and wetter winters. The severe and unprecedented drought of 2019-2021 increased awareness about the value of water system resilience. Watercare's response to the drought included augmenting water supply, reducing demand through an effective multi-channel communication programme, working closely with our customers. Other actions included the introduction stage 1 restrictions and improving network performance by investing resources into proactive leak detection.

An independent expert review assessed that recorded rainfall across the Waitākere and Hūnua ranges was worse than a 1:100 year event for the period November 2019 to May 2020. The drought standard provides for a 1:100 year event where dam storage drops to 15% or below. The purpose of the drought management plan is to provide a series of responses to mitigate the potential impact of droughts.

A separate independent review of Watercare's drought preparedness found that the actions taken by Watercare in both demand and supply were appropriate to mitigate the potential risk and storage was maintained above 40%. Communications with Watercare stakeholders were identified as an area for further improvement in terms of earlier communication engagement.

See our Assets and Infrastructure section for further information about our infrastructure planning and investment for continued delivery of safe and reliable drinking water and wastewater services now and in the future.

Working with others

Specific strategies and plans where we are working with council include:

- Implementation of the Auckland Water Strategy
- Climate change
- Three Waters Reform.

Other entities we are working with:

- Veolia Water, Papakura's water and wastewater retailer
- Our partners on the Enterprise Model, Fulton Hogan and Fletcher Construction
- Taumata Arowai to implement changes to drinking water standards and rules.

We measure success by:

Measure	Source	2021	2022	Next tl	hree year tar	gets	
		Actual	SOI	2023	2024	2025	
Ensure safe drinking water							
Meet DIA drinking water targets (see	DIA	100%	100%	100%	100%	100%	
appendix B refer numbers 3, 4 and 9)	measures 100%		100%	100%	100%	100%	
Ensure reliable water supply	Ensure reliable water supply						
Meet DIA drinking water targets (see	DIA	100%	100%	100%	100%	100%	
appendix B refer numbers 5-8)	measures 100%		100%	100%	100%	100%	
Ensure efficient water supply							
Meet DIA drinking water targets (see	DIA	100%	100%	100%	100%	100%	
appendix B refer numbers 2 and 13)	measures	100%	100%	100%	100%	100%	
Ensure safe and reliable wastewater collection							
Meet DIA wastewater targets (see	DIA	100%	100%	100%	100%	100%	
appendix B refer numbers 10-12)	measures	100%	100%	100%	100%	100%	

Enhance our partnerships and strong relationships with Māori in Tāmaki Makaurau

We value our partnership with Māori. In working with our Māori partners we have developed a mutual respect and a shared understanding. We will continue to work together to advance our core interests in water and the environment.

Te Ao Māori principles within our business

The Auckland Plan 2050 includes a priority outcome that "Māori culture and identity is celebrated by Aucklanders and is our point of difference in the world". For Watercare, we have made the commitment to embed Te Ao Māori values

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throughout the organisation. As a strategic priority, we will keep ourselves accountable and aim to realise these aspirations:

- We value Te Ao Māori/the Māori world view, and understand the cultural importance of water
- We embrace and develop our own Māori identity and culture competencies
- We recognise Te Tiriti o Waitangi/the Treaty of Waitangi and the significance of Te Mana O Te Wai.
- Iwi and mana whenua are active partners, decision makers and participants with Watercare.

Māori outcomes

Watercare has identified initiatives within its 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. Through the framework's 10 priority mana outcomes, Watercare will deliver key priorities over the medium term that contribute to Māori Outcomes including:

Mana outcome	Watercare action
Kia ora te ahurea: Māori	Build staff confidence and competency to engage with Māori;
identity and culture	Grow staff awareness and understanding in Te Reo Māori and Tikanga Māori principles through:
	 Cultural interpretations and dual naming at Watercare sites
	 Events and programmes supported by Watercare that showcase Māori identity Inductions include Māori cultural component
Kia ora te ūmanga:	Support economic opportunities for Māori businesses and iwi organisations through:
Māori business, tourism and employment	Sourcing 5% of procurement through Māori owned businesses by 2025
Kia ora te rangatahi:	Contribute meaningfully to realise rangatahi potential through:
Realising rangatahi	Māori youth employment, Māori cadetship and work experience programmes
potential	Continue Mark Ford Ngā Tapuwae scholarship
	 Māori culture and values infused through Watercare leadership programmes
Kia ora te taiao: Kaitiakitanga	Kaitiaki provide an aligned approach to remediate, protect and enhance the mauri of our treasured environments through:
	Water efficiency education and demand management
	Healthier waterways, initiatives with Māori
Kia ora te hononga:	Mana whenua and Māori are active partners, decision-makers and participants through:
Effective Māori	 Incorporating Māori outcomes in core strategies, policies and plans
participation	Mana whenua are offered the opportunity to individually participate in
	discussions about projects and work programmes through the kaitiaki schedule

Working with others

Specific strategies and plans where we are working with council include:

- Implementation of the Māori employment strategy MAHI
- Collaboration and trusted relationship with council's Ngā Mātārae (Māori outcomes department)
- Watercare is committed to working with the council group and the Independent Māori Statutory Board (IMSB) in meeting the requirements of the tri-annual Treaty of Waitangi Audit
- Tūpuna Maunga of Tāmaki Makaurau Authority in relation to Watercare infrastructure on maunga
- 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
- Assessing and mapping the impacts of existing water infrastructure on Te mauri o te wai (the life-sustaining capacity of Auckland's Water, is protected and enhanced) – to be done in partnership with mana whenua by 2030.

Other entities we are working with:

- Mana Whenua forums and tribal authorities
- Independent Māori Statutory Board (IMSB)

We measure success by:

Measure	Source	2021	2022	Next three year targets			
		Actual	SOI	2023	2024	2025	
Formal engagement with mana whenua of Tāmaki Makaurau	Watercare	Not Achieved (13 out of 19 iwi met at least once in 2020- 2021)	100%	Makaurau to a Each year, at le Māori Outcome	h mana whenua of Tā schieve outcomes for I ast five priority outco es Plan are being prog (Updated measure)	Māori mes within our	
Integration/Adoption of Te Reo and Tikanga Māori within Watercare	Watercare	New measure	New Measure	Ensure all Tier 1-4 job titles include Te Reo Māori translation	Ensure all external facing marketing materials and communications content includes Te Reo Māori.	50% of all staff have attended lessons to improve pronunciation of Te Reo Māori, and undertaking of Tikanga Māori	
Ratio of procurement sourced through Māori- owned businesses*	Watercare	New measure	1%	2%	3%	5% by June 2025	

^{*}addressable spend, including through sub-contractors, construction and maintenance partners.

Customer trust and value through exceptional performance and engagement

Building trust through education, transparency and engagement

Watercare commits to ensuring all aspects of service delivery are customer and community centred, recognising Watercare's role in the community it operates in, as well as customers. This will be increasingly important in the evolution towards a three waters entity.

We are committed to working with council on its plan to ensure all Aucklanders have equitable access to essential services. In line with the Auckland Water Strategy, Watercare will support Council to develop a plan to address affordable water access in Auckland.

We are introducing a Customer Charter to articulate our customer promise. We are also continuing to drive customer centricity in our decision making – in the past we may have made decisions for our customers, rather than with them. But as the challenges we face become more complex, we recognise that we need to collaborate and engage more with our customers, and pursue participative decision-making.

We are increasingly segmenting our customer base so that we may engage with them in ways that help Aucklanders further increase their water literacy, including via our integrated education programme that engages school pupils, communities and customers. This will not only build trust and encourage wise water use, but also develop a shared understanding of water as taonga. We are developing programmes to ensure our customers are better prepared for and able to cope with the impacts of extreme weather-related events. The effectiveness and impact of our external messaging will be closely monitored through monthly media analysis.

We will continue to encourage Aucklanders to use water wisely, with messaging that targets specific water users (e.g. gardeners). We will also continue to encourage people to dispose of their fats, oils and rubbish correctly, to reduce the likelihood of dry weather overflows.

Our activities can cause disruptions in our community. We make every effort to protect public safety, engage and consult with communities affected before, during and after our construction programmes and work with Auckland Transport and Waka Kotahi to limit disruption.

The Environmental Advisory Group is an independent group we facilitate to advise, support and challenge our approach to environmental matters. It helps us to anticipate emerging issues, identify community concerns and informs our strategy.

We have entered a collaborative relationship with the Koi Tū Centre for Informed Futures, a research entity within the University of Auckland, to investigate potential benefits of deliberative democracy for community engagement.

Exceptional and responsible service

Over the last few years we have obtained a deeper understanding of our customers and have rolled out programmes to improve access to our services. We have:

- Launched a priority assistance service to enable our more vulnerable customers to access our services. Customers
 can self-identify using multiple channels to let us know if they have special requirements, whether it be hearing and
 visually impaired, elderly, financially constrained or physical or medically dependent. This new service enables us to
 proactively identify these customers and ensure services are tailored to meet their needs.
- Launched a chat service which is available in 84 languages and actively promote Te Reo Māori, Mandarin and Hindi to ensure we are able to serve our communities better.
- Continued assistance for customers facing financial hardship through the Water Utility Assistance Consumer Trust (WUCAT) by referring those unable to pay bills to WUCAT for assistance.

We will continue to work with our customers to provide exceptional and responsible service.

Working with our stakeholders

We have worked closely with Auckland Council and the other CCOs to implement findings of the July 2020 CCO Review. Working with the other CCOs, the relationship with local boards has been reset and 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. The new Information Hub on the Watercare website, designed specifically for our stakeholders, is regularly updated with information about our projects, services and how we are engaging with communities.

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. Many treatment plants also have special requirements for ongoing community liaison groups and we regularly meet to share information and discuss local issues.

Working with others

Specific strategies and plans where we will work with council include:

• Council's equitable access to essential services plan

Other entities we are working with:

Koi Tū Centre for Informed Futures to investigate the potential benefits of deliberative democracy

We measure success by:

Measure	Source	2021	2022	Next tl	hree year taı	rgets
		Actual	SOI	2023	2024	2025
Customer Net Satisfaction Score (Previously	Watercare	46	≥40%	≥45	≥45	≥45
Net promoter score))*		Achieved				
Community trust score	Watercare	New	≥55%	≥55%	≥55%	≥55%
		measure				
Percentage of customer complaints resolved	Watercare	New	≥95%	≥95%	≥95%	≥95%
within ten days of notification		measure				

^{*}The name of this score is now the Customer Net Satisfaction Score. This measures customer satisfaction when they interact with Watercare. This is a better reflection of the measure, as it's a net score derived by deducting the percentage of customers scoring poorly (0-6) from the percentage of customers scoring us highly (9-10). NPS measures brand loyalty, and Watercare is a monopoly. The methodology used to calculate the score remains unchanged – only the name has changed. The score is derived from this question - "Would you speak positively of your most recent experience with Watercare to friends and family (if asked)?"

How we're delivering value

Natural environment



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

Water is a taonga (treasured resource) and every aspect of our operation is dependent on and impacts the natural environment. We are part of the water cycle, receiving our water from rainfall, rivers and aquifers; and returning high quality treated wastewater to the environment. Our water and wastewater services thrive only if the natural environment does. We have a duty to protect our water sources.

Protect and enhance our natural environment

Mitigate the impact of our water and wastewater activities on the environment

Through a series of underground pipes, the majority of Auckland households and businesses are connected to one of our major treatment plants at Māngere, Rosedale, Pukekohe or Army Bay. We treat our wastewater to the highest standards and discharge it safely to the receiving environment.

Watercare has regional network discharge consent for the regulation of wastewater discharges. We design and maintain our wastewater network to limit discharges to the environment. This is achieved most of the time and across the majority of our network.

We strive to continuously improve our wastewater network performance and are working to deliver significant programmes, such as the Central Interceptor and the Western Isthmus water quality improvement programme, to reduce overflows and ultimately improve the water quality of Auckland's waterways and coastline for the enjoyment of Aucklanders. Further detail can be found under the infrastructure section.

We are working with NIWA, iwi and council's Healthy Waters and Research and Evaluation Unit (RIMU) departments to develop hydrodynamic water quality programmes for the Manukau Harbour. The solid relationship established from this collaborative work is enabling further discussions on improving the quality and efficiency of environmental monitoring in the Manukau Harbour.

The natural environment, made up of rivers, streams, forests, hill lands and underground aquifers make up the source and catchment for our water supply. Many of these habitats are also a showcase of New Zealand ecology. Working to enhance where we operate is not new and we continue to make improvement through ecological programmes, riparian planting, native forest regeneration and pro-active catchment management.

Mitigate climate change and adapt to the impacts of climate change

Climate change is one of the largest challenges we face as a business, as people, and as a country. The impacts of climate change are often seen through water, and it is our responsibility to 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 playing an active role in dealing with this issue by taking bold action.

Given Auckland's size and scale, preparedness for climate change will be the cornerstone of our response. We know that the water in our dams and rivers is not an infinite resource and cannot be taken for granted. We are already facing increasing extreme weather conditions. That, along with a rise in demand for water during hot and dry periods will put our water supply at risk. A single drought is not the same as climate change, but the threat to drinking water supply is one of the most pronounced impacts we will face as a region. Even slight changes to rainfall, sea level, and temperature will



have significant impacts for us and future generations. We will see more frequent droughts and flooding, and rainfall will be a less reliable source of water. More days with hotter temperatures and longer dry spells will cause demand for water to increase, while the assets and plants in our water and wastewater systems will face more extreme weather events and the effects of sea level rise.

Auckland's future will depend on the decisions we make now to both prepare and mitigate the impacts of growth and climate change. As we look to the future, our ability to make efficient and effective use of our water supply is going to become more important.

Our climate change work continues to evolve. Our first Climate Change Strategy which was launched in 2019 and has been updated into a Climate Implementation Framework. It sets out the actions we will take as we continue our journey to operate a low-carbon company that is resilient to climate impacts. This covers specific actions that we will take immediately, especially in the areas of long-term infrastructure planning where decisions we make today may have to last up to 100 years. We are also monitoring and understanding the events that we see today, such as drought and extreme rainfall events, so that we can adapt to the changing climate based on our own experiences as well as evolving data and projections.

We are aligned with the most recent science, to keep global warming within 1.5°C, and our targets reflect that. We have worked closely with Auckland Council on the development of Te Tāruke-ā-Tāwhiri: Auckland's Climate Action Plan and are now delivering on the actions and direction that it provides.

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 in line with the required ambition of the country and the world. Watercare targets for carbon reduction are in line with global science and include:

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

Watercare is committed to these targets and has a roadmap for annual operational carbon emissions as well as annual SOI performance measures. The mitigation programmes we have planned will be further explored considering the financial constraints over our asset management plan.

In the short-term we see increasing energy consumption from population growth and the use of more energy intensive treatment technologies. For example, the upgraded Pukekohe WWTP, treats water to a higher quality, but uses more energy to do so. Getting the balance right is a constant challenge.

Working with others

Specific strategies and plans where we are, or will work with council include:

- Auckland Water Strategy
- Compliance with the National Policy Statement on Freshwater Management
- Climate Change Risk Assessment using scenario analysis
- Identification and implementation of a process for managing climate risks across the group
- Climate risk governance assessment
- Working with council and Auckland Transport to lead development of 10-year project outcomes for the Western Isthmus Water Quality Improvement Programme
- Three Waters Reform
- Te Tāruke-ā-Tāwhiri: Auckland's Climate Action Plan

Other entities we are working with:

- Veolia Water, Papakura's water and wastewater retailer
- Our partners on the Enterprise Model
- NIWA, iwi and the Research and Evaluation Unit of council to develop hydrodynamic water quality models for the Manukau Harbour

We measure success by:

Measure	Source	2021 Actual	2022	Nex	t three year tar	gets		
			SOI	2023	2024	2025		
Protected and enhanced natural environment								
Meet all DIA natural environment targets (refer to numbers 1 and 2 in appendix B)	DIA	100%	100%	100%	100%	100%		
We will implement Mitigation measures in line with our responsibility to keep global warming within 1.5oC. * We will reduce annual greenhouse gas emissions from Scope 1 and Scope 2 emissions (operational mitigation). NOTE: The targets will be finalised and presented to the 7 June board meeting in the final draft SOI for submission to Council	Watercare	Complete work on a plan to achieve reductions in operational emissions by 2030, including updating targets in line with Auckland Climate Plan (ACP) – Achieved	N/A – not included in SOI as we are completing work to finalise targets in line with ACP. We are working on establishing baselines and a roadmap of targets, which will consider the contribution to the regions	TBC in June 2022	TBC in June 2022	TBC in June 2022		



Volunteers and Watercare staff at a planting day at Ambury Farm to encourage nesting birds

How we're delivering value

People and culture



Value created Safe, engaged and empowered team Customer trust and

Industry talent and skills developed

Our people work around the clock to ensure uninterrupted access to our services

The collective knowledge and experience of our people is essential for us to deliver on our core purpose and ensure Auckland is prosperous with many opportunities to deliver a better standard of living for everyone. Our people continued our essential services throughout the Covid-19 lockdowns without interruption.

Safe, engaged and empowered team

Ensuring the health, safety and wellbeing of all staff and contractors

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

Employing a diverse and inclusive workforce

Our Diversity, Inclusion and Belonging Committee's mission is for Watercare's people to reflect the diverse communities we serve. The committee champions inclusion so that our people can bring their whole, authentic selves to work and feel a true sense of belonging at Watercare. Our Māori Outcomes Plan includes our plan to increase the number of staff who identify as Māori.

This SOI introduces a new target for gender diversity at Watercare, being the 40:40:20 ratio, which refers to 40% men, 40% women, 20% of any gender, including gender diverse.

Training our staff for competent delivery of safe and reliable water and wastewater services

Watercare provides training to maximise on-the-job effectiveness and to encourage individual career development, consistent with its business requirements. We demonstrate full compliance with legislative requirements to ensure all staff are adequately trained and competent to ensure safe and reliable drinking-water quality management and water safety planning activities.

Unlocking potential through training and development

The limited availability of talent in our labour market means it is essential we grow skills and talent internally and attract a diverse range of new talent. We work with industry partners and tertiary education providers to deliver clear training pathways, graduate programmes as well as apprenticeship and internship opportunities and continuous online training opportunities. All employees have an annual target of 10 hours of training, including two hours in Health, Safety and Wellness in their personal KPIs.

Working with our suppliers to build greater pipeline certainty and confidence to invest for the future

Through our Enterprise Model we are working collaboratively with the construction industry to give our partners greater certainty of the construction pipeline so they can invest in the training and development of their people to improve workforce capability overall. See the section on Intellectual Capital for more information.

Working with others

Specific strategies and plans where we are working with council include:

 Action the CCO review recommendations, including develop group policies for leadership talent and remuneration

Specific strategies and plans where we are working with others include:

- Our partners on the Enterprise Model, Fulton Hogan and Fletcher Construction
- Tertiary education providers to deliver graduate programmes

We measure success by:

Measure	Source	2021	2022	Next three year targets			
		Actual	SOI	2023	2024	2025	
Employee net promoter score (eNPS)	Watercare	35 – Achieved	≥20	≥20	≥20	≥20	
Total recordable injury frequency rate (TRIFR) per million hours worked	Watercare	New Measure	<20	<10	<10	<10	
Safety improvement plans	Watercare	New Measure	New Measure	100% of teams with a HSW Improvement Plan	New measure to be devised relating to completion of actions on the Safety Improvement Plan	New measure to be defined relating to completion of actions on the Safety Improvement Plan	
Culture and Leadership	Watercare	New Measure	New Measure	100% of Tier 1 to Tier 4 who have completed at least 10 leadership walks per year	New measure related to quality discussions with our people on site during leadership walks	New measure Quality of actions and close-out of leadership walks	
Gender workforce ratio in fixed term and/or permanent roles , including leadership positions (Tier 3 and above)	Watercare	Baseline established and improve on baselines (Achieved)	Improve on last year – which was 35% women	40% men 40% women 20% any gender	40% men 40% women 20% any gender	40% men 40% women 20% any gender	
Māori employees in fixed term and/or permanent roles , including leadership positions (Tier 3 and above) identify as Māori	Watercare	New Measure	New Measure	6%	9%	12%	

How we're delivering value

Assets and infrastructure



Value created Future-proofed growth and supply assurance High-performing infrastructure

Our network is critical to safely supply water and wastewater services

Our network supports over 1.7 million Aucklanders, this is expected to grow to 2.25 million before 2041. Growth of this scale is significant, and we need to ensure we have a clear understanding of where and when investment in planning and infrastructure will be made while also ensuring our current network operates safely and reliably.

The critical contributions made to Auckland Plan Outcomes through our assets and infrastructure are:

- Provide safe and reliable drinking water and wastewater services 24/7 (see customer and stakeholder section)
- High performing infrastructure (reliable and resilient now and in the future)
- Future-proofed growth and supply assurance.

Our Asset Management Plan (AMP), is a future-focused planning document that outlines how we will operate, maintain and renew existing water and wastewater assets and provide new assets to meet demand as Auckland grows. It has a 20-year horizon and contributes to Auckland Council's Long-Term Plan (LTP). It helps us to decide what, where, how, when and how much we invest to build and maintain networks.

Key factors considered when preparing our AMP for the Long-term Plan 2021-2031 were:

- Meeting strategic objectives to support council plans and statutory obligations
- Increased environmental standards and compliance
- Maintain network integrity through proactive maintenance
- Scope (the scale of growth)
- Network resilience and climate change adaptation and mitigation
- Maintain affordability and ensure equity across generations.

The result has seen our investment programme increase over the previous AMP, meaning that over the next 20 years, we will invest about \$18.5 billion to build and maintain water and wastewater infrastructure for Aucklanders. Now that the Auckland Water Strategy has been finalised, we will ensure the delivery of the AMP, and future updates to the AMP, align with this Strategy.

To help us deliver this large programme of work, we have deepened our partnerships with the supply chain to mitigate risks, including implementation of the Enterprise Model framework (see Intellectual Capital).

High performing infrastructure (reliable and resilient now and in the future)

Our customers expect safe and reliable services 24/7. This requires us to be resilient and adaptive to changing conditions and invest sufficiently so our water and wastewater networks can withstand emergencies and operate normally with minimal impact on our customers or the environment.

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.

While we have been actively maintaining and renewing our network, our independent economic benchmarking review by WICS (see the financial capital and resources section) recommended increased renewals investment and funding to ensure a reliable and sustainable network over the long-term.

Future-proofed growth and supply assurance

Working in partnership with council on Auckland's growth and intensification

Watercare works closely with the council group to efficiently plan for and prioritise growth and intensification, including via the monthly GM Housing Group. Our aim is to align our longer-term planning of new or upgraded infrastructure to meet council's spatial development priorities and give effect to Auckland's Long-Term Plan and the Future Urban Land Supply Strategy (FULSS). The alignment of service provision with the FULSS, and vice versa, allows Watercare to plan, consent and construct bulk water and wastewater infrastructure efficiently. Development that is not aligned with the FULSS can lead to inefficient investment, particularly if it does not border existing serviced land.

We will continue to consult with council's GM Housing Group or the Planning Office (who report to the Chief of Strategy) on any development proposal which may not align with council's adopted plans and strategies.

Watercare confirms it will contribute to the government's programme to accelerate the supply of housing by working together with the Council group in a coordinated and united way by doing the following:

- Support the implementation of the NPS-UD and submitting on any associated legislation
- Actively engage in the development of the Auckland Future Development Strategy and additions to the Infrastructure Strategy
- Review plans and strategies in an open and transparent manner
- Share information in a timely manner across the Council group to ensure monitoring, analysis and reporting is consistent.

Watercare will also:

- monitor and model climate impacts on the water system, including impacts and scenarios for individual sources, to understand the resilience of the network and inform a precautionary approach to operational source management
- work with council on scenario planning and adaptation investment pathways with a 'whole of infrastructure' and 'whole of community' approach (i.e., Parakai/Helensville).

A secure, diverse water supply for a growing population

We currently plan our water security to meet the following standards:

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

Our Water Safety Plans (WSPs) are fundamental to our success as a water supplier. WSPs describe our commitment to supplying save drinking water, strengthen our focus on preventive measures across the whole drinking water supply system, promote a multi-barrier approach to managing risks and support continuous improvement to guide day-to-day activities now and into the future. They describe our commitment to the provision of safe drinking water and how we behave and operate to deliver this outcome on an ongoing, sustainable basis.

In terms of supply for the future, the delivery of drought augmentation projects, and the successful grant of a 20-year resource consent for up to 150 MLD from the Waikato River, have together provided us with access to more water, and

enhanced our water source diversity. We are also continuing to plan for the replacement of the ageing Huia WTP with a new 140 MLD capacity plant to help meet peak demand and improve system resilience.

We are now looking to further improve our source diversity by continuing our focus on alternative sources, which could include purified recycled water, desalination and increased use of groundwater sources.

The Auckland Water Strategy includes a water source diversity target for 2030 of 20MLD (non-dam) rainwater and recycled water capacity for beneficial reuse, increasing to 100MLD by 2050.

We already have small-scale pilot projects in place to commence our journey towards the use of purified recycled water, thereby reducing our reliance on rain dependent sources. These projects will help inform the investment plan required under the Auckland Water Strategy. The investment plan will outline how Council and Watercare will together meet the above 2030 and 2050 water source diversity targets. Additionally, as part of the new Waikato River consent, from 2026, Watercare will need to report to Waikato Regional Council every five years on the progress being made on the investigation and implementation of future water source options for Auckland. These 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, Ngã Waihua o Paerangi, Te Kotahitanga o Ngãti Tuwharetoa, Raukawa Settlement Trust, Te Arawa River Iwi Trust, Ngãti Tahu-Ngãti Whãoa, and the Waikato River Authority.

To manage demand, we have a comprehensive demand management plan that includes a drought management plan and target to reduce residential water demand to 147 litres/person/day (I/p/d) in 2030 and 135 I/p/d by 2050. We will achieve these efficiencies with the support of Auckland Council via demand management and the facilitation and support of water efficient housing.

We are also undertaking various other initiatives, such as our leak detection programme, to reduce water loss. We are now targeting the Economic Level of Leakage (ELL), measured by litres/connection/day.

To help us achieve these ambitious targets involves cross-functional coordination across the business. We are installing smart meters (focussing first on commercial premises and schools), so our customers can actively manage consumption and leaks. We are also working with Auckland Council's Sustainability Lead to ensure smart water meters and efficient water consumption (e.g. time targeted irrigation) is adopted by the council family.

Our commercial team has been trained to conduct water audits to help our larger customers drive water efficiency, and at a residential level, we have partnered with Ecomatters to promote in home water checks.

We continue working with our construction partners to achieve our 40:20:20 goal before the end of the 2024 calendar year.

Working with others

Specific strategies and plans where we are working with council include:

- Council's infrastructure strategy
- Continue to notify council of any substantive changes to our AMP outside of the annual updates provided
- Auckland Water Strategy
- Review and update the Auckland Metropolitan Drought Management Plan, including council agreement on the triggers and thresholds for using different water sources
- Three waters reform.

Other entities we are working with:

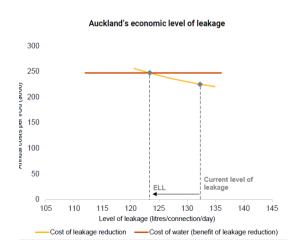
- Taumata Arowai
- Enterprise model Fletcher Construction and Fulton Hogan
- Veolia Water, Papakura's water and wastewater retailer
- Kāinga Ora for the regeneration and intensification of urban areas with a significant social housing component.

We measure success by:

Measure	Source	2021	2022	Next three year targets		
		Actual	SOI	2023	2024	2025
High performing infrastructure (reliable and resilient now and in the future)						
Meet DIA asset and infrastructure targets (see appendix B refer numbers 13-15)	DIA	100%	100%	100%	100%	100%
Future proofed growth and supply assurance						
Economic level of leakage (ELL) - litres/connection/day (I/c/d)	Watercare	New measure	New measure	Equal to the ELL as calculated annually^		
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	New measure	New measure	Watercare to make submissions to Central Government when the opportunity arises (e.g. the Natural and Built Environments Bill and Strategic Planning Bill), supporting the use of desalination and purified recycled water as recognised sources of drinking water in New Zealand.	Monitor the pilot wastewater reuse treatment plant at the Mangere Wastewater Treatment Plant, and from FY24, produce annual reports regarding the pilot plant's performance based on operational and sampling data collated.	

^The Economic Level of Leakage has been incorporated into the Auckland Water Strategy. ELL lies at the intersection of the marginal costs and benefits of leakage reduction and is represented by the litres of leakage/connection/day (I/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. As at August 2021:

- Watercare's current level of leakage was estimated to be 132 l/c/d.
- PWC's analysis of the marginal costs and benefits of leakage management activities estimates that Auckland's ELL as at August 2021 was about 123 l/c/d. This level is illustrated by the intersection of the two curves in the graph below.
- The ELL will be calculated annually.



How we're delivering value

Intellectual capital



Watercare - Becoming future fit

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

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

The water industry faces many significant challenges – climate change, availability of water resources, ageing infrastructure and ageing workforce – these challenges are complex and require new thinking and new ways of working. Watercare believes the key to dealing with these challenges involves building an innovation and collaboration mindset.

Industry leading thinking and processes

Sustainable and cost-effective infrastructure for Auckland

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

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

A significant portion of the 40:20:20 vision will be delivered through the Enterprise model framework. Starting in 2019, we partnered with two construction companies, Fulton Hogan and Fletcher Construction, for the delivery of \$2.4 billion worth of water and wastewater infrastructure for Auckland over 10 years. The long-term and collaborative nature of the Enterprise Model framework is a first for New Zealand and supports the development of a high-performing construction sector in New Zealand and enhances the resilience of our partners, who have long-term agreements with us. They will be able to invest in people and we are allocating risk in a fair way. We have a mature and collaborative way of working to ensure our customers, company and partners are looked after. This framework involves a commitment to deliver a programme of work, rather than discrete projects, that will drive greater cost-efficiency and innovation.

Our data intelligence pulls together Watercare's data from various parts of the business to obtain better overall visibility of the business and customers. Our Nerve Centre builds on this intelligence to predict our network performance and improve customer and environmental outcomes.

Working with others

Specific strategies and plans where we are working with others include:

• Our Enterprise Model partners

We measure success through a combination of measures identified in other sections.

How we're delivering value

Financial capital and resources



We work hard to operate efficiently so our services are affordable, now and in the future

We take our financial responsibilities very seriously, and operate efficiently and responsibly by:

- Effective planning of our infrastructure needs, reflected in our asset management plan (see Assets and Infrastructure section)
- Long term financial planning
- Continuously review and improvement of our performance
- Innovative procurement initiatives such as the Enterprise Model (see Intellectual Capital section).

Minimum-cost, efficient, financially robust provider both now and in the future

Long-term financial planning

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

Our financial management is underpinned by robust plans and policies and 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 not to 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 for 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. We are grateful to council for approving most of our increased investment programme over the course of the next 10 years and our proposed price path which sees an increase of 7% on 1 July 2022, followed by annual rises of 9.5% from 2023 to 2029. We will continue to work with council to monitor progress and any impact that deferrals, particularly renewals, may have on us being able to meet our performance targets and customer expectations.

We continue to monitor affordability which is still well below our threshold of 1.5% of Aucklander's household income.

We will work closely with WUCAT to assess the impact of our price rises on our vulnerable customers (see our Customer and Stakeholder Relationship section).

Continuous review and improvement of our performance (WICS benchmarking review)

Watercare has been working with the Water Industry Commission for Scotland (WICS) to prepare for economic regulation. In our 2020 review WICS found:

- Our performance, while significantly better than much of New Zealand, has room for improvement.
- Our funding for asset renewals is less than the true economic cost of replacement. This means that at some stage in the future there will be a renewal catchup. WICS recommended we plan for this catchup now to ensure fair contribution to the cost of our network, across generations.
- The leverage available to us is significantly less than our international peers. This means our current customers are paying more than is fair for new assets and that we are unable to invest efficiently to build critical infrastructure.

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Our engagement with WICS is ongoing. We are currently working with them to confirm baseline assumptions and reassess our operating performance. In a consultative capacity WICS is acting as a coach to develop regulatory capability within Watercare by giving insight about the level and quality of information required by an economic regulator.

Water reform

We are working closely with council to understand the government's Three Waters Reform proposals and what it means for Aucklanders.

Revenue opportunities

Guided by the 2019 Letter of Expectation to explore new revenue opportunities, Watercare entered a contract of service with Waikato District Council (WDC). WDC continues to own all assets while Watercare manages the infrastructure above and below the ground. It was originally intended we would consult with Auckland customers after a 21-month transition period. This transition period has been extended to 30 June 2024 while we work to understand the Three Waters Reform proposals.

Through our 2020 acquisition of a majority shareholding in Lutra Limited, we gain efficiencies from Lutra's software and by utilising their training platform. We have also grown revenue without compromising core services.

Efficiency savings

Watercare commits to working with the Council's Chief Executive to implement \$15m of permanent cost reductions in the form of efficiency savings across the group in 2023/24, growing to \$30m per annum from 2024/25 onwards. We are using the WICS work (refer above) and other benchmarking information to establish an efficiency programme which will be instigated in the 2022/23 financial year. We have also signalled our efficiency focus through the 2022/23 budgeting process, which includes cost reduction targets and expectations in relation to staffing levels, contract labour and professional fees.

The current Covid-19 effects are also reflected in actual operational and capital expenditure captured in the financials. The Covid-19 and current economic conditions are also considered in the asset revaluations.

Working with others

Specific strategies and plans where we are working with council include:

- Three Waters Reform
- Delivering our AMP 2021-2041 to align with council's infrastructure strategy and to integrate planning with council and other CCOs
- Supporting council to prepare its 10-year budget for 2023-2032
- Auckland Water Strategy
- The introduction of an economic regulator
- Informing council of any proposals for new entities formed or acquired (in whole or part)

Specific strategies and plans where we are working with others include:

- Water Industry Commission for Scotland to continually review our economic performance
- DIA on Three Waters Reform

We measure success by:

Measure	Source	2021 Actual	2022 SOI	Next three year targets		gets
				2023	2024	2025
Minimum-cost, efficient, financially	robust provider b	oth now and in the futu	ıre			
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	Set measure and establish baseline of 3.45 or lower – achieved – 2.89	≤3.54	≤3.61	≤3.46	≤3.77

1.4 About us – statement of the board's approach to governance



The Directors and the Management team are committed to ensuring the company applies best-practice governance policies and procedures. The company has one subcommittee, being the 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. Dates and times are publicly notified in advance with agendas and minutes made available on our website.

Date	Purpose	Form of public notification
7 June 2022	Consider shareholder comments on draft SOI	Public notice
1 November 2022	Consider performance against SOI targets	Public notice
May/June 2023	Consider shareholder comments on draft SOI	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).

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

Subsidiaries

We are a majority shareholder of Wellington-based software and process engineering company Lutra Limited (Lutra). Lutra has a small and highly skilled team of industry experts providing software and technical services to improve the performance of people and processes involved in water and wastewater operations. Lutra's board has three directors of which Watercare executives hold two positions, including the chair. Watercare's board receives and approves Lutra's SOI and receive half-yearly updates from our executive directors.

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

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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 those aligned with our six capitals, and the mandated non-financial measures of the Department of Internal Affairs and those that were agreed with council as part of the LTP 2021-2031.

Our commitment

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

- Demonstrating value for money across all expenditure
- Continuing to work with council to align our capital investment programme with council's 10-year budget. In particular, Watercare will:
 - (a) take account of political direction on key changes proposed by the Mayor and governing body; and
 - (b) continue to undertake comprehensive reviews of our AMP, performance trends, budgets and fee settings. In doing so, we will follow best-practice asset planning processes and do so in a highly transparent manner.
- Sharing key information in our AMP (which includes asset condition, renewals planning, maintenance and renewals procurement, asset-related cost trends and asset planning for growth)
- Benchmarking front-line and back-office expenditure, including regularly publishing results on Watercare's website
- Keeping a strong focus on managing sensitive expenditure lines.

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

We commit to working with council to finalise the implementation of the findings of the 2020 CCO Review.

Part 2: Statement of performance expectations

2.1 Introduction

The last few years have presented unprecedented challenges with Covid-19 and the severe and extended drought. Watercare has met these challenges head on, investing heavily to augment water supply, improve network performance and reduce demand. We carried out work to increase Auckland's water supply by 100 MLD, or enough to meet the residential and commercial needs of at least 400,000 (the population of Palmerston North, Tauranga and Hamilton combined). The increased supply capacity and the processes we developed to deliver at pace will serve us well as we look to the future.

Over the last five years we have invested more than \$2b in our networks while increasing net debt by just \$365m. Our robust and prudent financial planning and efficient delivery has allowed investment of this scale without compromising our exceptional, resilient and affordable services.

We are committed to continue providing safe and reliable water and wastewater services to Aucklanders and to work with council toward Auckland Plan outcomes. Our programme for the next year reaffirms our commitments:

Auckland Water Strategy

The Auckland Water Strategy will enable council decisions and investments to contribute to improving te Mana o te Wai, the life supporting capacity of Auckland's Waters. Demand management is an early focus of the Strategy. Average gross daily consumption targets per person have been set at 247 litres by 2030 and 225 litres by 2050. The targets and a set of initiatives to achieve them are included in the LTP 2021-2031. Key investments by Watercare for the 2030 targets are implementing a residential smart meter programme and managing leakage to the Economic Level of Leakage (ELL).

Council contributes to achieving these targets by implementing new policy and regulation such as allowing rain tanks to be plumbed into new homes.

In response to the drought Aucklanders made significant reductions to overall demand. Our ability to meet the Water Strategy targets will depend on the strength of our relationship with the people we serve. Our goal is for Aucklanders to remain part of a movement that values tap water as they value water in the natural environment. We will continue our proactive advertising and communication campaigns to further encourage Aucklanders to be more water efficient.

We will also:

- implement the Watercare aspects of the adopted water consumption targets (April 2021) and continue to work collaboratively on modelling, monitoring and reporting of targets
- update our Water Efficiency Plan 2021-2025 to align with the Auckland Water Strategy.

Water Reform

In July 2020, the government launched its Three Waters Reform Programme, a three-year programme to reform local government three waters service delivery. An Exposure Draft of the water services entity bill was released in December 2021 that provides details of the government proposal. The entities remain public, separated from local authorities and with mechanisms to recognise Treaty rights and interests to prevent future privatisation. The government has recommended aggregation to four new multi-regional water services entities across New Zealand. Under this proposal Auckland would join with Northland. Professional directors would be appointed to the boards by a representation group with members from local councils and iwi. The entities will be monitored and regulated through Taumata Arowai and a new economic regulator. The National Transition Unit will appoint Local Establishment Entity Boards in mid 2022 that will oversee the transition into the new entities by 1 July 2024.

Water reform is being mandated by government. We are working closely with council to understand what water reform means for Aucklanders both now and in the future and will be supporting council's transition process as the programme advances.

Water Industry Commission for Scotland (WICS) review

Watercare has been working with the Water Industry Commission for Scotland (WICS) to prepare for economic regulation. 2020 was the first year we engaged WICS. They found that while Watercare is operating efficiently there is

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room for improvement. They have made several recommendations that management is working through. These recommendations will be shared with council.

CCO review recommendations

We are working with council to close out the recommendations of the CCO Review Panel.



Public open day - Central Interceptor Wastewater Tunnel project

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 under each sub-section of section 1.3 Nature and scope of activities – 'what we do'.

Our contributions to the Auckland Plan	Primary capital	Significant activities and programmes over the coming financial year	Direct expenditure \$m	Capex budget \$m
Deliver safe and reliable water services 24/7		 Water operating activities Prepare to meet Taumata Arowai water quality regulations once they are in place 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 Continue planning the Huia Water Treatment Replacement Plant to help meet peak demand and improve system resilience 	\$105	Refer to page 33
Deliver safe and reliable wastewater services 24/7		 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 	\$242	Refer to Page 33 below
Minimum cost, efficient, financially robust provider both now and in the future & industry leading thinking and processes	\$	 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 our engagement with WICS to confirm baseline assumptions and reassess our operating performance Continue to develop and deliver our Enterprise Model Target efficiency savings against current opex costs 	Within Operating and Capital Budgets	N/A
High performing infrastructur e (reliable and resilient now and in the future)		 Continue work to optimise our AMP Implement the Auckland Water Strategy including continuing our leak detection programme to meet the ELL Actively engage with Council in the development of the Auckland Future Development Strategy and additions to the Infrastructure Strategy 		\$121
Future- proofed growth and supply assurance		We currently have under construction: Water (growth, level of service and renewal) Ardmore to Redoubt Rd watermain Nihotupu No.1 and Huia No.1 watermain replacement Smart meter programme Wastewater (growth, level of service and renewal) Central interceptor Northern interceptor Pukekohe wastewater treatment plant upgrade Western Isthmus Water Quality Improvement Programme Warkworth-Snells-Algies wastewater network Wastewater renewals across the city	Within Water and Wastewater Opex budgets	\$612

Our contributions to the Auckland Plan	Primary capital	Significant activities and programmes over the coming financial year	Direct expenditure \$m	Capex budget \$m
Protect and enhance our natural environment		 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		 Continue to deliver on our 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 MWMKF Recognise the impact of water reforms on iwi and continue to strengthen existing partnerships and build new ones that represent Māori communities 	Māori Outcomes team included in Opex FY23 Target 2% procurement from Māor owned businesses	N/A
Customer trust and value through exceptional performance and engagement	Finalise the implementation of CCO review recommendations Launch a Customer Panel who will be engaged on a regular basis to help guide our decision making 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	8	 Continue building capability through our staff development and training programmes All employees to have an annual target of 10 hours of training, including two hours in Health, Safety and Wellness in their personal KPIs Improve inequalities across the business 	Within Water and Wastewater Opex budgets	N/A

2.3 Financial statements for the long-term plan

Operating budgets (\$million)		2021/22 Annual Plan	2022/23 Revised LTP*	2023/24 Revised LTP*	2024/25 Revised LTP*
Revenue	581.5	650.6	727.1	810.8	864.1
Fees and charges	510.7	615.5	584.9	657.2	701.4
Grants and subsidies	2.1	-	-	-	-
Other revenue**	68.8	35.1	142.2	153.5	162.6
Direct expenditure	315.6	308.9	347.7	349.2	347.1
Employee related costs	88.2	79.3	77.8	78.8	78.5
Grants, contributions, sponsorship	0.3	0.4	0.0	0.0	0.0
Other expenditure	227.1	229.2	269.9	270.4	268.6
Net direct expenditure (income)	(265.9)	(341.6)	(379.4)	(461.5)	(516.9)
Funding from Auckland Council	0.0	-	-	-	-
Revenue from vested assets	(48.5)	(69.0)	(65.5)	(62.2)	(58.7)
Other non-operating income		-	-	-	-
Net finance expense*	88.4	100.5	108.9	118.8	130.2
Depreciation and amortisation	270.5	245.9	273.2	280.9	322.8
Net losses (gains)	8.6	8.0	8.0	8.0	8.0
Income tax	39.3	55.7	81.6	100.4	109.3
NET EXPENDITURE (INCOME)	92.4	(0.5)	27.0	(15.7)	(5.3)
Net direct expenditure by area					
Expenditure (\$million)			2022/23 Revised LTP*		2024/25 Revised LTP*
Net direct expenditure (income)	(265.9)	(341.6)	(379.4)	(461.5)	(516.9)

Expenditure (\$million)		2021/22 Annual Plan	2022/23 Revised LTP*		
Net direct expenditure (income)	(265.9)	(341.6)	(379.4)	(461.5)	(516.9)
Wastewater Service	(199.7)	(251.6)	(266.4)	(323.7)	(383.3)
Water Supply	(66.2)	(90.1)	(112.9)	(137.8)	(133.7)

^{*}The revised LTP numbers have been adjusted for known changes since the LTP was adopted. Adjustments factor in impacts due to Covid-19, drought, inflation, and performance differences that have occurred since the LTP. The net finance expense also includes Capitalised interest.

^{**} The other revenue reported here excludes IGC revenue. The IGC is reported under Sources of capital funding.

Capital expenditure

Expenditure (\$million)	2020/21 Actual	2021/22 Annual Plan	2022/23 Revised LTP*	2023/24 Revised LTP*	2024/25 Revised LTP*
- to meet additional demand	495.7	342.4	350.7	379.0	455.9
- to improve the level of service	80.7	102.9	126.4	106.6	84.2
- to replace existing assets	187.7	301.0	256.3	307.5	414.5
Total capital expenditure excluding capitalised interest	764.0	746.2	733.5	793.1	954.6
Capitalised interest	34.1	28.1	34.1	39.5	39.5
Total capital expenditure including capitalised interest	798.2	774.3	767.6	832.6	994.1
Sources of capital funding	798.2	774.3	767.6	832.6	994.1
Infrastructure growth charge	196.9	114.7	198.5	174.6	188.9
Debt	354.9	389.9	270.1	273.5	365.8
Asset sales	9.8	-	-	-	10.0
Operating surplus (Net direct income less finance expense)	211.6	269.2	304.6	382.3	426.2
Working capital	24.9	0.5	(5.6)	2.3	3.2

Specific expenditure towards Māori outcomes

Initiatives (\$millions)	2020/21 Actual	2021/22 Annual Plan	2022/23 Revised LTP*		2024/25 Revised LTP*
Iwi engagement on Watercare projects	1.4	1.3	1.3	1.4	1.4

Other financial information

Other financial information						
Current value of assets	The current value of Watercare's assets as 30 June 2021 was \$12.6 billion as disclosed in the audited financial statements.					
Accounting policies	Watercare's accounting policies are consistent with Auckland Council's group policies, except in relation to capitalised interest.					
Financial reporting	Watercare's financial reporting to Auckland Council will be in accordance with the requirements of the group.					
	2020/21 Actual	2021/22 Annual Plan	2022/23 Revised LTP*	2023/24 Revised LTP*	2024/25 Revised LTP*	
Asset sales (\$million)	10.0 8.0 8.0 8.0 8.0					
Shareholder equity ratio	65%	63%	76%	75%	73%	

Detailed capital expenditure list

Detailed Capital Expenditure List (\$million)	2020/21 Actual	2021/22 Annual Plan	2022/23 Revised LTP*	2023/24 Revised LTP*	2024/25 Revised LTP*
Capital Expenditure (excluding capitalised interest)	764.0	746.2	733.5	793.1	954.6
Water Sources					
Additional water sources	26.4	24.5	-	-	-
Water sources other programmes	5.9	3.3	0.2	5.5	10.6
Water TRL and KO Programme	6.1	-	-	20.2	24.7
Waikato 50 and Waikato A water treatment plant	123.8	20.9	1.9	42.8	88.3
Wellsford water supply	0.1	1.6	-	1.4	10.8
Water treatment other programmes	8.2	6.2	3.7	34.1	46.7
Local water network renewals	21.7	34.2	14.6	23.9	56.3
North Harbour 2 watermain	0.9	-	-	9.6	23.2
Other water networks	70.9	81.7	36.0	64.2	159.7
Huia 1 watermain replacement	14.0	36.4	33.1	0.2	-
North Shore boost pumping	13.0	7.5	1.9	-	-
Other water projects	1.8	27.0	22.9	21.6	9.4
Total Water	292.8	243.3	114.4	223.6	429.7
Wastewater Networks					
Central interceptor	149.0	240.3	288.1	147.8	79.4
Local sewer network renewals	18.1	7.6	7.4	9.5	11.7
Northern interceptor	20.6	25.0	48.2	51.5	6.2
Southern interceptor augmentation	-	6.2	26.8	20.0	0.1
Western isthmus programme	3.5	12.3	26.9	59.3	59.2
Wastewater network other programmes	38.3	44.4	42.2	52.8	108.6
Otara catchment upgrades	0.2	9.9	15.5	0.7	-
North Shore trunk sewer and pump station upgrades	11.5	24.1	22.7	23.8	28.6
North East Sub-regional wastewater servicing	33.6	42.7	62.0	63.0	13.6
South West Sub-regional wastewater servicing	14.1	6.6	10.2	61.1	61.1
Rosedale WWTP upgrade	13.3	6.2	2.2	4.9	41.3
Pukekohe WWTP upgrades	45.6	6.2	0.3	-	-
Waste water treatment other	8.2	40.0	29.2	25.3	61.3
Pukekohe trunk sewer upgrades	53.8	2.4	15.2	12.2	3.0
Other wastewater projects	47.4	1.5	2.8	7.3	33.0
Total Wastewater	457.2	475.4	599.5	539.3	507.1
Shared Service					
Shared Service Programmes	14.0	27.5	19.5	30.2	17.8
Capital Expenditure (excluding capitalised interest)	764.0	746.2	733.5	793.1	954.6

Appendix A - Our legislative framework

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

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

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

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

Also, under the legislative framework:

- We must give effect to the relevant aspects of the Council's Long-term Plan, act consistently with other specified
 plans and strategies of the Council and ensure compliance at all times with Sections 57 and 58 of the Local
 Government (Auckland Council) Act 2009.
- At least two board meetings a year are required to be held in public: one before 30 June to consider the Council's comments on the draft SOI for the upcoming financial year, and one after 1 July to consider our performance under the SOI for the previous financial year. In practice, all our board meetings are open to the members of the public (with our constitution and Section 7 of the Local Government Official Information and Meetings Act 1987 permitting certain private matters to be dealt with in private).
- Our financial statements, the SOI and specified long-term plans must be audited by the Auditor-General, or by an auditor acting on behalf of the Auditor-General.
- The Auditor-General is the auditor of Watercare's financial statements. The Auditor-General has appointed Brett
 Tomkins, using the staff and resources of Deloitte, to undertake the external audit work on behalf of the AuditorGeneral, in accordance with the Auditor-General's Audit Standards, which incorporate New Zealand Auditing
 Standards. Deloitte must satisfy the independence requirements of the Auditor-General and External Reporting
 Board.

Further legislative requirements include:

Taumata Arowai – the Water Services Regulator Act 2020: Under this legislation the principal regulators for water quality include Auckland Council, Waikato Regional Council, and Taumata Arowai.

Water Services Act 2021: This Act requires all persons who perform or exercise functions, powers, and duties under the legislation to give effect to Te Mana o te Wai. This parallels requirements imposed on local authorities under the National Policy Statement for Freshwater Management, and on Taumata Arowai under the Taumata Arowai—the Water Services Regulator Act. In particular, the purpose of the Act is to ensure that drinking water suppliers provide safe drinking water to consumers. New drinking water rules and standards for water suppliers (replacing the Drinking Water Standards for New Zealand), come into effect on 1 July 2022.

As part of its governance arrangements, Taumata Arowai has Te Puna -Māori Advisory Group that is charged with advising on Māori interests and knowledge as they relate to the objectives, functions, and principles of Taumata Arowai. This includes—

- developing and maintaining a framework that provides advice and guidance on how to interpret and give effect to Te Mana o te Wai:
- providing advice on how to enable mātauranga Māori, tikanga Māori, and kaitiakitanga to be exercised.

The Health Act 1956 Schedule 1AA includes transitional provisions relating to fluoridation of Drinking Water.

Health Act 1956: Aims to protect public health by improving the quality of drinking-water provided to communities.

Health and Safety at Work Act 2015: Sets out the principles, duties and rights in relation to workplace health and safety. A guiding principle is that workers and others need to be given the highest level of protection from workplace health and safety risks, as is reasonable.

Climate Change Response Act 2020: Section 5ZW(2) creates an obligation for Watercare if the Minister or the Commission makes a request for information as provided for at subsection (1).

Resource Management Act 1991: Focuses on the health of the environment.



Floating solar array, Rosedale Wastewater Treatment Plant

Appendix B - 14 x Department of Internal Affairs non-financial measures^ and 1 x Auckland Plan Measure

No.	Capital	Measure	2020/21 Actual	2021/22 Target	2022/23	2023/24	2024/2025
1	0	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) 0 (b) 0 (c) 0 (a) 0	(a) ≤2 (b) ≤2 (c) ≤2 (d) 0			
2	0	The average consumption of drinking water per day per resident within the territorial authority district (*litres plus/minus 2.5%) (12-month rolling average)	245.6	260 litres*	258 litres*	256 litres*	254 litres*
3	0	The extent to which the local authority's drinking water supply complies with part 4 of the drinkingwater standards (bacteria compliance criteria)	100%	100%	100%	100%	100%
4	0	The extent to which the local authority's drinking water supply complies with part 4 of the drinkingwater standards (protozoal compliance criteria)	100%	100%	100%	100%	100%
5		Median response time for attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (minutes)	56 mins	≤60 mins	≤60 mins	≤60 mins	≤60 mins
6		Median response time for resolution of urgent call- outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (hours)	2.8hours	≤5 hours	≤5 hours	≤5 hours	≤5 hours
7		Median response time for attendance for non- urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (days)	1.0 day	≤5 days	≤5 days	≤5 days	≤5 days
8		Median response time for resolution of non-urgent 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)	1.3 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	9	≤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)	51	≤60 mins	≤60 mins	≤60 mins	≤60 mins
11	0	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)	2.5 hours	≤ 5 hours	≤ 5 hours	≤5 hours	≤ 5 hours

No.	Capital	Measure	2020/21 Actual	2021/22 Target	2022/23	2023/24	2024/2025
12	0	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	29.5	≤50	≤50	≤50	≤50
		(d) Watercare's response to issues with its sewerage system					330
		expressed per 1000 connections to the Watercare's sewerage system					
13		The percentage of real water loss from the territorial authority's networked reticulation system (12-month rolling average)	13.7%	<u><</u> 13%	<u><</u> 13%	<13%	<13%
14		The number of dry-weather overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system	0.86	≤5	<u>≤</u> 5	<u>≤</u> 5	≤5
15		Average number of wet-weather overflows per engineered overflow point per discharge location (12-month rolling average)	0.5	≤2 overflows per year	≤2 overflows per year	≤2 overflows per year	≤2 overflows per year

[^] Measures 1-14 are Long-term Plan measures

^{*} Measures 5-11. Watercare has deferred a portion of our enhanced network asset renewals programme. This deferral could impact the number of faults on our network assets, therefore impacting the ability to meet the SOI targets in future years. We have held the targets at the 2020/21 levels, but realise there is a risk to the delivery to these targets and have agreed with council to jointly monitor and review the targets over the coming year



The moon over Watercare's Central Interceptor Tunnel Boring Machine, named Hiwa-i-te-rangi. The TBM was named after one of the Matariki stars to which Māori would send their dreams or aspirations for the new year.

Attachment 2



18 May 2022

Margaret Devlin Chair Watercare Services Limited

By email

Tēnā koe Margaret

Shareholder comments on the draft Watercare Services Limited Statement of Intent 2022-2025

Thank you for providing the draft Statement of Intent 2022 – 2025 (SOI) for Watercare to Auckland Council. The CCO Oversight Committee considered it at its 26 April 2022 meeting. As context for this discussion a copy of the full report can be found here: https://infocouncil.aucklandcouncil.govt.nz/Open/2022/04/CCO 20220426 AGN 10118 AT.PDF

Thank you for the hard work that you and your organisation has put in producing the draft SOI. We acknowledge that the environment the Council group is operating in remains a challenging one, particularly in the context of the upcoming reform of the water sector and appreciate your support as we navigate this.

General shareholder comments for all CCOs

Presentation of SOIs

A key recommendation of the CCO Review was to work towards consistency of look and feel in the SOIs, with a template to support this. In general, this is being achieved.

However, for final SOIs it would be useful to clearly mark which activities in the work programme are for year one (2022/2023) and which ones will primarily be undertaken in years two and three (2023/2024 and 2024/2025). While this was not a specified element of the template, the approach taken in the Eke Panuku draft SOI to split these up within the work programme table is a useful one and consideration should be given by CCOs to adopting something similar or providing other clarity about activity timelines where possible.

Response to Māori outcomes

All CCOs make reference in their SOI about commitment to the Māori Outcomes instruments, in particular Kia Ora Tāmaki Makaurau, but there are opportunities to improve consistency between CCOs in how they contribute to KOTM.

CCOs should work alongside council's Ngā Mātārae and the Māori Outcomes Steering Group (which includes CCO Māori Outcomes leads) to achieve stronger alignment with KOTM in regard to rangatahi/ intern programmes and key performance indicators relating to Māori outcomes. The focus on key performance indicators should give priority to procurement targets and mana whenua and mataawaka satisfaction with CCO engagement and relationship management, given current inconsistencies.

KOTM is supported by the new CCO Achieving Māori Outcomes plans (AMOs). While it is appropriate that the full content of AMOs is not in SOIs, details on progress with implementing the full AMOs should be reported on in the usual quarterly reporting cycle during 2022/2023. A commitment to this should be expressed in the final SOIs.

Climate change response

Te Tāruke-ā-Tāwhiri is a critical council strategy and is well-reflected in the draft SOIs. In general terms the final SOIs should strongly support the implementation of actions identified in Te Tāruke-ā-Tāwhiri, to ensure that climate change considerations are embedded within organisational decision-making and culture, and to deliver on our two core goals:

- to reduce our greenhouse gas emissions by 50 per cent by 2030 and achieve net zero emissions by 2050 and
- to adapt to the impacts of climate change by ensuring we plan for the changes we face under our current emissions pathway.

Infrastructure strategy

Council's Infrastructure Strategy, contained within the Long-term Plan, requires CCOs to participate in the annual infrastructure strategic alignment process through providing updated Asset Management Plan information annually at the end of June. This includes working with council to optimise the translation of strategic direction to investment decisions in each asset group (across asset management and asset planning). It also requires CCOs to work with council to align and improve asset data and asset investment data quality to enable better decision-making across and within asset portfolios. We expect all of the final SOIs to reflect these commitments.

Other strategies

Council has a suite of other strategies, including the Auckland Plan 2050, growth-related strategies (e.g. Development and Future Urban Land Supply), Auckland Water Strategy, Ngā Hapori Momoho, Urban Ngahere Strategy, Waste Management and Minimisation Plan, Natural Hazards Risk Management Action Plan, Economic Development Action Plan, Toi Whītiki and I am Auckland.

Council will increasingly be seeking to translate these strategies into meaningful action, and a commitment to this process should be expressed in final SOIs. It is intended that staff will work with CCOs on this in an ongoing way, both during and after the finalisation of this year's SOIs, recognising that not all strategies apply equally to the business of each CCO, the potential limitations on action imposed by resources, and the need to prioritise effort between many desirable outcomes.

Financial information

Final SOIs will need to reflect the council's final decisions on the 2022/23 annual budget. Final SOIs should ensure that all measures and targets reflect agreed Long-term Plan measures and targets, with agreed variances from these being clearly identified.

Specific shareholder comments for Watercare

Watercare's draft SOI is comprehensive and largely addresses the issues raised in Watercare's letter of expectation. Your foreword in particular responds to the issues raised in their letter of expectation and notes a number of priorities for Watercare over the next SOI period; thank you.

The high-level shareholder comments agreed by the Committee are outlined below. These should be read in conjunction with the more detailed feedback which was provided in the report linked above.

We suggest that in the final SOI Watercare:

- provides greater alignment and reference to the Water Strategy vision, shifts and actions noted in the Committee report, and
- includes support for Auckland Water Strategy's commitment to achieve the vision of Te Mauri o te Wai in each of the water strategy shifts.

- provides clarity on how it will meet and report on the Waikato River consent conditions
 as they relate to both investigating options for the reduction of reliance on the Waikato
 River and the required governance arrangements to investigate this.
- considers including further detail in the final SOI about how Watercare will comply with new standards and values adopted by Taumata Arowai
- notes on the table that provides a list of DIA measures (p.11) that these are also LTP measures
- provides, for the measure 'economic level of leakage', a back calculation for at last three years' leakage to compare with the old measure of leakage (percentage).
- clarifies the measure "Māori employees in fixed term and/or permanent roles, including leadership positions (Tier 3 and above) identify as Māori". It may be that the initial word Māori is redundant when the targets seem to refer to the overall percentage of Watercare's FTEs who identify as Māori.
- reinstates the Economic Development Action Plan action: 5.2.1 Investigate water-use precincts co-located alongside wastewater reuse opportunities at Rosedale and M\u00e4ngere Wastewater Treatment Plants.

Finally, in the draft SOI Watercare appropriately notes that it is working collaboratively with council to understand what water reform means for Auckland and responding to the government's request for information. It would be helpful, however, in the final SOI work programme to more explicitly outline areas of work that it expects it will need to undertake over the coming year to meet the timeframes and obligations expected from the water reform. It is important that we understand the implications and are kept abreast of these on work programmes, costs, timings etc.

Council staff will work closely with yours to ensure these comments are clear, and to pass on any of the more detailed points of feedback which were not canvassed at the CCO Oversight Committee meeting, but which nonetheless are consistent with the themes in this letter.

I look forward to receiving the final SOI by 31 July 2022.

Ngā mihi

Phil Goff

MAYOR OF AUCKLAND

Copy to: Deputy Mayor Bill Cashmore

Councillor Linda Cooper, Watercare Liaison

Councillor Desley Simpson, Chair Finance and Performance Committee

Councillor Chris Darby, Chair Planning Committee

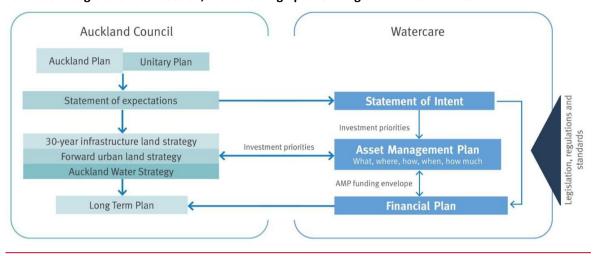
Councillor Alf Filipaina, Chair Parks, Arts, Community and Events Committee Councillor Richard Hills, Chair Environment and Climate Change Committee

Jim Stabback, Chief Executive, Auckland Council Jon Lamonte, Chief Executive Auckland Unlimited

Attachment 4

New diagrams that will be included in the draft SOI

For the Strategic Overview section, the following updated diagram will be included:



Appendix C - Auckland Water Strategy - Strategic Framework

Water Strategy Strategic Framework					
Our Vision	Te mauri o te wai, the life-sustaining capacity of Auckland's water, is protected and enhanced				
Our Treaty Context	The Council and mana whenua must take a partnership approach to the protection, management and enhancement of water				
Our Over-arching Challenges	1. Protecting and enhancing the health of waterbodies and their ecosystems 2. Delivering 3-waters services at the right time, in the right place, at the right scale, as the city grows 3. Having enough water for people now and in the future 4. Reducing exposure to water-related natural hazard risk over time. 5. Affordability for Aucklanders 6. Improving how the council works with its treaty partners 7. Improving how the council organises itself				
Our Cross-cutting Themes	Equity and Affordability: Equitable access to essential services and affordable investment Climate Change: Mitigating and adapting to the impacts of climate change				
	Te Tiriti Partnership The council and mana whenua working together in agreed ways on agreed things The council working with Aucklanders for better water outcomes.				
	Sustainable Allocation and Equitable Access Prioritising mauri when using water, to sustain the environment and people in the long term Regenerative Water Infrastructure Ensuring Auckland's water infrastructure is regenerative, resilient, low carbon, and increases the mauri of water. It should be seen and understood by Aucklanders				
Our Strategic Shifts	Water Security 5 Creating water abundance and security for a growing population through efficient use and diverse sources 6 Integrated Land Use and Water Planning at a regional, catchment and site scale				
	Restoring and Enhancing Water Ecosystems 7 Taking catchment-based approaches to the health of water ecosystems 8 Fostering a shared understanding enabling better decisions for our water future				
Our Implementation	Co-ordination, Capacity and Capability across the Council Group				

Board meeting | 7 June 2022 Public session



Final Draft of Lutra's Revised Statement of Intent 2022–2025

For approval

Te pou whenua tuhinga / Document ownership

Prepared byRecommended bySubmitted byEmma McBride and Jacky SimperinghamJamie SinclairJon LamonteCo-Heads of GovernanceChief Corporate Services OfficerChief Executive Officer

1. Te tūtohunga / Recommendation

We recommend that the Board approves Lutra Limited's (Lutra) revised draft Statement of Intent 2022–2025 (SOI) for submission to Council by 31 July 2022.

2. Take matua / Key points

The key points are:

- The Lutra Board has considered the Watercare's board's feedback, updated the draft SOI, held a public meeting, and on 25 May 2022, approved Lutra's draft SOI 2022.
- The SOI attached as Attachment 1 has been revised in light of the feedback received from the Lutra Board.

3. Whāinga / Purpose and context

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

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

4. Korero pitopito / The details

The Watercare Board considered the first draft of Lutra's SOI at the 5 April 2022 Board meeting. The Watercare board provided the following feedback on the draft:

- Content to be included on how Lutra is contributing to Māori outcomes/ Watercare's Māori outcomes.
- Content to be included regarding diversity (not just gender), inclusion and pay equity.
- The number of treatment plants improved needs clarification (number per year or cumulative).

Lutra accordingly updated its draft SOI (Attachment 1), and held a statutory public board meeting on 25 May 2022. Members of the public were invited to provide feedback on the draft SOI. However, there were no public deputations in the meeting.

At the public meeting, the Lutra Board approved the SOI subject to fixing minor formatting errors.

5. Ngā ūpoko / The capitals

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

5.1 Our environment including climate change

See page 5, identified key activities are:

- resource efficiency,
- resource consent management, and
- minimise our own impact.

5.2 Our people and culture

See page 6, identified key activities are:

- safe, happy team,
- skills developed, and
- talent retained.

5.3 Our communities, including Māori outcomes

See page 8, identified key activities are:

- public health,
- digital transformation of water and wastewater operations, and

• industry leadership.

5.4 Our assets and infrastructure

See page 9, identified key activities are:

- industry leading software,
- processes, and
- know-how.

5.5 Our future

See page 9, identified key activities are:

- industry leading software,
- processes, and
- know-how.

5.6 Our finances

See page 10, identified key activities are:

- financial stability,
- growth in selective new markets, and
- growth in revenue and profit.

6. Ngā tūraru matua / Key risks and mitigations

The Watercare Risk Appetite Statement has been considered and the report aligns with Compliance and Conduct risk theme.

Risk themes	Key risk	Mitigation
Compliance and Conduct	Performance measure targets may not be met	Continuous monitoring of performance measure targets by the Lutra Board.

7. Ngā tuhinga ō mua / Previous deliberations

Date	Report title	Key outcomes
29 July 2021	Final Draft of Lutra's Revised Statement of Intent 2021–2024	The Watercare Board approved the SOI subject to the measure on 'Be a current signatory of the Diversity Agenda' being removed. The updated SOI was submitted to Auckland Council before 31 July 2021.
5 April 2022	Confidential board paper - Lutra Limited – draft Statement of Intent 2022-2025	The Watercare Board discussed the draft SOI and agreed to provide the feedback to the Lutra Board of Directors:

8. Ā muri ake nei / Next steps

Once the Lutra SOI has been approved, it must be submitted to Auckland Council by 31 July 2022.

9. Te whakapiringa / Attachment

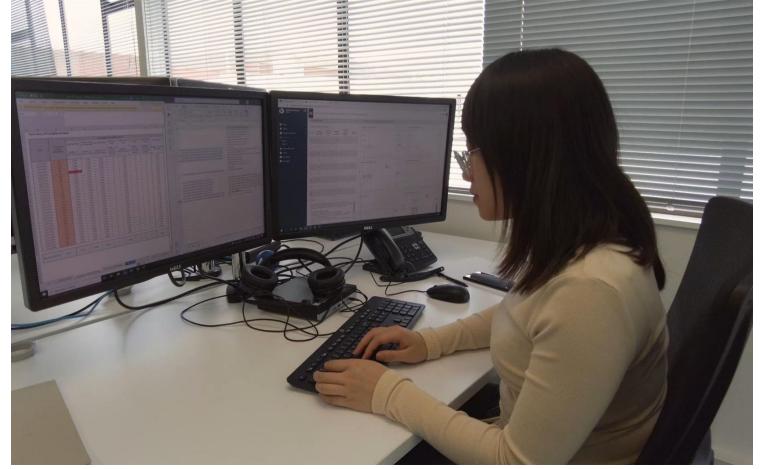
Attachment number	Description
1.	Final draft of Lutra's SOI 2022 – 2025





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Message from Maseina Koneferenisi, Executive Director and Acting CEO

Lutra Limited (Lutra) provide software, products, training and engineering service solutions to the water and wastewater industry.

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

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

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

Our strategic priorities for 2022-2025

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

1. Growing the Infrastructure Data (ID) business

- Our growth focus will be on penetrating the international market, with a view to developing a global partner network.
- We will be diversifying into the industrial sector with treatment assets and operations.
- We will continue to innovate our product to ensure that it is market leading.

2. Engineering & Training – Preparing for 3Waters Reform

- We will focus on ensuring continuity of business during the uncertainty period the reforms will bring.
- We will grow our client base throughout NZ and continue to increase the number of industrial clients.
- We will develop relationships with key Iwi.
- We will work to become the most reputable provider for water and wastewater training and competency material throughout NZ.

3. Products & Solutions

- We will provide water and wastewater treatment plant solutions for small and neighborhood supplies.
- We will continue to provide Compass to clients needing to improve their plant process reliability through better control of coagulant demand.
- We will be known for bringing proven international solutions to the New Zealand water and wastewater industry.

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

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

Maseina Koneferenisi

Executive Director and Acting Chief Executive Officer

Our purpose

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





Natural environment

Value:

Resource efficiency | Resource consent management | Minimise our own impact

Through each of our business streams we help our customers to:

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

We do this through the provision of our engineering expertise, our sale and support of our leading-edge operations management software ID, and through the production of our Safewater solutions, including Compass. All our offerings allow our customers to improve their environmental performance through enhanced management of environmental consents and trade waste licenses, and better management of discharges and abstraction.

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

Lutra is a member of the sustainable business network in NZ and is awaiting B Corporation certification.

This will show that we are a business that meets the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose. B Corporation evaluates how we hold ourselves to account relating to our impact on our staff, customers, community, and the environment.

Measure	2021/22 Target/Actual	2022/23 Target	2023/24 Target	2024/25 Target
Number of consents managed in ID by Lutra	2,000/tbc	3,000	3,000	3,000
CO ₂ reduction per FTE*	tbc /51%	55%	56%	57%

^{*}Compared to 2019/2020 baseline.



Value:

Safe, happy team | Skills developed | Talent retained

Lutra provides a safe working environment for our people and maintains high participation rates in Health and Safety meetings. We work hard on having a culture where staff feel comfortable to report incidents and we take every opportunity to learn from these. We are committed to having a strong health and safety culture.

We have a wellbeing package that offers our staff subsidised health insurance, a wellbeing allowance, two additional wellbeing leave days, long service leave, paid parental leave and access to mental health support and flexible hours for work life balance.

We use Team Mood to assess the happiness of staff on a weekly basis and conduct internal culture surveys producing an employee net promoter score six monthly.

We develop our staff through coaching and training, make use of external resources, and our existing relationships with subject matter experts. We use LinkedIn Learning to bolster our in-house training.

We pay our people fair market value based on their skills, knowledge, and experience. We use market analysis conducted by Engineering NZ median salaries combined with analysis provided by Watercare in establishing our benchmarks. We pay fairly, irrespective of gender.

We are committed to becoming a valued treaty partner, respectful of and respected by Māori. We know that we are on a journey. We are investing in ourselves and in our industry to achieve better outcomes for Māori. Our staff are going through a training programme with provider Naia to provide them with the history and the knowledge to work with respect and confidence with Māori. In our work with Māori, we seek to develop innovative approaches that incorporate te ao Māori. We are committed to the professional development of Māori in the workforce and are in the process of establishing a scholarship which will accompany internship opportunities for iwi /Māori and our Pacifika peoples. We actively pursue work where we can develop relationships and better our understanding of individual iwi history through Aotearoa. Our cultural intelligence upskilling journey will continue with the view to having strong iwi relationships and cultural appreciation forming part of our business as usual and the tapestry of Lutra.

Staff involved in recruitment will be undertaking training in unconscious bias and we will be connecting with TupuToa to access Māori and Pacifica talent.

We have established a diversity, inclusion, and sustainability team. The purpose of this group is to assist in the evaluation of our practices that inform our decisions to improve or incorporate new initiatives. They help us create traction for our initiatives and also provide support in gaining a more comprehensive view of how diversity and inclusion can be embedded in our services, and overall company values.

In 2022, we plan to recruit new staff across our business lines whilst retaining our current pool of talent. We are members of The Diversity Agenda and Diversity Works NZ and will continue to maintain a strong focus on our culture of inclusion.

Measure	2021/22 Target/Actual	2022/23 Target	2023/24 Target	2024/25 Target
Average safety training hours per employee per year	18h/tbc	19h	20h	20h
Average staff mood (Scale 1-10)	<u>></u> 6.5/tbc	>6.6	>6.7	>6.7
Significant health & safety incidents	NEW	<5	<4	<3



Customer relationships

Value:

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

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

We provide product solutions to smaller communities to give them access to safe drinking water.

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

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

We develop training resources to help operators and water and wastewater staff improve their knowledge and capabilities.

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

Measure	2021/22 Target/Actual	2022/23 Target	2023/24 Target	2024/25 Target
Number of treatment plants improved*	25/tbc	30	35	35
Total number of plants in ID	150/tbc	250	300	300

^{*}Demonstrable performance improvement or evidence of work towards improvement (e.g., improved DWSNZ compliance, reduction in chemical usage or increase in process efficiency, plant compliance assessments etc). Either through upgrades our team has been involved in, through process optimisation or modelling work.



- intellectual capital, our assets and infrastructure

Value:

Industry leading software | Processes | Know-how

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

We will hold at least one ID user group meeting and track user engagement by use of net promoter score (NPS), we will seek to understand how easy it is for clients to use ID by establishing a benchmark with the measuring tool, System Usability Scale (SUS). We will undertake SUS surveys annually thereafter.

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

Measure	2021/22 Target/Actual	2022/23 Target	2023/24 Target	2024/25 Target
NPS for ID	>30/	>40	>45	>50
SUS for ID	NEW	>10	>15	>25

\$ Financial management

Value:

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

We will maintain liquidity by strict control of our budget.

Our work in the innovation space requires financial commitment in terms of both staff and materials, this will be attributed to capital development. Despite this, we plan to increase our revenue through growth in each of our business streams; ID, Engineering services and Safewater.

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

Measure	2021/22	2022/23	2023/24	2024/25
	Target/Actual	Target	Target	Target
Annual business plan EBITDA	100%/tbc	100%	100%	100%

Appendix A: Our legislative framework

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

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

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

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

Also, under the legislative framework:

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

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



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

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

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

Date	Purpose	Form of public notification
25 May 2022	Consider shareholder comments on draft SOI	Public notice
23 November 2022	Consider performance against SOI targets	Public notice

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

Managing risk

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

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

Measuring our performance

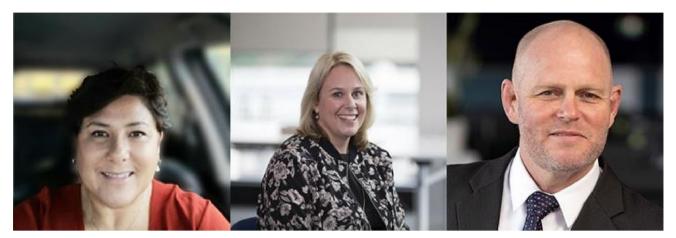
We have an agreed set of performance measures and targets which form the basis for accountability to delivering on Lutra's strategic direction, priorities, and targets. These are reported on a quarterly basis to our major shareholder, Watercare Services Limited.

Setting standards of conduct for staff

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

Lutra.

Board of directors



Lutra's Board of directors comprises Maseina Koneferenisi, Rebecca Chenery (Chair), and Shayne Cunis (Left to right). Rebecca and Shayne were appointed by Lutra's major shareholder, Watercare Services Limited. Rebecca is Watercare's Chief Digital Officer, and Shayne is Watercare's Executive Programme Director – Central Interceptor.

Maseina Koneferenisi is the Lutra, Executive Director, and was appointed Acting CEO of Lutra on 23 August 2021.

Board function

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



Board meeting | 7 June 2022 Public session



Scanning the Horizon

For discussion

Te pou whenua tuhinga / Document ownership

Prepared byRebecca van Son
Head of Strategy

Submitted byJon Lamonte
Chief Executive Officer

1. Te tūtohunga / Recommendation

We recommend that the Board discuss the following information updates:

- A New Zealand policy update on bills, policies and plan changes that could impact Watercare
- New Zealand's 30 Year infrastructure Strategy
- The current economic environment
- New Zealand Emissions Reduction Plan
- Los Angeles will recycle 100% of their wastewater by 2035 (update on previous Scanning the Horizon update).

2. Take matua / Key points

The key points are outline in the section 4 below.

3. Whāinga / Purpose and context

The purpose of this report is to ensure that the Board remains informed of important matters (both short and longer term) that are likely to have an impact on Watercare in the future. This includes strategic and operational insights as well as possible risks and opportunities on the horizon.

4. Kōrero pitopito / The details

4.1 A New Zealand policy update on bills, policies and plan changes that could impact Watercare

The Watercare policy team is working across many upcoming bills, policies and plan changes that impact how we operate. The current programs of work that are underway, and their expected impacts to Watercare, are outlined below.

Upcoming Bills, Government Reforms/Programmes/Policies, Council Plan Changes/Policy Initiatives	Potential implications on Watercare and any associated Watercare actions	Expected date of release/enactment/ submissions due	What will Watercare be doing? Filing submissions? Providing Council feedback? Attending hearing?	Who will hold the pen?	Who in Waterca re has been / needs to be involve d?	High/ Medium /Low impact?
Urban Intensification ("Tier 1" Councils) – MfE National Policy Statement for Urban Development (NPS-UD), and Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021 Auckland Council is developing their Plan Change to give effect to these two initiatives. Watercare has been invited to contribute to the plan change.	Increased intensification without requiring a resource consent (as a permitted activity) puts Watercare at risk of breaching our existing level of service and network discharge consent conditions due to being unaware of where, and when, growth is occurring in advance. Watercare, AT and HW are working with Auckland Council to develop Council's plan change.	Watercare's contribution to the plan change is required by late May. Public notification of plan change, 18 August. Hearings due early to mid-2023.	Watercare will contribute to Council's plan change, and, if necessary, provide evidence to hearings in 2023	Infrastructure	Policy, Infrastru cture, Ops, S&P	Medium
Three Waters Reform Programme – DIA Water Services Entities Bill (1) Water Services Entities Bill (2) Economic Regulation (water services) Bill	Watercare will develop its submission points. Impacts are wide ranging. Note we have already submitted into previous Water Services related Bills with Auckland Council, namely, the bills that established the regulatory authority Temata Arowai.	Bills expected to be introduced: June 2022 Late 2022 2023	Submission points will be developed. We are also working with NTU, DIA and Auckland Council.	Policy	All	High

Upcoming Bills, Government Reforms/Programmes/Policies, Council Plan Changes/Policy Initiatives	Potential implications on Watercare and any associated Watercare actions	Expected date of release/enactment/ submissions due	What will Watercare be doing? Filing submissions? Providing Council feedback? Attending hearing?	Who will hold the pen?	Who in Waterca re has been / needs to be involve d?	High/ Medium /Low impact?
Government Climate Change Work Programme – MfE Three key documents under the Climate Change Response Act 2002 have been recently released: Three, five yearly emissions budgets Draft National Adaptation Plan (NAP) to help resilience to climate change, and Final Emissions Reduction Plan (released 16 May) to meet these budget	Many potential impacts on Watercare's (and Council's) future climate change adaptation and GHG emissions reduction plans. Detailed impacts on Watercare to be refined throughout May.	Draft NAP submissions closes on 3 June	Draft NAP submission points will be developed for possible inclusion into Council's submission	Policy	Policy, Infrastru cture, Ops, S&P, Finance	Medium
Resource Management System Reform – MfE Natural Built and Environments Bill (NBA) Strategic Planning Act (Bill) (SPA) and Climate Adaptation Act (CAA)	Potentially large implications for Watercare's planning, AMP, and resource consenting processes. Watercare will assess as these bills are introduced.	Bills expected to be introduced: Mid-2022 Mid-2022 Late 2023	Submission points will be developed	Policy	Policy, Infrastru cture, Ops, S&P, Finance	Medium to High
Essential Freshwater Package – MfE Auckland Council – NPS-FM Programme Fundamental concept – Te Mana o te Wai National Policy Statement for Freshwater Management 2020 (NPS-FM) – Auckland Council has begun to engage.	Councils are required to give effect to this NPS-FM and publicly notify their plan changes by Dec 2024. Watercare is working with Auckland Council and have a seat on the Steering Group	Plan change public notification required by Dec 2024	Auckland Council have invited Watercare to contribute to their water quality/quantity plan change.	Policy	Policy, Infrastru cture, Ops, S&P, Finance	Medium

Upcoming Bills, Government Reforms/Programmes/Policies, Council Plan Changes/Policy Initiatives	Potential implications on Watercare and any associated Watercare actions	Expected date of release/enactment/ submissions due	What will Watercare be doing? Filing submissions? Providing Council feedback? Attending hearing?	Who will hold the pen?	Who in Waterca re has been / needs to be involve d?	High/ Medium /Low impact?
Essential Freshwater Package – MfE Waikato Regional Council – Freshwater Policy Review Waikato Regional Council has begun its Community & Stakeholders Engagement, Round 1 – mid 2022 Round 2 – mid-2023	Watercare will need to engage with Waikato Regional Council as this plan change to their Regional Policy Statement and Regional Plan is rolled out. This plan change is likely to have major implications in relation to water allocation methodology and how freshwater limits/standards will be set.	Engagement round 1 – May to July 2022 Engagement Round 2 – May to July 2023 Plan change notified Dec 2024	Watercare is a member of the Water Users Liaison Forum, and will contribute as a stakeholder.	Policy	Policy, Infrastru cture, Ops, S&P, Finance	Medium to High
Essential Freshwater Package – MfE Northland Regional Council (NRC) The Northland Regional Council has begun its engagement by setting up two advisory groups	Given the three-waters reforms, Watercare will have an interest in how NRC will review its Regional Policy Statement and Regional Plan to give effect to the NPS-FM.	We are unclear on NRC's next engagement steps.	TBC	Reform team.	TBC	Medium
Water Availability and Security Programme – MPI Water Availability and Security in Aotearoa New Zealand - Information Paper – August 2021	Recommended next step for MPI to develop an action plan for NZ. Waikato Regional Council is planning for a "Water Security Strategy for the Waikato Region -Action Plan". Potential implications for Watercare.	TBC	TBC	TBC	TBC	Medium
Aotearoa New Zealand Biodiversity Strategy 2020 (released mid-2020) Aotearoa New Zealand Biodiversity Strategy Implementation Plan (released April 2022) National Policy Statement for Indigenous Biodiversity (NPS-ID) (upcoming)	The NPS-IB is likely to have significant implications for Watercare, especially in relation to future renewals and upgrade works in areas of high biodiversity value.	Exposure draft of National Policy Statement for Indigenous Biodiversity (NPS-ID) expected to be released mid-late 2022.	Submission points will be developed	Policy	Policy, Infrastru cture, Ops, S&P, Finance	Medium to High

Upcoming Bills, Government Reforms/Programmes/Policies, Council Plan Changes/Policy Initiatives	Potential implications on Watercare and any associated Watercare actions	Expected date of release/enactment/ submissions due	What will Watercare be doing? Filing submissions? Providing Council feedback? Attending hearing?	Who will hold the pen?	Who in Waterca re has been / needs to be involve d?	High/ Medium /Low impact?
Review into the Future for Local Government Auckland Council Working Group has been set up.	Watercare has been invited to contribute to Auckland Council's Working Group. Unclear on any potential outcomes on Watercare	Deliverables by June 2022	Working with Council and CCOs	Policy	Policy, Finance	Low
 Infrastructure Commissions 30-Year Final Infrastructure Strategy Delivered, May 2022 – goes to Government by September 2022 	Watercare, with Auckland Council, forwarded a submission. The strategy includes a number of recommendations, many of which are water specific. Watercare will undertake a review of protentional impacts and update the board late 2022 once the strategy is finalised and adopted.	Government is required to respond to this Strategy by September 2022	Done	Policy	Policy, Infrastru cture, Ops	Low
Consultation document - Te panoni i te hangarua: Transforming Recycling open for submissions.	Implications have been considered - specifically in the food scraps space, as there may be the opportunity for co-location of waste streams.	Submissions closed 22 May.	Watercare made comment to Auckland Council.	Auckland Council	Ops	Low
New Zealand Freight and Supply Chain Strategy Te rautaki ueā me te rautaki whakawhiwhinga o Aotearoa New Zealand freight & supply chain issues paper	Implications are being considered	Submissions open – 20 April to 3 June	Watercare will develop submission points.	Procurement	Procure ment	Medium
Conservation Conservation management and process – Discussion document May 2022	Potential implications on our assets on reserve/DOC land.	Submissions open – close 30 June 2022	Will develop submission points	Policy	Infrastru cture, S&P, Ops	Low

Upcoming Bills, Government Reforms/Programmes/Policies, Council Plan Changes/Policy Initiatives	Potential implications on Watercare and any associated Watercare actions	Expected date of release/enactment/ submissions due	What will Watercare be doing? Filing submissions? Providing Council feedback? Attending hearing?	Who will hold the pen?	Who in Waterca re has been / needs to be involve d?	High/ Medium /Low impact?
Emergency Management System Reform Programme Natural Hazards Insurance Bill 2022	Has been reviewed – no concerns to Watercare	Submissions closed 13 May 2022	No submission	-	-	None
Co-governance – Government consultation beginning	Our understanding is that the Government is about to begin its consultation on cogovernance. We will report back any updates.	Late 2022.	ТВС	ТВС	TBC	Medium
Marine and Coastal Area (Takutai Moana) Act 2011 (MACA)	Settlements are still working through the High Court. Settlements may have implications on Watercare's coastal assets, and wastewater treatment plant discharges. Will report any updates.	Currently active	TBC	TBC	TBC	Low - Medium
Energy Strategies for New Zealand The government's energy strategies will set the policy direction and priorities for the NZ energy sector and focus on transitioning to net zero carbon emissions by 2050 – being worked on: Aotearoa New Zealand Energy Strategy Gas Transition Plan New Zealand Energy Efficiency and Conservation Strategy (Expires mid 2022) Renewable energy strategy work programme	The Strategies and plans will be reviewed to determine the impacts on Watercare.	TBC	TBC	TBC	TBC	Low
Digital Strategy for Aotearoa	Watercare did not provide a submission.	-	-	-	-	Low

Upcoming Bills, Government Reforms/Programmes/Policies, Council Plan Changes/Policy Initiatives	Potential implications on Watercare and any associated Watercare actions	Expected date of release/enactment/ submissions due	What will Watercare be doing? Filing submissions? Providing Council feedback? Attending hearing?	Who will hold the pen?	Who in Waterca re has been / needs to be involve d?	High/ Medium /Low impact?
Discussion document was released late 2021						
Auckland Council currently developing a 100-year adaptive policy	Focus - Water-related impacts of climate change. Responding to water-related climate change	Delivery 2025 – 2028	TBC	TBC	TBC	Low
	issue. Adaptive (100 year) policy to be developed We expect Watercare will be invited to contribute.					
Worksafe H2S limits	A reduction in H2S limits are being proposed by Worksafe NZ. These limits could result in costs to make work environments have greater ventilation or less H2S. Watercare is performing work to understand the new limit implications before they are implemented in November 2022.	November 2022.	No submission expected. Australian entities have performed a significant amount of work and Watercare will leverage this.	N/A	H&S, Ops, Strategy	Medium
Fluoridation – Ministry of Health	Watercare has been informed that Fluoridation of all water supplies is being mandated.	June 2023	No submission required.	N/A	Infrastru cture & Strategy	Medium

Actions for Watercare/ Impacts on Watercare

The actions and impacts on Watercare were assessed above.

4.2 New Zealand's 30 Year infrastructure Strategy

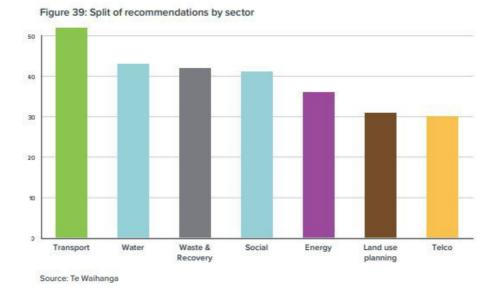
Rautaki Hanganga o Aotearoa was developed by Te Waihanga, the New Zealand Infrastructure Commission. This strategy draws on research, consultation, and the views of more than 20,000 New Zealanders to set a path for the future of New Zealand. The purpose of this strategy is to develop a plan in response to the many challenges Aotearoa faces. This means looking at the infrastructure system as a whole: users, regulators, planners, investors, insurers, builders, asset owners, iwi and communities. In a world of converging networks and complex needs, understanding the interdependencies and optimising the system across all sectors is the focus.

It is the first infrastructure strategy for New Zealand. It lays out priorities for New Zealand's infrastructure and it lays a foundation for people, places and business to thrive.

The strategy makes 68 recommendations to central government, local government and the infrastructure sector in general. The Commission notes that they have ensured that they are deliverable, evidence-based and will have lasting impacts in the long-term. Some of the recommendations relate to work that is already planned or underway. Others involve new actions and work programmes. Essentially all of the recommendations are relevant to Watercare, for example the recommendations in relation to planning for natural hazards, circularity, optimisation of investments, funding options and the decision-making processes. However, examples of water specific recommendations are below, and have detail behind them on how they could be implemented:

- Improve water infrastructure pricing and provision in cities
- Reduce pressure on water infrastructure through better water management and conservation
- Realign local government boundaries, where appropriate, to improve coordination of infrastructure and planning outcomes.

The strategy then identifies the organisation or group of organisations best placed to implement each recommendation, see figure 39 below.



Ross Copland (CEO NZ Infrastructure Commission) highlighted that these recommendations will allow us to build a better New Zealand, one where our infrastructure drives higher living standards, contributes to a strong economy, enables our culture and society to thrive, and protects our environment. "A New Zealand we're all proud to call home".

This strategy is focused on five objectives to achieve a thriving New Zealand:

- 1. Enabling a net-zero carbon emissions Aotearoa through rapid development of clean energy and reducing the carbon emissions from infrastructure.
- 2. Supporting towns and regions to flourish through better physical and digital connectivity and freight and supply chains.
- 3. Building attractive and inclusive cities that respond to population growth, unaffordable housing and traffic congestion through better long-term planning, pricing and good public transport.
- 4. Strengthening resilience to shocks and stresses by taking a coordinated and planned approach to risks based on good-quality information.

5. Moving to a circular economy by setting a national direction for waste, managing pressure on landfills and waste-recovery infrastructure, and developing a framework for the operation of waste-to-energy infrastructure.

As part of these objectives, it is noted that there is a need to strengthen partnerships with and unlock opportunities for Māori.

The strategy then highlights three areas that can have the greatest impact over the next 30 years in transforming New Zealand. These are:

1. Leveraging our low-emissions energy resources:

New Zealand has an abundance of low-emission energy potential. We have two to three times more commercially viable wind, solar, hydro and geothermal resources than the Climate Change Commission estimates will be needed to meet our net-zero carbon emissions commitment. Beyond meeting these commitments, unlocking a low-emissions economy could also provide much greater economic benefits for New Zealand.

2. Planning for generations to come:

An overhauled planning system would make it faster and cheaper to build new homes. Our communities will grow from the centre, with more people living closer to where they work so they can spend more time with their families and less time trying to get to work. When communities do spread outwards, it will happen at the same time as roads or public transport connections are built. More transport connections, as well as water networks, schools and other essential infrastructure will be part of new communities from the beginning. This will future proof quality of life for generations to come.

3. Better infrastructure through pricing:

A pricing system that better reflects need and provides for options, spreads the load on our infrastructure more evenly. Using our busiest roads at peak times will come with a cost, but our car journeys will be quicker as a result. At the same time, there are better options, like rapid transit, walking and cycling, so we can save money and time by leaving our cars at home. We do not have hefty increases in rates as our water networks do not face the same strain and we only pay for the water we need. If we take steps to save water, like using a rainwater tank to water the garden, we know it is going to save us money in the long-term.

Ross Copland, NZ Infrastructure Commission CEO, and the Commission noted some of the key issues the strategy is trying to address are:

- Our labour shortage is acute, now the worst since 1975. By 2024, we will need around 118,000 more construction workers. The industry tells us certainty is critical. We face competition for labour from an infrastructure boom in Australia, where wages are considerably higher.
- Construction costs are high and continue to increase. Costs are also driven by the increasing complexity of our projects and a slow, costly and bespoke consent processes. Unless we address these root causes, these trends mean we will have to spend more to get the same results. We estimate that these cost pressures will add 1.6% of GDP to our infrastructure costs every year over a 30-year period, in addition to all other needs.

- It is not just constructed infrastructure that is a challenge; so are natural hazards. New Zealand will need to rebuild, strengthen, or relocate infrastructure in response to our changing climate and to recover from natural disasters, like floods and earthquakes. There is, for example, a 75% chance that the Alpine Fault will rupture over the next 50 years, likely triggering an earthquake of a magnitude eight or higher. We estimate that adapting our infrastructure to climate change and repairing infrastructure after earthquakes will cost at least 0.2% of GDP every year over a 30-year period, in addition to the above needs.
- We need to address our current infrastructure deficits, serve future needs caused by population growth (30 years from now, up to 1.7 million new kiwis would call New Zealand home), and climate change, and pay for the ongoing cost of repairing and maintaining our infrastructure.
- Auckland is now one of the world's most severely unaffordable cities, with a median house price that is ten times the median household income. "All large and mid-sized New Zealand cities have median house prices well over five times the median household income," the report says. Since 2000, average house prices have quadrupled in Auckland and tripled in other large, fast-growing cities, including Christchurch, Wellington, Hamilton and Tauranga. Average rents have more than doubled in these cities.
- We currently spend around 5.5% of gross domestic product (GDP) on building public infrastructure. This means that for every \$20 New Zealand earns, we spend around \$1 on infrastructure. This includes our roads, water networks, hospitals, schools and defence facilities (but does not include privately provided infrastructure like electricity generation and telecommunications). If we were simply to keep doing what we have always done and try to build our way out of current and future infrastructure challenges, we would need to spend almost double what we are spending now.

When will the strategy be implemented?

The strategy proposes the implementation of recommendations across a 30-year period. The proposed implementation is front-loaded in the first decade of the strategy period. While this will entail a period of significant change to the infrastructure system, it will also allow the benefits to be delivered early. This is an appropriate approach given the scale of the infrastructure challenge and the fact that we are starting with an existing deficit.

As required by the Act, Te Waihanga has provided this strategy to the Minister for Infrastructure, Grant Robertson, and it has been presented to the House of Representatives. Within six months of receiving the strategy, the Government will provide its response. Minister Robertson noted "There are already some areas where we are looking at changes that support the direction set by this Strategy," for example – the Government is considering congestion charging as part of our Emissions Reduction Plan. And we have already announced plans to allow greater height limits for buildings in our major cities and to speed up the implementation of the National Policy Statement on Urban Development."

The Government response will lay out a path to implementation. It will identify the recommendations that it agrees should be implemented, including the organisations to which they will be allocated. These will be developed into an action plan and each recommendation transitioned to the appropriate agency for implementation. Where the Government does not agree with a recommendation, it may choose to put forward an alternative proposal.

Delivering the recommendations will require a mix of policy development, regulation, investment, and strategic priority setting. To support the government's response, Te Waihanga will work with relevant agencies to further test implementation requirements, resourcing and the degree to which recommendations can be delivered through existing work programmes.

Implementation will require a system-wide approach, one recognising that those various parts work together. It requires a rigorous and systematic assessment of trade-offs to get the most out of the resources we have. And it requires coordination and collaboration across institutions in the public and private sectors.

Actions for Watercare/ Impacts on Watercare

Watercare made a submission on this strategy, together with Auckland Council, in 2021. Based on an initial review, it appears that the strategy is consistent with our submission points. We will now perform a detailed review over the coming months to determine impacts, potential opportunities, and the high-level costs to Watercare. Management will report back to the Board if any significant risks are identified.

The Infrastructure Commission's strategy is likely to have significant impact on Watercare and the wider water industry. While Watercare could wait to be given direction from Central Government, we are working to mitigate the issues highlighted by the Commission:

- We are focusing on attracting and retaining labour
- We are managing construction costs with the Enterprise Model and our construction partners with a committed pipeline of work.
- We are preparing for climate change, sea level rise and natural hazards. We have sustainability targets, such as emissions and water consumption reduction commitments, we have a detailed risk assessment register, and we have built resilience into our asset management plan.
- We are planning for growth, with detailed modelling by catchment.
- We are improving our asset management system to ensure we are prepared for the future.

Management will update the Board in Q3 of 2022 when Minister Grant Robertson announces the Governments response to the Strategy.

4.3 The current economic environment

We are currently operating in a very challenging economic environment. Some of the major impacts on Watercare are outlined at a high level below.

Interest rates

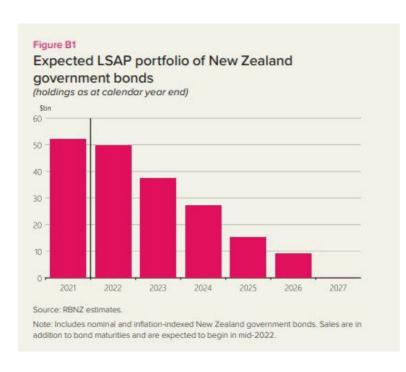
The Official Cash Rate (OCR) – The OCR is the short-term interest rate applied to a significant volume of short-term "overnight" transactions such as interbank EFTPOS transactions. The OCR is a key tool the RBNZ uses to influence retail interest rates. The graph below shows changes to the OCR. Since early

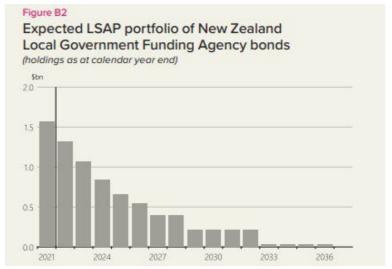
2020 New Zealand has had historically low interest rates – supported by the Official Cash Rate (OCR) being cut from 1% on 16 March 2020 to 0.25%. However, the rate is now steadily increasing which means this will affect the market floating interest rate. Indeed, the fact the RBNZ has increased this rate means we should expect interest rates to increase.



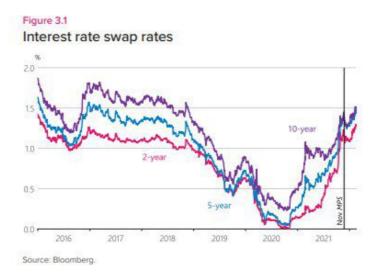
Large-Scale-Asset Programme (LSAP) — In addition to the low OCR rate the Reserve Bank has also been engaging in unconventional monetary policy by increasing its portfolio of government debt through its LSAP. The RBNZ has increased its level of government debt to holdings of \$54B. The greater holdings of government debt have lowered the yields on the debt. The LSAP has helped depress both fixed and floating interest rates to historically low levels. The RBNZ has now indicated it will gradually reduce its holdings of this type of asset (both central government and local government debt) through gradual sales to the market. Again, this means we should expect to see fixed interest rates increase as part of the RBNZ divestment of government debt.

Graph 2 – RBNZ forward path of asset sales for central government and local government bonds (unwinding of the LSAP programme)





Interest rate swaps – The actions of the RBNZ are gradually increasing the cost of borrowings with interest rate swaps. The below graph 3 shows changes to the Interest Rate Swap Rate.



What does this mean for Watercare?

Watercare's debt funding is all undertaken by Auckland Council as part of their portfolio. Therefore, the immediate impact of the changing environment will depend on Auckland Council's financing and debt hedging strategy. This strategy will affect the required interest cover that would be expected to be funded through Watercare's customer charges.

The rising cost of debt will also affect the affordability of Watercare's capital programme that needs to be financed through new borrowings. The new debt is expected to be more expensive.

Finally, we expect that the rising interest rates will have an impact on the level of construction activity in the residential and non-residential sectors going forward. Whilst building consents for both residential and non-residential dwellings are 19% higher in 2022 than the previous year, we expect the rising interest rates to curb demand, which in turn will have an impact on the forecasted infrastructure growth charges.

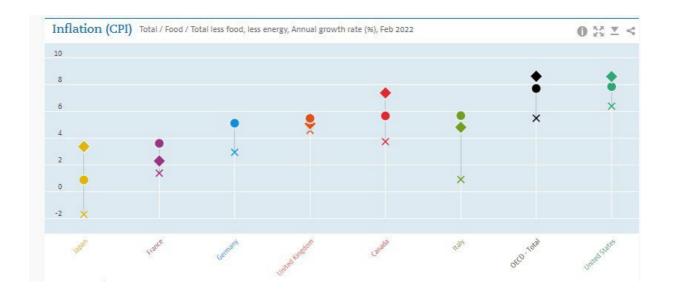
CPI Inflation – rising

CPI measures the rate of change in the price level for the range of goods/services as measured by Statistics New Zealand. The below graph shows annual price changes in CPI by quarter. Inflation was relatively stable from March 2018 to March 2021. This reflects a longer-term trend post the Global Financial Crisis for inflation to remain stable and at the lower end of the RBNZ's target range of 1-3% for its monetary policy instruments.

Since mid-2021 CPI has increased to above the target level (December quarter 2021: 5.9% and March quarter 2022: 6.9%). The largest contributing factor was the 32% increase in petrol prices on the previous year period.



The increase in CPI for these more recent quarters reflects a broader trend globally for much higher consumer price inflation. Across the OECD consumer inflation increased by 7.7% for February 2022 year. This contrasts to an annual rate of 1.7% for the February 2021 year. The below graph shows inflation for the OECD area and some specific OECD countries.



The OECD graph above shows:

- coloured circle = headline inflation
- coloured diamond = food price changes
- coloured X = headline inflation minus the contribution of energy price changes

The key driver for inflation across the OECD countries has been food and energy price changes. The impact of energy and food prices closely follows the drivers for inflation in New Zealand. The high growth in petrol prices over the period is also reflected in crude oil prices. These are now trading above \$100USD a barrel across most indices (trading at levels of between \$60-\$80 a barrel a year ago).

What does this mean for Watercare?

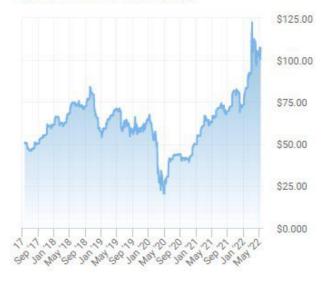
The December and March quarter changes to CPI highlights a growing pressure on consumer expenditure. Watercare's price increase of 7% will contribute to the household utility charges and flow through to the September quarter measurement of CPI. Whist the overall impact of our price change is modest compared to other services such as electricity and telecommunications, there may be an increase in customer hardship.

Dubai crude oil index

The high oil price, influenced by current global events such as the Russian war in Ukraine, is not anticipated to have such a significant impact on CPI for the remainder of 2022, as the gradual increases from 2021 will expect to reduce the year-on-year quarterly measurement of CPI.

The impact of the higher trading price for oil may also continue to flow through into price increases for tradeable goods to account for the costs of global freight.





What does this mean for Watercare?

Crude oil, the oil refining process and refining by-products are a key input into the production processes of Watercare. For example, the high oil price has a direct impact on the price of chemicals used in Watercare's water treatment processes. In addition, manufacturers of elements such as PE pipes, which are dependent on oil for production, are expected to pass-on their increased costs. Finally, increased fuel and freight costs are already impacting Watercare across the business.

Wage inflation

As at March 2022, the Labour cost index (LCI) grew by 3% which is the highest movement in the price of labour since 2018. The growth in wage inflation coupled with the very low unemployment rate of 3.2% indicates a very tight labour market for expanding output and recruitment. The conditions of the labour market also reflect the changes to immigration flows. 2021 was the first calendar year since 2012 where net migration was negative for New Zealand. The below graph shows annual changes in labour costs measured quarterly over the year.

What does this mean for Watercare?

Watercare's greater programme of capital works requiring additional personnel will be more difficult to deliver under the current labour market conditions. Skilled labour will be harder to recruit in the immediate future as immigration levels recover from the COVID19 pandemic.



Commerce Commission – resetting of natural gas network prices

The government has made a commitment to legislatively address climate change. A key impact of this is the resetting of prices for reticulated natural gas networks. The change in government policy for fossil gases has resulted in the Commerce Commission agreeing to price increases to allow for the accelerated recovery of sunk network assets in the most recent five-year price control. The accelerated recovery will result in price increases for network owners of 10-15% for their reticulated systems covering the North Island.

What does this mean for Watercare?

The higher natural gas prices will take effect from 1 September 2022. These price changes will also flow through into the housing and household utilities group of services which are captured together with Watercare's water and wastewater services in the measurement of CPI.

The Commerce Commission's decision for accelerating the investment recovery for natural gas networks should provide confidence to capital markets in New Zealand's economic regulation institutional framework as being independent with low levels of sovereign risk and supportive of investor expectations for capital recovery. This intervention should help provide confidence and should encourage investment programmes for the Water Service Entities.

What does the overall economic environment mean for Watercare?

The key features of the current economic environment outlined above are: rising interest rates; two quarters of high consumer price inflation; growing labour costs; and tight labour supply. These conditions all suggest greater pressure on managing capital delivery, operating, labour and material costs in the year ahead.

Costs have increased, oil is harder to get, and labour is difficult to attract. These factors highlight the challenging operating environment we are working within this year, and for the year ahead.

4.4 The New Zealand Emissions Reduction Plan

The New Zealand Emissions Reduction Plan (ERP) was published in May 2022 and outlines key initiatives, strategies, and actions aimed for New Zealand to achieve the first emissions budget (2022-2025). It will see \$2.9b of the \$4.5b Climate Emergency Response Fund (CERF) being spent over the next 4 years which will be funded through the New Zealand Emissions Trading Scheme (NZ ETS). The Emission Reductions Plan aims to fund several schemes and initiatives to enable everyday kiwis to reduce their carbon emissions with a large focus on transport (e.g. 'scrap and replace scheme') and home heating/insulation. Other key focusses and funding streams are on transport, industrial emissions, and research into agriculture reductions. The ERP totals actions over 394 pages and truly covers a cross agency and sector approach. The release of the report is a monumental occasion - now there is a plan.

However, a criticism of the ERP has been the number of 'explore', 'investigate' or 'establish a strategy' comments instead of direct action to reduce emissions.

The plan relies largely on technology for substitution of key emissions sectors in the economy. For example:

- Supporting the transition of NZ's electricity sector to be 100% renewable (removing dependence on coal and natural gas)
- Developing a managed phase out plan for natural gas and liquified petroleum gas (LPG) sectors
- Supporting the transition for the transportation sector to move to electric vehicles
- Imposing bans on coal boilers for industrial heating processes

Within this Emissions Reduction Plan there are no actions that relate to reducing emissions from water or wastewater directly. However it is expected that some of the proposed initiatives/schemes will have flow-on effects that may impact Watercare over time. Perhaps two of the most interesting opportunities for Watercare to keep an eye on are:

- Focus area 1:
 - Reduce embodied carbon of construction materials with a focus on sector advisory on whole of life carbon and looking at barriers in regulation to improving whole of life carbon.
 - o The establishment of an Embodied Emissions Climate Innovation Platform
 - o Potential industry grants to increase the number of Environmental Product Declarations for building materials and products.
- Focus area 6:
 - Improve waste data, as this may lead to wastewater emissions measurement improvements in the future.

The plan overall is a comprehensive step forward and will be well worth keeping an eye on the outputs as the strategies and plans are developed.

4.5 Los Angeles will recycle 100% of their wastewater by 2035 (update on previous board report summary)

Following on from the 5 April board report, action was taken to report back to the Board with greater detail and lessons learnt from Los Angeles Water and Power (LAWP). Watercare met with LA Water on 12 May 2022. The following are key learnings from the meeting:

LA Facts

- 1,223kms2 (Auckland:1,100km2)
- 4m residents (Auckland:1.65m)
- 735,562 water service connections (Auckland 445,000)

The History

Los Angeles Power and Water (LAPW) commenced their recycled journey in 1979. They commenced with a purple pipe network (a grey water pipe network) serving 66 customers. Since then, they have spent over \$1b on non-potable water.

In the early 1990s they established an indirect potable reuse plant without public consultation. This was not well received, the public responded terribly, and they had to shut the plant down after one day. They had to take a step back and start again. They formed an independent recycled water advisory group which served them well and created goodwill with community as independent experts. LA Water have continued to maintain independent advisory groups as they have found them very beneficial.

Current State

In Los Angeles water is scarce. The city imports up to 90% of its water and due to climate change, there is less and less water coming from traditional systems – each year gets drier, and the rivers are running low or are already dry. So, they are now into their 3rd year of the journey to recycle 100% of their wastewater.

The water that is recycled will be used as follows:

- Stage 1 in 2022 indirect potable reuse ground water basins (buckets) will be recharged to bring ground water up to historical levels. They are storing water in the ground for years to come, for drought years, or in the event of an earthquake. This is their insurance policy.
- Stage 2 2023 regulations to be approved which will allow direct potable reuse. It was noted this will require the water utility to work with the regulators as regulations will be required to be updated and changed.

Other non-potable projects underway include:

- Stormwater will be captured and used to recharge groundwater
- Storage of water under sports fields, and with park reinstatement they make improvements.
- Active encouragement of household rain gardens and barrels. Even when benefits are small, LAPW believe that residential storage makes the customers more aware of the value of water and it creates a better relationship with water creating a community of water stewards!

Building a Stronger LA

Imported water supplies are the foundation of all of our local water supply initiatives. Because of our imported supplies, LADWP is able to expand our local water projects to transform Los Angeles into a more water efficient city:









25% Reduction in Water Usage 2X More Stormwater Captured 100% Wastewater Recycled

Groundwater Capacity

The Regulatory Process

LAPW are already running pilot facilities to obtain design and testing data which they will provide to the regulators to get regulatory approval. Regulations are still being developed and are expected to be finalised December 2023. The pilot facility is also being used for regulatory engagement, for public outreach, and for operator training.

Reverse Osmosis (RO) is one of the key processes to produce direct or indirect potable water. The challenge with RO is to safely discharge the concentrate (residuals) to the ocean (as any other option is too expensive). This is being discussed with regulators and environmental stakeholders, to agree a solution for the new plant design.

Design Process

LAPW are redesigning their existing wastewater treatment plants. The largest plant is 144 acres (the size of Disneyland, or to use a New Zealand comparison, four times the size of Eden Park). It offers no option to expand as it is between the ocean and LA airport. The existing plant therefore needs to be upgraded to enable advanced treatment while remaining fully operational. This has resulted in a construction period of 10 years - from 2025-2035. It is worth reiterating that they are building on existing systems, not reinventing the wheel, and will continue to use original pipes.



Community Engagement

LAPW has undertaken a robust outreach process, with over 100 presentations in the community, via corporate events and conferences. This program has helped to get greater community buy in. At the time of this meeting, all community engagement over the project has been virtual, due to covid. However, LAPW is now planning on showing people the pilot project and are expecting this to be beneficial. They also rely on their Recycled Water Advisory Group to communicate ideas and information to the community, which is beneficial as this advisory group are seen as independent experts.

The Costs

The complete recycling project is forecast to cost \$17b over the next 26 years (in today's dollars). LAWP noted that they have not yet analysed the impact to water rates yet. Their view was that "the era of cheap water is coming to an end, and what is the water worth if you don't have any?". However, they do expect price to approximately double.

They are looking for grants, partnerships with other agencies, bonds and other ways to finance the projects in an attempt to implement the program without a huge spike in costs to the customer. They then reiterated that they must do this project due to the climate crisis, and therefore they are just looking for path of least resistance.

It is worth highlighting that their community are more concerned about the cost of the projects and the impact on their water rates than about the recycled water quality. This is a result of LA Water's decades long recycled water journey.

Options considered

In terms of considering options, it was agreed early on that they would not undertake desalination mainly due to the impact on the ocean, and then due to the costs. They noted they would exhaust all other sources first. LAPW highlighted that desaliniation is expensive and required 5 times more energy. With this energy footprint it made sense to use the water they already had.

LAPW also noted:

- Environmentalists do not look favourably at desalination due to the impacts to the ecosystem of the ocean. Many environmental groups are active in LA and there is stiff resistance.
- There is no benefit to conveyance or treatment of desalination, but there is a negative impact to ocean.

Actions for Watercare/ Impacts on Watercare

Watercare will continue dialogue with LAPW and continue to ensure we learn from those who are ahead of us on their recycled water journey. C40 cites (who facilitated this conversation) are aware of Watercare's desire to learn more from other cites who are also on the recycled water journey.

5. Ngā tūraru matua / Key risks and mitigations

This report is for information purposes and has highlighted risks in Section 4 – The details, where appropriate.

6. Ngā tuhinga ō mua / Previous deliberations

Date	Report title	Key outcomes
5 April 2022	Scanning the Horizon	This report has been provided at each Board meeting for noting and
		discussion.

7. Ā muri ake nei / Next steps

This report is a standing agenda item for the Board meeting.



Board meeting | 7 June 2022 Public session



Climate change strategy refresh

For information

Te pou whenua tuhinga / Document ownership

Prepared byRecommended bySubmitted byChris ThurstonJamie SinclairJon LamonteHead of SustainabilityChief Corporate Services OfficerChief Executive Officer

1. Te tūtohunga / Recommendation

We recommend that the Board notes the climate change strategy refresh and updated joint Climate Action Plan and supports the delivery of the areas relevant for Watercare.

2. Take matua / Key points

The key points are:

- Watercare and Healthy Waters have collaborated on a joint Climate Action Plan
- This action plan is the first part of a refresh of the Watercare climate change strategy 2019
- The action plan identifies the key actions for delivery by Watercare and Healthy Waters from Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan
- The action plan includes 14 portfolios that have been arranged to support efficient delivery of the key focus areas
- The action plan considers the commitments made by Watercare within the Auckland Water Strategy and the Watercare Organisational Plan 2022.

3. Whāinga / Purpose and context

The purpose of this report is to provide an update to the Board on the joint Climate Action Plan (CAP) that Watercare and Healthy Waters have been collaborating on (see Attachment 1) before it is published.

Please note that this CAP is one of three key parts that together will complete the refresh of the 2019 Watercare Climate Change Strategy. The other two sections are planned for completion by the end of July 2022 and are:

- The Watercare Climate Change Strategic Environment an overview of the climate change impacts and vulnerabilities that Watercare faces. The document will also include an overview of the complex and interrelated regulatory, legislative and strategic considerations that inform our approach. This will update and replace the original climate change strategy.
- An internal Climate Change Work Plan an overview of sub tasks, owners and timeframes for Watercare staff in delivering the outcomes of the CAP.

Watercare and Healthy Waters collaboration for a resilient water system

The CAP has been developed through a joint working group of Watercare and Healthy Waters staff. This has provided an excellent opportunity to work together. The cross functional team has found the process extremely beneficial and productive.

The merging of Watercare and Healthy Waters plans was determined during the scoping and approval for updating our 2019 Watercare Climate Change Strategy. The flows of water do not know organisational boundaries and it was decided that it was relevant to coordinate the climate action of the two organisations by the respective leadership teams. The joint approach ensures that water management is undertaken in a holistic manner, capable of mitigating and adapting to climate change and that synergies and opportunities are leveraged for better outcomes for Auckland. A joined-up approach and CAP also aligns with the vision and strategic shifts set out in the new Auckland Water Strategy.

With water industry reform on the horizon, it is more important than ever to work together to maintain operational services whilst planning for a climate impacted future. Watercare and Healthy Waters have seized the opportunity to collaborate on this work and align approaches as part of a journey to operate a low carbon water system resilient to climate impacts in Tāmaki Makaurau.

Implementing Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan

In December 2019 Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan was launched. It sets outs Tāmaki Makaurau's response to climate change by establishing the direction required to achieve a resilient and healthier region able to thrive in the face of ongoing change and disruption. Watercare staff were directly involved in the creation of the strategy and it incorporates many of the actions and deliverables from the Watercare Climate Change Strategy (early 2019).

The CAP now becomes the implementation plan for Watercare and Healthy Waters to deliver the multiple direct actions, sub-actions, targets and indicators that relate to the water system within Te Tāruke-ā-Tāwhiri as well as our Organisational Plan and strategic objectives.

Table 2 within the CAP provides a detailed overview of the initiatives that are being delivered by Watercare and Healthy Waters to achieve the objectives. This list will continue to evolve over time as more work is initiated and some projects are completed.

Supporting the Auckland Water Strategy

In March 2022 the Auckland Water Strategy (AWS) was launched. This includes mitigating and adapting to the impacts of climate change as a cross cutting theme for the framework as well as direct actions that support these outcomes. The CAP is aligned to and further enhanced by the AWS. However, it is noted that the specific actions and targets are not replicated between the two documents. These will be managed and reported on through a separate process.

Examples of cross cutting areas are potable water demand reduction, alternative water supplies and increasing water literacy.

4. Korero pitopito / The details

The joint Watercare and Healthy Waters CAP has been created to deliver a low carbon, climate resilient water system for Tāmaki Makaurau through the implementation of targets and activities delivered by Watercare and Healthy Waters. The CAP implements the commitments made in Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan, as well as strategic initiatives at an organisational level (such as the Watercare Organisational Plan) and has a time horizon to 2025.

The intended audience is Watercare and Healthy Waters staff as well as other Council whanau staff and interested stakeholders. It is intended to be published on the Watercare website and shared internally alongside our other climate change documents that are being developed.

14 portfolios to deliver action

The main body of the plan comprises 14 portfolios that cover our response to adapting to the impacts of climate change, mitigating the contribution to global warming, and integrating climate change thinking into our business as usual. A simplified version of these portfolios can be found here with more details in Attachment 1.

Clima	Climate Change Portfolios			
Māo	Māori partnership			
P1.	Māori partnership			
Over	arching			
P2.	Apply a climate change lens to our development and land use planning			
Р3.	P3. Update modelling, standards, and guidance to integrate climate change projections			
Adap	ptation			

Clima	te Change Portfolios			
P4.	Prepare water systems for climate change			
	4.1 Resilient water sources			
	4.2 Reducing water demand			
	4.3 Resilient water and wastewater treatment plants			
	4.4 Resilient water and wastewater networks			
	4.5 Resilient stormwater systems			
	4.6 Emergency preparedness			
P5.	Monitor the natural environment in a changing climate			
P6.	Partnerships with external organisations			
Mitiga	ation			
P7.	Low carbon infrastructure			
P8.	Operating a low carbon water system			
	8.1 Operating low carbon water supply and network			
	8.2 Operating low carbon wastewater treatment and network			
	8.3 Operating a low carbon stormwater network			
	8.4 Operating a low carbon fleet			
P9.	Low carbon purchasing and supply chain			
P10.	Minimising waste			
P11.	Remove and sequester carbon			
P12.	Low carbon financial support			
Engag	gement			
P13.	Empowered communities			
	13.1 Enable community action for climate resilience			
	13.2 Climate change education and awareness			
P14.	An engaged, climate change aware and ready workforce			

The original 2019 Climate Change Strategy also had 14 portfolios. However there has been significant additions made in the engagement and partnering space. In particular, this action plan calls out Māori Partnerships (Portfolio 1), delivering on the Achieving Māori Outcomes Framework, and also includes a focus on empowering our staff and the community on climate action.

Within each of these portfolios there are sub actions with timeframes and individual responsibilities that are to be updated and prioritised as part of the internal work plan (planned for completion in July).

Timeframe and reporting

The intended timeframe for the CAP is through to 2025, which has been inherited from the original 2019 Watercare Climate Change Strategy. The CAP acknowledges that water reform is scheduled for 2024 and that would trigger a review of the plan. We anticipate that the plans and framework could be taken forward for use by Entity A, acknowledging the plans of the Northern Regional Councils for climate change response would add another layer of value to this work.

Regular reporting of progress will align with that required by Te Tāruke-ā-Tāwhiri, though that frequency has not yet been agreed, we are expecting it to be at least annually. Alongside this we will regularly report the delivery of our projects internally in accordance with more granular work plans. An ongoing review of emerging climate data, changes in legislation, as well as engagement with mana whenua and community feedback will inform our evolving response.

Review and engagement

A stakeholder engagement plan has been established for this piece of work. It covers off internal staff, Council staff, elected members, and Mana Whenua.

During the early drafting stages of the CAP joint Watercare and Healthy Waters presentations were provided to the Mana Whenua Kaitiaki Forum and the Infrastructure and Environmental Services Kaitiaki Forum. The primary feedback received from these hui was a request to obtain a more granular understanding of impacts for individual lwi and their specific locations of interest. A further workshop is proposed as well as the direct engagement of lwi in the delivery of actions that relate to their area. We will work to ensure there is an ongoing alignment of the implementation of the CAP with the Achieving Māori Outcomes Framework.

Feedback has also been received and incorporated internally from across Communications, Governance, Strategy and Te Rua Whetu. Externally we have engaged with Auckland Council's Chief Sustainability Office and Auckland Water Strategy lead Toby Shephard, incorporating their feedback.

We have engaged with Councillor Hills and Councillor Cooper, providing an early overview of the project and ascertaining their expectations on engagement. A subsequent update was provided in April and a memo has been sent to elected members to coincide with the June 2022 Watercare board meeting. This memo will also be attached to the 7 July 2022 Environment and Climate Change Committee minutes and a note sent to Local Board chairs.

Challenges

The CAP plan brings together a range of actions, objectives and targets that have been published and agreed in other documents. It does not add new strategies or directions. However, it is a comprehensive reminder of the mahi required to meet climate change goals. The primary challenges in the delivery of these actions will be in resourcing and prioritisation.

The actions range from simple to complex and the intent is to integrate these into "business as usual" activities. For Watercare we do not receive additional or direct funding (such as climate change targeted rates) to achieve the outcomes and they are integrated into our strategic direction, Asset Management Plan and delivery of water and wastewater services.

5. Ngā ūpoko / The capitals

5.1 Our environment including climate change

The purpose of this paper is to support the natural environment and deliver on our climate change commitments. It covers both mitigation and adaptation and creates a framework of portfolios to deliver meaningful action in these areas.

5.2 Our people and culture

The CAP has had a new portfolio added to it to recognise the importance of our staff being engaged in climate response. As well as the impact of climate on their roles we will also be delivering climate change awareness and engagement as it pertains to the individual. Knowing that Watercare are aiming for leadership in climate action and seeing tangible results should support an engaged workforce and attract new talent.

5.3 Our communities, including Māori outcomes

The CAP has had a new portfolio added on empowering communities to ensure that our climate response goes beyond the impact of climate change on our assets and includes those of our communities.

As well as this Māori Partnerships is a new portfolio as a cross cutting approach to delivering the adaptation and mitigation response. Engagement with Mana Whenua has occurred as detailed above and additional actions will take place to ensure our partners' feedback is actioned.

5.4 Our assets and infrastructure

The CAP has a direct focus on creating a resilient water system in the face of a changing climate. There is a focus on treatment and network assets, modelling and standards and the update of data projections all to support better infrastructure decisions and planning.

5.5 Our future

The CAP supports continuous improvement for Watercare and looks to take actions today to protect ourselves from the impacts of climate change in the future. There may be the potential for industry leadership, sharing and intellectual property that is created as an output of the action plan over time.

5.6 Our finances

The CAP establishes actions that will ultimately lead to reducing future costs and impacts on services from a changing climate.

As noted above, there is not a specific budget line item that encompasses the delivery of this mahi and the objective is to integrate climate response into business as usual.

6. Ngā tūraru matua / Key risks and mitigations

The Watercare Risk Appetite Statement has been considered and the report aligns with organisational capability and financial responsibility and commercial acumen risk themes.

Risk themes	Key risk	Mitigation
Organisational Capability	Internal capacity to deliver on CAP	Climate change action has been identified as a key priority in the organisational plan. A specific work plan with key responsibilities and time frames will be developed to support the CAP. Regular reporting will be completed against the work plan to ensure that actions are being delivered and there is capacity to do so.
Financial Responsibility & Commercial Acumen	Potential additional costs	The delivery of the CAP may identify additional costs that are required to be spent today to achieve a resilient future. These will be raised through the appropriate channels for management and governance review.

7. Ngā tuhinga ō mua / Previous deliberations

Date	Report title	Key outcomes
29 January 2019	Our climate change strategy	The Climate Change Strategy was completed in December 2018. The Board was briefed about Watercare's approach to implement the Strategy. There was a strong commitment from the Board for Management to implement the Strategy.
Various over 2021	Committee for Climate Action, Scanning the Horizon, Climate Change Strategy Update	Continued to keep the Board updated with our climate change adaptation and mitigation mahi.

8. Ā muri ake nei / Next steps

The next steps are:

- Complete the accompanying documents to the CAP (internal work plan, strategic environment overview) by the end of July 2022
- Memo sent to Environment and Climate Change Committee
- Note sent to Local Board Chairs
- Arrange a climate change workshop with the Infrastructure and Environmental Services Mana Whenua Kaitiaki Forum
- Launch the revised CAP with staff in August 2022.

9. Te whakapiringa / Attachment

Attachment number	Description
1.	WSL and HW Climate Change Action Plan – Draft as at June 2022



Attachment 1

CLIMATE CHANGE ACTION PLAN:

Watercare and Healthy Waters response to deliver climate change action

Purpose

The purpose of this action plan is to deliver a low carbon, climate resilient water system¹ for Tāmaki Makaurau through the implementation of targets and activities delivered by Watercare and Healthy Waters. This action plan implements the commitments made in Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan, as well as strategic initiatives at an organisational level.

This action plan establishes focus areas that both organisations will implement to monitor, understand, and act on, between now and 2025.

The goal is that considerations of climate change are prioritised and become 'business as usual' in the way we work. We must act together, and we must act now.

The intended audience for this action plan is Watercare and Healthy Waters and other council whanau staff and interested stakeholders.

This document is recommended to be read in conjunction with Te Tāruke-ā-Tāwhiri, the Auckland Water Strategy and Watercare's Climate Change Strategy.

Overview of climate change

Climate change is a global issue that requires significant and immediate action at a local level. The global climate has already changed at an unprecedented rate, with the main driver being a dramatic increase in greenhouse gas emissions from human activities. The impacts from a changing climate are known, severe, and apply directly to the water cycle, including:

- the growing frequency of extreme weather events
- more prolonged dry periods
- rising sea levels and increased coastal flooding.

Climate science is regularly updated as more modelling and research takes place. This action plan has been based on climate projections that were modelled for Tāmaki Makaurau in 2020² and has been influenced by the six IPCC Assessment Reports published between November 2021 and March 2022. The key takeaway from the most recent science available at the time of writing is clear:

"The cumulative scientific evidence is unequivocal: Climate change is a threat to human wellbeing and planetary health. Any further delay in concerted anticipatory global action on adaptation and mitigation will miss a brief and rapidly closing window of opportunity to secure a liveable and sustainable future for all." – IPCC 6th Assessment Report 2022.

¹ References to 'water system' in this document encompass wastewater, drinking water and stormwater.

² In mid-2017, Auckland Council and various council controlled organisations commissioned the National Institute of Water and Atmospheric Research (NIWA) to model projected climate changes for Tāmaki Makaurau out to the year 2120 and assess the potential impacts of climate change on the region's environments and various sectors. This model was subsequently updated in 2020.

Recent extreme weather events in Tāmaki Makaurau such as the 2017 Tasman Tempest, the 2020/21 drought, extensive flooding in West Auckland in August 2021, and deluges of one month's rainfall within 10 hours setting new records in March 2022, remind us that this is not a challenge to be faced in the future. Climate change is here now, and we must respond and act on it like the emergency it is.

Collaboration

The flows of water do not know organisational boundaries. This action plan is a collaboration between Watercare and Healthy Waters, the operational arms of Auckland Council responsible for providing water services aimed at improved environmental, social, economic and cultural outcomes. The joint approach ensures that water management is undertaken in a holistic manner, capable of mitigating and adapting to climate change. This work builds on the Watercare Climate Change Strategy of 2019, and the accompanying internal actions, and is updated with new context that has arrived since. With water industry reform on the horizon, it is more important than ever to work together to maintain operational services whilst planning for a climate impacted future. Watercare and Healthy Waters have seized the opportunity to share learnings, apply a systems-thinking methodology and align approaches as part of a journey to operate a low carbon water system resilient to climate impacts in Tāmaki Makaurau.



ACTION PLAN

Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan

Te Tāruke-ā-Tāwhiri sets outs Tāmaki Makaurau's response to climate change by establishing the direction required to achieve a resilient and healthier region able to thrive in the face of ongoing change and disruption.

Te Tāruke-ā-Tāwhiri's core goals seek to reduce Tāmaki Makaurau's greenhouse gas emissions by 50 per cent by 2030 and achieve net zero emissions by 2050, while taking a precautionary approach to adapting to the impacts of climate change.

To deliver these goals, Te Tāruke-ā-Tāwhiri identifies multiple direct actions, sub-actions, targets and indicators that relate to the water system. These have been combined with actions established by Watercare through a series of vulnerability workshops held in 2018 to establish this action plan.

Auckland Water Strategy 2022-2050

This action plan is directly aligned and further enhanced by the Auckland Water Strategy 2022-2050, Auckland Council's strategy to protect and enhance te mauri o te wai, the life sustaining capacity of water.

The Auckland Water Strategy commits the council whānau to prioritising the health of water in Tāmaki Makaurau by:

- adopting a te ao Māori approach to protecting our waters;
- adapting to a changing water future;
- developing Aucklanders' stewardship;
- · restoring our damaged environments;
- protecting our significant water bodies; and
- leveraging Tāmaki Makaurau's growth to achieve better water outcomes.

Mitigating and adapting to the impacts of climate change is identified as a cross cutting theme for the framework of the Auckland Water Strategy and the priorities identified above will be incorporated into the delivery of this action plan.

Note, relevant actions and targets from the Auckland Water Strategy will be delivered and reported outside of this action plan.

Māori Partnership

Māori partnership is integral to the preservation and enhancement of the mauri in water. Te Tāruke-ā-Tāwhiri and the Auckland Water Strategy were developed in partnership with iwi/Māori. To enable Māori to enact kaitiakitanga and to leverage mātauranga Māori, partnering with Māori to manage water is essential, and will need to be undertaken supporting the values of manaakitanga, rangatiratanga, whanaungatanga, taurite and tōnuitanga.

Watercare and Healthy Waters through this action plan are seeking to operationalise that approach. We will continue to engage and work with our Māori partners in exploring and implementing how we collectively identify and deliver actions that embed te ao Māori.

Portfolios to deliver climate action

To deliver a proactive climate response for water services management, including the outcomes of Te Tāruke-ā-Tāwhiri and the Auckland Water Strategy, Watercare and Healthy Waters have integrated the required actions through a series of fourteen portfolios. These portfolios are

categorised by five themes: Māori Partnership; Overarching; Adaptation; Mitigation; and Engagement.

The fourteen portfolios are presented in **Error! Reference source not found.** below and define the focus areas and tasks that each organisation will take to:

- (1) adapt to the impacts of climate change;
- (2) mitigate its contribution to global warming; and
- (3) integrate climate thinking into our business so it becomes "business as usual".

The portfolios establish and coordinate internal work plans to ensure their timely delivery. The work plans identify staff who will lead the work and timeframes for delivery. The work plans will be managed and updated on a regular basis.



Table 1 – Watercare and Healthy Waters Climate Change Portfolios:

Māori partnership

P1. Māori partnership

Establish partnerships and ways to engage and work with mana whenua and rangatahi to collectively identify, assess and understand ways to protect and enhance te mauri o te wai.

Partner with mana whenua to enable kaitiakitanga and incorporation of mātauranga Māori across actions in all portfolios.

Overarching

P2. Apply a climate change lens to our development and land use planning

Support Auckland Council to ensure that the legislative, policy and planning frameworks which inform our development and land use practices incorporate actions to mitigate climate change effects and facilitate low carbon solutions. Focus will be on facilitating low carbon infrastructure solutions and integrating climate change impacts to support resilient infrastructure development and enable appropriate climate adaptation responses such as protect and managed retreat.

P3. Update modelling, standards, and guidance to integrate climate change projections

Integrate climate change data and information into key decision-making tools and guidance that are used for planning and delivering services.

Reviewing and updating modelling specifications, design standards, codes of practice and bylaws with a climate impact lens to inform developers, our design teams and to engage with communities. Actions will model future water source availability, update flood maps to incorporate latest projections, identify infrastructure upgrades and provide information for future planning decisions.

Adaptation

P4. Prepare water systems for climate change

Ensure there is enough drinking water of acceptable quality to meet Tāmaki Makaurau's growing population, that wastewater treatment plants are fit for purpose and the network of pipes, waterways and water conveyance systems can deliver services through a changing climate.

- 4.1 **Resilient water sources:** Manage current and plan for future water sources, in both urban and rural environments, to ensure they are resilient in a changing climate. Establish plans for alternative water sources, including recycled water and non-potable sources with a focus on those that are climate resilient.
- 4.2 Reducing water demand: Apply a climate lens to existing programmes of work focussed on water demand management and targets acknowledging the impacts of increased temperature on water consumption. Support the

actions and targets that are established in the Auckland Water Strategy and Watercare's Water Efficiency Plan.

- 4.3 **Resilient water and wastewater treatment plants:** Plan for and upgrade treatment plants to be resilient to extreme weather events, investigate new technology and ensure appropriate locations are found that are resilient to climate impacts such as sea level rise.
- 4.4 **Resilient water and wastewater networks:** Monitor and model the pipes and large conveyance to plan for future climate impacts, such as odour and corrosion in higher temperatures, and build this information into resilient design and construction of networks.
- 4.5 **Resilient stormwater systems:** Ensure stormwater systems are resilient against the impacts of climate change, in particular against erosion, contamination and sea level rise. Ensure waterways and their surrounding environments are managed together through a combination of infrastructure, ecological restoration, and water sensitive design.
- 4.6 **Emergency preparedness:** Learn from extreme events that are experienced today and make changes so there is more resilience in the future.

P5. Monitor the natural environment in a changing climate

Establish robust and shared monitoring approaches, which includes cultural monitoring and working with mātauranga Māori specialists, across the council whanau to inform long term decision making that restores and enhances the natural environment.

P6. Partnerships with external organisations

Maintain and enhance partnerships with external organisations including council controlled organisations, utilities, and key suppliers so that we can take a multi-agency approach to planning for the long term and continue to operate during extreme climate events.

Mitigation

P7. Low carbon infrastructure

Ensure that whole of life carbon reduction is a key consideration in all infrastructure project design and delivery decisions.

Continue to develop carbon measurement tools to measure and manage infrastructure emissions and undertake actions to ensure that information relating to low carbon technologies and materials is shared with the supply chain.

Collaborate with developers seeking to vest water assets to ensure that carbon is measured, managed, and mitigated throughout the construction of these assets.

P8. **Operating a low carbon water system**

How we operate water assets and systems has a significant impact on the carbon emitted.

- 8.1 **Operating low carbon water supply and network:** Provide low carbon water storage, treatment, and conveyance from the catchment to the tap. Operate energy neutral water catchments, treatment, and conveyance through installing green energy generation where feasible. Investigate options for reducing energy where feasible.
- 8.2 Operating low carbon wastewater treatment and network: Measure and remove carbon emissions from our wastewater treatment and conveyance processes. Investigate options for energy neutrality so that all electricity currently consumed by the wastewater treatment process is met by internal generation. Monitor and implement international guidance for reducing methane and nitrous oxide emissions associated with the treatment processes. Investigate nature-based solutions for treating our water before it is returned to the natural environment.
- 8.3 **Operating a low carbon stormwater network:** Measure and remove carbon emissions from the operation and maintenance of the stormwater system. Promote green infrastructure and maintain that infrastructure to ensure that it continues to operate efficiently.
- 8.4 **Operating a low carbon fleet:** Reduce the carbon impact of our fleet vehicles by actively reducing our existing fleet size and transitioning to lower carbon emitting vehicles as these become available. Adopt renewable fuel where low carbon vehicles are not an option.

P9. Low carbon purchasing and supply chain

Incorporate climate outcomes into procurement frameworks, processes, and outputs. Work with our supply chain to decarbonise their operations, products, and services by incorporating into our purchasing contracts a requirement to track, and where possible reduce, emissions. Increase awareness of climate change and circularity principles in our supply chain. Leverage council whanau opportunities and processes for reducing carbon through the supply chain.

P10. Minimising waste

Develop and support initiatives to minimise waste from our operational and construction activities with a long term goal to achieve net zero waste for Tāmaki Makaurau.

Prioritise opportunities to promote circularity principles and implement waste reduction targets across our projects.

P11. Remove and sequester carbon

Identify and pilot projects that deliver biological sequestration of carbon in terrestrial, freshwater and marine ecosystems as well as delivering adaptation benefits.

Research sequestration opportunities, establish sampling and monitoring programmes, and identify potential opportunities for partnerships with landowners to establish certified off-setting projects capable of attracting carbon credits.

P12. Low carbon financial support

Identify sustainable financing mechanisms to support a transition to net zero.

Redirect capital towards sustainability outcomes.

Improve how we value social and environmental impacts and build awareness and capacity in the financial activities we undertake.

Engagement

P13. Empowered communities

- 13.1 Enable community action for climate resilience: Empower community-led projects across Tāmaki Makaurau to protect and improve the resilience of ecological habitats and encourage collective ownership of the climate change response.
- 13.2 Climate change education and awareness: Increase our community's water literacy and understanding of the relationship between water and climate. Educate and communicate climate risk to the residents of Tāmaki Makaurau, particularly communities that face a higher risk of flooding, drought, and property erosion.

P14. An engaged, climate change aware and ready workforce

Empower our employees to fully integrate climate change mitigation and adaptation into every element of their work, in alignment with business plans and strategic direction.

Embed climate change thinking into decision making, business cases, risk assessment, design, procurement, and communications. Improve climate literacy in areas of the business that have not yet been exposed to direct information and facilitate information sharing.

Responding to Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan Te Tāruke-ā-Tāwhiri Actions and Sub-actions

Te Tāruke-ā-Tāwhiri sets out an Implementation Plan where certain actions and sub-actions are assigned to Watercare and Healthy Waters to lead on. In addition to those actions, Watercare and Healthy Waters have identified further actions that both organisations will lead and collaborate on from a water services perspective. Table 2 sets out those lead actions and details how we are responding. Note that there are many more areas that both organisations contribute to and actively collaborate on with our Māori partners, other parts of Auckland Council, and the community to achieve the overarching goals and objectives of Te Tāruke-ā-Tāwhiri.



Table 2 - How Watercare and Healthy Waters are responding to the relevant Actions and Sub-actions in Te Tāruke-a-Tāwhiri: Auckland's Climate Plan

Action	Sub-action / Link to Portfolios in this action plan	How Watercare & Healthy Waters are responding
Priority: Taiao Māori – Na	tural Environment	
N3: Integrate connected, nature-based solutions in development planning	Empower and partner with community groups and the public to encourage community-led projects. P1. Māori partnership P13.1 Enable community action for climate resilience	 The Healthy Waters Wai Ora Partnerships team is currently working with 21 Local Boards to deliver approximately 300 community-led climate resilience projects per year. This includes riparian planting, maintenance and pest (weed and animal) control, and water quality monitoring across Tāmaki Makaurau as well as providing support to the Sustainable Schools Trees for Survival Programme. Healthy Waters is also supporting a marae led tuakana-teina approach for upskilling rangatahi through training of western science techniques that have been identified by iwi to support mātauranga Māori. The Healthy Waters' Waterways Planning Team continues work with landowners and mana whenua as part of the Hōteo Sediment Reduction Project, empowering such groups to identify stream survey sites and undertake geomorphic monitoring and restoration works to ensure the waterways leading into the Kaipara Harbour are climate resilient. A Cultural Monitoring Framework has now been established for this project. Healthy Waters continues to provide support for the Kaipara Moana Restoration project which is now in its second year and is being implemented through co-governance with local iwi. An operational body with 14 full time staff has been set up to begin delivery of the 90+ fencing and planting projects to restore waterways and ensure the land is able to respond to climate related disturbances.

Action	Sub-action / Link to Portfolios in this action plan	How Watercare & Healthy Waters are responding
		 Healthy Waters continues to expand its 2-in-a-Ute programme aimed at providing employment to maintain water-sensitive stormwater assets in local communities. Work focuses primarily on planting and maintenance to ensure waterways remain resilient to the impacts of climate change. Watercare's Central Interceptor Project runs community planting days at Mt Albert Grammar School and Norgrove Reserve. These are part of a wider Waititiko enhancement plan focused on restoring the Meola Creek which has been affected by combined wastewater/stormwater overflows. Work has been undertaken with the Mt Albert Grammar School to plant, maintain and protect riparian margins on the ASB School Farm. The enhancement plan also provides an opportunity to work with a local Kura Kaupapa Māori to provide riparian planting opportunities later in the
		 Project. Additional work has been undertaken to remove pest species such as privet and willow in the Roy Clements tree-way. Watercare supports Waikato RiverCare, a not-for-profit charitable trust, undertaking riparian restoration on the lower Waikato River and associated catchments. Watercare aims to enhance the quality of the Waikato River by reducing land run-off and riverbank erosion and increasing biodiversity and habitat for native species.
	Enhance, extend, and connect Tāmaki Makaurau's blue-green networks to protect and enhance ecosystem function and species viability. P4.4 Resilient stormwater systems	 Healthy Waters continues to expand its blue-green network restoration programme, many of which have be scoped and developed together with iwi. Examples of work include Awakeri wetlands, Te Auanga/Oakley Creek and Puhinui stream. Key initiatives delivered in 2021 were construction of the stormwater channel and reserve upgrades for Tāmaki Reserve. Stage 2 involves creation of urban wetland.

Action	Sub-action / Link to Portfolios in this action plan	How Watercare & Healthy Waters are responding
		 Stage 2 of the Healthy Waters upgrade works at Greenslade Reserve in Northcote are due to be complete mid-2022. This includes creation of an urban wetland to connect the community to its natural environment.
		 The Healthy Waters Catchment Team have identified and mapped council land to be retired and returned to wetlands. Planning is underway to identify those wetlands which will have sequestration benefits.
		 Watercare supports and maintains the Manukau harbour foreshore, a special habitat home to more than 20% of New Zealand's migratory birds. Enhancement activities include bird roosts, pest control, weed management and plantings as well as walkway maintenance for public access.
N4: Maximise carbon capture potential of terrestrial and marine ecosystems	Identify opportunities for businesses and individuals to contribute to sequestration schemes in the region that support their emissions reduction goals and wider social and environmental outcomes. P1. Māori partnership P11. Remove and sequester carbon	 A mapping exercise is underway by Healthy Waters to locate blue carbon sequestration opportunities in Tāmaki Makaurau with particular focus on coastal land vulnerable to rising sea levels. Healthy Waters has commenced engagement with mana whenua to
		identify pilot sites to commence sequestration sampling and monitoring including opportunities for training rangatahi.
		 Healthy Waters has provided grant funding for a seaweed aquaculture pilot in the Hauraki Gulf. The pilot aims to collect nutrient absorption data to understand the extent to which regenerative seaweed farming may be able to support carbon sequestration and ecosystem health in the marine environment.
		The Healthy Waters Integrated Catchment Team have identified and mapped Auckland Council land to be retired and returned to wetlands. Future work will enable calculation of the sequestration potential of these

Action	Sub-action / Link to Portfolios in this action plan	How Watercare & Healthy Waters are responding
		assets. Work to prioritise sites that will provide the largest carbon benefits is in the planning stage.
	 Healthy Waters continues to manage a 'Biodiversity Offset Bank'. This enables developers to purchase credits in certified stream restoration projects. This then provides sequestration and water quality benefits to offset the environmental impacts of developments on waterways. Healthy Waters has updated its planting contracts to include a requirement for lead contractors to source plants from marae and 	
		 Community nurseries. Watercare has planted 552,000 native trees in the Hūnua ranges as part of a project to restore 1,900 hectares of exotic pine plantation to natives. In the future this will include access for Aucklanders and become a regional park.
		 Watercare is undertaking tree planting and riparian management activities on treatment plant buffer zones in order to understand and maximise the carbon removal potential of these activities.
	 Watercare is establishing a native plant nursery to promote reuse of biosolids produced at our wastewater treatment plants. A mapping project is underway to identify suitable planting locations on Watercare land as well as potential future community applications. This aims to propagate up to 100,000 native plants and shrubs per annum. 	
		 Watercare has created a natural fertilizer product called Emerge that is made from a wastewater by-product (struvite). This circular economy approach supports plant growth and will be available to the public.

Action	Sub-action / Link to Portfolios in this action plan	How Watercare & Healthy Waters are responding
N5: Ensure land use practices deliver healthy,	Support rural Aucklanders to manage land in ways that grow resilience to climate change and enhance and support biodiversity and waterway health. P1. Māori partnership P13.1 Enable community action for climate resilience	 Healthy Waters is working with rural landowners to develop a GEMS (Geomorphically Effective Management Solutions) toolbox to improve management of stream bank erosion, particularly streambank functionality during storm events impacted by climate change. Healthy Waters is trialling use of detainment bunds on rural land as a water treatment device to assist in flooding events. Healthy Waters is currently developing an online Flooding Portal to enable Aucklanders to quickly access flood risk information to enable them to adapt and manage land. Healthy Waters is working in partnership with local iwi and hapū in the scoping and delivery of Kaipara Moana Remediation and the Mahurangi East programmes.
resilient soils, waterways and ecosystems	Establish land management actions that will create 'green infrastructure' to benefit farmers, land managers and the wider region (e.g., planting trees, riparian fencing and planting, restoring or creating wetlands). P1. Māori partnership P13.1 Enable community action for climate resilience	 Healthy Waters has grant programmes in place across the region supporting rural landowners to protect and restore streams, waterways, wetlands, riparian and coastal margins through fencing, restoration planting, sediment reduction and plant maintenance. Programmes are underway in Rodney, Franklin & Papakura, Great Barrier Island and Mahurangi East, with the largest project in Kaipara which encompasses over 90 community led projects and over 200 landowners. Healthy Waters is working in partnership with local iwi and hapū in the scoping and delivery of Kaipara Moana Remediation and the Mahurangi East programmes. Healthy Waters 'Biodiversity Offset Bank Connect' programme continues to match farmers and landowners with certified suppliers who will identify

Action	Sub-action / Link to Portfolios in this action plan	How Watercare & Healthy Waters are responding
		 and design waterway resilience planting projects focused on restoring and rehabilitating degraded waterways. Watercare undertakes projects that enhance natural habitats around our water supply catchments, treatment plants and project sites. Riparian planting along river ways as well as noxious weed management occurs across the region. Additionally, pest management programmes are delivered as well as a trap and haul programme for juvenile eels and whitebait to support migration between catchments.
B2: Ensure new infrastructure is planned and designed to minimise climate risks and lifecycle emissions	Assess climate change impacts for all new developments and infrastructure, starting at the business case stage, to identify to what degree a proposal supports or conflicts with our climate goals over its lifecycle. P2. Apply a climate change lens to our development and land use planning P3. Update modelling, standards and guidance to integrate climate change projections P4.2 Resilient water and wastewater treatment plants P4.3 Resilient water and wastewater networks	 Watercare and Healthy Waters measure carbon in all infrastructure projects from strategic case through to handover of constructed asset using the Carbon Portal. Watercare and Healthy Waters are working to model the impacts of sea level rise in collaboration with the Auckland Council Resilient Land and Coasts team to assist with decisions for protect or retreat. This project will create Shoreline Adaptation Plans across the coastal parts of the region to support their long term planning and resilience. Flood modelling projections continue to be updated by Healthy Waters, in line with the latest NIWA predicted temperature increases, and made available to the public on GIS to inform development decisions. The Healthy Waters Sustainable Outcomes toolkit is currently being updated to ensure that requirements to measure, account for and mitigate carbon are included in all infrastructure design and construction

Action	Sub-action / Link to Portfolios in this action plan	How Watercare & Healthy Waters are responding
	P4.4 Resilient stormwater systems P7. Low carbon infrastructure	 contracts. This toolkit will provide the basis for a new council whanau sustainable procurement toolkit. The Watercare standard business case template for infrastructure projects includes an embodied carbon evaluation and operational carbon forecast for evaluation against Watercare's overall carbon goals. Watercare reviews climate change impacts during the planning stage of infrastructure delivery to ensure operability over a lifespan of up to 100 years.
	Deliver stormwater solutions and water sensitive urban design to enable resilient development and build community resilience. P2. Apply a climate change lens to our development and land use planning P3. Update modelling, standards and guidance to integrate climate change projections P4.4 Resilient stormwater systems	 Watercare and Healthy Waters are working together on sewer and stormwater separation as part of the Western Isthmus Quality Improvements Programme. This will reduce sewage overflows in the area as more extreme weather events are expected. Healthy Waters is currently updating the Stormwater Code of Practice to account for the latest climate change projections and ensure resilience to future storm events. Healthy Waters has applied to renew its license to deliver the National Green Infrastructure Certification Programme (NGICP) – a nation-wide training programme to implement water sensitive design into new developments.
		 Healthy Waters is working with developers to ensure that stormwater management plans approved under the Healthy Waters national discharge consent incorporate water sensitive design principles. A Healthy Waters pilot project to install a living "green" roof on the Auckland Central Library is underway. This will reduce the flow of stormwater run-off entering the natural receiving environment, reduce

Action	Sub-action / Link to Portfolios in this action plan	How Watercare & Healthy Waters are responding
	Reduce infrastructure carbon for water and wastewater assets and build their resilience in line with the latest climate projections. P4.2 Resilient water and wastewater treatment plants P4.3 Resilient wate and wastewater networks P7. Low carbon infrastructure	 impact of urban heat island effect, improve biodiversity, increase the life of the roof membrane, and improve air quality. Watercare's Central Interceptor will reduce combined wastewater and stormwater overflows by 80% in Auckland. Currently, rainwater enters the wastewater network through inflow from illegal connections, infiltration, and a combined network. The Central Interceptor provide storage for wetweather overflows and delivers them to the Mangere Wastewater Treatment Plant. The tunnel has been sized to accommodate a 1 in 10 year storm event (with climate projections) and population growth including an increase in impervious surface. This project will be delivered in 2026. Reducing infrastructure carbon: A carbon portal is being utilised by Watercare and Healthy Waters to measure embodied emissions for delivery of new water, wastewater and stormwater assets. Watercare and Healthy Waters are reviewing the current Asset Management Plan to determine the best approach for carbon estimation of the forward works plan. Healthy Waters established a zero carbon team charged with ensuring that carbon was measured, managed and mitigated in all its infrastructure projects. The team is currently entering its forward infrastructure works programme of over 400 projects into a carbon dashboard (100 projects already entered). The dashboard will be further developed into a fully
		operational decision-making tool during 2022.

Action	Sub-action / Link to Portfolios in this action plan	How Watercare & Healthy Waters are responding
		 Watercare has adopted a 40:20:20 vision for infrastructure, using the internationally recognised framework PAS2080. 40:20:20 aims to reduce embodied carbon by 40%, cost by 20% and improve health and safety performance by 20% on all capital works projects.
		 A carbon baseline for embodied emissions, for a significant portion of Watercare infrastructure delivery projects, has been established. This baseline is being evolved to review whole of life carbon which will be included in the carbon dashboard.
		 Watercare's Central Interceptor Project is utilising three electric spoil haul trucks in their fleet to reduce over 300 tonnes of CO² compared to traditional Internal Combustion Engine vehicles. They will transport over 66,000 tonnes of spoil from the Central Interceptor shafts and have the added benefit of being quieter for our neighbours. This will also provide a use-case to support the uptake of heavy electric vehicles in the construction and infrastructure industries.
		 Watercare's Central Interceptor Project is using electric locomotives to transport people, materials, and spoil in the main and link sewer tunnels. These are reducing 400t CO2e over the project and also reduce fire and air quality risks compared to diesel alternatives.
		Value Engineering through detailed design of Watercare's Central Interceptor included changes such as making certain sections of the tunnel smaller, making it shallower where possible, and swapping some elements for more durable materials. These initiatives had a total reduction of 15% GHG in materials (concrete, steel, and plastics).

Action	Sub-action / Link to Portfolios in this action plan	How Watercare & Healthy Waters are responding
		 Watercare and Healthy Waters assess assets against future climate change impacts such as flooding, sea level rise and temperature increase. This has led to infrastructure changes such as moving the location of the Snells-Algies wastewater treatment plant to accommodate future sea level rise. Watercare is progressing tools and approaches to manage climate change adaptation. Water source resilience is one of the largest focusses, however the extent of climate change impacts means many assets and infrastructure plans need to consider future climate projections. Watercare completed a vulnerability process, workshopping the projected climate change projections to understand the impacts on current operations and future infrastructure. Watercare is working closely with Auckland Council on a group wide climate change risk assessment. This project will provide the group with a region wide perspective as well as the opportunity to rank and prioritise certain assets and areas. The outcomes of this work will be integrated into future plans and strategies.
B4: Identify and deliver alternative water supply options to address population growth and climate change while protecting and	Identify low-lying water and wastewater assets that are within projected sea level rise over the next 100 years. P2. Apply a climate change lens to our development and land use planning	 Work is underway by Healthy Waters to identify solutions for stormwater outlets which can no longer function because of sea level rise. Projected sea level rise layers have been added to Watercare's GIS and these are used to inform our servicing strategies and the planning of individual water and wastewater projects.

Action	Sub-action / Link to Portfolios in this action plan	How Watercare & Healthy Waters are responding
enhancing te mauri o te wai	P3. Update modelling, standards and guidance to integrate climate change projections	 A report to complete this sub-action will be prepared by Watercare to inform future planning. It will also form part of the climate risk disclosure work in 2022 with Auckland Council.
	P4.2 Resilient water and wastewater treatment plants P4.3 Resilient wate and wastewater networks P4.4 Resilient stormwater systems	 Watercare has already moved specific assets to accommodate future sea level changes. In particular the Snells-Algies Wastewater treatment plant and the Hingaia Pump station projects included future sea level rise assessments that resulted in location moves for these projects.
	Investigate alternative water sources that consider the impacts of climate change while ensuring the protection and enhancement of te mauri o te wai. P1. Māori partnership P3. Update modelling, standards and guidance to integrate climate change projections P4.1 Resilient water sources	 Watercare and Healthy Waters will continue to engage with mana whenua to assess, and understand ways to protect and enhance, te mauri o te wai. Watercare and Healthy Waters have worked closely with Auckland Council on the development of the Auckland Water Strategy and are now putting it into practice. The direction established in the Auckland Water Strategy provides a pathway for assessing, understanding and ways to protect and enhance te mauri o te wai. Healthy Waters is delivering a three-year rural water supply emergency response programme. This involves upgrading community facilities to enable emergency potable water for properties with rain tanks.
		 Healthy Waters work is underway to use smart devices to better manage stormwater ponds during storm events. The devices will enable water drained from ponds to go into onsite storage tanks for non-potable supply, and irrigation systems to assist in drought management.
		Healthy Waters is working with various modelling and digital experts to create an online rainwater tank size calculator which considers various

Action	Sub-action / Link to Portfolios in this action plan	How Watercare & Healthy Waters are responding
		degrees of prolonged dry periods in preparation for more extreme weather events.
		 Watercare has established a recycled water team to focus on opportunities for purified recycled water, along with understanding the technical, environmental, social and cultural impacts. Watercare has established trials for recycled water projects in areas such as construction and irrigation. This is being piloted on the Central Interceptor Project for use on the Mangere Pump Station site. In 2022, the recycled water team will focus on pilot wastewater recycling plants for industrial reuse.
		 Watercare has worked closely with Eden Park to re-establish non potable water supply for irrigation, saving around 11 million litres of treated drinking water being used per annum.
		 Watercare reviewed and updated an existing list of alternative water sources in 2021. Modelling has been included to understand climate impacts on yield as well as a consideration for demand changes. This work will continue to be reviewed through the strategic planning cycle and development of the Asset Management Plan.
		 Throughout 2020-2021 Watercare added capacity to deliver an additional 90 Mega Litres per day (MLD) to the water supply system through new water supply projects and upgrades. This additional capacity includes increased supply from more drought resilient sources such as the Waikato River and Onehunga aquifer.
		 A key tool for Watercare's current operations, as well as future planning for water sources and abstraction is the Watercare Integrated Source Management Model (ISMM). ISMM has been updated with recent weather data to reflect extreme events as well as modelling data for

Action	Sub-action / Link to Portfolios in this action plan	How Watercare & Healthy Waters are responding
	Monitor and model climate impacts on the water system to understand the resilience of the network. P3. Update modelling, standards and guidance to integrate climate change projections P4.3 Resilient water and wastewater networks	 future climate projections. This will help ensure appropriate planning for water resilience. Watercare has partnered with Koi Tū, a research centre at the University of Auckland, to trial a new form of democratic engagement for public decision-making called deliberative (or participatory) democracy. The first topic will be exploring future water sources for Auckland. Watercare's Integrated Source Management Model has been updated to include recent climatic events as well as future climate scenario projections. This tool informs current water source allocation daily. It also supports future planning of water sources to ensure appropriate supply. A programme of additional monitoring will be explored by Watercare to capture data from current extreme weather events and their impacts on services and communities.
	Investigate energy and emissions requirements for possible new water supply options (including desalination and wastewater reuse) to inform decision making for new sources. P7. Low carbon infrastructure	 Watercare assesses all potential water sources against a range of criteria. This includes high level criteria as well as a more detailed list of assessment criteria for whole of life emissions. Watercare has completed a study of the energy and emissions generated by desalination and wastewater reuse. This will be further refined and investigated if these sources progress through to planning phase. Energy demand from Watercare's Central Interceptor wastewater re-use pilot will be monitored to inform future decision making.

Action	Sub-action / Link to Portfolios in this action plan	How Watercare & Healthy Waters are responding
Priority: Ōhanga – Econon	ny	
E2: Accelerate the uptake of innovation that supports the delivery of a resilient, climate proof and regenerative economy	Partner and collaborate with central government, business, academia and Māori to enable adoption of technology and solutions that accelerate the decarbonisation of Tāmaki Makaurau.	Development of a carbon dashboard by Healthy Waters is being undertaken in partnership with mana whenua. Part of that work involves identifying coastal habitats that can qualify for carbon offsetting on the voluntary market. This would then provide landowners with a financial incentive to retire farmland.
regalistance economy	P1. Māori partnership P9. Low carbon purchasing and supply chain	 Watercare have set up an internal innovation programme to enable safe- to-fail experimentation that falls outside traditional business-as-usual initiatives. Through this we are enhancing internal appetite for experimentation of new products and solutions that if successful can be amplified via regular business processes and procurement pathways. Most experiments will be done with external partnership, and many have carbon reduction outcomes, this is a key focus for the programme.
		 Watercare has partnered with Fletcher Living on their 1.5 degree home pilot. The pilot seeks to meet ambitious carbon reduction and water efficiency goals.
		Watercare partnered with Vector Powersmart to install the first large scale floating solar array in New Zealand. The 1MW array situated on an old settling pond beside the Rosedale wastewater treatment plant provides up to 20% of the facilities electricity needs.
E5: Leverage public sector and large business procurement to deliver climate outcomes for Auckland	Work with large businesses and suppliers to reduce emissions and climate risk throughout supply chains. P9. Low carbon purchasing and supply chain	The Healthy Waters Sustainable Outcomes Toolkit is being updated to enable suppliers to collaborate with designers on low carbon products and solutions.

Action	Sub-action / Link to Portfolios in this action plan	How Watercare & Healthy Waters are responding
	Encourage the adoption of innovation, green technology and circular solutions, and support suppliers as they transition to a lower carbon economy. P9. Low carbon purchasing and supply chain	 Watercare and Healthy Waters have embedded carbon reduction requirements into business cases, procurement plans, contract templates and RFPs. Healthy Waters is working with a small number of their designers and constructors to develop and track reductions in embodied emissions in physical works contracts using tools such as the Moata Carbon Portal during design and carbon actuals trackers during construction. Watercare has established the Enterprise Model, a partnership for delivering infrastructure with Fulton Hogan and Fletcher Construction that is based on complimentary goals of reducing carbon emissions, reducing cost, and improving health, safety and wellbeing outcomes. Watercare has established a memorandum of understanding with key concrete suppliers on a journey towards zero carbon cement. As a large purchaser of concrete based products with ambitious carbon reduction goals this is a win-win situation.

Te Tāruke-ā-Tāwhiri Targets

In addition to Te Tāruke-ā-Tāwhiri's overreaching target to reduce emissions by 50% by 2030 and reach net zero by 2050 (against a 2016 baseline), Watercare has a specific target in Te Tāruke-ā-Tāwhiri to deliver energy neutrality for wastewater treatments plants by 2050. The 2030 and 2050 targets and Watercare's response is set out in Table 3 below.

Table 3 – How Watercare is responding to relevant Targets in Te Tāruke-a-Tāwhiri: Auckland's Climate Plan

Target	How Watercare is responding
By 2030 50% of electricity currently imported by wastewater treatment plants is met by internal generation	Technologies and processes that enable Māngere and Rosedale wastewater treatment plants to be energy neutral and self-sufficient are being investigated and implemented so
By 2050 100% of electricity currently imported by wastewater treatment plants is met by internal generation	that we can reduce our greenhouse gas emissions as much as possible. Energy neutrality is planned to be achieved at these two treatment plants by 2030.

Review and reporting

It is imperative that climate action continues to be prioritised amongst the many important focus areas for Watercare and Healthy Waters. A regular set of reporting ensures transparency for progress as well as maintaining focus on delivery.

Watercare and Healthy Waters report on our progress in delivering the outcomes of Te Tāruke-ā-Tāwhiri to Auckland Council on a regular basis. Alongside this we regularly report the delivery of our projects internally in accordance with more granular work plans.

An ongoing review of emerging climate data, changes in legislation as well as engagement with mana whenua and community feedback will inform our evolving response. We know we do not have all of the answers today and that emergent science, technologies and approaches will be important to achieve the objectives of this action plan.

Three Waters reform is due to take place by June 2024. This would trigger a review of this action plan. Any significant developments in the reform process prior to this date would also highlight an opportunity to review this action plan.

Glossary

Te Reo Māori

Term	Definition
hapū	A number of whānau sharing descent from a common ancestor; kinship group, sub-tribe
iwi	A number of hapū (section of a tribe) related through a common ancestor
kaitiakitanga	Guardianship, including stewardship; the processes and practices of looking after the environment
Kura Kaupapa Māori	Māori-language immersion schools
mana whenua	Hapū and iwi with ancestral relationships to certain areas in Tāmaki Makaurau where they exercise customary authority
manaakitanga	The process of showing respect, hospitality, generosity and care for others
mātauranga Māori	Māori knowledge – sciences
mauri	Life principle, life force, vital essence. The essential quality and vitality of a being or entity
marae	The enclosed space in front of a wharenui (meeting house) where people gather
rangatahi	Youth, younger generation
rangatiratanga	Sovereignty, ownership, right to apply authority
taurite	Equitable, balanced
te ao Māori	The Māori world, or the Māori world view
te mauri o te wai	The life force of water
tonuitanga	Prosperity, abundance, plenty
tuakana-teina	Refers to the relationship between an older person (tuakana) and a younger person (teina).
wai	Water
whakawhanaungatanga	Act of establishing relationships

Board - Public Session - Board planner

		Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Meetings	Board		8-Feb	1-Mar	5-Apr	3- May (Board Development Day)	7- Jun (Statutory Public Meeting)	5-Jul	2-Aug	6-Sep	4-Oct (Board Planning Day)	1-Nov (Statutory Public Meeting)	6-Dec (Update only -not a formal meeting)
Mee	Audit and Risk Committee		2-Feb			31-May			15-Aug 29-Aug			22-Nov	
	Financial		Approve half year accounts	a) approve financials for Draft SOI including projected 22/23 price increases, b) approve long term financials for Auckland Council modelling			Board approval of Insurance proposal Board approval of 2022/2023 Budget and updated SOI financials	Auckland Council and Watercare to review 30 June Treasury Interest rates	a) approve 2021/22 accounts, b) delegate final sign off of 2022/23 Annual Report c) Approve Auckland Council Reporting Pack			Auckland Council Draft Annual Plan - approve Watercare input	
SSS	Statement of intent		Q2 Performance Report to Council - due to Council by 28 February 2022	for Board's approval - to be sent to Council	Q3 Performance Report to Council - due to Council by 29 April 2022		Present shareholder SOI feedback at public meeting.	Final 2022-2025 SOI issued to shareholder by 31 July 2022	Final 2022-2025 SOI adopted by Auckland Council Q4 Performance Report to Council - due to Council by 31 August 2022			2021/2022 SOI Results to be presented to Board at Public Meeting. Public Deputations to be received. Q1 Report to Council (Date TBC)	2023/24 Letter of Expectations to be received
Running the Business	HSW Deep Dives		Critical risk - deep dives on Working with or near live energy (electrical, mechanical, pneumatic, hydraulic, etc)	with fixed plant and equipment	Critical risk - deep dives on Working in or near live traffic (includes road corridors, construction and operational sites)		Critical risk - deep dives on Working around waterbodies	Critical risk - deep dives on Digging and working in excavations (includes tunnelling)	Critical risk - deep dives on Working with flammables or in explosive/flammable areas	Critical risk - deep dives on Working at Height (moved from May)		Critical risk - deep dives on mental wellbeing	
<u>~</u>	Community and Stakeholder Relationships		Stakeholder	lwi	Stakeholder		lwi CCO Oversight Committee Half Day Visit: 10 June 2022	Stakeholder	lwi	Stakeholder		lwi	
	Governance		Enterprise Risk Report (Board then Council) Q1 Statutory compliance	Expenditure Policy	Enterprise Report to Board - Delegate authority to 31 May A&R meeting to approve report and submit to Council Corproate Governance Charter	Risk report due to Council	Q3 Statutory compliance	Fraud & Corruption Policy	Enterprise Risk Report (Board then Council) Q4 Statutory compliance	Our commitment to health, safety and wellness Board Delegations to CE		Good Employer Policy Enterprise Risk Report (Board then Council) Q1 Statutory compliance	
Deliver the future	Aligned to the Six Pillars			embedded throughout our	We value our People & Culture - Dave Chambers and Jamie Sinclair		We are fully sustainable - Brendon Green and Steve Webster	We educate, innovate, and collaborate for future generations - Frances Valintine and Executive team (TBC)		Our communities trust and respect us - Julian Smith and Amanda Singleton			
Confidential			CE's KPIs Capex approvals				CE's KPIs Capex Approvals		Capex Approvals	CE's KPIS		Capex approvals	

Board - Public Session - Board planner

		Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Audit & Risk Committee			Approve FY22 half year accounts Protected Disclosures (Whistle-blower) Policy			Present plan for Year end to A&R A&R Approve Insurance Proposal Approval of 2022/23 Budget & updated SOI Financials Tax Subvention Income Policy Fraud & Corruption Policy			Auckland Council FY22 Reporting Pack (15 August meeting) Approval of Financial Statements FY22 (29 August meeting) Tax Risk Management Policy Conflict of Interest Policy Board Delegations to CE				
ted	Performance report		Half-yearly performance report							Half-yearly performance report			
Lutra Limite	Statement of intent				Draft SOI 2022-2025 to be prsented to the Watercare Board				Final 2022-2025 SOI adopted by Auckland Council			2021/2022 SOI Results to be presented to Board at Public Meeting. Public Deputations to be received.	

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Board meeting | 7 June 2022 Public session



Directors' meeting attendances

For information

Te pou whenua tuhinga / Document ownership

Prepared by
Jacky Simperingham and Emma McBride
Co-Heads of Governance

Recommended by Jamie Sinclair Chief Corporate Services Officer **Submitted by**Jon Lamonte
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 Reports.

3. Korero pitopito / The details

Table 1: Attendance at Board and committee meetings in 2021 is detailed in the table below:

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

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

[#] Nicki Crauford was absent from this meeting as her term was extended for a year at Watercare and therefore, she was not expecting to attend this meeting. Due to that the invite for this meeting was not in her diary.

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Table 2: Attendance at Board meetings (including the Development Day and the Planning Day) and the Audit and Risk Committee for 2022 is detailed in the table below:

Attended ✓ Did not attend ✗ Not on the committee ■ Not on the Board ☑		Att	endan	ce at I 20		meetii	ngs					Audit a meeti		Attendance at Board Development Day	Attendance at Board Planning Day
	8 February 2022	1 March 2022	5 April 2022	7 June 2022	5 July 2022	2 August 2022	6 September 2022	1 November 2022	2 February 2022	31 May 2022	10 August 2022	29 August 2022	22 November 2022	3 May 2022	4 October 2022
Margaret Devlin	✓	✓	✓						✓	✓				✓	
Nicki Crauford	✓	✓	✓											✓	
Brendon Green	✓	✓	✓						✓	✓				✓	
Hinerangi Raumati-Tu'ua	✓	✓	✓						✓	✓				✓	
Dave Chambers	✓	✓	✓						\checkmark					✓	
Frances Valintine	✓	✓	✓											✓	
Graham Darlow	✓	✓	✓						✓	×				✓	
Julian Smith	✓	✓	✓							\checkmark				✓	
Wi Pere Mita (Intern)	✓	✓	×							√				✓	



Board meeting | 7 June 2022 Public session



Disclosure of Directors' and Executives' interests

For information

Te pou whenua tuhinga / Document ownership

Prepared by	Recommended by	Submitted by
Jacky Simperingham and Emma McBride	Jamie Sinclair	Jon Lamonte
Co-Heads of Governance	Chief Corporate Services Officer	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

- All new additions in 2022 are in Blue.
- All deletions in 2022 have been struck out.

DIRECTOR	INTEREST
Margaret Devlin	Director and Chair, Lyttleton Port Company Limited
	Director, Waikato Regional Airport
	• Director, Titanium Park (wholly owned subsidiary of Waikato Regional Airport)
	Director, Waimea Water Limited

DIRECTOR	INTEREST
	Director, Aurora Energy (term ends on 30 June 2022)
	Director, IT Partners Group
	• <u>Director, Dairy NZ Limited</u>
	 Member, the Office of the Auditor General, Mid Term Review Panel (term ends on 30 July 2022)
	Deputy Chair, WINTEC
	• Chair, Advisory Board Women in Infrastructure Network
	Chair, Hospice Waikato
	• Chair, Infrastructure NZ
	• Chartered Fellow, Institute of Directors
	Member, Institute of Directors, Waikato Branch Committee
Nicola Crauford	Chair, GNS Science Limited
	Chair, Electricity Authority
	Director and Shareholder, Riposte Consulting Limited
	Director, CentrePort Limited Group
	Trustee, Wellington Regional Stadium Trust
Brendon Green	Director, Kaitiaki Advisory Limited
	Director, Tainui Kawhia Incorporation
	Director, Hiringa Energy Limited
	Director, Hiringa Refueling Investments Limited
	• Executive Director, Advanced Biotech NZ Limited
	• <u>Director</u> , Scion Research Institute registered as New Zealand Forest Research Institute Limited
	Management contract, Tainui Kawhia Minerals
	Australia-NZ representative, Wattstock LLC (USA)
	• Representative of Waipapa Marae, Kawhia, Te Whakakitenga o Waikato Tainui
	Runanga Manukau Institute of Technology, Te Whakakitenga o Waikato representative
	Member, Waikato District Council – Infrastructure Committee
	• Advisor, Te Taumata Aronui – Ministry of Education
	Adjunct Senior Fellow, University of Canterbury – Department of Chemical Engineering

DIRECTOR	INTEREST
	Co-chair, Waikato Regional Skills Leadership Group
	Member, Construction and Infrastructure Workforce Development Council
Hinerangi Raumati-	Chair, Te Rere O Kapuni Limited
Tu'ua	Chair, Ngā Miro Trust
	Chair, Nga Kai Tautoko Limited
	Chair, Te Kiwai Maui o Ngaruahine Limited
	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
	• Trustee, PKW Trust
	Chair, Aotearoa Fisheries Limited
	Director, Sealord Group Limited
	Director, Port Nicholson Fisheries GP Limited
	• Chair, Parininihi Ki Waitotara Incorporated
Dave Chambers	Director, Paper Plus New Zealand Limited
	Director, Living Clean NZ Limited
	Director, Turners and Growers Fresh Limited
Frances Valintine	Director and CEO, The Mind Lab Limited
	Director and CEO, Tech Futures Lab Limited
	Director, Harcourt Jasper Limited
	Director, Pointed Tangram Limited
	Director, Harper Lilley Limited
	Director, On Being Bold Limited
	Director, Sandell Trustees Limited
	Selection Advisor, Edmund Hillary Fellowship
	• Trustee, Dilworth Trust Board

DIRECTOR	INTEREST
	Board of Trustee, University of Silicon Valley
Graham Darlow	Business Executive, Acciona Infrastructure NZ Limited
	Director and Shareholder, Brockway Consulting Limited
	Chair, Frequency NZ Limited
	Director, Hick Bros. Civil Construction Limited
	Director, Hick Bros. Infrastructure Limited
	Chair, Holmes GP Structure Limited
	Director, Tainui Auckland Airport Hotel GP (No.2) Limited
	Director, Hick Bros. Heavy Haulage Limited
	Director, Hick Bros. Holdings Limited
	Chair, The Piritahi Alliance Board
Julian Smith	Board Trustee – Auckland Philharmonia Orchestra
	Advisory Board Member – Vadacom Limited
	Board Trustee – Look Good Feel Better Trust
Wi Pere Mita	Chairperson, Copyright Tribunal
(Board intern)	Director, Trust Tairāwhiti Trustee Limited
	Director, Prime SPV Limited
	Director, Te Runanganui o Ngāti Porou - Toitu Ngāti Porou Trustee Limited
	Director, Resolution Institute NZ & Australia
	Trustee, SkyCity Entertainment Group (SkyCity Auckland Community Trust)
	Director and Shareholder, Laidlaw Law and Consultancy Limited
	Māori Advisory Board member, New Zealand Police, Counties Manukau East
	Member, Community Law Centres o Aotearoa Incorporated
	Member, Wayfinding civil access to justice – Advisory Group

3.2 Watercare's Executives' Interests Register

All new additions in 2022 are in Blue.

EXECUTIVES	INTEREST
Jon Lamonte	 Director, Water Services Association of Australia Chair, Audit and Risk Committee of Water Services Association of Australia Member, Water Workforce Development Strategy Steering Group Member, Department of Civil and Environmental Engineering Advisory Board
Marlon Bridge	 Trustee, Te Motu a Hiaroa (Puketutu Island) Governance Trust Director, WCS Limited The Department of Internal Affairs
Jamie Sinclair	Director and Shareholder, Sinclair Consulting Group Ltd Director, Lutra Limited
Shayne Cunis	Director, The Water Research Foundation (USA) Director, Lutra Limited
Amanda Singleton	Director, Die Weskusplek Pty Ltd (South Africa) Trustee, Te Motu a Hiaroa (Puketutu Island) Governance Trust
Nigel Toms	Director, TRN Risk & Resilience Consulting
Steve Webster	Director, Howick Swimgym Limited
Mark Bourne	Trustee, Watercare Harbour Clean Up Trust Trustee, Te Motu a Hiaroa (Puketutu Island) Governance Trust
Andrew Chin	Nil

