

Board meeting | 8 February 2023

Public session



Venue	Watercare Services, Level 3 Boardroom, 73 Remuera Rd, Remuera and via Microsoft Teams
Time	11am

Meeting administration		Spokesperson	Action sought	Supporting material
1	Opening Karakia	Nicola Crauford	-	Verbal
2	Apologies	Chair	Record apologies	Verbal
3	Quorum	Chair	Four directors required	Verbal
4	Declaration of any conflicts of interest	Chair	For noting	Verbal
5	Minutes of the previous meeting of 1 November 2022 Board meeting	Chair	For approval	Minutes
6	Public deputations	Chair	For information	Verbal
Running the Business				
7	Chief Executive's report	Executive team	For discussion	Report
Deliver the Future				
8	Scanning the Horizon	Rebecca van Son	For discussion	Report
Governance				
9	Update on Audit and Risk Committee meetings of 22 November 2022 and 3 February 2023	Hinerangi Raumati-Tu'ua	For discussion	Verbal update
10	Board planner	Chair	For information	Report
11	Directors' meeting attendances	Chair	For information	Report
12	Disclosure of Directors' and Executives' interests	Chair	For information	Report
13	General business	Chair	For discussion	Verbal update
Date of next meeting		Tuesday 7 March 2023		



Karakia Timatanga (To start a meeting)

1. Whakataka te hau ki te uru

Whakataka te hau ki te tonga

Kia mākinakina ki uta

Kia mātaratara ki tai

E hī ake ana te atakura

He tio, he huka, he hau hū

Tihei mauri ora!

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



2. Tukua te wairua kia rere ki ngā taumata

Hai ārahi i ā tātou mahi

Me tā tātou whai i ngā tikanga a rātou mā

Kia mau kia ita

Kia kore ai e ngaro

Kia pupuri

Kia whakamaua

Kia tina! TINA! Hui e! TĀIKI E!

Allow one's spirit to exercise its potential

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

Take hold and preserve it

Ensure it is never lost

Hold fast.

Secure it.

Draw together! Affirm



Minutes

Board meeting	Public session
Date	1 November 2022
Venue	Watercare Services, Level 3 Boardroom and The Hub, 73 Remuera Rd, Remuera and via Microsoft Teams
Time	9.45am to 12pm

Attendance		
Board of Directors	Watercare staff	Guests
Margaret Devlin (Chair)	Jon Lamonte (CE)	Trudi Fava, CCO Programme Lead, Auckland Council
Dave Chambers	Jamie Sinclair (Chief Corporate Services Officer)	Members of the Citizen's Assembly (for item 12)
Nicki Crauford	Amanda Singleton (Chief Customer Officer, for item 12)	Grant Hewison (University of Auckland Supervisor – Equal Justice Project, for items 6 and 8)
Graham Darlow	Priya Thuraisundaram (Head of Customer Insights, for item 12)	Cassandra Pauling-Munro (Law Student – Equal Justice Project, for items 6 and 8)
Julian Smith	Mark Bourne (Chief Operation Officer, for item 8)	Donovan Kelso (Law Student – Equal Justice Project, for items 6 and 8)
Frances Valentine	Richie Waiwai (Tumuaki Rautaki ā-lwi me ngā Hononga, for item 8)	Madeline Wright (member of Watercare's Environmental Advisory Group, for items 8, 10, 11, 13 and 17)
Brendon Green	Chris Thurston (Head of Sustainability, for items 6 and 8)	
	Shayne Cunis (Exec Programme Director CI, for item 8)	
	Paula Luijken (Acting Head of HS&W, for items 8 and 10)	
Apologies	Rebecca van Son (Executive Officer, for item 11)	
Hinerangi Raumati-Tu'ua	Apra Boyle-Gotla (Head of Innovation, for items 11 and 12)	
	Emma McBride (Head of Legal and Governance)	
	Via Microsoft Teams	
	Sarah Phillips (GM-People & Capability, for the second half of item 8)	Via Microsoft Teams
	Mark Bishop (Regulatory & Policy Manager, for items 8, 10, 11, 13 and 17)	Jenny Wigley (Customer Insights Specialist, for items 1 to 5, 14 to 16, 7, 9 and 12)
	Amber Taylor (Policy Planner, for items 8, 10, 11 and 13)	
	Laura Saunders (Legal and Governance Advisor)	

1.	<p>Opening karakia Frances Valintine opened the meeting with a karakia.</p>
2.	<p>Apologies Apologies were received from Hinerangi Raumati-Tu'ua. Hinerangi provided notes/questions to the Chair ahead of the meeting.</p>
3.	<p>Quorum The Chair confirmed that a quorum was established.</p>
4.	<p>Declaration of any conflicts of interest Nicki Crauford declared that she is Chair of GNS Science Limited.</p>
5.	<p>Minutes of the previous meeting <i>The Board resolved that the minutes of the public session of the Board meeting held on 6 September 2022 be confirmed as true and correct.</i> <i>The Board then dealt with items 14, 15 and 16.</i></p>
14.	<p>Board planner The Board will hold a confidential board meeting on 6 December 2022 from 8am-10am. <i>The Board noted the Board planner.</i></p>
15.	<p>Directors' meeting attendances <i>The Board noted the report.</i></p>
16.	<p>Disclosure of Directors' and Executives' interests The CE confirmed that Marlon Bridge can be removed from the interests register. <i>The Board noted the report.</i> <i>The Board then returned to item 7.</i></p>

7.	<p>Our performance under the 2021–2024 Statement of Intent</p> <p>Emma McBride presented the report and noted the following key points:</p> <ul style="list-style-type: none"> • Auckland Council and the Mayor of Auckland have received an electronic copy of the Annual Report 2022. No hard copies were published. • In FY22, Watercare had a total of 27 Statement of Intent (SOI) measures, with three measures not met. • The Board noted that meeting 18 out of 19 iwi across Tāmaki Makaurau a great achievement and that the Citizen’s Assembly enabled Watercare to engage with the public. <p><i>The Board noted the report.</i></p>
9.	<p>Good Employer Policy – update</p> <p>Jamie Sinclair presented the report and noted there were no substantial changes to the Policy.</p> <p>The Board encouraged Management to incorporate the following into the Policy:</p> <ul style="list-style-type: none"> • Te Ao Māori and the concept of Manākitanga • Performance measures that support Watercare’s culture, including reporting on pay gaps. <p><i>Subject to the above changes being made, the Board approved the updated Good Employer Policy.</i></p> <p><i>The Board moved to The Hub at 10am to receive the recommendation from the Citizen’s Assembly.</i></p>
12.	<p>Watercare Board’s response to NZ’s first Citizens’ Assembly: Aucklanders’ recommendations on the next source of water for the city</p> <p>Speeches were made by the Chair, Amanda Singleton and Elizabeth Drayton and Caitlin Jagger.</p> <p>The following video was played for attendees: https://vimeo.com/760846936.</p> <p><i>The Board accepted the recommendation set out in the paper and the Chair presented Elizabeth Drayton and Caitlyn Jagger with a letter accepting the recommendations of the Committee (Attachment 1).</i></p> <p><i>The Board returned to the Level 3 Boardroom and turned to item 8.</i></p>
8.	<p>Chief Executive’s report</p> <p>The CE took the paper as read and highlighted the following key topics from his report:</p>

<p><i>Current significant issues</i></p> <ul style="list-style-type: none"> • Nine SOI measures were not met in September 2022. The effects of the storm in July were still apparent in the performance results for September 2022 and others are challenging to meet until later in the year such as mana whenua engagement. • There were several safety incidents during September, including the injury to a worker at the Mt Albert Central Interceptor site. More recently, and after September, there have been incidents at the Redoubt Road site, Puketutu Island and Snells Beach. • A focus remains on catching up on capital design and delivery. • Staff turnover is currently at 18.7%. While this is high, anecdotally there are indications this is flattening off. <p><i>Developer’s NPS score</i></p> <ul style="list-style-type: none"> • The Board noted the 6-point increase in the Developer NPS score and asked management to provide more detail behind why the score has increased, via the next CE’s report. <p><i>Organisational plan implementation</i></p> <ul style="list-style-type: none"> • The Board noted it was admirable that we were working with Council on the Climate Related Financial Disclosure, with an aim of providing a voluntary report in 2023, before it became mandatory in 2024. The Board, however, noted that at the same time, we need to balance our people’s time and resources as there are many other competing pressures at the moment. <p><i>Climate change delivery and sustainability – climate change adaption and disclosure</i></p> <ul style="list-style-type: none"> • The Board provided feedback on this new section and requested that the company’s targets and risks be included in future updates. <p><i>Water resources update</i></p> <ul style="list-style-type: none"> • In relation to the closure of the Onehunga WTP and reflecting questioning from the Board, the CE noted that the PFAs (poly-fluorinated alkyl substances) found in 4/48 monthly samples at this facility are a global problem. To remove PFAs requires expensive technology and energy. We are investigating the best way to deal with PFA removal, as this WTP can provide us with 15-16MLD and 22MLD in the shoulder season. It was an important resource during the drought whilst we were working on the drought augmentation projects. • Management discussed fluoridation levels in Auckland. Currently the direction from Council is to fluoridate at 0.7. The acceptable level is 0.7-1.0. The Maximum Allowable Value is 1.5. Management has signed off on a mid-point figure of 0.85. There is a marginal cost to increase fluoridation to this level. <p><i>Community and stakeholder relationships</i></p> <ul style="list-style-type: none"> • The Board noted the significant milestone of the signing of a kawenata between Watercare and Te Kawerau a Maki in August. • The Board requested that copies of kawenatas Watercare has signed with iwi be included in the Resource Centre.

	<ul style="list-style-type: none"> • The Chair noted that a kawenata was signed with the Maniapoto RMCs on 31 October 2022. <p>Health, safety and wellbeing</p> <ul style="list-style-type: none"> • The Board was concerned with the recent spate of ram-raids and anti-social behaviour in Auckland. The CE confirmed that MSN staff who interface with the public have had security training. We are installing CCTV cameras at construction sites as there is an ongoing issue with people gaining unlawful access. Management is keeping the issue under review and continuing messaging to staff to keep themselves safe. • Shayne Cunis showed a video of the recent CI Level 3 Incident safety exercise https://vimeo.com/765587711. During the simulation, which was not rehearsed, the CI tunnel was evacuated and incident management teams called in. It was a challenging environment, but the team did a fantastic job. A longer video will be created for wider industry training. The exercise revealed several learnings and we have already taken a number of steps on site relating to who is in control during these types of incidents. • Shayne then provided an update on the crush injury at Mt Albert. Investigations revealed that there was a failure of controls on this site. It was not the individual worker’s fault. When the incident occurred, Watercare proactively shut down all CI operations across the isthmus, including tunnelling, not just the Mt Albert site. Shayne noted that during the follow up with the GAJV, the aim was to hold the people responsible to account. Accordingly, he had direct and clear conversations with the GAJV and they are well aware of our high expectations around safety and the consequences of not putting in place the required controls. • The Board and management agreed that there are more things everyone can be doing, including leadership walks, and safety walks. It was noted that many inexperienced, and junior people are entering the industry, which means vigilance needs to be high. Staff also need to be advised that they are empowered to take immediate action when they see something dangerous. • In response to questioning from the Board, Paula explained the issues with spotters. The job is an important one, but often the person who does the work is the most junior on site. Further, there is no accredited training for spotters. Instead, it is taught “on-the-job” by a more experienced worker and via “standard operating procedures”. The Board noted that this is an industry concern and the CE confirmed that he will raise this at the next CHASM and CEs industry forums. <p><i>The Board noted the report.</i></p> <p><i>The board then welcomed members of the public who were in attendance to provide public deputations.</i></p>
<p>6.</p>	<p>Public deputations - Equal Justice Project</p> <p>Chris Thurston introduced law students, Cassandra Pauling-Munro and Donovan Kelso from the advocacy group, Equal Justice Project, as well as their University of Auckland Supervisor, Grant Hewison.</p>

	<p>Donovan and Cassandra addressed the Board on a number of issues including: intergenerational equity as it relates to water quality, climate change and building meaningful relationships. They challenged Watercare to become a global enabler of authentic climate action and response.</p> <p>The EJP also encouraged all Board members to join Chapter Zero, being New Zealand’s branch of the Climate Governance Initiative.</p> <p>EJP’s speaking notes are set out in Attachment 2.</p> <p>The Board and CE thanked the EJP for challenging the Board and confirmed a formal response will be sent to them shortly.</p>
10.	<p>Review of Watercare’s commitment to health, safety and wellbeing</p> <p>The CE introduced the report and explained the changes now incorporate Te Ao Māori.</p> <p><i>The Board approved the updated commitment to health, safety and wellbeing.</i></p>
11.	<p>Scanning the Horizon</p> <p><i>Rebecca van Son and Apra Boyle-Golta joined the meeting at 11:14am.</i></p> <p>Rebecca van Son introduced the report which was taken as read. The Board and Management discussed the following points:</p> <ul style="list-style-type: none"> • In relation to talent shortages, it was noted that the Workforce Development Council for Construction and Infrastructure (Waihanga Ara Rau), was established last year and their role is to ensure the vocational education system meets industry needs and gives a stronger voice to Māori business and iwi developments. The Council has already done work in relation to the Water industry. • The Board asked for information on whether Watercare’s contractors are paid a living wage. <p><i>The Board noted the report and requested that future reports include updates in relation to the political environment (e.g. central government election, fair pay legislation, migration), and government policy settings.</i></p>
13.	<p>Strategic focus: We educate, innovate and collaborate for future generations</p> <p>Apra Boyle-Golta gave a presentation to the Board that was prepared in conjunction with Frances. She noted the following key points:</p> <ul style="list-style-type: none"> • In a global context, Watercare is below the standard for innovation. • However, the Watercare \$1m innovation fund had helped kick-start a culture for experimentation in a “safe-to-fail” environment. • To date, younger staff have been engaging with the programme. • Feedback from staff has been very positive and the programme has been a way to engage people across the business.

	<ul style="list-style-type: none">• From here, the question for Watercare is whether we focus our innovation into one area (e.g. sustainability in a wide sense), or keep the remit wide.• The Chair noted that this is a great start and that the challenge for the Board is how to keep the momentum going, encourage people to stay engaged, and to engage external parties. <p><i>The Board noted the presentation.</i></p>
17.	General business The meeting closed at 11:55am.

CERTIFIED AS A TRUE AND CORRECT RECORD

.....
Margaret Devlin, Chair

Attachment 1



Watercare Services Limited
73 Remuera Road, Remuera,
Auckland 1050, New Zealand

Private Bag 92521, Victoria Street West,
Auckland 1142, New Zealand

Telephone +64 9 442 2222

www.watercare.co.nz

1 November 2022

Citizens' Assembly
c/- Elizabeth Drayton and Caitlyn Jagger

Kia ora

Response to the 2022 Watercare Citizens' Assembly's recommendations

Thank you for investing the time and effort to understand and provide reasoned and thoughtful proposed solutions to one of the most important questions our city faces: *what should be Auckland's next source (or sources) of water?*

I hope you enjoyed being part of our inaugural Citizens' Assembly. I certainly was impressed by your reflections on the final day, ranging from a deep appreciation for the opportunity to influence such an important future decision, to acknowledging the value of your learning about the world of water, to being grateful for new friendships formed through this process.

Having had the opportunity to study your recommendations, our responses to each of your recommendations is as follows:

Recommendation 1: Recycled water

<p><u>What the Assembly said:</u></p> <p><i>We recommend the implementation of direct recycled water as the next source of water for Auckland. Engaging the Auckland public in education on the safety and quality of the water is necessary to facilitate acceptance.</i></p> <p><u>What we understand:</u></p> <p>The assembly wants Watercare to plan for direct recycled water as the next source of water for the Auckland metropolitan network after 2040. We note that this recommendation had unanimous support from the assembly.</p> <p>This source was chosen because it is more cost-effective and environmentally friendly than the other options, as well as providing</p>	<p><u>What we will do:</u></p> <p>We accept this recommendation.</p> <p>Our commitment is to stand up a detailed programme – from strategic planning to building – to work out the details that will support the realisation of direct recycled water as a source of drinking water for people on the Auckland metropolitan network. We note that there are no sources of resilient water that will be cheaper to develop than our current sources. Any new source will cost more than we currently pay.</p> <p>The direct recycled water programme will cover three key programmes of work, which will be publicly visible in Watercare's servicing strategies and asset management plans. This programme will be published by 2024.</p> <p><u>Operational commitments:</u></p> <ol style="list-style-type: none"> 1. We will complete the Watercare reuse advanced water treatment pilot - for both non-potable and potable reuse. 2. The pilot activities will collect data and help us understand: <ol style="list-style-type: none"> a. water quality, b. plant requirements (breakdown and maintenance), c. operational costs, d. emerging contaminants of concern,
--	---

5.1

<p>security of supply to the city. The importance of equal and fair access to water as a human right as articulated by mana whenua was taken on board when deciding on this final recommendation.</p> <p>The assembly wants education on this water source to begin immediately. The assembly would not have recommended direct recycling if it weren't for the understanding that there is enough time to get people on board. The assembly have also noted that the naming of the new water source is important too.</p>	<ul style="list-style-type: none"> e. lab testing ability, f. cost of testing, g. management of by-products, h. disposal of by-products, and i. the environmental effects of disposal. <p>3. If the water does not meet quality requirements (health or environmental standards) or is prohibitively costly, we will re-evaluate direct recycled water as a source.</p> <p><u>Regulatory commitments:</u></p> <ul style="list-style-type: none"> 1. We will work with the following organisations to develop recycled water as a drinking water source: <ul style="list-style-type: none"> a. Taumata Arowai, for drinking water quality standards and recognition of reuse as a drinking water source. b. The Ministry of Health, to ensure health impacts are known, understood, and not negative. c. The Ministry for the Environment, for the discharge of residuals, and d. Auckland Council to support resource consents under the Resource Management Act (or relevant acts within the new legislation). <p><u>Community engagement commitments:</u></p> <ul style="list-style-type: none"> 1. We will invest in a number of pilot project to gradually introduce the concept to the people of Auckland. 2. We will develop an education plan and policy to support understanding and acceptance of recycled water. 3. We will monitor progress towards community acceptance using best practice methods. 4. We will partner with mana whenua for development of the reuse programme to support the citizens' assembly recommendations ensuring that we embed tikanga in the process.
--	---

Recommendation 2: Desalination

<p><u>What the Assembly said:</u></p> <p><i>We recommend Watercare continue research & investigation studies to understand the feasibility of desalination for the future as we believe it may be a required supplementary source if it is projected that we will not be able to meet our water needs with recycled water only.</i></p>	<p><u>What we will do:</u></p> <p>We accept this recommendation.</p> <p>We will continue to monitor all water source technologies. We will ensure we stay abreast of innovation in desalination methodologies that may reduce environmental impacts and reassess accordingly.</p> <p><u>Research and Investigation:</u></p> <ul style="list-style-type: none"> 1. We will continuously review international best practice on desalination.
---	--

<p><u>What we understand:</u></p> <p>The assembly is concerned that droughts are going to be a more frequent part of our future and wants to ensure that desalination remains an option. The assembly does not want to invest a lot of resources into this option.</p>	<p>2. We will monitor the environmental and health impacts of desalination in other parts of the world and include desalination research in our management plans, where appropriate.</p> <p><u>Community engagement:</u></p> <p>We will provide ongoing updates about our research and learnings regarding desalination on our website and in any pilot desalination plant that is developed.</p>
--	---

Recommendation 3: water efficiency and education

<p><u>What the Assembly said:</u></p> <p><i>The recommendation is that Watercare ‘provide education and resources to consumers in reducing water usage.’ The assembly also notes that ‘rain tanks can play a positive part in reducing water usage’ and there was support for education ‘around rain water tanks, but the decision and implementation of them should be at the discretion of homeowners (minimal resources to promote rain tanks).</i></p> <p><u>What we understand:</u></p> <p>Assembly members recognise that water is a taonga and want Aucklanders to use less water so the finite resource will go further. Assembly members believe the reason people don’t save more water is because there is an information gap in how to reduce water use. Assembly members want Watercare to do more to educate Aucklanders on how to use less water. The assembly wants to support the installation of rain tanks through education but not through mandates or financial incentives.</p>	<p><u>What we will do:</u></p> <p>We accept this recommendation.</p> <p>Water literacy and water efficiency will always be a key area of focus for Watercare but we understand that the assembly has have asked us to invest more in this space. We will put more resources into education and engagement activities with the intention of driving down water use.</p> <p><u>Education and resources: ongoing</u></p> <p>We will invest in the following initiatives:</p> <ol style="list-style-type: none"> 3. Ongoing water wise campaigns to educate customers on ways to be water efficient 4. Introducing an app to promote better oversight of residential water use, including water efficiency tips 5. Investigating a similar style of process as the citizens’ assembly for a younger audience eg. youth summit as a way to promote water literacy and water efficiency for rangatahi 6. Investigating how to bring water education into the school curriculum, and should the right model or opportunity be developed we commit to co-funding this with an appropriate partner organisation. <p><u>Reducing water usage: 2022-2025</u></p> <ol style="list-style-type: none"> 1. We are committed to targets to reduce usage in accordance with our water efficiency plan to 2025 and Auckland Water Strategy to 2050: <ol style="list-style-type: none"> a. Reducing loss from leakage b. Improving data oversight from source to tap, including a significant investment in smart meters for commercial and residential customers c. Reducing pressure in our network
---	--

	<p>d. Improving residential, community and commercial water efficiency:</p> <ul style="list-style-type: none"> ▪ We will continue to work with commercial customers to enhance water efficiency in different industries so that we support economic growth while reducing water use. ▪ We will continue to support rain tank adoption and work with the Auckland Council to reduce barriers to rain tank installation, including promoting rain tanks for gardeners and potentially commercial customers
--	--

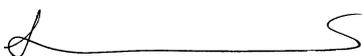
Minority Report on the public involvement in decision-making

<p><u>What the Assembly said:</u></p> <p><i>We recommend that 2-3 people from the Assembly sit on Watercare’s steering committee for future water sources</i></p> <p><u>What we understand:</u></p> <p>The members gained a lot of knowledge during the assembly. The authors of the minority report see an opportunity to support the realisation of the recommendations by continuing to be involved in the development of a future water source; that they might be a part of the education and engagement of Aucklanders. There is also some concern that without representation of this group, momentum may stall.</p>	<p><u>What we will do:</u></p> <p>We accept this recommendation.</p> <p>Our suggestion is that a nominated sub-set of representatives of the citizens’ assembly be invited to public board sessions where water resource updates are discussed. This topic is on the agenda twice a year.</p>
---	--

Tēnā koe mōu i whai wāhanga ai ki te wānanga i ētahi taunakitanga uaua, nui hoki mō tō hapori te take.

Again, we thank you for making complex and important recommendations on behalf of your community.

Ngā mihi nui,



Margaret Devlin
 Board Chair
Watercare Services Limited

Attachment 2

Intro - Donovan

Pai ake apōpō atu i tēnei rā: Better tomorrow than we are today. I can't think of a more appropriate vision for an organisation that is responsible for one of Tamaki Makaurau's most precious taonga – our water. Cassandra and I have spent the last year working with Chris to really understand that vision and ask if Watercare is doing the best it possibly can to be kaitiaki and pass on our environment in a better place than when you inherited it. It's been a privilege to meet and chat with people from all over the organisation; we had a fantastic meeting with Priya and Jenny from the customer team earlier this year, as well as some great discussions with Brendon and Emma in the last few weeks. What we want to do today is bring together everything we've learned from these connections to help us answer one key question:

- *How can Watercare continue to fulfil its vision for the benefit of younger generations?*

Intergenerational equity - Donovan

While searching for an answer to this question, we adopted the lens of intergenerational equity. Intergenerational equity is a key concept in modern policy-making and can be broadly defined as an obligation to meet the needs of the present without compromising the ability of future generations to meet theirs.

What this really means is recontextualising the way we think and talk about long-term consequences. Publications like Watercare's annual report and asset management plan talk a lot about investing in and growing into the future. This language paints a situation where Watercare is passing on benefits to the future, when in reality, the money Watercare spends today is merely lessening the burden that our actions will have on future generations. My generation. This conversation can be a difficult one – it's a lot easier to sell optimism – but it is an incredibly important one. People with the power to make decisions – like yourselves – need to understand the dual relationship that we have with the environment, both as beneficiaries and as kaitiaki for the future.

For Watercare, I see intergenerational equity as having three key faces. The first is improving water quality for future generations, including the mauri of each individual body of water. The second is sharing the cost of climate change and recognising that achieving the same level of change by the time my generation is in charge is going to cost exponentially more than taking action now. The third is building meaningful relationships to facilitate better practices, which Cassandra is going to share her research and thoughts on.

Championing current successes - Cass

We would like to begin our presentation by championing some current sustainable successes within Watercare that have stood out to us. During our discussions with the customer insights team, the citizens assembly was brought up as a unique and forward looking technique for solving some of our most crucial water related issues. This strategy is impressive, not only from an adaptation and mitigation perspective, but also for education and customer involvement. A comprehension that Donovan and myself came into this experience with was an appreciation for Watercare's 2020 drought campaign - the effort and resources outpoured into education and awareness not only saved significant water during the crisis, but the effects of this water education continue to reverberate today. From our personal standpoints, an approach to the climate emergency with a similar level of public outreach and urgency would be beneficial.

Chapter Zero - Cass

There are resources available to you to manage making climate-smart governance decisions. We would like to begin by asking how many of you are members of Chapter Zero? The team in our position next year will be interested to check back and see if this changes.

We urge you to make use of this incredible organisation. Chapter Zero makes up the New Zealand branch of the Climate Governance Initiative - forming a crucial part of a worldwide network of leaders and directors who have made a commitment to better understand the climate emergency, and to reflect this in their decision making. Its mission is to mobilise, connect, educate, and equip directors through events, workshops, and toolkits. Recent Chapter Zero panels have focused on how to prepare your board for the risks, opportunities, and innovation of climate change, to understand where New Zealand stands globally in climate change initiatives.

A prominent issue that our discussions with members of the Watercare team illuminated was balancing competing interests - managing cost and customer satisfaction against the climate emergency. It's a paradox that can stunt sustainability initiatives, but one that Chapter Zero is equipped to support. Governed by a steering committee of corporate, social and scientific leaders; and administered by a Working Group made up of individuals from the institute of directors, corporate partners, and climate-change advisory groups.

As well as creating long-term value for shareholders and stakeholders, it is completely free for you to join. Becoming a member is a signal to us and your customers of your intention to truly understand and engage with information regarding the climate emergency. To take action in decisions and to move away from pledges and promises, and connect with intergenerational equity, what you owe to future generations, on a practical level.

Annual report + intergenerational equity - Donovan

When Watercare's annual report was published at the end of September, there were two things that Cassandra and I were really looking for: leadership and intergenerational equality. What we found was a strong theme of industry leadership, particularly in terms of intellectual capital. Given that Watercare is by far the largest water utility provider in New Zealand, we think that this is much lower than where we should be aiming for. Furthermore, Watercare's key targets, such as 50% reductions by 2030 and net zero by 2050, are in line with the bare minimum standards set out in legislation. These targets might be ambitious compared to the current level of global action, but they are nowhere near ambitious enough to reverse the impacts of climate change.

Instead of aiming for leadership within the small scene that is the New Zealand water industry, Watercare should be positioning itself to become a global enabler of authentic climate change action and response. You are responsible for one of Auckland's most precious taonga – our water. This presents two really significant opportunities for Watercare. First, water is incredibly important in te ao Māori; it has its own mauri, its own mana o te wai, and plays a fundamental role in our own identity. This provides a unique opportunity for Watercare to create its own model of climate change response that embraces partnership and mutual recognition with iwi under Te Tiriti o Waitangi. Second, New Zealand is a nation surrounded by water. It is essential to every tiny part of our environment, and it brings us together to swim, to surf, to sail. What you decide in this room is going to impact everyone in New Zealand, not just stakeholders, not just customers, and not just Aucklanders.

Now I can look around and point to the costs right now of doing the bare minimum. Of NOT taking the lead. I can show you that flood insurance premiums are expected to double every two to three years, and that if you own a \$1 million dollar house, you could be paying \$100,00 a year of flood insurance in less than 20 years. I can tell you that 29 percent of monitored streams around Auckland failed at least one national or proposed regional bottom line for water quality attributes. But what I can't show is the cost that inaction is going to have on my generation and my kids' generation. If we have to sit where you're

sitting now and make the decisions that should have been made today, it's going to cost exponentially more. This is the crux of intergenerational equity.

Just because the onus of the big decisions has to sit on your generations, doesn't mean we can't pursue intergenerational cooperation and solutions. We saw a significant emphasis on inspiring young talent to join the water industry. As - if I do say so myself - a young talent, I can tell you that what's actually going to inspire young people to get into the water industry is seeing Watercare making actual change and taking the lead. In the modern world, young people want the chance to be a part of the global knowledge economy. Watercare has every opportunity to be bold, choose some key solutions, and create a unique value proposition on the world stage.

Conclusion - Cass

We aren't corporate experts, we don't have the tools to understand the intricate complexities of the decisions we are urging you to make, nor are we climate scientists - but we are part of the generation that will have to bear the cost of current action and inaction. As the UN Secretary general aptly put it, 'we need an avalanche of action'. A difficult but necessary prioritisation of the climate emergency and intergenerational equity is that avalanche. The research undertaken in Watercares 2020 study 'understanding Aucklanders relationship with water' left us with one key insight.

Aucklanders are motivated by the betterment of the future. The solution that they saw fit was investing in water infrastructure for future generations - this solution was seen as fair, and the cost increase was justified by the long term benefits.

There's still time to stop treading water, to make a change mid-stream, and to dive right in at the deep end. We urge the board to take intergenerational equity into account during decision making, to join Chapter Zero to signal your commitment, and to engage in educational efforts around climate change. We encourage the board to reevaluate its priorities and be bold about how it imagines its position as a global leader

We thank you for your time and for this opportunity to present. We would also like to thank Chris and everyone he introduced us to for engaging with us throughout this process. And a big thank you to Grant for his continued support and guidance.

Chief Executive's report – February 2023



1. Current significant issues

The December 2022 period was marked by continued rainfall up to the Christmas break, with further rain in the first part of January which meant that the dam levels were at 100% in January for the first time since 1989, and previous to that in 1954. As a result of the rain, demand was also suppressed, so the main source for use was the Western dams which refill most quickly, and much less use of the Waikato. However, as the Board will be very aware, things can change extremely quickly, so there is no room for complacency. The 27 - 31 January rainfall event will be reported on in the next CE's report to be presented at the 7 March 2023 Board meeting.

Infrastructure work closed for the break, and there were a number of small HSW issues leading up to the closedown, probably through tiredness, despite considerable efforts to manage the stop work and the start up in January. Work on CI has now re-started on the tunnelling for both the main and micro TBMs, albeit at lower production rates due partly to Covid but also because there is no need to continue at 24/6 rates, so there will be two crews on the main TBM, and a single crew on the last drive for the micro TBM. Sadly, the GAJV lost one of their graduate engineers in a swimming accident at Piha.

Over the break, MSN had vehicles stored at the Māngere training centre site and there was a break in resulting in some small tool theft. Over the middle of January weekend, with no tunnelling in progress, there were also break ins at the Western Springs and Mangere CI construction sites, again for tools. All the incidents are under investigation.

MSN Leadership is putting in place several actions to help prevent injuries. Acknowledging that the increased rate of recordable injuries correlates closely with the decrease in staff numbers and consequential increase in working hours per employee, overtime is being reduced to the absolute minimum. Given the increase in workload, we will continue to use subcontractors while we recruit and train new staff to approved staffing levels. At the same time, we are considering all options to address the high staff turn-over rate, mostly driven by Auckland's cost-of-living challenges.

A watermain supplying the Glenbrook beach community failed in mid January. The pipe was a PE type, lying on the base of the harbour, and appears to have broken at a weld joint. A replacement is being installed as quickly as possible, with a longer term solution requiring some consents to be in place. In the meantime, supplies are being provided by tankers with no impact to customers.

Helensville WWTP, subject of a previous abatement notice, has been subject to a short delay in commissioning due to supply chain issues but should be completed by the end of February. Auckland Council have been kept informed of progress.

Waikato Regional Council issued an abatement notice to WDC in January for the Raglan WWTP – essentially reinforcing the current planned replacement by July 2024. Additionally, an old wooden water storage tank in Raglan, disused for the last 2 years but retaining 17% of the 1250m3 capacity to retain the structural integrity for as long as possible finally failed in mid January and the Waikato team have been involved in clearing the debris from the farm site.

Work continues to submit documentation to Council to extend the CI tunnel to Point Erin – the submission date is 7 February 2023.

In relation to three waters legislative reforms, the Finance and Expenditure committee wrote to Watercare on 21 December 2022 ([Attachment 1](#)), inviting Watercare to make a submission on the Water Services Legislation Bill and the Water Services Economic Efficiency and Consumer Protection Bill. We also need to indicate whether we wish to make an oral submission before the Select Committee in late February/early March 2023.

In the meantime, the change in leadership for the Government, and the Auckland floods, have put the spotlight on the three waters reform agenda. At the time of writing, there is no clarity on what this may mean for Watercare.

On 22 December 2022 we received a letter of expectation from Mayor Wayne Brown ([Attachment 2](#)). A draft copy of our Statement of Intent 2023-2026 is being prepared and will be presented to the Board for feedback at the 7 March 2023 confidential board meeting before being sent to the Council by the 1 April 2023 deadline.

2. Key Performance Measures

[Attachment 3](#) sets out Watercare's performance against the current Statement of Intent measures for October, November and December 2022.

At the monthly performance hui, the following points were noted:

- The exceptional level of rainfall this summer has led to lower water usage and therefore revenue, but has also contributed to higher wastewater flows, and therefore increased costs.
- A large number of the CEO KPIs appear adverse; further work is required to check the accuracy of the inputs, but also on ensuring that no important measures are being missed.
- IGCs still appear to be lower than anticipated, which implies that the capex spend profile needs careful monitoring with Council to ensure the debt/revenue ratio remains intact.
- A dropped load at Snells Beach was a high potential incident, correctly escalated within Fletchers, but not communicated as strongly as it should have been to Watercare. Details are in the HSW report.
- Leadership walks, whilst a positive concept for corporate culture, need to be better targeted to ensure the right managers go to the right locations, and can add value by their reviews.
- December was a particularly strong month for CI, achieving several milestones and recognised by awards in December/January.
- Māori spend will be boosted once there is a better view from the top 10 suppliers – at the moment we only have data from four of these.

At the 1 November 2022 Board meeting, the Board requested further detail regarding the increase in the Developer NPS score.

Watercare conducted quantitative and qualitative research with developers who work with us. The first piece of research was a survey completed by over 200 developers in June 2022 which highlighted the need to better understand some of the development process pain points. We engaged Kantar (formerly

Colmar Brunton) to run focus groups with different stakeholders in the developer community, ranging from small to medium (developers, builders, engineers, etc.) who interact with Watercare across multiple touchpoints. The focus groups were beneficial to understand any frustrations, the experience developers are seeking and the tradeoffs they were willing to make.

Over the next two to three months:

1. Watercare will be speaking to some of the Australian water providers to understand their processes better and how they work through statutory requirements and local councils.
2. Planning and hosting a developer forum.
3. Continue the Better Faster consenting project with Council.
4. Dissect the focus group data.

3. Te tangata / People

Over the Christmas period we encouraged as many staff as possible to take leave to rest and recuperate after a busy 2022. Some essential staff worked through the holiday period to ensure services continued especially through the challenging weather patterns. Those that did work over the Christmas break will be taking leave over the coming months.

December also saw the conclusion of our Sports Tournament which returned after a three-year hiatus due to Covid. It was great to see teams made up of a cross section of people from Watercare who competed over four weeks, each week being a different event. After a nail biting final the winners were awarded the sought-after Rob Fisher cup. Special thanks to our team of committed volunteers who made the event happen.

[Attachment 4](#) is a workforce snapshot for November and December 2022. Overall employee numbers have decreased which is slightly in line with the efforts of the sustainable efficiency programme. Voluntary turnover (rolling average) fell slightly and has remained steady over the last 3 months. Monthly sick leave is higher than average for this time of year however we have seen a slight increase in employee Covid cases which matched the national trend. Cases at this stage are manageable however we are continually monitoring for changes.

In January 2023, the Central Interceptor team have been announced as recipients of a Jacobs' Beyond Excellence Award for 'doing things right' in terms of taking responsibility for their work, caring for people, and staying focused on health and safety. The Central Interceptor team were one of six recipients – making this a special achievement. The team will receive USD\$1,000 to donate to their chosen charity – Heart Kids New Zealand.

4. Health, safety and wellbeing

The report attached as [Attachment 5](#) provides a comprehensive overview of Watercare's health, safety and wellbeing for December 2022.

5. Community and stakeholder relationships

5.1 Growing elected member relationships

Following the local Government elections in October 2022, we joined the Council family as part of the induction process, attending the elected member symposium and Councillor briefings on CCOs. Councillor Ken Turner was appointed Watercare's Lead Councillor and we have supported him through his induction as he learns more about the role and the business. We have also attended induction workshops with most of the local boards as new members were sworn in and business meetings resumed.

Elected members continue to receive regular updates on specific projects or operational activities in their areas. This is alongside priority support for their enquiries and constituent escalations. Over the past 12 months a greater focus has been placed on information flows with Councillors and we now process up to 300 elected member interactions per month, up from 50 only 18 months ago. The new Governing Body committees have shown quite a bit of interest in our operations, and we expect this to continue. This is an indication of the good lines of communication facilitated by the elected member relationship team.

We do not expect engagement to drop off in 2023. Through February and March, we have the following engagements planned:

- Workshops scheduled with most local boards to facilitate feedback on the Wastewater Network Strategy.
- Local Board workshops on the Waiheke, Beachlands and Helensville Servicing Strategies.
- A webinar to brief the local boards on future water sources.
- A site visit to Rosedale Wastewater Treatment Plant for the northern area local boards in March. We anticipate a similar excursion for the Governing Body later.

Finally, with the central government election later in the year, we are preparing for an increase in information and meetings requests from Auckland based MPs.

5.2 Community Engagement on the Wastewater Network Strategy

In October 2022 we started a community engagement process to inform, educate and seek feedback from our communities on the journey to reduce wastewater overflows impacting local communities, beaches and waterways. The feedback will help inform the latest edition of our Wastewater Network Strategy to be submitted to Auckland Council in June 2023. Information has been made available in many public libraries and we have facilitated five public drop-in sessions along with ten one-on-one workshops with special interest community groups. Mana whenua discussions have been an important part of the engagement and we are about to undertake further conversations with our local boards. In March 2023 we will trial a World Café method of engagement to promote more in-depth discussion and feedback.

A lot of feedback has been generated and we are currently working with our customer insights team to analyse and report on the data which we will share with the Board at a later meeting.

This type of community engagement will be important for the new Water Services Entities who will be required, under the Water Services Entities Act 2022, to report on how customer and community input and feedback has been incorporated into various plans including the AMP (s 153), Funding and Pricing Plan (s 156) and the Infrastructure Strategy (s 159).

6. Climate change delivery and sustainability

6.1 Carbon emission measurement and reduction

The 2022 winter has been calculated as the warmest and wettest on record. This has resulted in challenges for Watercare, especially for the wastewater side of the business. From a climate perspective this has led to increased wastewater process emissions which is likely to impact our annual target.

The solar programme is moving ahead and a full assessment of opportunities at Ardmore WTP has been completed. We expect to start procurement in the coming months. The aim of this project is to make Ardmore energy neutral during the day (and potentially throughout the night with battery storage) saving us cost and carbon, whilst also adding resilience.

A project to improve the system for measuring our carbon footprint has been initiated. This is being delivered between the Sustainability and Digital teams and looks to replace a very manual, spreadsheet based approach. This would allow more up to date snapshots of our progress against our targets and analysis to support reduction approaches.

A desktop review of forestry assets and potential tree planting has been started. The objective is to understand whether there is available land for tree planting that would create carbon removals, termed insetting when completed on your own land, instead of the practice of offsetting when you buy externally. Some form of insetting or offsetting will be required to achieve our target of net zero emissions by 2050. This initial assessment will identify possible land that we own that could be utilised without disrupting current or future operations and at a high level any possible community or Iwi partners for such a project.

Delivery of the first Central Interceptor electric trucks has landed and they are undergoing fitting and testing. A formal launch will take place in early 2024.

6.2 Climate change adaptation and disclosure

The External Reporting Board released the final standards for Climate Related Disclosure on 15 December 2022. There are few changes from previous consultation versions. Watercare are currently preparing for the climate risk assessment step which will take place over the next six months. More details will be reported through Audit and Risk Committee at the May 2022 meeting.

6.3 Other Sustainability

Watercare's Emerge® branded fertiliser (a renewable and low carbon footprint form of high-quality phosphorus and nitrogen) was a finalist at the 2022 Fieldays Innovation Awards. Watercare hosted an Emerge® fertiliser stand for the duration of Fieldays. More than 150 tonnes of Emerge® fertiliser has now been sold for use in agriculture.

Watercare staff members have been actively co-ordinating and collaborating with Auckland Council waste team colleagues on the delivery of waste targets, and ultimately a specific waste strategy for implementation by Watercare with the aim of a zero-waste future.

7. Water resources update

7.1 Water sources

Even before the Auckland floods, the dams were 100%, and for the first January since 1989, the dams spilt across Auckland. Our customers are using a lot less water than normal for this time of year – around 70 million litres less per pay, compared to this time last year.

The leak management programme is ongoing. Since the start of the programme approximately 15,031kms have been surveyed to date with 8,858 leaks found.

7.2 Waiuku water supply

Below is an update on the water supply situation in Waiuku.

- Construction of a temporary water treatment plant (WTP) at Cornwall Road is progressing well, commissioning of the new plant commenced Monday 16 January 2023. The site will be handed over to operations and in service week commencing 23 January 2023.
- Delivery of increased production via Variable Speed Drive replacement at Victoria Road has been pushed back slightly due to structural works required and the need to prioritise work on the Cornwall Road temporary plant. Structural work programmed to begin 1 February 2023 with completion mid-February. This will provide an additional 1.7 L/s, +5% production.
- The team are also working on decreasing demand via leak detection and pressure management. We have also coordinated with commercial customers to reduce their demand.
- Communications have been sent out via Waiuku Matters community newspaper highlighting the work Watercare is completing to increase water supply to Waiuku and to continue to encourage water saving.

We are confident that with the above improvements in place, water will meet demand until we commission a new WTP. To date there has been no requirement for tankering and with the work to be completed there will be no need for any future tankering of water to this community.

The permanent and long-term solution for the water supply is underway.

7.3 Waiuku Water Treatment Upgrade

The Waiuku area is served by three water treatment plants that are relatively small in size. The current population is 9,200. The three plants are Waiuku Road, Victoria Avenue and Cornwall Road which all draw groundwater from individual onsite bores.

The Unitary Plan has rezoned areas in Waiuku to allow an increase the housing density, which will result in increased population growth over the next 30-years. In 2052, the Waiuku population is forecast between 16,000-19,000. This is based on Auckland Council estimates and information on planned future developments. The permanent Waiuku WTP upgrade and associated networks projects will be designed to supply the increased demand in line with this population growth.

To service this growth, treatment will be upgraded in late-2026, where the ultimate upgrade will allow full utilisation of the current abstraction consent. The likely upgrade will comprise a single combined plant, increased storage, and some network upgrades that which will utilise the existing Waiuku bores.

The following is a program of the works:



The next steps are a feasibility phase and business case outlining the concept design and required funding, set to be completed in May 2023. This will be within the CE's delegation. A stakeholder engagement plan will be completed by April 2023.

The temporary plant at Cornwall Road will provide the required capacity until the permanent plant is completed in July 2027.

7.4 Water quality

Water quality was compliant with the Drinking Water Standards for New Zealand and Drinking Water Quality Assurance Rules for all sites in December 2022.

The installation and commissioning of the analysers required for critical compliance for the new regulations have been installed at both the Southern and Northern WTPs at the end of December. Some technical non-compliances are possible from 1 January 2023 due to the new instruments being in service for a short time to trial and resolve any associated issues before collecting compliance data. The mitigating factor, fortunately, is that Taumata Arowai's latest instructions to the water suppliers (as of January 2023) is that formal monthly compliance reporting will likely only be from March 2023. A summary of this report will be provided to the Board each month.

7.5 Water Safety Plans update

Watercare's Drinking Water Safety Plans (DWSPs) and Source Water Risk Management Plans (SWRMPs) have been uploaded on Taumata Arowai's website, Hinekōrako, as required. We are planning internal education / management audits against the plans from the new year. We are also planning a formal audit against the plans and wider water quality compliance for around June 2023.

7.6 New Dam Safety Regulations

The Building (Dam Safety) Regulations were approved by the Governor-General on 12 May 2022 and will take effect from 13 May 2024. The intervening period is to be used to bring all classifiable dams up to compliance with the regulations, and to prepare for issue of the Potential Impact Classification of all classifiable dams.

These new regulations will apply to dams that are:

- 4 metres or higher with a volume of 20,000 m³ or greater
- 1 metre or higher with a volume of 40,000 m³ or greater.

The management of existing dams are driven by Building Act 2004. The new regulations will now also cover seven wastewater dams that were previously known as "referable" dams in the dam safety guidelines and previous regulations. The proposed regulations will apply to 35 of our dams (water and wastewater), 1 canal (known as the effluent discharge channel) and the intertidal storage basin at Māngere WWTP. We also have a further 21 dam embankments that are outside the coverage of the regulations. These dams, like all the classifiable dams, are subject to a duty of care, and under the Building Code, must be constructed and managed in recognition of their purpose and consequences.

The regulations will require:

- preparation of a schedule for delivery to the appropriate regulatory authority of all of the classifiable dams owned by Watercare;
- delivery to the appropriate regulatory authority of a certificate for each classifiable dam defining its 'Potential Impact Classification'; and
- an annual reporting certificate being provided to the appropriate regulatory authority on the performance of the dam.

Each report or certificate must be verified by a "recognised engineer" who is an independent engineer, certified by Engineering New Zealand.

To comply with the New Zealand Dam Safety Guidelines, Watercare already has a Dam Safety Management Plan (DSMP) in operation covering all of Watercare's dams. The DSMP contains all the elements required to demonstrate that the dam owner is compliant with the management of dam safety.

8. Risk and compliance update

8.1 Enterprise risk management

We have completed the Auckland Emergency Management (AEM) risk assessment survey. The results will be published in the next few months, followed by development of next steps to improve resilience.

Work on the new Watercare risk system (RiSOLVE) is continuing, with the next stage focussing on transition of Water Safety Plans to the system. Watercare's quarterly enterprise risk report will be presented at the 8 February 2023 confidential Board meeting for review and approval.

8.2 Legal and compliance

LGOIMA requests

During October, November and December 2022, we received 24 requests for information under the Local Government Official Information and Meetings Act 1987 (the Act). Five of these requests were forwarded to us from Auckland Council. We transferred one request (that we received directly) to the Department of Internal Affairs. Watercare processed all 24 requests in accordance with the Act.

Legal action

- RMA related:
 - Huia Water Treatment Plant: the first two-day mediation session between all the parties was held in September 2022. This resulted in a number of actions that Watercare has agreed to between then and the next mediation session is set for February 2024. Over the Summer, experts are continuing to caucus with the purpose of resolving their differences, while Watercare continues to meet with the neighbours in an attempt to resolve their issues.

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.

Non-compliance with resource consents – October to December 2022

In October 2022, the number of non-compliances increased from previous months, with 21 consents fully or technically non-compliant, up from 14. The year ended with 15 consents fully or technically non-compliant. All seven full-non-compliances related to wastewater treatment. Clarks Beach, Kingseat and Waiuku wastewater treatment plants are due to historical issues that affect the statistical calculations used to assess compliance. The other four:

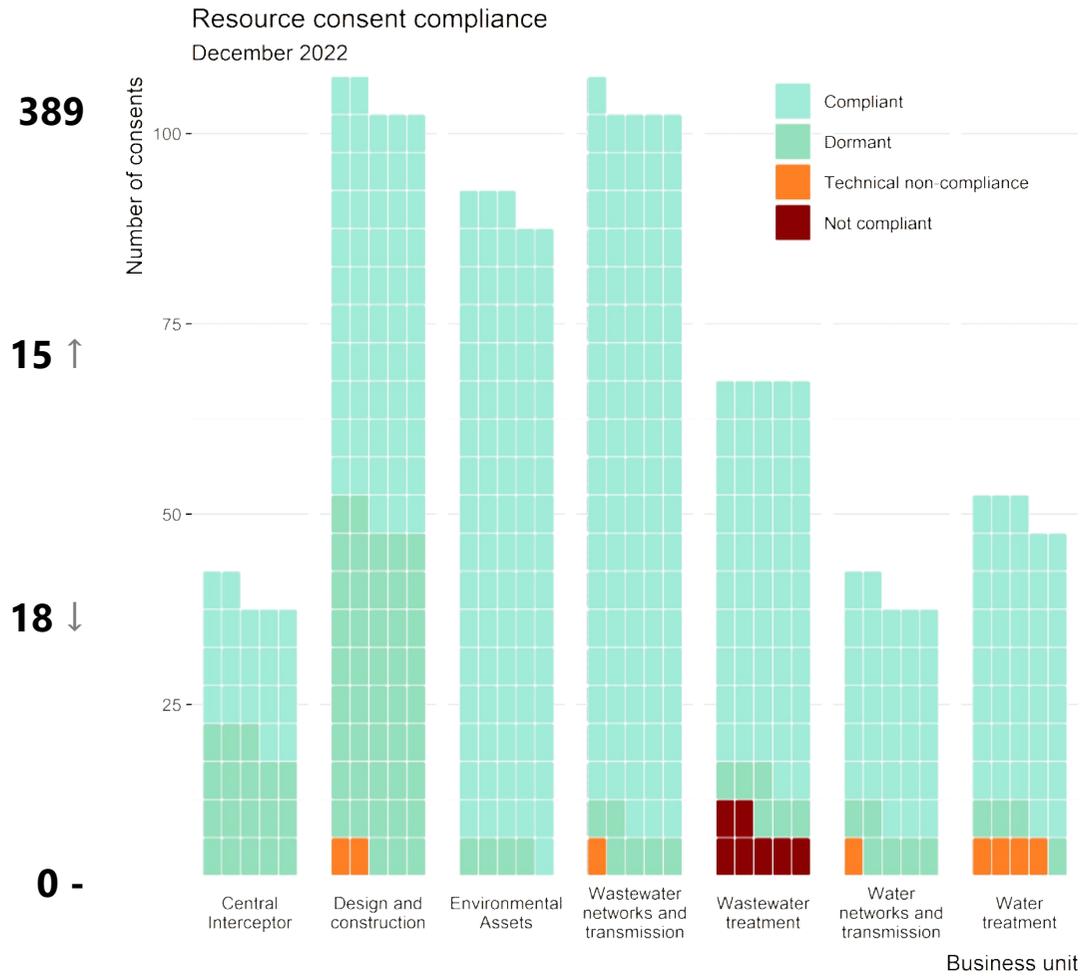
Warkworth, Wellsford, Helensville, and Waiuku, relate to on-going issues for which there are scheduled upgrades in the AMP. Further details of these seven non-compliances are set out below.

Active resource consents in December 2022

Consents with non-compliances in December 2022

Rolling 6-month average (non-compliant consents)

Consents under enforcement in December 2022



Significant non-compliances for December 2022 (excludes technical non-compliances)

Facility/Asset	Consent	Condition(s)	Issue(s)	Actions and Commentary	Potential consequence
Clarks Beach WWTP	R/REG/2015/4227-A / DIS60084111	18	High faecal coliforms in late summer means a breach of the 12-month rolling 92%ile limit for this parameter Compliant in December.	Problems related to power to the UV lamps and algal growth in the sand filter. Both issues have been resolved and the WWTP has met compliance month-on-month since May. The Southwest WWTP will replace this treatment plant.	Minor (Council grade 2); Issue resolved.
Helensville WWTP	22225 / DIS60265455	7,17	Ongoing issue. High ammoniacal nitrogen in the discharge (above consented limit). High <i>Escherichia coli</i> during by-pass events. Not compliant in December.	Action underway. Upgrade project due for completion this summer (2022-2023). Because the limits use rolling 12-month calculations, full compliance will not be achieved until summer 2023-2024.	Realised (Council Grade 4) : WWTP was under abatement notice and continues to be non-compliant
Kingseat WWTP	DIS60401948	7	High discharge flows in winter mean breach of 12-month flow limit. Compliant in December.	Historically high rainfall in July. Likely a one-off event.	Minor (Council grade 2); Triggered by extreme weather.

Facility/Asset	Consent	Condition(s)	Issue(s)	Actions and Commentary	Potential consequence
Waiuku WWTP	DIS60334129	14	Routinely high historical inorganic nitrogen concentrations in the discharge during winter/spring mean rolling 12-month limits not met. Not compliant in December.	Winter/spring issue. A lack of light and low temperatures in cold or overcast (wet) conditions limits treatment efficacy. A known problem of aging treatment technology. The Southwest WWTP will replace this treatment plant.	Moderate (Council grade 2-3): Repeat annual non-compliance.
Waiwera WWTP	907537a / CST60263133	5	Two high results for <i>Enterococci</i> in the last 20 weekly samples breaches resource consent condition. The oxidation pond relies on sunlight for disinfection, so an unusually wet winter, meant poor bacterial removal. Compliant in December.	The WWTP is due to be decommissioned. Consent has expired and is operating under Section 124 of the Resource Management Act.	Moderate (Council grade 2): High results occurred in winter where risk to recreational users was low, but consent has expired.
Warkworth WWTP	REG-67905 / DIS60050164 / DIS603386349	8	High total suspended solids concentration in discharge meant a breach of rolling 12-month median limit. Not compliant in December.	The trial solution for sludge thickening control has not been as successful as hoped. Alternative options under review.	Moderate (Council grade 2-3): Repeat issue.

Facility/Asset	Consent	Condition(s)	Issue(s)	Actions and Commentary	Potential consequence
Wellsford WWTP	DIS60068492	24	High faecal coliforms in discharge. This issue occurs because a bottleneck at the ultrafiltration process forces by-passes to old wetlands during periods of heavy rain. Not compliant in December.	Business case in preparation – undergoing interim options assessment. Full upgrade due by November 2025 when tighter standards will apply.	Moderate (Council grade 2-3): Repeat annual non-compliance.

9. Update on business area

Waikato District Council (WDC) Contract

From 1 October 2019, Watercare began operating Waikato district's water, wastewater, and stormwater services. WDC continues to own all the assets while Watercare manages the water, wastewater, and stormwater infrastructure above and below ground. The Waters Governance Board, an independent body, manages performance for Waikato District's water services.

Raglan Wastewater Abatement notice

On 18 January 2023 the Waikato Regional Council issued an abatement notice to the Waikato District Council due to non-compliance at the Raglan wastewater treatment plant.

The notice requires the resolution of these non-compliances by 30 June 2024. The non-compliances are:

Authorisation	Condition	Action Required
AUTH971390.01.01	9	Undertake calibration of the wastewater flow meter to demonstrate accuracy within +/- 2% by 31 March 2023.*
AUTH971390.01.01	14	Ensure that the upgraded plant is capable of achieving compliance with the suspended solids limits,

AUTH971390.01.01	16	Ensure that any upgraded plant has a treatment system that reduces faecal coliform discharges to compliant limits.
------------------	----	--

*The calibration data was provided in November, so this aspect of the notice has been addressed.

The compliance history for the plant is:

Date Period	Site Compliance
1 July 2021 to 30 June 2022	Moderate Non-Compliance
1 July 2020 to 30 June 2021	Low Risk Non-Compliance
1 July 2019 to 30 June 2020	Significant non-compliance
1 July 2018 to 30 June 2019	High level of compliance
1 July 2017 to 30 June 2018	High level of compliance

Watercare began operating the plant in October 2019. Since that date, the compliance has improved, but due to age, treatment process and constraints with the existing plant, full compliance has not been achievable.

In December 2022 budget approval was obtained from WDC for the replacement of the legacy plant. The Regional Council has been provided a response detailing the action to replace the plant and an estimated timeframe. The new plant will achieve full compliance with the existing (expired) consent.

10. Policy update

The Watercare policy team has a heavy workload reviewing many upcoming bills, policies and plan changes that impact how Watercare operates. External support and advice is being provided by our legal advisors.

[Attachment 6](#) sets out the current programs of work that are underway, and their expected impacts to Watercare.

In December 2022, the Natural and Built Environments Bill (NBE) and the Spatial Planning Bill (SPB) were released to replace the existing Resource Management Act. The complete transition to the full framework will take a considerable amount of time (in the order of 10 years), and the RMA will continue to be the dominant system until the new NBE plan has been completed.

The suite of proposed new legislation represents a significant reform, which is likely to have major impacts on Watercare. The new regime will introduce environmental limits, or bottom lines, that will be challenging for delivery and operation of three waters infrastructure. We are currently in the process of reviewing the Bills with our legal advisors and will be contributing to Council's submission.

11. Matters for noting

11.1 Significant meetings in October, November and December 2022

- Mana Whenua Kaitiaki Forum (Ngāti Wai, Te Rūnanga o Ngāti Whātua, Te Ākitai Waiohua, Waikato-Tainui, Ngāti Maru)
- Kawenata signing agreement (Maniapoto RMC)
- Waikato 50 WTP and Māngere WWTP site visits (Te Taniwha, Waikato-Tainui, Ngāti Manuhiri, Te Kawerau ā Maki, Waipunārangi – Entity A Iwi Collective)
- Kia Ora Tāmaki Makaurau mana outcome-related projects (Clarks Beach WWTP options – Ngāti Te Ata Waiohua, Helensville & Parakai servicing strategy – Ngāti Whātua o Kaipara, CI cultural inductions – Te Ahiwaru Waiohua, procurement opportunities/kawenata discussions – Waikato-Tainui)
- Three Waters iwi engagement - Waipunārangi/Entity A iwi representatives meeting with Watercare board and senior executives (Waikato-Tainui, Ngāti Manuhiri, Te Kawerau ā Maki), Te Kotahi a Tāmaki Marae Collective (mātāwaka and mana whenua marae)
- Frequent meetings with DIA covering many updates on Three Waters Reform
- Meetings with FNDC, WDC, Kaipara, Northland Regional Council and Wellington Water in relation to Water Reform
- Hon Nanaia Mahuta
- Donna Flavell - CE, Waikato-Tainui
- Sir Brian Roche and John Duncan
- Pre and Post-election briefings with Auckland Council
- Attended Water NZ conference
- Attended Building Nations Conference
- Three Waters National Transition Unit meetings
- WSAA Board meetings
- Office of the Auditor General
- Alan Sutherland from Scottish Water
- Jon Lamonte and Anin Nama (Watercare Service Limited) and Frances Sullivan (Local Government New Zealand) visited Water Authority of Fiji (WAF) on the 1 and 2 December 2022. The main purpose of the visit was for the Chief Executives of Watercare and Water Authority of Fiji to meet and confirm

the ongoing commitment to the Local Government New Zealand Technical Assistance programme. The visit also followed up on the previous work programme developed during the August and November 2019 visits. [Attachment 7](#) is a report summarising the trip.

11.2 Update on progress against the Aurecon review recommendations

The outstanding recommendation in the Aurecon report is to finalise a new drought management plan. The updated draft plan is with Council for final approval. We expect it to be approved by Council's Planning, Environment and Parks Committee in March 2023.

11.3 Water Reform

- Te Rua Whetū (Watercare's Māori Outcomes & Relationship team) have joined DIA on secondment to the Iwi Māori Directorate to support the Three Waters Reform programme. They have provided much needed capacity and capability resourcing within the National Transition Unit. Since September, the team has been leading all water reform engagement with iwi and hapū groups across the country.
- In November, Watercare's board and executive leadership team met with Waipunarangi – the governance and secretariat representatives for the collective iwi within Entity A. Waipunarangi is chaired by Tukoroirangi Morgan. As a follow-up to this meeting, Watercare have hosted Waipunarangi with a site tour of our Māngere Wastewater Treatment Plant and Te Motu a Hiaroa (Puketutu Island). We have also offered opportunity for them to meet with Watercare staff involved in key areas like Asset Management Plans to provide insight and answer questions.

11.4 Achieving Māori Outcomes (Kia Ora Tāmaki Makaurau)

- A series of six workshops on Te Mana o Te Wai was delivered to Watercare staff in August, September, and October. The purpose of these workshops was to build staff understanding and they focused on the concept, expression and application of Te Mana o Te Wai in the delivery of our services and current water reforms. A total of 25 kaimahi from Operations, Infrastructure, Customer, Corporate Services and Central Interceptor participated. Two Te Mana o te Wai workshops for Watercare's Board were held in November and December 2022. Topics included Te Whakapapa o Wai (Te Ao Māori cultural values of water), implementation of Te Mana o te Wai and co-governance models in practice. As part of our wider approach to build capability in this space, a draft operational action plan on implementing Te Mana o Te Wai will be tested with staff.
- Partnership agreement signed in August with Te Kawerau ā Maki. Key commitments include establishing the Waima Biodiversity Trust, with a dedicated trustee being appointed by Te Kawerau ā Maki; direct input into the preparation and implementation of the Huia WTP Management Plans; and collaboration with Te Kawerau ā Maki on a number of cultural monitoring mechanisms. Partnership agreement with Ngāti Maniapoto Regional Management Committee was signed in October. It forms part of and acknowledges Watercare's relationship with the different iwi connected to the Waikato River.
- Scripting and digital content build for Watercare's new e-learning te reo app completed. Review of draft build in progress. Proposed launch date set for Jan/Feb 2023.
- Watercare supporting the installation of new water tanks for Ōrakei Marae (Ngāti Whātua Ōrakei). Initial works on the project have started.

11.4 CCO Direction and Oversight Committee

The first meeting of the CCO Direction and Oversight Committee was held on 5 December 2022. [Attachment 8](#) outlines the responses to questions asked at the meeting. At Council's request, Watercare also provided a briefing memo to update the Committee on the Citizens' Assembly ([Attachment 9](#)).

11.5 Response to Equal Justice Project (EJP)

Following the presentation by the EJP to the Watercare Board on 1 November 2022, Watercare sent a response to the EJP on 30 November 2022 ([Attachment 10](#)).

12. Delegated authority to Chief Executive

In accordance with the authority delegated to the Chief Executive by the Board for the months of October, November and December 2022:

- there were nine 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 documents required to be signed by two members of the Watercare Board.
- there were two capex approvals (related to Infrastructure) signed below a threshold of \$50m.
- there were five contracts approved over \$100,000. They are as follows:

Contract description	Successful supplier
SOW for Smart Meter - Execute SoW 5	RUSH Digital Interactive Limited
Contract Maintenance Agreement for Centrifuges at Māngere WWTP, Huia WTP and Ardmore WTP	GEA New Zealand Limited
DWQAR Compliance Instrumentation Installation	Northern Electrical Services Limited
Engagement to Act as Financial Adviser	Cameron-Brown Corporate Advisory Limited
BIP research on pipe performance	University of Canterbury



Jon Lamonte
Chief Executive

Attachment 1



FINANCE AND EXPENDITURE COMMITTEE KOMITI WHIRIWHIRI TAKE PŪTEA, TAKE WHAKAPAUNGA PŪTEA

21 December 2022

Margaret Devlin
Chair
Watercare
By email: margaret@margaretdevlin.co.nz

Tēnā koe

Calling for submissions on water services bills

I am writing on behalf of the Finance and Expenditure Committee to invite you to make a submission on the Water Services Legislation Bill and the Water Services Economic Efficiency and Consumer Protection Bill. These bills were referred to the committee by the House of Representatives on 14 December 2022, with a deadline of 25 May 2023 for reporting the bills back to the House.

The committee has called for submissions with a closing date of Sunday, 12 February 2023. At its meeting on 19 December 2022, the committee resolved to invite you to make a submission on the bill.

The committee is aware of the challenges of preparing submissions over this period. The closing date for submissions reflects the need for the committee to balance the time allowed for the various phases of the select committee process within the time available, including the holding of hearings, analysis of and advice on submissions, committee consideration, and drafting amendments and a report to the House.

The committee has agreed that requests for extensions will be dealt with on a case by case basis. The next meeting of the committee is currently scheduled to be on Wednesday, 25 January 2023.

If you intend to lodge an extension request, please take into account that the committee has resolved to conduct the bulk of its hearings in the parliamentary non-sitting week starting 27 February, with further hearings on Monday 6 March and Monday 13 March. It is intended that hearings be concluded by Wednesday 15 March. It is therefore not practicable to extend the deadline for written submissions beyond that time, and extensions to dates between 27 February and Monday 13 March may affect the feasibility of arranging an oral submission for your organisation.

All organisations are encouraged to lodge submissions via the Parliament website by the public closing date of Sunday, 12 February 2023, indicating whether they wish to make oral

submissions and providing contact details. This will assist our secretariat in planning hearings in the context of the expected high volume of public engagement.

As chairperson of the committee I wish to express my gratitude for your work to provide input to the parliamentary process for the bills currently before us. Our work to improve the proposed legislation relies on the detailed and varied expertise that submitters provide us, and we value your contribution to this work.

Nāku noa, nā

A handwritten signature in black ink, appearing to read 'B Edmonds', written in a cursive style.

Barbara Edmonds
Chairperson
Finance and Expenditure Committee

Attachment 2

21 December 2022

Margaret Devlin
 Chair
 Watercare Services Limited

7.2***By email***

Tēnā koe Margaret

Letter of Expectation for Statement of Intent for 2023 - 2026

This letter of expectation sets out the council's priorities and expectations to inform the development of the draft Statement of Intent (SOI) 2023-2026 of Watercare Services Limited (Watercare).

It sets out common expectations across all council-controlled organisations (CCOs), and expectations specific to Watercare.

These expectations build on the workshop of the Governing Body held on 30 November 2022 and discussions with you as Watercare Board Chair and Chief Executive Jon Lamonte. The content of this letter was approved by the Governing Body on 15 December 2022, with delegation to me and the Deputy Mayor to finalise and issue this letter of expectation.

The Governing Body also approved extensions of the statutory deadlines for the SOI process, as is allowed in the Local Government Act 2002, Schedule 8, section 4. This means the due dates for the process are:

- date of submission of the draft SOIs is on or before 1 April 2023
- date when the boards must have considered shareholder feedback is on or before 1 June 2023
- date for final submission of SOIs is on or before 31 July 2023.

Please liaise with CCO Governance staff about ensuring these dates can be met. Council will likely consider its shareholder feedback on Watercare's draft SOI at the CCO Direction and Oversight Committee meeting of 11 May 2023.

Part 1. Expectations of all CCOs***Mayor's proposal for the 2023/24 annual budget***

Auckland Council is currently facing a financial challenge related to a budget shortfall for the 2023/2024 financial year. The annual budget for the current financial year (2022/2023) included forward projections of \$90 million to \$150 million of operating cost pressures, however with the latest assessment of operating pressures we now estimate a shortfall of \$295 million.

As Mayor I have proposed items for consultation as part of the annual budget 2023/24 which at a high level include:

- a base budget package proposal based on the third year of the 10-year Budget 2021-2031, taking into account current economic conditions
- a package of further actions in addition to the base budget proposal to reduce operating cost pressures:
 - Auckland Council - \$60m in operational savings on top of an existing savings target of \$90m per year
 - Auckland Transport - \$25m of operational cost savings without making further cuts to public transport services
 - Tātaki Auckland Unlimited - \$25m of operational cost savings with a further \$2.5m by reducing some economic development and destination activity.
 - Eke Panuku - \$5m of operational cost savings from delaying capital investment, reducing the direct costs of undertaking urban regeneration and a look to deliver urban regeneration activity in a way that provides for local project governance.

Under the Mayor's proposal, the Expenditure Control and Procurement Committee will be asked to identify a further \$7.5 million from Auckland Transport, and \$5 million from Auckland Council and other CCOs, in operational cost savings.

While Watercare is not included in the above package, you are expected to exert a strong focus on your operating costs, so you can keep water charges as low as possible.

General expectations

i) Concise SOIs with meaningful performance measures

Your 2023-2026 SOIs must enable proper accountability and direction of Watercare.

I expect the Watercare SOI to be concise and informative. This will enable the council and public to clearly understand your proposed activities, any proposed changes, and the proposed benefit and financial impact of your activities. Please avoid superfluous information and marketing.

I expect you to work with council to ensure your SOI includes clear, meaningful performance measures. I seek fewer measures in most cases, but they should provide useful information, measure what matters and be objectively quantifiable wherever possible.

ii) Be more transparent and accountable

I expect all entities in the Auckland Council group to be transparent in their approach to working with each other, the council and the community.

We require CCOs to abide by the expectations of the group as set out in the Statement of Expectations of substantive council-controlled organisations (July 2021), which includes:

- the relationship with the council as shareholder
- making operational decisions that are aligned with the council's expectations and strategic directions
- working within the Auckland Council's shared governance model and the decision making role of local boards
- delivering services effectively in a way that displays prudent use of resources and assets and provides value for money for Aucklanders.

The Mayor, Councillors and the council's Chief Executive are to receive timely, meaningful and candid information about the activities of the CCO, especially any matters that are potentially contentious or of high public interest. This includes frankly identifying options and risks and reporting more granular financial information for specific items as requested.

CCOs are expected to provide financial and other information that is broken down into significant activities, cost centres or assets according to the nature of the operation. For example, specific activities, events, facilities, or projects.

CCOs are expected to operate openly, including meeting in public wherever possible. This means only undertaking items in a confidential meeting where the requirements of the Local Government Official Information and Meetings Act 1987 are met.

Council staff, working with you and Councillor Turner, Watercare Lead Councillor will monitor and report on compliance with the above requirements on a quarterly basis.

iii) Implement shared services

The use of shared services should be accelerated to eliminate duplication and deliver more efficiencies within the council group. By 2023/2034 arrangements should be implemented for ICT, insurance, fleet, corporate accommodation costs, HR, procurement, call centres and other "back office" functions that should be shared across the council group.

CCOs that procure relevant services outside the shared services model will be required to report to the Expenditure Control and Procurement Committee with reasons.

While Watercare is not part of the council shared services work currently, you should expect to fully participate if the government's three waters reform does not proceed.

Part 2. Key expectations of Watercare

General expectations

The council's key expectations of Watercare are detailed below. In summary they are:

- Progress as required on Government's Three Waters programme (with government funding), but to the extent possible, preserve ability to implement alternative water reform arrangements if legislation is repealed
 - Develop local growth charges
 - Maintain low water costs for ratepayer users
 - Continue to meet targets relating to climate, drought resilience and supply
- Improve performance on resource consent report delays and reduce the costs of development

i) Progress as required on Government's Three Waters programme (with government funding), but to the extent possible, preserve ability to implement alternative water reform arrangements if legislation is repealed

The focus of Watercare and its board should be on delivering safe drinking water and wastewater services to Auckland at minimum cost.

The Government will have various legislative transition requirements under its proposed Three Waters Reform. The costs of meeting these requirements should be fully paid for by central government, not by Auckland water users, so that no resources are diverted from your agreed delivery priorities.

Any risks to your programmes from transition requirements must be raised with council.

It is important that Auckland Council responds as a group to the Government's reform. Our model is unique with Watercare delivering water and wastewater services and the council group responsible for delivering stormwater. Separate to the Statement of Intent, I seek your advice on how stormwater assets should be defined in the reform.

We also expect that all information that Watercare provides to the Department of Internal Affairs within the reform transition period will be shared with council at the same time. Watercare and its board need to be completely transparent with council about any work being undertaken on Three Waters.

This includes but is not limited to anything that may materially affect your balance sheet, contingent liabilities or estimated future debt requirements, and any engagement by directors or staff with central government or other water companies on consolidation of water assets aligned with but not necessarily legislatively required by the Three Waters legislation.

In parallel, we request you provide regular updates to council on progress implementing the efficiency programme recommendations established from your work with Water Industry Commission for Scotland.

As you know, Auckland Council disagrees with many aspects of the structural and governance arrangements within the government's Three Waters Reform. Watercare should preserve its ability to implement alternative arrangements with the council, including a return to the present position, if the reform does not proceed or is reversed by central government.

ii) Develop local growth charges

We support the work initiated to develop a fairer and more equitable system to fund investment to increase local network capacity, including through a local growth charge option. Please keep us informed as this approach is developed.

iii) Maintain low water costs for ratepayer users

We are in the midst of a cost of living crisis. In the face of cost escalations, the council group needs to have a strong focus on reducing costs and ensuring services are affordable for Aucklanders.

Watercare should maintain low costs for ratepayer users by ensuring cost effectiveness of your operations and infrastructure programme and demonstrate to Aucklanders and the council that you are delivering value for money.

Watercare should continue to measure the percentage of household expenditure on water supply services relative to average household income.

iv) Continue to meet targets relating to climate, drought resilience and supply

Watercare should plan to continue implementing its climate change initiatives and targets. This includes:

- Specific climate targets to reduce greenhouse gas emissions by 50 per cent by 2030 and achieve the long-term goal of net zero emissions by 2050
- Actions to monitor and prepare for climate impacts
- Performance measures relating to greenhouse gas emissions (GHG)

Council also requests that in its SOI 2023-2026 Watercare continue to emphasise drought planning and resilience following the approval of the Drought Management Plan by the Planning, Environment and Parks Committee, including:

- Clarifying and publishing Auckland's available water supply at regular intervals

- Developing and implementing a strategy to address the capacity Auckland's water supply system should have to manage weather-related events
- Addressing whether Auckland requires new or expanded water treatment plants, and/or further diversify water sources
- Encouraging wise water usage and continuing the proactive leakage detection programme.

v) Improve performance on resource consent report delays and reduce the costs of development

The 2020 Review of Auckland *Council's council-controlled organisations* (p 44-47) recognised that:

- Decisions of Auckland Transport and Watercare about where to prioritise efforts and invest capital have a substantial impact on where and when Auckland grows, because development cannot happen without transport and water services
- The development sector is gravely frustrated by the extraordinary time it can take Auckland Transport and Watercare to provide technical assessments needed to process resource and building consent applications.

It appears that the position with consent delays has worsened in 2022, with concern that Auckland development consent applications are taking 3 to 6 months to process, even where council staff time amounts to less than a week.

Watercare must assist the council to address this handbrake on Auckland's development. In its 2023-2026 SOI Watercare should set out the minimum performance levels Watercare will meet in reviewing resource consent applications. These should be clear and contain measurable expectations, and Watercare should report its performance of these quarterly to the council.

Watercare must also work with council to implement a mechanism to allow objections to the way Watercare enforces its code of practice and design manuals.

Council looks forward to receiving a concise draft of the Watercare Statement of Intent no later than 1 April 2023.

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

Ngā mihi



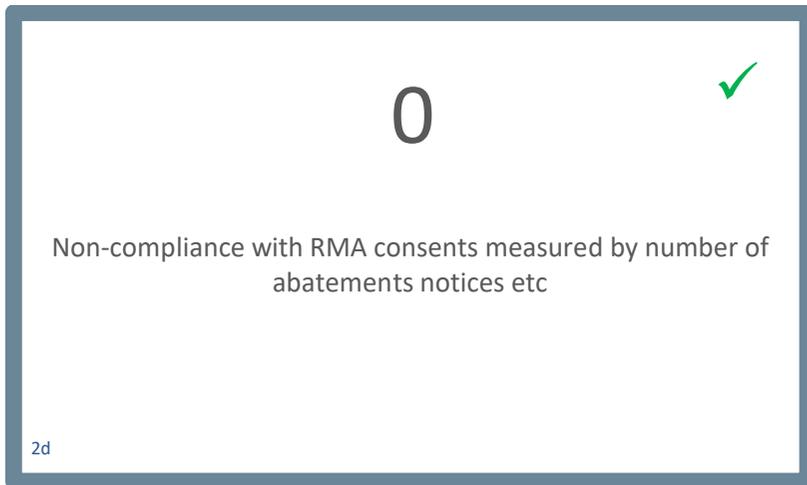
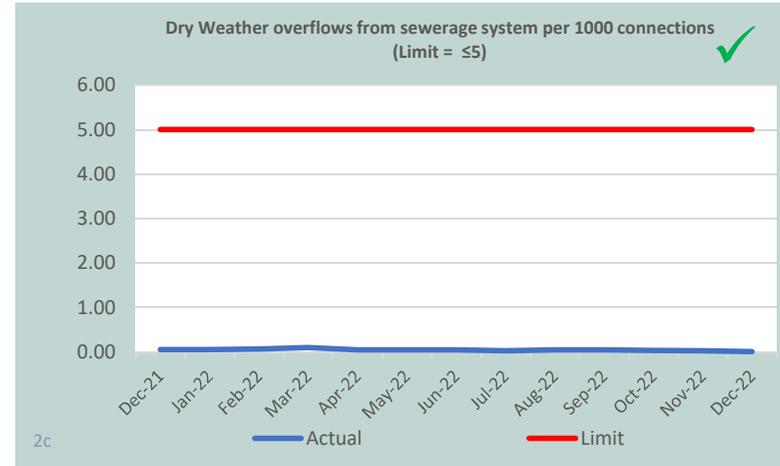
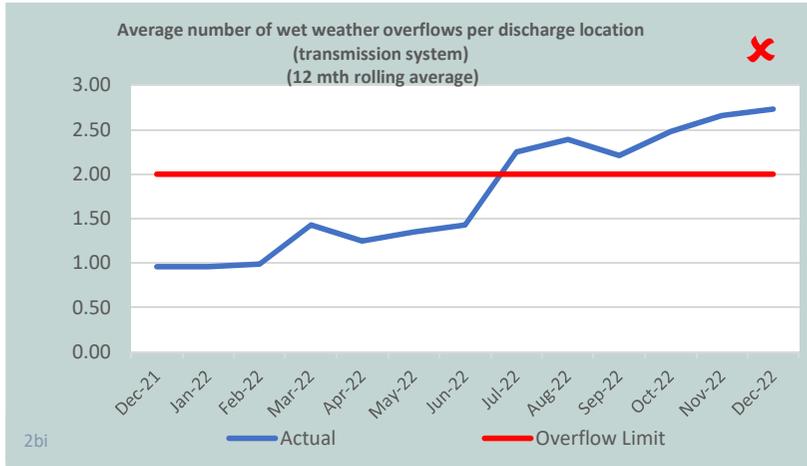
Wayne Brown
MAYOR OF AUCKLAND

Copy to:

Desley Simpson	Deputy Mayor
Councillor Wayne Walker	Chair CCO Direction and Oversight Committee
Councillor Shane Henderson	Deputy Chair Direction and Oversight Committee
Councillor Ken Turner	Watercare Services Limited Lead Councillor
Jon Lamonte	Chief Executive, Watercare Services Limited
Alastair Cameron	Manager CCO Governance and Oversight

Attachment 3 – Performance against Statement of Intent measures

SOI Measures — Natural Environment



7.3

Attachment 3 – Performance against Statement of Intent measures

SOI Measures — Assets and Infrastructure

100%



Volume of water compliant with standards

1a

100%



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

1a

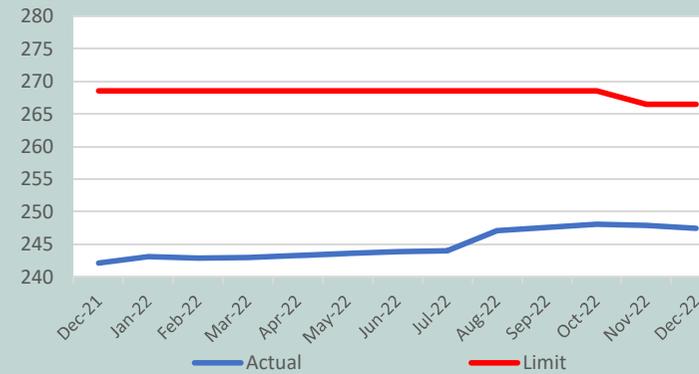
100%



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

1b

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

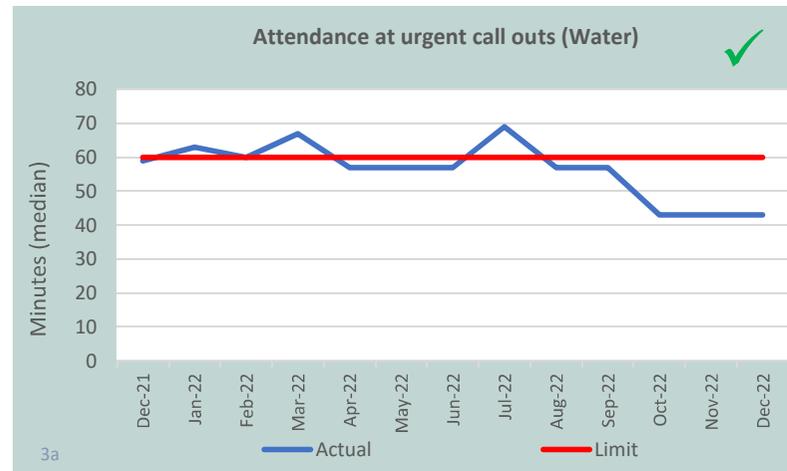
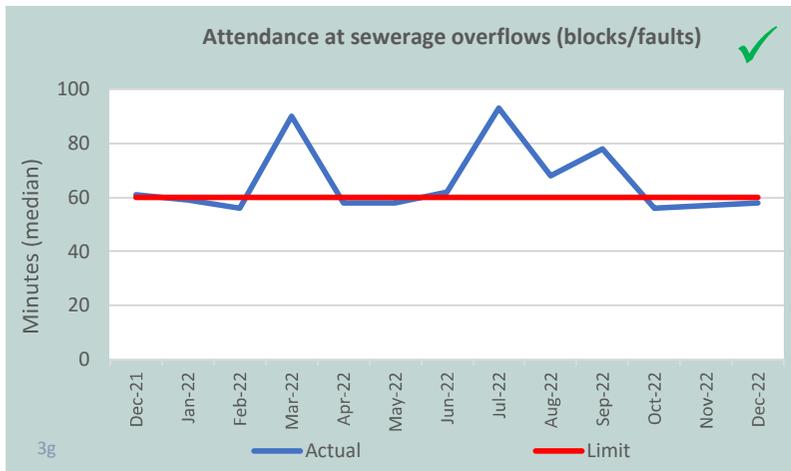
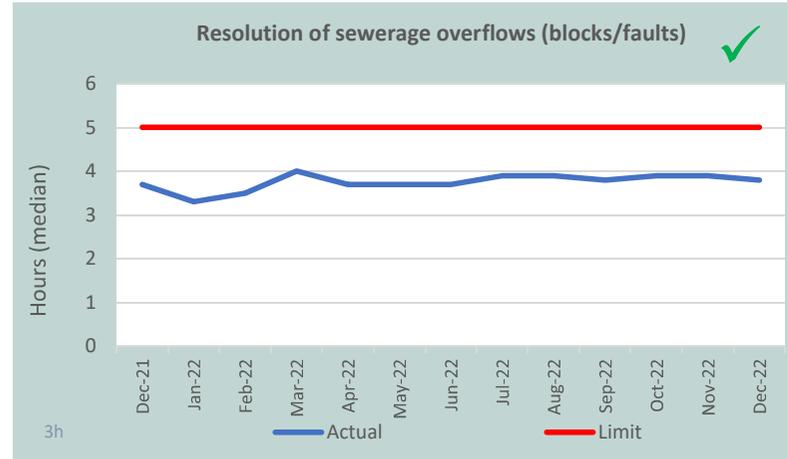
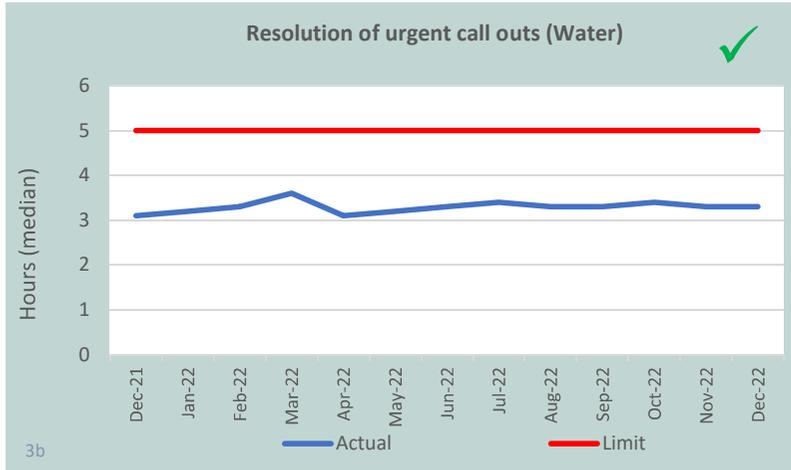


6a

7.3

Attachment 3 – Performance against Statement of Intent measures

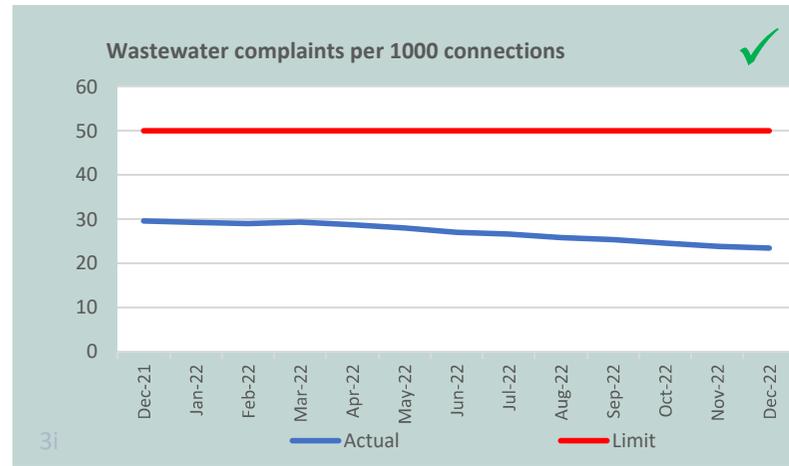
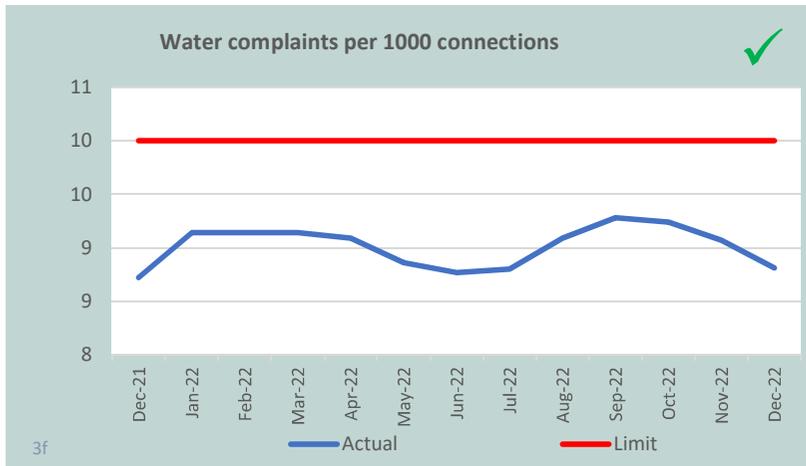
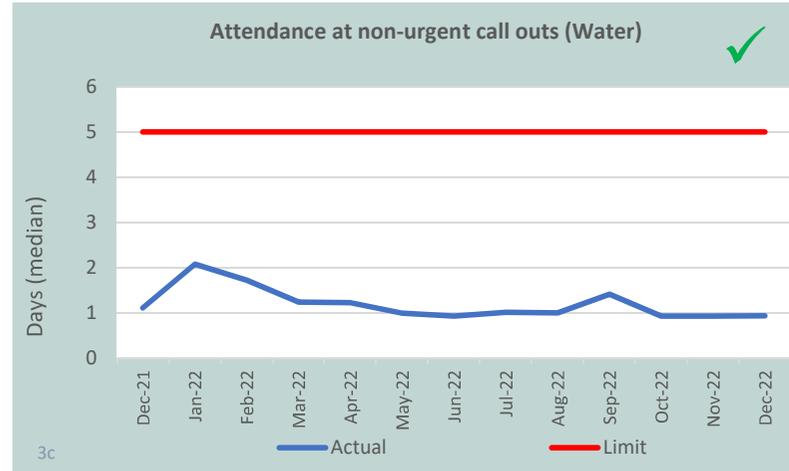
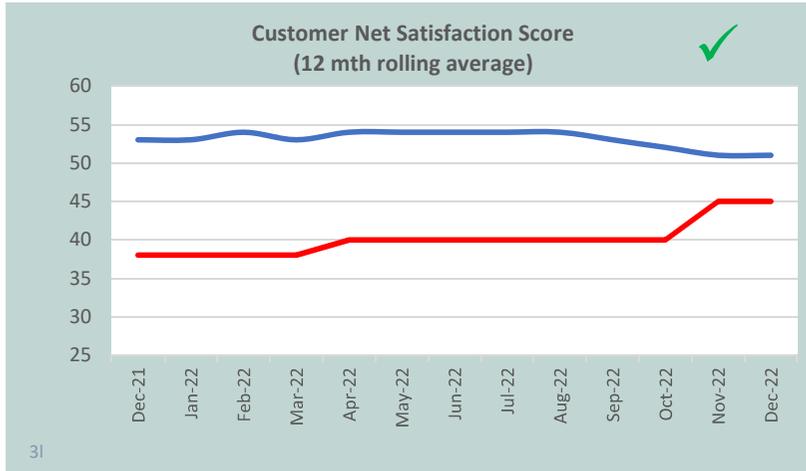
SOI Measures – Community and Stakeholder Relationships



7.3

Attachment 3 – Performance against Statement of Intent measures

SOI Measures – Community and Stakeholder Relationships



7.3

Attachment 3 – Performance against Statement of Intent measures**Watercare performance measures (unaudited)**

No.	Measure	FY23 Target	Actual			Commentary
			December 2022	November 2022	October 2022	
1.	<p>Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:</p> <p>a) abatement notices</p> <p>b) infringement notices</p> <p>c) enforcement orders</p> <p>d) convictions</p> <p>received by the territorial authority in relation to those resource consents</p> <p>Note the assumption is that abatement notices received relates to new notices issued in the financial year.</p>	<p>≤2</p> <p>≤2</p> <p>≤2</p> <p>0</p>	<p>0</p> <p>0</p> <p>0</p> <p>0</p>	<p>0</p> <p>0</p> <p>0</p> <p>0</p>	<p>0</p> <p>0</p> <p>0</p> <p>0</p>	
2.	The average consumption of drinking water per day per resident within the territorial authority district (*litres plus/minus 2.5%) (12-month rolling average)	258 litres	247.46	247.93	248.07	
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 water call-outs: from the time that the local authority receives notification to	≤ 60 mins	43	43	43	

Attachment 3 – Performance against Statement of Intent measures

No.	Measure	FY23 Target	Actual			Commentary
			December 2022	November 2022	October 2022	
	the time that service personnel reach the site (minutes) 12-month rolling average.					
6.	Median water response time for resolution of urgent callouts: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (hours) 12-month rolling average.	≤ 5 hours	3.2	3.17	3.08	
7.	Median response time for attendance for non-urgent water call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (days) 12-month rolling average.	≤ 5 days	0.93	0.92	0.92	
8.	Median response time for resolution of non-urgent water call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (days) 12-month rolling average.	≤ 6 days	1.22	1.17	1.16	
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) the local authority's response to any of these issues	≤ 10	8.81	9.07	9.24	

Attachment 3 – Performance against Statement of Intent measures

No.	Measure	FY23 Target	Actual			Commentary
			December 2022	November 2022	October 2022	
	expressed per 1000 connections to the local authority's networked reticulation system.(12-month rolling average)					
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) 12-month rolling average.	≤ 60 mins	58	57	56	
11.	Attendance at sewerage overflows resulting from blockages or other faults: median response time for resolution – from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault (hours) 12-month rolling average.	≤ 5 hours	3.13	3.13	3.07	
12.	The total number of complaints received by the territorial authority about any of the following: a) sewerage odour b) sewerage system faults c) sewerage system blockages d) Watercare's response to issues with its sewerage system expressed per 1000 connections to the territorial authority's sewerage system (12-month rolling average)	≤ 50	23.47	23.88	24.57	

Attachment 3 – Performance against Statement of Intent measures

No.	Measure	FY23 Target	Actual			Commentary
			December 2022	November 2022	October 2022	
13.	The percentage of real water loss from the territorial authority's networked reticulation system (12-month rolling average)	≤13%	10.44% (August figure)	10.70% (July figure)	10.65% (June figure)	The percentage of real water loss during August 2022 was 10.44%. The water losses in this measure are calculated by deducting the volume of water sold and unbilled water usage (or non-revenue water) from the total volume of water produced. Due to meter readings being completed on a four monthly cycle, non-revenue water loss reporting is delayed.
14.	The number of dry-weather overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system (12-month rolling average)	≤ 5	0.01	0.03	0.04	
15.	Average number of wet weather overflows per engineered overflow point per discharge location (12-month rolling average)	≤ 2 overflows per year	2.73	2.66	2.48	Significant storm events and more frequent rain over the last 12 months have increased the number of overflow events.
16.	Leakage target – Economic level of leakage (ELL) - litres/connection/day (l/c/d)	107.9 l/c/d	107.9	107.9	107.9	
17.	Leakage performance - litres/connection/day (l/c/d)	107.9 l/c/d	100.71 (August figure)	103.03 (July figure)	102.44 (June figure)	The real water reported this month is for August 2022. The water losses in this measure are calculated by deducting the volume of water sold and unbilled water usage (or non-revenue water) from the total volume of water produced. Due to meter readings being completed on a four monthly cycle, non-revenue water loss reporting is delayed.
18.	We are sourcing water from a diversity of sources; and we are preparing for, and promoting, the adoption of alternative	Watercare to develop submission points to Central	See commentary	See commentary	See commentary	Natural and Built Environments Bill – (“NBA”) and the Spatial Planning Bill (“SPA”) were introduced into Parliament in mid-December 2022.

Attachment 3 – Performance against Statement of Intent measures

No.	Measure	FY23 Target	Actual			Commentary
			December 2022	November 2022	October 2022	
	sources of human drinking water in the future	Government supporting the use of desalination and purified recycled water as recognised sources of drinking water in New Zealand.				Watercare currently working on developing potential submission points. The Water Services Legislation Bill (known as “Bill 2”) and the Watercare Services Economic Efficiency and Consumer Protection Bill (know as “Bill 3”) were introduced into Parliament in mid-December. Watercare is currently working on developing potential submission points
19.	Employee net promoter score (eNPS)	≥20	N/A	4.00	N/A	Survey is carried out two times per year. Survey result from November 2022 was lower than anticipated but reflects the challenging year. Management Support and Peer Relationships scored well, Workload, Reward and Strategy were areas identified for action
20.	Gender workforce ratio in fixed term and/or permanent roles, including leadership positions (Tier 3 and above)	40% men 40% women 20% any gender	F: 38.32% M: 61.68%	F: 38.5% M: 61.5%	F: 38.49% M: 61.51%	
21.	Employees in fixed term and/or permanent roles, including leadership positions (Tier 3 and above) identify as Māori	6%	4.15%	4.04%	4.03%	This amount has slightly increased due to the focus on recruiting Māori and Pacifica summer interns.
22.	Total recordable injury frequency rate (TRIFR) per million hours worked (12-month rolling average)	<10	15.8%	16.71%	17.56%	
23.	Safety improvement plans	100% of teams with a	100%	100%	100%	Improvement plans are in place for most Operations and Maintenance sites, as well as the

Attachment 3 – Performance against Statement of Intent measures

No.	Measure	FY23 Target	Actual			Commentary
			December 2022	November 2022	October 2022	
		HSW Improvement Plan				Laboratory. Newly established HSW committees for our Newmarket-based teams are currently identifying gaps and establishing plans.
24.	Culture and Leadership	100% of Tier 1 to Tier 4 who have completed at least 10 leadership walks per year	25% (approx.)	25% (approx.)	25% (approx.)	<p>A video has been developed and launched to inform leaders what constitutes a 'leadership walk'. The H&S team will ensure all T4's and above are clear, and that people start to log these walks into iCare.</p> <p>It is believed this target can be achieved.</p> <p>Numbers have been increasing in Infrastructure, Operations and MSN. Training has been provided to Infrastructure team members and is scheduled for the Operations team. HSW Business Partners and Coaches are available to support.</p> <p>Whilst it is a positive concept for corporate culture, going forward this KPI should be refined as it needs to be better targeted to ensure the right managers go to the right locations and can add value by performing their reviews.</p>
25.	Debt to revenue ratio	≤3.61	2.68%	2.68%	2.66%	
26.	Percentage of household expenditure on water supply services relative to average household income	≤ 1.5%	0.82%	0.80%	0.80%	
27.	Formal engagement with mana whenua of Tāmaki Makaurau	Partnering with mana whenua of Tāmaki	100%	100%	100%	6 of 10 priority outcomes identified within Kia Ora Tāmaki Makaurau. Initiatives under the following areas are being progressed: 1) Kia Ora te Marae, 2) Kia Ora te Ahurea, 3) Kia Ora te Rangatahi, 4) Kia

Attachment 3 – Performance against Statement of Intent measures

No.	Measure	FY23 Target	Actual			Commentary
			December 2022	November 2022	October 2022	
		Makaurau to achieve outcomes for Māori Each year, <i>at least five priority outcomes</i> within our Achieving Māori Outcomes Plan are being progressed with mana whenua (updated measure).				Ora te Taiao, 5) Kia Ora te Reo and 6) Kia Ora te Umanga. Given Te Rua Whetu's secondment, it is unlikely the number of initiatives will increase until such time as Te Rua Whetu have increased resources and capacity to support delivery of Māori outcome priorities.
28.	Ratio of procurement sourced through Māori owned businesses	2%	Total spend 1.97% Direct 1.07% Indirect 0.90%	Total spend 2.03% Direct 1.03% Indirect 1.00%	Total spend 2.16% Direct 0.98% Indirect 1.18%	Indirect spend is still proving difficult to obtain. Of our 12 partner suppliers only 4 (Fletchers, Fulton Hogan, McConnell Dowell and March Cato) have provided spend numbers this FY despite regular reminders. Focus will be on getting numbers for 1/2 yearly reporting.

Attachment 3 – Performance against Statement of Intent measures

No.	Measure	FY23 Target	Actual			Commentary
			December 2022	November 2022	October 2022	
29.	Integration/Adoption of Te Reo and Tikanga Māori within Watercare	Ensure all Tier 1-4 job titles include Te Reo Māori translation. and hold a Watercare Tikanga Māori experience for all staff	100%	100%	100%	Te Reo Māori translations for all Tier 1 - 4 job titles are complete.
30.	Percentage of customer complaints resolved within ten days of notification	≥95%	98.90%	99.10%	99.09%	
31.	Customer Net Satisfaction Score (Previously Net promoter score)	≥45%	51%	51%	52%	This is a 12-month rolling average.
32.	Community trust score	≥55%	57%	58%	57%	This is a 12-month rolling average.
33.	We will implement Mitigation measures in line with our emissions reduction targets. We will report annual greenhouse gas emissions from Scope 1 and Scope 2 emissions (operational mitigation) in line with our emission reduction pathway to meet 50% reduction by 2030.*	<88,400 tonnes CO ₂ e	N/A	N/A	22,100 (Q1, FY22 result)	<p>Q1 GHG performance is 1% over target for the projected year value. Noting that 11% of process emissions are excluded due to lack of reporting data from the plants. Reported data includes all fleet, electricity, natural gas data, and process emissions for Mangere, Rosedale and Pukekohe WWTPs.</p> <p>Further decarbonisation projects have been included in the Three Waters AMP. Need to make sure we have a funding pathway.</p>

Attachment 3 – Performance against Statement of Intent measures

No.	Measure	FY23 Target	Actual			Commentary
			December 2022	November 2022	October 2022	
						Solar at Ardmore progressing with study in November. Aim to go to market in January.

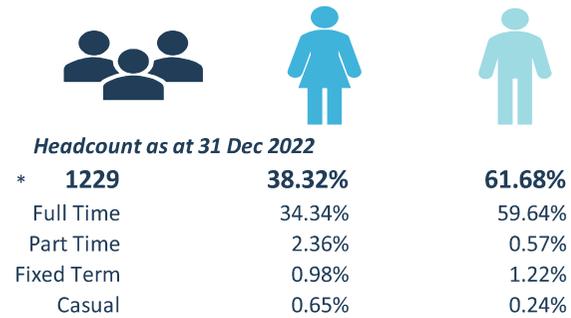
**Note: these targets exclude emissions from Puketutu island as our current measurement methodology does not provide enough accuracy for a performance target. Actions to directly monitor emissions from this source as well as reduce them are being delivered and future SOI's will include these numbers.*

Attachment 4

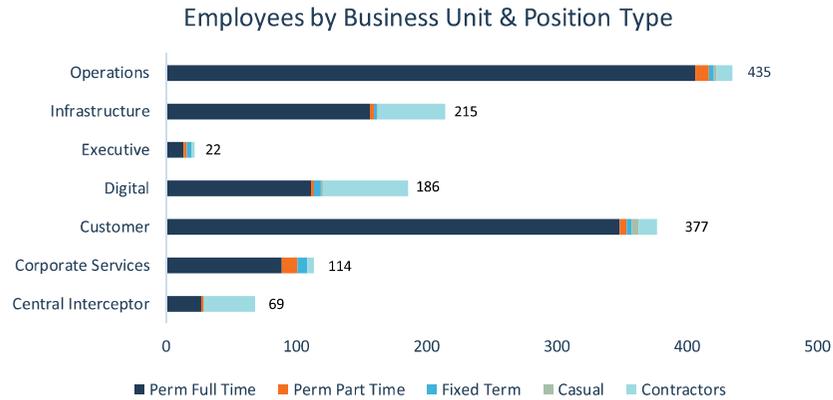
PEOPLE DASHBOARD: December

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

Workforce Snapshot



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



Please note active contractor information is based on data entered into ServiceNow & PayGlobal. The business is currently reviewing all contractor information to ensure it is captured correctly and up to date.



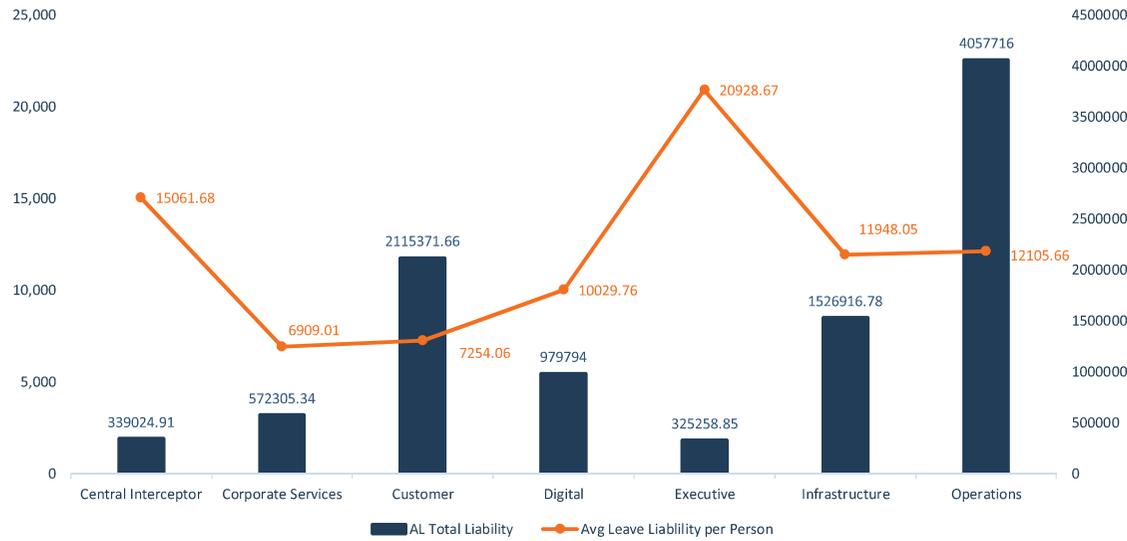
Current vacancies in the recruiting process has decreased from 46 last month to 41 this month (14 new roles, 27 replacement roles).



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

7.4

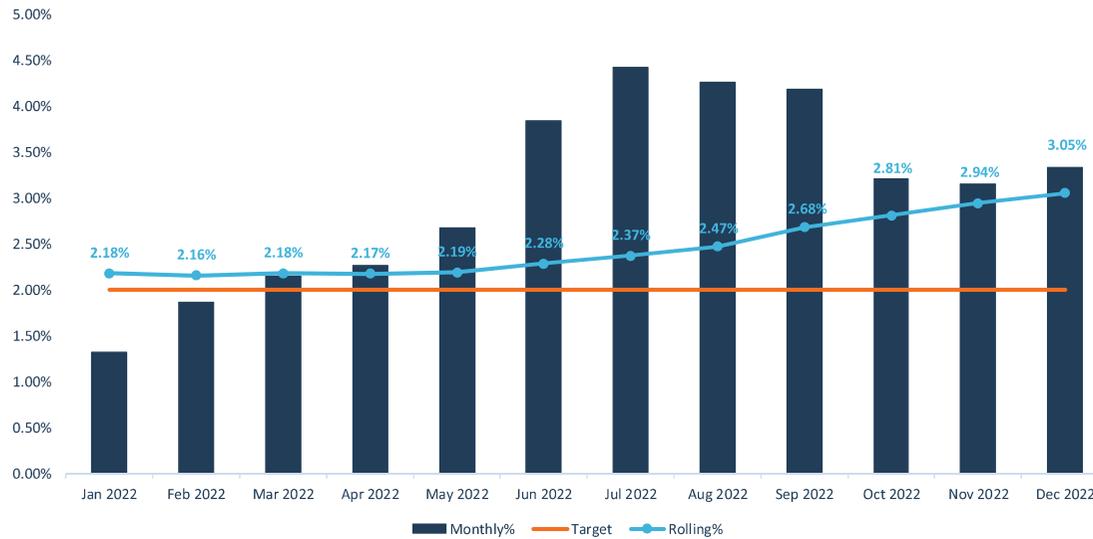
Annual & Long Service Leave Liability (\$ Value)



Includes all full time and fixed term employees.
As at 31 December 2022,
total annual leave liability \$9.92 mil,
total long service leave liability \$2.52 mil.

Average leave liability per person has decreased slightly
compared to November due to Christmas shutdown.

Total Sick Leave by Month V 12mos Rolling & Target

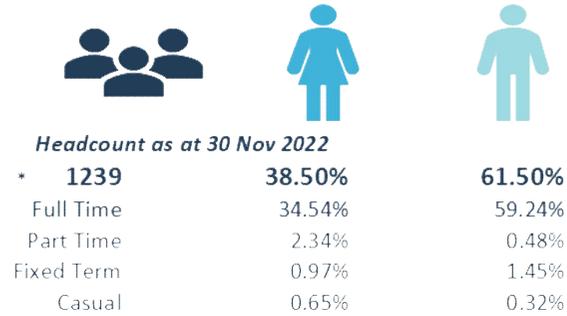


Monthly sick leave percentage
and 12mos rolling sick leave
percentage both increased
compared to November.

PEOPLE DASHBOARD: November

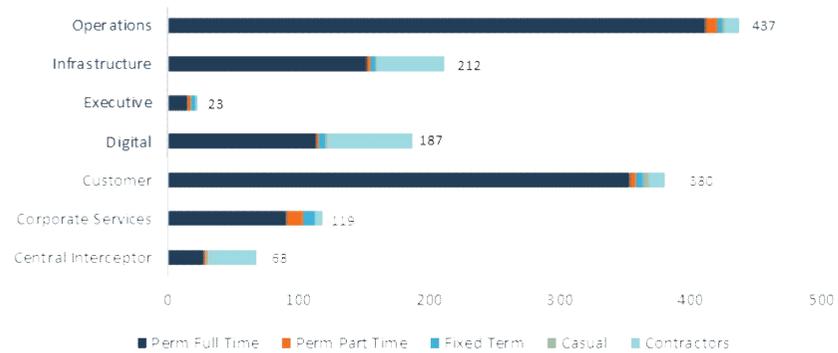
Note: As of 1 July 2022, this reporting has been changed to align with Finance mapping - people to cost centre, not group.

Workforce Snapshot



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

Employees by Business Unit & Position Type



Please note active contractor information is based on data entered into ServiceNow & PayGlobal . The business is currently reviewing all contractor information to ensure it is captured correctly and up to date.

New Hires by Month



Current vacancies in the recruiting process has decreased from 49 last month to 46 this month (18 new roles, 28 replacement roles).

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



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



Includes all full time and fixed term employees.
 As at 30 November 2022,
 total annual leave liability \$10.74 mil,
 total long service leave liability \$2.51 mil.
 Average leave liability per person
 remains at the same level as October.

7.4



Monthly sick leave percentage
 has slightly decreased compared
 to October.

Attachment 5

Health, safety and wellbeing – December 2022

Additional analysis of TRIFR

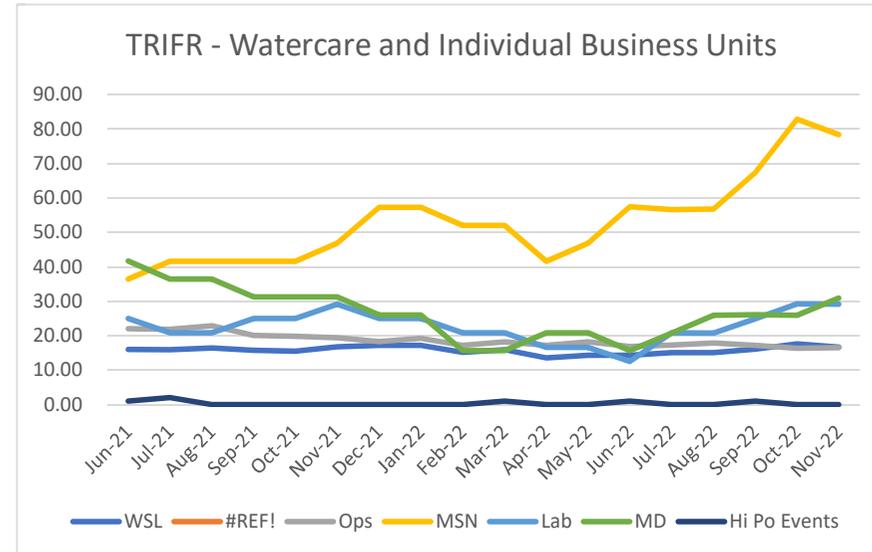
Analysis was done to further understand our injury frequency rate.

When separated by key business units, MSN has a higher injury frequency rate than other individual business units.

Other indicators (e.g. turnover, vacancy rate and eNPS), alongside an increase in work order numbers has led to a team who are fatigued and in need of support.

The HSW, People and L&OD teams are working collaboratively with the MSN Leadership Team to provide:

- Focussed recruitment support to fill 17 vacancies in field team and an additional planner
- Design and delivery of a training programme for new starters and refresher for existing team commencing March 2023
- Leadership development programme commencing March 2023
- Full-time HSW presence on site - in place
- Leadership coaching and support – in place



7.5

HSW Metrics

Month: **December 2022**

Incident metrics

	Note	Dec-22	Nov-22	Oct-22	Sep-22	Aug-22	Jul-22	Jun-22	May-22	Apr-22	Mar-22	Feb-22	Jan-22
No. of recordable injuries	1	3	3	7	5	4	9	6	8	8	8	6	6
Critical risk/all incidents	2,3	4/29	16/58	17/45	7/40	8/54	18/62	17/74	20/76	14 /60	5/64	10/64	7/61
High-Potential Critical events	2	1	-	-	1	-	-	1	-	-	1	-	-

1. In December, there were no recordable injuries to Watercare staff and three to a contractor.
 - In one injury, a kaimahi partially impaled their hand with a nail gun. Following first aid they were taken for medical treatment and had time away from work during the initial stage of their recovery.
 - As a kaimahi was laying a liner, they tripped and cut their forearm requiring stitches.
 - A driller's offsider was moving drill pipe when their hand was caught between pipes. Despite wearing gloves, their hand was cut. The injury was cleaned and glued at the medical centre.
2. Of the 29 events recorded in December, two required first aid on site, three needed no treatment and 21 did not result in injury.
3. Critical Risk Exposures: There was one high potential critical close call in December. There were four incidents involving critical risks, none resulting in injury.

Hazardous materials 2 Working near live energy 2

High-Potential Close Call

- A formwork shutter weighing approximately 30kg was being lowered by crane into the shaft. A single round soft sling with a single choke was used to fasten the shutter for the lift.
- As the shutter was being lowered into the shaft it fell from the sling, dropping 3m to the shaft floor. It landed approximately 3m away from a worker. No contact was made with the kaimahi, and no injuries were sustained.
- The dogman immediately notified the foreman who stopped the job, then notified the site supervisor. The site supervisor stopped all work in the shaft and a safety stand down meeting was held with the team.
- The final investigation is pending. In the meantime:
- No items will be lifted vertically by means of choking the sling on the load. Any items of this nature will be lifted into the shaft horizontally with 2 slings minimum, landed on the ground, unhooked and stood into the vertical position.
- During any lifting the dogman will blow a whistle to notify of the lift and confirm the load/lift path is clear prior to starting the lift. All other works within the shaft are to halt until the lift has been completed.
- A safe zone for workers in the shaft will be identified and demarcated. This area will be an area that protects the workers in the shaft from the risk of the dropped object. This area will be agreed prior to the lift by the site operatives and supervisors.
- The dogman will have full view / contact with any workers left in the shaft before lifting any loads in. The dogman will also use a constant talk method if using radios or in constant view of the crane operator giving instruction / signals for every move whilst the load is blind to the crane operator.
- A nominated operative may enter the exclusion to help guide and place the load so long as they are not vertically nor directly under the load and only under communication and direction of the dogman.



Critical Risk Discussion

Hazardous materials – 2

One case involved a personal gas monitor alarming on a construction site at Rosedale. The work area was evacuated, and the area was re-tested and cleared before kaimahi returned to work. Gas monitors were tested and no leaks were detected.

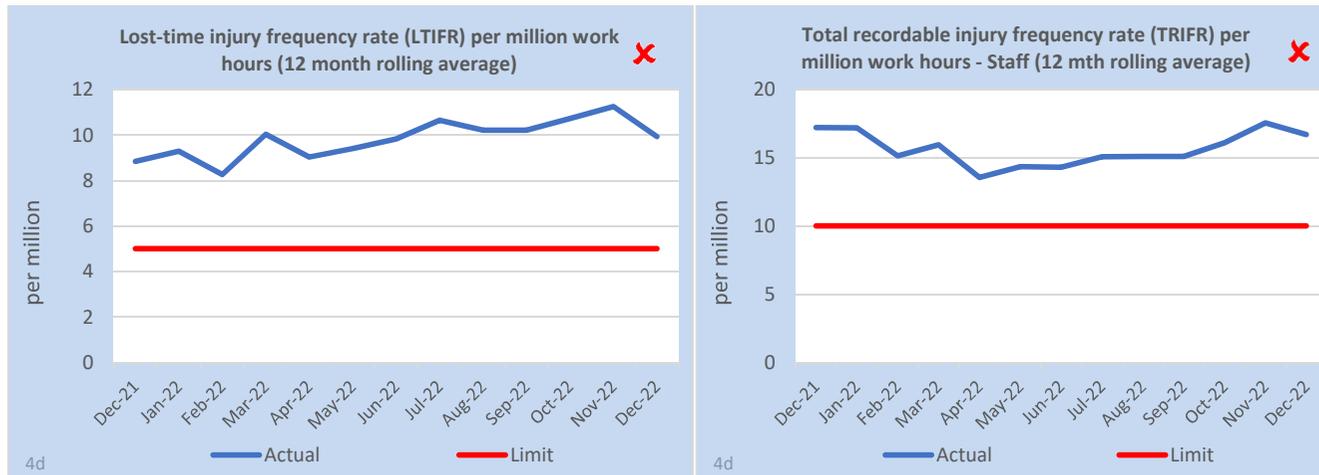
In a second case, petrol splashed from a can onto the face of a kaimahi. Although they were wearing glasses, a small amount splashed into their eye. The kaimahi used eye-wash to flush their eye and suffered no ongoing discomfort or injury.

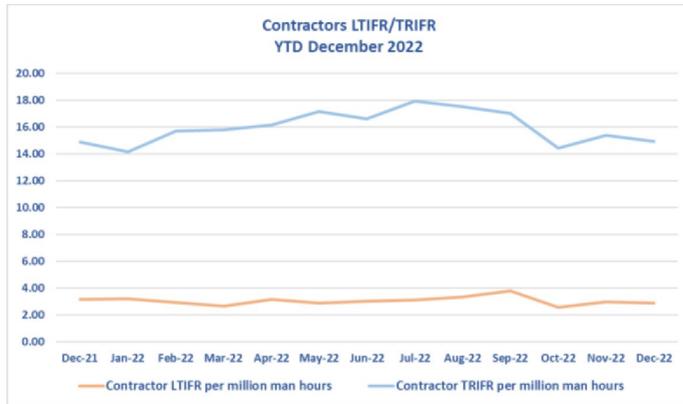
Working near live energy - 2

In one incident, an unexpected gas line was struck by a team working in the road corridor. There was superficial damage to the pipe casing. In another case, a team exposing services in Queen Street caused damage to a duct but not to the internal wire.

7.5

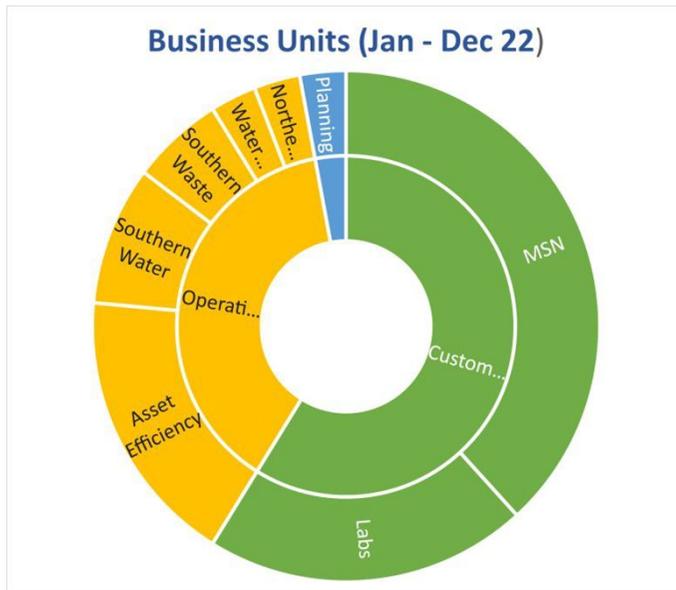
Injury Metrics





7.5

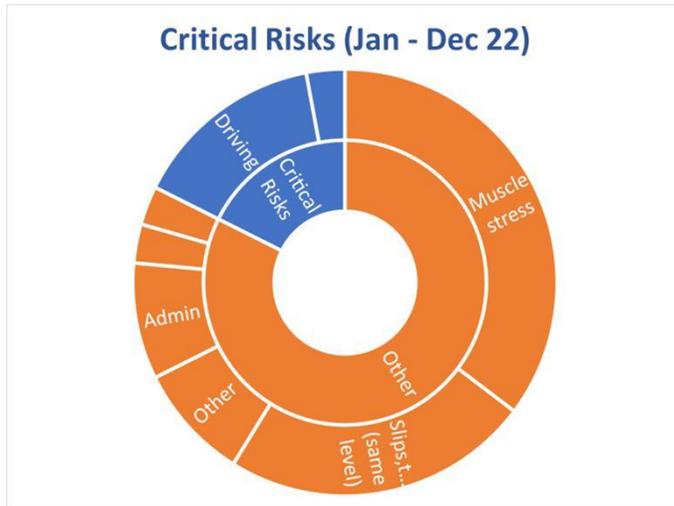
Injuries by Business Unit – Last 12 months



Customer	Labs	7
	MSN	13
Infrastructure	Planning	1
Operations	Southern Waste	2
	Southern Water	3
	Asset Efficiency	6
	Northern Water	1
	Water Value	1
		34

Hours - Dec 22	
Ops	53,967
Asset Efficiency	15,406
Lab	17,373
MSN	12,239

Injury type and mechanism – Last 12 months



Critical Risks	Driving	5
	Stored Energy	1
Other	Admin	3
	Muscle stress	12
	Slips, trips, falls (same level)	8
	Other	3
	Eye injury	1
	Hand cut	1
		34

7.5

Critical Risks Review

Critical risk monthly review schedule will be aligned to Back to Basics and content will be refreshed to commence for January board report.



Attachment 6

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 Watercare has been / needs to be involved?	High/Medium/Low impact?
<p>Urban Intensification (“Tier 1” Councils) – MfE</p> <p>National Policy Statement for Urban Development (NPS-UD), and Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021</p> <ul style="list-style-type: none"> Auckland Council is developing their Plan Change to give effect to these two initiatives. Watercare has been invited to contribute to the plan change. 	<p>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 have been working with Auckland Council to develop Council's plan change.</p>	<p>Submissions to these intensification related plan changes closed end of September 2022.</p>	<p>Hearings are proposed to begin approximately mid-2023. Watercare is currently preparing its evidence. Expert conferencing and mediation expected to begin Feb/March</p>	<p>Infrastructure</p>	<p>Policy, Infrastructure, Ops, S&P</p>	<p>Medium</p>
<p>Three Waters Reform Programme – DIA</p> <ul style="list-style-type: none"> Water Services Entities Bill 2022. (“Bill 1”) Now an Act – Royal assent, 14 Dec 2022 Water Services Legislation Bill (“Bill 2”) – First Reading, Dec 2022 – At Select Committee stage. Water Services Economic Efficiency and Consumer Protection Bill (“Bill 3”) – First Reading, Dec 2022 - At Select Committee stage. <p>Associated – Consultation on Taumata Arowai's - Second Tranche of Drinking Water and Wastewater Network Environmental Performance Measures.</p>	<p>Watercare is 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 Taumata Arowai.</p> <p>Will impact Watercare's and Healthy Waters reporting requirements and operations</p>	<p>Submissions close:</p> <ul style="list-style-type: none"> “Bill 2” 12 February 2023 “Bill 3” 12 February 2023 <p>Submissions on second tranche of Performance Standards closed December 2022</p> <p>Third tranche consultation due to open mid-2023</p>	<p>Submission points are being developed. We are also working with NTU, DIA and Auckland Council. Watercare contributed to Auckland Council's submission</p>	<p>Policy</p>	<p>All</p>	<p>High</p>
<p>Government Climate Change Work Programme – MfE</p>	<p>Many potential impacts on Watercare's (and Council's) future climate change adaptation and GHG emissions reduction plans.</p>	<p>Submissions have closed</p>	<p>Watercare contributed submission points</p>	<p>Policy</p>	<p>Policy, Sustainability,</p>	<p>Medium</p>

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 Watercare has been / needs to be involved?	High/Medium/Low impact?
<p>Key documents under the Climate Change Response Act 2002 and the Climate Change Response (Zero Carbon) Amendment Act 2019 were released in mid-2022:</p> <ul style="list-style-type: none"> • Three emissions budgets for 2022-'25, 2026-'30, and 2031-'35 • The Emissions Reduction Plan (ERP) • Updated Emissions Trading Scheme (NZ ETS) • Draft National Adaptation Plan (NAP) to help resilience to climate change 		<p>Will keep a watching brief over the implications of these documents</p>	<p>into Councils submissions</p>		<p>Infrastructure, Ops, S&P, Finance</p>	
<p>Resource Management (RM) System Reform – MfE</p> <ul style="list-style-type: none"> • Natural Built and Environments Act (Bill) (NBA) • Strategic Planning Act (Bill) (SPA) and • Climate Adaptation Act (Bill) (CAA) 	<p>Potentially large implications for Watercare's planning, AMP, and resource consenting processes.</p>	<p>Submissions due:</p> <ul style="list-style-type: none"> • NBA – 5 February 2023 • SPA – 5 February -2023 • CAA – expected First Reading, late 2023 	<p>Submission points are being developed</p>	<p>Policy</p>	<p>Policy, Infrastructure, Ops, S&P, Finance</p>	High
<p>Essential Freshwater Package – MfE Auckland Council - and all other regional councils and unitary councils – need to effect to the NPS-for Freshwater Management (NPS-FM)</p> <ul style="list-style-type: none"> • Fundamental concept – Te Mana o te Wai • National Policy Statement for Freshwater Management 2020 (NPS-FM) – Auckland Council is engaging. 	<p>This plan change is likely to have major implications in relation to water allocation methodology and how freshwater limits/standards will be set.</p>	<p>Public notification from Regional and Unitary councils of respective plan change is required by Dec 2024</p>	<p>Auckland Council have invited Watercare to contribute to their water quality/quantity plan change. Watercare is working with Auckland Council and have a seat on the Steering Group and Technical Group.</p>	<p>Policy</p>	<p>Policy, Infrastructure, Ops, S&P, Finance</p>	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 Watercare has been / needs to be involved?	High/Medium/Low impact?
Essential Freshwater Package – (NPS-FM) - MfE Waikato Regional Council (WRC) – Freshwater Policy Review <ul style="list-style-type: none"> 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, Infrastructure, Ops, S&P, Finance	Medium to High
Essential Freshwater Package – (NPS-FM) - MfE Northland Regional Council (NRC) <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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
Indigenous Biodiversity – DOC <ul style="list-style-type: none"> 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-IB) (upcoming) 	The NPS-IB is likely to have significant implications for Watercare, especially in relation to future renewals, maintenance and upgrade works in areas of high biodiversity value.	Submissions to the Exposure Draft of National Policy Statement for Indigenous Biodiversity (NPS-IB) were called for mid-2022. Gazetted NPS-IB is expected early 2023.	Watercare contributed submission points to Auckland Councils submission Will identify implications of gazetted NPS-IB on Watercare	Policy	Policy, Infrastructure, Ops, S&P, Finance	Medium to High
Review into the Future for Local Government – Draft Report	Watercare has been invited to contribute to Auckland Council's Working Group. Unclear on any potential outcomes on Watercare.	Submissions to Draft Report close 28 February 2023	Working with Council and CCOs	Policy	Policy, Finance	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 Watercare has been / needs to be involved?	High/Medium/Low impact?
<ul style="list-style-type: none"> Auckland Council Working Group has been set up to make a submission to the Draft Report 						
Infrastructure Commissions 30-Year Final Infrastructure Strategy – 2022-2052 <ul style="list-style-type: none"> Draft delivered, May 2022 – Government responded September 2022 Final Strategy released late 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 potential impacts and update the board late 2022 once the strategy is finalised and adopted.	Closed early 2022	Watercare supplied submission points to Auckland Councils submission. Final Strategy has been released	Policy	Policy, Infrastructure, Ops	Low
Waste System Reform - MfE <ul style="list-style-type: none"> New Aotearoa New Zealand Waste Strategy -Consultation due early 2023 New waste related legislation is proposed (to replace Waste Minimisation Act 2008) – expected mid 2023 	Implications of upcoming Strategy, and any resultant legislation, likely to impact Watercare's sludge, biosolids, construction waste disposal aspirations.	Submissions to draft Strategy expected early 2023. Any resultant bill submissions, likely mid-2023.	Watercare will consider developing submission points.		Ops	Low
Per- and polyfluoroalkyl substances (PFAS) National Environmental Management Plan (PFAS NEMP) version 3.0 for public consultation	May impact Watercare's future biosolids disposal aspirations	Public submissions close 28 February 2023	Will develop submission points	Policy	Ops	Low to Medium
New Zealand Freight and Supply Chain Strategy <ul style="list-style-type: none"> Te rautaki ueā me te rautaki whakawhiwhinga o Aotearoa New Zealand freight & supply chain issues paper – 30 years 	Implications will be considered when Draft Strategy arrives.	Submissions closed June 2022 Draft Strategy was due August 2022 – nothing arrived	Watercare didn't provide submission points Will keep a watching brief	Procurement	Procurement	Medium
Revitalising the Gulf Government action on the Sea Change Plan - Government Strategy in response to the Sea Change – Tai Timu Tai Pari – Hauraki Gulf Marine Spatial Plan - DOC	Potential implications on our assets (future maintenance, upgrades) on Watercare's wastewater outfalls within the Hauraki Gulf	Submissions closed October 2022	Watercare contributed to Auckland Council submission	Policy	Infrastructure	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 Watercare has been / needs to be involved?	High/Medium/Low impact?
Emergency Management System Reform <ul style="list-style-type: none"> Proposed to replace the Civil Defence Emergency Management Act (2002) (the CDEM Act) with the "Emergency Management Bill" 	Likely to have implication for Watercare	No submission period yet announced	Watercare to keep a watching brief	Policy	Infrastructure	Low
Government's response to UN Declaration on the Rights to Indigenous Peoples (UNDRIP) – Te Puni Kōkiri	Government has halted any further consultation	None	TBC	TBC	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: <ul style="list-style-type: none"> 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 Discussion document was released late 2021 2022–23 Action Plan for the Digital Strategy for Aotearoa is proposed	Watercare did not provide a submission. May have future implications for Watercare and WSE's.	-	-	-	-	Low
Auckland Council currently developing a 100-year adaptive policy	Focus - Water-related impacts of climate change.	Delivery 2025 – 2028	TBC	TBC	TBC	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 Watercare has been / needs to be involved?	High/Medium/Low impact?
	Responding to water-related climate change issue. Adaptive (100 year) policy to be developed We expect Watercare will be invited to contribute.					
Worksafe H2S limits	A reduction in H2S limits is 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	Infrastructure & Strategy	Medium

7.6

Attachment 7

Who's providing
advice and
support to
Pacific Island
countries?

**We are.
LGNZ.**

7.7

PacificTA

LOCAL GOVERNMENT NEW ZEALAND TECHNICAL ASSISTANCE FACILITY

Water Authority of Fiji Visit



December 2022

Pacific TA is funded by New Zealand Foreign Affairs and Trade Aid Programme

This report has been prepared by Anin Nama of Watercare Services Limited following a visit with Jon Lamonte (CE Watercare) and Frances Sullivan (TA Programme Manager, LGNZ) to the Water Authority of Fiji from the 1st and 2nd of December 2022.

This report was prepared by Anin Nama and should be used in conjunction with the reports by Watercare during their August and November 2019 visit. The information does not necessarily reflect the views of Local Government New Zealand, Watercare Services Limited or the Ministry of Foreign Affairs and Trade.

7.7

Contents

Overview	4
Findings	4
Programme Reset.....	5
Organisational	5
Operational	5
Stage 1 Programme (February – July 2023)	5
Programme Timing.....	6

Overview

Jon Lamonte and Anin Nama (Watercare Service Limited) and Frances Sullivan (Local Government New Zealand) visited Water Authority of Fiji (WAF) on the 1st and 2nd December 2022. The main purpose of the visit was for the Chief Executives of Watercare and Water Authority of Fiji to meet and confirm the ongoing commitment to the Local Government New Zealand Technical Assistance programme. The visit also followed up on the previous work programme developed during the August and November 2019 visits.

Findings

The visit identified that some actions from the August and November 2019 work programmes have commenced, with most of the actions placed on hold, mainly due to the restrictions of the Covid 19 pandemic. A reset of this programme has been agreed. However, our general observation during the December 2022 visit has highlighted significant issues at various facilities that require Executive leadership oversight and action.

The observations include, but are not limited to, the following:

1. Moving machinery part with no protective safety guard, potentially allowing clothing/body parts to be caught.
2. Water reservoirs/wet wells broken or no protective covers, creating a drowning environment.
3. Limited health and safety procedures when entering pump station or working in close proximity to wastewater wet wells, exposing workers to harmful gases being ingested.
4. Flocculation carryover into the water treatment sand filters and automated testing equipment failing to read correct water quality parameters.
5. Chemical storage in common working areas, with no spill prevention bunding. This places workers at risk from exposure and contact with dangerous chemicals.
6. Gas cylinders not correctly stored or secured, with cylinders lying on the ground.
7. Fire extinguisher/s last tested in 2013, therefore may not be working when required.
8. Our observation also found a lack of coordination between the planning, capital delivery and operations teams. This was evident with a number of projects completed, but not commissioned after a number of years. It was not clear which department was responsible to completing the snag list and the urgency of commissioning the assets.

As noted above, there are several health and safety procedures and site issues that were observed, with the same issues identified during the August and November 2019 visits, with little corrective action taken. These concerns were notified to the WAF staff at the time. We strongly recommend that an immediate review of WAF health and safety process, systems and practices are undertaken by an independent safety specialist.

We understand that WAF staff and the organisation have the right intention to ensure these sites are tidy and safe, therefore, an immediate focus is placed on corrective measures across all existing WAF assets/facilities, prior to embarking on new innovative technology or projects. Notwithstanding the above, with staff time, effort and budget these issues can be quickly resolved. As discussed, Watercare is available to provide mentoring of staff towards resolving the issues.

Programme Reset

Following the joint meeting between the Chief Executives and the Management team, it was agreed that a reset of the programme was required.

The reset programme will focus around the following areas:

1. Organisational
2. Operational
3. Strategic opportunities

The details of each area are outlined below and will be developed over a 12-24 month period:

Organisational

- Specific training
- Knowledge sharing where applicable
- Enterprise risk management analysis and controls
- Asset management plans and processes
- Procurement policy, approach, and delegation

Operational

- Management mentoring (operational activities)
- Instrumentation/Automation
- Water treatment process improvement
- Storage of materials
- Chemical storage
- Flammable liquids storage

Strategic Opportunities

- Innovation opportunities
- Tariff pricing and methodology
- Smart metering
- Non-Revenue Water/leakage control strategy and programme

Stage 1 Programme (February – July 2023)

To ensure the overall programme is manageable and achievable, it is proposed that the programme is developed in six-month stages. The first six-month stage programme is outlined below:

Organisational

Asset management plans and processes – WAF Asset Management lead to visit Watercare to understand asset management policy, principles, practices, and plan development over 2 - 3 weeks.

Management mentoring (operational activities) – WAF Executive/Management to visit Watercare to understand operational maintenance, planning and Health and Safety over 2 - 3 weeks.

Operational

Instrumentation/Automation – WAF process/instrumentation staff to visit Watercare to understand end to end instrumentation process, calibration, and ongoing operational compliance over 3 weeks.

Storage of Materials – WAF staff to discuss and develop a plan and implement to ensure the safe storage of materials. Meeting to be held over Microsoft Teams with Watercare staff.

Chemical Storage – WAF staff to discuss and develop a plan and implement to ensure the safe storage of chemicals. Meeting to be held over Microsoft Teams with Watercare staff.

Flammable Liquids Storage – WAF staff to discuss and develop a plan and implement to ensure the safe storage of flammable liquids. Meeting to be held over Microsoft Teams with Watercare staff.

Strategic Opportunities

Tariff Pricing and Methodology - Watercare staff to share pricing methodology with WAF staff on an ongoing basis over Microsoft Teams with Watercare staff.

Programme Timing

Once the stage 1 programme is agreed by WAF and Local Government New Zealand, Anin Nama (Watercare) and Frances Sullivan (LGNZ) will coordinate the programme with a nominated WAF coordinator.

Attachment 8



Watercare Services Limited

73 Remuera Road, Remuera,
Auckland 1050, New Zealand

Private Bag 92521, Victoria Street West,
Auckland 1142, New Zealand

Telephone +64 9 442 2222

www.watercare.co.nz

14 December 2022

Wayne Walker
Councillor, Albany Ward
Chair of the Council Controlled Organisation Direction and Oversight Committee.

By Email.

Kia ora Councillor Walker,

Watercare responses to questions raised at the 5 December 2022 CCO Direction and Oversight Committee meeting

At the presentation of our quarter one performance report, we noted the following questions from the committee members. Please see below for a list of the questions and the action Watercare is taking in response to those questions:

Question	Watercare response/actions
How much did the Citizens' Assembly initiative cost Watercare?	Watercare spent approximately \$80k towards the cost of the project. However, we cannot speak to the total cost as Watercare was not the sole funder. The University of Auckland contributed significantly to the project, and we do not have information on the cost incurred by them. We understand they will have the complete costs by early 2023 and we can provide an updated figure at that point.
Request for Councillor workshop to discuss wet weather overflows from the sewerage network – specifically on network capacity and impact of density changes and council plans.	We have contacted Council's CCO Governance team to organise a workshop, or other appropriate engagement, and look forward to attending in the New Year.
Request for information on the number of consent applications declined due to no capacity on the Watercare network to accommodate.	<p>When there are existing constraints in the network we assess requests for new connections on a case-by-case basis. We work with the developer on possible solutions while maintaining a view of our future work plans and any opportunities. We do not decline the developer's application, but we do not always come to an agreed solution.</p> <p>Watercare's Developer Services team are currently working on providing figures for the areas with constraints that outline the number of requests for new connections, and what number of these requests do not have an agreed solution at this point. We will send this information through to the Committee when it is compiled.</p>

Question	Watercare response/actions
Request about whether the data on water daily usage and where the water was being supplied from during the drought could be made accessible again.	<p>Information on the current level of storage at the dams is currently available on our website here. This information is automatically collected and updated on the website. During the drought the information provided about drinking water usage was manually collected and updated onto the website by our Communications team.</p> <p>Our Communications team is currently scoping whether they could resource a weekly update that covers:</p> <ul style="list-style-type: none"> • Auckland's water use • Where the water came from (proportion of volumes treated at different plants) • Volume of wastewater treated • Rainfall.
Request that Watercare get the Drought Management Plan to the Governing Body sooner rather than later.	Watercare has prepared an updated draft of the Plan based on feedback from the Governing Body. Watercare are working with council staff who expect to bring it to the Planning, Environment and Parks Committee in March 2023.
Request that Watercare consider placing signs to advise the public at locations where there are known regular wet weather overflows events.	<p>Most of the overflow points are engineered overflow points. These are fenced off and the public does not have access to them.</p> <p>Watercare's Operations team will work with Healthy Waters to scope the most frequent locations of wet weather overflows and determine if further signage could be installed.</p>

We hope these answers are satisfactory and look forward to working further with your Committee over this term.

Ngā mihi



Jon Lamonte
Chief Executive
 Watercare Services Limited

Attachment 9



Memorandum

To: The Governing Body

From: Jon Lamonte, Watercare Chief Executive and Amanda Singleton, Chief Customer Officer.

Subject: Citizens' Assembly - planning for the future

Date: 15 December 2022

7.9

Purpose

1. To update elected members about Watercare's recent Citizens' Assembly.

Summary

2. Auckland's growth and the impacts of climate change will put pressure on our supplies of drinking water and post 2040 we expect to identify alternative water sources.
3. What the future water sources should be is a complex question and Watercare has trialled a new engagement tool using a deliberative democracy approach called a Citizens Assembly.
4. The recommendation of the Citizens' Assembly for the next source of water to be direct recycled water aligns with the Auckland Water Strategy.
5. Following this trial Watercare's Board has accepted all the recommendations made by the assembly.

Context

6. Auckland's growth and the impacts of climate change will put pressure on our supplies of drinking water in the decades to come with droughts and floods being more frequent.
7. Watercare has planned drinking water supply upgrades until the mid-2040s to keep ahead of water demand. However, as we have committed to looking beyond the Waikato River to support Auckland's growth, we needed to find alternative long-term water sources.
8. Watercare had already begun investigations into future sources as a result of the application to take water from the Waikato, in which 160 potential alternative water sources were identified and assessed against a broad range of criteria (cost, cultural significance, environmental impact, among others). However, Watercare decided to trial the deliberative democracy process to explore diverse sources as directed in Auckland's Water Strategy (Strategic Shift 5 – Water Security).

Citizens Assembly

9. Watercare is always looking for better ways to engage customers on complex longer-term issues. The future water source for Auckland was a challenge we needed to solve collectively, so this was a complex conversation that we needed to have.
10. Watercare partnered with Koi Tū, a research centre at the University of Auckland's Centre for Informed Futures, to host a Citizens' Assembly over four full Saturdays and



three mid-week online sessions from August to September 2022. Koi Tū was funded by a MBIE grant to carry out this work.

11. This was the first Citizens' Assembly that Koi Tu held and Watercare was invited to be involved in this experimental process.
12. The experiment involved trialling a deliberative democracy approach to decision making in Aotearoa. There are three aspects to deliberative democracy:¹
 - a. it involves bringing a diverse group of citizens together (and the diversity of the group is hugely important)
 - b. information is provided to that group so they can understand the complexity of a particular issue or situation
 - c. the group then discusses the issue to see what consensus might (or might not) emerge.
13. The assembly was made up of 37 participants (both citizens and permanent residents of Auckland) who were representative of Auckland in terms of age, ethnicity, education level, home-ownership, and gender.
14. The assembly answered the question: What should be the next source of water for Auckland (after 2040)?
15. Watercare recognised that to answer this question meaningfully, participants would need time, accessible material to understand the issue, and access to experts to fill the gaps in their knowledge. By doing this, we could engage the public in a way that supports better transparency, communication, and involvement in decision-making.
16. During the assembly, the participants learned about the current state of Auckland's water supply and population growth, the impacts of climate change on water supply and demand, and various water supply options and their estimated costs and benefits.
17. At the end of the assembly, the participants recommended to Watercare's Board that direct recycled water should be the next water source for Auckland. It was noted that Watercare should increase education around water efficiency and monitor research on desalination on an ongoing basis.
18. Watercare's Board accepted all the recommendations made by the assembly and confirmed the actions that Watercare will carry out as a result (see documents attached).

Process

19. The following describes the process we undertook:
 - a. The assembly was created through a process called sortition. 12,000 invitations were sent to people across Auckland in June and July (8,000 via email and 4,000 via post).
 - b. Recipients of the invitation were encouraged to register their interest in being a part of the assembly, and they completed a form with information about themselves.
 - c. From this pool of interested people, 37 Aucklanders who closely matched Auckland's population (as close as possible to the makeup of the city reflected in the 2018 census) were invited to be a part of the assembly.
 - d. The group met online on 2 August, and then in person for the first full day of welcome, introductions, learning, and discussion on 6 August in the Fale Pasifika at Auckland University.
 - e. The group met again for three more full days and two more online sessions to learn, deliberate, and agree on the best course of action for Auckland's water

¹ For more information, refer to: <https://www.businesslab.co.nz/beyond-consultation-podcast/28>



future. The focus was not on finding a perfect solution, but a consensus outcome that everyone in the group could 'live with', in which the trade-offs were understood and weighed up (cost, cultural significance, environmental impact, among others).

- f. The assembly decided that the best option for Auckland was direct recycled water, combined with increasing water literacy, water efficiency and more research on desalination.
- g. Watercare's Board agreed on a response to the recommendations during their November Board meeting and presented their response back to the Citizens' Assembly on 1 November.

7.9

Outcome – the recommendations

20. The source that the assembly chose to recommend to Watercare's Board was direct recycled water due to:

- a. beneficial environmental outcomes
- b. lowest financial cost
- c. relative drought resilience.

Watercare has committed to develop a detailed programme with three streams of work – operational, regulatory and engagement – to support the realisation of direct recycled water as a source of drinking water for people on the Auckland metropolitan network. More detail is available at Watercare's website [here](#) including Watercare's response to the recommendations.

21. The assembly also suggested that Watercare should invest in educating the public to ensure that the recommendations are successful. The assembly highlighted the need for education to ensure that:
 - a. Aucklanders understand the value of water and become more water efficient
 - b. the public understands that recycled water is safe and of high quality.
22. Another recommendation made by the assembly was that Watercare should continue to research and investigate desalination (as a source of last resort that would protect our city in the instance that we cannot meet our needs with our current sources and recycled water). Watercare accepted this recommendation and committed to continuously reviewing international best practice on all water source technologies, and in particular the health and environmental impacts of desalination. Watercare also committed to updating the public with this information via our website.
23. A final recommendation (which had majority support but did not reach the threshold for consensus) was that the assembly stay involved in the governance of future water sources. This will not occur due to not gaining consensus.

The Citizens' Assembly and Council's Auckland Water Strategy

24. The recommendation of the Citizens' Assembly for the next source of water to be direct recycled water aligns with the Auckland Water Strategy.
25. The Auckland Water Strategy is Auckland Council's strategy to protect and enhance te mauri o te wai, the life-sustaining capacity of water². Strategic Shift 5 of the Strategy "Water Security" includes Action Point 5.11: "*pursue pilots, community engagement, technology, and regulations to enable purified wastewater reuse (ongoing).*" The Auckland Water Strategy Implementation Plan notes the following:

² For more information, refer to: <https://www.aucklandcouncil.govt.nz/environment/looking-after-aucklands-water/water-strategy-policy-standards/Pages/auckland-water-strategy.aspx>



purified wastewater reuse has a part to play in Auckland's long-term water security. At present, regulatory settings are not optimised for sustainable and safe reuse. This is a complex issue and requires community buy-in. Education and engagement programmes will be important.

This action incorporates a sustained programme of social and technical investigations that build towards using purified wastewater for non-potable uses and investigates direct potable reuse over the coming decades. The investigations would consider te mauri o te wai and Auckland's cultural context as well as social and technical changes that need to happen before Auckland would receive highly treated wastewater for different uses (for example drinking water). Mana whenua must be part of this conversation.

This will likely take more than a decade and require partnership with central government including Taumata Arowai.

Next Steps

26. Koi Tū will release a full report on the Watercare Citizens' Assembly in early 2023.
27. Information about the assembly, including the Citizens' Assembly recommendations and Watercare's response to them are available on Watercare's website:
<https://www.watercare.co.nz/About-us/Information-Hub/Community-engagement-hub/citizens-assembly-project>

Attachment 10



Watercare Services Limited

73 Remuera Road, Remuera,
Auckland 1050, New Zealand

Private Bag 92521, Victoria Street West,
Auckland 1142, New Zealand

Telephone +64 9 442 2222

www.watercare.co.nz

30 November 2022

Cassandra Pauling-Munro and Donovan Kelso
University of Auckland Law School
Equal Justice Project

Via email

Tena koe Cassandra and Donovan

Response to your presentation made to Watercare's Board Meeting of 1 November 2022

Thank you for the presentation you made to our Board on 1 November 2022 and the significant time and effort you put into understanding our company and our challenges.

You raised several key points in your presentation, which I have addressed below.

The financial and non-financial costs of climate change and intergenerational equity

In mid-2021, the Watercare Board dissolved the Committee for Climate Change to reflect the significance of the issue and to make sure it was properly retained at main Board level. This is reflected in the way we shape our Board charter:

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:

...

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.

...

Having reflected on your presentation, we did notice that the Charter does not specifically require the Board to consider intergenerational equity in its decision making. This is something that the Board really should turn its mind to when making decisions that will have lasting effects (eg building a treatment plant that will last 100 years), and when setting our prices. The way we'll deal with this is by making it more explicit in the Charter, so when we review it in 2023 as we do regularly, consideration of intergenerational equity will be included as a key activity of the Board.

In the meantime, we have added a prompt into our Board paper template so that authors are encouraged to address this issue in their Board papers.

Chapter Zero

Thank you again for encouraging our Board to become supporters of Chapter Zero. Many of our Board members were already supporters, and I am pleased to confirm that since your encouragement, all eight Board members are now supporters.

7.10

Climate emergency and educational efforts around climate change

In your presentation, you encouraged Watercare to approach the climate emergency with a similar level of public outreach and urgency as our recent 2020-2021 drought campaign.

We are pleased to report that the 'waterwise' lessons learned by our customers during that campaign have become embedded behaviours for many, and water use per capita in Auckland continues to trend downwards.

When Auckland is not in drought, we still actively promote water efficiency to all our customers. Our Water Efficiency Plan 2021-2025 introduction specifically notes *"that the outcomes for current and future Aucklanders will depend on the decisions we make to mitigate and prepare for the impacts of the city's growth and climate change now. As we look forward to the future, our ability to do more with less of our water is going to become more and more critical"*

To achieve more with less, we have targets to reduce gross water consumption per person in 2050 to less than 225 litres per day. This forms part of the overall Auckland Council Water Strategy. Interim targets have been set for 2025 and 2030, and Watercare is investing in a smart meter roll-out programme over 10 years. This will see old mechanical meters progressively replaced with smart meters. The new technology provides customers with transparent consumption data in real time, enabling them to proactively manage their water use, make more informed decisions and identify high usage as it happens.

We are also focused on reducing leaks in our network. Having real-time consumption data from smart meters will help us identify invisible leaks in our own water pipes, see where we need to focus our efforts, and to operate and maintain our network more efficiently. We are pleased to report that we are already achieving results in this area and have reduced the volume of water lost to leaks (11.4% in 2021/22, compared to 13.7% in 2020/21). This is due to the benefits realised from our ongoing proactive leak detection programme and improved feedback processes for managing leaks, right from reporting a leak, fixing the leak to updating the customer.

As a water company, our public outreach and educational efforts around climate change necessarily have a water efficiency focus. Whilst our drought campaign was successful and quickly changed household and businesses' water habits, in non-drought times, the company has always aimed its education programme at three main groups – large corporate customers, residential customers, and tamariki.

We have a dedicated team that works closely with our largest commercial water users to conduct water audits and find ways to reduce their use and drive water efficiency. These customers are very much incentivised to work with us to save water as it directly affects their bottom line. We are also working with our largest commercial customer, Auckland Council, to ensure smart water meters and efficient water consumption (eg time targeted irrigation) is adopted by the wider council family.

At a residential level, we have partnered with EcoMatters to promote in-home water checks. In the medium to long term, residential customers will also be upgraded to smart meters, which will allow customers to monitor their water use in real time.

We also have educators that go into schools to teach tamariki. We have discovered that tamariki are great "influencers" and are not shy to call out bad behaviour by their elders when it comes to wasteful water use.

Our in-school education programme is provided to primary and intermediate school children and covers the water cycle and how to be waterwise. By 2019, we had educated 100,000 Auckland students, and that number continues to grow. Indeed, since the drought, we now have two educators on our staff, so we can reach out to even more tamariki. There is no charge to schools for these lessons.

Further information about our education programme is here:
<https://www.watercare.co.nz/Help-and-advice/Watercare-Education-Programme>

Watercare as a global leader

Finally, you encouraged the Board to reevaluate its priorities and be bold about how it imagines its position as a global leader.

Later in the 1 November 2022 Public Board meeting, we undertook a strategic deep dive into innovation at Watercare. From that discussion it was noted that in a global context, Watercare currently is below the standard for innovation. However, the Watercare \$1m innovation fund, sponsored by the Board, has helped kick-start a culture for experimentation in a "safe-to-fail" environment.

Feedback from staff has been very positive and the programme has been a way to engage people across the business to work in a "safe to fail" environment. To date the innovation projects have come from all different parts of the business. However, quite a few projects have a climate change/sustainability focus such the Low Carbon Home pilot and the fully automated N₂O sensor for digestors and wastewater treatment plants.

The N₂O sensor project is a great example of Watercare showing global leadership in understanding the generation of greenhouse gas emissions from the wastewater treatment process. Our investment in understanding this critical gas (N₂O has a Global Warming Potential 298 times higher than CO₂) will inform global greenhouse gas (GHG) emission factors relating to this emission source. Once we have a better understanding of the source of this potent GHG, we will be able to optimise our plants to reduce N₂O generation. This strategy is a major contributor to our decarbonization pathway, and one of four initiatives currently being fast tracked through our decarbonization programme.

Alongside our established smart meter programme, our innovation fund is allowing us to pilot the use of FIDO bugs. This technology records acoustic and kinetic signatures to help us identify leaks in the network.

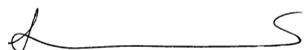
Finally, we are proud of the leadership position Watercare has taken in reducing embodied carbon in infrastructure through our Enterprise Model partnership. The 40% reduction target for embodied carbon in infrastructure that we are designing and building today that will be operated in a net zero future, has been recognised for its sustainability initiatives both at a national and global level.

With your presentation still fresh in our minds, our decarbonisation programme and the innovation fund now embedded in our business, the Board has challenged the business to consider how best to focus our innovation efforts, especially when resources will always be limited.

Thank you again for your interest in Watercare and for challenging us to be "better tomorrow than we are today".

If you have any further questions or feedback for the Board, please do not hesitate to get in touch.

Ngā mihi nui,



Margaret Devlin
Chair of Watercare Services Limited

Board meeting | 8 February 2023

Public session



Scanning the Horizon

For discussion

Te pou whenua tuhinga / Document ownership

Prepared by

Hannah Retimana
Summer Intern

Reviewed by

Rebecca van Son
Executive Officer

Submitted by

Jon Lamonte
Chief Executive Officer

1. Te tūhonga / Recommendation

We recommend that the Board discuss the following information updates:

- The importance of continuing and implementing environmental, social and governance policies
- The Australian Optus Cyber-attack, and key learnings that can be taken from the incident.
- A broad update and outlook for 2023
- Fair Pay Agreements
- Wellington Water asset condition and reservoir contamination
- Pay secrecy and transparency
- Good Governance Code
- Greenwashing
- Building utility resilience to climate shocks – lessons learnt from global case studies

2. Whāinga / Purpose

The purpose of this report is to ensure that the Board remains informed of important matters (both short and long-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.

3. Kōrero pitopito / The details

3.1 The importance of continuing and implementing environmental, social and governance policies

Environmental, social and governance (ESG) considerations are increasingly playing an important role in businesses. In 2022, a study of American S&P 500 companies found that stakeholders are extremely concerned with companies staying focused on environmental, social and governance (ESG) matters and policies. ESG practices are central to how firms define their purpose and is increasingly under intense scrutiny by consumers, regulators, employees, and other stakeholders. It was also found these matters have a material impact on a company's long term financial health.

In the 2022 ESG Reporting Assessment from Ernst and Young (EY), research found quality reporting equals quality performance. Increasingly, Boards are demanding better, more transparent, and more integrated information from their organisations. This aligns with the market, with high-performing Boards driving a stronger focus on sustainability and senior executives further engaging in and maturing their approach to sustainability data and disclosures. Robust governance is a critical enabler of sustainability integration. Governance is considered key to meeting changing stakeholder expectations, balancing long-term value creation and building risk resilience.

Extra emphasis needed on social matters

Amongst New Zealand businesses, there has been a strong emphasis on environmental and governance matters. However, there has not been an equal amount of prominence given to social matters. According to the EY report, social justice and social determinants of health need to be given equal importance (to environmental and social matters) and are intrinsically linked to environmental and governance policies. External stakeholders (i.e., the wider community, regulators, customers, and employees) are increasingly scrutinising and challenging businesses on areas including product safety and quality, supply chain integrity, staff safety, equity, diversity, gender and ethnic pay-gaps in the boardroom and workforce as well as meaningful community involvement. The Sustainability Accounting Standards Board (SASB) and Task Force on Climate-Related Disclosures (TCFD) are being used as foundations for various ESG disclosure initiatives. This will hopefully be well received as stakeholders are expecting external assurance on ESG data as there has been a growing concern that there is less focus on social justice and social determinates in comparison to environmental and governance matters.

Social issues in New Zealand include the housing crisis, recent RBNZ interest rate increasing the OCR and the effect this has on households, inability to attract and retain talented workers, children not returning to school post-pandemic and the state of the New Zealand health-system. It is natural to gravitate to implementing policies for issues that are easily measured and reported. However, in New Zealand there are unique touch points that can assist in implementing more social ESG policies. These include Te Tiriti o Waitangi, Te Ao Māori, the Government's 'Well-being Budget', Treasury's Living Standards Framework and work underway around sustainable finance and inclusivity in the financial system.

Community engagement needs to be part of and aligned with business strategy. When participation and social justice are scoped at the outset, viewing stakeholders more widely, it allows the processes of strategic alignment, brand awareness, partnerships, and collaboration to evolve. Addressing power imbalances and agreeing on objectives and outcome measures that have real impact is key to authentic engagement.

Strategic Considerations for the Future State of Sustainability Reports

In their report, EY gave several considerations for boards and organisations to further improve their ESG reporting practices. These include:

- Better systems and processes to make reporting more efficient, robust, and timely so resources can be diverted to action; and reporting shows a deeper understanding of correlating sustainability factors, such as how biodiversity impacts climate change.
- A materiality assessment as an essential element to a company's ESG strategy, helping to identify which ESG issues are the most important to the business. Since no company can be everything to everyone, a materiality assessment can also service as a useful filter.
- Summaries of ESG matters are an effective way to satisfy investor and stakeholder inquiries – especially if that data is downloadable in an easy-to-read PDF format.

- Developing the ability to consider materiality through the double lenses of inbound and outbound impact and unpacking the concept of dynamic materiality so the company knows how to track issues of unfolding impact and when to include them in materiality assessments.
- Better linkage between sustainability metrics and financial information, with reporting data pushed continually into business, so sustainability risks and impacts are considered in all decisions at all organisational levels.

Preparing for the Future

Finding time for long-term thinking remains critical, even where short-term pressures such as supply chain issues, the transition to hybrid working conditions, technology disruptions and community unrest exist. High-quality decision making starts with good quality information. It is vital that clear and relevant information from management and other data sources is obtained to make these long-term decisions.

Impact on Watercare

Watercare is currently undertaking a project to align our sustainability policies (environmental and social) and company plan with International Sustainability frameworks. In addition, we continue to develop our ESG reporting. Our annual report covers community engagement, gender and diversity, climate change and emissions, and governance. Whilst this is a great start, there is certainly room for improvement, for example, a separate sustainability report incorporating all of our sustainability efforts in once place such as a separate Watercare website similar to the Water Efficiency Plan microsite.

Regarding climate disclosure, Watercare is currently engaging with an Auckland Council TCFD Taskforce. In November 2022, a Climate Governance Report was issued to the TCFD. This reporting will become mandatory in 2023 and will require materiality assessment of risks and how these risks will be addressed. This report will also have external assurance and will form part of the annual audit by our Auditors and the Auditor General.

3.2 The Australian Optus Cyber-attack, and key learnings that can be taken from the incident

In September 2022, Optus, one of Australia's largest telcos suffered a cyber-attack that affected 10 million customers records (names, DOB, email addresses, identification documents). The impact of this breach has been wider than the immediate customer-base, with effects being felt across local and central government agencies and other organisations that also store their customers' identification documents.

The Australian Communications and Media Authority (ACMA) and the Office of the Australian Information Commissioner (OAIC) are both leading investigations into the breach. If Optus is found in breach of Australia's privacy law, the organisation could be fined up to A\$2.2 million for each contravention. Similar breaches in New Zealand attract a fine of \$10,000 for each contravention. Although not as expensive as our Australian counterparts, there is the potential for this to be very expensive where several breaches occur.

Privacy Principles

The New Zealand Privacy Act has 13 key principles. Relevant to Watercare in these circumstances are:

- Ensuring there are reasonable security safeguards in place to prevent loss, misuse, or disclosure of personal information
- Ensuring personal information is not kept longer than necessary
- Only sending personal information to someone overseas if that information will be adequately protected.

An example of a recent New Zealand cyber-attack was in December 2022, where Wellington-based IT provider Mercury IT was hit by a ransomware attack that compromised sensitive client, customer, and server information for multiple clients. These included clients such as Accuro, BusinessNZ, NZ National Nurses Association and the Ministry of Justice. Te Whatu Ora has also had some data implicated. 14,500 coronial files and an additional post-mortem examination report were affected. As of 7 December 2022, the Office of the Privacy Commissioner is planning on opening a compliance investigation into this incident. This attack served as a reminder that all businesses can be targets of ransomware, irrespective of their size. Where ransomware operators understand the local and national economy, this allows them to cause as much chaos and disruption as possible to motivate the victims to pay.

Impact on Watercare/Preparing for the Future

The Board must be aware of what data is being collected and – ensuring they are confident in the collection, storage, protection, and disposal of the customers data.

In the instance of a breach, Watercare must notify the Office of the Privacy Commissioner within 72 hours. This is a legal obligation carrying a \$10,000 fine. Our clear response strategy and incident plan will lessen the impact and help Watercare recover quicker after an attack.

Kordia, a Crown Owned cyber security company, have issued a suggested Incident Response Checklist that recommends having robust plans in place regarding:

- Governance
- Legal
- External Communications
- Internal communications
- Customer and regulator notification
- Notification of third parties/key supplier
- Human resources
- Finance

We can confirm that Watercare has an incident response plan and a relationship with an external cyber incident provider. Watercare also has a managed service with a Security Operations Centre (SOC) who triage all cyber alerts. Further understanding of our sensitive data, where it is stored within the business and developing customised response plans based on data sensitivity is part of the 2023/24 Cyber improvement roadmap. The digital team is also running through an incident scenario with the Executive in early 2023 that will ensure all leaders are aware of the process and procedures in place.

([Kordia Cyber Incident Report Checklist](#))

3.3. Broad economic update and outlook for 2023

Below is an economic update for Auckland in the September 2022 quarter –

- GDP for the year ending September 2022 was 3.1% higher than for the year ended September 2021. The rest of NZ saw a 2.4% rise in GDP.
- The number of new dwellings consented year ended October was 21,960 which was 10% higher than 2021
- The number of people employed in the last quarter was 1% higher than the September 2021 figure.
- In Auckland, the Westpac McDermott Miller Consumer Confidence Index (CCI) for September 2022 quarter was only 87.2. The NZ Institute of Economic Research Quarterly Survey Business Opinion in Auckland for September 2022 quarter showed a net 50.4% of businesses expecting a worsening in the general business situation over the next three months

2023 Economic Outlook

With intense inflation pressures across the New Zealand economy, households and businesses face a perfect storm of high inflation and rising interest rates as the Reserve Bank of NZ tightens monetary policy to dampen demand and lower inflation to a manageable level. The lagged nature of when higher interest rates start to materially impact households and the broader economy heightens the risk of the Reserve Bank over-correcting when conducting monetary policy. BNZ expects the Reserve Bank will undertake further substantial monetary policy to further dampen demand and reduce inflation.

ASB's 2023 forecast expects a 1% contraction in the New Zealand economy by the end of 2023. A strong recovery in net exports will hopefully see New Zealand avoid a recession. However, if international tourism and education do not increase as quickly as forecasted and unemployment does not rise, a recession is likely to occur. Regardless of whether a recession occurs, ASB's Chief Economist Nick Tuffley believes inflation will not fall below the Reserve Bank's 3% target until 2025 causing the New Zealand economy to stagnate for the 2023 period.

2023 Employment Outlook

In 2023, employment growth is expected to slow further, with BNZ forecasting growth to slow to 1%. Regarding unemployment, the Reserve Bank is estimating 4% unemployment and ANZ 4.5% by the end of 2023. In December 2022, unemployment sat at 3.3%.

The biggest concern for employers entering 2023 is a lack of skills and labour shortages. Other concerns were:

- Inflation/cost-of-living pressures
- Employment law changes
- Immigration restrictions
- General uncertainty around the impact and direction of current or proposed government policies.

The global war for talent has resulted in a very competitive international environment and New Zealand businesses are looking to source skills from the New Zealand labour market where that is possible. International skills and labour will always and necessarily make up part of our labour market.

There are also several amendments to the Holidays Act 2003 due to take effect in 2023, however the exact dates have not been set out yet.

The first change is to how annual holiday payments are calculated. Presently, annual holiday payments were paid according to whichever is greater of Ordinary Weekly Pay or average weekly earnings over the last 12 months. The proposed changes add an additional calculation – that annual holidays payments can also be paid at the average weekly earnings over the previous 13 weeks. Employees will also be entitled to some types of leave sooner. The proposed change to annual leave means employees will be entitled to family violence leave, bereavement leave, alternative days, public holidays, and sick leave from their first day of employment. Annual leave will be permitted in the amount they would be eligible on a pro rata basis. Finally, parental leave no longer affects annual leave pay on return to work. Under the suggested changes, the parental leave override currently in place (the employee who takes parental leave receives reduced annual leave pay for 12 months following their return) will be removed, and employees will be paid the full rate for annual leave.

Impact for Watercare

The key impacts on Watercare as a result of the current economic climate are:

- The rising cost of debt will 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.
- We are expecting 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 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. We have already started to see these slow down.
- The change to CPI highlights a growing pressure on consumer expenditure. Watercare’s price increase of 9.5% in 2023 will contribute to the household utility charges and there may be an increase in customer hardship. We have also seen an increase in accounts receivable on prior years.
- 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 Covid-19 pandemic and international competition continues.
- Watercare is well prepared for the changes to the Holiday Act. We already provide for leave provisions over and above statutory entitlements. For example, the majority of our employees have entitlements to several leave types from their first day of employment. In addition, recent changes to our Parental leave policy means that those who return to work following parental have access to paid leave at the ordinary rate rather than a reduced rate. We therefore do not expect the proposed changes to have a significant financial impact on the business. Finally, we will ensure we make the appropriate changes to our contracts and systems to ensure we meet the requirements of the revised Holidays Act once it comes into law.

In summary these factors just reiterate the challenging operating environment we were working within during 2022, and that are set to continue for the year ahead.

3.4. Fair pay agreements

The Fair Pay Agreements Act (the Act) took effect on 1 December 2022. This could be seen as one of the most significant changes to New Zealand's employment relations landscape in over three decades and could have far-reaching consequences. Fair Pay Agreements (FPAs) fit within a broader responsibility sitting with directors, who must ensure their organisation's work practices create a fair environment.

The Act provides a framework for collective bargaining for FPAs across entire industries or occupations, rather than just between unions and particular employees. Terms covered in the Act are wages, work breaks, holidays, pay increase pathways, secure hours, processes for dealing with bullying and sexual harassment, health and safety, resolution processes, staffing levels, penalty rates and more. Where a union has enough support to initiate a bargaining process, the union and employer will agree on a set of working terms - the terms receive ratification through a majority vote and the FPA will be set as law. Currently four FPA have been initiated for the hospitality sector, supermarket sector, bus drivers, and cleaners.

Impact on Watercare:

The Board should seek to understand the following:

- What does FPA bargaining look like for the water sector?
 - *Generally speaking, the Water sector is considered to be a professional industry with fair conditions and areas of highly unionised employees with effective collective agreements in place. Therefore, it is not anticipated to be an area where an FPA will be sought. However, the legislation allows any eligible union to initiate bargaining for a Fair Pay Agreement (FPA) if it meets either a representation test of at least 1,000 employees or 10% of the employees in proposed coverage, or a public interest test based on specified criteria such as low pay, little bargaining power, or lack of pay progression.*
- Will representatives from Watercare be directly involved in the bargaining process on behalf of a sector?
 - *If an FPA was sought, Watercare have a P&C team and supporting Executive to ensure Watercare was fairly represented.*
- Which other stakeholders will be involved in the bargaining process and how will confidential information be managed?
 - *Any stakeholders in the same sector, i.e., Downer, Fulton Hogan etc*
- What risks could arise during the bargaining process?
 - *The main risks are resources and costs associated with an FPA*
- How will the new FPA framework affect the organisation's Employee Value Proposition and how will this be reflected in the organisation's strategy.
 - *If negotiated, we would not expect an FPA to have a significant impact on Watercare as the FPAs are to establish minimum working conditions. We believe that Watercare's existing conditions are above what would be set as a minimum.*

3.5 Wellington Water asset condition and reservoir contamination

A new report of Wellington Water's infrastructure has found all above ground drinking water reservoirs are vulnerable to contamination. In mid-2020, the Government announced a funding package to provide immediate post-COVID-19 stimulus to local authorities to, in part, facilitate the maintenance and improvement of three waters infrastructure. The report from Wellington Water looked at the condition of Wellington's "very highly critical assets" – i.e., the pieces of water infrastructure that would cause the most harm to communities and environment if they failed.

Findings

The report's biggest surprise was the poor condition of the city's water infrastructure. The drinking water network was 'in relatively poor condition' with more than 25% of pipes in poor or very poor condition. Although the structural condition of water reservoirs was good, all 48 above-ground water reservoirs were vulnerable to contamination. The report suggested the contamination risk would be easy to fix, with changes to sealants, hatches, and installation of air vents as 'relatively low cost' solutions could protect reservoirs from contamination.

The report showed little difference between the assessed interim pipe condition in June 2021 and the results based on physical inspections in June 2022 and even showed the interim condition assessments were slightly more conservative than those based on inspection. The only exception to this was gravity wastewater which has substantially fewer poor condition assets. From this information, Wellington Water was able to identify that the interim/desktop assessment model provides a reliable guide to the overall condition of gravity pipe assets to better target physical inspections on pipes believed to be in the poorest condition and therefore at the highest likelihood of failure. This is beneficial as interim/desktop assessments are very cost effective and quick, and allowed for a high-level estimate for capital budgeting purposes for a forward works programme.

Challenges with pipe assessment programme

Wellington Water found the following challenges while conducting their pipe assessment programme, which was the largest of its type undertaken in New Zealand. These challenges are beneficial for Watercare to learn from.

- The programme itself was very complex in a geographically challenging environment with several assets in very busy roads, making access to pipes difficult and expensive.
- Several constraints including COVID-19 impacted the project including staff on sick leave or isolating, difficulties moving plant and getting specialist expertise.
- A pipe inspection programme needs a lot of management resource from the client, consultant advisors and contractor which was initially under-resourced.
- Timing constraints on the stimulus funding meant there was insufficient planning and network preparation time particularly for an ageing pressure pipe network. Significant effort needs to be put into the planning of future inspections taking due regard to network operations, traffic management and inspection technology constraints.
- Large parts of the pressure networks could not be inspected as access for the inspection equipment could not be deployed as this would require pipe shutdowns and, in some cases, these were not possible.

Impact on Watercare:

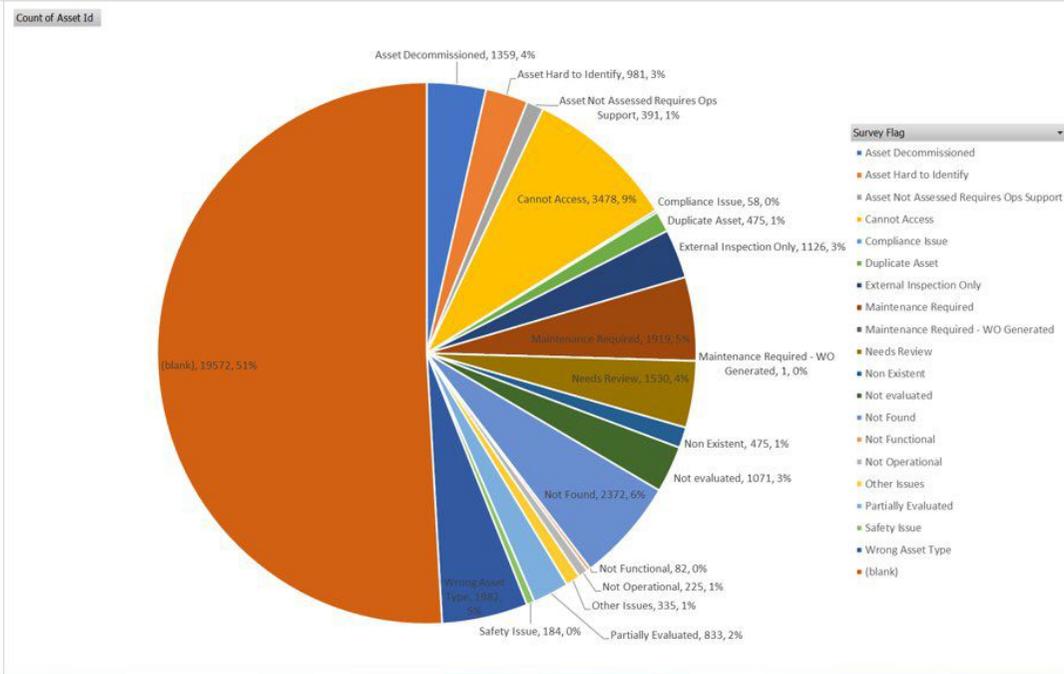
Watercare are performing a visual condition assessment program on approximately 85,000 above ground assets, with the aim of producing a comprehensive picture of the Watercare asset condition. The program will cost up to \$3m (although half of this will be internal resources).

This condition assessment program will inform our renewals investment planning and create a baseline asset condition. These assessments will be linked to the AMP and to our risk management database.

As at 31 December, approximately 38,500 assets had already been inspected and the program was producing useful information, see below summary below:

- Majority of assets surveyed are in reasonable/good condition (noted as blanks in the graph below)
- However, 49% have been flagged requiring some form of attention. A number of these were in relation to actually locating the assets. Location confidence is now extremely high.

38,449 Assets Surveyed - 49% Flagged with Issues



The risks identified have been flagged in iCare and will be addressed. Post this initial benchmarking program, we will continue to review assets on a risk-based criteria and gain continual improvement. A condition assessment will also become part of the BAU scheduled maintenance routine.

3.6 Pay secrecy and transparency

The Albanese Government has banned pay secrecy in Australia under the Fair Work Legislation Amendment (Secure Jobs, Better Pay) Act 2022 that received Royal Assent on 6 December 2022. The amended legislation now means employers are no longer able to insert pay secrecy clauses into employee's contracts. The ban is primarily focused on reducing gender-based pay differences – part of a large suite of reforms that make gender equity a key principle of the Fair Work Act. It is also believed the Act should benefit other disadvantaged workers in both individual and collective pay negotiations.

According to Workplace Gender Equality Australia's data, the gender pay gap in Australia is 14.1%, compared to New Zealand's pay gap which is 10% (Employment NZ). Banning pay secrecy will improve transparency and reduce the risk of gender pay discrimination by allowing women to compare their pay with that of their co-workers. Differences can now be discussed with their managers without fear of punishment. US research shows women's wages in states prohibiting pay secrecy clauses are 4 to 12 percent higher than in states that allow secrecy clauses. The ability for employees to freely share pay information allows a free bargaining process that should encourage organisations to ensure they have fair and equitable pay systems.

A New Zealand example of pay transparency is KPMG. KPMG measure their pay gaps internally and have recently registered with Mind the Gap to publicly display their pay gap reporting. KPMG report a 4.3% gender pay gap for all employees (excluding partners); a 23.7% gender pay gap for partners; 20.4% ethnicity pay gap for Māori employees; and a 16.2% pay gap for Pasifika employees. KPMG acknowledge the significant pay gap between male and female partners as a greater proportion are men than women. This is being addressed through promotions and lateral hires.

Impact on Watercare

We do not have equivalent legislation in New Zealand, so we haven't been closely managing pay transparency. There isn't any legislation proposed at this stage either, but our People team have noted that they would expect it will come in the next few years following Australia and the UK who are required to report on pay gaps. At the moment, Mind the Gap reporting is voluntary, and we are registered so we are considering how/when we will be in a position to participate, but this is not expected to be in the short term.

3.7 Good Governance Code

The Good Governance Code developed throughout 2022 by Community Governance, a company established to support community organisations, sets out six principles that define good governance for community organisations across Aotearoa. These guidelines are based on the leadership principles of Te Ao Māori and an analysis of governance codes developed in other countries. This code does not set out legal requirements but aims to outline what good governance might look like, highlight strengths and weaknesses amongst board practices, and to better align training and resource development of boards.

Principle 1: Rangatiratanga and impactful, purposeful leadership

Good boards are clear about the purposes of their organisations and their leadership is focused on ensuring the organisations deliver maximum impact.

In practice this will look like a shared view; making plans to achieve goals and prioritise spend; use board discussions to understand the extent of the difference they are making now and in the future; and leading as a team focused on serving their communities.

Principle 2: Whanaungatanga and Connected Leadership

Board members should unite to fulfil the purpose of their organisations, building strong relationships with each and those they serve. Good boards identify and acknowledge the mana of all, and seek to build positive, strong relationships among board members and communities. They come together to focus on common purposes and value the contribution of each board member.

In practice, this will look like: making meaningful connections with communities and mana whenua, hapu and iwi; looking for ways to understand the contribution each board member makes; seeing fellow board members as diverse individuals with board work based on genuine engagement; trust and respect with clear expectations.

Principle 3: Tuakiritanga and diverse and inclusive leadership

Great boards are as diverse as the communities they serve. They draw on the experiences of all board members and seek to enhance the integrity and leadership of all individuals who are members of the boards. They understand the importance of people and identity. To serve the community well and make good decisions, boards need insight and should aim to be connected and trusted by those they serve.

In practice, this will look like: making sure memberships are as complex and diverse as the community they serve; board members bring unique and valuable knowledge but are not appointed to push their own agendas; understand the skills and experience each board member brings; meetings are inclusive, and members seek to understand each other's views and make collective decisions; challenge and debate with each other in respectful and constructive ways; and recognise unconscious bias.

Principle 4: Manaakitanga and integrity and accountability

Good boards understand their accountability to each other and their accountability to those who support and fund their Kaupapa and those they serve. They seek and gain trust by always working with care, integrity, reciprocity, and respect – upholding the highest standard of governance. They care deeply for their members, the Kaupapa of the organisation, and as a result, energy and impact are sustained over time.

In practice, this will look like: demonstrating this through celebrating the contributions of board members and the time and value board members give; they take accountability to stakeholders and customers seriously; they listen to their communities and regularly seek community feedback on their performance and activities; they understand their accountabilities and make sure they can serve the community.

Principle 5: Kaitiakitanga and transparent and open leadership

Good boards are trusted by the communities they serve, their staff and volunteers, and their funders. They seek to ensure their Kaupapa is sustainable over time. They are open and accountable for their impact and use of resources. They seek genuine feedback and are willing to adapt and learn to best serve their communities. Good boards build strong foundations for future growth. They ensure their values and purposes align with their strategies and service delivery.

In practice, this looks like building relationships with community and iwi leaders and learn about long-term plans for communities and iwi as well as other stakeholders. They invest time in identifying long-term goals. Evaluate their current work programmes against how much impact they will make in the future. Boards should also respect the critical role of management or operational staff and seek their input to board discussions. Boards should also find appropriate ways of reporting to their communities, funders, and stakeholders. Good boards should ensure their reporting is well documented and easily understood so they can engage effectively with their communities. They share information about their financial and operational performance, the impact they make and how they have upheld their values.

Principle 6: Pono and effective governance processes

Great boards have good internal governance processes and policies in place, so they operate legally, ethically, and effectively. Having streamlined processes means boards can focus on strategy and impact. Good processes will also help build the trust and confidence of staff and funders.

In practice, this means ensuring processes are frequently read and reviewed as needed by the size and complexity of the organisation; all governance has been clearly documented and all board members are clear about board processes and policies; and understand the importance of good recruitment, induction, board evaluation and development processes. Provide clear guidelines for the oversight of management.

Impact on Watercare

There are many different Codes and principles on how to be an effective Board, including the Institute of Directors' Four Pillars of Good Governance, which is mentioned in the Watercare Board Charter. In the future, the Board may want to consider also adopting the above Good Governance Code.

3.8 Australian corporate regulator issues first fine for greenwashing

The Australian Securities and Investments Commissions (ASIC) has fined Tlou Energy \$53,280 for two misleading statements and images about green credentials. Tlou Energy developed power projects in parts of Africa and were issued four infringements for making alleged false or misleading sustainability-related statements to the ASX in October 2022.

ASIC alongside the Australian Competition and Consumer Commission has been cracking down on greenwashing, which is the practice of misrepresenting the extent to which a product or investment strategy is environmentally friendly, sustainable, or ethical. ASIC warned it would be looking to step up its anti-greenwashing actions and had several active investigations examining potential misleading or deceptive conduct.

The statements claimed that the electricity the company produced would be carbon neutral; that Tlou had environmental approval and the capacity to generate certain quantities of electricity from solar power; that a gas-to-power project would be low emissions; and that the company was equally concerned with producing clean energy using renewable sources as it was with developing its gas-to-power project. ASIC's concern was Tlou did not have a reasonable basis to make the representations, or that the representations were factually incorrect.

ASIC issued a statement saying companies promoting their sustainability and green credentials must ensure they can support those statements and have a reasonable basis for doing so. The regulators are also investigating several listed entities, super funds, and managed funds in relation to their green credential's claims.

In New Zealand, where companies are found to be greenwashing this constitutes a breach of the Fair Trading Act 1986. This means companies can be fined up to \$600,000 and individuals up to \$200,000 for a breach. It will undoubtedly also ruin the company's reputation – causing further loss. In addition, the NZ Commerce Commission has some specific requirements in this space too and First Gas were made to remove a misleading advert last year on these grounds.

Impact on Watercare

We believe that Watercare can support the sustainability statements we make. We publicly make statements through our Annual Report and our other external communications channels (customer newsletters, social media, conference papers etc). However, this Tlou case is a good reminder that green statements are taken seriously and that we must ensure we can back up all of our commitments. We do this by ensuring we regularly report our progress against our sustainability initiatives in the company plan, acknowledging the challenging nature of our sustainability targets, and ensuring that our actual results are backed up by quality data. In addition, our greenhouse gas footprint is externally verified and key non-financial metrics in the Annual Report are reviewed by our auditors.

3.9 Building utility resilience to climate shocks – lessons learnt from global case studies

A report from the Water Services Association of Australia demonstrates how diverse actions are adapting assets and increasing resilience to climate induced shocks. The report highlights that Australian and New Zealand water and wastewater utilities need to evaluate the impacts of climate change on their assets to ensure a reliable and uninterrupted service to its customers. The increase in frequency and severity of these impacts means that climate resilience needs to become a business-as-usual planning and management approach. Using case studies from across the globe, the key learnings are as follows:

Strong leadership

The case studies showed senior management leadership was crucial in integrating climate change adaptation into the planning process. This resulted in built assets being operationally reliable during climate shock events such as flooding and heavy rain using a risk-based approach to determine and mitigate these climate shocks.

Key leadership attributes demonstrated amongst the case studies included having clear strategies, policies and/or plans for responding to climate change in place at the corporate executive level to drive adaptation integration in planning and delivery of infrastructure. Clear strategies often enabled expenditure on climate adaptation – from climate modelling.

Leadership recommendations were:

- Water utilities' senior management should, in collaboration with key stakeholders, drive the embedding of climate adaptation into the utility's processes for proactive and cost-effective investment in resilience.
- Advocate for city/state/national leadership to support climate adaptation within water utilities (leverage any climate shock even to highlight this need)
- Leverage off or align with existing internal and external leadership initiatives to gain funding approval for climate adaptation investigation, design, and construction.

Regulations

Several case studies included regulations as an enabler, although there was no case where regulation was the primary enabler in the climate adaptation decision. Only in the UK did pricing regulation explicitly require climate adaptation, however the real trigger was experiencing a significant climate shock event and the collaborative effort of key stakeholders to build resilience against future events. In New Zealand and Australia, it was found they leveraged off their existing pricing regulation to enable expenditure in activities that improved climate resilience.

There are also cases where organisations utilised less direct legislation to support climate adaptation. For example, the Flood Risk Regulation 2009, requires the UK Environment Agency to prepare and publish flood risk information, including maps and management plans, on a six-year cycle. This is useful data for utilities to support the assessment of their flood risk and provides a consistent national approach.

Regulatory recommendations were:

- Advocate with state government to implement state or national reporting requirements to help utilities implement long-term planning of climate adaptation.
- Work together with the relevant pricing regulatory body to agree on an approach to enable investment in climate change adaptation activities.
- Identify regulations that indirectly support water utilities' climate adaptation approach.

Economics

The setting of industry standards and minimum levels of service has meant that in some sectors, the inclusion of climate shock resilience has been enabled through the traditional business case process and/or pricing determinations, and importantly the funding of these climate adaptation measures was expected by the pricing regulator, and therefore supported.

An economic evaluation framework to represent the value in climate adaptation investment for customers, organisations and regulators should include costs/benefits of climate adaptation, non-monetised social and environmental costs, and benefits, as well as avoided costs/impacts from implementing resiliency measures.

Economic recommendations were:

- Incorporate the cost of climate adaptation into the cost of delivering an operational reliability asset or agreed service levels; and strengthen the funding requests by quantifying the risk and cost of 'doing nothing' to adapt to climate shocks
- Determine the avoided costs of undertaking climate adaptation/building resilience into water utilities' assets, including costs associated with emergency responses, clean-up, asset repairs and replacement, customer compensation and potential reputational damage
- In collaboration with a regional pricing regulator, consider the different economic assessment approaches used in the case studies to understand how best to represent the costs and benefits of addressing climate adaptation requirements and gain customer support for any additional costs.

Engagement and Expectations

Community and stakeholder engagement is key for confirming the vision and to support the implementation of the strategy. Understanding expectations helps clarify drivers for organisational strategies and investment decisions. Stakeholder engagement with a range of stakeholders, including local community environmental groups, scientific organisations and traditional owners was demonstrated as a key success factor for Brisbane Airport, especially as they involved large financial investments. Communicating the vision of the project, as it relates to improved levels of service and other ancillary social and environmental benefits, as broadly and early as possible to gain community support is critical.

Engagement and expectation recommendations were:

- Ensure stakeholder engagement in relation to the benefits of climate adaptation investment occurs as early as possible and includes a diverse range of stakeholders
- Understand customer/community expectations when determining the level of service and operational reliability that the water utility plans to maintain during climate shock events. Includes key stakeholders in this process.

Knowledge and experiences

Organisational knowledge and capacity to include alternative approaches and a recognition of using experiences of climate events as a trigger for adaptation action is important. It may be necessary to set up a dedicated team to implement the strategy and manage related projects, until climate adaptation is integrated into everyday practices and thinking.

Having sound climate change knowledge within an organisation that covers both the understanding of the impacts and the possible response measures is key to progressing the shift to processes that incorporate climate change responses. The case studies in this report showed four common steps for implementing climate adaptation within the organisation:

- Understanding climate risk to determine design standards: climate modelling to understand the climate risk was commonly used and often required specialist external input. Operational experience from existing assets, as well as from emergency response and recovery also contributed.

- Determine acceptable levels of service during a climate shock, with a range of inputs used to determine this such as: organisational objectives, customer expectations, cost to community, regulated requirements, climate risks, asset critically, and environmental impacts
- What resilience measures are needed to meet the agreed levels of service, for example, high climate shock resilience (and cost) through infrastructure upgrades like raising some/all infrastructure.
- When to implement resilience measures. In cases where the projects were new builds, these were integrated into the typical capital approvals and prioritisation processes; where an upgrade or modification was required to the asset, this needed to align with planned asset upgrades and funding availability.

Knowledge and experience recommendations were:

- Consider where climate change knowledge (to understand risks, impacts and appropriate measures) can be strengthened internally or through external support
- Consider the common steps undertaken to implement climate adaption from case studies and determine what might be applicable for water utilities (common steps: 1. Understanding climate risks; 2. Determining acceptable levels of service; 3. Resilience measures needed and 4. When to implement measures).
- Working with external organisations that have knowledge in climate change to support water utilities with building a sound understanding of climate risks and predicted impacts for their assets are services.

Impact on Watercare

We acknowledge that climate change has already impacted us and that our future infrastructure planning cannot be based on current standards. The frequency and severity of events is much greater than ever before, leading to an increase in unplanned expenditure and a reduced level of service.

If we were asked to score ourselves against the WSAA recommendations above, we may not do as well as we would like to, yet. There are a number of ways to define resilience and at this stage, we do not have complete clarity on what that looks like from a community perspective or with the impacts of climate change fully added.

However, we are actively working on our servicing strategies that plan how we service communities into the future. Resilience and climate impacts are being built into these plans. Our strategies will look into the future to assess a variety of long-term scenarios related to community aspirations, growth, climate variations, environmental factors and usage patterns and try to set the foundations for pathways that will allow us to meet community expectations under as many scenarios as possible. This will include mitigation and adaptation options. This is also where the 'do-nothing' options will be evaluated.

Our facility and network planners will take the scenarios and plan our medium-term water and wastewater facilities and networks in alignment with those scenarios. Our designers and constructors will build them in accordance with our short-term needs, with an eye to their foundational nature, to be built upon for future interventions. Our operators will manage the built schemes in the short term, including our responses to shock events to meet levels of service and expectations.

Other activities and plans such as the Drought Management Plan also help plan for the future and ensure we can always meet the desired levels of service. In addition, we are improving our engagement with customers, and we are starting to do this much earlier than we did in the past.

We also expect under an economic and environmental regulator, we will be required to demonstrate our resilience and service levels. We will be expected to include the cost of resilience in our AMP ('Build Resilience' is one of the key outcomes to be assessed in our new database). In addition, the Infrastructure Commission's Infrastructure Strategy has made recommendations that include building the resilience of NZ water infrastructure, so we are seeing resilience become regulated. And finally, Climate related disclosure and our plans on how to manage those risks is becoming mandatory.

From the best practice examples provided we see that much of our work is on the right track, however, there is still room for improvement as we look to a future that includes much uncertainty. We will ensure we continue to follow these case studies and take away key learnings. Our intention is that climate change and resilience is built into all decisions and is part of our BAU. We also have a dedicated sustainability team looking at resilience for Watercare from a holistic perspective.

4. Ā muri ake nei / Next steps

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



Board - Public Session - Board planner

		Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24			
Meetings	Board	6-Dec		8-Feb	7-Mar	4-Apr	9-May (Statutory Public Meeting)	13-Jun	4-Jul	8-Aug	5-Sep	10-Oct	7-Nov (Statutory Public Meeting)	12-Dec		8-Feb	5-Mar	9-Apr	7-May (Statutory Public Meeting)	12-Jun			
	Audit and Risk Committee			3-Feb			23-May			16-Aug 30-Aug			21-Nov			2-Feb			3-Apr	21-May	21-Jun		
Running the Business	Financial			Approve half year accounts	Approve financials for Draft SOI including projected 23/24 price increases	Approve long term financials for Auckland Council modelling		Board approval of insurance proposal	Auckland Council and Watercare to review 30 June Treasury Interest rates	Approve Auckland Council Reporting Pack (via an on-of cycle resolution)	Approve 2022/23 accounts		Auckland Council Draft Annual Plan - approve Watercare Input		Approve half year accounts	Approve financials for Draft SOI including projected 24/25 price increases				Board approval of insurance proposal			
	Statement of Intent	2023/24 Letter of Expectations to be received		Q3 Performance Report - due to Council by 24 February	Draft 2023-2026 SOI for Board's approval - to be sent to Council by 1 April 2023	Q3 Performance Report - due to Council by 28 April 2023	Present shareholder SOI feedback at public meeting. Public deputations to be received.		Final 2023-2026 SOI issued to shareholder by 31 July 2023	Final 2023-2026 SOI adopted by Auckland Council		Q1 Performance Report - due to Council (date TBC)	2022/2023 SOI Results to be presented to Board at Public Meeting. Public deputations to be received.	2024/25 Letter of Expectations to be received	Q2 Performance Report - due to Council by TBC	Draft 2024-2027 SOI for Board's approval - to be sent to Council by TBC			Present shareholder SOI feedback at public meeting. Public deputations to be received.	Q3 Performance Report - due to Council by TBC			
	HSW Deep Dives			Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives	Critical risk - deep dives		
	Community and Stakeholder Relationships			Stakeholder	Stakeholder	Stakeholder	Stakeholder	Stakeholder	Stakeholder	Stakeholder	Stakeholder	Stakeholder	Stakeholder	Stakeholder	Stakeholder	Stakeholder	Stakeholder	Stakeholder	Stakeholder	Stakeholder	Stakeholder		
	Governance	Board Delegations to CE		Enterprise Risk Report Q2 Statutory compliance Tax Risk Management Policy Tax Subvention Income Policy	Conflict of Interest Policy	Enterprise Risk Report Q3 Statutory compliance		Corporate Governance charter Audit and Risk Committee Charter review	Enterprise Risk Report (Board then Council)	Q4 Statutory compliance			Enterprise Risk Report (Board then Council)	Q1 Statutory compliance Delegations to the CE Policy	Board Delegations to CE	Enterprise Risk Report Q2 Statutory compliance		Enterprise Risk Report	Q3 Statutory compliance				
		Karaka	Margaret Devlin	Nicola Crauford	Brendon Green	Hinerangi Raumati-Tu'ua	Graham Darlow	Julian Smith	Frances Valentine	Margaret Devlin	Nicola Crauford	Brendon Green	Hinerangi Raumati-Tu'ua	Graham Darlow	Julian Smith	Frances Valentine	Nicola Crauford	Brendon Green	Margaret Devlin				
Deliver the future	Aligned to the Six Pillars			Te Ao Māori is embedded throughout our organisation Achieving Māori outcomes - Board member and Executive TBC	We value our People & Culture - Board member and Executive TBC	An annual summary report on people (gender, diversity and inclusion)	We are fully sustainable - Board member and Executive TBC	We have a resilient water supply - Board member and Executive TBC															
Confidential			CE's KPIs	AMP Implementation Report		CE's KPIs		Approval of CE's KPIs for FY24	A year end progress update for CE's KPIs				CE's KPIs	AMP Implementation Report				CE's KPIs					
Audit & Risk Committee			Approve FY23 half year accounts	Conflict of Interest Policy		Present plan for Year end to A&R	A&R Approve Insurance Proposal	Approval of 2023/24 Budget & updated SOI Financials	Audit and Risk Committee Charter review	Review tax ahead of year end		Auckland Council FY23 Reporting Pack (16 August meeting)	Approval of Financial Statements FY23 (29 August meeting)		Board Delegations to CE	Approve FY24 half year accounts			Present plan for Year end to A&R	A&R Approve Insurance Proposal	Approval of 2024/25 Budget & updated SOI Financials	Audit and Risk Committee Charter review	Review tax ahead of year end
Lutra Limited	Statement of Intent			Draft SOI 2023-2026 to be presented to the Watercare Board		Present shareholder SOI feedback at public meeting. Public deputations to be received.		Final 2023-2026 SOI to be sent to Council	Final 2023-2026 SOI adopted by Auckland Council			2022/2023 SOI Results to be presented to Board at Public Meeting. Public Deputations to be received.			Draft SOI 2024-2027 to be presented to the Watercare Board			Present shareholder SOI feedback at public meeting. Public deputations to be received.					

Board meeting | 8 February 2023
Public session

Directors' meeting attendances

For information

Te pou whenua tuinga / Document ownership

Prepared and recommended by

Emma McBride
Head of Legal and Governance

Submitted by

Jon Lamonte
Chief Executive Officer

1. Te tūhunga / 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. Kōrero pitopito / The details

Attendance at the Board meetings (including the Development Day and the Planning Day) and the Audit and Risk Committee for 2022 is detailed in the table:

Table 1: Attendance at Board and committee meetings in 2022 is detailed in the table below:

Attended ✓ Did not attend ✗ Not on the committee ■	Attendance at Board meetings									Attendance at Audit and Risk Committee meetings					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	6 December 2022	2 February 2022	31 May 2022	15 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	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	■	✓	■	■	✓	✓
Frances Valintine	✓	✓	✓	✓	✗	✓	✓	✓	✓	■	■	■	■	■	✓	✓
Graham Darlow	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓
Julian Smith	✓	✓	✓	✓	✓	✓	✓	✓	✓	■	✓	■	■	■	✓	✓
Wi Pere Mita (Intern)*	✓	✓	✗	✗	✗	✓	✗	■	■	■	✓	✓	■	■	✓	■

*Wi Pere Mita's Internship programme has been paused from mid-September 2022.

Table 2: Attendance at Board and committee meetings in 2023 will be detailed in the table below:

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

*Wi Pere Mita's Internship programme has been paused from mid-September 2022.



Board meeting | 8 February 2023
Public session

Disclosure of Directors' and Executives' interests

For information

Te pou whenua tuinga / Document ownership

Prepared and recommended by

Emma McBride
Head of Legal and Governance

Submitted by

Jon Lamonte
Chief Executive Officer

1. Te tūhanga / 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 2023 are in [Blue](#).
- All deletions in 2023 have been ~~struck out~~.

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

DIRECTOR	INTEREST
	<ul style="list-style-type: none"> • Director, IT Partners Group • Chair, Advisory Board Women in Infrastructure Network • Chair, Hospice Waikato • Chartered Fellow, Institute of Directors • Member, Institute of Directors, Waikato Branch Committee • Director, Dairy NZ Limited
Nicola Crauford	<ul style="list-style-type: none"> • Chair, GNS Science Limited • Chair, Electricity Authority • Director and Shareholder, Riposte Consulting Limited • Trustee, Wellington Regional Stadium Trust • Director and Chair, Burgundy Holdco Limited (owner of StraitNZ Holdings)
Brendon Green	<ul style="list-style-type: none"> • Director, Kaitiaki Advisory Limited • Director, Tainui Kawhia Incorporation • Director, Hiringa Energy Limited • Director, Hiringa Refueling Investments Limited • Management contract, Tainui Kawhia Minerals • Australia-NZ representative, Wattstock LLC (USA) • Representative of Waipapa Marae, Kawhia, Te Whakakitenga o Waikato Tainui • Runanga Manukau Institute of Technology, Te Whakakitenga o Waikato representative • Member, Waikato District Council – Infrastructure Committee • Advisor, Taumata Aronui – Ministry of Education • Adjunct Senior Fellow, University of Canterbury – Department of Chemical Engineering • Co-chair, Waikato Regional Skills Leadership Group • Member, Construction and Infrastructure Workforce Development Council • Director, Scion Research Institute registered as New Zealand Forest Research Institute Limited
Hinerangi Raumati-Tu'ua	<ul style="list-style-type: none"> • Chair, Ngā Miro Trust • Director, Taranaki Iwi Holdings Management Limited • Director, Te Puia Tapapa GP Limited

DIRECTOR	INTEREST
	<ul style="list-style-type: none"> • Chair, Tainui Group Holdings Limited • Executive Member, Te Whakakitenga O Waikato • Director, Genesis Energy Limited • Director, Reserve Bank of New Zealand • Director, Pouarua Farms Limited
Dave Chambers	<ul style="list-style-type: none"> • Director, Paper Plus New Zealand Limited • Director, Turners and Growers Fresh Limited • Director, GB & DD's Outfit Limited
Frances Valintine	<ul style="list-style-type: none"> • Director and CEO, The Mind Lab Limited • Director and CEO, Tech Futures Lab Limited • Director, Harcourt Jasper Limited • Director, Pointed Tangram Limited • Director, Harper Lilley Limited • Director, On Being Bold Limited • Director, Sandell Trustees Limited • Selection Advisor, Edmund Hillary Fellowship • Board of Trustee, University of Silicon Valley
Graham Darlow	<ul style="list-style-type: none"> • Business Executive, Acciona Infrastructure NZ Limited • Director and Shareholder, Brockway Consulting Limited • Chair, Frequency NZ Limited • Director, Hick Bros. Civil Construction Limited • Director, Hick Bros. Infrastructure Limited • Director, Tainui Auckland Airport Hotel GP (No.2) Limited • Director, Hick Bros. Heavy Haulage Limited • Director, Hick Bros. Holdings Limited • Director, Holmes Group Limited • Chair, The Piritahi Alliance Board
Julian Smith	<ul style="list-style-type: none"> • Board Trustee – Auckland Philharmonia Orchestra

DIRECTOR	INTEREST
	<ul style="list-style-type: none"> • Advisory Board Member – Vadacom Limited • Board Trustee – Look Good Feel Better Trust • Director and Shareholder of JTB Enterprises Limited • Committee member of Institute of Directors – Auckland Committee • Committee member of Institute of Directors – Northland Sub-Committee • Committee member of Body Corporate Chairs Group NZ – Auckland Committee • Body Corporate Chair – The Residences, Auckland • Body Corporate Committee member – The Connaught Residential Apartments, Auckland • MyCareerBrand

** Our Board Intern, Wi Pere Mita's Internship programme was paused from mid-September 2022.*

3.2 Watercare's Executives' Interests Register

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

EXECUTIVES	INTEREST
Jon Lamonte	<ul style="list-style-type: none"> • Director, Water Services Association of Australia • Chair, Audit and Risk Committee of Water Services Association of Australia • Member, Department of Civil and Environmental Engineering Advisory Board • Member, Central Government Advisory Group, Auditor General
Jamie Sinclair	<ul style="list-style-type: none"> • Director and Shareholder, Sinclair Consulting Group Ltd • Chair, Lutra Limited
Shayne Cunis	<ul style="list-style-type: none"> • Director, Lutra Limited • Director, The Water Research Foundation (USA)
Amanda Singleton	<ul style="list-style-type: none"> • Director, Die Weskusplek Pty Limited (South Africa) • Trustee, Te Motu a Hiaroa (Puketutu Island) Governance Trust
Nigel Toms	<ul style="list-style-type: none"> • Director, TRN Risk & Resilience Consulting
Steve Webster	<ul style="list-style-type: none"> • Director, Howick Swingym Limited
Mark Bourne	<ul style="list-style-type: none"> • Trustee, Watercare Harbour Clean Up Trust • Trustee, Te Motu a Hiaroa (Puketutu Island) Governance Trust
Andrew Chin	<ul style="list-style-type: none"> • Nil
Richard Waiwai	<ul style="list-style-type: none"> • Director, and owner of Te Hautapu Consultants Limited • Trustee of Te Rana Te Araroa Waiwai Whanau Trust • Relatives work for Waikato Tainui, the Department of Internal Affairs and Three Waters National Transition Unit • Manager Strategic Relations, on secondment to the National Transition Unit
Angela Neeson	<ul style="list-style-type: none"> • Director, Tranquillo Properties Limited

