

Board meeting | 4 July 2023

Public session



Venue	Watercare Services, Level 3 Boardroom, 73 Remuera Rd, Remuera and via Microsoft Teams
Time	10:15am

Meeting administration		Spokesperson	Action sought	Supporting material
1	Opening Karakia	Frances Valintine	-	Verbal
2	Apologies	Acting Chair	Record apologies	Verbal
3	Quorum	Acting Chair	Five directors required	Verbal
4	Declaration of any conflicts of interest	Acting Chair	For noting	Verbal
5	Minutes of the previous meeting of 13 June 2023 Board meeting	Acting Chair	For approval	Minutes
6	Public deputations	Acting Chair	For information	Verbal
Items for information, discussion and approval				
7	Chief Executive's report	Dave Chambers	For discussion	Report
8	Health, safety and wellbeing update	Bronwyn Struthers	For discussion	Report
9	Climate change governance update	Emma McBride and Chris Thurston	For discussion	Report
Governance				
10	Board planner	Acting Chair	For information	Report
11	Directors' meeting attendances	Acting Chair	For information	Report
12	Disclosure of Directors' and Executives' interests	Acting Chair	For information	Report
13	General business	Acting Chair	For discussion	Verbal update

Date of next meeting	Tuesday, 8 August 2023
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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	13 June 2023
Venue	Watercare Services, Level 3 Boardroom, 73 Remuera Rd, Remuera and via Microsoft Teams
Time	9:57am

5

Attendance		
Board of Directors	Watercare staff	Guests
Margaret Devlin (Chair) Nicki Crauford Julian Smith Brendon Green Graham Darlow Hinerangi Raumati-Tu'ua Via Microsoft Teams Frances Valintine	Dave Chambers (CE) Jamie Sinclair (Chief Corporate Services Officer) Mark Bourne (Chief Operations Officer) Amanda Singleton (Chief Customer Office, for items 1 to 12) Sarah Phillips (Chief People Officer, for items 11 and 12) Bronwyn Struthers (Head of Health, Safety and Wellbeing, for items 1 to 12) Richie Waiwai (Tumuaki Rautaki ā-lwi me ngā Hononga, for items 1 to end of item 11) Mathieu Wilson (Wellness Lead, for items 12) Emma McBride (Head of Legal and Governance) Pinaz Pithadia (Legal and Governance Advisor) Via Microsoft Teams Suzanne Lucas (GM Asset Upgrade and Renewals, for items 11)	Via Microsoft Teams Trudi Fava, CCO Programme Lead, Auckland Council

1.	<p>Opening karakia</p> <p>Julian Smith opened the meeting with a karakia.</p> <p>The Chair congratulated the 16 team members from Watercare’s retail operations team who recently graduated with a NZQA Level 3 Certificate in Contact Centre qualification. The Chair also congratulated Watercare Labs for gaining International Accreditation New Zealand (IANZ) accreditation for a robust method to detect total coliforms and <i>E. coli</i> in drinking water using MI Agar. Switching to this new method will save money and reduce plastic waste.</p>
2.	<p>Apologies</p> <p>Apologies were received from Councillor Ken Turner, Watercare’s Lead Councillor for the public session of the Board meeting. Councillor Turner will attend the confidential session.</p>
3.	<p>Quorum</p> <p>The Chair confirmed that a quorum was established.</p>
4.	<p>Declaration of any conflicts of interest</p> <p>No conflicts of interest were noted.</p>
5.	<p>Minutes of the previous meeting</p> <p>The CE noted that Amanda Singleton had followed up a complaint received by Cr Turner regarding Wāitakere Primary School.</p> <p><i>The Board resolved that the minutes of the public session of the Board meeting held on 9 May 2023 be confirmed as true and correct subject to fixing typographical error on page 1.</i></p>
6.	<p>Public deputations</p> <p>There were no public deputations.</p>
7.	<p>Final draft of Watercare’s Statement of Intent 2023-26</p> <p>Jamie Sinclair presented the report and highlighted the following.</p> <ul style="list-style-type: none"> • This version of the draft SOI is longer than the first draft sent to Council, as the Shareholder, in their formal feedback, asked Watercare to include more information into the SOI. • Once the FY24 budget has been approved, the SOI will be updated with the financials. • The final SOI needs to be sent to Council by 31 July 2023.

	<ul style="list-style-type: none"> The Board and Management had a robust discussion around what the target for Māori business spend should be, and whether Watercare should change the “5% by 2025” target to instead adopt Council’s measure of 5% by 2025 and 15% with Māori /Pasifika/Social Enterprises. <p>The Board provided the following feedback to Management:</p> <ul style="list-style-type: none"> The financial information on page 9 and 10 of the SOI to be verified following the FY24 budget approval. Following the questions raised at the 6 June 2023 CCO Direction and Oversight Committee meeting regarding Local Infrastructure Growth Charges and total recordable injury frequency rate (TRIFR), a memo is to be sent to Councillor Wayne Walker, the Chair CCO Direction and Oversight Committee. This memo is also to be copied to Councillor Daniel Newman and Councillor Ken Turner. The cover letter to the Mayor should: <ul style="list-style-type: none"> Explain why Watercare’s priority is to keep our focus on the 5% target for Māori spend by 2025, rather than adopting Council’s measure; but also explain what steps we are taking towards Council’s target; Note that Watercare has not changed the 60 minutes target for ‘Attendance at sewerage overflows resulting from blockages or other faults’, and meeting this target is reliant on the normal weather conditions. Explain that despite the Mayor requesting a shorter SOI, it has been made longer in response to the formal feedback. Explain our plan around local network IGCs, referring back to the memo that will be sent to the CCO Directions and Oversight Committee regarding this topic. <p><i>The Board delegated final sign off of the draft SOI (including incorporation of any further changes, and the financials once the budget has been approved) for submission to the Shareholder, Auckland Council, by 31 July 2023, to the Chair and Chair of the Audit and Risk Committee.</i></p> <p><i>The Board delegated authority to the Chair to sign a cover letter to the Mayor, which will enclose the final SOI.</i></p>
<p>8.</p>	<p>Review of the Audit and Risk Committee Charter</p> <p>Jamie Sinclair presented the report, which was taken as read.</p> <p><i>The Board accepted the Audit and Risk Committee’s (ARC) recommendation to approve the revisions made to the Audit and Risk Committee Charter subject to last sentence of the Charter be amended to ‘The next review is scheduled for June 2025’.</i></p>
<p>9.</p>	<p>Review of the Corporate Governance Charter</p> <p>Jamie Sinclair presented the report, which was taken as read.</p> <p><i>The Board approved the revisions made to the Corporate Governance Charter (the Charter) subject to last sentence of the Charter be amended to ‘This Charter was last reviewed by the Board in June 2023. The next review is scheduled for June 2024’.</i></p>
<p>10.</p>	<p>Review of annual report requirements</p> <p>Jamie Sinclair presented the report and made the following key points.</p>

	<ul style="list-style-type: none"> • Management recognises that the Annual Report is an important document. However, it requires significant effort and resources to produce, and complete the assurance processes. • Watercare’s approach to communication and engagement has evolved significantly in recent years which reduces the dependency on the annual report for communicating all matters. • To maintain focus on core business activities, in this extremely busy time of transition, Management proposes a simplified annual report. The report would meet statutory requirements under the various legislations as set out in the report, and key non-financial information (e.g. carbon footprint) would be available through separate reporting or available on our website. • The Chair of the ARC noted that on 23 May 2023 the Audit and Risk Committee (ARC) agreed with Management’s proposed recommendation. However, they did note that it would be important for the business to ensure that we report a wider suite of metrics separately or on our website; and a mechanism may need to be developed to achieve this. <p><i>The Board approved the following recommendations of the Audit and Risk Committee (ARC) regarding Watercare’s 2023 Annual Report requirements.</i></p> <ul style="list-style-type: none"> • <i>The Annual Report 2023 is to comply with the various legislative requirements, and include three main sections:</i> <ol style="list-style-type: none"> 1. <i>Chair and CE’s letter, which demonstrates our performance beyond financial measures. Links will also be provided to key parts of our website, which tell a comprehensive story of the value we add beyond purely financial benefits.</i> 2. <i>FY23 year-end financial statements.</i> 3. <i>Statement of Service Performance (i.e. performance against the Statement of Intent measures).</i> • <i>Production of the Annual Report 2023 is to be done in-house, and avoid unnecessary marketing/photographs, to keep costs to a minimum.</i> • <i>In line with last year, Watercare is not to seek Global Reporting Initiative (GRI) framework assurance.</i>
<p>11.</p>	<p>Chief Executive’s report</p> <p>The CE introduced the report and highlighted the following key topics.</p> <ul style="list-style-type: none"> • In April 2023, Watercare sold our Invercargill and Queenstown based laboratories to Eurofins. All staff transferred their employment to Eurofins. • The Board reported that they were provided with an update this morning on Affordable Water Services from Entity A CE, Jon Lamonte. It was noted that we are awaiting guidance from the DIA regarding their oversight and monitoring role related to significant water-related decisions. • A session was held with more than 90 people from Kāinga Ora, Healthy Waters, Auckland Council, Auckland Transport and Watercare to share our collective vision of delivering infrastructure for Auckland more effectively. • The CE, through his site visits, has noticed that the standard of facilities at our various sites varies greatly, and has a bias towards male workers compared to female workers. The facilities for women need upgrading at many sites and the business is working to get this underway. <p>Our customers</p> <ul style="list-style-type: none"> • Our Customer Net Satisfaction Score is decreasing. The business is working to lift this score back up again. • Network Discharge Consent community engagement is undertaken every six years. The strategy will be submitted to Auckland Council in FY24.

Legal action

- The Board noted that the Huia Water Treatment Replacement Plant is an important part of our infrastructure and has been an ongoing project for the last 7 years. In the meantime, the existing WTP continues to become more challenging to operate.
- The Board requested an update on how many times the mediation has been deferred, and an update on the progress being made with negotiations with the neighbours. The Board also wants to know next steps should the next mediation session be deferred by the appellants again.

Key performance measures

- The Board noted that the Customer Net Satisfaction Score has decreased, but the number of complaints has not increased. Amanda Singleton explained that every fault notified is not a complaint, but an enquiry. Complaints are only complaints if issues are escalated.
- Amanda noted that an insight into the Score, and the work we do around it, as well as the themes and drivers of customer complaints, will be part of the Board deep dive session scheduled for October 2023 Board meeting.

Our people

- The annual and long service leave liability balance for Operations is a concern and is being actively managed from a HSW perspective. More staff are being hired in this area.
- Sarah Phillips noted that rolling sick leave has increased slightly. There are many drivers to this such as Covid-19, rain, and colder weather.
- Turnover is the lowest it has been for eight months.
- In response to questioning from the Board on how we should support our staff during the uncertainty of transition, Sarah recommended that the Management are ensuring they recognise staff and publicly do call outs for good performance. Sarah also recommended more site visits by Board members as this can often boost morale.

Operations and water quality

- Our leak management programme is ongoing. Since the start of the leak management programme, the total volume of water saved is estimated to be 19.6MLD.
- Mark Bourne presented the new water quality report. He explained that earlier in the year, we had a few non-compliances with the new regulations.
- We are now working with Taumata Arowai to establish how these will be reported in their annual report.
- The Board thanked Mark for the new dashboard reporting.

Te Rua Whetū

- Richie Waiwai updated the Board that the Te Rua Whetū team is now back from secondment with the DIA, but many kaimahi are now seconded to Entity A.
- In response to a query from the Chair, Richie Waiwai noted that he has been keeping lines of communication open with the CE of Entity A and Martin Butler (Chief Advisor to the Entity A CE). Whilst there is much work to do in Northland, Richie is also ensuring that Entity A does not lose focus on Tāmaki Makaurau during the transition.

	<ul style="list-style-type: none"> Richie noted that the team is very busy, and with a \$1b capital programme ahead for next year, the work will only increase. The CE confirmed that he is aware of this issue and explained that in early 2024, we are working on the basis that iwi engagement on capital programmes is likely to be between Entity A and iwi, not Watercare and Iwi. That said, we are also mindful of the risk that the start date of Entity A could be delayed. <p>Flood recovery working group – update</p> <p>Suzanne Lucas provided an update to the Board on the flood recovery.</p> <ul style="list-style-type: none"> We have identified a few new issues in the last week, but overall, the numbers of issues are reducing. Most like-for-like repairs are complete. For more complicated works, the majority are now in the design, delivery or construction phase. Portaloos at Rosecamp Road were removed on Friday, 2 June 2023. The ten properties are now reconnected to our network. Our main focus is now on the sites where we have bypasses and generators. We are seeking to reduce impact on our customers and noise disruption. The team has been working closely with Birkenhead College to fix a wastewater pipe and this work is now underway. The team is also working closely with Auckland Council in relation to Muriwai, public parks and campsites. Mark Bourne noted the operational cost of the Muriwai WTP was approximately \$300,000 a year. Tankering costs are budgeted at \$2.7m. The Muriwai WTP plant is still red stickered. The team is on site to undertake geotechnical work, which is being done under supervision of Auckland Council and in line with health and safety guidelines. Suzanne explained that the water source at the WTP is still there but is smaller in volume than it was before the storm. The WTP should hopefully be operating again in the next couple of months. The team is working with Chris Thurston, Head of Sustainability, on the adaptation framework. <p><i>The Board noted the report.</i></p>
12.	<p>Health, safety and wellbeing update</p> <p>The CE provided a brief update on the four recordable injuries recorded in April 2023. He noted that there were no high potential critical incidents or close calls.</p> <p>Bronwyn Struthers noted the following key topics from the HSW report:</p> <ul style="list-style-type: none"> HSW accreditation for ISO 45001 has passed through to stage two. We have successfully completed our ACC audit. The audit findings noted that our systems are in good shape and will be adopted by the 10 water services entities when they are formed. Representatives from Wellington Water will visit us in the next few weeks to see our control work system. Bronwyn provided an update on the three recent driving incidents. <ul style="list-style-type: none"> A driver was momentarily distracted and hit an electrical pole, which then landed on their car with live wires involved. The driver remained in the vehicle and were able to eventually walk free once emergency services arrived. He was taken to hospital for testing and scans, and although shaken and bruised, was fit to return to work from home the following day and did not have any time off. The driver was well protected as it was one of our modern fleet cars with airbags. No speeding, drugs or fatigue was involved.

	<ul style="list-style-type: none"> ○ In another incident, an unsecured load of another car on the road came loose and hit the windscreen of a Watercare driver. The driver did not swerve and responded appropriately to the situation. ○ In another incident, a non-Watercare car in front of our drivers, was swerving and sliding off road. Our team had 4WD training and were able to help the other driver to safety. ○ Finally, last Saturday, a contractor driving a truck for Puketutu Island hit a pedestrian. Police and ambulance services called. The pedestrian and their partner were both heavily intoxicated and suffered no harm. No charges were laid. The driver was understandably shaken and is receiving good support from their employer. <p>Bronwyn noted many of the vehicle incidents are due to forces outside our control. This means we need good vehicles, good training, and good communications. Bronwyn noted that all cars are fitted with e-road technology, and we are talking to them about whether we need to receive alerts from e-road if the car experiences a sudden stop or a rollover.</p> <p>Bronwyn introduced Mathieu Wilson, Wellness Lead to the meeting and noted that manual tasks are a major factor in the development of musculoskeletal disorders. This presents a risk to the business in terms of workforce and finance cost.</p> <p>Bronwyn shared a slide on Watercare Injury Claims Comparison (Attachment 1). The graph suggests Watercare has smaller number of claims compared to other businesses. This slide is to be included in next month’s board pack with further detail.</p> <p>Bronwyn highlighted the positive impact of having a Board member visit sites. She will circulate a list of sites that the Board may consider visiting and Governance will also update the Board work plan with future site visit opportunities.</p> <p><i>The Board noted the report.</i></p>
<p>13.</p>	<p>Audit and risk committee meeting update</p> <p>Hinerangi Raumati-Tu’ua, Chair of the ARC, reported that the ARC meeting was held on 23 May 2023. She noted following key topics discussed at the ARC:</p> <ul style="list-style-type: none"> ● The ARC reviewed and recommended the following items to the Board for its approval: <ul style="list-style-type: none"> ○ the updated Audit and Risk Committee Charter; ○ the Annual Report requirement; and ○ the placement of insurance for 2023-24. ● As we get closer to June 2024, the Auditor-General has an area of focus on whether Watercare is a “going concern”. Deloitte will be going to the Auditor-General for an opinion in July/August 2023. At this stage, we are likely to take the same approach as Te Pūkenga.
<p>14.</p>	<p>Board planner</p> <p>The Chair and Nicki Crauford will be apologies for the 4 July Board meeting. The Chair will be overseas but will dial in for the meeting if possible.</p> <p>Hinerangi Raumati-Tu’ua will be Acting Chair at the 4 July 2023 Board meeting.</p> <p><i>The Board noted the Board planner.</i></p>

<p>15.</p>	<p>Directors' meeting attendances <i>The Board noted the report.</i></p>
<p>16.</p>	<p>Disclosure of Directors' and Executives' interests Nicki Crauford advised that from 19 June 2023 she will be a director of Lyttleton Port Company Limited. <i>The Board noted the report.</i></p>
<p>17.</p>	<p>General business Mark Bourne provided an update on a recent theft from Watercare's New Lynn Water Pump Station:</p> <ul style="list-style-type: none"> • On the night of Wednesday, 7 June 2023, all the copper cables and earthing equipment were stolen. Our investigation confirms that the cables were cut with a professional cable cutter. The similar theft from a live generator occurred during the storm event on 27 January 2023. • Police are involved, and we are awaiting their report. • Operation of the pump station was not compromised. A construction project is also operating at the site. • As a part of our ongoing security upgrade, the Pump Station's security system and cameras are being upgraded. • The Board recommended that Mark speak to Vector about this incident. <p>Trudi Fava thanked the Chair and Management for providing a presentation on deep dive topics at the 6 June CCO Direction and Oversight Committee meeting. Trudi welcomed feedback from the Watercare Board on committee's new way of engaging with the CCOs.</p> <p>The public meeting closed at 11:50am.</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

.....
 Margaret Devlin, Chair

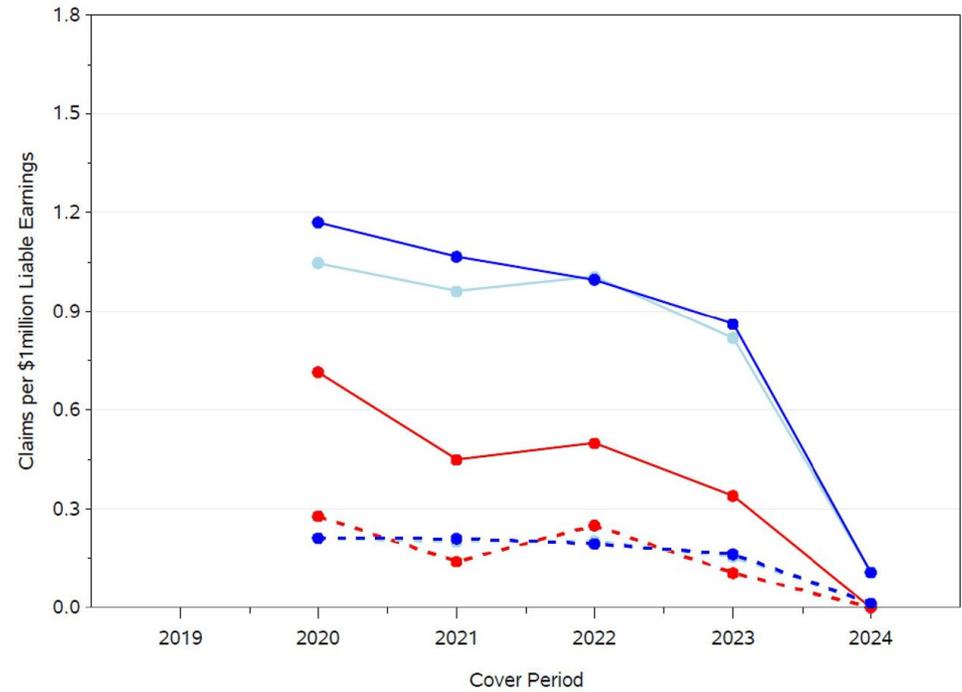


Attachment 1

Watercare Injury Claims Comparison

5.1

ACC Work Injury Claims VS Risk Group VS Watercare

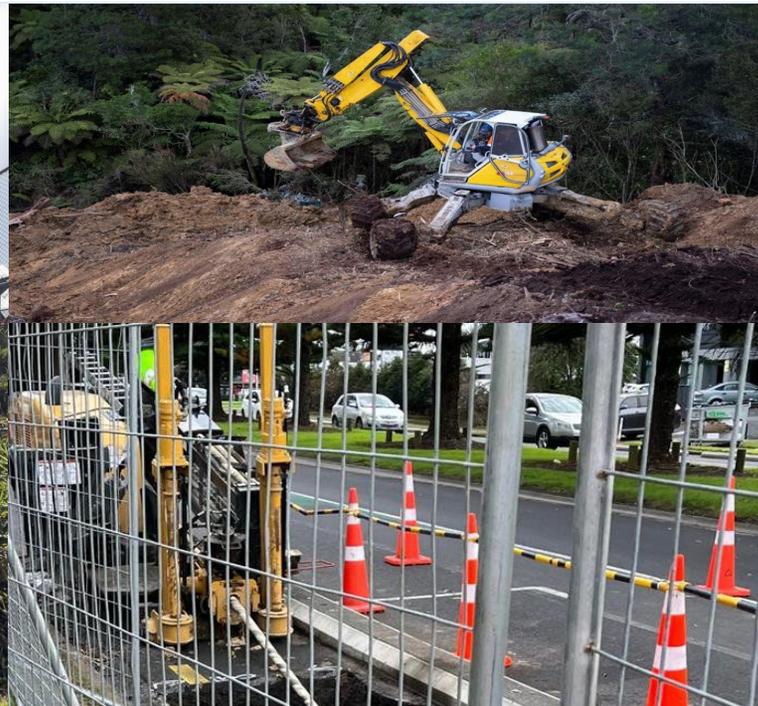


Legend:
All Claims - Watercare Services Limited (red solid line)
WC Claims - Watercare Services Limited (red dashed line)
All Claims - Levy Risk Group (light blue solid line)
WC Claims - Levy Risk Group (light blue dashed line)
All Claims - ACC Work Account (dark blue solid line)
WC Claims - ACC Work Account (dark blue dashed line)



Chief Executive's report – July 2023

Presented by: Dave Chambers



1. May 2023 update

And the rain continues! May rainfall was more than double normal rainfall in both Waitākere and Hūnua ranges. This weather has resulted in consent non-compliance at the Māngere and Beachlands wastewater treatment plants. We are working hard to resolve these issues. Before the end of June, Auckland had received more than the average annual rainfall.

On the topic of consenting, we continue to work with Council on streamlining the consenting process with the objective to reduce time and cost in obtaining consents.

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

Sale of Lutra Limited

Watercare led the sale of Lutra Limited, to Volaris Group. Volaris Group is a buy-and-hold acquirer of software businesses, whose focus is on the long-term success of their companies and the leaders who choose to join them. The sale of Lutra (including Watercare's 67% shareholding) is aligned to our Board's strategic direction to focus on what is core to our business. Volaris officially took over full responsibility on Thursday, 1 June 2023. The key thing for us was ensuring the staff were being looked after. As part of the sale, Watercare has taken over the Safewater division of Lutra, which is in the process of being wound down. The three key staff impacted by this transition have been consulted with.

Water reform

We are seeking to understand the impacts of the Water Services Legislation Bill & Economic Efficiency and Consumer Protection Bills, for example land access, consumer disputes, and other policies that would change the way water, wastewater and stormwater operates. Consideration will be given to any Select Committee submission in light of this. We could well be encouraging Entity A to submit as that will be the entity tasked with operating under the changed regulatory regime.

Additional resources have been seconded to the reform team to ensure Auckland is prepared for a 1 July 2024 Entity A start date.

During May 2023 an updated Organisational/functional design was shared with our people for Entity A. This causes significant uncertainty when roles appear different at the leadership level, and functions have been moved across the business. Our people have been extremely resilient through this turbulent time, and we are doing all that we can to support them through this process.

Road shows

I have kicked off our annual road shows, starting with Ardmore and Tuakau. It was great to provide an update to the teams and engage in person. I will be covering all of our other major sites across June 2023.

Celebrations and shout outs

Our ATA network organised an awareness and fundraising event on 25 May 2023 to raise funds for the Breast Cancer Foundation. We raised well above our target through a bake sale, raffle, and lolly jar guessing game. Thank you to our people for their generosity.

Our customer app has had over 5,000 downloads since its launch in December 2022 and 20% of this figure is since we launched a version in April 2023 for all residential customers – well done to the teams involved. I look forward to watching the number of downloads climb and I recommend everyone checks it out.

During May 2023 our Māngere and Ardmore plants successfully completed their ACC audit. These audits ensure that we continue to meet the benchmark for health, safety and injury management in the workplace and facilitate continuous improvement in HSW practices. A big thank-you to our teams for their work both in the lead-up and on the days of the audit.

We hosted the 2023 developer forum during May 2023 which brought together Auckland's developer community with subject matter experts from Watercare. We shared our Asset Management Plan, our process improvements and other topics that were relevant to the community. This was an excellent opportunity to build relationships and educate our customers and partners on how we operate.

Looking ahead

We are looking forward to wrapping up the financial year with the statutory audit and undertaking annual performance reviews for our kaimahi. These reviews ensure our people are recognised for a job well done. The three kaimahi of our Elected Member Relationship team have been very busy of late, with 193 elected members across Tamaki and circa 600 interactions a month it can be a challenging area for us. With reform and elections, it is getting busier!

2. Key performance measures

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

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

- The Total recordable injury frequency rate is significantly above target and has declined in recent months. Lost time injuries have been zero for the month, however our TRIFR continues to creep. We are working towards a human centred safety culture, which in practice means celebrating champions and good HSW behaviours; sharing learnings and best practices; and hands on, meaningful training.
- Attendance at, and number of, sewerage overflows both exceeded targets as a result of significant rain and storm events. We expect the number of overflows to continue to be above target as this is an annual rolling average and weather continues to be wetter than normal.
- Our ENPS score is below target, which reflects our challenging operating environment during the reform transition process.

- Some workforce measures such as gender and contractor ratios, as well as Employee Net Promoter score are not achieving target. However, these are a challenge to address in the current reform environment.
- Our GHG performance is not on track due mainly to an increase in natural gas consumption at Māngere as a way to reduce electricity consumption. We are facing resourcing challenges to deliver our decarbonisation programmes.

3. Our people and customers

3.1 Our people

In May, nine of our people teamed up to represent Watercare in the Winnovators 2023 challenge. Winnovators is part of Wateraid's global employee development programme where teams come together to use their Watercare knowledge and expertise to solve a real-world sanitation and hygiene problem while fundraising for the charity. The team plan to complete the challenge over 12 weeks and additionally raise \$5,000.

[Attachment 2](#) is the people dashboard for May 2023. Turnover continues to trend downwards slightly since the beginning of the year. We are monitoring rolling sick leave which remains higher than normal. However, monthly sick leave has dropped since April 2023.

3.2 Our customers

Customer complaints in the month of May have increased by 77% on the previous month and 74% on the same period last year. While this is in line with complaint volumes in July and August 2022 (driven by higher-than-expected bills as we had multiple consecutive estimations which was rectified in the months following), it is indicative of the fact that customers, who were initially very appreciative of our response to the severe weather events, are now starting to run out of patience.

The strongest detractor theme is "network faults". We are putting significant effort into bringing relief for customers still impacted by the weather events, with on-the-ground, face-to-face engagement in the communities most impacted. A special task force has been created to support the growing number of network faults requiring further investigation by engineers.

The 12-month rolling customer net satisfaction score (CNS) has dipped to 44 in May 2023. Our CNS score declined significantly over January and February 2023 with the floods and cyclone in Auckland. The severe weather incidents and consistent rain has driven repeat overflows and temporary fixes as long-term flood recovery plans are underway. At the same time high staff attrition and challenges with recruiting for the frontline resulted in backlogs.

CNS is recovering, however it will most likely remain at 44 for FY23.

4. Operations

4.1 Water resources

The leak management programme is ongoing. Since the start of the programme approximately 17,700 kms have been surveyed to date with 10,600 leaks found.

4.2 Water quality

Microbiological and chemical compliance has been achieved for the month of May for all water treatment plants (WTPs) and Distribution Zones.

Residual disinfection compliance have been achieved for 95% distribution zones*

**Residual disinfection – 85% of free available chlorine samples in a month must be >0.20mg/L in each distribution network zone, with no results <0.1mg/L. The Oratia zone did not achieve the 85% target with 75% achieved in the month. A sample was also not collected by the Laboratory in the Auckland Airport zone due to sampler error resulting in not achieving the required number of samples collected per week. Water quality remained compliant before and after this missed samples in the zone. Due to the storm event on 9 May 2023 (Watercare Level 3 Incident) the Laboratory was unable to collect samples from the Muriwai zone due to flooding. Taumata Arowai was notified of this at the time and the logic applied to missed samples during the Cyclone was applied whereby Watercare would maintain compliance. Three results <0.1mg/L occurred in the Oratia, Swanason and Te Henga zones. Under previous regulations, residual disinfection was not a compliance reporting requirement. This is not a reflection of a change in water quality, but a change in compliance requirements.*

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

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

4.3 Dam safety Surveillance Update 2022

We have received the Annual Certificate on the Performance of our dams for 2022 prepared by our independent surveillance and dams safety consultant Dam Safety Intelligence.

The Annual Certification provides an overview of the surveillance status of the dams, dam performance, and any significant events or actions to address dam safety concerns or issues. It also provides an assessment of the appropriateness of the Watercare Services Dam Safety Management System with respect to the NZ Dam Safety Guidelines (NZSOLD 2015) from Dam Safety Intelligence's perspective.

The status of dam surveillance for Watercare Dams was classified as "Routine" for all dams, except Ardmore No.1, Ardmore No.2 Dam, Hays Creek Dam, Mangakura No.1 Dam, and the Helensville, Pukekohe and Waiuku Wastewater Treatment Plants (WWTP) which were classified as "Enhanced" during part or all of 2022.

Helensville WWTP moved to "Enhanced Surveillance" in March 2022 due to plant extension/upgrade construction work being carried out on and adjacent to the dams. Weekly dam safety inspections were carried out to closely monitor the dams during the period of construction.

Pukekohe WWTP moved to "Enhanced Surveillance" in late November 2021 due to observation of a new seep on the downstream face of Pond 2. Watercare quickly responded to the incident and lowered pond water levels, spread filter and ballast material over the seepage area, and increased surveillance frequency. As result of the remedial works, the seepage area was dry and firm, and Pukekohe WWTP moved to "Routine Surveillance" at a monthly frequency in February 2022.

Waiuku WWTP Pond 2 was under "Enhanced Surveillance" from December 2021 to January 2022 due to the Watercare's Dam Safety Team observing an area of saturated ground at the toe of the pond, despite high winds and sun following rain in the week prior to the observation. Watercare lowered Pond 2 water levels and carried out weekly inspections to closely monitor the area. In January 2022 the Pond 2 toe was observed to be completely dry and Waiuku WWTP moved to "Routine Surveillance" at a monthly frequency.

Current surveillance and planned investigations, instrument installation, and engineering assessments demonstrate satisfactory management of dam safety issues at Ardmore No.1, Ardmore No.2 Dam, Hays Creek Dam, and the Helensville, Pukekohe and Waiuku Wastewater Treatment Plants.

Consideration of the condition of Mangakura No. 1 Dam (water supply dam at Helensville) and the identified potential dam safety deficiencies requires close attention in terms of immediate risk. Watercare has acted on several of the risk reduction methods and has initiated a series of dam safety upgrade designs to mitigate the identified dam safety deficiencies. Detailed design of upgrades to the embankment buttress, spillway interface filter, and seismic strengthening of the upper and middle sections of the spillway were completed in March 2023, with the completion date of upgrade works anticipated to be June 2024.

Watercare personnel with key dam safety responsibilities are experienced and have attended formal dam safety training courses. The importance of the surveillance programme is well understood, and activities are carried out diligently and in a timely manner. Dam Safety Intelligence delivered a Watercare-specific dam safety training course in March 2022 for 16 dam technicians, analysts, engineers, and operators involved in the implementation of Watercare's Dam Safety Management System. The Watercare Dam Safety Team carried out two tabletop training exercises on their Emergency Preparedness Plan (EPP) in August 2022 for Southern and Northern Wastewater Dams.

Dam Safety Intelligence's assessment concurs that Watercare has maintained an appropriate Dam Safety Management System during 2022 that is consistent with the NZ Dam Safety Guidelines (2015).

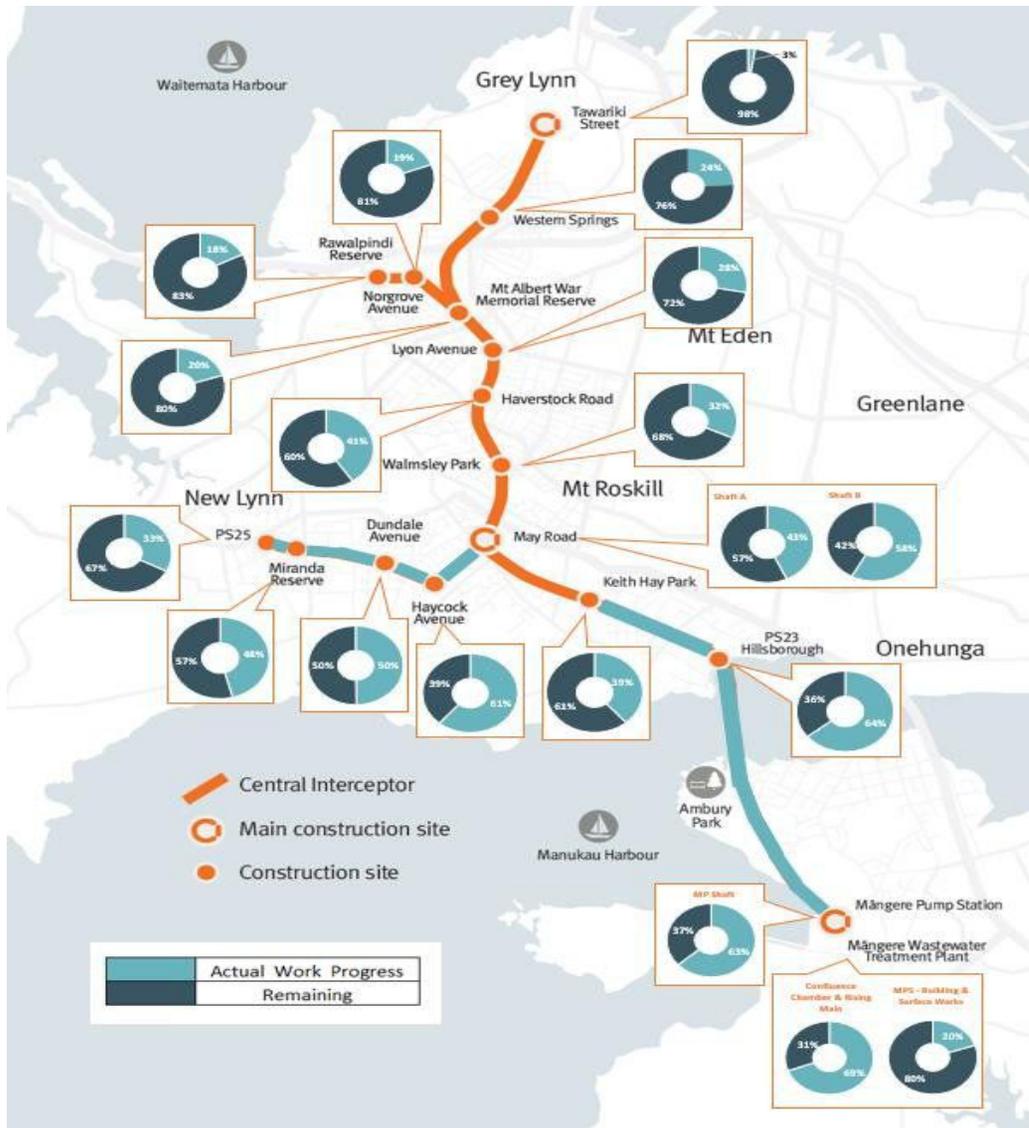
During 2022, Watercare has continued its programme of work to address identified dam safety issues. Watercare have a good appreciation of the importance of surveillance and modern engineering assessment of their dams as well as the management of dam safety risks, which are characteristically of low probability, but high or extreme consequence. The Dam Safety Management System contains several key elements to facilitate early identification of potential deficiencies and unsatisfactory conditions, to provide adequate time for interventions to avoid damage or failure (e.g., surveillance, dam safety reviews, emergency preparedness, managing dam safety issues).

5. Central Interceptor

Work on the Central Interceptor has now commenced on all sites (progress shown in the graphic) with the Contractor mobilising to the Tawiriki Street site in May. Milestones continue to be achieved across the project as construction is ramping up across all sites.

Monthly highlights are as follows:

- Eight HSW Champion awards were presented, recognising individuals for their outstanding contributions to the safe execution of work. Four of the awards were presented in conjunction with the Leadership Steering Group meeting.
- The Main Tunnel advanced 549m in the month, with a total length of 6,099m installed at month end. This is 80% of the Southern Tunnel completed. During the month the TBM passed under the shaft/GRP liner installed at Keith Hay Park.
- MPS building structural steel installation ongoing. Precast panel installation nearing completion. Odour Bed 3 South construction complete.
- Diversion chamber backfilling underway and confluence chamber temporary piling platform nearing completion.
- Commenced excavation for the Western Springs shaft.
- Mt Albert shaft remedial works complete after the damage caused by the floods in late January 2023.
- First 5 GRP modules installed in May Rd Shaft A and all GRP shaft modules now installed in the Haycock shaft.
- TBM site establishment works ongoing at May Rd.
- Pt. Erin: First tranche of LGA Section 181 letters issued and preliminary design underway.



6. Risk and compliance update

6.1 Enterprise risk management

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

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

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

6.2 LGOIMA requests

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

6.3 Legal action

- RMA related:
 - Huia Water Treatment Replacement Plant: The first Environment Court (EC) mediation on these appeals was held in September 2022. The second EC assisted mediation session is scheduled for 29 and 30 June 2023. A full update will be provided to the Board at the 4 July 2023 meeting, following the mediation.
- Non-RMA related:
 - There is currently one claim for \$1.2m for alleged damage to a residential property from a burst watermain. The matter is being handled by our insurers. A further update is expected in late 2023.

- In February 2023, Watercare was served with a copy of proceedings lodged in the Māori Land Court by Te Runanga o Ngati Whatua, Ngati Manuhiri Settlement Trust concerning the legal status of the Hōteu River bed. Watercare owns property in Wellsford that adjoins the river and draws water from the river. Watercare filed a notice of intention to appear in late March 2023. Further updates not expected for some time (years).

6.4 Whistleblowing

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

6.5 Non-compliance with resource consents

Consent non-compliance continued to decrease, from 22 in April down to 18 in May. The weather was a significant factor for non-compliance at the Māngere and Beachlands wastewater treatment plants and the Huia water treatment plant.

For the first time in more than three years, the Helensville wastewater treatment plant was compliant for May. The plant will remain in technical non-compliance until early mid-2024 because some of the metrics use rolling annual statistics, but the upgrades have nonetheless had a significant impact on treatment efficacy at that plant.

[Attachment 4](#) sets out the details on the significant non-compliance for May 2023.

7. Policy update

[Attachment 5](#) sets out the current programmes of work that are underway, and their expected impacts to Watercare.

8. Matters for noting

8.1 Significant meetings attended by the CE

- Kāinga Ora/ACG Joint Partnership – Large Scale Project (LSP) partnership launch
- Wellington Water – Tonia Haskell – introduction, meet and greet.

9. Delegated authority to Chief Executive

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

- there were six documents required to be signed by the Chief Executive in relation to deeds, instruments and other documents.
- there were no documents signed by the two members of the Watercare Board.
- there was one capex approval signed below a threshold of \$50m.
- there were six contracts approved over \$100,000. They are as follows:

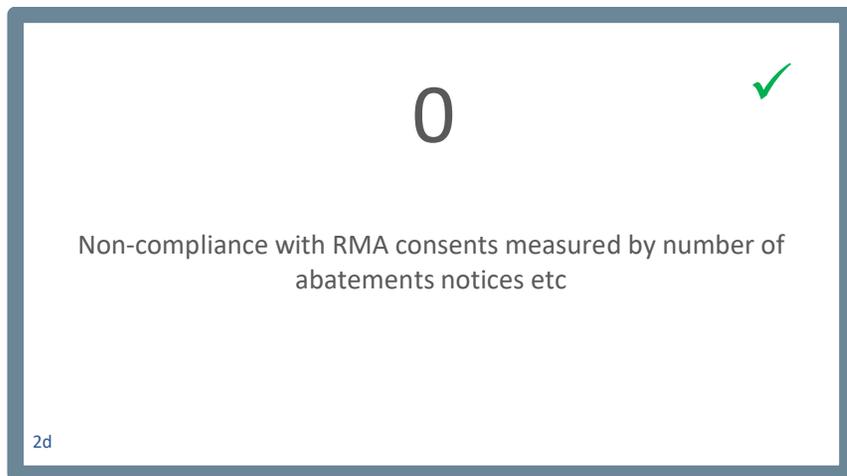
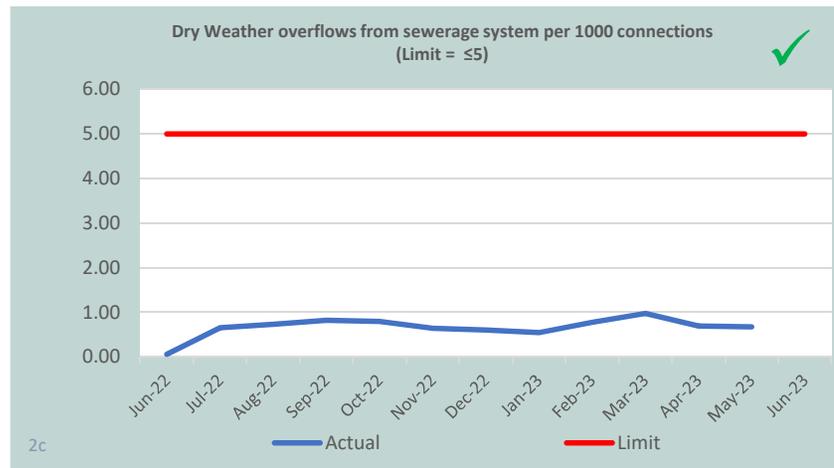
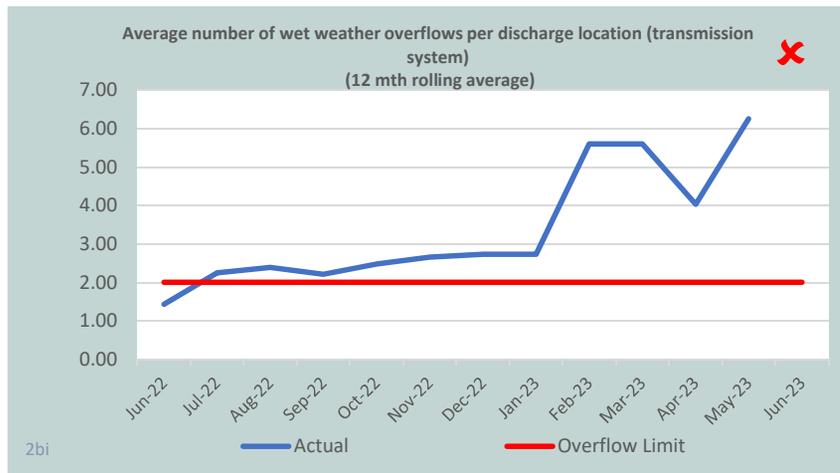
Contract description	Successful supplier
STWKO Membrane 1 Cassette Replacement	Veolia Water Technologies & Solution
Local Network and Treatment (LNT) Telemetry Equipment Renewal – Electrical Consultant	Stantec New Zealand
Local Network and Treatment (LNT) Telemetry Equipment Renewal – Electrical Consultant	Neo Engineering Consultancy Limited
Local Network and Treatment (LNT) Telemetry Equipment Renewal – Electrical Consultant	Beca Limited
Local Network and Treatment (LNT) Telemetry Equipment Renewal – Electrical Consultant	McMahon Limited
Bayleys Agency Contract – Business Sales – Queenstown Lab	Whalan and Partners Limited



Dave Chambers
Chief Executive

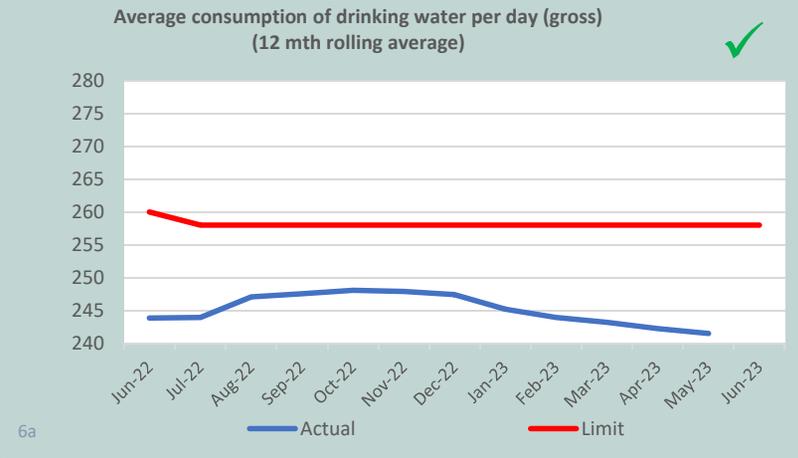
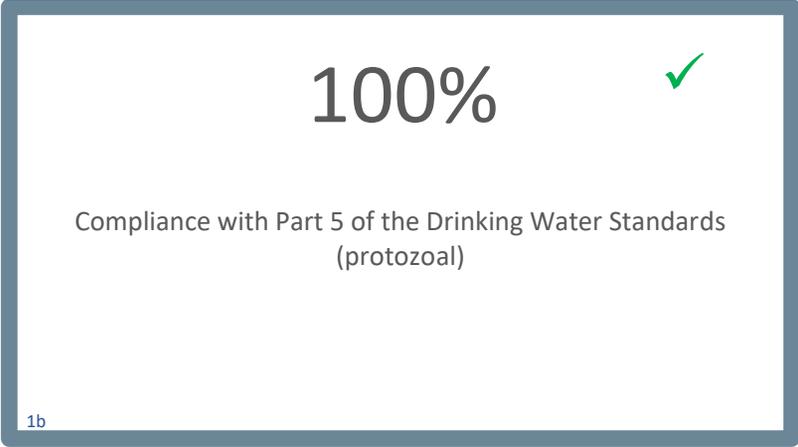
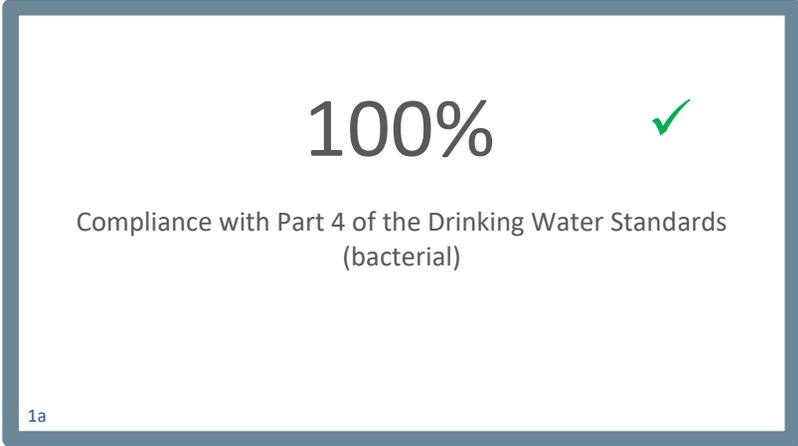
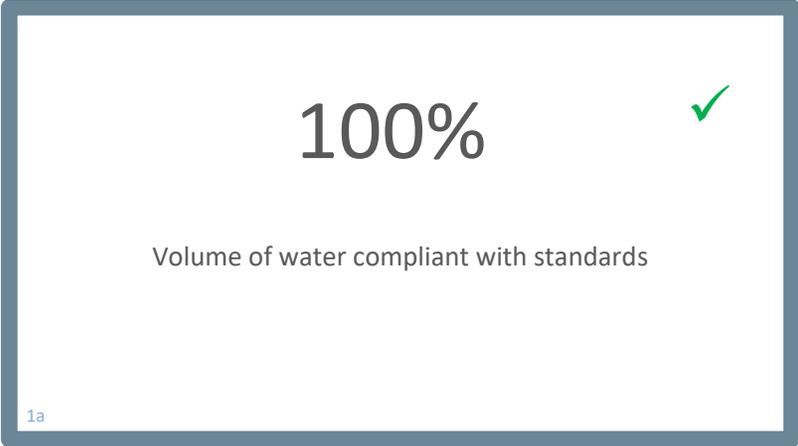
Attachment 1 – Performance against Statement of Intent measures

SOI Measures — Natural Environment



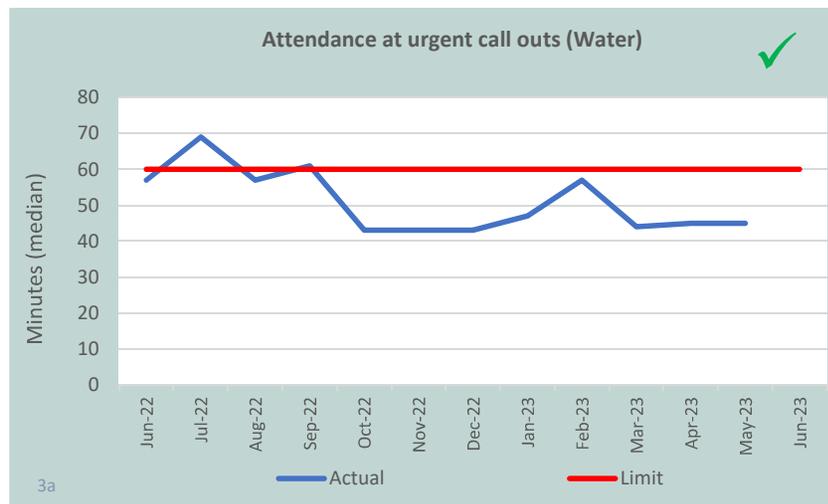
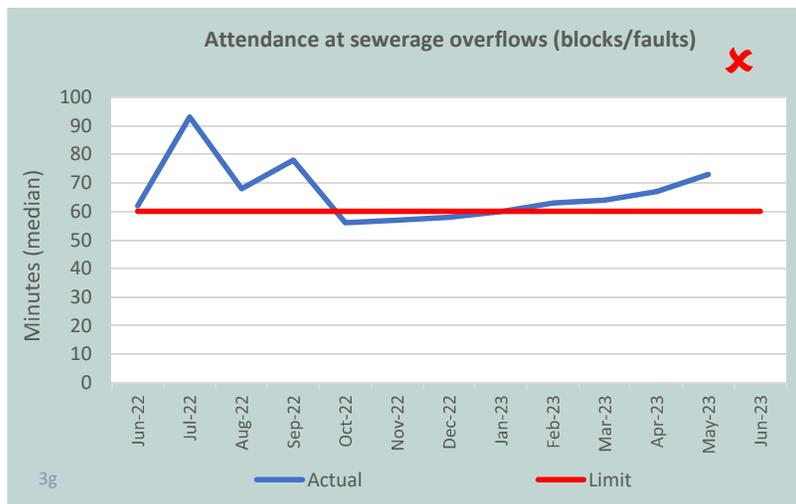
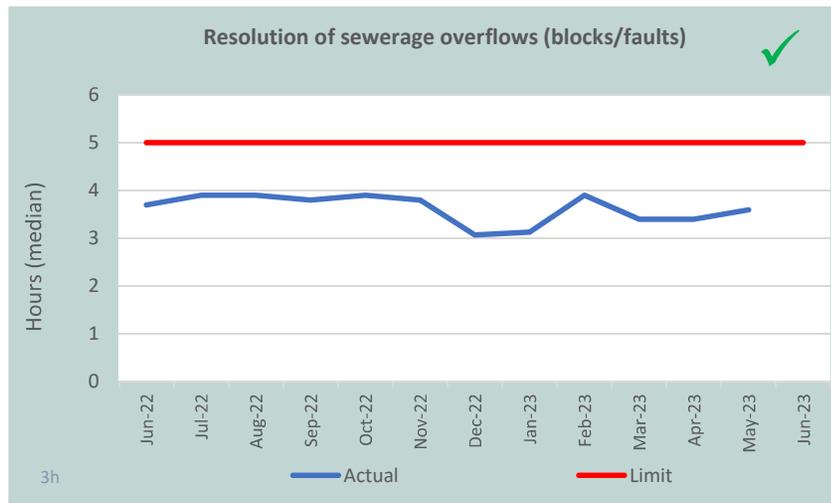
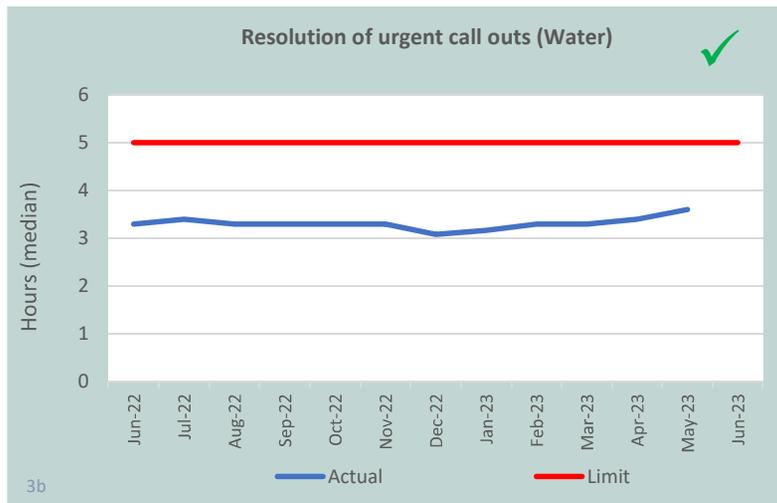
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SOI Measures — Assets and Infrastructure



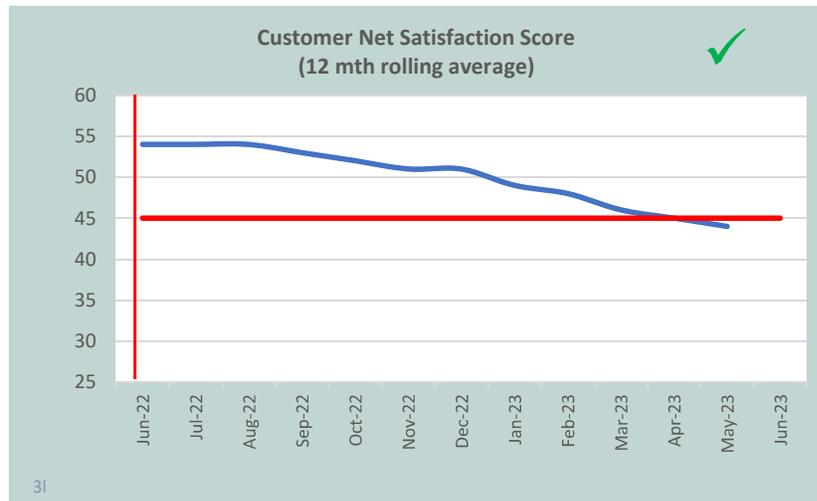
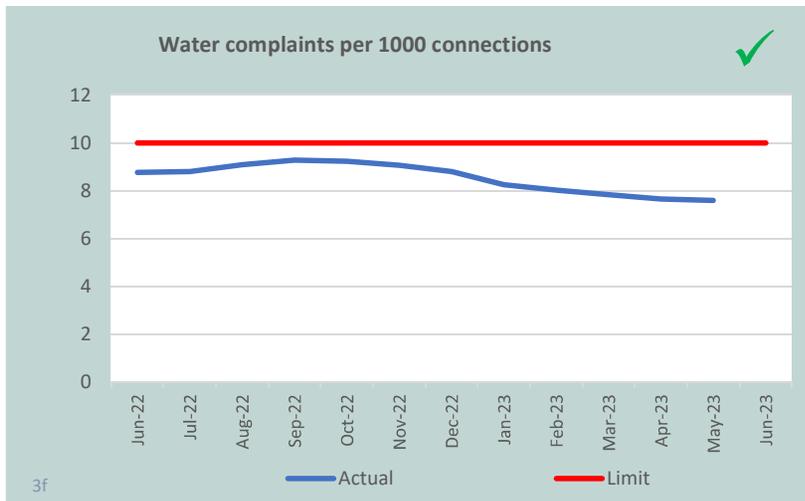
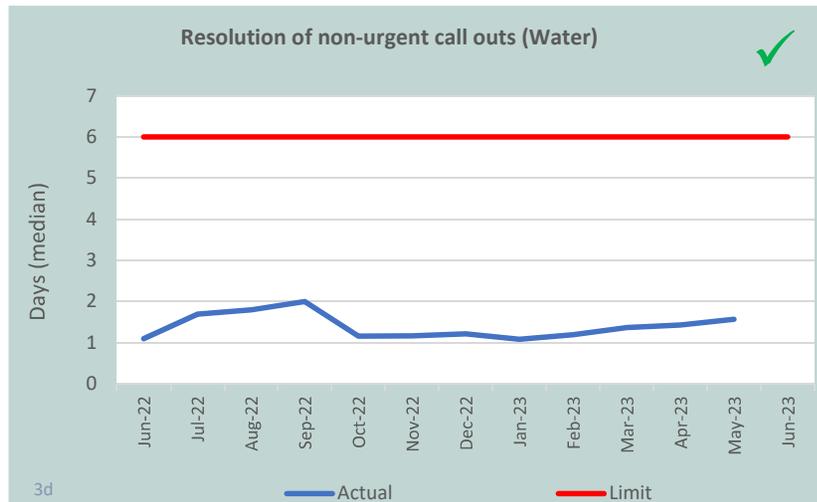
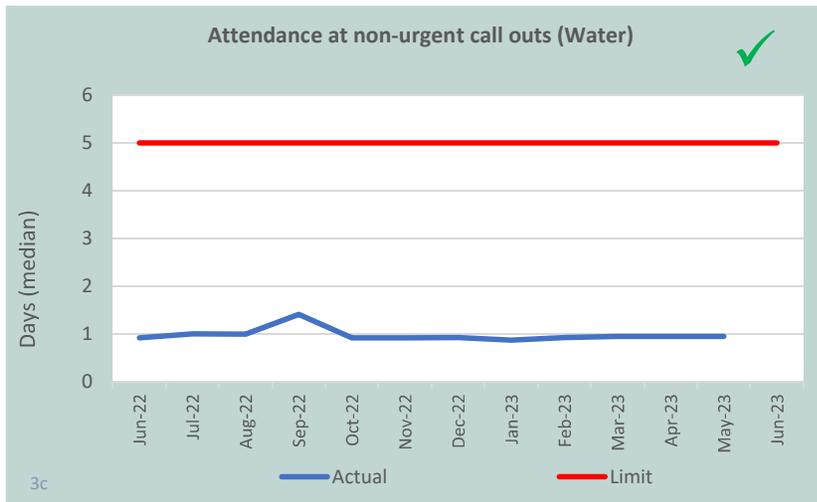
7.1

SOI Measures — Community and Stakeholder Relationships



7.1

SOI Measures — Community and Stakeholder Relationships



7.1

Watercare performance measures (unaudited)

No.	Measure	FY23 Target	Actual			Commentary
			May 2023	April 2023	March 2023	
1.	Total recordable injury frequency rate (TRIFR) per million hours worked (12-month rolling average)	<10	20.61	20.51	19.58	Target has not been achieved and is unlikely to be achieved by year end as it is a rolling average. We are focussing on understanding the effectiveness of critical risk controls and have refreshed our HSW commitment. We are working towards a human-centred safety culture based on the following principles: people make mistakes; blame fixes nothing; context drives behaviour; learning is vital; response matters. In practice, this means: celebrating champions and good HSW behaviours; sharing learnings and best practices; and hands on, meaningful training.
2.	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by the territorial authority in relation to those resource consents <i>Note the assumption is that abatement notices received relates to new notices issued in the financial year.</i>	≤2 ≤2 ≤2 0	0 0 0 0	0 0 0 0	0 0 0 0	
3.	The average consumption of drinking water per day per resident within the territorial authority district (*litres plus/minus 2.5%) (12-month rolling average)	258 litres	241.52	242.27	243.33	

No.	Measure	FY23 Target	Actual			Commentary
			May 2023	April 2023	March 2023	
4.	The extent to which the local authority's drinking water supply complies with part 4 of the drinking water standards (bacteria compliance criteria)	100%	100%	100%	100%	This is a DIA measure and Watercare continues to meet this measure. In terms of water quality, New Zealand's new drinking water standards, overseen by Taumata Arowai, commenced on 1 January 2023 and Watercare started formal compliance reporting to Taumata Arowai.
5.	The extent to which the local authority's drinking water supply complies with part 5 of the drinking water standards (protozoal compliance criteria)	100%	100%	100%	100%	This is a DIA measure and Watercare continues to meet this measure. In terms of water quality, New Zealand's new drinking water standards, overseen by Taumata Arowai, commenced on 1 January 2023 and Watercare started formal compliance reporting to Taumata Arowai.
6.	Median response time for attendance for urgent water call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (minutes) 12-month rolling average.	≤ 60 mins	45	45	44	
7.	Median water response time for resolution of urgent callouts: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (hours) 12-month rolling average.	≤ 5 hours	3.6	3.48	3.35	
8.	Median response time for attendance for non-urgent water call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (days) 12-month rolling average.	≤ 5 days	0.95	0.95	0.95	

No.	Measure	FY23 Target	Actual			Commentary
			May 2023	April 2023	March 2023	
9.	Median response time for resolution of non-urgent water call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (days) 12-month rolling average.	≤ 6 days	1.57	1.43	1.37	
10.	The total number of complaints received by the local authority about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply f) the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system. (12-month rolling average)	≤ 10	7.59	7.66	7.84	Complaints reduced due to the significant volume of proactive communications sent to customers during the storm event.
11.	Attendance at sewerage overflows resulting from blockages or other faults: median response time for attendance – from the time that the territorial authority receives notification to the time that service personnel reach the site (minutes) 12-month rolling average.	≤ 60 mins	73	67	64	Target has not been achieved and is unlikely to be met by year end. The January/February weather events significantly impacted the 12-month rolling average. Resources continue to remain stretched due to our people working on permanent repairs following the January/February 2023 weather event, our people taking leave and days in lieu that they could not take during January/February. Additionally, the weather continues to be wetter than normal. Our performance excluding the storm would be 58 minutes.

No.	Measure	FY23 Target	Actual			Commentary
			May 2023	April 2023	March 2023	
12.	Attendance at sewerage overflows resulting from blockages or other faults: median response time for resolution – from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault (hours) 12-month rolling average.	≤ 5 hours	3.6	3.4	3.4	
13.	The total number of complaints received by the territorial authority about any of the following: a) sewerage odour b) sewerage system faults c) sewerage system blockages d) Watercare's response to issues with its sewerage system expressed per 1000 connections to the territorial authority's sewerage system (12-month rolling average)	≤ 50	24.57	24.20	24.67	Complaints have remained steady due to the significant volume of proactive communications sent to customers during the storm event.
14.	The percentage of real water loss from the territorial authority's networked reticulation system (12-month rolling average)	≤13%	N/A	N/A	10.87% (November figure)	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. The storm event has caused 15% of meter reads to be missing over the December, January and February period of reporting. This has made leakage calculations (which are based on meter read consumption) to be unreliable for the period. This anomaly is being corrected. December,

No.	Measure	FY23 Target	Actual			Commentary
			May 2023	April 2023	March 2023	
						January and February figures will be retroactively corrected in July 2023.
15.	The number of dry-weather overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system (12-month rolling average)	≤ 5	0.67	0.69	0.97	
16.	Average number of wet weather overflows per engineered overflow point per discharge location (12-month rolling average)	≤ 2 overflows per year	6.25	5.66	5.6	Target has not been achieved. Rolling average significantly impacted by January and February 2023 weather events. Results will continue to exceed target for the rest of the year due to significant volume of overflows experienced in the storm. Additionally, the weather after the storm continues to be wetter than normal. Our performance excluding the storm would be 2.4.
17.	Leakage performance# - litres/connection/day (l/c/d)	107.9 l/c/d	N/A	N/A	105.72 (November figure)	<p>The water losses in this measure are calculated by deducting the volume of water sold and unbilled water usage (or non-revenue water) from the total volume of water produced. Due to meter readings being completed on a four monthly cycle, non-revenue water loss reporting is delayed.</p> <p>February / March storms have caused 15% of meter reads to be missing over the December, January and February period of reporting. This has made leakage calculations (which are based on meter read consumption) to be unreliable for the period. December, January and February figures will be retroactively corrected in July 2023.</p>
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	N/A	N/A	N/A	In early 2023, Watercare forwarded submission points that supported the adoption of more diverse water sources in the development of its Resource

No.	Measure	FY23 Target	Actual			Commentary
			May 2023	April 2023	March 2023	
	sources of human drinking water in the future	points to Central Government supporting the use of desalination and purified recycled water as recognised sources of drinking water in New Zealand.				<p>Management and Water Services Reform submission points. We are awaiting updated versions of the bills to see whether the submission points were incorporated.</p> <p>Our CI project has a pilot wastewater reuse plant for beneficial use. The plant came into service in FY23. The plant is providing water for construction purposes to the contractor constructing the Central Interceptor tunnel. In the future, water from the plant will be used to test the new pump station being built at Māngere.</p> <p>We also have a number of other workstreams underway to promote the adoption of alternative sources of water, i.e.:</p> <ul style="list-style-type: none"> • We sell non potable water to the construction and mobile contractor industry • We are testing grey water in the home with Fletchers construction • We educate and encourage the use of rain tanks for outdoor use • We work with third parties to enable non potable water for irrigation, i.e. at parks and sports facilities.
19.	Employee net promoter score (eNPS)	≥20	7.3 (May survey results)	Next survey in May 2023	6 (March survey results)	<p>This target will not be achieved for FY23. Our May 2023 eNPS was 7.3, up very slightly from March's pulse survey and last November's full survey. This score is mid-range for the utilities sector so there is clearly an opportunity to improve our engagement. This is a continuous improvement process, particularly how we listen, act and communicate with our people.</p>

No.	Measure	FY23 Target	Actual			Commentary
			May 2023	April 2023	March 2023	
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: 37.80% M: 62.20%	F: 38.52% M: 61.48%	F: 38.51% M: 61.49%	We have increased female representation by 4% since 2020/21, however, we are unlikely to meet the target by year end. Indeed, meeting these targets is a challenge in the current reform environment. Analysis shows we have high female representation in our early careers' programs e.g., 42% Grads, 70% interns. We have also implemented several positive initiatives such as Gender Tick accreditation, Ata Woman's Network, and improved policies and benefits for women.
21.	Employees in fixed term and/or permanent roles, including leadership positions (Tier 3 and above) identify as Māori	6%	4.77%	4.80%	4.63%	Expected recruitment and turnover over the next few months, and challenges in the current reform environment, means this target is unlikely to be met by year end.
22.	Safety improvement plans	100% of teams with a HSW Improvement Plan	100%	100%	100%	Improvement plans are in place for all sites and business units.
23.	Culture and Leadership	100% of Tier 1 to Tier 4 who have completed at least 10 leadership walks per year	20%	20%	20%	This target will not be achieved by year end. This KPI does not appear to be effective. We are therefore establishing an entity wide monthly H&S meeting to discuss lead indicators, with a focus on improving our health, safety and wellbeing outcomes.
24.	Debt to revenue ratio	≤3.61	3.09%	2.68%	2.68%	Whilst the debt to revenue ratio is within our SOI target, cash headroom is tight and is being managed daily. The scale and acceleration of our capital project delivery and the lower-than-

No.	Measure	FY23 Target	Actual			Commentary
			May 2023	April 2023	March 2023	
						expected IGC revenue are impacting our working capital position.
25.	Percentage of household expenditure on water supply services relative to average household income	≤ 1.5%	0.81%	0.83%	0.83%	
26.	Formal engagement with mana whenua of Tāmaki Makaurau	Partnering with mana whenua of Tāmaki Makaurau to achieve outcomes for Māori Each year, at least five priority outcomes within our Achieving Māori Outcomes Plan are being progressed with mana whenua (updated measure).	100%	100%	100%	6 of 10 priority outcomes identified within Kia Ora Tāmaki Makaurau. Initiatives under the following areas are being progressed: 1) Kia Ora te Hononga, 2) Kia Ora te Ahurea, 3) Kia Ora te Rangatahi, 4) Kia Hāngai te Kaunihera, 5) Kia Ora te Reo and 6) Kia Ora te Umanga. Te Rua Whetu have now completed their secondment with the NTU. However, the team are now providing support for Entity A and leading engagement with iwi and mana whenua in Te Tai Tokerau (Far North).
27.	Ratio of procurement sourced through Māori owned businesses	2%	Total spend 2.15%	Total spend 2.05%	Total spend 1.91%	Total Māori business spend FY to date is \$19.96m. (\$8.10m Direct, \$11.86m Indirect). All physical works partner suppliers are now reporting their

No.	Measure	FY23 Target	Actual			Commentary
			May 2023	April 2023	March 2023	
			Direct 0.87% Indirect 1.28%	Direct 0.93% Indirect 1.12%	Direct 0.98% Indirect 0.93%	Māori business spend. Work will now commence in working with professional service partner suppliers to obtain spend data from them. Assets, Upgrades and Renewals (AUR) procurement is going to include a Māori business sub panel and it is hoped that there will be greater opportunities for Māori businesses in this smaller scale work.
28.	Integration/Adoption of Te Reo and Tikanga Māori within Watercare	Ensure all Tier 1-4 job titles include Te Reo Māori translation. and hold a Watercare Tikanga Māori experience for all staff	100%	100%	100%	Te Reo Māori translations for all Tier 1 - 4 job titles are complete.
29.	Percentage of customer complaints resolved within ten days of notification	≥95%	99.30%	99.30%	99.02%	
30.	Customer Net Satisfaction Score (Previously Net promoter score)	≥45	44	45	46	This is a 12-month rolling average. We are likely to miss this target by around 1 point for FY23.
31.	Community trust score	≥55	60	59	59	This is a 12-month rolling average.
32.	We will implement Mitigation measures in line with our emissions reduction targets. We will report annual greenhouse gas emissions from Scope 1 and Scope 2 emissions (operational mitigation) in line with our emission reduction pathway to meet 50% reduction by 2030.*	<88,400 tonnes CO ₂ e	74,407 (Q3 result)	74,407 (Q3 result)	74,407 (Q3 result)	Our unaudited GHG results at the end of Q3 suggest that we are likely to miss the FY23 target by ~10500 tCO ₂ e (~12%). This is a result of increased fuel consumption by our field service operators responding to storm related faults, increased wastewater volumes being treated due to the extreme weather events, and a change in energy

No.	Measure	FY23 Target	Actual			Commentary
			May 2023	April 2023	March 2023	
						production at Māngere WWTP to reduce electricity purchase. We are reviewing our co-generation operating philosophy and the high inflows into the wastewater treatment plants to better understand the trade-offs between operating procedures, energy production, natural gas use, budget efficiency and meeting our targets for GHG emissions.

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

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

7.1

Attachment 2

PEOPLE DASHBOARD: May

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

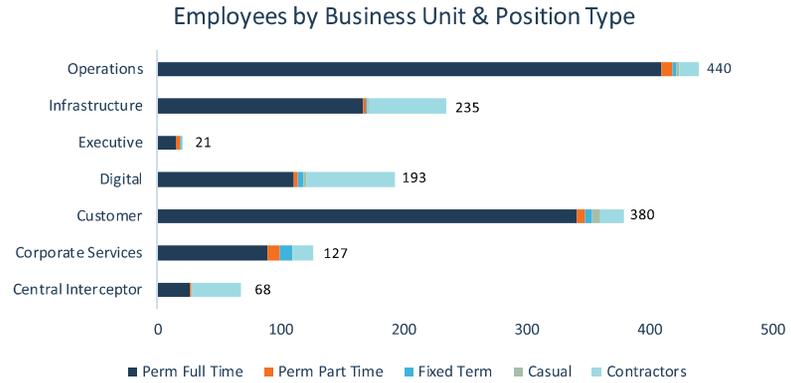
Workforce Snapshot



Headcount as at 31 May 2023

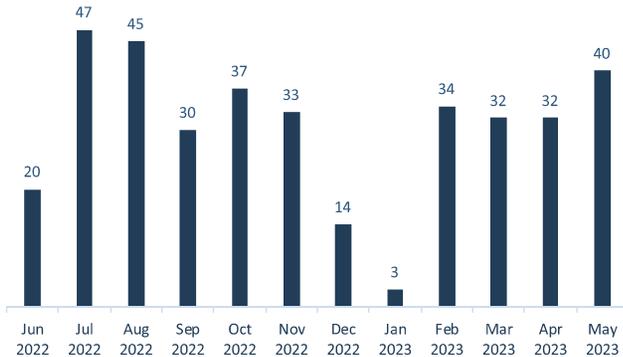
* 1238	37.80%	62.20%
Full Time	33.76%	59.94%
Part Time	2.18%	0.73%
Fixed Term	0.97%	1.21%
Casual	0.89%	0.32%

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



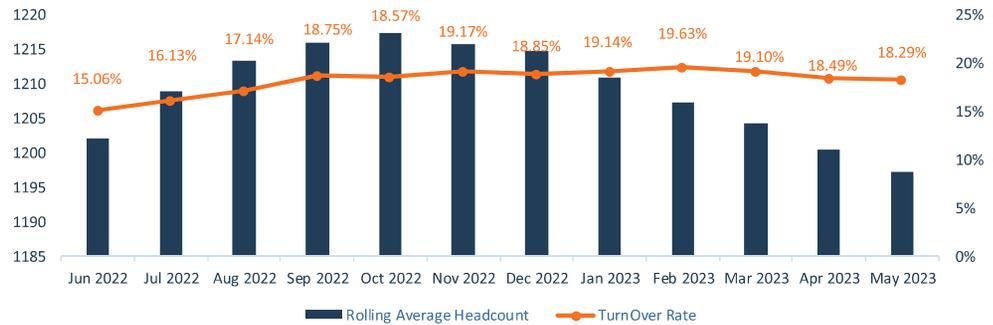
Active contractor information is based on data captured across both ServiceNow & PayGlobal.

New Hires by Month



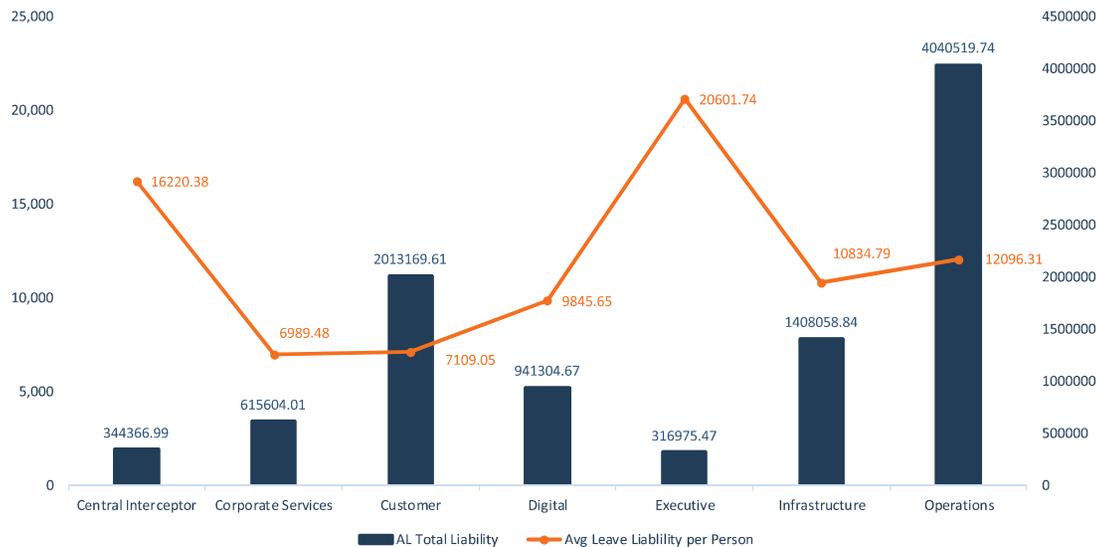
Current vacancies in recruiting process 79, +9 on prior month.
Hires by gender for May M:60%, F:35%, (5% Other/Prefer not to answer).

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



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

Annual & Long Service Leave Liability (\$ Value)



Includes all full time and fixed term employees. As at 31 May 2023, total annual leave liability has risen slightly on April to \$9.68mil in May, while total long service leave liability remained stable at \$2.5 mil.

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

7.2

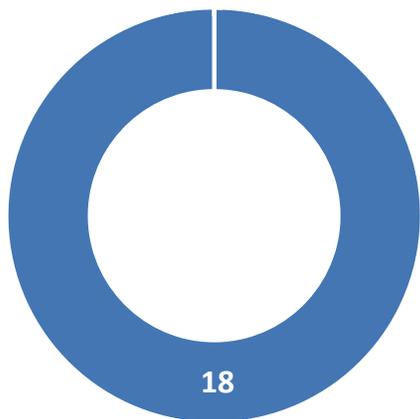
Total Sick Leave by Month V 12mos Rolling & Target



Water Quality Report – May 2023

Scorecard

Status of Drinking Water Safety Plans



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

Compliance Summary

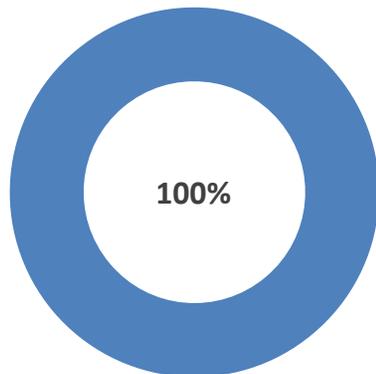
WTPs (17 total)

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

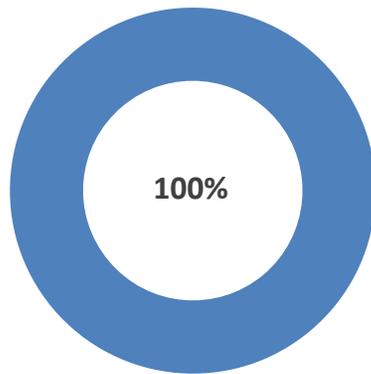
Distribution Zones (40 total)

Microbiological	100%
Chemical	100%

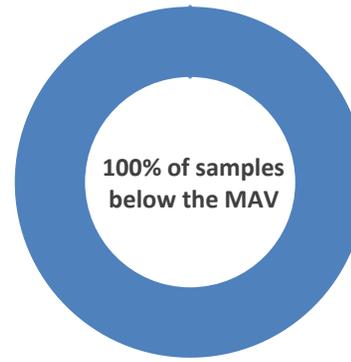
WTPs: *Bacterial** Compliance

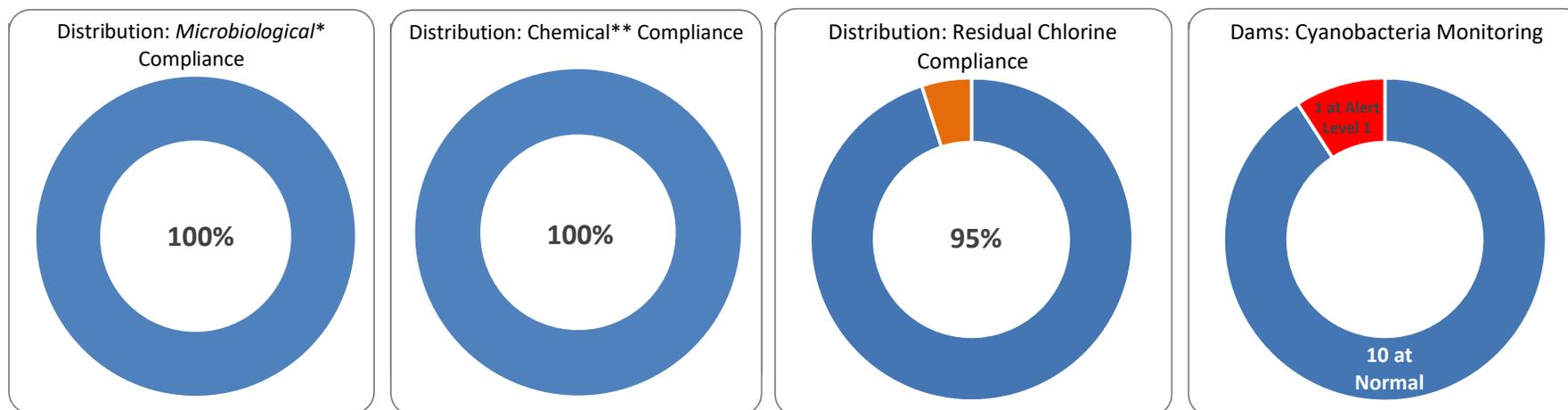


WTPs: Protozoal Compliance



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





7.3

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

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

*** Residual disinfection – 85% of free available chlorine samples in a month must be >0.20mg/L in each distribution network zone, with no results <0.1mg/L. The Oratia zone did not achieve the 85% target with 75% achieved in the month. A sample was also not collected by the Laboratory in the Auckland Airport zone due to sampler error resulting in not achieving the required number of samples collected per week. Water quality remained compliant before and after this missed samples in the zone. In Due to the storm event on 9 May (Watercare Level 3 Incident) the Laboratory was unable to collect samples from the Muriwai zone due to flooding. Taumata Arowai was notified of this at the time and the logic applied to missed samples during the Cyclone was applied whereby Watercare would maintain compliance. Three results <0.1mg/L occurred in the Oratia, Swinson and Te Henga zones. Under previous regulations, residual disinfection was not a compliance reporting requirement. This is not a reflection of a change in water quality, but a change in compliance requirements.

Attachment 4

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

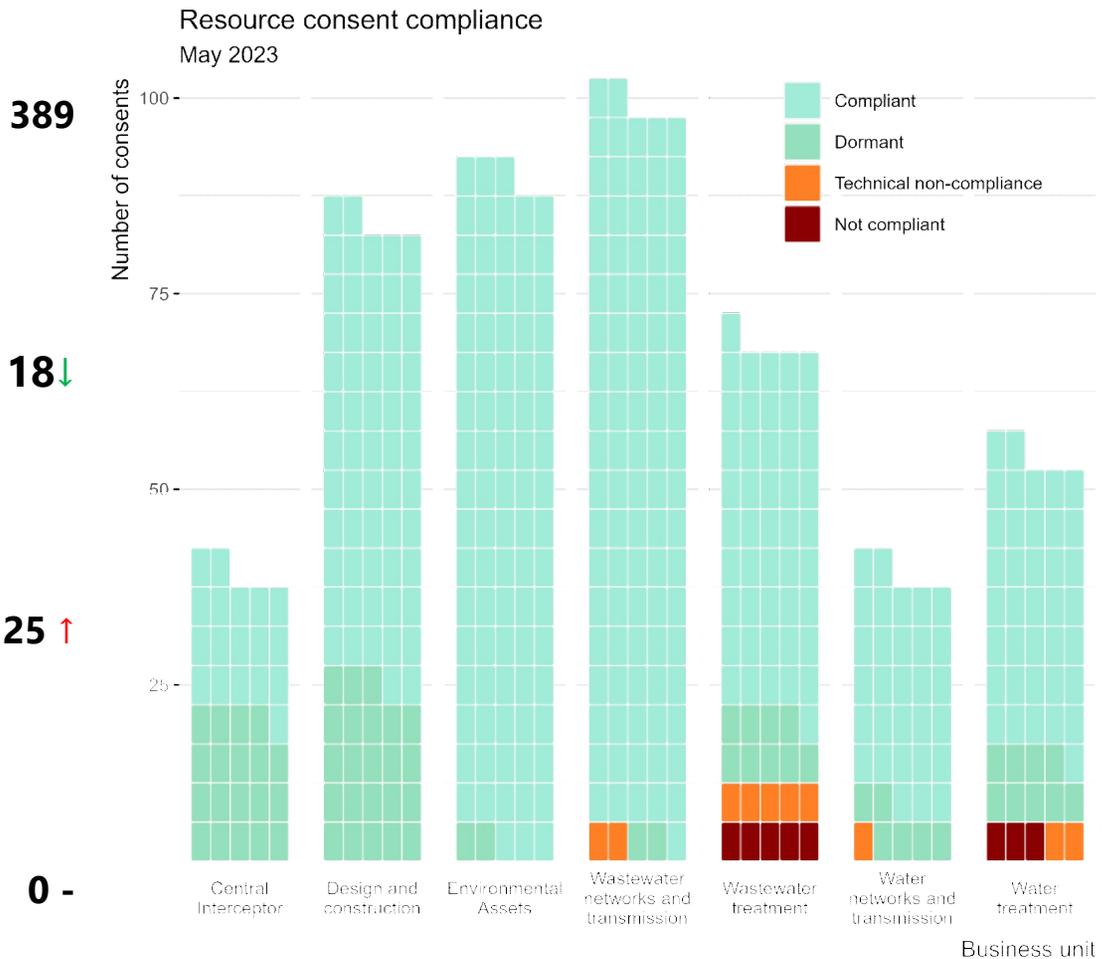
Rating	Detail
Category 1	Watercare has complied with the consent condition.
Category 2	Watercare has not complied with the consent condition. Watercare has assessed the non-compliance as technical or having no more than a minor adverse effect.
Category 3	Watercare has not complied with the consent condition.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

Active resource consents in May 2023

Consents with non-compliances in May 2023

Rolling 6-month average (non-compliant consents)

Consents under enforcement in May 2023



7.4

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

Facility/Asset	Consent	Condition(s)	Issue(s)	Actions and Commentary	Resolution	Significance
Army Bay WWTP	DIS60331146	6	Monthly UV dose target not met.	Ongoing issue. Major capital upgrades are needed, but they are deferred to the end of the decade.	2024 (if screens upgrade provides solution) Long-term solution 2030 .	Moderate (Grade 3): Long-term and repeat issue. Future grading will depend on the efficacy of the screens upgrade.
Beachlands WWTP	26875 / DIS60263339	Authorised quantity (not a specific condition)	Breach of flow limit	High flows into the plant during heavy rain in May. Breach of discharge limit, but plant met quality limits.	Resolved. Not an issue in "normal" weather. Long-term solution 2024-2025 with new consent.	Minor (Grade 2): Very low risk of any adverse environmental effects.
Huia WTP	26979 / DIS80297101	3	High total aluminium in lagoon discharge	An ongoing issue, but concentrations were similar to control samples and reflect disturbance of sediment in high rain. Additional monitoring indicates environmental risks are low. The ultimate solution is the new Huia treatment plant.	2030s with a new treatment plant	Minor (Grade 2): Very low risk of any adverse environmental effects.

Facility/Asset	Consent	Condition(s)	Issue(s)	Actions and Commentary	Resolution	Significance
Māngere WWTP	30083 / CST80294146 / 26682	11 (01)	Breach of annual rolling average inflow limit.	Exceedingly high influent volumes since May 2022, especially July 2022, January-February 2023, and May 2023. The running average may not return to below the compliance limit until early 2024 – reliant on more “normal” rainfall.	Early 2024 at earliest (rolling statistic).	Minor (Grade 2): Non-compliance is a historical artefact from flood events and the sustained high flows afterwards.
Snells WTP	37993 / WAT60275761 37953 / WAT60274031	15	Observation monitoring is not possible.	Equipment failures (level logger and sampling pump). Replacements are yet to arrive due to ongoing supply chain issues.	1-3 months	Minor (Grade 2) Data to date shows no environmental issues associated with water take.
Snells WWTP	REG-67909 / DIS60069253-B; REG-67911	6; 38	Outfall leaking.	The second set of leaks this year. The new outfall was built before the deferral of WWTP upgrades, but it cannot be connected to the old WWTP because the pump station, part of the upgrades is not constructed. The leaks are of fully treated effluent and to land rather than direct to water, which mitigates effects. The leaks were isolated in June and will be repaired as soon as practicable.	Short-term: June 2023 Long-term: 2024-2025 Upon completion of Snells WWTP upgrade	Moderate (Grade 3) Repeat issue, resolution contingent on completion of a separate project.

Attachment 5

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 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 have been delayed. Watercare is currently preparing its evidence. Expert conferencing and mediation also delayed.</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 have closed:</p> <ul style="list-style-type: none"> "Bill 2" 24 February 2023 "Bill 3" 24 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>Watercare made its own submission and presented to the Select Committee. Now considering Select Committee reports</p> <p>Now considering impacts of Governments "Affordable Water reforms" policy changes</p>	<p>Policy</p>	<p>All</p>	<p>High</p>
<p>Review of the Electricity (Hazards from Trees) Regulations 2003</p> <p>Discussion document released in April</p>	<p>Damage from tree fall and root damage has, and will have, an impact on Watercare</p>	<p>Submissions due 5 May, 2023</p>	<p>Watercare contributed submission points to Council's</p>	<p>Policy</p>	<p>Steve Webster and Mark Bourne</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?
			submission, and all were accepted.			
Revision of NZS 3910 project	May impact how future contracts are set up.	Submissions due 30 June 2023	Will contribute to Council's submission	Hamish Corbett	Hamish Corbetts team	
Emergency Management Bill	May impact future Watercare's planning and emergency management actions	Submission period not yet set	Will contribute to Council's submission			
Strengthening National Direction on Renewable Electricity Generation and Electricity Transmission – Consultation Document	Due to Watercare's future renewable electricity generation aspirations, would be advantageous for Watercare to contribute submissions points.	Submissions due 1 June 2023.	Council will not be making a submission. No submission from Watercare	Policy	Operations	Medium
Government Climate Change Work Programme – MfE Key documents under the Climate Change Response Act 2002 and the Climate Change Response (Zero Carbon) Amendment Act 2019 were released in mid-2022: <ul style="list-style-type: none"> Three emissions budgets for 2022-'25, 2026-'30, (now open for submissions) 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 	Many potential impacts on Watercare's (and Council's) future climate change adaptation and GHG emissions reduction plans.	Submissions have closed Will keep a watching brief over the implications of these documents	Watercare contributed submission points into Councils submissions	Policy	Policy, Sustainability, Infrastructure, Ops, S&P, Finance	Medium
Resource Management (RM) System Reform – MfE	Potentially large implications for Watercare's planning, AMP, and resource consenting processes.	Submissions due: <ul style="list-style-type: none"> NBA – Late February 2023 SPA – Late February -2023 	Watercare has contributed	Policy	Policy, Infrastructure,	High

7.5

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"> Natural Built and Environments Act (Bill) (NBA) Strategic Planning Act (Bill) (SPA) and Climate Adaptation Act (Bill) (CAA) 		<ul style="list-style-type: none"> CAA – expected First Reading, late 2023 	submission points to Council. Awaiting Select Committee reports – due late June 2023		Ops, S&P, Finance	
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.	TBC	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 Council’s submission. Will identify implications of	Policy	Policy, Infrastructure, Ops, S&P, Finance	Medium to High

7.5

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?
			gazetted NPS-IB on Watercare when gazetted			
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 (now mid) 2023. Any resultant bill submissions, likely mid-2023.	Watercare will consider developing submission points.		Ops	Low
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
Auckland Council currently developing a 100-year adaptive policy	Focus - Water-related impacts of climate change. Responding to water-related climate change issue. Adaptive (100 year) policy to be developed	Delivery 2025 – 2028	TBC	TBC	TBC	Low

7.5

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?
	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

7.5

Board meeting | 4 July 2023
Public session



Health, safety and wellbeing update

For discussion

Te pou whenua tuhinga / Document ownership

Prepared by

Bronwyn Struthers
Head of Health, Safety and Wellbeing

Recommended by

Jamie Sinclair
Chief Corporate Services Officer

Submitted by

Dave Chambers
Chief Executive Officer

1. Te tūhanga / Recommendation

We recommend that the Board notes and discusses this report.

2. Whāinga / Purpose

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

3. Kōrero pitopito / The details

3.1 HSW Governance

- We had three visits from WorkSafe in May 2023:
 - The Chief Inspector of the High Hazards Unit (HHU), the Deputy Chief Inspector (DCI) and Specialist Mines Inspector met with the CI Leadership Team to talk about progress on the project so far, and to share observations on both sides. The meeting was productive with a note that WorkSafe Inspectors are happy with their experiences on CI site visits. The following opportunities were noted:
 - It is time to update the WorkSafe video shown at Induction to include more emphasis on shaft sites and tunnelling operations, now the programme is well established
 - Reporting and oversight was discussed and agreed to be sufficient
 - Contractor responsiveness to safety notices needs improvement
 - The end of stage one tunnelling at May Rd is an opportune time for the project leadership team (Watercare and GA-JV) to conduct a review and ensure learnings are implemented prior to the start of stage two tunnelling.

- The DCI of the HHU and Specialist Mines Inspector met with the Watercare and McConnell Dowell teams to discuss tunnelling methodology for the Snells – Algies pipeline. WorkSafe had some concerns following a previous incident on a McConnell Dowell job they wanted to bring to our attention and wanted resolved prior to approving the current work.

McConnell Dowell made key improvements to their methodology and presented these to WorkSafe and Watercare the following week.

- Inspectors made an impromptu visit to Puketutu Island in May where they identified some shortfalls in the layout of the tip-head and sought clarification on pre-start processes. The Puketutu leadership team and contractor made the following improvements:
 - Levelling of the tip-head ground
 - Re-arranging the tip-head layout to improve traffic management and location of the spotter
 - Developed bunded vehicle bays for vehicle inspections and maintenance
 - Shared the pre-start templates with WorkSafe.

The inspectors were happy with the implementation of these improvements and we are waiting a final report.

3.2 Vehicle Incidents

There were a number of vehicle incidents in May 2023. In most cases, the incidents resulted from the actions of other drivers.

We sent a safety alert to all staff, highlighting the risks of driving which we can control and the importance of:

- Vehicle maintenance, particularly of safety equipment and tyres
- Fatigue management
- Driver skills and training
- Minimising distractions.

Our Fleet Manager is working with EROAD to identify any potential improvements to our monitoring of vehicle movements and the potential for alerts in the event of an incident.

3.3 ACC

At the end of April 2023 we received our Accredited Employer Programme (AEP) claim data summary for the period through to 30 March 2023. The information below was briefly presented to the Board in graphical form at the June 2023 Board meeting. A more detailed tabular explanation is below.

This table shows that by comparison to our levy risk group of businesses, Watercare has a significantly lower total number of claims. We are also performing better in this regard when compared to all AEP members. This reinforces the value of the work being done to prevent kaimahi being hurt and will be shared with the business to reinforce success.

For claims involving weekly compensation (lost-time), Watercare is similar to both our levy risk group and overall AEP members indicating we have more work to do in this area. Pleasingly, we had no LTIs in either April or May 2023. Care must be taken regarding the way this is communicated to the business as kaimahi can be pressured into being at work when their recovery really requires them to rest at home. Also, one day at home counts the same as a worker who is off work for months, so the LTI figure does not speak to severity.

Overall, these numbers are encouraging.

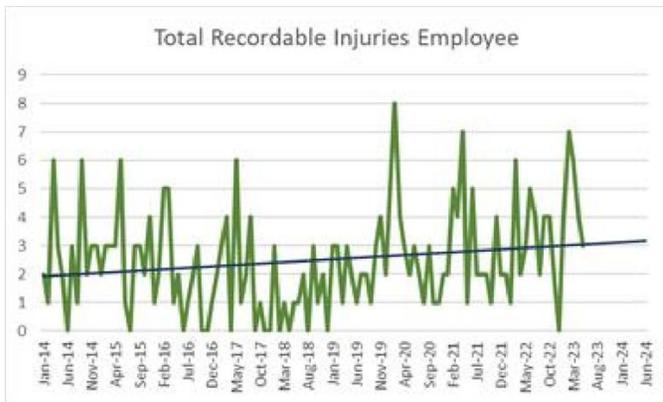
Claims per \$1 million Liabile Earnings

Claims per \$1million Liabile Earnings		Cover Period				
		2020	2021	2022	2023	2024
Total Liabile Earnings (\$million)		\$68.55	\$100.29	\$112.37	\$123.81	\$123.81
All Claims	Watercare Services Limited	0.71	0.45	0.50	0.34	0.00
	Levy Risk Group	1.05	0.96	1.00	0.82	0.11
	ACC Work Account	1.17	1.07	1.00	0.86	0.11
Weekly Compensation Claims	Watercare Services Limited	0.28	0.14	0.25	0.11	0.00
	Levy Risk Group	0.21	0.20	0.20	0.15	0.01
	ACC Work Account	0.21	0.21	0.19	0.16	0.01

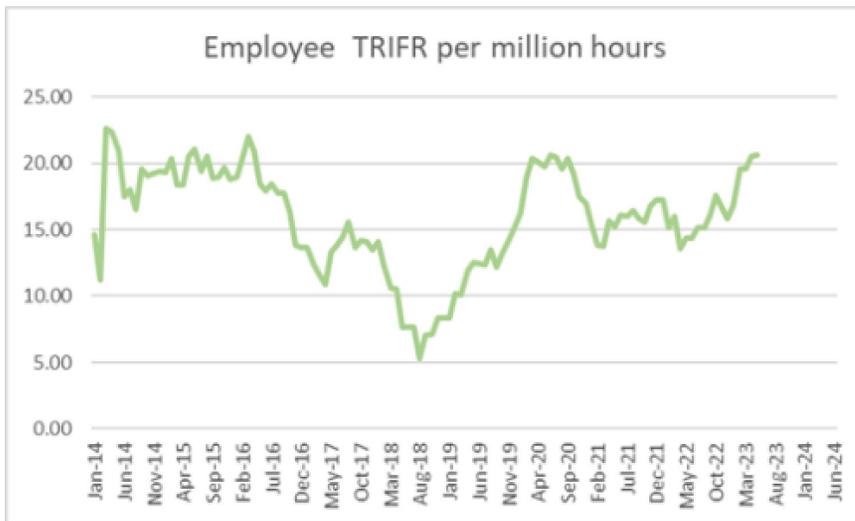
3.4 Measurement of TRIFR

One of our SOI measures is that our total recordable injury frequency rate is less than 10. For the number of hours Watercare works, for Watercare to achieve this number we would have a maximum of two kaimahi having a recordable injury each month. At the moment, we are consistently having around three recordable injuries each month.

When tracked over time, our injury numbers month-by-month number is highly variable, but a line of best fit shows an increase from an average of two to an average of three injuries per month over a ten-year period. At the same time, Watercare’s average FTE has increased from 790 in 2014 to 1200 in 2023.



TRIFR is recognised as requiring worker numbers in the millions of hours to be statistically reliable (https://chasnz.org/wp-content/uploads/2023/05/ConstructionLeadingHealthSafetyandWell-BeingIndicators_CHASNZ_.pdf), which helps explain why our TRIFR over time does not provide consistent trend data:



An additional issue is that there is an inconsistent approach to calculation. For example:

- Some businesses include restricted duties injuries and some do not
- The hours used in the calculation may be hours worked or hours paid
- The number may represent injuries per 1M hours worked, or per 100K hours, 200K hours or another rate as determined by the organisation.

When TRIFR is used to compare an organisation with another, care must be taken to ensure apples are being compared with apples.

3.5 HSW metrics – May 2023

Incident metrics are split between Watercare and contractors.

3.5.1 Watercare incidents

	Note	2023					2022						
		May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul	Jun
No. of recordable injuries	1	3	4	5	7	4	0	2	5	4	2	4	5
Critical risk/all incidents	2,3	3/22	3/25	3/30	12/73 *	4/49	4/29	16/58	17/45	7/40	8/54	18/62	17/74
High-Potential Critical events	2	1 Driving	-	-	-	-	-	-	-	-	-	-	1 Driving

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

1. In May, there were three recordable injuries to Watercare kaimahi. All injuries resulted in restricted duties.
2. Of the 22 Watercare incidents recorded in May 2023, seven required first aid on site, one required no treatment, and ten resulted in no injuries.
3. Critical Risk Exposures: There was one high potential critical incident in May which was a driving incident. There were three incidents involving critical risks, one of which was the high potential critical incident which resulted in a first aid injury. The remaining two incidents also related to driving.

High Potential Critical Incident 1

- An operator was driving between sites when their vehicle left the road and hit a power pole. The power pole broke and trapped the operator in the vehicle.

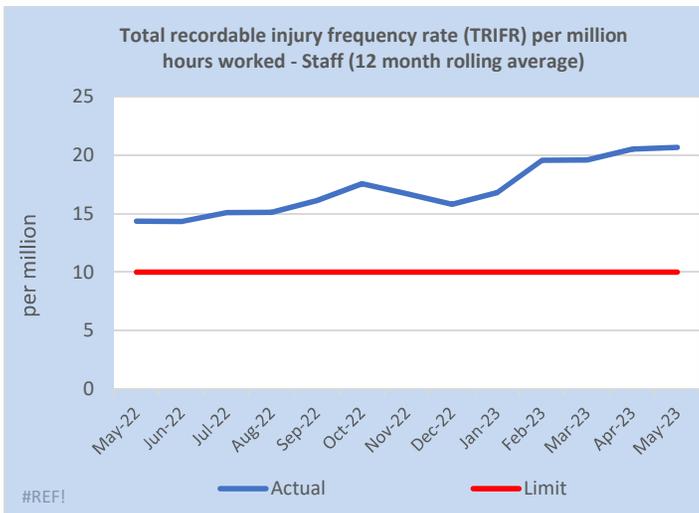
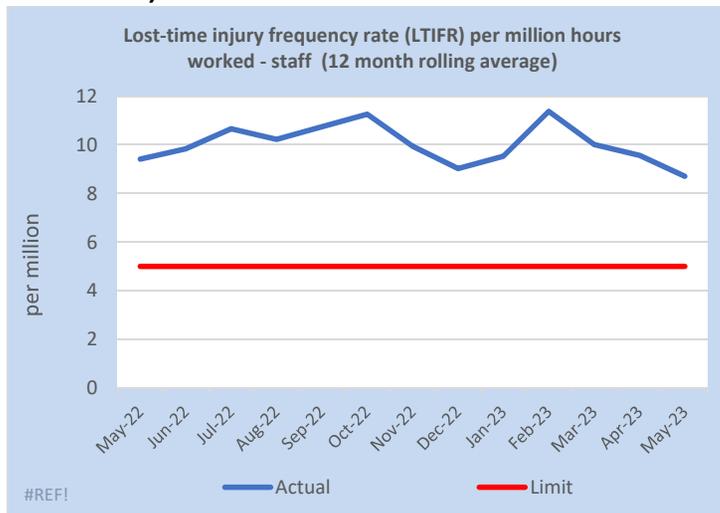
The operator was bruised and shaken but otherwise unhurt. They contacted emergency services, their manager, and family.

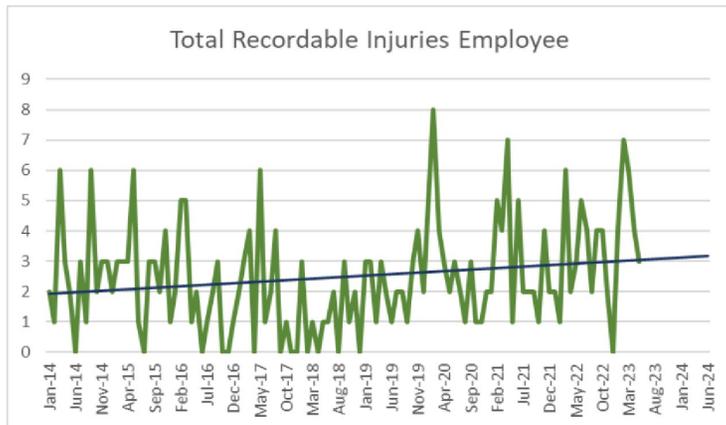
The operator was taken to hospital and was assessed as having bruising but no other injuries. The operator undertook non-safety critical tasks until they felt confident to return to driving duties.

Driving 2

- In one incident, a Watercare vehicle was travelling through a roundabout when another vehicle entered from the left, causing the WSL driver to swerve and hit the curb, popping a tyre. The driver was unhurt.
- In the second incident, an object fell from an unsecured load on another vehicle, cracking the windscreen of the Watercare vehicle. The driver was shaken but unhurt.

3.5.2 LTIFR / TRIFR measures





The total number of recordable injuries on a monthly basis is tracked and shown in the graph opposite. Whilst the month-by-month number is variable, the average number of injuries has increased from two to an average of three injuries per month over a ten year period. At the same time, Watercare’s average FTE has increased from 790 in 2014 to approximately 1200 in 2023.

3.5.3 Contractor incidents

	Note	2023					2022						
		May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul	Jun
No. of recordable injuries	1	3	5	4	8	6	3	3	7	5	4	9	6
Critical risk/all incidents	2,3	2/23	4/17	21/45	12/73*	4/49	4/29	16/58	17/45	7/40	8/54	18/62	17/74
High-Potential Critical events	2	-	-	-	-	-	1 Suspend -ed load	-	-	1 Mobile plant	-	-	-

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

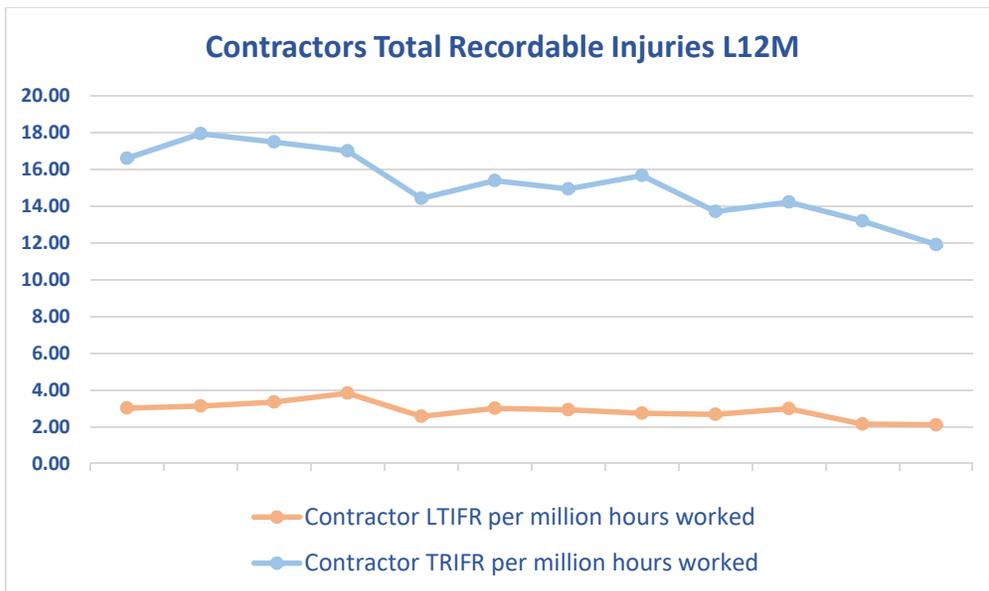
1. In May there were three recordable injuries to contractor kaimahi, all resulting in restricted duties.
2. Of the 23 contractor incidents recorded in May, six required first aid on site, one needed no treatment, and 13 resulted in no injuries.
3. Critical Risk Exposures: There were no high potential critical incidents or close calls involving contractors in May. There were two incidents involving critical risks, neither of which resulted in injury.

Driving 1

- A member of the public pulled out of their driveway and hit a contractor vehicle that was passing at the time.

Service strike 1

- While preparing footings for concrete, an unmarked cable was damaged. The cable was tracked back to the security data cable cabinet. The cable was repaired, and final digging work was completed by hand.



3.6 Critical risk review – Working with suspended loads

What are our suspended loads?

A suspended load is an object that is temporarily lifted and hangs above the ground. Working or walking immediately under or close to a suspended load is unsafe as the load can fall. Appropriate controls including a lift plan and exclusion zones must be planned and put in place before lifting starts.

Anything that is lifted above ground is considered a suspended load. Examples of lifting plant at WSL include: cranes, telehandlers, forklifts, gantries, Hiabs etc.

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

Lifting and suspended loads are relatively common on WSL sites. If risks are not adequately controlled, the likelihood of serious injury or death is increased.

Recent serious close calls involving suspended loads at project sites had poor planning, incorrect equipment, and incorrect rigging techniques as contributing factors.

Which parts of the business are affected and how big is our exposure to these risks? (Contractors or WSL staff)

Infrastructure sites

- Cranes are used extensively in Watercare’s construction projects. Projects can operate in very restricted areas, near urban areas of the community, close to open excavations adjacent work parties, overhead power lines buildings and structures.

Operation sites

- At pump stations, chain blocks, push trolleys and monorails are used to raise, lower, and move heavy pumps and other equipment.

MSN

- Use Hiab or Gantries to lift pumps out of holes
- Lifting steel plates (contractors do it with a Hiab truck)
- Winch in truck to take equipment out.

Central Interceptor

- Mechanical lifting can be used to lift man-cage in and out of the shaft, spoil out of the shaft, and lifting segment rings then lowering into shaft.

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

Controls working well

- Before any lifting takes place, a lift plan must be created and reviewed
- Exclusion zones are put in place so no one can enter or work in proximity of the lift. Exclusion zones have saved lives on Watercare sites this year – a very important control
- All lifting equipment is inspected, tested and certified according to schedule

- Toolbox meetings to communicate any new work (lifting plans for the day)
- Lifting and rigging training.

What are we working on?

- In May, suspended loads was the Back to Basics topic
- Improve understanding of exclusion zones across the industry – focus in Back to Basics
- Developing an app to provide greater visibility of servicing, maintenance, and currency of lifting equipment. Currently kept on individual site spreadsheets.



Board meeting | 4 July 2023
Public session



Climate change governance update

For discussion

Te pou whenua tuhinga / Document ownership

Prepared by

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Recommended by

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Submitted by

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1. Te tūtohunga / Recommendation

We recommend that the Board:

- discuss its governance obligations concerning climate related risks;
- discuss Chapter Zero's Board Toolkit's Five Steps; and
- consider incorporating Chapter Zero's Board Toolkit into the Watercare Board Planner over the next 12 months.

2. Whāinga / Purpose

In the past, the Watercare Board had a Committee for Climate Action to oversee climate change mitigation and adaptation at Watercare. This Committee was disestablished in February 2022 with responsibility for climate change elevated back up to the full Board.

Watercare already has in place significant and active programmes to progress climate change mitigation and adaptation, and the Board considers climate change matters regularly via Board reports and deep dives by subject matter experts at Board meetings. However, there is no overarching Board governance plan or board timetable in place to deal with climate change matters. This report therefore provides the Board with:

- an overview of director's governance obligations in New Zealand concerning climate change; and
- a summary of Chapter Zero's Board Toolkit/Five Steps, some of which could be incorporated into the Watercare Board Planner to ensure that the Board is discharging its governance obligations in relation to climate change over the next 12 months.

3. Kōrero pitopito / The details

3.1 The areas where Boards must exercise climate change governance

New Zealand boards have five areas where they need to exercise climate change governance. In summary, these are:

- 1. Legal Duties:** Directors have legal obligations to act in the best interests of the company, exercise reasonable care, skill, and diligence, and act in good faith. These directors' duties extend to considering and addressing climate change risks and opportunities that could impact the company's long-term performance and viability.
- 2. Reporting and Disclosure:** Directors need to understand their reporting requirements related to climate change. This includes disclosing material climate-related risks in financial reports, ensuring accurate and transparent reporting, and providing stakeholders with the information they need to make informed decisions.
- 3. Risk Management:** Directors must actively assess and manage climate-related risks that could impact the company's operations, supply chain, or financial performance. This involves identifying both physical and transitional risks associated with climate change and implementing appropriate risk management strategies to mitigate these risks.
- 4. Strategic Planning:** Directors should integrate climate change considerations into the company's strategic planning processes. This includes exploring opportunities that arise from climate change, such as developing sustainable products or services, and aligning the company's goals and strategies with a low-carbon and resilient future.
- 5. Stakeholder Engagement:** Directors should engage with stakeholders, including iwi partners, employees, customers, and communities, to understand their expectations and concerns related to climate change. Open dialogue and transparent communication can build trust, align interests, and inform decision-making processes.

Full details of these areas are set out in [Attachment 1](#). Watercare already has significant and mature governance around the above areas and active programmes to progress their delivery, but the attachment serves as a reminder to all Board members on what their obligations are as directors.

3.2 Chapter Zero's Board Toolkit/Five Steps, which Watercare could incorporate into its Board Planner to support climate change related actions

In March 2023, Chapter Zero published a [Board Toolkit](#). The Board Toolkit provides directors with a simple yet practical framework to ensure the climate challenge is being effectively addressed at the board table. The Toolkit outlines international best practice and equips directors to lead the boardroom discussion, encouraging their organisations to take timely, positive and decisive action to drive the climate transition.

At the core of the Toolkit are Five Steps that boards can take to ensure their organisations have a holistic, robust and deliverable plan for reducing their emissions, responding to the opportunities of the net zero transition, and to the need for adaptation. The Toolkit also contains questions for directors to consider and pose to their boards, checklists and options for deeper reading, along with an [interactive Scorecard](#) tool to help boards assess their current approach and promote further conversation.

We encourage Board members to complete the interactive Scorecard before the 4 July 2023 meeting. A number of the Watercare kaimahi have completed the Scorecard and all come up with a range of different scores which has encouraged discussion about what we are doing well, and what could be improved.

The Board Toolkit notes that to fulfil their fiduciary duties, directors need to:

- be fully aware of the implication of climate change;
- have the skills, tools, processes and information to act;
- commit to steward their organisation through the challenges climate change presents; and
- embed climate change within their organisations' overall strategic and risk management planning.

Management recommends that the Board discuss the Five Steps and incorporate some of these steps into Watercare's Board Planner over the next 12 months to support Watercare's climate change related actions.

The Five Steps are set out graphically below, and in detail in [Attachment 2](#). We have left space for you to add notes in Attachment 2 for further discussion at the Board meeting.



4. Ngā whakaaweawe ki a Watercare / Impact on Watercare

In 2021, the UN Secretary General noted that *“the IPCC Working Group report was a “code red for humanity”. He said the alarm bells are deafening, and the evidence is irrefutable. [...] If we combine forces now, we can avert climate catastrophe. But, as [the report] makes clear, there is no time for delay and no room for excuses”*.

Watercare’s Risk Appetite has three statements that relate to climate change and adaptation:

- We have a **strong interest** in protecting and preserving the environment and have **no appetite** for activities that significantly degrade the environment and result in breaches of environmental regulation or legislation.
- We have a **limited appetite** for activities that negatively impact water supply, resilience and meeting future demand.
- We have a **balanced appetite** to take financial and commercial risks where expected returns generate benefits when assessed against associated risks and are aligned with our strategy.

One of our Enterprise Risks is ‘Climate change impacts service delivery’. This risk was elevated to our top risk, following the Auckland Anniversary Floods to reflect continuing climate related challenge.

Over 10 other interrelated Enterprise Risks were also increased as a result of flooding / storm impacts, showing the significant knock-on effect this extreme weather event had on the entire business.

In light of the above, and how insidious climate change is worldwide, including to Watercare, it is important for the Board to have governance oversight of the various strategies and plans being put in place to manage and mitigate these risks.

Having a Board Plan around climate change governance will have many positive effects, including:

- Supporting Watercare to be an employer of choice
- Developing industry talent and skills including creating industry led thinking and processes
- Building customer, stakeholder and iwi partner trust
- Ensuring intergenerational equity in decision making, so that the hard work around climate change is not left for future generations
- Supporting our assets to perform well and be maintained whilst delivering high performing infrastructure
- Increasing our assets’ value
- Protecting, restoring and if possible, enhancing the natural environment in line with our Risk Appetite
- Supporting our climate change goals in adaptation and mitigation

- Giving effect to Te Mana o te Wai.

5. Ā muri ake nei / Next steps

- The Board should note its governance obligations in relation to climate change as set out in Attachment 1.
- The Board should advise which of the Board Toolkit Five Steps set out in Attachment 2 they would like to incorporate into the Watercare Board Planner to support Watercare’s climate change related actions.
- Following the Board’s feedback, the Board planner will be updated with climate change related actions.

6. Ngā whakapiringa / Attachments

Attachment number	Description
1.	The areas of climate governance that the board needs to be aware of
2.	Chapter Zero’s Five Steps



Attachment 1

Area 1: Legal Duties

General legal duties

New Zealand's Climate Change Response (Zero Carbon) Amendment Act 2019 commits New Zealand to a net-zero emissions economy by 2050. This important statute, which passed into law with the support of both major parties, sets the political environment for all organisations.

Under the Companies Act 1993 and the common law, directors have a legal obligation to act in the best interests of the company. In relation to climate change, this obligation includes:

Duty of Care: Directors are required to exercise reasonable care, skill, and diligence in performing their duties. This includes staying informed about climate change risks and considering their potential impact on the Watercare's operations, financial performance, and long-term viability. Directors should take proactive steps to understand climate-related risks, assess significance to Watercare, and develop strategies to manage and mitigate these risks.

Duty to Act in Good Faith: Directors are obligated to act in good faith and in the best interests of Watercare as a whole. This duty extends to considering the potential impacts of climate change on the Watercare's financial performance and reputation. Directors should evaluate the risks and opportunities associated with climate change and make decisions that promote the long-term sustainable growth of Watercare and its operations.

Compliance with Environmental Laws: Directors must ensure that the Watercare complies with all relevant environmental laws and regulations related to climate change. This includes ensuring that Watercare meets its emissions reduction targets, obtains all the necessary permits or consents, and adhering to environmental standards and reporting requirements. Directors should actively monitor the Watercare's compliance and take appropriate actions to address any non-compliance issues.

Treaty and Tikanga

Te Tiriti obligations are increasingly reflected in legislation and Tikanga Māori (Māori law of Aotearoa) has been recognised by the courts as part of New Zealand law.

Tikanga principles, including manaakitanga and kaitiakitanga are highly relevant to the environment and climate change (noting practice can vary in different contexts and between different iwi, hapū and whānau). These principles emphasise the need to care for and protect the whenua (land) and natural environment (taiao) and the resources within it, to ensure sustainability for future generations. Directors can expect to need an understanding of these wider issues which are gaining momentum and therefore represent increased risk.

Risk of climate change related litigation

- Both nationally and internationally, litigation surrounding directors' duties in relation to climate change has been increasing. To date, there have not been any successful claims against directors in New Zealand in relation to climate change obligations. However, directors should be factoring climate change risks into their decision-making process considering the growing risk of climate change related litigation.
- International climate change related litigation has generally been concerned with oil and fuel production, which inherently emit large quantities of greenhouse gases, contributing to climate change. Additionally, potential liability could arise if there is inadequate infrastructure in place to deal with the effects of climate change, such as flooding and rising sea-levels or inadequate processes to deal with droughts. Failure to adequately plan for this could be a breach of director's duty of care.
- Internationally, utility companies are increasingly the subject of climate change related litigation. While Watercare does not engage in fossil fuel production, carbon emissions from Watercare's wastewater treatment are relatively high. This risk should be kept in mind by the Watercare Board in its decision-making process.

Area 2: Reporting and disclosure of climate change related risks

Directors need to be aware of their obligations in relation to reporting and disclosing climate change related risks. These obligations arise from various legislative and regulatory requirements, as well as broader principles of transparency and accountability. Directors should be aware of the following key aspects of their reporting and disclosure obligations concerning climate change risks:

Financial Reporting Standards: Directors must ensure that financial reports comply with applicable financial reporting standards, including the Financial Reporting Act 2013 and related regulations. These standards require the disclosure of material risks that could impact Watercare's financial performance, including climate change-related risks. Directors should assess the significance of climate change risks to the company's operations, financial condition, and prospects, and ensure these risks are appropriately disclosed.

Materiality Assessment: Directors should conduct a materiality assessment to determine which climate change risks are considered material and therefore require disclosure. Materiality involves assessing the significance of a risk based on its potential impact on the company's financial performance, reputation, and operations. Factors to consider may include the magnitude, likelihood, and timing of the risk, as well as the expectations of stakeholders and relevant industry standards.

Financial Reporting Disclosures: Directors should ensure that the company's financial reports accurately and transparently disclose material climate change risks. This may include specific disclosures related to physical risks (e.g., extreme weather events, sea-level rise) and transitional risks (e.g., regulatory changes, shifts in market demand, carbon pricing).

Non-Financial Reporting: In addition to financial reporting, Directors should consider non-financial reporting requirements related to climate change. This may include the disclosure of climate-related risks and opportunities in environmental, social, and governance reports, sustainability reports, or integrated reports. From 2023, under the Financial Markets Conduct Act 2013, large publicly listed companies, insurers, banks, non-bank deposit takers and

investment managers are required to annually report their climate-related risks and opportunities (climate statements). Directors can be held liable for their company's failure to comply.

Accuracy and Consistency: Directors have a responsibility to ensure that Watercare's reporting on climate change risks is accurate, reliable, and consistent over time. This includes using appropriate methodologies for assessing and reporting on climate-related risks, as well as disclosing any assumptions or uncertainties associated with those assessments. Directors should also consider the consistency of reporting practices with industry peers and evolving reporting standards.

Area 3: Climate change risk management

Directors have risk management obligations that extend to addressing climate change related risks. These obligations arise from directors' duties to act in the best interests of the company and exercise reasonable care, skill, and diligence. Directors should be aware of the following key aspects of their risk management obligations concerning climate change related risks:

Identification and Assessment of Climate Change Risks: Directors have a duty to actively identify and assess climate change risks that could impact Watercare's operations, financial performance, and long-term viability. This involves understanding both physical risks (e.g., extreme weather events, sea-level rise, supply chain disruptions) and transitional risks (e.g., policy changes, shifts in market demand, carbon pricing). Directors should consider the specific risks relevant to the company's industry, location, and operations.

Integration of Climate Change Risks into Risk Management Frameworks: Directors should ensure that climate change related risks are integrated into Watercare's overall risk management framework. This involves developing processes and systems to capture, evaluate, and monitor climate-related risks alongside other business risks. Climate change risks should be considered in the context of Watercare's risk appetite, tolerance thresholds, and strategic objectives. Directors should establish appropriate reporting and escalation mechanisms to address climate change related risks effectively.

Risk Mitigation and Adaptation Strategies: Directors have an obligation to develop and implement risk mitigation and adaptation strategies to address identified climate change risks. This may involve diversifying supply chains, implementing energy efficiency measures, adopting renewable energy sources, or investing in climate-resilient infrastructure. Directors should consider the potential costs and benefits of different strategies and prioritise actions based on the significance of the risks identified.

Scenario Analysis and Stress Testing: Directors should employ scenario analysis and stress testing techniques to assess the potential impact of climate change on Watercare's operations, financial performance, and resilience. This involves modelling different climate-related scenarios and analysing the potential effects on revenue streams, costs, and asset valuations. Directors should use these tools to inform their decision-making and identify areas where additional risk mitigation measures or adaptation strategies may be required.

Reporting and Disclosure: Directors have obligations to report on climate change related risks and Watercare's approach to managing them. This includes disclosing material climate-related risks and opportunities in financial reports, as well as in other reporting frameworks such as sustainability or integrated

reports. Directors should ensure that disclosures are accurate, transparent, and comply with relevant reporting standards, guidelines, and regulatory requirements.

Stakeholder Engagement: Directors should engage with stakeholders, including shareholders, employees, customers, and communities, to understand their expectations and concerns regarding climate change risks. Stakeholder engagement can provide valuable insights into emerging risks, evolving societal expectations, and new opportunities related to climate change. Directors should consider stakeholder perspectives in their risk management processes and communicate Watercare's approach to climate change risks effectively.

Area 4: Strategic planning

Directors have a responsibility to integrate climate change considerations into strategic planning processes. By doing so, Directors can ensure that the Watercare is well-positioned to address climate-related risks and opportunities. Some of the key steps directors can take to integrate climate change considerations into Watercare's strategic planning are:

Assess the Relevance of Climate Change to Watercare: Directors should evaluate the potential impact of climate change on the Watercare's operations, markets, and value chain. This involves understanding how climate-related risks, such as physical risks, regulatory changes, or shifts in consumer preferences, could affect Watercare's long-term viability and financial performance. Directors should consider Watercare's exposure to climate risks and identify any strategic vulnerabilities or opportunities arising from climate change.

Establish a Climate Change Governance Structure: Directors should establish a clear governance structure to oversee and guide the integration of climate change considerations into strategic planning. This may involve assigning responsibilities to specific board committees or designated individuals, such as a sustainability or climate change committee. The governance structure should ensure regular reporting, monitoring, and accountability for climate-related matters throughout the strategic planning process.

Conduct Scenario Analysis and Risk Assessments: Directors should utilise scenario analysis and risk assessments to evaluate the potential impacts of different climate-related scenarios on Watercare's strategy and operations. This involves modelling and analysing various future states, considering climate-related factors such as regulatory changes, technological advancements, or physical impacts. By understanding the range of possible outcomes, Directors can make informed decisions about the company's strategic direction and identify potential areas of vulnerability.

Integrate Climate Change in Strategic Objectives: Directors should align strategic objectives with climate change considerations. This involves incorporating climate-related goals, targets, or Key Performance Indicators into Watercare's strategic planning processes. For example, Directors may set targets for reducing greenhouse gas emissions, improving energy efficiency, or increasing the use of renewable energy sources. By integrating climate-related objectives, Directors can ensure that Watercare's strategy is aligned with sustainability and long-term resilience.

Explore New Business Opportunities and Innovation: Directors should encourage the exploration of new business opportunities and innovation that arise from addressing climate change. This may involve identifying areas where Watercare can contribute to the transition to a low-carbon economy, developing innovative products or services that address climate-related needs, or exploring partnerships or collaborations that advance sustainable solutions.

Engage Stakeholders: Directors should engage with stakeholders, including shareholders, iwi partners, employees, customers, and communities, to understand their expectations and incorporate their perspectives into Watercare's strategic planning. Stakeholder engagement can provide insights into emerging trends, evolving societal expectations, and market dynamics related to climate change. By involving stakeholders in the strategic planning process, Directors can ensure that strategy is aligned with the broader interests and values of its stakeholders.

Area 5: Stakeholder engagement

Directors have a crucial role in engaging with stakeholders regarding climate change. Effective stakeholder engagement allows directors to understand diverse perspectives, gather valuable insights, and build trust and transparency. Some key considerations for directors when engaging stakeholders in relation to climate change are:

Identify and Prioritise Stakeholders: Directors should identify and prioritise stakeholders relevant to climate change, including shareholders, iwi partners, employees, customers, communities, regulators, and industry associations. Consider the specific interests, concerns, and expertise of each stakeholder group in relation to climate change. Prioritise engagement with stakeholders who have a significant influence on or are significantly affected by the company's climate-related activities.

Communication and Dialogue: Directors should establish effective channels of communication and foster a culture of open dialogue with stakeholders. Provide opportunities for stakeholders to express their views, concerns, and expectations related to climate change. This can be achieved through regular meetings, town halls, workshops, or dedicated platforms for feedback and dialogue. Directors should actively listen, seek input, and respond to stakeholder queries and concerns.

Share Relevant Information: Directors should provide stakeholders with accurate, relevant, and transparent information about Watercare's climate change strategy, policies, and performance. This includes disclosing material climate-related risks, opportunities, and actions taken to mitigate or adapt to climate change. Share updates on progress towards climate-related goals and targets. Use clear and accessible language to ensure stakeholders can understand the information shared.

Collaborative Partnerships: Directors should explore opportunities for collaborative partnerships with stakeholders to address climate change challenges. Engage with relevant industry associations, NGOs, academic institutions, and government agencies to share knowledge, leverage expertise, and foster collective action. Collaborative initiatives can include joint research projects, industry-wide sustainability efforts, or policy advocacy to drive positive change.

Stakeholder Input in Decision-Making: Directors should seek and consider stakeholder input when making strategic decisions related to climate change. Involve stakeholders in the company's climate-related initiatives, policies, and target-setting processes. Consider stakeholder perspectives during scenario analysis, risk assessments, and strategic planning. By incorporating diverse viewpoints, Directors can make more informed decisions that align with stakeholder expectations.

Reporting and Transparency: Directors should provide regular and transparent reporting on climate-related matters to stakeholders. This includes disclosing climate-related information in financial reports, sustainability reports, and other relevant platforms. Consider adopting recognised frameworks such as the Task Force on Climate-related Financial Disclosures recommendations to enhance the quality and consistency of climate-related reporting.

Continuous Engagement and Evaluation: Engagement with stakeholders on climate change should be an ongoing process. Directors should continuously seek feedback, monitor changing stakeholder expectations, and adapt their approach accordingly. Regularly evaluate the effectiveness of stakeholder engagement efforts to identify areas for improvement and ensure that engagement processes remain inclusive, meaningful, and responsive.

Attachment 2: Chapter Zero's Five Steps

Step 1 – Ensure the right Board oversight

Step 1 involves the Board considering a series of questions to establish its level of climate change preparedness. If clear answers cannot be given to one or more of the questions, this may be a strong indication that the Board needs to do more to prepare for climate change and the transition to a low emissions future.

Questions	Board's response
Leadership Capability	
Do we have the right competence on our board and access to the right expertise? Do we have the means to ensure this remains the case?	
Does our board and our organisation appropriately reflect climate change within our culture? Have we connected it to the organisations purpose and built in accountability?	
Has the board put climate change on the agenda? Is it considered as part of the organisation's wider strategy and risk management planning across the organisation?	
Would it be helpful to establish a separate board committee to address these challenges and ensure adequate attention and time is given to the issues? Do we have clear mechanisms in place to ensure adequate consideration when making key decisions?	
Clarity of Intent	
Have we set clear and ambitious goals? What will success look like in the future, and what level of change will this require versus today? Will we take a lead in our sector? What will this mean in practice?	
Have we set clear, SMART objectives, priorities and plans to achieve our stated goals? Given the pace of change in this area, are we reviewing these appropriately?	
Ability to deliver	
How will we ensure that management is clear on, and held to account, for delivering on our climate related goals? How well are our climate-related objectives and priorities embedded into executive performance management?	

Questions	Board's response
Are we clear how much we will need to invest to achieve our goals?	
Are we comfortable we have the right mechanisms and metrics to track progress in delivering our plans? How might we verify the accuracy of it?	
How can we be sure we have dedicated the right resources (people and money) to deliver on our plans?	
Have we fully engaged our supply chain partners and have they committed the resources required to deliver our ambition? What might they need from us to fulfil their own objectives in this regard? Do we have the ability to provide this?	
Are there advantages to collaboration within our sector?	
Have we considered how to engage and update our stakeholders so they can understand our actions in this area and we can understand what they need from us?	
Understanding the drivers of change	
What might our current greenhouse gas emissions and our forecast greenhouse gas emissions look like under number of scenarios?	
How do we think consumer, customer and investor expectations are changing? How might these changes impact our access to funding and insurance, ability to complete, and ability to attract/retain top talent?	
What is our understanding of the physical and transition risks posed to our assets and value chain? Do we have a plan to manage and/or mitigate them? Will we need to fundamentally rethink our business model?	
What opportunities could the transition to a low emissions climate-resilient future present for our business? (financial incentives, efficiencies, new tech/products/markets)	
In looking at our emissions, risks and opportunities, how could we thoroughly assess our whole value chain, outside our own operations?	
Have we evaluated how we can comply with current and emerging regulation, including any disclosure requirements?	

9.2

Step 2 – Establish the need for Change

After completing Step 1, the aim of Step 2 is to get a clear, high-level view of where the organisation is now versus where it aims to be in the future. This is designed to develop a clear understanding of where action is needed to meet future ambitions. The Board Scorecard is used by individual directors to assess where the board are positioned in terms of leadership and evaluation of climate change strategies. The questions are designed to help assess to effectively the board is tackling the net zero transition and building resilience to climate impacts. The Scorecard can be used to help make informed decisions on priorities for action and ask effective questions in the boardroom.

The Scorecard can be completed at <https://www.surveymonkey.com/r/ChapterZeroNZScorecard>

Step 3 – Set direction and plan the change

This step involves using the gaps identified in the Board Scorecard in Step 2 to set a direction and plan strategy.

Check that the board has the following in place:

Step 3 Checklist	
Item	Board's response
The right competence and access to the right knowledge and expertise, sufficient to set the right strategic direction.	
A comprehensive analysis across all areas of the organisation and its end-to-end value chain, recognising the importance of assessing emission from the beginning (rather than leaving them until later in the process) and: <ul style="list-style-type: none"> • current and forecast greenhouse gas emissions; • short and long term opportunities to reduce emissions; • long term planning (10 years plus) to reduce emissions. 	
Consider: <ul style="list-style-type: none"> • climate change related opportunities the organisation could benefit from. • climate change related risk the organisation needs to mitigate/ adapt to. • any modification that may be required to the business model. • the use of influence and positioning to support the low carbon transition. 	

Step 3 Checklist	
Item	Board's response
Strategic plan and targets including a vision, statement of intent and priorities, with climate action clearly embedded in the organisations strategic and risk management planning for the organisation.	
To align with science-based plan and targets including a vision, statement of intent and priorities, with climate action clearly embedded in the organisation's overall strategic and risk management planning for the organisation.	
The visions and key priorities embodied into SMART strategic objectives for the organisation. In particular, evidence of a credible set of targets to achieve emissions reductions (such as a net zero supported by reductions in line with science-based targets).	
A comprehensive, integrated assessment of the change required to deliver on the above action areas and objectives, across all areas of the organisation and the end-to-end value chain.	
Defined strategic plans and business cases to deliver the change over the short, medium and longer term, in all the areas of the change identified and as an integral part of the broader business planning.	
Sufficient resources allocated to deliver the change, both within the organisation and its supply chain partners.	
The right metrics and mechanism in place to track delivery, which can be verified if necessary.	
Climate change priorities that are incorporated in investment and decision-making throughout the organisation.	

Step 4 – Embed and sustain the Change

Step 4 involves ensuring that climate change is embedded through the organisation.

Step 4 Checklist	
Item	Board's response
Leadership is actively setting the right tone to inspire the required change in culture and behaviours – not only what the organisation says, but also what it does.	

Step 4 Checklist	
Item	Board's response
All activities are aligned behind the organisation's climate action goals.	
Effective leadership has been put in place to oversee climate impact, risk, opportunities and action in line with the World Economic Forum principles and/or any applicable legislation and regulations.	
Robust, evidence-led, board reviews of climate related targets, plans, risks, opportunities and progress, carried out at least quarterly.	
Board and management factor climate action into all relevant decision making in a robust transparent and measurable way.	
The board has and retains the right competence and access to the right expertise and insight in relation to climate change and the impact/opportunity assessment.	
Comprehensive inclusion of climate related risks and opportunities within financial disclosures either: <ul style="list-style-type: none"> • in accordance with any applicable regulations or legislation; • otherwise in line with common accepted national or international standards and guidelines, such as New Zealand Climate Standards or the TCFD recommendations. 	
Ownership, accountability and targets for climate action is embedded throughout the organisation including the board.	
Management incentives are aligned to promote the long-term prosperity of the organisation. The board should explore ways it can transition management remuneration to meet the long term goals of the organisation, including considering climate change-related targets and indicators in their management incentive schemes or key performance indicators, where appropriate.	
Effective communication and engagement across all key stakeholder groups underpinned by the training, education and support they need to make the change happen.	

Step 5 – Monitor and optimise

Step 5 is about ensuring the board is actively and appropriately monitoring progress and providing support and encouragement.

Step 5 Checklist	
Item	Board's response
<p>Actively monitoring targets Ensure targets are met as part of business as usual, continuing to create stretch, and motivating ongoing improvement, this needs to be embedded throughout the organisation.</p>	
<p>Using credible data Ensure the organisation uses credible data on current emissions and trends to inform changes and continuous improvements in targets. For example, if emissions are forecast to increase in particular areas of the organisation, the total reduction targets should be increased to take account of this.</p>	
<p>Supporting and encouraging Provide ongoing support to the organisation to actively monitor changes in climate science, policy and regulation, including any climate-related technology innovations. Then use these insights to identify and implement any changes required to plans and targets.</p>	
<p>Listening Leadership is providing clear communication channels for stakeholders, employees, customers, suppliers, investors, lenders) to share their climate action and net zero ideas, and actively listening to and acting on stakeholder suggestions.</p>	
<p>Incentivising Leadership is actively encouraging stakeholders and incentivising them to develop improvement ideas. Incentives do not need to be monetary (for example, competitions to come up with the best ideas and/or make the biggest difference are a great way of making the topic front of mind and getting people to positively engage).</p>	

Step 5 Checklist	
Item	Board's response
<p>Benchmarking Levels of ambition and achievement are being proactively compared with those of peer and comparator organisations and adjusted accordingly, to achieve target positioning.</p>	
<p>Collaborating There is proactive networking and collaboration across the end-to-end value chain. This should include businesses and stakeholders within the organisation's sector and more broadly to share and action improvement ideas and innovations.</p>	

Board - Public Session - Board planner

		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	4-Jul	8-Aug	6-Sep	10-Oct	7-Nov (Statutory Public Meeting)	12-Dec		8-Feb	5-Mar	9-Apr	7-May (Statutory Public Meeting)	12-Jun 25-Jun	
	Audit and Risk Committee		16-Aug 30-Aug			21-Nov			2-Feb		3-Apr	21-May	21-Jun	
Running the Business	Financial	Auckland Council and Watercare to review 30 June Treasury Interest rates Board approval of 2023/2024 Budget	Approve Auckland Council Reporting Pack (via an out of cycle resolution)	Approve 2022/23 accounts Delegate final sign off of Annual Report 2023		Auckland Council Draft Annual Plan - approve Watercare input			Approve half year accounts	Approve financials for Draft SOI including projected 24/25 price increases Approve long term financials for Auckland Council modelling			Board approval of Insurance proposal Board approval of 2024/2025 Budget and updated SOI financials	
	Statement of intent	Final 2023-2026 SOI issued to shareholder by 31 July 2023	Final 2023-2026 SOI adopted by Auckland Council Q4 Performance Report - due to Council by 25 August 2023		Q1 Performance Report - due to Council (date TBC)	2022/2023 SOI Results to be presented to Board at Public Meeting. Public deputations to be received. Q1 Performance Report due to Council (date TBC)	2024/25 Letter of Expectations to be received		Q2 Performance Report - due to Council by TBC	Draft 2024-2027 SOI for Board's approval - to be sent to Council by TBC		Present shareholder SOI feedback at public meeting. Public deputations to be received.. Q3 Performance Report - due to Council by TBC		
	Site visits	M5N site visit scheduled for Margaret Devlin												
	Community and Stakeholder Relationships		Stakeholder	Iwi	Stakeholder	Iwi	Stakeholder		Iwi	Stakeholder	Iwi	Stakeholder	Iwi	
	Governance	Climate change governance update	Q4 Statutory compliance Enterprise Risk Report (Board then Council)	Update on Auckland flood recovery		Enterprise Risk Report (Board then Council) Q1 Statutory compliance Delegations to the CE Policy	Board Delegations to CE Update on Auckland flood recovery		Enterprise Risk Report Q2 Statutory compliance	Update on Auckland flood recovery	Enterprise Risk Report	Q3 Statutory compliance	Corporate Governance charter Update on Auckland flood recovery	
	Karakia	Frances Valintine	Margaret Devlin	Nicola Crauford	Brendon Green	Hinerangi Raumati-Tu'ua	Graham Darlow		Julian Smith	Frances Valintine	Nicola Crauford	Brendon Green	Margaret Devlin	
Deep Dives - aligned to the five priorities		Operations - Mark Bourne/Nathaniel Wilson, Sharon Danks and Peter Rogers	Finance - Jamie Sinclair/Angela Neeson, Nigel Toms and Chantelle Subritzky	Partnerships - Richie Waiwai, Amanda Singleton, Brent Evans and Andrew Chin	Our customers - Amanda Singtone/Priya Thuraisundaram and Rachel Hughes	Our people - Sarah Phillips/Jamie Sinclair				Capital programme - Steve Webster/Hamish Corbett, and Priyan Perera	Operations - Mark Bourne/Nathaniel Wilson, Sharon Danks and Peter Rogers	Finance - Jamie Sinclair/Angela Neeson, Nigel Toms and Chantelle Subritzky	Partnerships - Richie Waiwai, Amanda Singleton, Brent Evans and Andrew Chin	
Confidential			A year end progress update for CE's KPIs AMP Implementation Report			CE's KPIs			CE's KPIs AMP Implementation Report			CE's KPIs		
Audit & Risk Committee			Auckland Council FY23 Reporting Pack (16 August meeting) Approval of Financial Statements FY23 (29 August meeting)			Board Delegations to CE			Approve FY24 half year accounts			Present plan for Year end to A&R A&R Approve Insurance Proposal Approval of 2024/25 Budget & updated SOI Financials Review tax ahead of year end		



Board meeting | 4 July 2023
Public session

Directors' meeting attendances

For information

Te pou whenua tuhinga / Document ownership

Prepared and recommended by

Emma McBride
Head of Legal and Governance

Submitted by

Dave Chambers
Chief Executive Officer

1. Te tūhonga / Recommendation

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

2. Take matua / Key points

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

3. Kōrero pitopito / The details

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

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

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

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



Board meeting | 4 July 2023
Public session

Disclosure of Directors' and Executives' interests

For information

Te pou whenua tuhinga / Document ownership

Prepared and recommended by

Emma McBride
Head of Legal and Governance

Submitted by

Dave Chambers
Chief Executive Officer

1. Te tūhonga / Recommendation

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

2. Take matua / Key points

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

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

3. Kōrero pitopito / The details

3.1 Watercare Services Limited's Directors' Interests Register

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

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

DIRECTOR	INTEREST
	<ul style="list-style-type: none"> • Director, Scion Research Institute registered as New Zealand Forest Research Institute Limited • Member, Waikato District Council — Infrastructure Committee
Hinerangi Raumati-Tu'ua	<ul style="list-style-type: none"> • Chair, Ngā Miro Trust • Director, Taranaki Iwi Holdings Management Limited • Director, Te Puia Tapapa GP Limited • Chair, Tainui Group Holdings Limited • Executive Member, Te Whakakitenga O Waikato • Director, Genesis Energy Limited • Director, Reserve Bank of New Zealand • Director, Pouarua Farms Limited
Frances Valintine	<ul style="list-style-type: none"> • Director and CEO, The Mind Lab Limited • Director and CEO, Tech Futures Lab • Director and Shareholder, Harcourt Jasper Limited • Director and Shareholder, Pointed Tangram Limited • Director and Shareholder, Harper Lilley Limited • Director and Shareholder, On Being Bold Limited • Director and Shareholder, Sandell Trustees Limited • Selection Advisor, Edmund Hillary Fellowship • Board of Trustee, University of Silicon Valley • Shareholder, Thought-Wired Limited • Director, Academy EX Limited • Director, Earth Futures Lab • Director, Edlab Limited
Graham Darlow	<ul style="list-style-type: none"> • Business Executive, Acciona Infrastructure NZ Limited • Director and Shareholder, Brockway Consulting Limited • Chair, Frequency NZ Limited • Director, Hick Bros. Civil Construction Limited • Director, Hick Bros. Infrastructure Limited

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

3.2 Watercare's Executives' Interests Register

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

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

