

Board meeting | 8 August 2023  
Public session



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

<b>Meeting administration</b>		<b>Spokesperson</b>	<b>Action sought</b>	<b>Supporting material</b>
1	<a href="#">Opening Karakia</a>	Chair	-	Verbal
2	Apologies	Chair	Record apologies	Verbal
3	Quorum	Chair	Three directors required	Verbal
4	Declaration of any conflicts of interest	Chair	For noting	Verbal
5	<a href="#">Minutes of the previous meeting of 4 July 2023 Board meeting</a>	Chair	For approval	Minutes
6	Public deputations	Chair	For information	Verbal
<b>Items for information, discussion and approval</b>				
7	<a href="#">Chief Executive's report</a>	Dave Chambers	For discussion	Report
8	<a href="#">Health, safety and wellbeing update</a>	Bronwyn Struthers	For discussion	Report
9	<a href="#">Establishment of new capital committee</a>	Steve Webster and Emma McBride	For approval	Report
<b>Governance</b>				
10	<a href="#">Board planner</a>	Chair	For information	Report
11	<a href="#">Directors' meeting attendances</a>	Chair	For information	Report
12	<a href="#">Disclosure of Directors' and Executives' interests</a>	Chair	For information	Report
13	General business	Chair	For discussion	Verbal update
<b>Date of next meeting</b>		Wednesday, 6 September 2023		



**Karakia Timatanga (To start a meeting)**

**1. Whakataka te hau ki te uru**

**Whakataka te hau ki te tonga**

**Kia mākinakina ki uta**

**Kia mātaratara ki tai**

**E hī ake ana te atakura**

**He tio, he huka, he hau hū**

**Tihei mauri ora!**

*Cease the winds from the west*

*Cease the winds from the south*

*Let the breeze blow over the land*

*Let the breeze blow over the ocean*

*Let the red-tipped dawn come with a sharpened air.*

*A touch of frost, a promise of a glorious day.*



**2. Tukua te wairua kia rere ki ngā taumata**

**Hai ārahi i ā tātou mahi**

**Me tā tātou whai i ngā tikanga a rātou mā**

**Kia mau kia ita**

**Kia kore ai e ngaro**

**Kia pupuri**

**Kia whakamaua**

**Kia tina! TINA! Hui e! TĀIKI E!**

*Allow one's spirit to exercise its potential*

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

*Take hold and preserve it*

*Ensure it is never lost*

*Hold fast.*

*Secure it.*

*Draw together! Affirm*





Minutes

<b>Board meeting</b>	Public session
<b>Date</b>	4 July 2023
<b>Venue</b>	Watercare Services, Level 3 Boardrooms, 73 Remuera Rd, Remuera and via Microsoft Teams
<b>Time</b>	10:20am

Attendance		
Board of Directors	Watercare staff	Guests
Hinerangi Raumati-Tu'ua (Acting Chair) Julian Smith Brendon Green Graham Darlow Frances Valintine	Dave Chambers (CE) Mark Bourne (Chief Operations Officer, for items 1 to 9) Amanda Singleton (Chief Customer Office, for items 1 to 9) Justine Corbett (Rem and People Insight Lead, for item 1 to 8) Chris Thurston (Head of Sustainability, from second of item 8 to 9) Bronwyn Struthers (Head of Health, Safety and Wellbeing, for items 1 to 8) Emma McBride (Head of Legal and Governance) Pinaz Pithadia (Legal and Governance Advisor)  <b>Via Microsoft Teams</b> Richie Waiwai (Tumuaki Rautaki ā-lwi me ngā Hononga, from items 1 until first part of item 7)	<b>Via Microsoft Teams</b> Trudi Fava, CCO Programme Lead, Auckland Council (from start until item 7)  Laura Kvigstad, News Reporter

1.	<p><b>Opening karakia</b></p> <p>The Acting Chair noted that although this item was on the public agenda, Frances Valintine opened the confidential meeting with a karakia earlier this morning.</p>
2.	<p><b>Apologies</b></p> <p>Apologies were received from Margaret Devlin, Nicki Crauford, and Councillor Ken Turner (Watercare’s Lead Councillor).</p>
3.	<p><b>Quorum</b></p> <p>There were five directors present at the meeting, so a quorum was established.</p>
4.	<p><b>Declaration of any conflicts of interest</b></p> <p>No conflicts of interest were noted.</p>
5.	<p><b>Minutes of the previous meeting of 13 June 2023</b></p> <p><i>The Board <b>resolved</b> that the minutes of the public session of the Board meeting held on 13 June 2023 be confirmed as true and correct.</i></p>
6.	<p><b>Public deputations</b></p> <p>The Acting Chair welcomed Laura Kvigstad, a news reporter with independent papers across Auckland, who was attending the meeting online as an observer.</p>
7.	<p><b>Chief Executive’s report</b></p> <p>The CE introduced the report and highlighted the following key topics.</p> <p><b>May 2023 update</b></p> <ul style="list-style-type: none"> <li>• In the calendar year to June 2023, Auckland received more than its average annual rainfall.</li> <li>• Operational costs at the Waikato 50 Water Treatment Plant (WTP) are higher than our gravity fed WTPs at Ardmore and Huia. As the dams are currently full, the Waikato 50 plant is being put on standby to achieve considerable opex cost savings. It will be maintained in a state of readiness so it can return to service, if required.</li> <li>• Mark Bourne explained that our dams’ total spill volumes are equivalent to about two days of production per day. They are designed to hold 100% of water, and when they are full, they spill over the top. If another extreme weather event occurred, such as that which occurred in January 2023, then the dams would slow the flow of water as it moved across the top of the flat dams, before it reaches the spillway and flowed into the catchment below.</li> <li>• In June 2023, Volaris Group officially took over ownership of Lutra Limited, so Lutra is no longer a subsidiary of Watercare.</li> </ul>

- Submissions are open for Water Services Entities Amendment Bill 4 until 5 July 2023. This Bill disestablishes the four water services and replaces them with 10 water services entities. Watercare will not make a submission but has contributed feedback to WaterNZ who are making a submission on behalf of the New Zealand water industry.
- The Select Committee has reported back on Bills 2 and 3. Bill 2's land access provisions have been changed slightly, but are still not the same as how we operate under the Local Government Act. Water NZ is preparing a submission on behalf of the industry outlining how this will impact water utilities. Watercare will not submit.
- An updated Entity A organisational/functional design was shared with our people in May 2023. The final organisation design will be released by the end of July 2023.
- The CE has completed 12 roadshows. Jon Lamonte (Establishment Chief Executive of Entity A) attended 10 roadshows. Vaughan Payne attended the Te Rapa roadshow where it was explained to staff that Watercare's contract with the Waikato District Council will transfer to Entity A. Entity A will continue to provide the three water services on contract to Waikato District Council until Entity B is formed.
- Our Māngere and Ardmore plants successfully completed their ACC audit.
- Our 2023 Developer Forum was held at Eden Park in May 2023. This was an excellent opportunity for developers and Watercare to build relationships.
- Annual performance reviews for our kaimahi will be completed by the end of July 2023, after which remuneration will be reviewed.
- The CE noted that our three kaimahi, who form our Elected Member Relationship team, are responsible for relationships with 193 elected members across Tamaki and respond to between 300-600 interactions every month. The Acting Chair acknowledged the hard work done by the Elected Member Relationship Team to respond to these interactions.

***Key performance measures***

- The total recordable injury frequency rate (TRIFR) is slowly rising. However, lost time injuries were zero in May 2023.
- Attendance at, and number of, sewerage overflows both exceeded targets due to significant rain and storm events. But for the storm events, our performance would have been below our target of 60 minutes.
- The CE's report lists the engagement score (7.3/10). The eNPS score was 10 (on a scale from -100 to +100), up from 6 last time the score was measured. Over 1,000 staff undertook the survey. The overall score was 37% positive, 27% detractors, and 37% passives. The CE is reading all the written feedback points (over 1,000 individual comments) to look for themes in the responses.
- Our leakage calculation was unreliable due to the storm events. It is anticipated that our result for FY23 would be within our target. However, it is reliant on the actual numbers once we have completed actual reading of all meters.
- The Asset Upgrades and Renewals (AUR) procurement programme has gone live. In June 2023, a kanohi ki te kanohi (face-to-face) session was held with industry members, including Māori and Pasifika-owned businesses.
- The Board was pleased to see that we are meeting the 2% procurement target from Māori owned businesses. It was noted that the Government's target is now 8%. Any Māori owned businesses who wish to do business with Watercare should reach out to Stuart Bird, Head of Supply Chain.

***Our customers***

- Customer complaints have increased. The strongest detractor theme is "network faults".

**Operations**

- Our internal audit team is preparing for audits of our Drinking Water Safety Plans.
- We have received the Annual Certificate on the Performance of our dams for 2022. This report will be presented to the Audit and Risk Committee (ARC) at the 16 August 2023 meeting.

**Central Interceptor (CI)**

- Milestones continue to be achieved across the project's 16 sites.
- The TBM should reach May Road by the end of August 2023.
- The southern part of the CI will be commissioned late next year, and should be in service by 2025, before the rest of the CI is complete to the north.
- The Acting Chair congratulated the eight HSW Champions on the CI team for their outstanding contribution to the safe execution of work.

**Risk and compliance update**

- A Level 3 incident was declared on 9 May 2023, ahead of the heavy rain and severe thunderstorm warning. After a risk assessment, the incident team was stood down the following day.
- For the Huia Water Treatment Replacement Plant, the Environment Court assisted mediation occurred on 29 and 30 June 2023. The mediation had been postponed a few times, so it was pleasing that further progress is being made.

**Water quality report**

Mark Bourne highlighted the following key topics:

- All our Water Treatment Plants were 100% compliant.
- Residual chlorine levels at the extremities of our network remain an area of concern. Mark noted that the characteristics of the water have not changed since the new rules have come into force, and the water remains safe to drink. To address the transgressions, we are using engineering to reduce the age of water at the extremities of our network. The ultimate solution, however, will be the upgrade or replacement of some of our older plants, such as Huia WTP.
- In May, a sample was not taken at one of the sample locations due to human error. To remedy this, the laboratory is going to barcode all sample collection sites.
- We are working with Taumata Arowai regarding how transgressions will be reported in their Annual Report.
- The Board requested that information on monthly water quality compliance be included in the body of the report, rather than as a footnote.

**Non-compliance with resource consents**

Mark Bourne highlighted the following key topics.

- Out of 389 active resource consents, 18 consents were non-compliant. This is an improvement from April, when 22 consents were non-compliant.
- The consents at Army Bay WWTP, Beachlands WWTP, and Māngere WWTP remain our top concerns. Wet weather means the volume of flows increase into these plants, resulting in breaches. We have short to long term plans in place to resolve the issues.

	<ul style="list-style-type: none"> <li>The Helensville WWTP is now compliant. The upgrade to the plant has been successful and exceeded expectations. The technology being used at this plant is being proposed for the Wellsford WWTP upgrade.</li> </ul> <p><b>Policy update</b></p> <ul style="list-style-type: none"> <li>Auckland Council is currently developing a 100-year adaptive policy. The policy is focused on water related impacts of climate change. We expect to contribute to the policy for water and wastewater related components.</li> </ul> <p><i>The Board noted the report.</i></p>
<p>8.</p>	<p><b>Health, safety and wellbeing update</b></p> <p>The CE noted that in last twelve months we had two critical events. In May, there were no lost time injuries and three recordable injuries to Watercare kaimahi.</p> <p>Bronwyn Struthers noted the following key topics:</p> <ul style="list-style-type: none"> <li>In May 2023, there were three visits from WorkSafe. During an impromptu visit to Puketutu Island, inspectors identified shortfalls in the layout of the tip-head and sought clarification on pre-start processes. The team has made improvements in the layout. We are waiting for a final report.</li> <li>The Fleet Manager is working with EROAD to identify potential improvements to our heavy vehicles. These vehicles are highly customised, so it is not a quick solution.</li> <li>Accredited Employer Programme (AEP) claim data summary suggests that by comparison to our levy risk group businesses, we have a significantly lower total number of claims. This reinforces the value of the work being done to prevent kaimahi being hurt. The analysis also confirms it is more cost effective for us to be part of this programme and pay partial ACC levies, rather than not be part of the programme and pay full ACC levies.</li> <li>Whilst the month-by-month number for TRIFR is variable, the average number of injuries has increased from two to an average of three injuries per month over a ten-year period. To meet our statement of intent performance TRIFR target of 10, we would need to reduce this to a maximum of two kaimahi having recordable injuries each month.</li> <li>Bronwyn noted that different businesses have inconsistent approaches to TRIFR calculation so when TRIFR is used to compare an organisation with another, care must be taken to check how the numbers are being calculated (e.g. some calculate it on 100,000 hours worked, and we calculate it on 1m hours worked).</li> <li>The CE noted that MSN undertakes approximately 48,000 jobs in a year using various equipment. It is important that all our kaimahi go home safely. We do so by keeping our focus on TRIFR, LTI, severity, critical risks, and ACC claims.</li> <li>In response to a query from a Board member, Bronwyn noted that we are working with Downer and CityCare to share our learning regarding TRIFR data. However, we do not have enough benchmark data within New Zealand. The Acting Chair requested an analysis of TRIFR data of Australian entities to see whether we could use that data for benchmarking purpose.</li> <li>The CE noted that in our May 2023 staff engagement survey, some of our strongest results were for questions regarding kaimahi feeling supported by HSW and there being no barriers to reporting HSW issues at Watercare.</li> </ul>

	<ul style="list-style-type: none"> <li>In response to a query on critical risk review, Bronwyn noted that the Learning and Organisation Development Team are investigating a Verification of Competency (VOC) for crane operators.</li> </ul> <p><i>The Board noted the report.</i></p>
<p>9.</p>	<p><b>Climate change governance update</b></p> <p>Emma McBride and Chris Thurston presented the report.</p> <p>The report as was taken as read and Emma highlighted following key topics.</p> <ul style="list-style-type: none"> <li>Now that we do not have a Committee for Climate Change Action, this report serves as a reminder to the Board about their governance obligations in relation to climate change.</li> <li>Watercare has significant and active programmes in place to progress climate change mitigation and adaptation. The Board also considers climate change matters via regular updates and deep dives by subject matter experts. However, there is no overarching Board governance plan or Board timetable in place to deal with climate change matters.</li> <li>The report sets out director’s governance obligations in New Zealand concerning climate change and a summary of Chapter Zero’s Board Toolkit, which outlines international best practices. This toolkit serves as a reference document for the Board to provide their feedback to Management.</li> </ul> <p>Chris made the following key points:</p> <ul style="list-style-type: none"> <li>We are currently completing a climate change risk assessment for reporting disclosure requirements. On 16 August 2023, the Audit and Risk Committee will be provided with an update on this, including our top 20 risks.</li> <li>The January 2023 storms are a reminder that climate change is already impacting our level of service, as well as our Green House Gas (GHG) emission targets (higher flows through WWTPs results in higher GHG emission). We are now starting to monitor GHG emissions at our WWTPs.</li> <li>Chris recently attended the Global Water Summit in Europe. Watercare is progressing well in managing nitrous oxide emissions and we are at or near to leading international best practice in this area. The University of Queensland will visit us shortly to undertake a peer review of one of our recent inventions that monitors GHG emissions.</li> <li>Darren Cadman, Head of Customer Solutions, recently won our inaugural sustainability champion award. Darren established a small sustainability committee at the Labs, which has resulted in a new recycling partnership. This initiative has reduced a certain plastic waste at our labs by 89%.</li> <li>The CE noted that a company plan has been re-evaluated to ensure we include sustainability along with te ao Māori values as priorities.</li> <li>The Board acknowledged the work done by our kaimahi to produce <i>Tapped In</i> Winter edition.</li> <li>The Acting Chair thanked everyone for the korero and asked Board members to provide suggestions to Management as to what could be incorporated into the Watercare Board Planner over the next 12 months from the Chapter Zero’s Board Toolkit.</li> </ul> <p><i>The Board noted the report.</i></p>

<p><b>10.</b></p>	<p><b>Board planner</b>                  The CE noted that the Q4 Performance Report will be an out- of- cycle Board approval. Our deadline to submit the report is 25 August 2023.  <i>The Board <b>noted</b> the Board planner.</i></p>
<p><b>11.</b></p>	<p><b>Directors’ meeting attendances</b>                  Brendon Green and Graham Darlow will both be apologies for the 8 August 2023 Board meeting.  <i>The Board <b>noted</b> the report.</i></p>
<p><b>12.</b></p>	<p><b>Disclosure of Directors’ and Executives’ interests</b>  <i>The Board <b>noted</b> the report.</i></p>
<p><b>13.</b></p>	<p><b>General business</b>                  There was no general business.                  The public meeting closed a 11.59am</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

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 Chair

# Chief Executive's report – August 2023

Presented by: Dave Chambers



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## 1. June 2023 update

June 2023 was a busy month heading into year end and visiting all the sites as part of the annual road show. Attendance at each of the roadshows was excellent and it's always nice to receive feedback directly from our people. On top of this feedback, we received over 1,000 comments as part of the engagement survey, which I have taken the time to read. One thing that stood out to me is the need for more transparency and context around our remuneration review and framework, and our People team have been working hard to address this. It is critical that our people are all on the same page and trust that Watercare is a fair employer that values its workforce.

Water reform continues to be the hot topic particularly in the people transition space. We are working hard to ensure transition pathways are clear for all of our people. At the same time additional resources are being seconded to the reform team (DIA) to ensure Wai Tāmaki ki Te Hiku is prepared for a 1 July 2024 start date.

**Waikato 50 plant** – We have taken our Waikato 50, the smaller of two treatment plants that process water from the Waikato River, into standby mode temporarily until early 2025. This will result in annual savings of about \$4 million. The reason for this decision is the incredibly wet weather Auckland has experienced over the past 10 months. Auckland's dams have stayed above 95% full since July 2022 and this high storage means we can take the Waikato 50 plant offline and put it on standby to achieve considerable cost savings. The Waikato 50 plant will be maintained in a state of readiness so it can return to service if needed – for example, if we experience another drought.

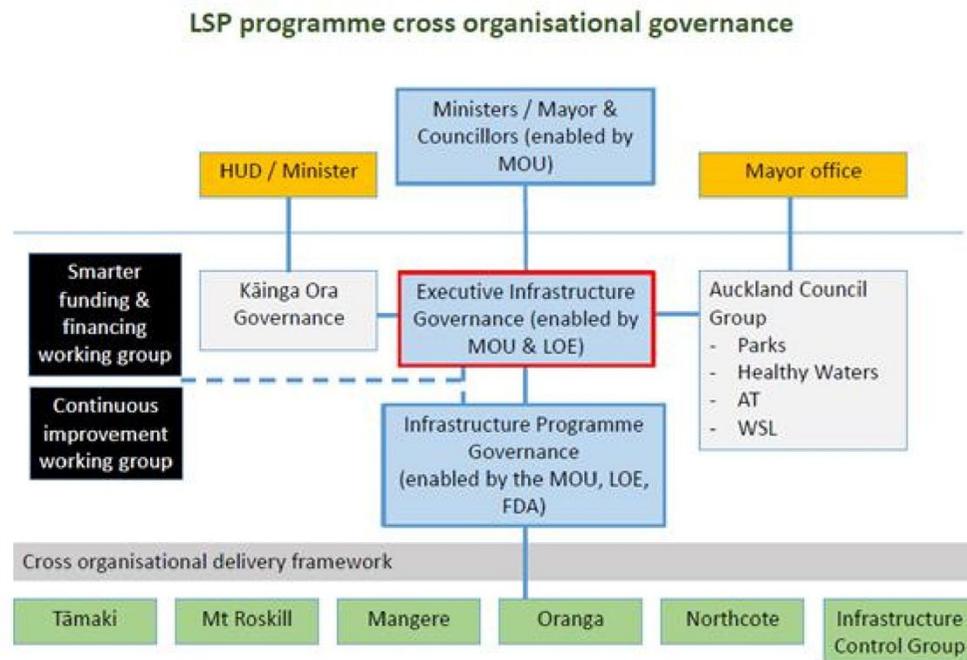
A few updates of specific importance for June are:

**Local Network charge** – Our Letter of Expectation from Auckland Council requested that Watercare investigate and implement a local network infrastructure charge during 2024. However, we are no longer including this programme of work in our Statement of Intent as the NTU are designing a national development charge policy. We are therefore providing feedback into this policy instead.

**Kāinga Ora Large Scale Programmes – Auckland** – There is a Mayor/Minister meeting scheduled for August 2023, to update the Mayor and Minister of Housing on the progress of the Kāinga Ora Large Scale Programmes in Auckland. Attendees will be, at a minimum, Mayor Wayne Brown, Megan Woods (Minister of Housing), and Mark Fraser (Kāinga Ora General Manager Urban Development and Delivery). At this meeting a report, developed by the Executive Infrastructure Governance Group (refer governance structure below), will be presented. The report is a two-page summary of progress to date and includes the cost contributions each council organisation has committed to the programme. For Watercare this is \$242m, between FY22 and FY31 and is included in our AMP. This report will be one of several agenda items at the meeting. Management do not recommend the need for a Watercare representative at this meeting.

*Background*

Auckland Council and central Government last year committed to a partnership for the planning, funding, and delivery of infrastructure to support the Auckland Large- Scale Project (LSP) programme. The partnership was formalised in writing in September 2022. There is a formal agreement in place that has an expectation that Kāinga Ora and the Council family, including Watercare, work together to deliver the LSPs. This agreement is signed by the Auckland Mayor, Deputy Mayor, Minister of Finance, and the Minister of Housing. Following the signing of this agreement, a governance structure was established, refer diagram below.



The Executive Infrastructure Governance Group (above) members are:

- Mark Fraser – Kāinga Ora General Manager Urban Development and Delivery
- Barry Potter – Auckland Council Director of Infrastructure and Environment
- Claudia Wyss – Director of Customer & Community Services

- Mark Lambert – Auckland Transport General Manager Integrated Networks
- Steve Webster – Watercare Chief Infrastructure Officer

The Mayor and Minister are scheduled to meet approximately every quarter. The August meeting is the first since the signing of the agreement. The Executive Infrastructure Governance Group nominated Mark Fraser to represent, present and discuss the report.

### Looking ahead

Our number one priority is to continue delivering for Auckland, no matter what. The most tangible way we will be doing this is by continuing to provide safe and reliable water services and progressing our capital programme. We are looking forward to FY24!

## 2. Key performance measures

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

- Whilst we did not deliver on all of our KPIs, we have made great headway on others – for example we spent \$23m with Māori owned businesses with 83 active suppliers.
- Health and Safety, diversity and sustainability measures will require our ongoing focus in FY24.
- Our economic level of leakage was reported this month as missing target; however, the result excludes 30,000 smart meters which is skewing the volumes. This is being urgently addressed.

## 3. Our people and customers

### 3.1 Our people

In June 2023, we ran our regular engagement survey which showed our engagement level had increased from 7.1 in Nov to 7.3 in June. This is a positive result given the level of change across the organisation and impact of potential water reform changes. More detail on the results is shown in [attachment 2](#).

As well as our standard engagement questions, we included specific questions measuring how employees view Health, Safety and Wellbeing. The questions measured the extent to which employees agreed that Health and Safety was a priority for Watercare. Overall, the score was positive and has improved since the last survey.

In June we also launched new Te Reo and Tikanga learning modules. The aim of these modules is to help us all use more reo and tikanga in our everyday work lives. The two modules are called Kōpatapata and Kōnehunehu and were celebrated with a staff event supported by the Board Chair.

People dashboard for June 2023 ([attachment 3](#)) showing a slight decrease in turnover continuing the trend downward. Sick leave remains largely unchanged and is higher than the same period last year.

### 3.2 Our customers

Over the past year, Aucklanders' trust in Watercare has increased by 3% to 60%. While the *quality of our water* remained the most significant driver of trust, our commitment to *resolving issues* as they arise, and our *care for communities and future generations* were also strong contributors.

The increased efforts to proactively engage with over 40,000 people in communities disrupted by our infrastructure projects saw the community net satisfaction score doubling – now sitting at 52%.

Unfortunately, the decision to freeze recruitment in an already strained environment had negative consequences on our performance. Staff losses because of workload due to under-staffing, compounded by extreme weather events have affected service levels, especially for the Faults, Maintenance and Retail teams. As we begin FY24, it is crucial to learn from these experiences and ensure that we have adequate staffing levels to handle unexpected events, so we can maintain service quality even in times of crisis.

The adoption of our digital app has been encouraging, with more than 9,000 customers downloading it. It's worth noting that we have achieved a balanced 50:50 split between smart and mechanical meters among app users, with 43% of active users choosing to make payments through this channel.

We have made considerable progress in transitioning customers to e-bill services. With the 36,500 customers signing up for e-bill in FY23, we now have 74% of our customers receiving bills electronically. This shift not only aligns with sustainable practices but also enhances customer experience and reduces administrative costs.

The newly introduced live chat and chatbot services have become a significant part of our channel mix, representing 14% of all customer contacts. This demonstrates customers' need for the speed and convenience of an always-on channel.

In June, we found ourselves in the media spotlight, on Fair Go. The story covered a Blockhouse Bay couple's experience with overflows from their gully trap in extremely wet weather. Watercare has offered to cover the cost of installing a non-return valve, which would significantly reduce the likelihood of further overflows while we continue to work with the council to investigate sources of excessive stormwater infiltration in the area. Both Mark Bourne and Andrew Chin were interviewed to explain the investigations we've already completed in the local network. The couple are now happy with the resolution.

The significantly increased use of proactive outbound contacts, including text messages, emails, and social media interactions, has proven to be instrumental in building trust with our customers. Those reached through these channels have shown 20% higher levels of trust compared to those who were not reached in this manner. Interestingly, our social media presence has also emerged as a powerful tool for positively influencing perceptions about Watercare as a desirable employer.

Despite the uncertain times of reforms, floods, cyclones, and infrastructure damage, our media impact score has improved, with the proportion of 'very positive' tones increasing by 4%. This highlights our responsiveness during the extreme weather events.

## 4. Operations

### 4.1 Water resources

The leak management programme is ongoing. Since the start of the programme approximately 17,800 kms have been surveyed to date with 11,000 leaks found.

### 4.2 Water quality

Formal compliance reporting to Taumata Arowai has continued with reporting systems operational. This month we achieved 100% compliance with the new Taumata Arowai drinking water standards.

Microbiological and chemical compliance was achieved in June for all water treatment plants (WTPs) and distribution zones (DZs).

Residual disinfection compliance was also been fully achieved in June for all distribution zones.

Watercare's internal audit team is currently preparing for internal audits 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.

At the Water Treatment Plants (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, determinants 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.

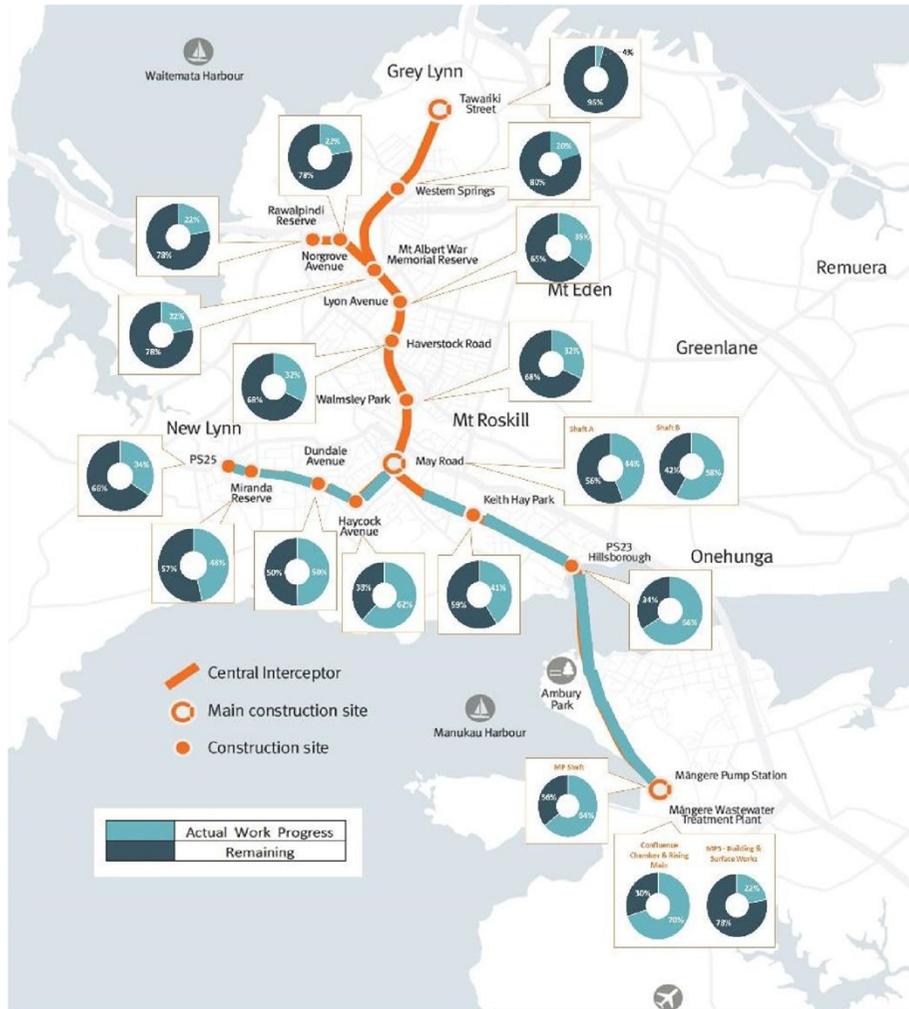
Residual disinfection – 85% of free available chlorine samples in a month must be >0.20mg/L in each distribution network zone, with no results <0.1mg/L. Compliance was achieved in all zones in June.

[Attachment 4](#) sets out water quality report for June 2023.

## 5. Central Interceptor

Milestones continue to be achieved across the project as construction continues across all sites. Monthly highlights are as follows:

- One HSW Milestone Completion Award for the Mt Albert site team for the safe and successful shaft excavation.
- The Main Tunnel advanced 560m in June 2023, with a total length of 6,659m installed at month end. This is 88% of the Southern Tunnel completed. The TBM is expected to breakthrough into May Rd Shaft B by the end August 2023.
- Māngere Pump Station (MPS) building structural steel installation nearing completion. Main header pipes and valves installation underway. First concrete pour for the MPS dry well shaft roof completed.
- Emergency Pressure Release (EPR) at MPS – Temporary works construction (sheet piling) nearing completion.
- Confluence Chamber: bored piling of the confluence chamber commenced. Three out of 13 bored piles (23%) completed.
- Shaft excavation ongoing at Lyon Ave, Western Springs, Rawalpindi and Norgrove. Shaft lining works in progress at Haverstock, May Rd A/B and PS25.
- TBM site establishment works ongoing at May Rd. Micro-TBM works on Lzink Sewer B to commence from Mt. Albert next month.
- Watercare and GAJV visit to Makarau Marae – a great time to look back before we look forward, as we enter Matariki celebration.



## 6. Risk and compliance update

### 6.1 Enterprise risk management

The current focus is on strengthening the organization's risk culture and incident management capabilities. Notable initiatives include:

- A training programme has been arranged for a new cohort of risk champions representing all business areas. These individuals will assume a crucial role in identifying, assessing, and managing risks within their respective departments, contributing significantly to our overall risk management efforts.
- To strengthen our incident management framework, a specialized training session on the coordinated incident management system (CIMS) has been organized for nominated team members. This training aims to enhance their proficiency in responding to and managing incidents, while also minimizing potential impacts. Work continues to implement the improvements identified from the January / February 2023 flooding and cyclone incidents.

### 6.2 LGOIMA requests

In June 2023, we received seven requests for information under the Local Government Official Information and Meetings Act 1987 (the Act). One of these requests were forwarded to us from Auckland Council. We processed all seven 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 was concluded on the 29 and 30 June 2023. A further update has been provided in the confidential business update.
- 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 Ngāti Whatua, Ngāti Manuhiri Settlement Trust concerning the legal status of the Hōteō Awa bed. Watercare owns property in Wellsford that adjoins the awa and draws water from it. 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 increased from May, principally due to one-off non-compliances at two water treatment plants (three consents) and a reporting error that led to under-reporting technical non-compliance for design and construction projects (there should have been two such instances reported in May). Full non-compliance for the wastewater treatment plants continued to decrease, restricted to Clarks Beach and Army Bay in June 2023.

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

## **7. Climate change delivery and sustainability update**

### **7.1 Carbon emission measurement and reduction**

End of year reporting for greenhouse gas (GHG) performance is underway. The data and approach are subject to external verification and this is booked for the end of July/early August 2023. There are additional discussions regarding the importance for GHG reporting and requirements from the Office of the Auditor General, which are being worked through. The current data trend reflects a challenging year, largely impacted by the extreme weather events which has led to increased process emissions and energy consumption. Concurrent to preparing for the audit, the Sustainability team are implementing a new GHG reporting software. This will significantly improve the timeliness of reporting and enable ongoing improvements both to data quality and the insights that can be ascertained and shared with the business.

The team, in collaboration with our partners, continue to find strategic wins in reducing capital carbon through the 40:20:20 programme. With strategic planning partners Stantec, the need for the Māngere Peak Flow Treatment project was re-examined and challenged. It was determined that the need to cater for increased duration of peak flow can be fulfilled through other projects already planned at the site. Therefore, the additional peak flow treatment will not be constructed, saving 1,600 tCO<sub>2</sub>e and \$37m.

### **7.2 Climate change adaptation and disclosure**

Work continues to restore services and make future improvements following the extreme weather events at the beginning of 2023. Through this work a flood response adaptation framework has been drafted to ensure that we review and improve our resilience to these events through the recovery projects. The framework assesses the level of response that is both possible and required ranging from moving control panels above the flood line to longer term planning assessments on the location and need of certain assets. The framework will include reporting that will be seen through future reports that track the flood recovery programme.

Climate change impacts continue to be felt around world. It was shocking to see the global temperature record was broken three times in a week (17.01C, 17.1C and 17.23C) with heat waves across Europe. Scientists are speculating that individual peak and daily average temperature records will be broken again over the northern hemisphere summer. Our analysis shows that Tamaki Makaurau has experienced the volume of rain we expect in a year by June. It is unclear what this may mean for the year ahead for Watercare but a move to the El Niño Southern Oscillation suggests that we will have higher than average temperatures and the long-term climate forecasts suggest that Aotearoa will revert towards a drier climate regime over the next nine months.

### **7.3 Other Sustainability outcomes**

The Watercare team has recently introduced a Sustainability Champion Award. This taonga has been blessed to reflect the commitment of individuals and teams that take proactive actions to help achieve our sustainability aspirations. The award has been presented to our laboratory's head of customer solutions, Darren Cadman for his exceptional work in implementing new recycling and waste reduction initiatives at the Labs. The award will be passed around the organisation based on nominations for exceptional work. This award reflects a recent update to the company plan that sustainability values, along with Te Ao Māori values are embedded in everything we do.

During FY23 we have sold 150 tonnes of EMERGE® Fertiliser, our local, renewable, sustainable phosphorus rich fertiliser recovered from wastewater treatment processes. As well as bulk sales to farmers and sports turfs, a niche retail market has emerged. Negotiations have progressed with Aotearoa's largest retailer of residential garden products to stock across 84 stores nationwide. We are also working through our first export order to Australia. The Resource Recovery team are continuing to develop other 'waste' products into marketable soil amendment products from both water and wastewater processes. The team is also exploring new markets that are interested in these renewable and sustainable products and how we can partner with Mana Whenua. The current stage of the biosolids strategy is using these products to build trust with mana whenua, communities and consumers and move past any 'ick' factor from wastewater derived products as part of a future where these products will become more common.

## **8. Matters for noting**

### **8.1 Significant meetings attended by the CE**

- 6 June 2023 CCO Directions and Oversight attended by Jamie Sinclair, Acting CE and Chief Corporate Services Officer
- Watercare / Ngāti Whātua Ōrākei – Reform and Manu whenua update
- Infrastructure CE's meeting – general update on national performance of all major infrastructure providers.

## 9. Delegated authority to Chief Executive

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

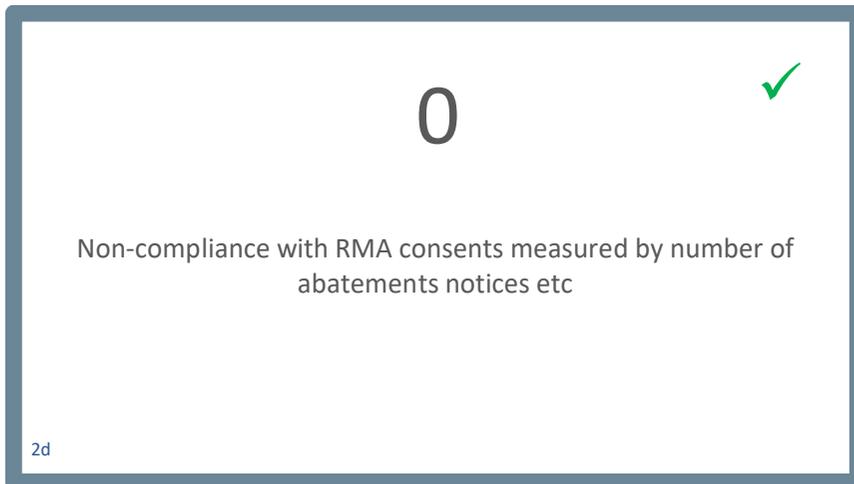
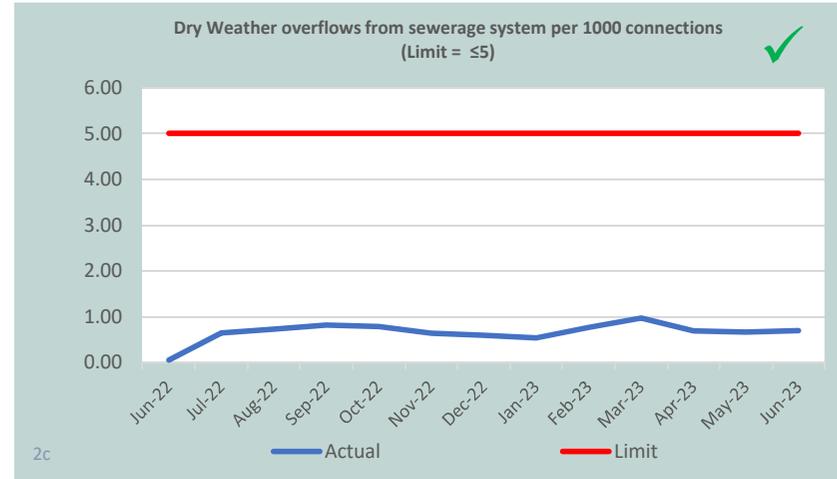
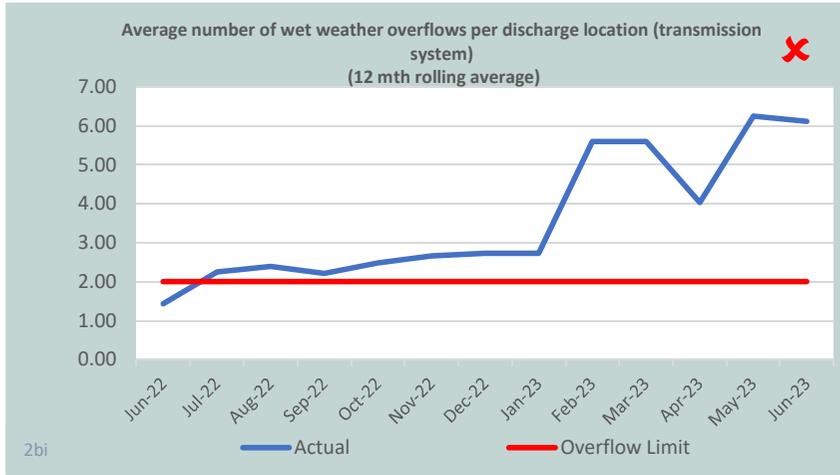
- there were six documents required to be signed by the Chief Executive in relation to deeds, instruments and other documents.
- there were no documents signed by the two members of the Watercare Board.
- there were two capex approvals signed below a threshold of \$50m.
- there were no contracts approved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



Dave Chambers  
**Chief Executive**

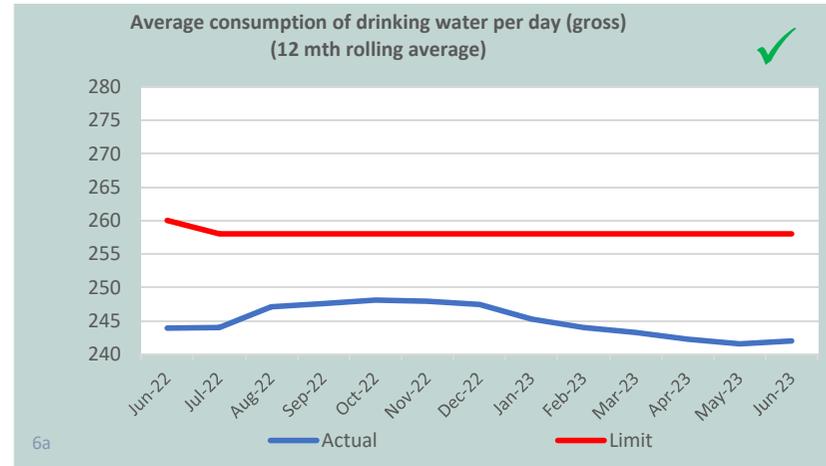
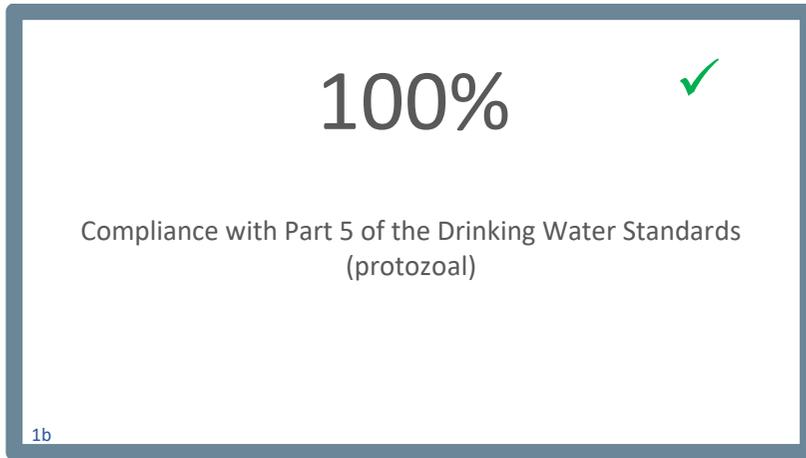
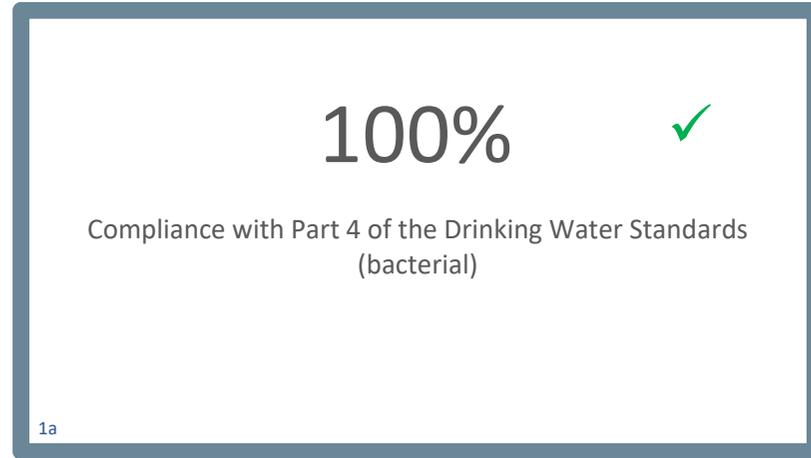
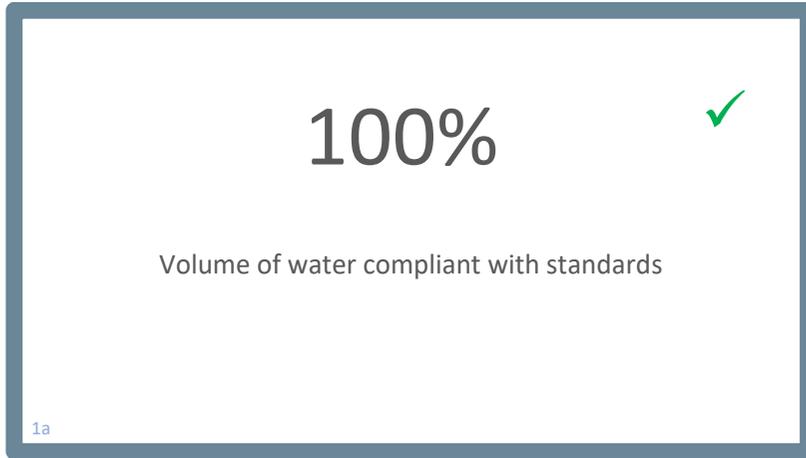
Attachment 1 – Performance against Statement of Intent measures

SOI Measures — Natural Environment



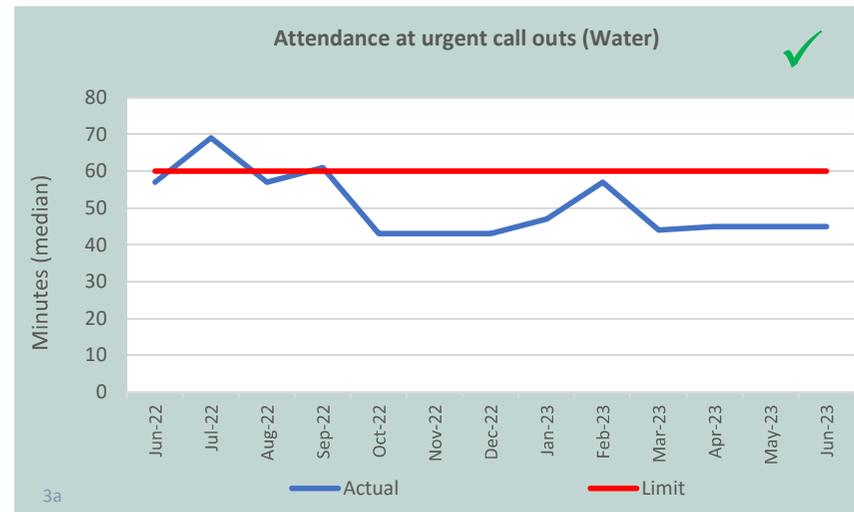
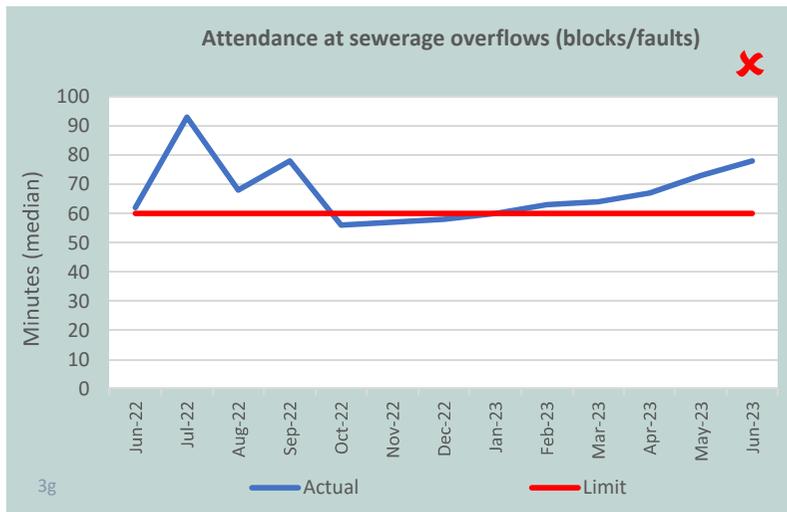
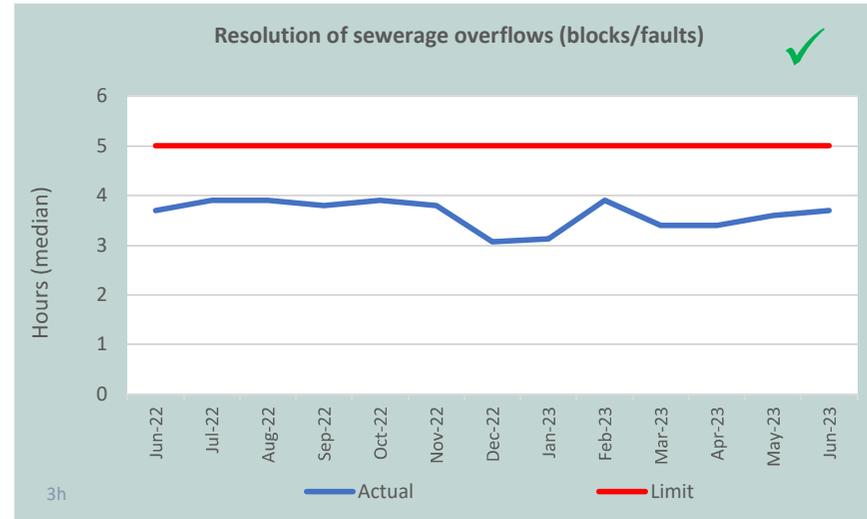
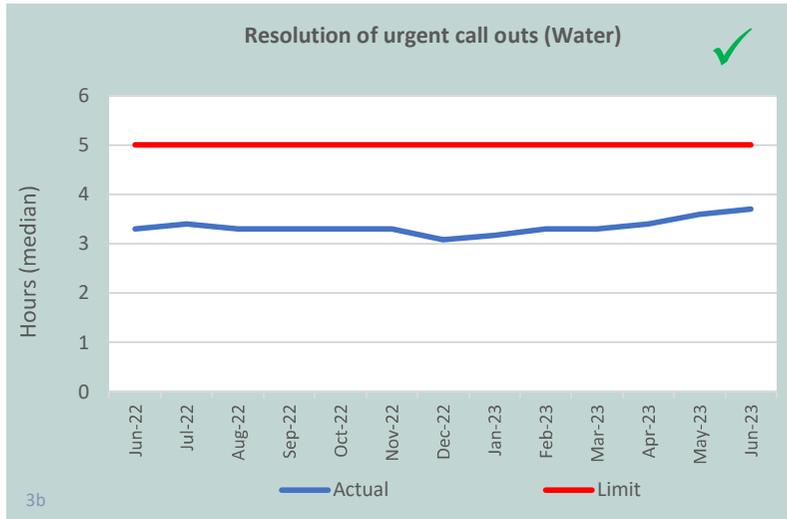
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### SOI Measures — Assets and Infrastructure



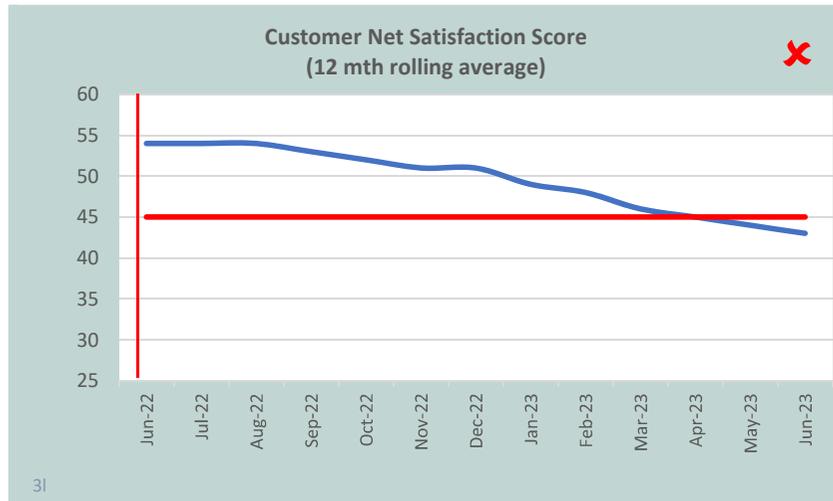
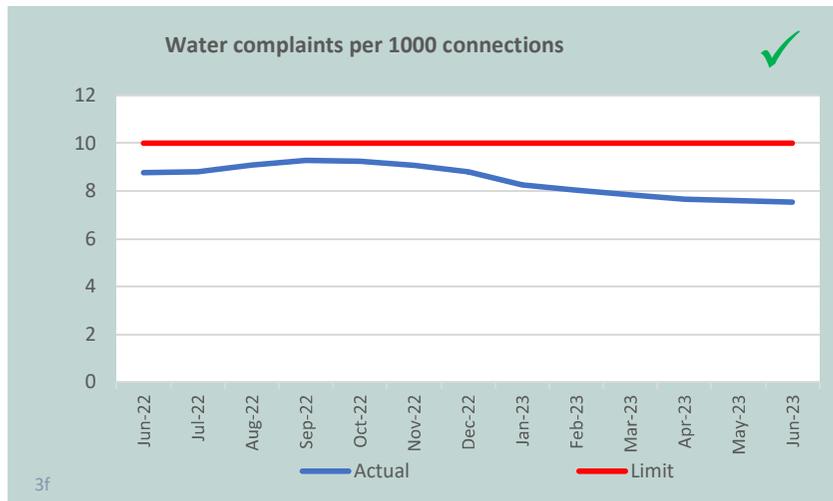
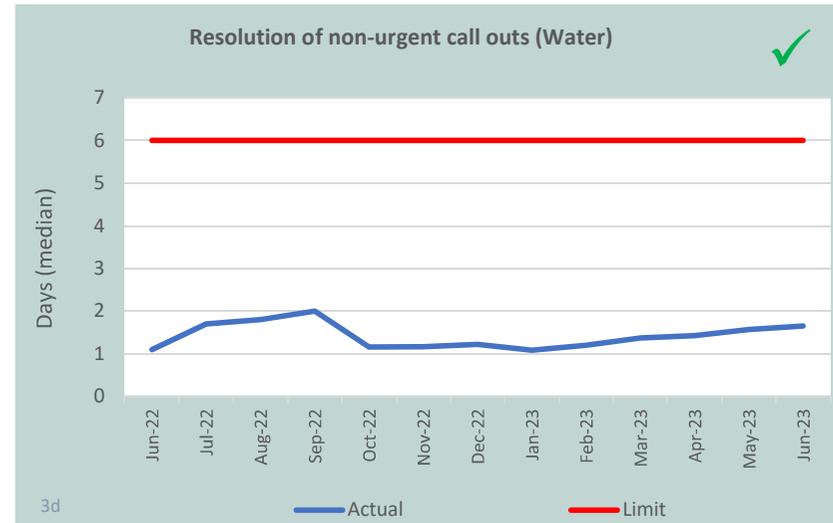
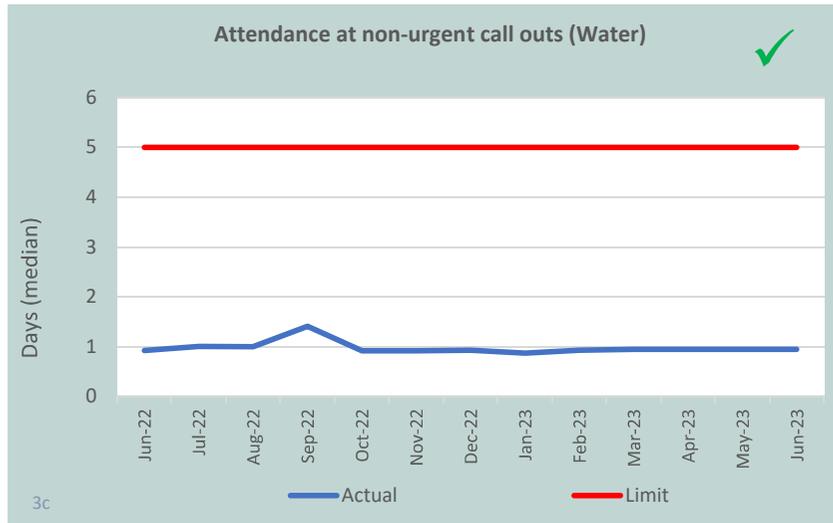
7.1

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
			June 2023	May 2023	April 2023	
1.	Total recordable injury frequency rate (TRIFR) per million hours worked (12-month rolling average)	<10	21.96	20.62	20.51	<b>Not achieved.</b> Measure is a 12-month 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	<b>Achieved</b>
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	241.33	241.52	242.27	<b>Achieved</b>

No.	Measure	FY23 Target	Actual			Commentary
			June 2023	May 2023	April 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%	<b>Achieved</b> This is a DIA 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%	<b>Achieved</b> This is a DIA 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 callouts: 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	45	<b>Achieved</b>
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	3.7	3.6	3.48	<b>Achieved</b>
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	<b>Achieved</b>

No.	Measure	FY23 Target	Actual			Commentary
			June 2023	May 2023	April 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	1.65	1.57	1.43	Achieved
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	7.53	7.59	7.66	Achieved 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	78	73	67	Not achieved. The January/February weather events significantly impacted the 12-month rolling average. Provisioning of permanent repairs to weather event damage, and deferred leave and overtime compensation continue to put pressure on resource. Our performance excluding the storms would be 69.
12.	Attendance at sewerage overflows resulting from blockages or other faults: median response time for resolution – from the time that the territorial authority	≤ 5 hours	3.75	3.6	3.4	Achieved

No.	Measure	FY23 Target	Actual			Commentary
			June 2023	May 2023	April 2023	
	receives notification to the time that service personnel confirm resolution of the blockage or other fault (hours) 12-month rolling average.					
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	24.35	24.57	24.20	<b>Achieved</b> 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%	12.69%  February 2023	N/A	N/A	<i>Result to be confirmed</i> 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, January and February figures will be retroactively corrected in July 2023.

No.	Measure	FY23 Target	Actual			Commentary
			June 2023	May 2023	April 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	0.70	0.67	0.69	Achieved
16.	Average number of wet weather overflows per engineered overflow point per discharge location (12-month rolling average)	≤ 2 overflows per year	6.12	6.25	5.66	Not 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 storms would be 2.86.
17.	Leakage performance# - litres/connection/day (l/c/d)	107.9 l/c/d	121.84	N/A	N/A	Result to be confirmed 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. 30,000 meter readings are missing from the data set and this has inflated the report and that this error is being addressed urgently. A verbal update will be provided at the Board meeting.
18.	We are sourcing water from a diversity of sources; and we are preparing for, and promoting, the adoption of alternative sources of human drinking water in the future	Watercare to develop submission points to Central Government supporting the use of	N/A	N/A	N/A	Achieved In early 2023, Watercare forwarded submission points that supported the adoption of more diverse water sources in the development of its Resource Management and Water Services Reform submission points. We are awaiting updated versions of the bills to see whether the submission points were incorporated.

No.	Measure	FY23 Target	Actual			Commentary
			June 2023	May 2023	April 2023	
		desalination and purified recycled water as recognised sources of drinking water in New Zealand.				<p>Our CI project has a pilot wastewater reuse plant for beneficial use. The plant came into service in FY23. The plant is providing water for construction purposes to the contractor constructing the Central Interceptor tunnel. In the future, water from the plant will be used to test the new pump station being built at Māngere.</p> <p>We also have a number of other workstreams underway to promote the adoption of alternative sources of water, i.e.:</p> <ul style="list-style-type: none"> <li>• We sell non potable water to the construction and mobile contractor industry</li> <li>• We are testing grey water in the home with Fletchers construction</li> <li>• We educate and encourage the use of rain tanks for outdoor use</li> <li>• We work with third parties to enable non potable water for irrigation, i.e. at parks and sports facilities.</li> </ul>
19.	Employee net promoter score (eNPS)	≥20	10 (May survey results)	10 (May survey results)	Next survey in May 2023	<p><b>Not achieved</b></p> <p>Our May 2023 eNPS was 10, 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>
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: 37.74% M: 62.18%	F: 37.80% M: 62.20%	F: 38.52% M: 61.48%	<p><b>Not achieved</b></p> <p>We have increased female representation by 4% since 2020/21. Meeting these targets is a challenge in the current reform environment. Analysis shows</p>

No.	Measure	FY23 Target	Actual			Commentary
			June 2023	May 2023	April 2023	
						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%	4.81%	4.77%	4.80%	<b>Not achieved</b> Challenges in the current reform environment, means this target was not met by year end.
22.	Safety improvement plans	100% of teams with a HSW Improvement Plan	100%	100%	100%	<b>Achieved</b> 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%	<b>Not achieved</b> 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	3.3	3.09	2.68	<b>Achieved</b> Cash headroom is tight and is being managed daily. The scale and acceleration of our capital project delivery and the lower-than-expected IGC revenue are impacting our working capital position.
25.	Percentage of household expenditure on water supply services relative to average household income	≤ 1.5%	0.80%	0.81%	0.83%	<b>Achieved</b>

No.	Measure	FY23 Target	Actual			Commentary
			June 2023	May 2023	April 2023	
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%	<b>Achieved</b> 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 2.22% Direct 0.88% Indirect 1.34%	Total spend 2.15% Direct 0.87% Indirect 1.28%	Total spend 2.05% Direct 0.93% Indirect 1.12%	<b>Achieved</b> Total Māori business spend for FY was \$22.84m. (\$9.01m Direct, \$13.836m Indirect) This is up from \$13.26m in FY22. This is an increase in reported spend with Māori businesses of \$9.58m (72% increase in actual dollars spent) All physical works partner suppliers are now reporting their Māori business spend.

No.	Measure	FY23 Target	Actual			Commentary
			June 2023	May 2023	April 2023	
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%	<b>Achieved</b> 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%	99.24%	99.30%	99.30%	<b>Achieved.</b>
30.	Customer Net Satisfaction Score (Previously Net promoter score)	≥45	43	44	45	<b>Not achieved</b> This is a 12-month rolling average. Severe weather events combined with high staff attrition and the recruitment freeze resulted in Watercare missing its Customer Net Satisfaction (CNS) target for FY23.
31.	Community trust score	≥55	60	60	59	<b>Achieved.</b> 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 <sub>2</sub> e	91,700 (Q4 result – unaudited – may change)	74,407 (Q3 result)	74,407 (Q3 result)	<b>Awaiting final audited results. Mid-audit suggests target may be achieved. Final measures will be reported on next month.</b> Our (unaudited) greenhouse gas (GHG) results suggest that we have missed the FY23 target by ~3,250 tCO <sub>2</sub> e (~4%). This is due to increased wastewater volumes being treated due to the extreme weather events which leads to an increase in wastewater process emissions and electricity consumption. A change in energy production at Māngere WWTP resulted in reduced

No.	Measure	FY23 Target	Actual			Commentary
			June 2023	May 2023	April 2023	
						<p>electricity purchase but higher natural gas consumption which also impacted this result. We are reviewing the 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.</p> <p>We continue to improve the reporting approach and respond to changes in both the science and approach of GHG reporting. For these FY23 figures we have adopted the guidance from the IPCC AR6 report which changed the global warming potential figures for methane and nitrous oxide. These have decreased due to revised estimates of the lifetimes and indirect chemical effects which has resulted in a decrease in emissions in some areas for Watercare.</p> <p>Through the year we progressed longer term actions in line with the Decarbonisation Roadmap and achieving the goals of 50% reduction by 2030. The main focus has been on getting a better understanding of wastewater process emissions and a CAPEX for direct measurement has subsequently been approved. Other highlights have included investigations into the emissions associated with Puketutu Island which will be audited this year and also options for the use of biogas at our two largest wastewater treatment plants.</p>

7.1

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

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

Attachment 2

# Watercare results

81%

1,012 of 1245 employees

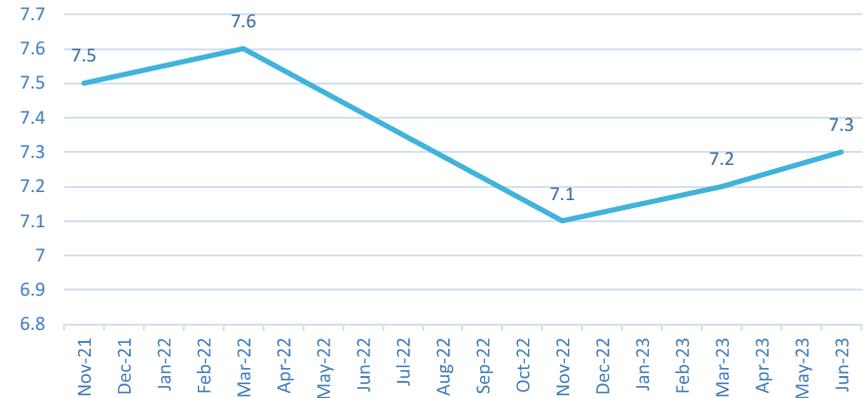
# 7.3

-0.3 below Benchmark (7.6)

Driver strengths	Score	Bench
Collaboration Space (Environment) 	8.2	+0.6
-	-	-
-	-	-

Driver priorities	Score	Bench
Strategy 	7.3	-0.2
Reward 	6.7	-0.1
Process (Reward) 	6.2	-0.3

Engagement Score over time



7.2

- ❖ Steady improvement, however, not yet back to 2022 peak
- ❖ Participation remains high, although down 3pts from last full survey
- ❖ Can see the positive impact of recent refurbishments
- ❖ Pay transparency journey remains a key focus for us
- ❖ Reform is impacting people's sense of direction

## Comment themes



- ❖ He Tāngata – people appreciate each other and our team culture
- ❖ Supportive and open line management who care
- ❖ Plenty of opportunities to collaborate
- ❖ Flexibility, work life balance is valued
- ❖ Mental and physical wellbeing are supported



- ❖ A variety of factors impacting people's sense of direction (reform, decisions, competing priorities)
- ❖ Pay framework is a key topic
- ❖ Systems remain a source of frustration
- ❖ Reform is still causing insecurity, despite majority on job guarantee

7.2

## What our people are saying



Overall, the change and transformation score has improved since the last full survey and the Watercare result has remained stable



More direct references to reform than the last full survey



Interestingly, communication regarding the impact of change is above benchmark and has improved by 0.6 since last full survey



Most who commented consider information is constrained, but acknowledge the aspects out of our hands



While some see growth opportunities, more see these as unclear due to the reform



Perceived uncertainty about job security and growth, real uncertainty about organisational design concerns



Reform is having an impact on the overall driver score (high proportion of detractors referencing it)

# Your overall health and wellbeing score

This is the overall score given in response to the question below:

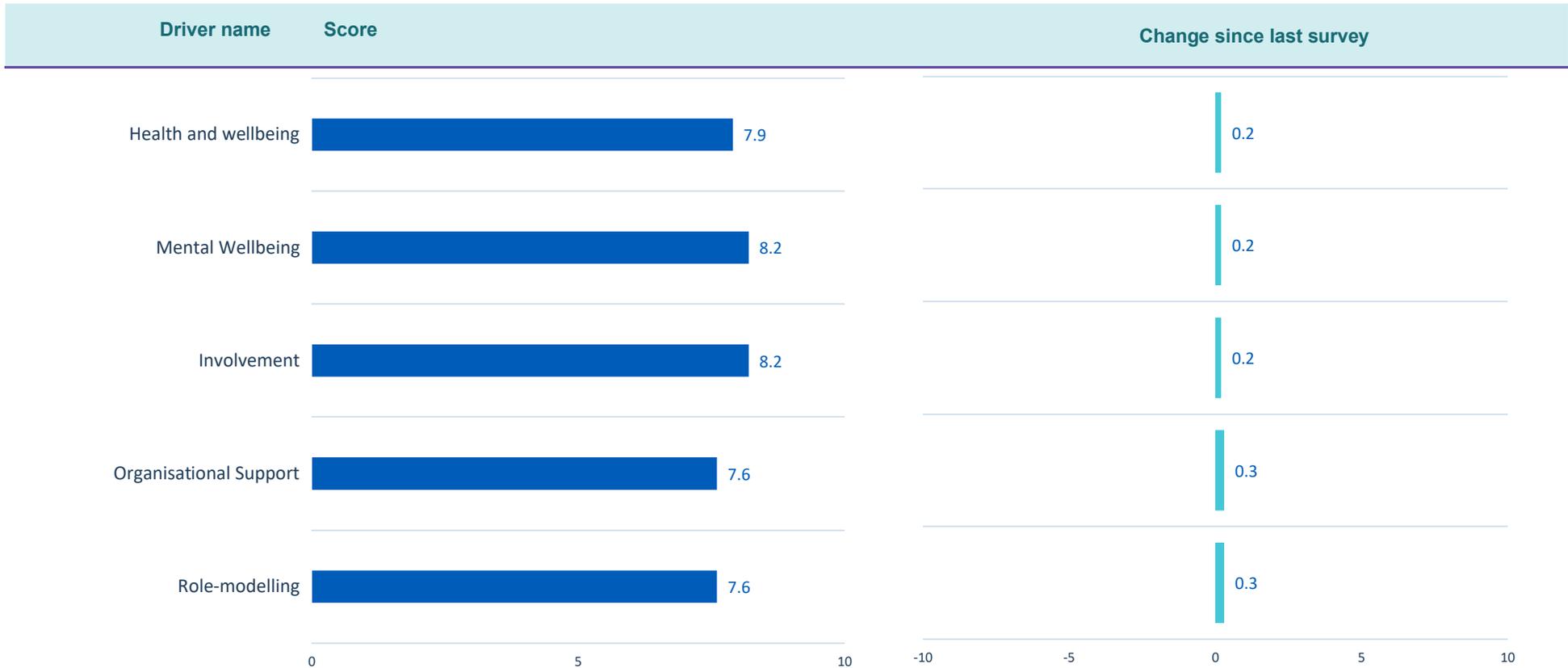
## Employee health and wellbeing is a priority at Watercare

The health and wellbeing score is important because it's an indication of how your employees perceive your organisation's efforts to help them cope with stress and stay mentally, socially and physically healthy.



7.2

# "Watercare" health and wellbeing scores



7.2

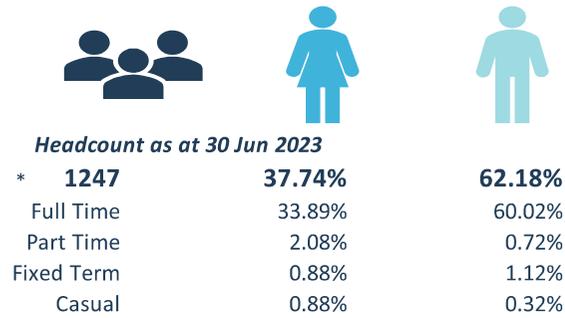


Attachment 3

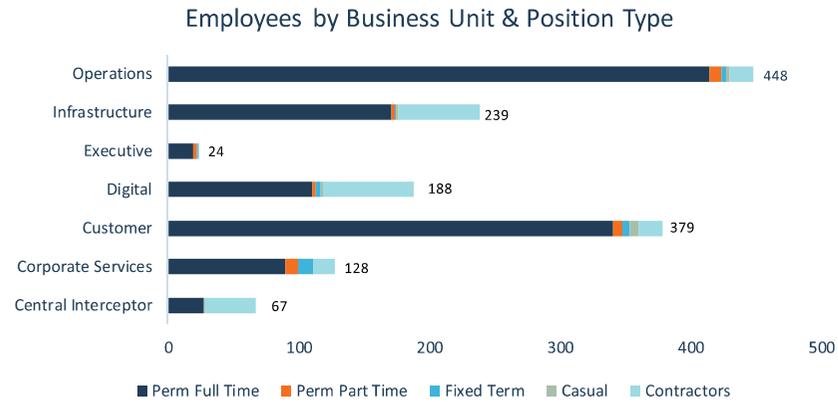
PEOPLE DASHBOARD: June

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

Workforce Snapshot

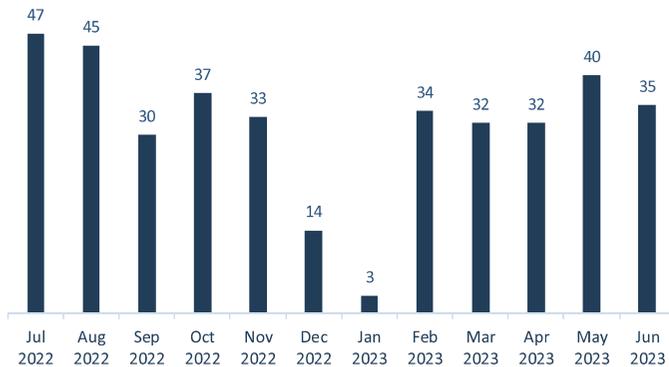


\* Contractors and Directors are excluded from the headcount figures above. Long term leave and parental leave employees are included.



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

New Hires by Month



Current vacancies in recruiting process 62, -17 on prior month.  
Hires by gender for June M:54%, F:43%, (3% 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)



Snapshot above includes all full time and fixed term employees. As at 30 June 2023, the total annual leave and total long service leave liabilities have both risen in June (total annual leave liability has risen to \$10 mil in June compared to \$9.68 mil in May; and total long service leave liability is tracking at \$2.6 mil in June compared to approx. \$2.5 in the last few months).

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

HR BPs to work with Business Group to manage leave proactively and to create action plan to reduce excessive accrued leaves to meet targeted baseline. Worth noting that the 12 months rolling sick leave is steadily increasing in the last 12 month to date.

7.3

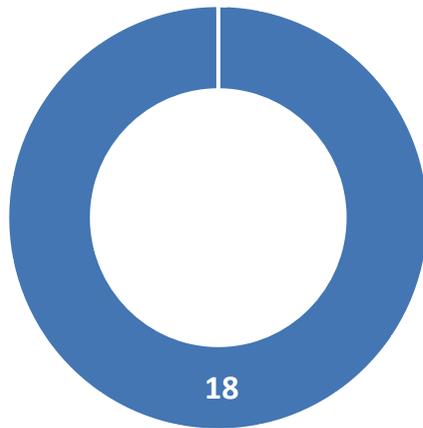
Total Sick Leave by Month V 12mos Rolling & Target



# Water quality report – June 2023

## Scorecard

### Status of Drinking Water Safety Plans



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

### Compliance Summary

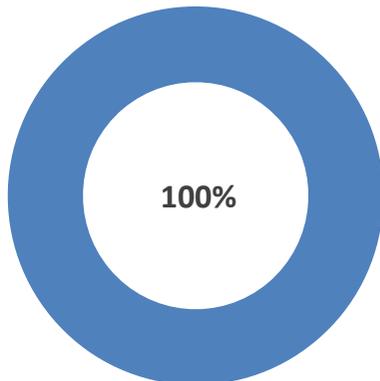
#### WTPs (17 total)

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

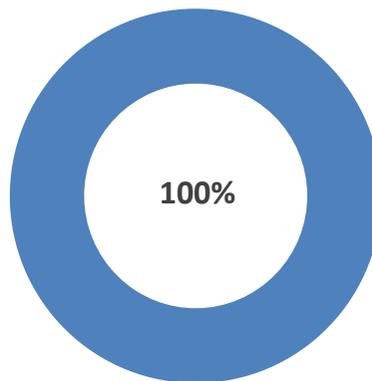
#### Distribution Zones (40 total)

Microbiological	100%
Chemical	100%

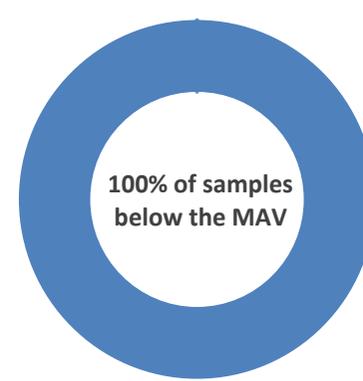
#### WTPs: Bacterial\* Compliance

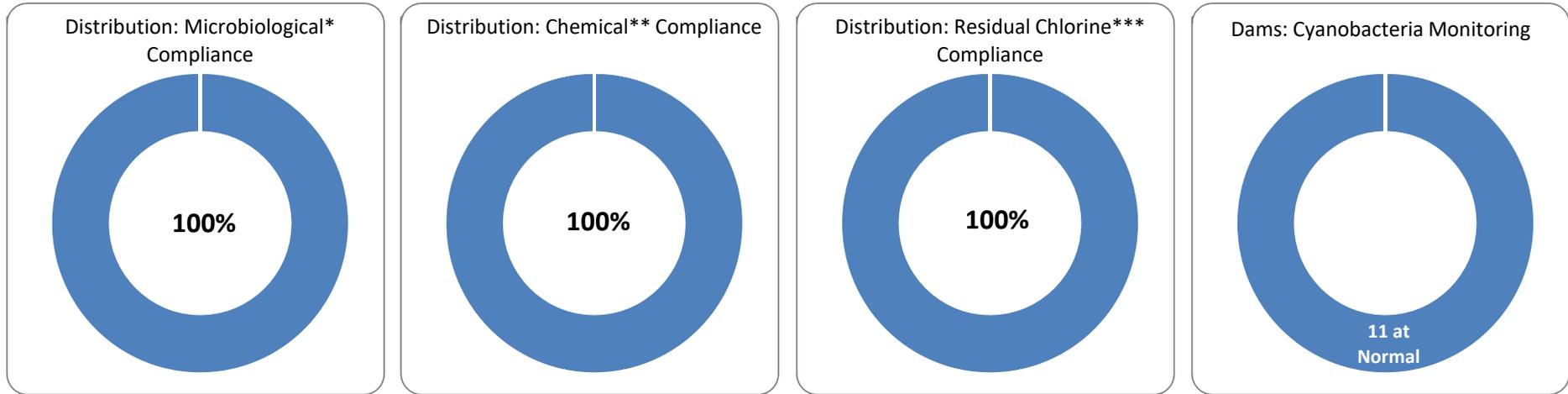


#### WTPs: Protozoal Compliance



#### WTPs: Chemical\*\* Compliance





7.4

\*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. Compliance was achieved in all zones in June.

### Spotlight on: Legislation and compliance

Formal compliance reporting to Taumata Arowai has continued with reporting systems operational. Microbiological and chemical compliance was achieved in June 2023 for all water treatment plants (WTPs) and distribution zones (DZs). Residual disinfection compliance was also fully achieved for all distribution zones.

### Spotlight on: Drinking Water Safety Plan (DWSPs)

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

### Spotlight on: Backflow prevention

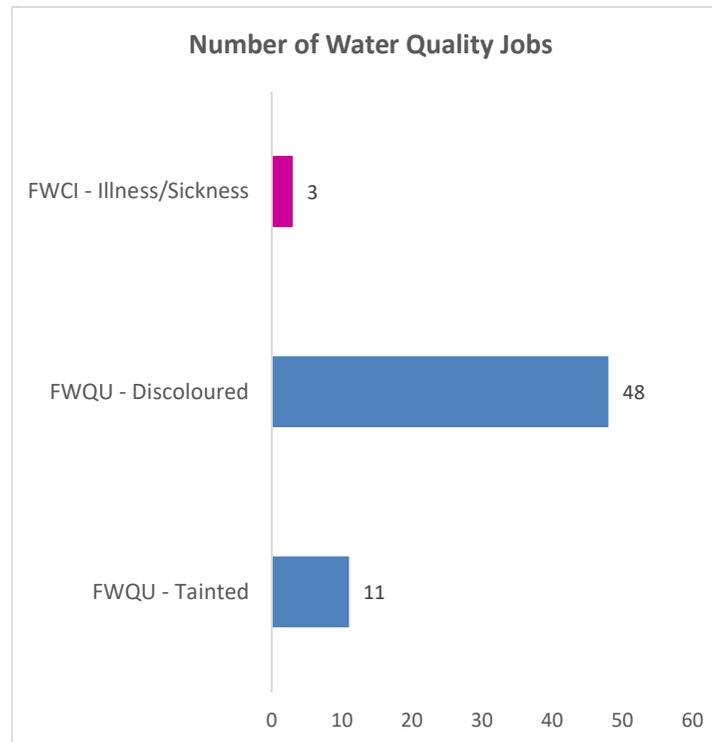
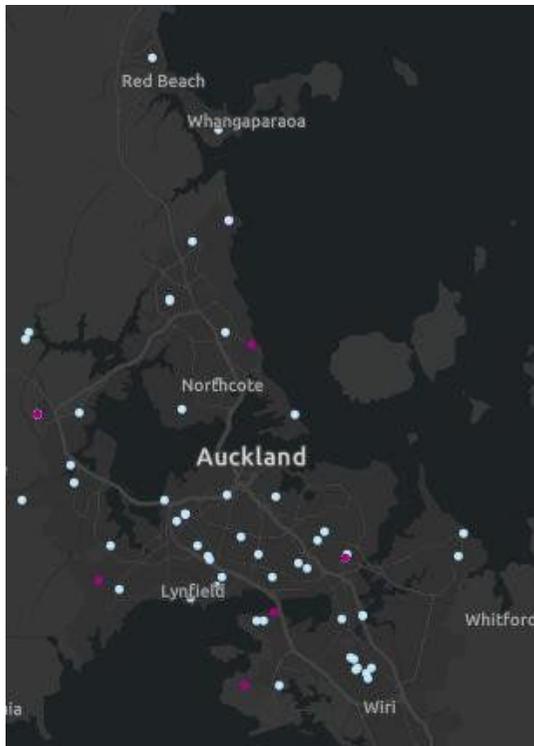
Backflow testing has been completed as per targets set for the end June 2023. Backflow Surveys are progressing for 2023.

## Spotlight on: Water quality

**Disinfection By-products (Trihalomethanes (THMs)) Investigation** – Region wide monitoring in-line with the new regulations confirms multiple zones with results over 50% of the MAV, particularly over summer. The reduction of THMs will likely require operational improvements and capital investment. Hydraulic modelling will recommence by Planning after delays in receiving the model output. This will assess water age contributions to THMs formation and low chlorines as a first options assessment.

**Investigations into Emerging Contaminants** – Microplastics, PFAS, nematodes, nitrates, viruses– new research highlights new areas for investigation will be required. The Water Quality Science team is looking into global trends and learnings that Watercare should be aware of.

## Customer complaints



### Actions Taken

**Illness Complaints\*:** Network flush and sampling

Main cause: Private plumbing issue / lack of customer education

**Tainted Water:** Network flush

Main cause: chlorine odour

**Discoloured Water:** Network flush

Main cause: mineral build-up

\*Illness complaint – an illness complaint arises when a member of the public has an illness that they think is related to water quality. All such complaints are investigated and in all cases our drinking water has been found to be compliant. Persons with an illness complaint are always referred to their medical professional.

**Attachment 5**

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

<b>Rating</b>	<b>Detail</b>
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 June 2023

**383**

Consents with non-compliances in June 2023

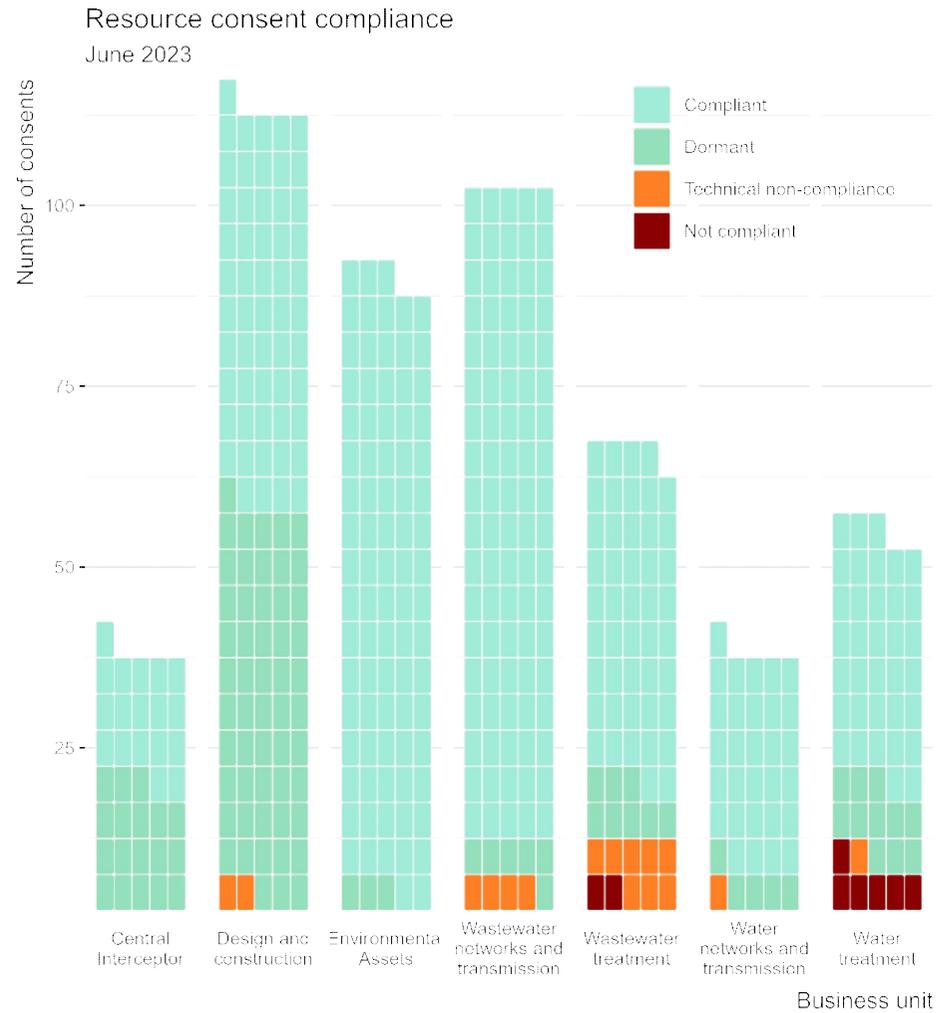
**24 ↑**

Rolling 6-month average (non-compliant consents)

**26 ↑**

Consents under enforcement in June 2023

**0 -**



**7.5**

## Significant non-compliances for June 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.	<b>Moderate (Grade 3)</b> Long-term and repeat issue. Future grading will depend on the efficacy of the screens upgrade.
Clarks Beach WWTP	DIS60084111	18	High bacteria levels in discharge	Accumulation of water in sand-beds after prolonged heavy rainfall affected UV performance.	<b>Resolved.</b> Follow-up testing indicates isolated event.  Southwest WWTP is the ultimate solution.	<b>Minor (Grade 2)</b> Unlikely to have caused any substantive adverse environmental effects.
Papakura WTP	DIS60375065	28	Discharge of low pH water	Two instances of low pH in commissioning discharges. Plant procedure review, including potential need for pre-dosing of caustic is underway.	Investigation underway. Improvements to commissioning process should prevent future reoccurrence.	<b>Minor (Grade 2)</b> Unlikely to have caused any substantive adverse environmental effects.

Facility/Asset	Consent	Condition(s)	Issue(s)	Actions and Commentary	Resolution	Significance
Snells WTP	WAT60275761 WAT60274031	15	Observation monitoring is not possible.	Equipment failure (sampling pump). Suitable replacements are yet to arrive due to ongoing supply chain issues and a need to change sampling techniques to prevent any reoccurrence of issue.	Remains <b>1-3 months</b> away from resolution	<b>Minor (Grade 2)</b> Data to date shows no environmental issues associated with water take.
Waikato WTP	AUTH137497.01.01 AUTH142778.01.01	5	High suspended sediment in discharge	Cause unknown. Solids concentrations in routine discharges have been otherwise compliant.	Rare event. Risks of reoccurrence will be significantly reduced from <b>2024</b> following capital upgrade works.	<b>Moderate (Grade 3)</b> Repeat issue, resolution contingent on completion of a separate project.
Waitākere WTP	DIS80296456	2	High suspended sediment in sludge landfill discharge	Potential sampling issue but may also have been due to high loading with relatively heavy rain after a dry period. Given weather, receiving environment would have had naturally elevated sediment concentrations, which mitigates risks of adverse environmental effects.	One-off event.	<b>Minor (Grade 2)</b> One-off incident in a system with high baseflows (so minimal environmental impacts)

Board meeting | 8 August 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

**Submitted by**

Dave Chambers  
Chief Executive Officer

### 1. Te tūhunga / 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

The Executive Team developed a set of HSW KPIs for the year 2023/24.

These KPIs will be reported and discussed at the Executive monthly performance hui.

#### 1. HSW climate

Watercare runs a full climate survey across all kaimahi every six months. The survey includes questions related to the HSW climate in the business, including leadership support of HSW, kaimahi confidence to report HSW concerns, and kaimahi view of Watercare's commitment to HSW.

The HSW questions can be reviewed as a separate group in the survey results to provide an understanding of the HSW climate of the business.

**Measure & Target:** The team targets a HSW climate rating of  $\geq 8/10$  in each six-monthly Watercare climate survey.

## 2. iCare closure rate

iCare is Watercare's HSW reporting system. Incidents, hazards, inspections, observations and improvements are recorded in this system by kaimahi and leaders.

Measurement of the closure rate of iCare cases shows that the business is both taking note and taking action on HSW improvements and concerns raised by kaimahi.

**Measure & Target:** 95% of iCare cases are closed with appropriate and effective actions within 30 days of having been raised.

## 3. Leadership engagement

When leaders are visible in the workplace and engaged with kaimahi, we all have an opportunity to better understand work context and risks. These engagements also provide an opportunity for problems to be solved, success to be celebrated, and improvements made in a timely manner.

The number of deliberate leadership engagements required in different business units will vary, depending on work location, work type and workplace format. Therefore, the measure will be determined by role.

**Measure & Target:** All leaders in the business are to complete leadership engagement walks as per schedule determined by their business unit leadership team.

## 4. Reward and recognition

Reward and recognition of positive HSW behaviours and initiatives celebrates the good work that goes into HSW every day. These programmes also offer an opportunity to share initiatives across sites and business groups.

**Measure & Target:** Each business unit has a Reward and Recognition programme which is reported on at the monthly performance hui as part of monthly HSW performance for peer review.

## 5. Competency

Our online Watercare HSW Induction is part of the mandatory suite of training for all kaimahi. This induction needs to be completed every two years.

For our leaders to have successful leadership engagement interactions, training is provided.

**Measure & Target:** All kaimahi complete and maintain a current online Watercare HSW Induction within two months of starting with Watercare.

All leaders complete training in leadership engagement interactions.

## 6. Total Recordable Injury Frequency Rate (TRIFR)

TRIFR is an existing lag indicator used by Watercare to measure injury performance. This measure will continue to be calculated and reported monthly.

**Measure & Target:** TRIFR for Watercare <10 reporting on a rolling 12-monthly cycle

### 3.2 HSW metrics – June 2023

Incident metrics are split between Watercare and contractors.

#### 3.2.1 Watercare incidents

	Note	2023						2022					
		June	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul
<b>No. of recordable injuries</b>	1	8	3	4	5	7	4	0	2	5	4	2	4
<b>Critical risk/all incidents</b>	2,3	7/32	3/22	3/25	3/30	12/73 *	4/49	4/29	16/58	17/45	7/40	8/54	18/62
<b>High-Potential Critical events</b>	2	-	1 Driving	-	-	-	-	-	-	-	-	-	-

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

1. In June, there were seven recordable injuries to Watercare kaimahi; three were lost time injuries, two required medical treatment and two resulted in restricted duties.
2. Of the 32 Watercare incidents recorded in June 2023, three required first aid on site, two required no treatment, and twenty resulted in no injuries.
3. Critical Risk Exposures: There were no high potential critical incidents in June. There were seven incidents involving critical risks, four of which resulted in injuries.

#### Driving 2

- A close call occurred when a driver was cut off by a vehicle exiting a roundabout
- A driver was involved in a nose-to-tail incident. The driver had shoulder and neck pain. They had time off to rest and receive physiotherapy. **(LTI)**

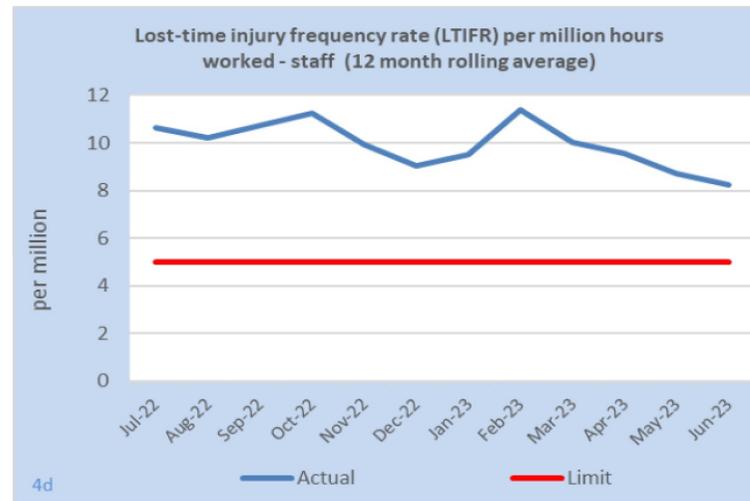
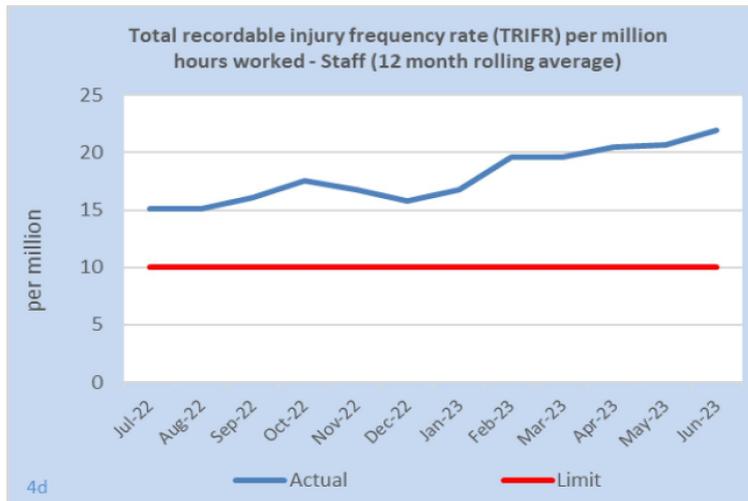
**Hazardous substances 4**

- A kaimahi was using a weed sprayer which leaked, soaking through to their skin. They immediately showered and changed and repaired the sprayer.
- When pouring sodium hypochlorite into a jar, a droplet splashed a kaimahi in the eye causing a chemical burn. The eye was washed and the kaimahi had a day away from work to rest out of the light. **(LTI)**
- Following flushing, chemical vapour from a pressurized cabinet hit an operator in the face. The operator was wearing appropriate PPE (overalls, safety boots, gloves, eyewear, respirator, hardhat). The operator flushed their face and eyes with water.  
Two days later the operator had dermatitis on their face which was treated medically. **(MTI)**
- An industrial AirVac was being used to remove lime during a chlorine tank clean. All operators were wearing PPE, including Tyvek suits.  
One operator felt discomfort on their feet and found the skin had been irritated by lime. All operators exited the tank, showered and had a BAC water bath to remove and neutralise any lime contacts they had. Operators with skin irritation were taken for assessment and were able to return to work, but could not wear footwear that rubbed their skin for a few days. **(RDI)** Investigation found the legs for the Tyvek suits had been tucked into the gumboots, allowing lime to fall in and irritate skin.

**Mobile plant 1**

- A close call occurred when a digger was being transported to site on a trailer. The truck was parked on a hill and rolled forward when parked. The tyres were turned to the curb which stopped the truck.

**3.2.2 LTIFR / TRIFR measures**



**3.2.3 Contractor incidents**

	Note	2023						2022					
		June	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul
<b>No. of recordable injuries</b>	1	3	3	5	4	8	6	3	3	7	5	4	9
<b>Critical risk/all incidents</b>	2,3	3/19	2/23	4/17	21/45	12/73*	4/49	4/29	16/58	17/45	7/40	8/54	18/62
<b>High-Potential Critical events</b>	2	-	-	-	-	-	-	1 Suspend -ed load	-	-	1 Mobile plant	-	-

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

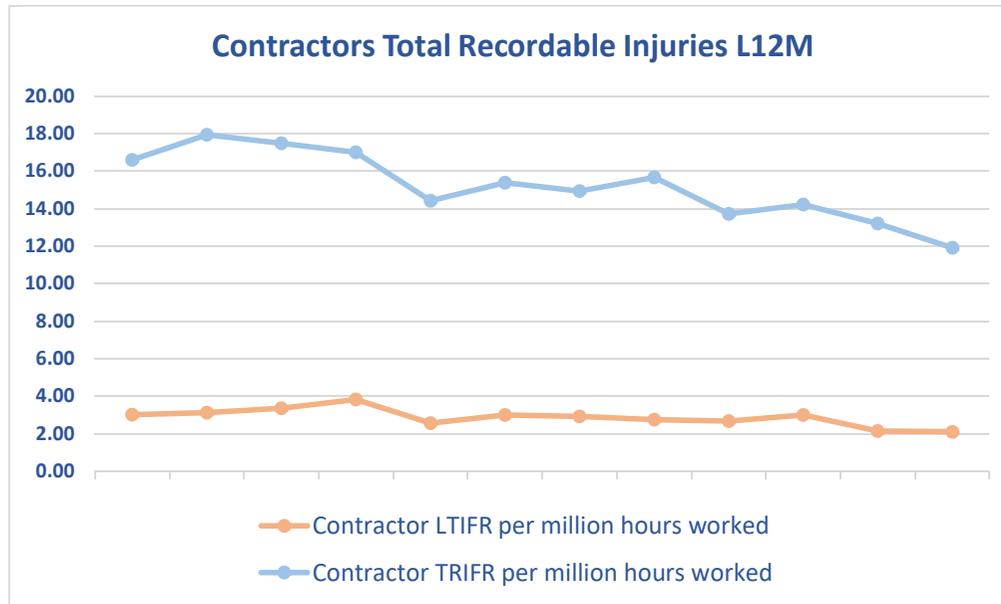
1. In June, there were three recordable injuries to contractor kaimahi, all resulting in medical treatment.
2. Of the 19 contractor incidents recorded in June, three required first aid on site and 13 resulted in no injuries.
3. Critical Risk Exposures: There were no high potential critical incidents or close calls involving contractors in June. There were three incidents involving critical risks, none of which resulted in injury.

**Driving 1**

- While driving on the motorway, the tailgate fell off a trailer and onto the road. The tailgate did not cause any damage to other vehicles and was retrieved by the police traffic unit. The trailer has been sent for repair.

**Mobile Plant 2**

- Work was stopped during a wet well excavation. Two excavators were working adjacent to each other on a small platform of earth, that could have compromised the stability of the smaller excavator. Work was assessed and re-planned and was completed safely.
- A front-end loader backed into a 6 wheeler truck at FH Howell Cres. There was no spotter in place. Work was stopped and discussed and site team re-focussed on mobile plant awareness.



### 3.3 Injury rate benchmarking

Following a question at the last Board meeting, frequency rate calculations at other organisations were canvassed and information is tabled below. As can be seen, the lack of consistency in calculation means our numbers have to be manipulated to provide comparison.

<b>Sydney Water</b>	Does not include RDIs	Calculated per 1,000,000 hours
<b>Water Corp (West Australia)</b>	Does not include RDIs	Calculated per 1,000,000 hours
<b>Seqwater (Queensland)</b>	Does not include RDIs	Calculated per 1,000,000 hours
<b>Melbourne Water</b>	LTIFR calculated per 100 hours	Other incident presented as raw numbers
<b>Scottish Water</b>	Lost time accidents presented as raw numbers	RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) presented as raw numbers
<b>NZ Business Leaders Health and Safety Forum</b>	Includes LTI, MTI and RDI	Calculated per 200,000 hours



Board meeting | 8 August 2023  
Public session



## Establishment of new capital committee

For approval

### Te pou whenua tuinga / Document ownership

**Prepared by**

Emma McBride  
Head of Legal and Governance

**Recommended by**

Steve Webster  
Chief Infrastructure Officer

**Submitted by**

Dave Chambers  
Chief Executive Officer

### 1. Te tūhanga / Recommendation

We recommend that the Board:

- Stand up a new capital committee, which we suggest is called the Komiti Whakahaere Rawa/Asset Management Committee;
- Approve the committee's draft Terms of Reference (Attachment 1); and
- Appoint at least three Board members to the committee (Graham Darlow, Margaret Devlin and Nicola Crauford), with Graham to be Committee Chair; and
- Appoint Roger McRae to be the non-Board External Advisor.

### 2. Whāinga / Background and Purpose

- The Watercare capital programme is \$10b over the next 10 years, with the current forecasted maximum annual investment of \$1.3b. The delivery of the capital programme is one of the Watercare's five core pillars.
- With the growth of the programme, Management has recommended that a new Board committee is stood up to enable the Board to have improved governance oversight of the delivery of the capital programme, moves/adds/changes to the Asset Management Plan (**AMP**) and the associated risk of these changes and oversight of the major projects being delivered.
- This committee would essentially replace and elevate the work currently being done by our internal AMP Oversight Panel (**AOP**).

### 3. Kōrero pitopito / The details

#### 3.1 Background: current governance structure and reasons for change

Currently, the AOP is responsible for overseeing the provision of Watercare's AMP and portfolio of capital investment programmes and projects.

Before major capital projects come to the Board for approval, they typically are reviewed first by Watercare's internal Infrastructure Governance Group (**WIGG**), and then they are reviewed by the AOP before they are presented to the Board for approval. In addition, we have a Major Capital Review Group that has oversight of capital projects with values above \$50m. This is attended by management, one Board member (Graham Darlow) and an external advisor (Roger McRae).

The WIGG's role is focused on infrastructure and covers all delivery programmes EM/Major Programmes, Asset Upgrades and Renewals (AUR) and sometimes Operations and Control Systems (Digital). The Board has previously discussed how they can improve oversight of the capital programme and therefore the governance of that programme. Given the significant future growth in the company's capital programme and level of proposed expenditure, Management recommend that a Board capital committee is stood up to enable the Board to have improved governance oversight of the delivery of the capital programme, moves/adds/changes to the AMP and the associated risk of these changes, and oversight of major capital projects being delivered.

The proposed committee will also help Watercare to pass on best practice capital programme governance arrangements to the Wai Tāmaki ki Te Hiku (Entity A) as part of the Government's water reform programme.

Finally, the new committee would help Watercare kaimahi to prepare for the additional rigor involved in the governance of the AMP, which an economic regulator will necessarily require.

#### 3.2 Proposed Asset Management Committee: role and responsibilities

At its meeting on 28 June 2023, the AOP agreed that the AOP should be removed from the internal Watercare's capital governance structure and for it to be replaced and elevated to a new Board committee. It is also recommended that the Major Capital Review Group is also rolled into the new Board Committee.

The WIGG, Watercare's internal management group with oversight of infrastructure projects will remain in place. Management is currently improving the way the WIGG meetings are run and the reporting provided to this Group. The WIGG will be responsible for overseeing reports, recommendations and early warnings that go to the AMC meetings.

Management recommends that this new committee comprise at least three Board members (Graham Darlow, Margaret Devlin and Nicola Crauford), with Graham Darlow to be the Committee Chair. Roger McRae would also be appointed as the non-Board External Advisor of the committee. A quorum would be a majority of members of the committee (i.e. including Roger McRae).

The proposed role of the committee is detailed in the attached draft Terms of Reference ([Attachment 1](#)), and includes:

- Acting as a “quasi-regulator” providing rigour over the entire AMP portfolio.
- Reviewing business cases, change requests and early warnings before they go to the Board. The committee would not approve these but would act as a gatekeeper (either endorse progress to the Board or reject with recommended action) in a similar way to the process for the Audit and Risk Committee.
- Oversight of capital projects above \$50m in value.
- Understanding the impact of any changes on the AMP in terms of cost, timing, outcome and risk.

It is proposed that the committee would meet monthly for the rest of this calendar year with the frequency to be reassessed in early 2024 in the run-up to the establishment of Wai Tāmaki ki Te Hiku on 1 July 2024.

The agenda would likely include the following items:

- Minutes/matters arising
- Review of overall performance against AMP
- Review of draft capital-related papers going to the Board (i.e. over \$50m)
- Deep dive into major capital projects that are high-value and/or high-risk
- Traffic light reporting on projects over \$50m.

Watercare’s Lead Councillor, Cr Ken Turner, would be invited to attend the capital committee meetings.

The secretarial functions for the committee will be handled by Watercare’s Governance team.

#### **4. Ngā whakaaweawe ki a Watercare / Impact on Watercare**

The establishment of this new committee is consistent with Watercare’s Risk Appetite Statement. It is not expected to negatively impact the risk profile for Watercare. The establishment of the committee will assist in relation to managing the risks listed under “Financial Capital and Resources” in accordance with Watercare’s Risk Appetite Statement.

The establishment of the committee will help improve the Board’s governance and oversight of the AMP, which is expected to have a beneficial impact on Watercare’s capital programme, including:

- Future-proofing against growth and supply assurance
- Supporting assets to perform well and be maintained

- Delivering high performing infrastructure
- Supporting compliance with levels of service and regulatory requirements.

## 5. **Ā muri ake nei / Next steps**

Board to:

- confirm establishment of the AMC including approval of the Terms of Reference.
- appoint at least three Board members to the AMC, including Graham Darlow as Committee Chair.
- appoint Roger McRae as external Expert Advisor to the AMC.
- agree on the name of the committee and when it should hold its first meeting.

## 6. **Te whakapiringa / Attachment**

Attachment number	Description
1.	Draft committee Terms of Reference



# Asset Management Committee

## Terms of Reference

### 1. Purpose and Composition

The Asset Management Committee (AMC) is a committee established by the Board of Directors of Watercare Services Limited ('Watercare').

The primary purpose of the AMC is to oversee Watercare's capital investment portfolio for all areas of the business and to assist the Watercare Board ('Board') to exercise due care, diligence and effective oversight of all matters relating to the Asset Management Plan (AMP) with focus on: the delivery of the capital programmes within the AMP to meet the needs of the Auckland Region, the risk associated with aspects of non-delivery of the programmes to schedule, business cases for capital expenditure over \$50m and major capital projects (MCPs).

The AMC will also have oversight of the Enterprise Model, including possible engagement with Enterprise Model Partners and the Waikato District Council contract.

The AMC shall be independent of management and comprise at least three Directors, one of which should have experience overseeing major capital infrastructure projects.

The Board will appoint, remove, or replace the AMC Director members and Chair of the AMC ('AMC Chair').

The Chair of the Board of Directors may be a member of the AMC, but not the Committee Chair of the AMC.

The AMC will be independent of management and comprise:

- at least three Watercare Directors; and
- a non-Board External Expert Advisor.

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

The AMC will appoint, remove or replace the non-Board External Expert Advisor.

The AMC will be structured to ensure that, as a collective group, it has the qualifications, skills, experience and knowledge to fulfil its purpose and responsibilities.

The AMC is effective from 8 August 2023. It will be dissolved if agreed by Watercare's Board of Directors.

### 2. Meetings

Meetings of the AMC will be held at the discretion of the AMC Chair at any time or if requested by any AMC member, the Board or the Chief Executive.

A quorum shall be a majority of AMC members.

AMC meetings may be held in person, online, or a combination of the two, with attendance online constituting presence in person at the meeting.

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

The AMC will appoint an appropriate person to act as Committee Secretary ('Secretary') who will be a company employee or advisor as nominated by the AMC from time to time. The Secretary, in conjunction with the AMC Chair will be responsible for coordination of all AMC business including meeting scheduling, agendas, policy reviews, distribution of papers, minutes, and communication with the Board and management.

Minutes of each meeting will be taken, circulated promptly in draft form to the AMC Chair, confirmed at the following meeting and signed thereafter by the AMC Chair as a correct record of proceedings of the meeting.

The AMC may have in attendance Management (including the Chief Executive and the Chief Infrastructure Officer) and such other persons including external experts and others it deems necessary to provide appropriate information, explanation or assistance.

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

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

### 3. Authority

The AMC is authorised by the Board to oversee matters relating to Watercare's AMP and MCPs. The AMC may make recommendations to the Board, but does not have

any decision making authority, unless this has been delegated to the AMC by the Board.

The AMC will not become involved in day-to-day operations, functions or decision-making by management or employees.

It is the responsibility of Senior Executives<sup>1</sup> to draw the AMC Chair's and AMC's immediate attention to any material matter that relates to the AMP and any MCP.

#### 4. Access and Independent Advice

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

The AMC is authorised by the Board to have access to external experts without management present, to request additional information or explanations.

Individual members of the AMC are entitled at any time to access Watercare's Senior Executives to request additional information or explanations.

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

#### 5. Responsibilities

The AMC will provide assistance to the Board in fulfilling its responsibility to the shareholder, and other stakeholders, relating to the provision of Watercare's AMP. In carrying out these responsibilities, the AMC does not relieve the Board of its responsibilities and legal obligations.

The responsibilities of the AMC include:

- Reviewing and recommend the AMP prior to the presentation to the Board;
- Serving as an independent, objective party to review information presented by senior management relating to the AMP and MCPs;
- For MCPs, reviewing the delivery and performance of these projects;
- For capital projects greater than \$50m, reviewing and make recommendations to the Board in relation to proposed business cases, change requests and early warnings;
- Providing appropriate scrutiny and governance to ensure planned investment remains balanced and optimised to achieve Watercare's strategic objectives;
- Regularly assessing portfolio performance to ensure that programmes are on target to deliver required outcomes, within tolerable cost, time, quality

requirements, and that the portfolio risk profile remains acceptable across Watercare;

- Reviewing opportunities presented by Management that could positively impact the delivery of the AMP;
- Assessing the change in business risk profile or penalties associated with the deferral of the delivery of programmes to later years;
- Reviewing any significant programme forecast overruns or under performance against Watercare priorities and making related recommendations to the Board;
- Acting as a forum for the free and open exchange of views and information between the Board and internal Managers in relation to the AMP.

The AMC will have oversight of the following:

- All portfolio and programme outcomes seeking inclusion in the annual capital budget.
- Additional capital requirements for programmes and outcomes that are not currently included in the AMP.
- The Enterprise Model, including possible engagement with Enterprise Model Partners
- The Waikato District Council contract.

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

- In carrying out its responsibilities, the AMC will:
  - Establish and review the work plan of the AMC. It is anticipated that AMC meetings will regularly:
    - Review the company's performance against the approved AMP
    - Receive deep dives into MCPs that are either high-value or high-risk
    - Review traffic light reporting on capital projects above \$50m.
- Ensure minutes and papers (including documents tabled at meetings) for all AMC meetings are provided to the Board. The AMC Chair will report to the next Board meeting on the outcomes, findings and recommendations of the AMC meeting.
- Investigate any matter brought to its attention within the scope of its responsibilities.
- Examine and report to the Board on any matters referred to the AMC by the Board.

#### 6. Review of the Terms of Reference

The AMC will undertake, with management assistance, an annual review (or as often as conditions dictate) of its performance, purpose, responsibilities and Terms of

<sup>1</sup> Executive Team and Senior Management Team  
AMP Committee – Terms of Reference

Reference. It will advise the Board of the outcome of that review along with any recommended changes.

Any changes to the AMC Terms of Reference must be approved by the Board.

These Terms of Reference were approved by the Board in August 2023.

Board - Public Session - Board planner

		Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Meetings	Board	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	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 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	
	Community and Stakeholder Relationships		Iwi	Stakeholder	Iwi  Progress update from Infrastructure, Operations and Customer teams on the recommendations of the Citizens' Assembly  CCO Direction and Oversight Committee visit scheduled for 3 November 2023	Stakeholder		Iwi	Stakeholder	Iwi  Progress update from Infrastructure, Operations and Customer teams on the recommendations of the Citizens' Assembly	Stakeholder	Iwi
	Governance	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	Margaret Devlin	Nicola Crauford	Graham Darlow	Julian Smith	Frances Valintine		Margaret Devlin	Nicola Crauford	Graham Darlow	Julian Smith	Frances Valintine
Deep Dives - aligned to the five priorities		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  Smart network update  Long term cost reduction plan	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 | 8 August 2023**  
**Public session**

## **Directors' meeting attendances**

For information

**Te pou whenua tuinga / Document ownership**

**Prepared and recommended by**

Emma McBride  
Head of Legal and Governance

**Submitted by**

Dave Chambers  
Chief Executive Officer

### **1. Te tūhanga / 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 and 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
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.

\*Resigned on 31.07.2023



Board meeting | 8 August 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 tūhunga / 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
<b>Margaret Devlin</b>	<ul style="list-style-type: none"> <li>• Director, Waikato Regional Airport</li> <li>• Director, Titanium Park (wholly owned subsidiary of Waikato Regional Airport)</li> <li>• Director, Waimea Water Limited</li> <li>• Director, IT Partners Group</li> <li>• Chair, Advisory Board Women in Infrastructure Network</li> <li>• Chair, Hospice Waikato</li> <li>• Chartered Fellow, Institute of Directors</li> <li>• Member, Institute of Directors, Waikato Branch Committee</li> <li>• Director, Dairy NZ Limited</li> <li>• <del>Director and Chair, Lyttleton Port Company Limited</del></li> </ul>
<b>Nicola Crauford</b>	<ul style="list-style-type: none"> <li>• Chair, Electricity Authority</li> <li>• Director and Shareholder, Riposte Consulting Limited</li> <li>• Trustee, Wellington Regional Stadium Trust</li> <li>• Director and Chair, Burgundy Holdco Limited (owner of StraitNZ Holdings)</li> <li>• <a href="#">Director, Lyttleton Port Company Limited</a></li> <li>• <del>Chair, GNS Science Limited</del></li> </ul>
<b>Frances Valentine</b>	<ul style="list-style-type: none"> <li>• <del>Director and CEO, The Mind Lab Limited</del></li> <li>• <del>Director and CEO, Tech Futures Lab</del></li> <li>• Director <a href="#">and Shareholder</a>, Harcourt Jasper Limited</li> <li>• Director <a href="#">and Shareholder</a>, Pointed Tangram Limited</li> <li>• Director <a href="#">and Shareholder</a>, Harper Lilley Limited</li> <li>• Director <a href="#">and Shareholder</a>, On Being Bold Limited</li> <li>• Director <a href="#">and Shareholder</a>, Sandell Trustees Limited</li> <li>• Selection Advisor, Edmund Hillary Fellowship</li> <li>• Board of Trustee, University of Silicon Valley</li> <li>• <a href="#">Shareholder, Thought-Wired Limited</a></li> <li>• <a href="#">Director, Academy EX Limited</a></li> <li>• <a href="#">Director, Earth Futures Lab</a></li> <li>• <a href="#">Director, Edlab Limited</a></li> </ul>

DIRECTOR	INTEREST
<b>Graham Darlow</b>	<ul style="list-style-type: none"> <li>• Business Executive, Acciona Infrastructure NZ Limited</li> <li>• Director and Shareholder, Brockway Consulting Limited</li> <li>• Chair, Frequency NZ Limited</li> <li>• Director, Hick Bros. Civil Construction Limited</li> <li>• Director, Hick Bros. Infrastructure Limited</li> <li>• Director, Tainui Auckland Airport Hotel GP (No.2) Limited</li> <li>• Director, Hick Bros. Heavy Haulage Limited</li> <li>• Director, Hick Bros. Holdings Limited</li> <li>• Director, Holmes Group Limited</li> <li>• Chair, The Piritahi Alliance Board</li> </ul>
<b>Julian Smith</b>	<ul style="list-style-type: none"> <li>• Advisory Board Member Vadacom Limited</li> <li>• Board Trustee, Look Good Feel Better Trust</li> <li>• Director and Shareholder of JTB Enterprises Limited</li> <li>• Committee member of Institute of Directors, Auckland Committee</li> <li>• <b>Chair</b>, Institute of Directors Te Tai Tokerau, Northland Sub-Committee</li> <li>• Committee member of Body Corporate Chairs Group NZ, Auckland Committee</li> <li>• Body Corporate Chair, The Residences, Auckland</li> <li>• Body Corporate Committee member, The Connaught Residential Apartments, Auckland</li> <li>• MyCareerBrand</li> <li>• <del>Board Trustee – Auckland Philharmonia Orchestra</del></li> </ul>

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

