

Board meeting | 5 April 2022

Public session



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| Venue | To be held via Microsoft Teams |
| Time | 9.15am to 11.45am |

| | Meeting administration | Spokesperson | Action sought | Supporting material |
|-----------------------------|---|-------------------------------------|-----------------------------------|-------------------------------|
| 1 | Opening Karakia | Board | - | - |
| 2 | Apologies | Chair | Record apologies | Verbal |
| 3 | Quorum | Chair | Five directors required | Verbal |
| 4 | Minutes of the previous meeting | Chair | Approval of minutes: 1 March 2022 | Minutes: 1 March 2022 meeting |
| 5 | Public deputations | Chair | For information | Verbal |
| Running the Business | | | | |
| 6 | Chief Executive's report | Jon Lamonte | For discussion | Report |
| 7 | Review of the Corporate Governance Charter | Jacky Simperingham and Emma McBride | For approval | Report |
| 8 | Pricing to support Auckland Council's Long-Term-Plan for FY23 – effective 1 July 2022 | Nigel Toms and Amanda Singleton | For approval | Report |
| Deliver the Future | | | | |
| 9 | Scanning the Horizon | Various | For discussion | Report |
| 10 | Strategic focus: We value our people and culture | Dave Chambers and Jamie Sinclair | For discussion | Verbal |
| Governance | | | | |
| 11 | Board planner | Chair | For information | Report |
| 12 | Directors' appointment terms, committee memberships and meeting attendances | Chair | For information | Report |
| 13 | Disclosure of Directors' and Executives' interests | Chair | For information | Report |
| 14 | General business | Chair | For discussion | Verbal update |

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| Date of next meeting | Tuesday 7 June 2022 |
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Board meeting | 5 April 2022
Public session



Opening Karakia

E te katoa

Toia mai ngā mahi

Ki te awatea

Haumi e, hui e, tāiki e

To all

bring forth our aims and objectives for today

Embrace, gather, anoint.



Minutes

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| Board meeting | Public session |
| Date | 1 March 2022 |
| Venue | Held via Microsoft Teams |
| Time | 9.15am |

| Attendance | | |
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| Board of Directors | Watercare staff | Guests |
| Margaret Devlin (Chair) Brendon Green Hinerangi Raumati-Tu'ua Graham Darlow Dave Chambers Frances Valintine Nicola Crauford Julian Smith Wi Pere Mita (Board intern) | Jon Lamonte (CE) Jamie Sinclair (Chief Corporate Services Officer, from the beginning till the end except for items 6 and 7) Mark Bourne (Chief Operations Officer, from the beginning until the end of item 8) Steve Webster (Chief Infrastructure Officer, for items 8 and 9) Nigel Toms (Acting GM – Finance, for items 7 to 9) Richie Waiwai (Poutiaki Tikanga Māori, Principal Advisor, for items 6 to 10) Bronwyn Struthers (Head of Health, Safety and Wellbeing, from the beginning until the end of item 6) Harsha Mistry (Internal Audit Manager, for item 7) Stuart Bird (Head of Supply Chain, for item 9) Kuirangi Paki (Te Kaiurungi, Senior Lead & Strategic Māori Advisor for item 10) Otene Reweti (Pou Hononga, Executive, for items 6 to 10) Nikora Wharerau (Matanga-Tikanga me Te Reo Mao Executive, for items 6 to 10) Jacky Simperingham (Co-Head of Governance) Pinaz Pithadia (Governance and Research Administrator) | Councillor Linda Cooper, Auckland Council Liaison Councillor (From the beginning until the end of item 6) Claire Gomas, Principal Advisor, CCO Governance and External Partnership, Auckland Council |

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| 1. | <p>Opening karakia</p> <p>The Board opened the meeting with a karakia.</p> |
| 2. | <p>Apologies</p> <p>There were no apologies.</p> |
| 3. | <p>Quorum</p> <p>All Directors were present at the meeting and therefore a quorum was established.</p> |
| 4. | <p>Minutes of the previous meeting</p> <p><i>The Board resolved that the minutes of the public session of the Board meeting held on 8 February 2022 be confirmed as true and correct with the following correction:</i></p> <ul style="list-style-type: none"> • <i>the word 'Fire Services' at item 1's fourth paragraph is to be changed to 'Fire and Emergency'.</i> |
| 5. | <p>Public deputations</p> <p>There were no public deputations.</p> |
| 6. | <p>Chief Executive's report</p> <p>Jon Lamonte took the paper as read.</p> <p>Jon highlighted the following topics in his report:</p> <ul style="list-style-type: none"> • Covid-19: Jon updated the Board on the current position explaining that: <ul style="list-style-type: none"> ○ Watercare has approximately 40 cases across various sites including the Lab, Māngere and Newmarket. ○ Watercare's infrastructure contractors have declared approximately 40 cases, however, this is likely to be understated. ○ Central Interceptor: Tunnelling had to stop on Saturday, 26 February 2022 due to the number of positive cases, or close contacts. The Mayor's office has been advised. ○ The in-house saliva testing capability has enabled us to identify cases early. Although not accredited by the Ministry of Health, we have been able to identify cases a day or so earlier than using a RAT, and then conduct a PCR test if required. ○ RATs are now being used to supplement in-house saliva testing. ○ We are now focused on managing the absenteeism due to Omicron. |

- Although our infrastructure contractors have a larger pool of resource, it is likely that some construction sites may have to close.
 - Jon is working closely with Jim Stabback at Auckland Council and discussing these issues at the fortnightly CEs update.
 - **Three waters reform:** Jon explained that Watercare continues to support the DIA as needed. Marlon Bridge's secondment has been extended for six months. Watercare is receiving a large volume of information requests, which are taking up considerable time. Jon is working jointly with Jim Stabback to request further funding from the DIA for the Auckland Council Transition Office, Watercare, Healthy Waters and the Northern water group (whether that comes via Watercare or not) to assist with the additional costs of preparing for transition.
 - **Cyclone Dovi:** this mainly caused power outages and teams worked quickly to ensure generators were operational.
 - **Board of Inquiry:** Jon noted the appeal lodged by Waikato-Tainui. Watercare's intent to be heard has been filed. There is a case conference on 15 March 2022 which will outline the next steps.
 - **SOI measures:** Jon highlighted that meeting certain SOI measures is challenging and will continue to be. The Board and Management discussed the importance of keeping Council advised on a 'no surprises' basis. Management confirmed that our plants continue to operate in 'island' mode with a limited number of people working in split shifts. At smaller sites, including Waitākere and Onehunga, if staffing becomes an issue, closure could occur without any impact to customers.
 - **Capital programme costs and delivery improvements (page 13 of Boardbooks):** Jon explained that the table sets out the programme of activity that is being undertaken to address several issues that have arisen. He noted that the Watercare Capital Oversight Panel (COP) is meeting this week and their purpose is to review and manage the AMP. The Board and Management discussed the work that WICS is undertaking, and how that will assist with delivery, efficiency and discipline. An update on the WICS work will be provided at the 5 April 2022 Board meeting.
- Management then responded to various questions from the Board:
- During Cyclone Dovi, power outages were widespread at 170 locations. A server went down and we could not gain access to WDC offices. Work is being undertaken to relocate the server.
 - In relation to capital programme planning, it was noted that it is important to understand whether the overall envelope that has been provided for is being met. Management explained that when reporting on projects in the future, we will: detail the number of projects that are going over; and explain what stage the project is at. The WICS discipline will assist with this. The Board acknowledged the work being undertaken to develop and implement a revised estimating manual, and the introduction of P90 through to P50 estimates. The Board suggested that it would be useful for Management to provide information about whether each project is P50, P90 or somewhere on spectrum.
 - The Board asked that Management pass on their best wishes to Claudia Forycki for her 50 years at Watercare.
 - Watercare run two paid graduate programmes, one in-house and one with GHD/Fulton Hogan.
 - Auckland Council has acknowledged receipt of our response to the abatement notice against the Helensville WTP, and we are waiting for Council's response. Councillor Cooper explained that the regulatory compliance department is currently overloaded.

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| | <ul style="list-style-type: none"> • Jon provided an update in relation to the replacement Huia water treatment plant. The next step is mediation with the appellants, likely to be April/May/June, but Covid-19 dependent. If mediation is not successful, which seems possible given the difference in views, the appeal will be heard in the Environment Court around September/October 2022, with a decision out around Christmas 2022. <p>Healthy, Safety and Wellbeing (page 35 of Boardbooks)</p> <p>Bronwyn Struthers spoke to the report and noted:</p> <ul style="list-style-type: none"> • Covid-19 continues to dominate and will do for another month or so. Then hopefully we can move to a “new normal”. • “Working with or near live services” and “mobile plant”, remain our two most concerning critical risks. Bronwyn explained the approach to have proper systems in place and use railings where there are not accurate drawings. • The work being undertaken to improve reporting and focus on lead indicators. <p>The Board and Management discussed the following:</p> <ul style="list-style-type: none"> • Watercare’s connection with the national body in relation to digging underground, along with WorkSafe and other groups. However, there has not been momentum in the last 18 months, therefore Watercare want to take active steps to progress this. • Whether we can earth the machines, and work is being done to have definitive advice as to what operators need to do. • The sharing of accurate drawings with other utilities was discussed. Bronwyn explained the current situation and how there needs to be a discussion to find a better solution. • Mental Health will be added as Watercare’s 14th critical risk. • The high leave balances of some staff. It was noted that work is currently underway to work on those with a large amount of leave owing, including buying out leave for the top 35. • In relation to dog bites, Bronwyn explained this is a common injury. The standard practice is to update the records for the property to note there is a dog at site, and to contact owners to arrange for the dog to be tied up for the next reading. • Now Omicron is in the community, there is a mix of responses from staff including the relief that we are dealing with it now, and a heightened sense of anxiety as it spreads. Our focus is on looking after our people. <p>The Board thanked Bronwyn for the report and the work undertaken.</p> <p><i>The Board noted the report.</i></p> |
| <p>7.</p> | <p>Sensitive expenditure policy</p> <p>The Chair of the Audit and Risk Committee noted that this policy was prepared following internal audit work with an aim to significantly change the culture around expenditure.</p> |

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| | <p>Harsha Mistry spoke to the report and noted the key changes.</p> <p>The Board requested that the policy be updated to ensure that costs for events paid for personally must be paid by the most senior staff.</p> <p>The Board and Management discussed whether employees record when a supplier pays for something, e.g. lunch. Management will report back on this.</p> <p><i>The Board accepted the Audit and Risk Committee’s recommendation to approve the updated Sensitive expenditure policy subject to the following amendment:</i></p> <p><i>“Costs for events paid personally and included in an expense claim should must be paid by the most senior staff member present”.</i></p> |
| 8. | <p>Scanning the Horizon</p> <p>Steve Webster spoke to the ‘Emerging trends in infrastructure’ section of the report.</p> <p>Steve noted that the trends came from a report prepared by KPMG. The Board and Management discussed that the report sets out high level macro trends, and whether a more localised report would be more useful. The Board noted that the Scanning the Horizon report does not set out Watercare’s response to these trends. Jon said he would consider the best way to report back to the Board.</p> <p>The Board acknowledged the partnership with Fletchers and the low carbon homes pilot.</p> <p>The Board thanked Rebecca van Son and the team for the report.</p> <p><i>The Board noted the report.</i></p> |
| 9. | <p>Construction supply chain risk review</p> <p>Stuart Bird spoke to the report.</p> <p>He noted that the paper sets out the impact of the supply chain risk and where Watercare will see cost inflation. Cost inflation is likely to be 8-10% in the next financial year, and then it is forecast to drop.</p> <p>Stuart explained that there are no signs of shipping constraints going away which puts more pressure on the New Zealand economy.</p> <p>He explained that Watercare has engaged cost consultants to review specific examples. The key is the mitigation strategies, including free issue of more plant and equipment to our construction partners, which allows us to procure earlier.</p> |

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| | <p>In response to questions from the Board, Stuart explained:</p> <ul style="list-style-type: none"> • NZ Steel’s materials are suitable for our purposes and is sustainable (iron ore black sand from west coast beaches, processed in Onehunga). • That we will work closely with our cost consultants. • In relation to the chemical supply risk, the risk is predominantly a shipping risk, and the latest risk is the absenteeism of truck drivers. The consequence is likely to be tweaking the processes, rather than shutting down a site. However, this is likely to cause pressure on team already under pressure • We would support other organisations if they requested our assistance in relation to supply. <p>The Board discussed considering the definitions of risk consequences, including what ‘very high’ and ‘high’ is defined as (as set out at Attachment 1 of the report), at the Audit and Risk Committee.</p> <p><i>The Board noted the report.</i></p> |
| <p>10.</p> | <p>Strategic focus: Te Ao Māori is embedded throughout our organisation – achieving Māori outcomes</p> <p>Richie Waiwai began the agenda item with a karakia and introduced his team.</p> <p>Nicki Crauford introduced the agenda item, and the presentation (attached as Attachment 1). She explained that she met with the team and discussed “what good looks like” in terms of embedding Māori values at Watercare. She noted that there is an impression that there is a huge willingness at the Board level to see Te Ao Māori embedded throughout the company. However, we are often unsure about what that means in practice.</p> <p>Richie spoke to the presentation and noted the importance of Te Reo Māori and pronunciation. To enable this, it is important that we have a safe cultural environment that allows everyone in the whole company to ask any question about Te Ao Māori and the Māori world view. Richie acknowledged that we need to be mindful and inclusive of everyone’s tribal whakapapa.</p> <p>Kuiarangi Paki spoke to the next slide of the presentation. She acknowledged the support from Nicki and Wi Pere Mita. Kui referenced the aspirations in Watercare’s plan, including embracing and developing Māori identity and culture. She noted that we will not know if we are succeeding until: we can see and feel that Te Reo Māori is part of everyday business; Te Reo is heard throughout the company; and staff are confident about the Māori worldview. It is also important that this is modelled by the Board, Executive, staff, stakeholders and our customers.</p> <p>Kui explained that we need to recognise Te Tiriti o Waitangi and the significance of Te Mana o te Wai. We should make no assumption that our staff know the historical context. Therefore, we may need to consider specialised training. Richie noted some progress has been made, including Te Reo training and development of treaty knowledge by business units.</p> |

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| | <p>Kui spoke to the final slide and “what would good look like” if iwi and mana whenua are active partners, decision-makers and participants with Watercare. Kui explained that this would involve both staff and the Board establishing relationships with iwi and mana whenua that extends beyond Watercare.</p> <p>Richie asked for feedback from Directors as to what happens on their other boards.</p> <p>Otene Reweti discussed the importance of connecting with people to build relationships properly.</p> <p>Nicki thanked Richie, Kui, Otene and Nikora, and invited korero. She noted that the Board needed to discuss how to put a plan together.</p> <p>Wi Pere acknowledged the team for their mahi. He noted that it is important to understand and acknowledge that people are on different ends of the spectrum. Wi Pere commented that we need to make a safe space for everyone and this work is the foundation of a bigger longer journey.</p> <p>The Board discussed the journey that we are on and that the Board needs to take steps to demonstrate how we are progressing. The Board development day should be used to progress this.</p> <p>The Board acknowledged the progress made is positive and the establishment of Te Rua Whetū is a big step.</p> <p>The Board discussed ensuring that the Board meets in person and get to know each other.</p> <p>Nikora Wharerau noted that Watercare is not very different compared to other organisations regarding learning Te Reo. A good starting point is understanding the creation of the world and universe and working on correct pronunciation. She noted that we need to be clever with the resources we have at hand.</p> <p>Nicki discussed the next steps which include helping the Board members with pronunciation and the understanding of the significance of Te Mana o te Wai. Nicki suggested this would be covered off at the Board development day. Nicki and Richie will work on the development day plan.</p> <p>Richie closed the agenda item.</p> <p>The Board thanked the team and noted that we are on a long journey.</p> |
| <p>11.</p> | <p>Board planner</p> <p><i>The Board noted the Board planner.</i></p> |

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| <p>12.</p> | <p>Directors' appointment terms and committee memberships and meeting attendances</p> <p>The report sets out the changes discussed last month being the disestablishment of three of the Committees. The Chair noted that she will be attending Auckland Council's Appointments and Performance Review Committee this afternoon.</p> <p><i>The Board noted the report.</i></p> |
| <p>13.</p> | <p>Disclosure of Directors' and Executives' interests</p> <p>The Chair asked the Board to let the Governance Team know if there are any changes to their interests.</p> <p><i>The Board noted the report.</i></p> |
| <p>14.</p> | <p>General business</p> <p>Claire Gomas noted the comments made in relation to the performance against the SOI. She noted that the Q2 reports are going to the Committee shortly, and that several CCOs are facing similar challenges. Claire appreciated the conversation around te mana o te wai and encouraged the Board to consider how this fits in to water reform.</p> <p>The Board discussed the water sources, noting the usage per person is going in the right direction and how the water strategy feeds into water resources.</p> <p>The meeting closed at 11:34am.</p> |

CERTIFIED AS A TRUE AND CORRECT RECORD

.....
Margaret Devlin, Chair

Attachment 1

4.1

Te Mahere a Watercare

Watercare Company Plan 2022

Aronga Rautaki Matua
Strategic Priority:

*Te Ao Māori values are embedded
throughout our organisation*



Ka noho tūturu ngā uara Māori i Watercare

Te Ao Māori values embedded throughout Watercare

4.1

Ō tātou tūmanako

Our Aspirations

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



Ka whai uara te ao Māori i Watercare

We value te ao Māori and understand the cultural importance of water

4.1

He aha te tohu o te pai?

If we are successful, what *would* 'good' look like?

- We feel safe to ask questions if we don't know or understand
- We commit to a journey of learning and continue to evolve our understanding with new questions
- We explore all aspects of water and start to weave it into our stories
- We have a workforce that feels confident in their understanding of water, its value and different aspects



Ka whai tātou kia mārama

We embrace and develop our Māori identity and culture competencies

4.1

Me pēhea te ine momoho?

If we are successful, what *would* 'good' look like?

- We openly practice Māori customs and protocols as part of our everyday business
- We normalise te reo Māori. It's seen and heard throughout the organisation correctly
- We are confidently able to connect different parts of the Māori worldview into the organisation
- We demonstrate leadership from our board > executive leaders > staff > stakeholders and customers.

Ko te amorangi ki mua, ko te hāpai ō ki muri



E mārama ana ka whai panga te Tiriti o Waitangi

We recognise Te Tiriti o Waitangi and the significance of Te Mana o te Wai

4.1

Mā te Māori e kī, kua tae atu tātou ki te pae?

If we are successful, what *would* 'good' look like?

- We increase our knowledge and understanding of Te Tiriti o Waitangi and its principles in both historical and modern contexts
- We are able to demonstrate the ways in which we give effect to Te Mana o te Wai
 - What does Te Mana o te Wai mean to our mana whenua partners?
 - What does Te Mana o te Wai mean to Watercare?
 - Where are the alignments and gaps in our understanding?



Kei te tēpu whakatau te Māori

Iwi and mana whenua are active partners, decision-makers and participants with Watercare

4.1

Ka tau tō tātou noho i roto i ngā whakawhitinga kōrero me te Māori

If we are successful, what *would* 'good' look like?

- We have relationships with iwi and mana whenua across all levels of Watercare
- We accept our differences, are open to compromise and always look for solutions and outcomes that move us forward
- Our leaders feel confident to form relationships with Māori communities outside of their roles and responsibilities of Watercare

Ngā manaakitanga

Pātai - any questions?

Chief Executive's report – February 2022

Presented by: Jon Lamonte



1. Current significant issues

Covid-19 affected all Watercare operations throughout February and into March, largely because of the level of absenteeism, which peaked at around 300 staff and contractors. Tunnelling on Central Interceptor was stopped with 53/70 tunnellers off sick. 12% of water meters could not be read, which has an impact on billing and also identification of leaks – which will play out over the next few months figures as these are currently two months in lag (see note below). Staff had started to return to office work in mid January, but this quickly dissipated with Omicron, and will probably not recover until after Easter.

The Government's new policies on vaccine passes and mandates were issued on 23 March 2022. We will be reviewing our approach to mandates and vaccination over the coming weeks. The collective policy changes in recent weeks on cessation of MIQ, reduced border restrictions and opening Auckland may help in attracting and retaining talent, but could equally lead to more people wanting to leave for overseas opportunities or OE. The vibrant international market for infrastructure, notably in Australia and North America, is likely to prove challenging for us.

Water supply from the dams continues to track just above the normal level for this time of the year, with a welcome uptick of just under 3% from the storms of mid-March. The 21 March 2022 storm broke all records with the intensity and volume of rain that fell over 10 hours. While the storm boosted our dams, the downside was extensive flooding, leading to 2,000 customer contacts on the day of the storm (normally 200) and 400 fault reports relating to flooding, over and above all the alarms triggered by our own systems. Water treatment plants were largely unaffected throughout. Staff and contractors worked hard to resolve wastewater overflows caused predominantly when the stormwater network was overwhelmed, and floodwaters got into manholes and gully traps, causing wastewater overflows.

Two significant incidents occurred on Central Interceptor after the reporting period. One was the discovery that a site wastewater pipe was plumbed incorrectly into a stormwater pipe at Māngere, dating back to 2019. The fault was repaired inside 24 hours, and the regulator and mana whenua informed immediately. The other incident was in the tunnel at Māngere where the spoil train was moved too quickly and hit the train stop and rear buffer stop. Tunnelling was stopped for four days whilst a full safety review was carried out with WorkSafe, and tunnelling only resumed on 22 March 2022. Having visited site personally, and gone through the revised safety controls, I was happy that the risk of recurrence was considerably reduced.

2. Key Performance Measures

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

- Despite a month where drier weather led to 5% more leaks, 37% more faults, and 17% more shut downs than last year at the same period, customer satisfaction was actually 5% higher.

- There has been an increase in the number of people employed. However, the most recent eNPS results (completed 17 March 2022) shows an increase in workforce stress and hints at burnout. More detailed work is going on in specified areas to understand this more deeply, as it may well be the cumulative effective of working from home, childcare and factors not directly related to the workplace.
- We continue to face upwards pressures on opex, in part caused by Covid impacts and the effects of asset revaluation, but also due to a growing workforce with higher than budgeted staffing and contract labour costs. Given there is only one quarter left in the year to bear down on controllable costs, our focus is on unfilled vacancies and professional services where this has been required to alleviate known hotspots for hard to fill recruitment.
- Our capex continues to fall short of budget because of the effects of Covid-19, which has led to productivity shortfalls during lockdowns, delays to contract awards for future work, and supply chain uncertainties.
- Public sentiment as reflected through our media impact score was the lowest it has been year to date. While we largely maintained the momentum and volume of media coverage, the coverage of Waikato Tainui's appeal of the Board of Inquiry decision impacted our lower media impact score. We continue to work on increasing water literacy with the view to influence customers' emotional relationship with water as well as their perceptions of Watercare and its role in their communities.

[Attachment 1](#) sets out Watercare's performance against the current Statement of Intent measures for February 2022.

Currently we report the real water loss metric by looking two months into the past. After a review of our processes and systems we have found that nearly 10% of all meter reads do not make it into the system within that timeframe. To resolve this anomaly, we are in the process of changing the reporting timeframe for this metric. The proposed change in the reporting timeframe is for four months in arrears. Therefore, the metric for December 2021 would be reported in May 2022.

3. Organisational plan implementation

We will be focusing on the 'We value our people and culture' strategic pillar at item 10 on the public agenda for today's meeting.

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

4. People

[Attachment 2](#) is a workforce snapshot for February 2022.

- Current staff numbers are 1,235 full time equivalents (excludes contractors filling full time positions)¹.
- We held several engagement sessions with staff throughout February and early March focusing on diversity and inclusion initiatives. These included a panel interview for Pride, implementation of our Gender Transitioning at Work Policy and International Women's Day, which were all well received.
- A CE briefing session to all employees was well attended online and through a recording. The session focused on sharing the company plan and providing an update on monthly performance.
- Turnover increased slightly compared to January and is trending upwards. However, this is reflective of an active labour market and remains below our target of 15%. We are continuing to focus on retention strategies to combat this.
- There was an increase in new hires in February compared to January which is to be expected following the holiday period.
- Leave liability remains a challenge particularly when operating under a Covid red traffic light due to split shifts. We are carefully monitoring this and driving down leave liability where possible.
- Rolling sick leave has steadily declined since August 2021 following the winter peak. It is likely that lockdowns have contributed to this trend.

5. Health, safety and wellbeing

Despite returning our highest number of Covid-19 cases, February has been a quiet month. Our team are following processes and managing staffing well and other than stopping tunnelling for a period on Central Interceptor, we have not had to close down any sites.

We continue to focus on service strikes as part of Back to Basics with interesting insights to take to industry and WorkSafe. We did have a Mobile Plant incident during the month, as well as a number of cuts to hands, leading to a learning group being established.

Further to the Board discussion in February, Mental Wellbeing has been added to our list of Critical Risks. Watercare's now has 14 critical safety risks. The report attached as [Attachment 3](#) provides a comprehensive overview of Watercare's health, safety and wellbeing including the deep dive on one of Watercare's 14 critical risks (Working in or around live traffic).

Mental Wellbeing is on our Enterprise Risk heat map and elevating it to a critical risk acknowledges the impact poor Mental Wellbeing has on our team and workplace. Mental Wellbeing will be added to the schedule of critical risk deep dives prepared for the Board each month. We are looking closely at Mental Wellbeing via a burnout assessment with results under analysis.

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

6. Community and stakeholder relationships

6.1 Local Government Elections and relations

As candidates for the Local Government 2022 continue to unofficially declare their intentions, the Elected Member team at Watercare is preparing for the official start of the election period from 15 July 2022:

- Work is underway with Council's Elections Programme Manager to ensure a high level "Watercare at a glance" document is available to all candidates.
- All candidates will have equal access to updates in their local board areas via a Local Government Election Hub – www.infohub.watercare.co.nz
- A dedicated email has also been set up for candidates (elections@water.co.nz) and is monitored by our elected member relations team. Any director or staff interactions with candidates can also be shared to this email address for logging.

Election advice has been sent to all Watercare staff and directors, reminding everyone that any influence on a public role in the lead up to an election is a conflict that must be carefully managed.

This raised several useful conversations about managing potential issues stemming from the election. For example, the infrastructure and property teams will need to carefully consider the impact of temporary delegations on the landowner approval process for works in parks.

Lastly, looking beyond October 2022 and the results of the election, the Elected Member and Governance teams are preparing a Governance Stakeholder Engagement Plan. The Plan which will be discussed with directors, will help build new connections, trust, and credibility with the governing body with a focus on achieving shared strategic outcomes

6.2 The findings from the Auckland Council Watercare Relation survey

The Auckland Council Watercare Relationship Survey was undertaken in December 2021 and the results have been analysed and presented.

Key findings of the survey were as follows:

- Respondents agreed with two thirds of the survey statements relating to our organisations having a good working relationship;
- We are doing best in terms of customer focus with both Watercare and Council respondents agreeing that customers get excellent service from Watercare;
- There are opportunities to improve the relationship in the areas of collaboration, alignment, and confidence, including:
 - Collaboration:
 - Collaborating well means fostering and maintaining good relationships, shared tools and a cultural shift.
 - Alignment:
 - Both sides saw opportunities for integrated prioritisation and planning to improve alignment.

- Confidence:
 - Both sides want to take the time to build the relationship, talk through the work we do and the challenges we face.

A workshop will be scheduled for the Auckland Council and Watercare Executive teams to come together in May 2022 to discuss the more detailed findings and explore opportunities for improving the relationship.

7. Water resources update

Water sources

Refer [Attachment 4](#) for details of our water resources position for the month, including water storage, supply and demand. Water storage levels remain high with dams at 82.98% capacity. Demand of 471MLD for the week ended 13 March 2022 was below the target ceiling of 495MLD for March. After a dry January, February rainfall was moderately less than forecast but greater than normal for February.

The planned production of Auckland Metropolitan Water Treatment Plants as at 13 March 2022 is 470MLD. The production capacity for the coming week from the Waikato River is limited to 140MLD due to maintenance and consent limits.

In terms of non-revenue water updates:

- Smart meters: 2,000 of 30,000 domestic customers' smart meters replaced YTD. 1,670 of 2,000 commercial customers' smart meter loggers have been installed to date. The programme was affected due to Covid-19 restrictions.
- The leak management programme is progressing well. Since the start of the programme approximately 9,800kms have been surveyed to date with 5,554 leaks found and water savings of 17.72MLD.
- For Māngere and Konini zones, studies are being undertaken for future demand and growth including creating smaller district metered areas and pressure management areas.
- Currently, there are three non-potable sites. Western Springs, Halls Farm and the Hugo Johnston non-potable filling stations, which are now open again during standard business hours.

Water quality

Positive E.coli was detected on 16 February 2022 at Muriwai distribution zone. Investigation confirmed this transgression was an isolated event and not representative of the water supply. All other water quality parameters have been met for the month.

During the consultation and review of the Taumata Arowai new Drinking Water Quality Assurance Rules and Standards, the following themes were identified which we will request to be included in detail in the Auckland Council submission that Watercare is contributing to:

- Several rules have very broad wording and would benefit from formal guidance
- Interpretation of the new rules or rule changes has identified they will have a significant impact on the business (up to \$10 million / annum in initial years of adopting the new rules associated with increased sampling activities, addressing non-compliances through additional monitoring, flushing / re-chlorination / physical infrastructure and operational changes and network reconfiguration, plus additional FTE resources)
- Clarifications are required to avoid confusion among water suppliers in interpretation of the rules.

It was identified that whilst at present Watercare may be unable to meet some of the reporting timeframe or implementation requirements specified in the proposed Water Quality Assurance Rules and Standards it would be able to do so with additional investment.

A memorandum has been prepared to present a summary of the gap analysis and key risks that business will face.

Further work is required towards the ongoing implementation and improvement of our Water Safety Plans (WSPs).

8. Risk and compliance update

8.1 Enterprise risk management

The Watercare Risk Appetite Statement was approved by the Board on 1 March 2022. The Risk Appetite Statement will be communicated across the business leadership teams to support decision making.

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

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

8.2 Legal and compliance

Non-compliance with resource consents

The number of consents technically non-compliant with their consent conditions has increased this month. Reduced resources during the Covid-19 outbreak is the primary reason for this increase.

On 25 February 2022, Auckland Council issued confirmation that Watercare has met its requirements for relief of the abatement notice at Helensville WWTP. Upgrade works continue at that site to bring it to full compliance in early 2023.

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

Active resource consents in February 2022

358

Consents with non-compliances in February 2022

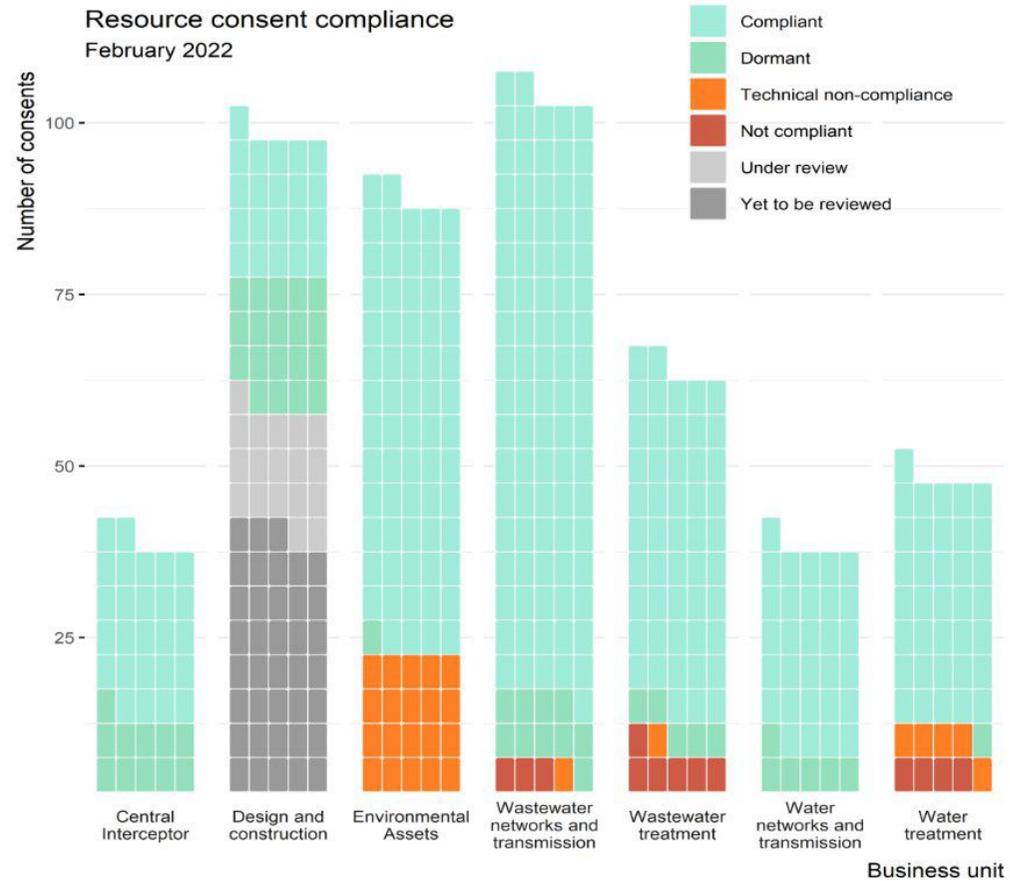
40 ↑

Rolling 6-month average (non-compliant consents)

29 ↑

Consents under enforcement in February 2022

0 ↓



LGOIMA requests

In February 2022, we received ten requests for information under the Local Government Official Information and Meetings Act 1987 (the Act). Watercare responded to all requests within 20 working days (in accordance with the Act).

Legal action

- RMA related:
 - Board of Inquiry: The Waikato River Authority filed its notice of intention to appear with the High Court on 24 February 2022. Ngāti Tahu, Ngāti Whāoa and Te Arawa River Iwi Trust have also filed its intention with the High Court to join the appeal proceedings. The High Court has scheduled a case management conference for all appeal parties on 3 May 2022. This is to deal with procedural matters only. Advice has been sought from the Court as to the earliest time for a hearing in the Auckland High Court. No dates have been confirmed by the Court.
 - Huia Water Treatment Plant: In December 2021, the Environment Court (EC) directed that all parties enter into mediation via zoom calls. Several parties requested that the mediation be delayed until face to face meetings were permitted. The EC is currently not willing to conduct face to face mediation under the Red light status. It is anticipated that the earliest that face to face mediation may occur is May 2022.
- Non-RMA related:

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

Whistleblowing

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

9. Operations update

We will reduce water loss, targeting the economic level of leakage

An integrated programme to reduce water loss to the Economic Level of Leakage (ELL) is being established. The programme covers four main areas:

- Pressure management;
- Active leak management;
- Speed and quality of repairs; and
- Material selection, installation and renewals.

The programme has been designed to coordinate work undertaken across the company and is linked to other programmes such as smart networks.

Pressure management is an integral part of Watercare's strategy to reduce consumption. Through network intelligence and improved control of water distribution, we can achieve more stable (and typically slightly lower) water pressure within the network and better control losses. In terms of water efficiency, this has the benefit of reducing:

- The instances and severity of leaks in both private and public pipes;
- The associated flushing after a leak repair; and
- Customer water use by marginally reducing the rate of water flowing out of taps.

Active leak detection starts with our district meters which create smaller areas within the network where we can monitor leakage and other non-revenue water use. We will use proactive leak detection in the areas in which we notice higher losses. Our contractors use acoustic methods to detect leaks. We are also exploring the use of noise loggers linked to an AI platform that allows customers to participate in leak detection activities.

We have been increasing the focus on both the speed and quality of leak repairs with our contractors. This is likely to lead to changes in resource allocation over the summer months as ground movement increases leak occurrence.

Material selection, the quality of the installation, and the timing of renewals is critical to the efficient long-term operation and minimisation of water loss. We have an active renewals programme to maintain our assets in good condition. We are now considering the replacement of pipelines and meters based on water loss, rather than simply their age to maximise the water savings of the renewals programme.

The Smart Networks strategy will improve the management and operation of the water system from source to tap. More importantly it will integrate and surface the information gathered from each part of the system. Better information management will allow us to focus efforts on water loss. The starting point for this programme is:

- Bulk supply point data
- District meter area
- Customer data.

This will enable our proactive leakage efforts to be targeted effectively and triaging of our leak with the biggest volume being repaired first.

10. Matters for noting

10.1 Central Interceptor update

Due to delays, primarily resulting from Covid-19, there has been an agreed extension of time of 100 days to the completion of Section 1 (MPS operational – now 30 April 2024) and Section 2 (Southern system fully operational – now 12 October 2024). The current Covid-19 restrictions will further delay the completion of all sections of the project. The overall contract completion is now expected to be in the first quarter of 2026. Detailed review and analysis of the programme is underway and the GA Joint Venture (GAJV) are delivering their updated programme during March 2022.

Tunnelling operations recommenced from the inlet shaft at Māngere pump station, with 72 rings constructed (115m excavated). However Omicron is having a significant effect on the project with tunnelling production ceasing on 26 February 2022 due to insufficient staff to safely execute tunnelling works.

Five CI sites were visited during the month by Council to ensure consent conditions are being met. All sites were confirmed as compliant.

The Annual Safety Climate Survey report results were presented. Improvement was made across all but one section compared to last year's survey. The area for improvement was care and value with further focus to be implemented around recognition of staff for working safely.

10.2 Significant meetings

Mana Whenua Kaitiaki Forum (Ngāti Manuhiri, Ngāti Whātua Ōrākei, Te Rūnanga o Ngāti Whātua, Ngāti Tamaoho, Te Ākitai Waiohū, Te Ahiwaru Waiohū, Waikato-Tainui, Ngāti Paoa, Ngāti Whanaunga, Ngāti Maru, Te Patukirikiri), Watercare and Iwi Relationship Meetings (Ngāti Whātua o Kaipara, Ngāi Tai ki Tāmaki, Te Ahiwaru Waiohū, Ngāti Te Ata Waiohū), Central Interceptor (Te Rūnanga o Ngāti Whātua, Ngāti Maru), Board of Inquiry communications (Waikato-Tainui, Waikato River Iwi), Far North District Council CEO, Russell McVeagh, Franklin Local Board, Whangerei District Council, Kaipara District Council.

10.3 Update on progress on recommendations

This update follows the update provided in the CE's report for the 8 February 2022 Board pack.

Aurecon: The table set out at [Attachment 5](#) provides an update on Watercare's progress against the recommendations it has received from the Aurecon's review. The next update will be provided in the July 2022 Board meeting.

CCO review:

- Detailed reports are provided every two months to keep the Board updated on the implementation of the CCO review recommendations.
- The CCO CEs meet fortnightly to monitor and discuss progress.
- Ongoing engagement with the CCO Monitoring Group to scope and action recommendations continues.
- 26 of the 65 recommendations are now fully implemented.
- Nil “red” recommendations impact Watercare.
- In relation to Recommendation 15 (Green), over the last few months, Watercare has supported the development of the water strategy and have been part of the senior leaders’ group that was formed to oversee production of the final documents and guide implementation following adoption. Watercare will report quarterly progress towards demand targets agreed to in April 2021 including per capita demand, smart-meter rollout and network leakage.
- In relation to Recommendation 17 and 18 (Amber), the first of three collaborative data exercises has been undertaken to support the Better Faster (CCO) Consents project between the council, Watercare and Auckland Transport.

[Attachment 6](#) sets out detailed updates on the 44 recommendations that are Amber; Green and Complete which involve or impact Watercare.

Work is underway with the CCOs to report on the review programme to the April 2022 meeting of the CCO Oversight committee, which will outline significant implementation achievements since the council received the review findings and recommendations from the independent panel in August 2020 and the programmes underway to ensure the outstanding recommendations are completed.

11.Delegated authority to Chief Executive

In February 2022, in accordance with the authority delegated to the Chief Executive by the Board:

- There were two documents required to be signed by the Chief Executive in relation to deeds, instruments and other documents:
 - 2 x Section 18 Public Works Act notices.
- There were no capex approvals signed below a threshold of \$50m.
- There was four capex and opex contracts over \$100,000 approved. They are as follows:

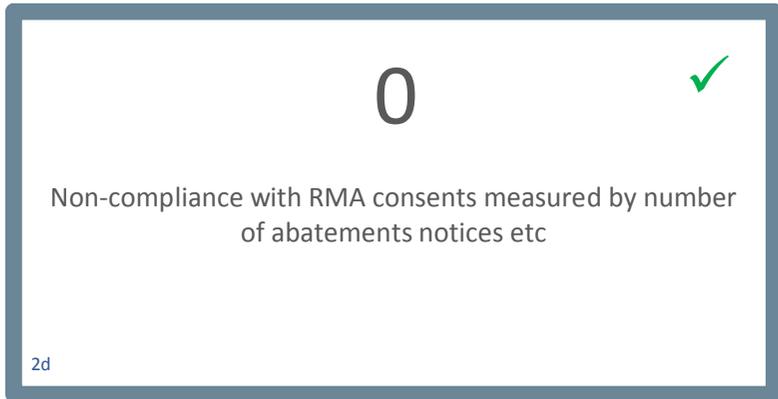
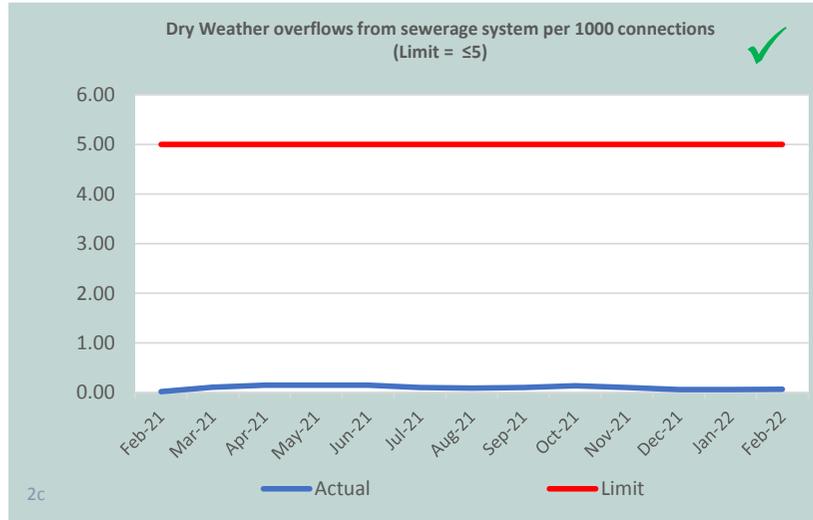
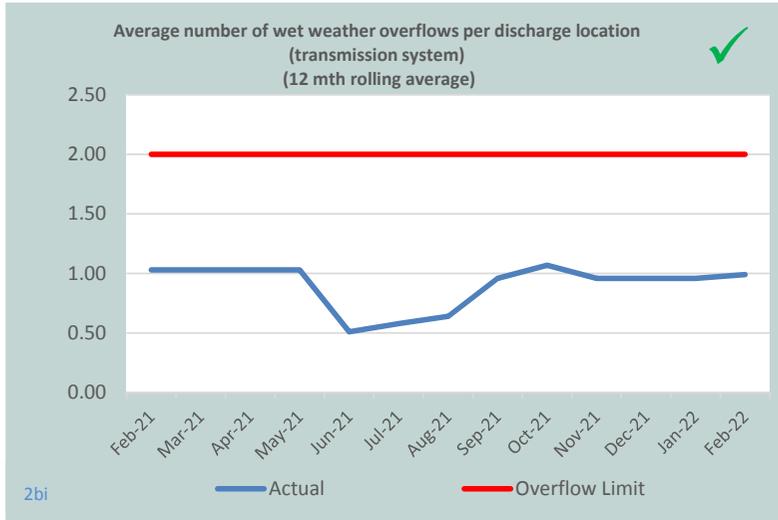
| Contract description | Successful supplier |
|---|-------------------------------------|
| Rezatec – Satellite AI for Dam Monitoring | Detection Services Limited |
| Rosedale WWP Soft Sensors Workstream | Mott Macdonald New Zealand Limited |
| Rosedale WWTP Operational Cost & Green House Gases Workstream | Mott Macdonald New Zealand Limited |
| SOW for Watercare NZ Space Tech leaking pipes | EY Business Solutions (New Zealand) |



Jon Lamonte
Chief Executive

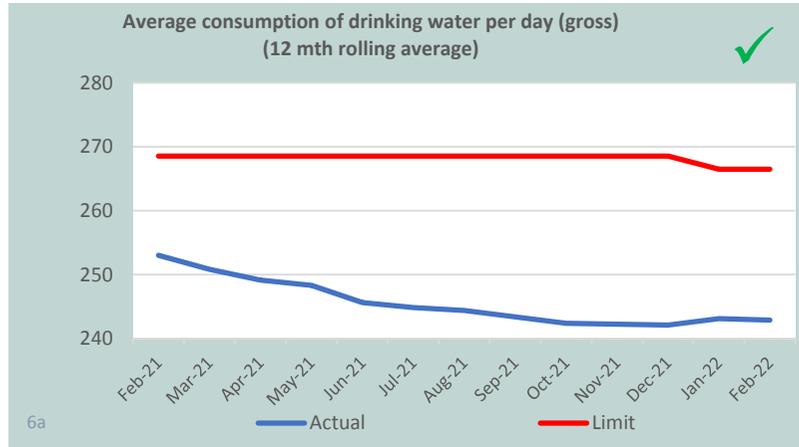
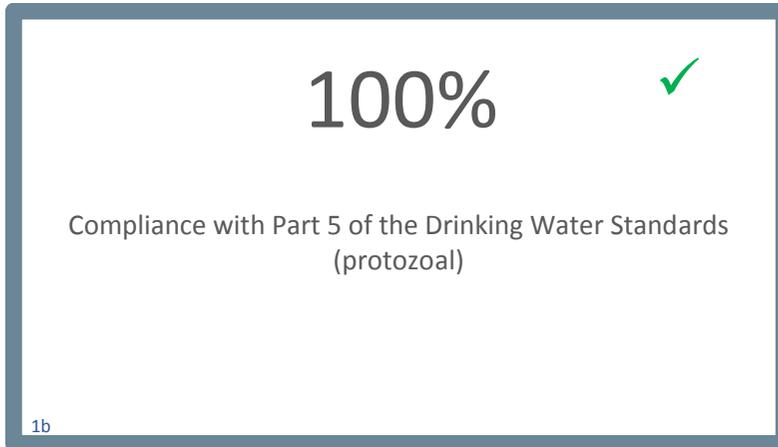
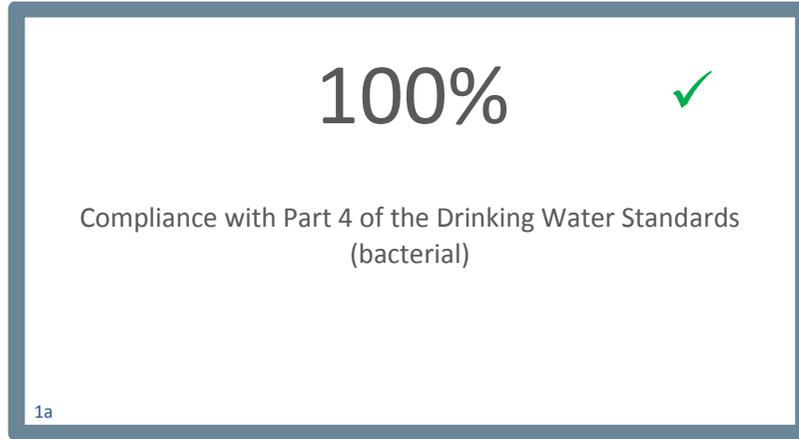
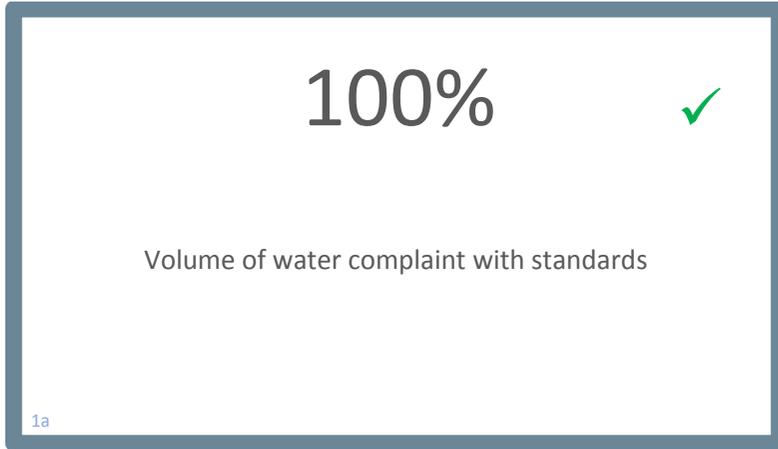
Attachment 1 – Performance against Statement of Intent measures

SOI Measures — Natural Environment

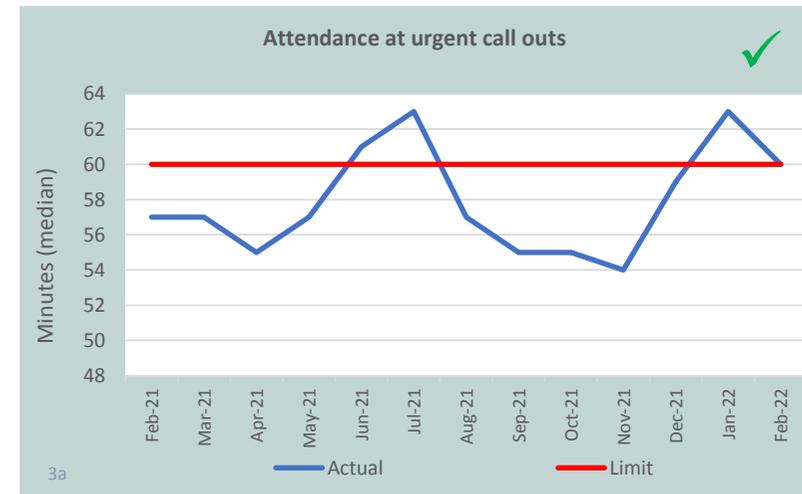
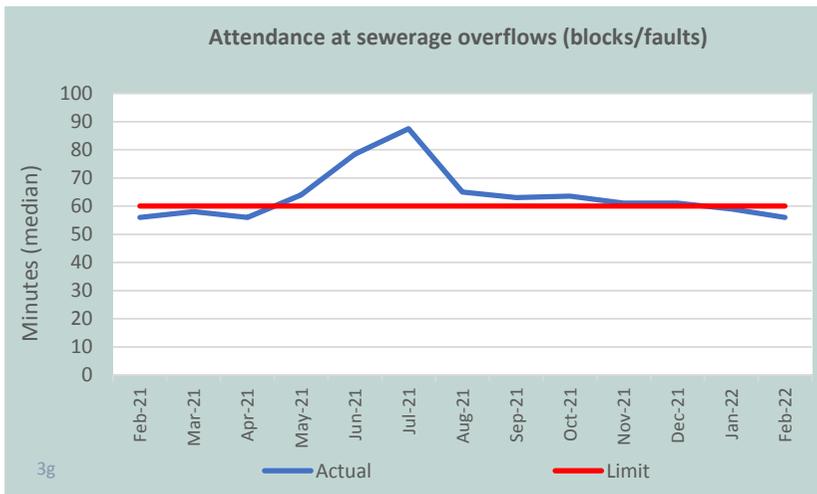
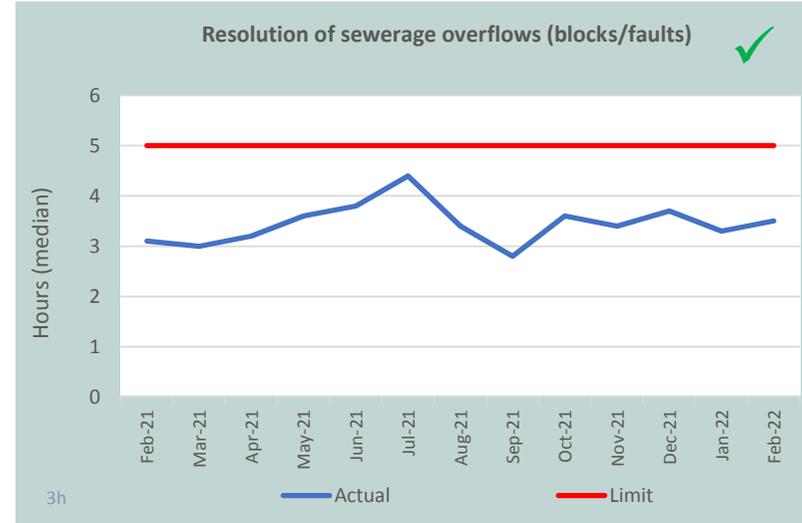
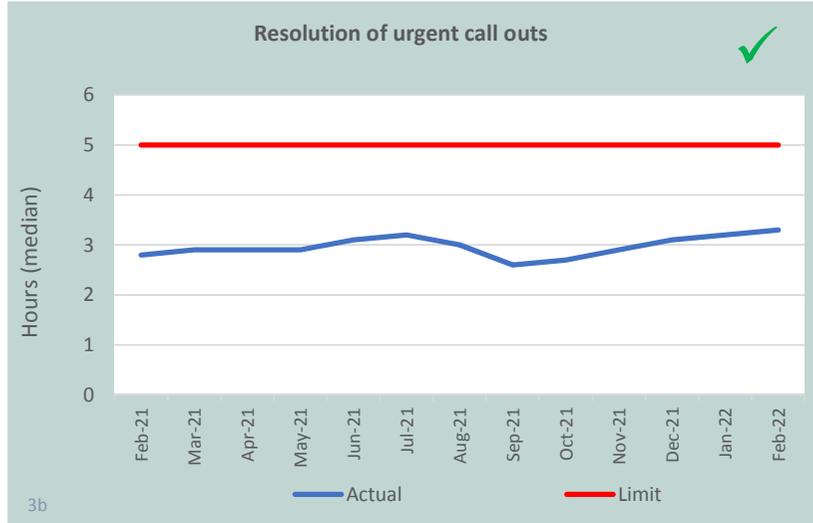


6.1

SOI Measures — Assets and Infrastructure

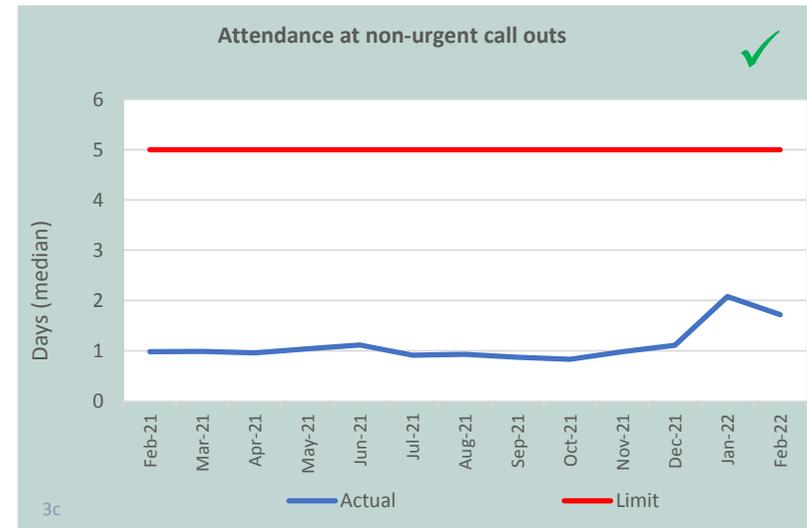
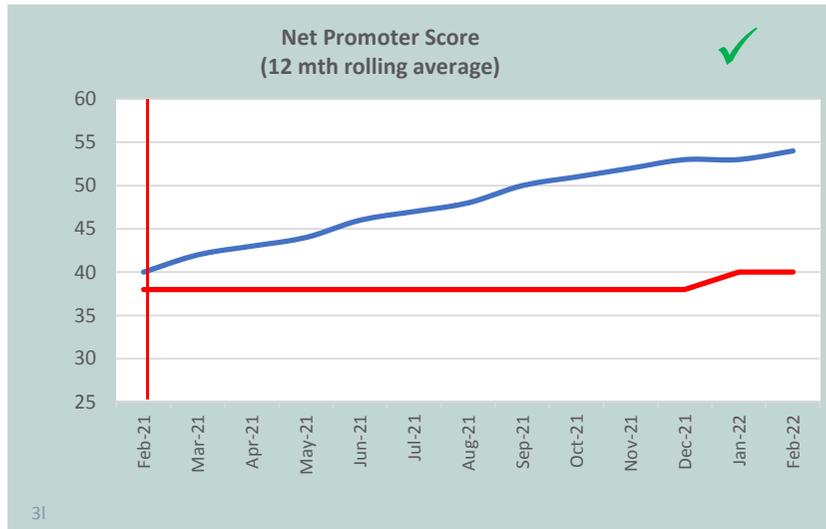


SOI Measures — Community and Stakeholder Relationships



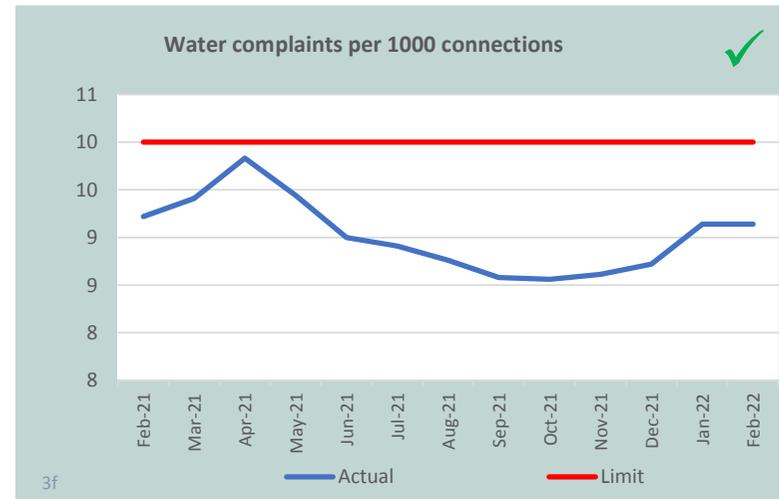
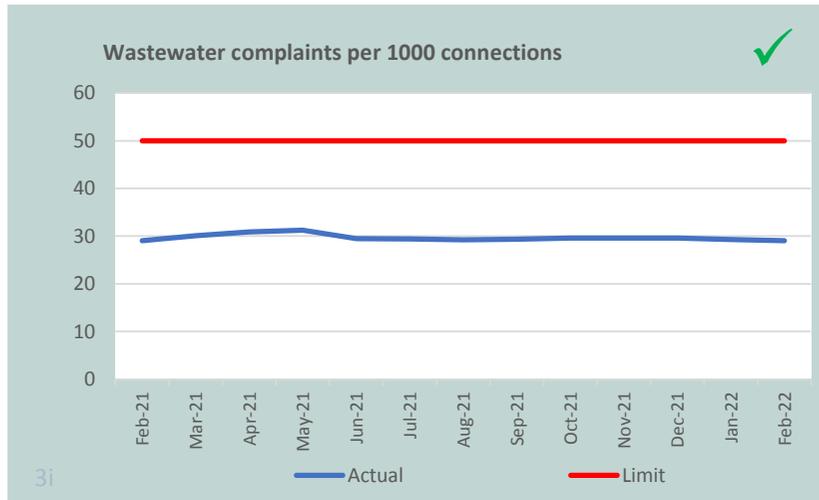
6.1

SOI Measures — Community and Stakeholder Relationships



6.1

SOI Measures — Community and Stakeholder Relationships



6.1

Watercare performance measures (unaudited)

| No. | Measure | Target | Actual | | | Commentary |
|-----|---|-------------------------|----------------------|----------------------|----------------------|--|
| | | | February 2022 | January 2022 | December 2021 | |
| 1. | Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by the territorial authority in relation to those resource consents | ≤2 ≤2 ≤2 0 | 0 0 0 0 | 1 0 0 0 | 1 0 0 0 | On 25 February 2022 Auckland Council has lifted the abatement notice received on the Helensville wastewater treatment plant. |
| 2. | The average consumption of drinking water per day per resident (gross PCC) (12-month rolling average) | 260 litres | 242.9 | 243.1 | 242.1 | |
| 3. | The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria) | 100% | 100% | 100% | 100% | |
| 4. | The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria) | 100% | 100% | 100% | 100% | |
| 5. | Median response time for attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site. | ≤ 60 mins | 60 | 63 | 59 | |
| 6. | Median response time for resolution of urgent calls-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption | ≤ 5 hours | 3.3 | 3.2 | 3.1 | |

| No. | Measure | Target | Actual | | | Commentary |
|-----|---|-----------|---------------|--------------|---------------|------------|
| | | | February 2022 | January 2022 | December 2021 | |
| 7. | Median response time for attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site | ≤ 5 days | 1.72 | 2.08 | 1.11 | |
| 8. | Median response time for resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption | ≤ 6 days | 2.10 | 2.9 | 1.8 | |
| 9. | The total number of complaints received by the local authority about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply f) the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system (12-month rolling average) | ≤ 10 | 9.14 | 9.14 | 8.61 | |
| 10. | Attendance at sewerage overflows resulting from blockages or other faults: median response time for attendance - from the time that the territorial authority receives notification to the time that service personnel reach the site | ≤ 60 mins | 56.0 | 59.0 | 61.0 | |
| 11. | Attendance at sewerage overflows resulting from blockages or other faults: median response time for resolution - from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault | ≤ 5 hours | 3.5 | 3.3 | 3.7 | |

| No. | Measure | Target | Actual | | | Commentary |
|-----|--|---------------------------|----------------------------|----------------------------|----------------------------|--|
| | | | February 2022 | January 2022 | December 2021 | |
| 12. | The total number of complaints received by the territorial authority about any of the following: a) sewerage odour b) sewerage system faults c) sewerage system blockages d) the territorial authority's response to issues with its sewerage system expressed per 1000 connections to the territorial authority's sewerage system (12-month rolling average) | ≤ 50 | 29.03 | 29.30 | 29.63 | |
| 13. | The percentage of real water loss from the local authority's networked reticulation system (12-month rolling average) | ≤13 | 13.64 (November figure) | 13.64 (November figure) | 13.64 (November figure) | Currently we report this metric by looking two months into the past. After a review of our processes and systems we have found that nearly 10% of all meter reads do not make it into the system within that time. To resolve this anomaly, we are in the process of changing the reporting timeframe for this metric. The proposed change in the reporting timeframe is for four months in arrears. Therefore, this metric for December 2021 can be reported in May 2022. |
| 14. | The number of dry weather overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system (12-month rolling average) | ≤ 5 | 0.07 | 0.06 | 0.10 | |
| 15. | Average number of wet weather overflows per discharge location (transmission system) (12-month rolling average) | ≤ 2 overflows per year | 0.99 | 0.96 | 0.96 | |

| No. | Measure | Target | Actual | | | Commentary |
|-----|---|--|--------------------------------|--------------------------------------|--------------------------------------|--|
| | | | February 2022 | January 2022 | December 2021 | |
| 16. | Employee net promoter score (eNPS) | ≥20 | 11 (October figure) | 11 (October figure) | 11 (October figure) | The October eNPS survey coincided with another lockdown due to Covid-19 restrictions, the tail end of a number of restructures within the business, as well as general end-of-year fatigue. Our next eNPS survey is underway and the preliminary results are encouraging and showing an improvement. The survey results are due in April 2022. |
| 17. | Gender workforce ratio | Improve on prior year (PY ratio: F: 34% M: 66%) | F:38.1% M: 61.9% | F: 37% M: 63% (October figure) | F: 37% M: 63% (October figure) | The baseline for FY20/21 is 34.0% female employment across the business. The ratio for February is F: 38.1% M: 61.9%. |
| 18. | Total recordable injury frequency rate per million hours worked (12-month rolling average) | <20 | 15.15 | 17.20 | 17.23 | |
| 19. | DUEs (domestic unit equivalent) measured through IGCs | TBD | 1088 | 917 | 1393 | Baseline to be established. |
| 20. | Average asset age | Reduce on prior year (PY: 39.4) | 39.3 (December 2021 figure) | 39.3 (December 2021 figure) | 39.3 | This is a long-term measure and will be reported every six months to give an indication of how this is tracking. |
| 21. | Debt to revenue ratio | 3.54 | 2.73 | 2.73 | 2.70 | Unaudited – numbers are based on forecasting. |
| 22. | Percentage of household expenditure on water supply services relative to average household income | ≤ 1.5% | 0.87% | 0.85% | 0.82% | |

| No. | Measure | Target | Actual | | | Commentary |
|-----|--|--------|---------------|--------------|---------------|--|
| | | | February 2022 | January 2022 | December 2021 | |
| 23. | Formal engagement with mana whenua of Tāmaki Makaurau | 100% | 84% | 84% | 63% | This measure will be reported on at year end. We are continuing to meet with the mana whenua of Tāmaki Makaurau. Year to date we have met with 16 of the 19 iwi this includes senior members from both sides formally meeting. Meetings scheduled for 2022 include mana whenua groups in Te Tai Tokerau (Far North). |
| 24. | Ratio of procurement sourced through Māori owned businesses | 1% | 1.31% | 0.82% | 0.60% | |
| 25. | Percentage of customer complaints resolved within ten days of notification | ≥95% | 98.48% | 98.56% | 98.53% | |
| 26. | Net promoter score (NPS) | ≥40% | 54% | 53% | 53% | |
| 27. | Community trust score | ≥55% | 56% | 56% | 55% | |

Attachment 2

PEOPLE DASHBOARD: February

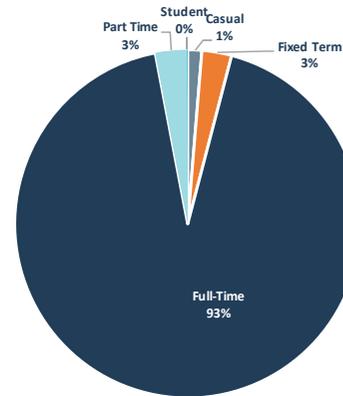
Workforce Snapshot

*Does not include contingent workers, casual, student/intern employees



As at 28 February 2022

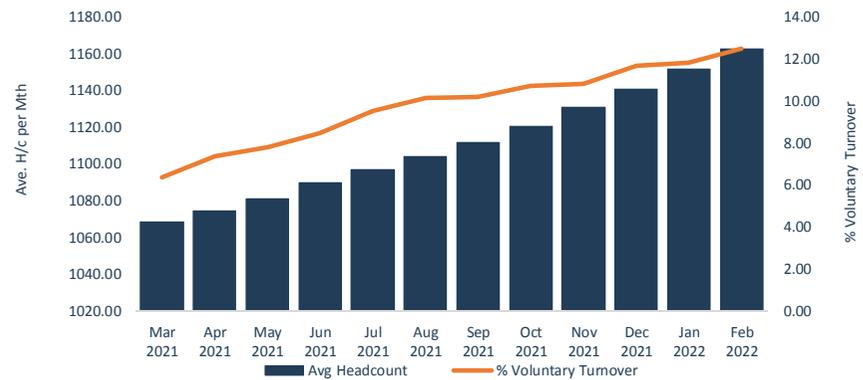
| * | 1295 | 38.37% | 61.63% |
|------------|------|--------|--------|
| Full Time | | 35.08% | 59.12% |
| Part Time | | 2.43% | 0.55% |
| Fixed Term | | 0.86% | 1.96% |



New Hires by Month



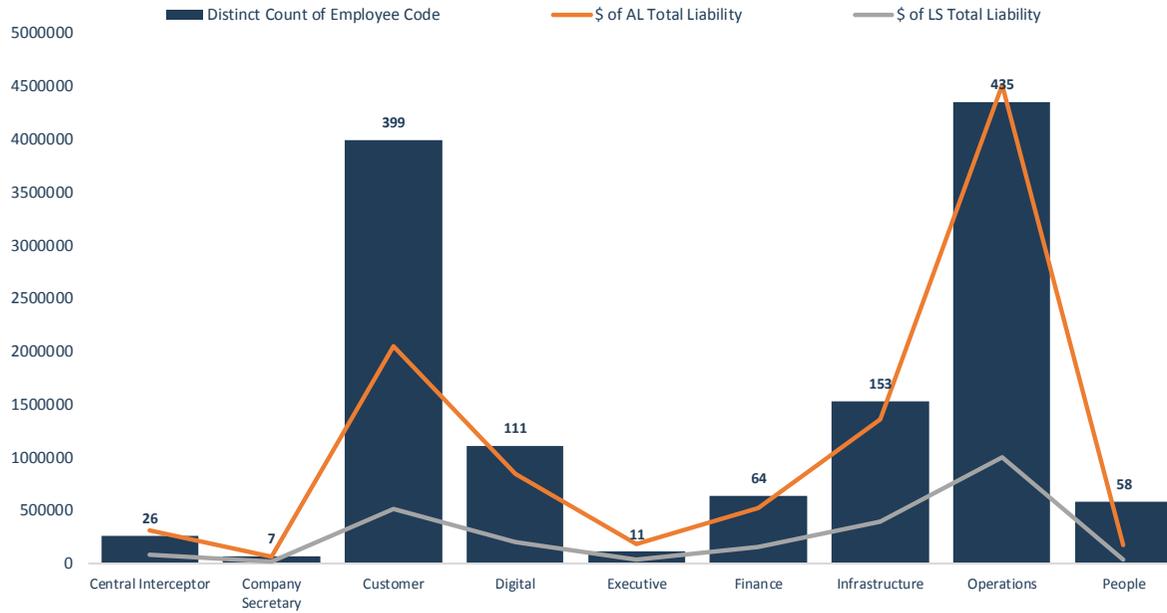
Average 12 mth Rolling: Headcount V % Voluntary Turnover



As expected February shows an increase in number of new hires, reflecting an increase in activity in the recruitment space and number of roles open. Ongoing impact on the tight candidate market is reflected in an increase of Time to Hire (in week days from job open) from 43.89 days for January to 50.59 days in February

Involuntary turnover <2% month on month, last 12 months

Annual and Long Service Leave Liability (\$ Value) by Headcount

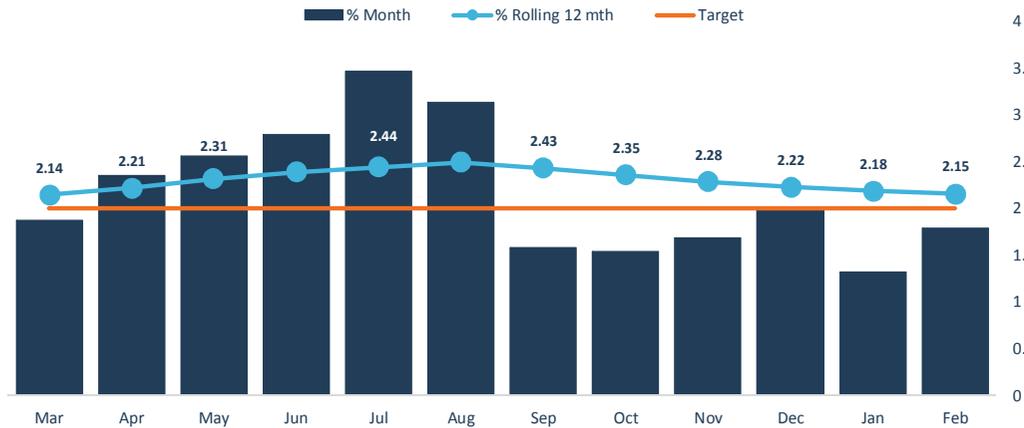


Includes all Fixed Term Employees
 Total Leave Liability \$10,006.4mil
 Total Long Service Liability \$2,419.1mil
 As at February 2022

Ave. AL Liability cost/employee increased slightly for February

6.2

Total Sick Leave by Month V 12mth Rolling & Target



Rolling sick leave has decreased slightly on January and has seen a downward trend since a peak August. Continued lockdowns may be a factor in this

Attachment 3**Health, safety and wellbeing February 2022****Audits**

We are preparing for our Accredited Employers Programme (AEP) audit in June 2022 for ACC and are reviewing our HSW injury management performance. Our ACC annual reporting data from last financial year shows that compared to similar organisations, Watercare has a lower number of claims per \$1m of liable earnings.

| Cover period | Watercare Services Limited | LRG (including accredited employers) | ACC work account | All accredited employers |
|----------------------------|----------------------------|--------------------------------------|------------------|--------------------------|
| 21 Jun 2019 to 31 Mar 2020 | 0.71 | 1.04 | 1.16 | 1.09 |
| 1 Apr 2020 to 31 Mar 2021 | 0.45 | 0.95 | 1.05 | 0.98 |

HSW literacy

Poor workforce language, literacy and numeracy in New Zealand present HSW challenges. February saw the graduation of a group of six workers from the LeadSafe Essentials programme. This is a government funded initiative delivered across two months which is designed to help workers with low literacy to improve their HSW communication. Skills are developed in speaking up, understanding HSW terms and legislation, and completing forms. Watercare hosted and guaranteed the programme, which was made available to some of our smaller contractors. Graduates and supervisors attended the final sessions and where some remarkable examples of improved engagement, courage and confidence were illustrated. We intend to continue our support of this programme this year.

Burnout

We are analysing the results from a study of burnout conducted in Enterprise Model project teams. Early findings indicate concerning levels of stress and fatigue. The outcomes will be presented to the Audit and Risk Committee at the end of May.

Refreshed HSW improvement teams

HSW Improvement Teams have been re-started for the Waikato District Council and the Northern Water teams. These improvement teams had fallen away due to leadership and personnel changes. Workers and site leaders have welcomed the renewed focus.

HSW performance – February 2022

| No. employees & contractors | | Total hours worked | No. days overtime | |
|-----------------------------|------|----------------------------------|-------------------|------------|
| 1532 | | 299,229 | 761 days | |
| Employees | 1305 | (40% decrease on previous month) | Customer | 360 days |
| Contractors | 227 | Watercare 63.5% | Operations | 384.5 days |
| | | Contractors 36.5% | | |

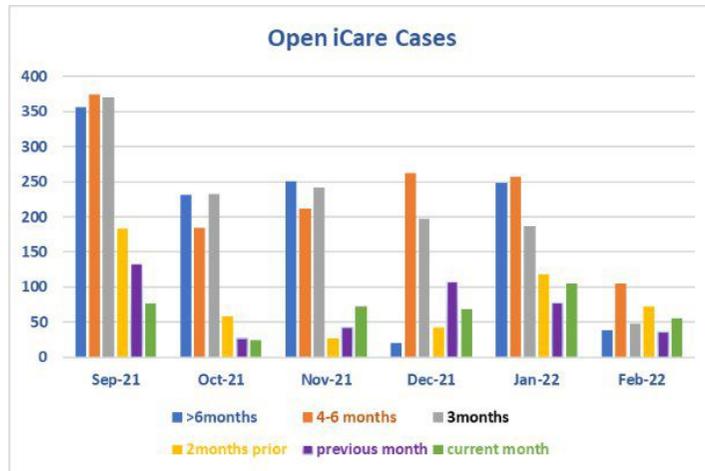
6.3

iCare cases

iCare is the Watercare incident reporting system.

Average time between event and reporting: 2 days

As a result of significant focus, the number of open iCare cases, particularly those older than six months, have been closed. We will continue to support close-out of older cases.



Incident metrics

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

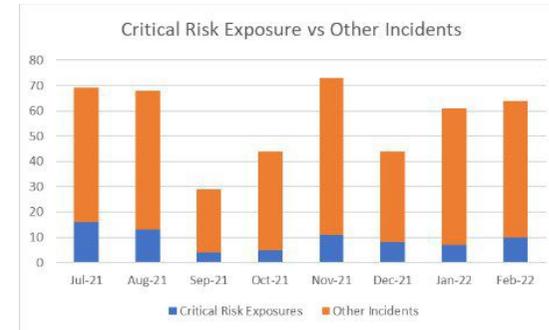
1. There was one Watercare staff injury and five injuries to Contractors in February. Three injuries required medical treatment. A Watercare worker was stung by wasps leading to a previously undiagnosed allergic reaction which was treated in hospital.

Two contractor events resulted in hand injuries which were medically treated, and there were three muscular-skeletal injuries requiring restricted duties.

Of the 64 events recorded in February, eleven were cuts to hands. Most of the cuts are successfully treated on site. Gloves provide mitigation but are not the only solution, so a learning group has been established at the Lab to generate ideas for improvement.

2. Critical Risk Exposures: There were no high potential critical events in February.

- Working with or near live energy 6
- Mobile plant 3
- Electricity 1



February – critical risks

Working on or around live services

Our February – March Back-to-Basics campaign focusses on working on or around live services. In February, we had two service strikes as well as several unexpected live services found on sites. Service plans are unreliable.

While site teams must manage the risk of unknown services, there is a clear responsibility for the corridor and site owners to improve the information provided to workers on the front line.

There has been interesting discussion about the allocation of risk of unknown services. Currently, the greater portion of the risk sits with the contractor because they have limited information when they take on a piece of work. They need to balance the potential cost of unexpected services with delivering a competitive price and almost inevitably, the result is a series of claims.



The Planning and EM teams are exploring the possibility of providing more accurate plans to contractors, to enable improved safety, fewer claims and less delays.

This campaign is generating collaboration between contractors, and findings will be discussed at our CEO forum in April 2022.

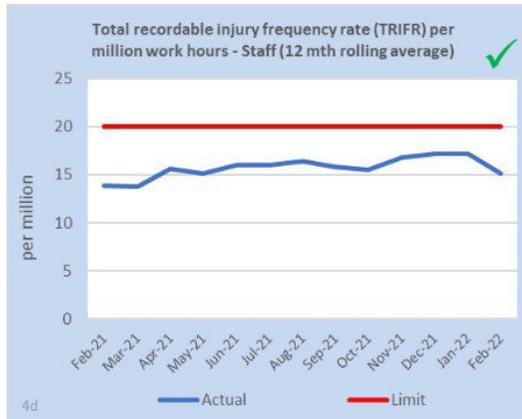
Mobile plant

There were three incidents involving mobile plant in February. In the most serious case, the cab of an articulated dump truck (ADT) rolled over because it was tipping on a slope. The driver was not injured, and the articulated mechanism is designed as a safety measure to stop the whole truck rolling. However, there is learning for those involved about the degree of slope that the ADT can work safely on and a reminder of the size and weight of these vehicles.



6.3

Employee LTIFR & TRIFR February 2022 – Current R12



Contractor LTIFR/TRIFR



Critical risks

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

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

Critical risk review

Working in or around live traffic

Working in close proximity to road traffic and light and heavy vehicles operating onsite.

What it looks like for Watercare

- Operational sites have fleet cars, trucks, and vans onsite as well as mobile plant
- Infrastructure sites use light and heavy vehicles and mobile plant
- Maintenance crews often work next to the road, and can be close to live traffic
- Interaction with live traffic is a common hazard, however serious injuries and events are rare.



6.3

Controls currently in place

Our Traffic Management process enables the business units to develop operating procedures to establish safe workplaces to protect all workers and members of the public from potential harm. This applies to work in public areas as well as Watercare sites.

These protocols also warn road users of the hazards ahead, and guide traffic (both vehicular and pedestrian) safely through, around or past the worksite.

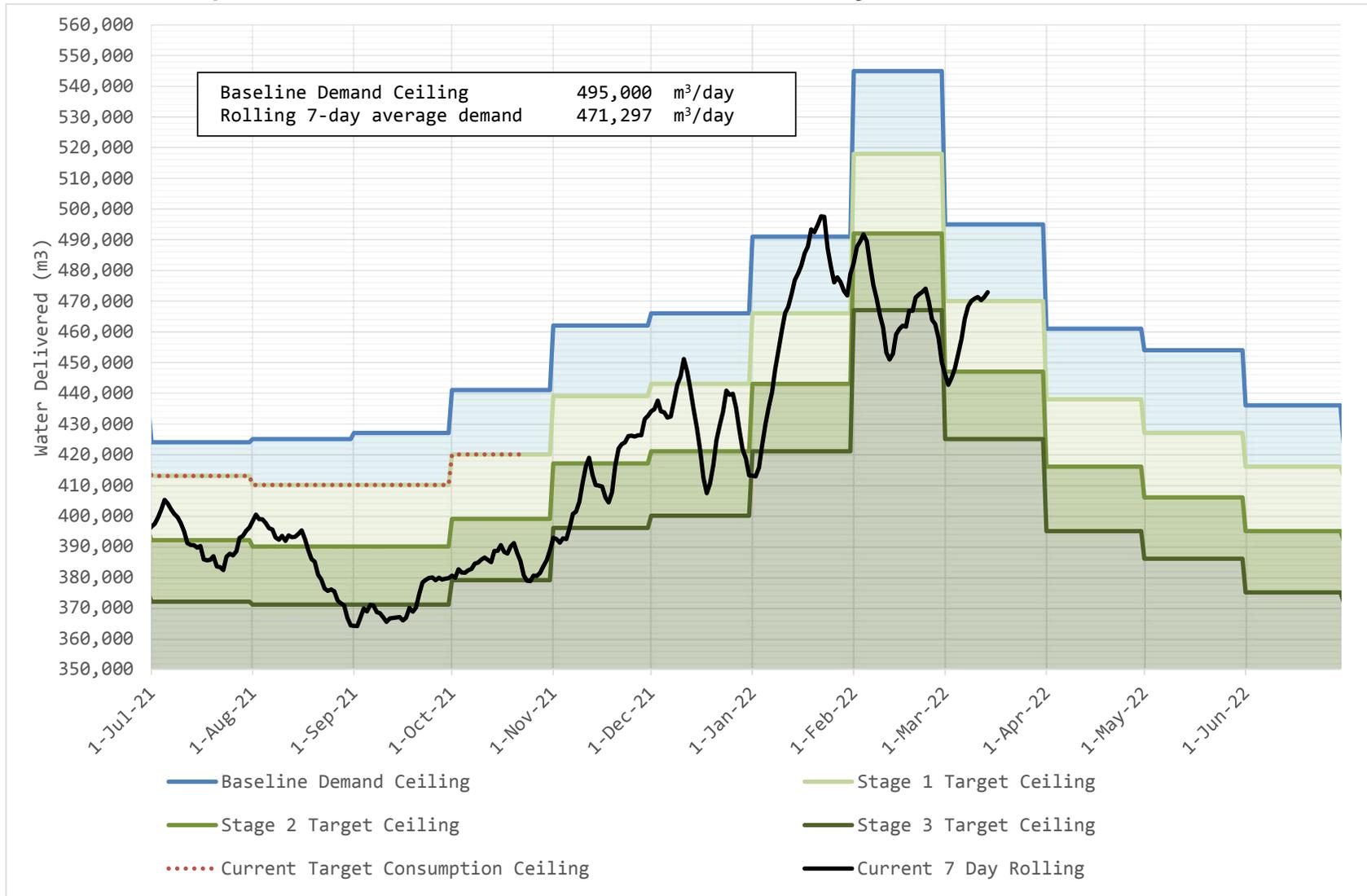
Prevention controls

- Risk assessments are carried out to identify all hazards.
- Prior to construction commencement a Construction Traffic Management Plan (CTMP) is created.
- Traffic Management Plans (TMP) and Temporary Traffic Management (TTM) are site specific and documented onsite to eliminate vehicular and pedestrian interactions, and clearly provide the means and direction to control all traffic hazards.
- Personal Protective Equipment complying with current visibility standards.
- Signage to support TMP.
- Training and competency including:
 - NZQA Traffic Management qualifications
 - Licencing and certification.
- Drug and alcohol policy.



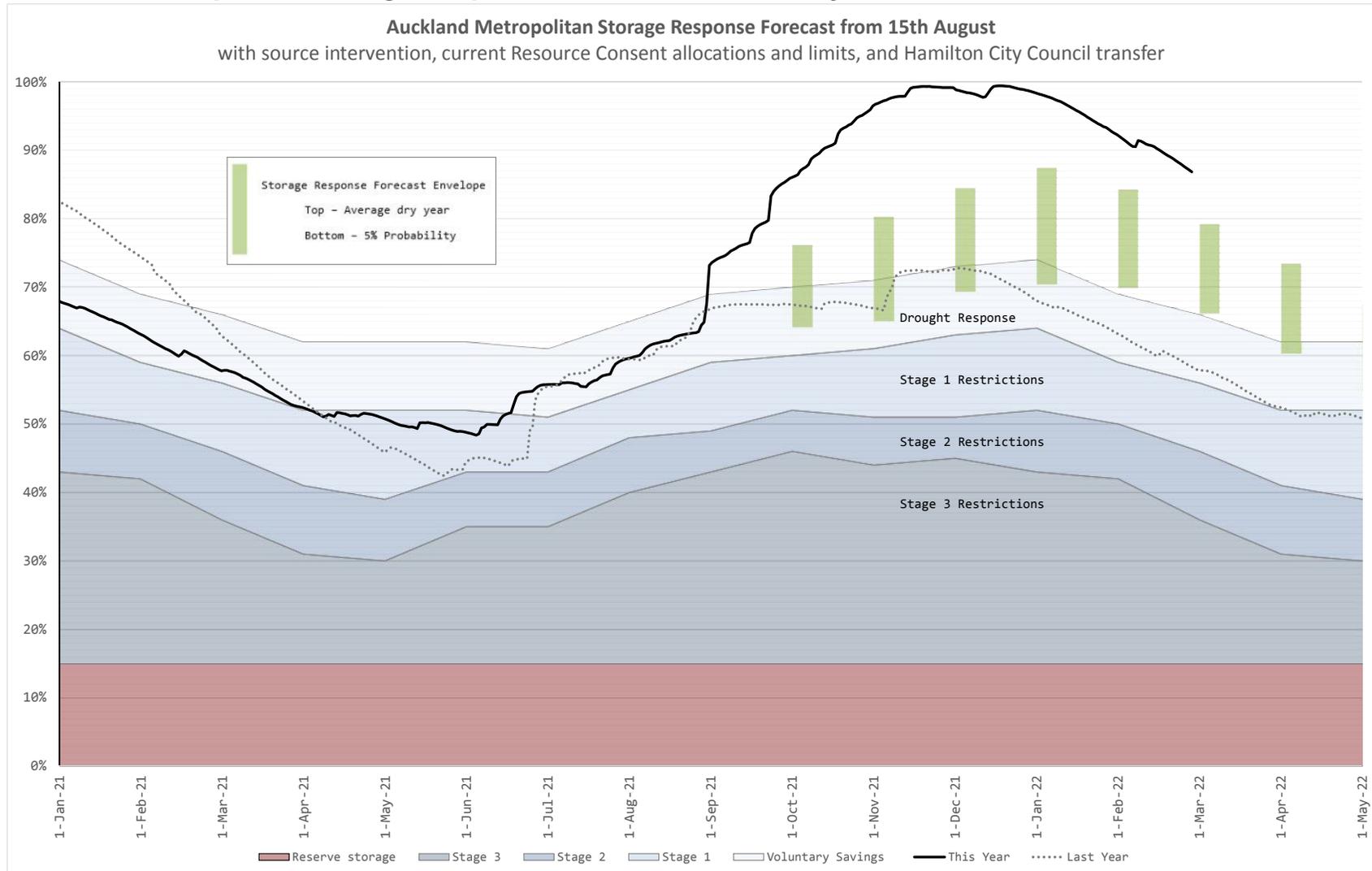
Attachment 4 - Water resources update

Auckland Metropolitan Total Water Demand – week ended Sunday 13 March

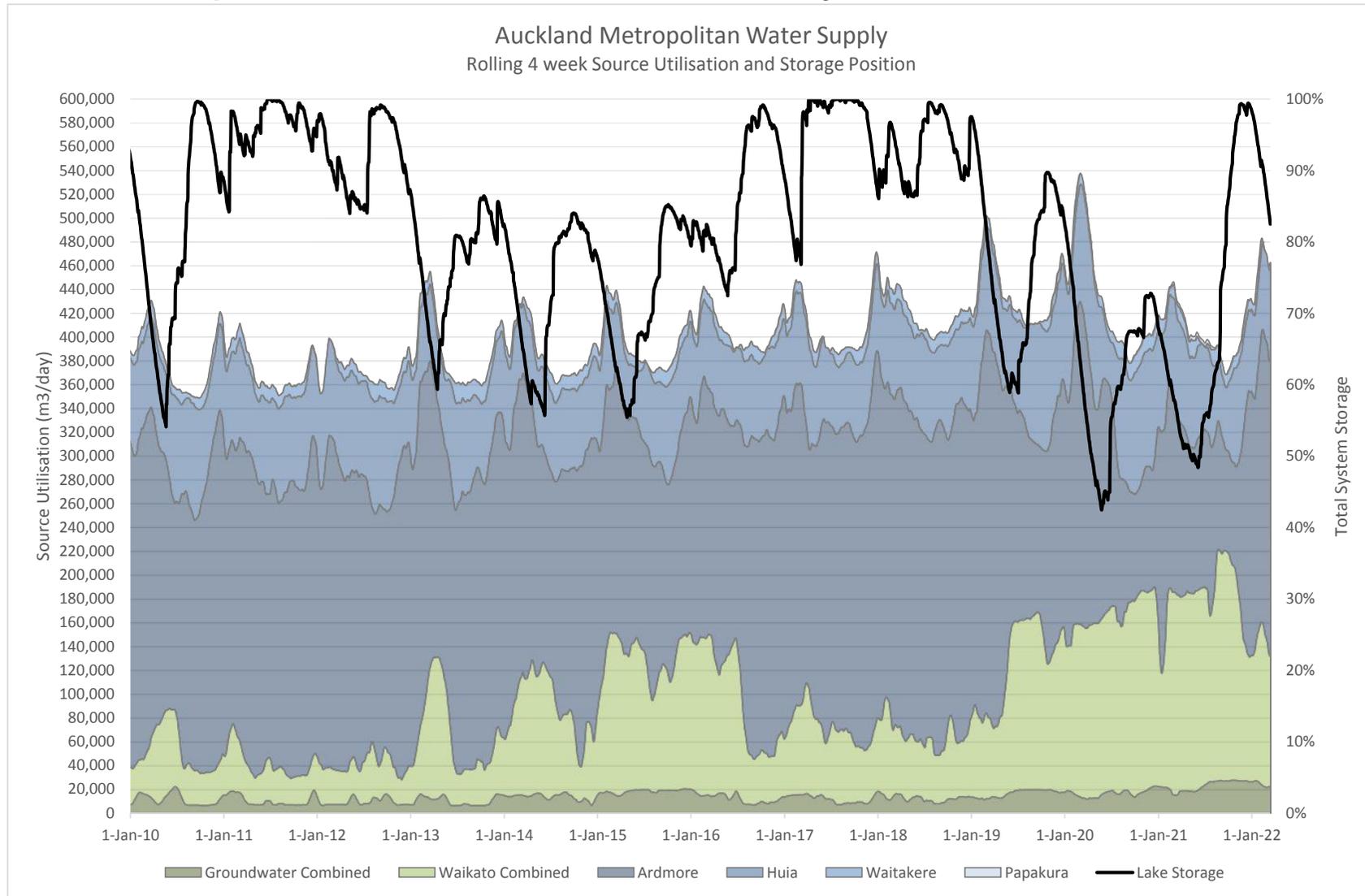


6.4

Auckland Metropolitan Storage Response – week ended Sunday 13 March



Auckland Metropolitan Source Utilisation – week ended Sunday 13 March



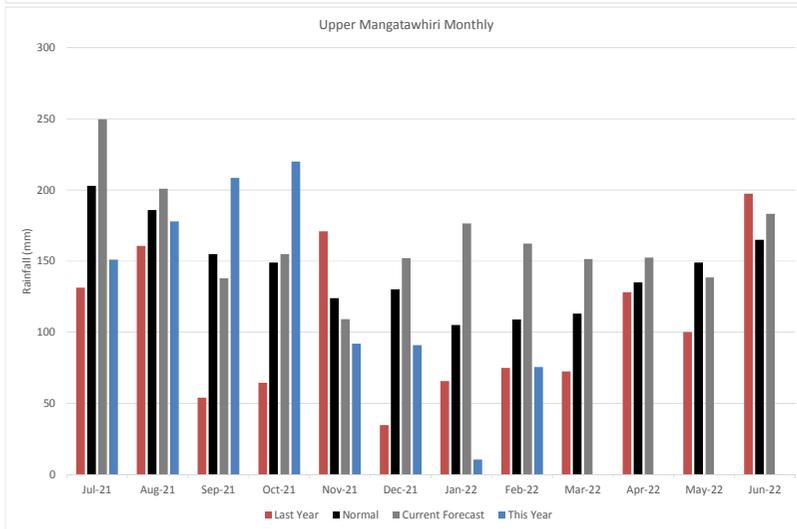
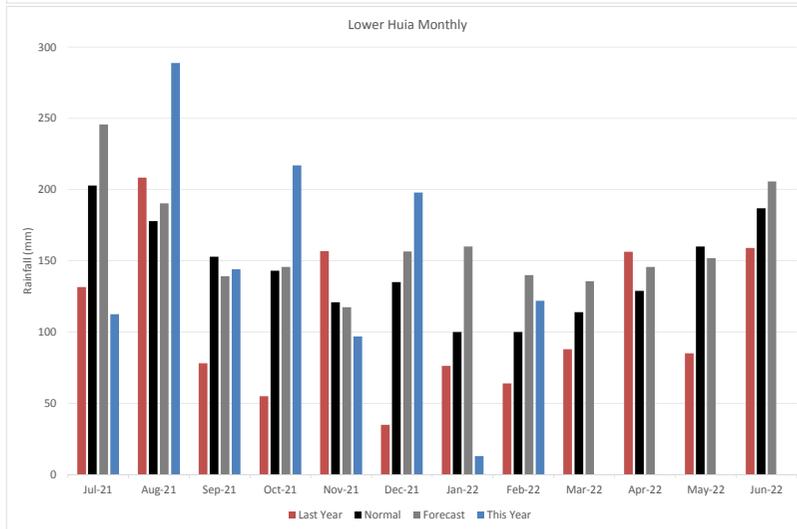
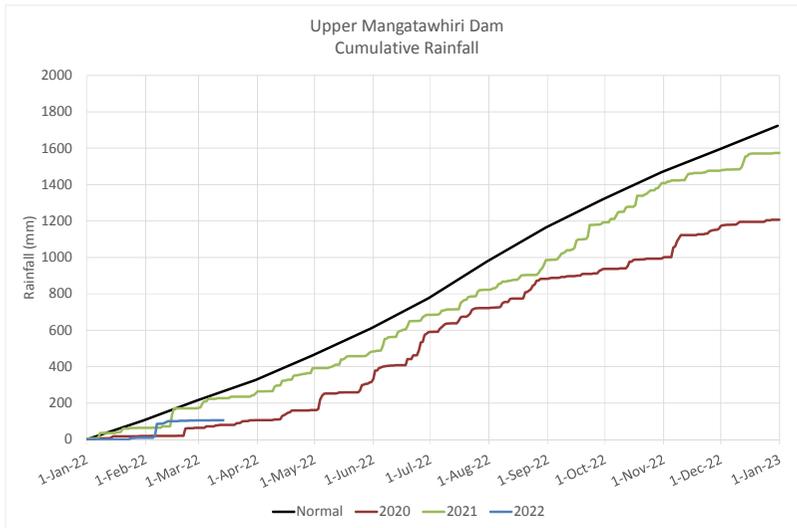
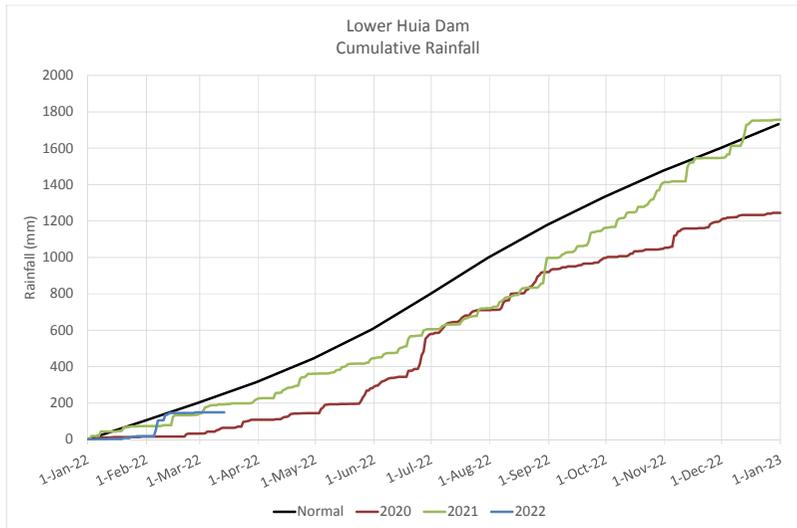
6.4

Auckland Metropolitan Water Treatment Plant Availability – week ended Sunday 13 March

| Treatment plant | Sustainable peak production (MLD) | Current production (MLD) | Planned production for coming week (MLD) | Comments |
|-----------------|-----------------------------------|--------------------------|--|--|
| Ardmore | 330 | 265 | 225 | High flow trial undertaken last week |
| Waikato | 170 | 96 | 95 | Limited to 140MLD. Highly variable daily demand is requiring trim at Waikato WTP |
| Waikato 50 | 45 | 26 | 35 | |
| Huia | 115 | 66 | 81 | Capacity limited due to solid handling constraints |
| Waitākere | 14 | 10 | 10 | |
| Onehunga | 25 | 9 | 19 | Summer aquifer level limiting abstraction |
| Pukekohe | 5 | 5 | 5 | |
| Papakura | 3 | 0 | 0 | New permanent plant being developed |
| Total | 707 | 471 | 470 | |

| March production | Historical max (MLD) | Last week max (MLD) | Last month max (MLD) | Last Year (MLD) |
|------------------|----------------------|---------------------|----------------------|-----------------|
| | 539 | 485 | 516 | 496 |

Rainfall summary



6.4

AUGMENTATION STATUS UPDATE

| Location | Pukekohe Bore | Hays Creek dam in Papakura | Waitākere Water Treatment Plant |
|-----------------|--|--|---|
| On track | | | |
| Update | The Pukekohe WTP is operating reliably at a production output of 5.5MLD. | <p>Stage 1 = 5MLD out of service Stage 2 = 12MLD in-service is now due by June 2022, due to Covid-19 delays.</p> <p>Following the commissioning of the Waikato 50 WTP, the temporary Papakura WTP was shutdown to allow the development of the new permanent 12MLD Papakura WTP.</p> | <p>Increase peak production capacity by 8MLD.</p> <p>Project delivery and supply chain disruptions due to Covid-19 restrictions have resulted in significant delays to the outcome of delivery date for the centrifuge, which will increase reliability of the plant. Based on the current programming this will not be completed until December 2022.</p> <p>The production capacity of the Waitākere WTP has been reduced on a short-term basis (while water storage levels are in a strong position) to reduce the programme impact.</p> |

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

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

NON-REVENUE WATER STATUS UPDATE

| Activity | Creating smaller District Metered Areas and pressure management |
|----------|--|
| On track | |
| Action | <p>Target is to develop district meter areas with less than 10,000 connections for 65% of the city</p> <ul style="list-style-type: none"> • Stage 1 Waitākere – rezoned from 6 DMAs to 24 DMAs. The changes have been made live on GIS. • Stage 2 Maungakiekie – complete rezone from 1 DMA to 4 DMAs. Civil work completed; one zones commissioned in December and remainder have been delayed due to the Omicron outbreak. • Māngere and Konini zones, studies being undertaken for future demand and growth including creating DMAs and pressure management. |
| Activity | Leakage management |
| On track | |
| Action | <ul style="list-style-type: none"> • Increase ground surveying of leak detection to 6,000kms a year • Total since start of the programme <ul style="list-style-type: none"> ○ Approximately 9800 kms surveyed to date ○ 5554 leaks found ○ 11.72MLD saved • Total since July 2021 (works were suspended during Alert Level 4 Covid-19 restrictions) <ul style="list-style-type: none"> ○ Approximately 3800 kms surveyed to date ○ 1372 leaks fixed ○ 2.58MLD saved |
| Activity | Meter replacements |
| On track | |
| Action | <p>Improve accuracy of bulk metering</p> <ul style="list-style-type: none"> • 208 BSPs (bulk supply points) • 8 BSPs – currently damaged/returning false readings. Values for these BSPs are being assumed based on a 14-day averages. Improvement from 13 since last month. <p>Improve accuracy of customer meters</p> <ul style="list-style-type: none"> • 2000 domestic meters replaced YTD, target 30,000. Programme was affected due to lockdown and Watercare suppliers are having problems sourcing smart meters. 711 meters replaced in February. The numbers are low as crew is currently focusing on leaks. • 1,670 commercial customer smart meter loggers installed to date. |
| Activity | Non-potable and reuse |
| On track | |
| Action | <ul style="list-style-type: none"> • Currently there are three non-potable sites. • Western Springs, Halls Farm and the Hugo Johnston non-potable filling stations are now open again during standard business hours. |

- There stations are currently experiencing the highest demand we have seen since the water has been metered and charged since March 2021. The last three weeks have seen on average 1500kL of non-potable water sold per week.

Update against Aurecon Report recommendations

| Recommendations | Status C= critical E= essential D= desirable | Initiative to address | Status |
|--|---|---|--|
| <p>AURECON (Note that recommendations 21 and 25 have been removed as they were duplicates)</p> | | | |
| <p>Key items identified as being required to be performed:</p> <ul style="list-style-type: none"> • Complete and compile all customer (commercial and residential) expectations around levels of service • Feed levels of services expected into drought standards review (noted that Auckland Council currently expect the currently drought standard to remain) • Co-develop with an agreed set of future scenarios (most likely, probable, plausible, and preferable/ desirable), to stress-test and develop robust drought strategies and standards. • A drought resilience workshop is to be established with the Board and the Watercare Management to agree on levels of service • Stocktake gaps/overlaps/synergies with Auckland Council | | | |
| <p>Recommendations – targeted for completion</p> | | | |
| <p>Recommendation no. 1 Watercare must review and revise the 2020 DMP. The revised Drought Standard should be based on all supply sources and should clearly state the level of service to customers.</p> | <p>C</p> | <p>Feedback from Auckland Council during preparation of the Auckland Council Water Strategy is that the current security of supply standard is not being changed.</p> <p>We are working to update the Drought Management Plan (referring to national and international learnings, and lessons learnt from our current drought). The work has included a review of communication with our customers (in the form of focus groups) and with Auckland Council (which will be aligned with the work set out above). The finalised report will be submitted to Councillors and the Watercare Board to review.</p> <p>The website has also been updated to include a wider perspective on the water supply situation beyond the dams and to provide more transparency around the water use restrictions and potential trigger levels.</p> | <p>Draft document is having its final update prior to being submitted to Councillors in April 2022.</p> |
| <p>Recommendation no. 5 It is recommended that an Integrated Water Security Program for Auckland be developed, to ensure water supply security for Auckland for medium to long-term.</p> | <p>C</p> | <p>Following the completion of the updated Drought Management Plan, we will commence work on a Water Security Plan which will sit alongside our Asset Management Plan to help identify and manage the reliable availability of an acceptable quantity and quality of water for health, livelihood and production, coupled with an acceptable level of water-related risks.</p> <p>We have obtained consent to take additional water from the Waikato River for the next 20 years.</p> <p>We are working with Auckland Council to deliver on the commitments made within the Auckland Water Strategy. We have committed to key investments towards the 2030 targets which are a residential smart meter programme and reducing leakage below 132 litres per connection per day (l/c/d), aiming for 123 l/c/d. In addition, we continue to support Auckland Council in the development of the other streams of the Auckland Water Strategy, for example, the water sensitive cities index, a tool designed to benchmark the city's current performance against seven water sensitive goals.</p> | <p>2022/2023.</p> |
| <p>Recommendation no. 9 Watercare should co-develop with key stakeholders, an agreed set of integrated 'top-down' future scenarios (most likely, probable, plausible, and preferable/ desirable), to stress-test and develop robust drought strategies and standards.</p> | <p>E</p> | <p>Auckland Council has also proposed the use of restrictions to manage peak and the setting of a recycled water reuse target of 100mld by 2050. We will now prepare scenarios incorporating climate change impacts to stress test drought strategies.</p> | <p>Peak Management Plan is currently in development and Recycled Water Team has been created internally.</p> |
| <p>Recommendation no. 10 Watercare must review and revise the 2020 DMP, the Drought Standard, IMP, and the Asset Management Plan (AMP). The revised Drought Standard should be based on all supply sources and should clearly state the level of service to customers.</p> | <p>C</p> | <p>The 2020 DMP and lessons learnt from the drought were taken into consideration as part of the Drought Management Plan update currently out for final feedback.</p> <p>All feedback from Auckland Council is that the Drought Standards are not to be changed.</p> <p>A full review of Watercare's Incident Management Plan is conducted in a three yearly cycle, with the last review conducted in April 2021. Given the learnings from COVID-19, a review of the Incident Management Plan content and simplification will be planned for FY23.</p> | <p>To be completed in April 2022.</p> <p>Incident management FY23</p> |
| <p>Recommendation no. 13 Using climate change scenarios, Watercare should review the 2020 DMP including hydrology, yield, the Drought Standard, and the restrictions regime, and revise as required.</p> | <p>E</p> | <p>The drought management plan is being updated based on final feedback.</p> <p>We are updating the tools we use for water source yield to include future climate scenarios. This includes the downscaling of global models and input to the ISMM tool. We expect this work to be completed June 2022. Within the first six months of the project there will be an opportunity to review progress and see if any updates can be made with the information at hand. Once completed the DMP and Drought standard will be reviewed and revised accordingly.</p> | <p>September 2022 – March 2023.</p> |

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| | | | |
|--|----------|--|---|
| <p>Recommendation no. 19 Watercare's Board and Executive need to build a shared understanding of current and future level of water security and drought resilience by examining potential drought scenarios and the extent of drought resilience/ drought proofing to maintain Watercare's mission.</p> | <p>E</p> | <p>A revised Drought Management Plan is under its final review. This plan will detail the Auckland Metropolitan Systems water resources development basis, relative to community expectations of water supply system resilience. A broader communication strategy regarding the management and operation of Auckland's water resources will be developed to ensure that all key stakeholders are aware of the design parameters of the water supply system, our security of supply standard, and the triggers/methodology for the implementation of water conservation and demand management protocols during times of water resource stress.</p> | <p>DMP to be finalised in Q3 of 2022. Communications (led by Infrastructure strategy team) to commence in Q4 of 2022.</p> |
| <p>Recommendation no. 26 It is recommended that Watercare do a stocktake and map actions/initiatives of Watercare, Auckland Council and stakeholders to create shared understanding of their status, gaps, overlaps, synergies, timeframes, and resources.</p> | <p>E</p> | <p>This needs to be performed. We can use the shared services review as a place to start when considering overlaps/gaps/resources.</p> | <p>To be established.</p> |
| <p>Recommendation no. 27 It is recommended that Watercare leads and coordinates the development of the Integrated Water Security Program. Taking into consideration the accountability, capability, knowledge base and resources the component projects could be led in partnership with key stakeholders.</p> | <p>C</p> | <p>Following the completion of the updated Drought Management Plan, we will commence work on a Water Security Plan which will sit alongside our Asset Management Plan to help identify and manage the reliable availability of an acceptable quantity and quality of water for health, livelihood and production, coupled with an acceptable level of water-related risks. We continue to support Auckland Council in achieving the targets within the Auckland Water Strategy and are also supporting a Water Security programme being run by Auckland Council which is part of the C40 Cities programme.</p> | <p>2022/2023.</p> |
| <p>Recommendations – addressed, ongoing and completed</p> | | | |
| <p>Recommendation no. 2 Watercare needs to engage with Auckland community and stakeholders on water security to ensure they understand the Drought Standard, water supply resilience and planned response to droughts.</p> | <p>E</p> | <p>Current highlights</p> <p>A water literacy strategy is being prepared to guide all customer and community initiatives, such as:</p> <ul style="list-style-type: none"> • Our education programme in schools • Face-to-face events such as the water efficiency expo for commercial customers (planned for August 2022) • Water efficiency campaigns targeting specific water uses (e.g., gardening) <p>Smart meters are being progressively rolled out:</p> <ul style="list-style-type: none"> • Customers have been involved in the co-design of an app that will enable them to gain insights into their water use • Commercial customers including schools – roll out is advanced • Residential customers – roll out is about to start <p>Deliberative democracy:</p> <ul style="list-style-type: none"> • A process to identify what should be Auckland's next water source beyond 2040, involving 'citizen's jury' will get underway soon following the successful trial that took place during 2021. | <p>Addressed, but will continue on an ongoing basis.</p> |
| <p>Recommendation no. 3 Watercare must monitor water security and update relevant strategies regularly to ensure they achieve the desired levels of service. Watercare should engage continually with the community to raise water literacy, maintain trust, and build shared understanding.</p> | <p>E</p> | <p>We monitor water security on a daily to weekly basis to ensure we continually meet our desired level of service. Annual reporting tracks water security for supply and demand over the time and against AMP growth projections.</p> <p>The first phase of the upgrade to ISMM (Integrated Source Management Model) has been completed. This has extended the climate record in ISMM and confirms that the underlying data reflects the current climate. Stage two is underway to model climate change scenarios for mid- and end-century time horizons, results are expected in June 2022.</p> <p>We are moving our engagement with customers from one-way information flows to include more inclusive and collaborative engagement (see comments against recommendation 2 above). The participatory model is providing great insights as to the water literacy of our customers. We have analysed our key stakeholders, their areas of interest and the nature of the relationship as well as the effective channels for communication. Work will continue on developing the understanding of these relationships relative to our strategic issues while also providing a much more targeted and coordinated response. Our education programme continues to run in schools, reaching over 8,000 pupils a year (when there are no Covid lockdowns). It is focused on raising water literacy and is supporting by water and wastewater hardcopy and digital books (English/te reo Māori versions).</p> | <p>Addressed, but will continue on an ongoing basis. Climate modelling June 2022.</p> |
| <p>Recommendation no. 4 Watercare must clarify for stakeholders on how Auckland's water security is being met and the basis for Watercare's confidence must be clearly conveyed to its stakeholders, especially Auckland Council.</p> | <p>C</p> | <p>Addressed in response to recommendation 2 above.</p> | <p>Addressed, but will continue on an ongoing basis.</p> |

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| | | | |
|---|----------|---|--|
| <p>Recommendation no. 6 Watercare should form a Customer Reference Group or similar body to inform, gain customer insights, co-design solutions, raise awareness and build support, to represent the voice of customers.</p> | <p>E</p> | <p>Residential Customers Refer to comments included in recommendation 2 above.</p> <p>Commercial Customers Refer to comments included in recommendation 2 above.</p> <p>Public Authorities (Auckland Council)</p> <ul style="list-style-type: none"> The majority of our WWTP and WTP consents require us to hold community liaison group (CLG) meetings at least once a year. The new consents also include technology reviews which we perform and report on regularly. The process of meeting with stakeholder/submitters is consistently applied for all notified wastewater and water consents. For example, the Board of Inquiry consenting process was publicly notified with 55 submissions. Watercare met with most of the submitters. The Watercare Board and Management meet with the CCO oversight committee annually. The Board Chair and CEO attend the CCO Oversight Committee meetings every quarter. | <p>Addressed, but will continue on an ongoing basis.</p> |
| <p>Recommendation no. 7 Watercare and Auckland Council to put in place agreed protocols which would clarify lines of communication and consultation.</p> | <p>E</p> | <p>A paper on the Auckland Council and Watercare relationship was presented to the Watercare Board in October 2021 outlining the major steps in building and maintaining the relationship with Auckland Council including a transition to business-as-usual practice. The main initiatives include:</p> <ul style="list-style-type: none"> The Rangatira-to-Rangatira relationship – this is the senior relationships with Auckland Council at the elected member/Director/Executive level. Portal for elected members – this will be regularly updated to ensure it remains relevant. Internal communications. <p>We meet with Auckland Council staff on a regular basis to discuss any issues. This is over and above the communication with Auckland Council as a major commercial customer. We acknowledge the critical importance of sharing the water resource position with Auckland Council and we will continue to improve on the process around interactions and engagement.</p> | <p>Addressed, but will continue on an ongoing basis.</p> |
| <p>Recommendation no. 8 Watercare undertake future scenario planning incorporating internal and external factors/forces of change and trends.</p> | <p>E</p> | <p>Water supply and demand modelling is updated on a regular basis. We use the UK Headroom and Outage planning model that has a significant number of scenarios.</p> <p>We are involved in a project with Auckland Council on climate risk assessments and disclosure. This project will include scenario planning for climate futures that will support this recommendation.</p> | <p>Addressed, but will continue on an ongoing basis.</p> <p>Council climate project due for completion in December 2022.</p> |
| <p>Recommendation no. 11 Watercare should review the Drought Standard at the same time as the DMP, IMP and the Asset Management Plan (AMP) and if necessary, appropriate revisions made to them.</p> | <p>C</p> | <p>Addressed in response to recommendation number 10 above.</p> <p>The Drought Standard has been reviewed with Auckland Council and a decision has been made to retain our existing drought standard. It is acknowledged that we need to ensure that business critical documents are required to be reviewed at regular intervals. We will continue to do this.</p> | <p>Completed.</p> |
| <p>Recommendation no. 12 To align the Drought Standard and response measures with customer and community expectations, Watercare should develop a comprehensive desired Level of Service (LoS) for water supply security and resilience.</p> | <p>C</p> | <p>We undertook research on commercial customers and their willingness to pay for future resiliency. The research was qualitative and involved a cross section of 30 key, strategic, major and SME commercial customers.</p> <p>Given the decision to maintain the drought standard, there is no proposed change to residential customer service levels at this stage. However, further work is taking place to better understand domestic customer expectations (see response in recommendation 2 above).</p> | <p>Ongoing.</p> |
| <p>Recommendation no. 14 To ensure drought resilience for the future, further assessment of the level of security in ongoing climate change, benefits of alternative decentralised supply sources, and willingness to pay for extent of drought resilience are recommended.</p> | <p>E</p> | <p>It has been determined by Auckland Council that the Drought Standard will not change at this stage.</p> <p>We have performed a detailed analysis of future and alternate sources. We have also considered decentralised sources to support our application to the Board of Inquiry for the Waikato Water take consent. We undertook research with commercial and residential customers to determine their expectations. Refer to comments in recommendation 2.</p> | <p>Ongoing.</p> |
| <p>Recommendation no. 15 Given the community support for stormwater/ rainwater harvesting for augmenting local supplies, Auckland Council and Watercare should explore mutually beneficial precinct level projects to engage with the broader community.</p> | <p>D</p> | <p>We have provided Auckland Council with information on rain tanks to help inform their rain tank policy changes.</p> <p>We have also worked with Council to remove barriers for customers to install rain tanks in the home.</p> <p>Finally, we are working with Fletchers to build water efficient homes. These homes will provide Watercare with valuable data on rain tank efficiency to support and inform future policies, regulations, and pricing.</p> | <p>Ongoing.</p> |
| <p>Recommendation no. 16 Watercare needs to raise awareness and understanding of the stakeholders to provide assurance of water supply security and resilience and the integral role of water restrictions in achieving supply security and resilience.</p> | <p>D</p> | <p>We are using <i>Tapped In</i>, the Website, and many forms of advertising to ensure that stakeholders understand water supply security and resilience. Refer to the comments in recommendation 2.</p> | <p>Ongoing.</p> |

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| | | | |
|---|----------|--|-------------------------------|
| <p>Recommendation no. 17 The lack of regulations and guidelines for use of recycled water is a constraint to supply diversification. This should be addressed at the earliest by the regulators, commencing with guidelines for outdoor use in parks, gardens and playing surfaces</p> | <p>C</p> | <p>We are working on some small-scale reuse programmes, such as community gardens, to commence the recycled water journey. We expect these small-scale programmes of work will support the establishment of regulations and guidelines. A Recycled Water Strategy has been developed and was presented at the August 2021 Board Meeting.</p> <p>We are working on six non-potable demonstration projects that are all in different stages of development which include sports fields irrigation, golf course irrigation, community garden, recycled water ice rink and our first recycled water pilot plant as part of the CI project. We have also created two focused recycled water roles within the Water Value team. We expect to work closely with Iwi and Auckland Council on this journey.</p> | <p>Commenced and ongoing.</p> |
| <p>Recommendation no. 18 Watercare should consider leveraging off the Three Waters Reform opportunity to influence policy and planning to improve drought resilience and supply reliability.</p> | <p>C</p> | <p>We are working with Auckland Council and DIA to support the transition, and to influence policy, with the intention of improving drought resilience and supply reliability across NZ.</p> | <p>Ongoing.</p> |
| <p>Recommendation no. 20 Watercare needs to engage with Auckland community and stakeholders on water security to ensure they understand the Drought Standard, water supply resilience and planned response to droughts. Since Drought Resilience is a shared responsibility of service providers and consumers/beneficiaries, the wider community needs to be consulted and have an opportunity to provide input.</p> | <p>E</p> | <p>We are using <i>Tapped In</i>, the Website, and many forms of advertising to ensure that stakeholders understand water supply security and resilience. Refer to the comments in recommendation 2.</p> | <p>Ongoing.</p> |
| <p>Recommendation no. 22 Watercare must explore opportunities with large water users, water dependent/sensitive customers, emerging developments, CCOs, water utilities as well as industry researchers and on how to better incorporate water security into their business planning and to explore opportunities of mutual benefit.</p> | <p>E</p> | <p>We are working closely with our large commercial customers such as Kāinga Ora, Auckland Council and Auckland Zoo to ensure that they are using water wisely and have water sensitive strategies in place.</p> | <p>Ongoing.</p> |
| <p>Recommendation no. 23 Watercare must clarify for stakeholders on how Auckland's water security is being met and the basis for Watercare's confidence must be clearly conveyed to its stakeholders, especially Auckland Council.</p> | <p>E</p> | <p>We are using <i>Tapped In</i>, the Website, and many forms of advertising to ensure that stakeholders understand water supply security and resilience.</p> | <p>Ongoing.</p> |
| <p>Recommendation no. 24 Auckland could consider collaborating with its sister City Brisbane (given the similarities) to co-develop, adopt, adapt, and apply their collective wisdom and resources in achieving drought resilience.</p> | <p>D</p> | <p>We held a meeting with Brisbane water utility to understand how they developed their water strategy. The intention is to continue this engagement. We also have regular contract with WSAA, to learn from them and connect with other utilities in Australia.</p> | <p>Ongoing.</p> |

Attachment 6

CCO review recommendations

1.1 Overall status update

- For reporting purposes, there are 65 recommendations (with recommendation 3 split into two recommendations). 44 relate to or impact Watercare.
 - Section 1.2 below sets out the five (out of a total of 10) Red/Amber recommendations that involve or impact on Watercare. Most of the five recommendations are amber due to completion now being in 2022 rather than 2021. No red recommendations relate to Watercare.
 - Section 1.3 below sets out the 22 (out of a total of 29) Green recommendations that involve or impact on Watercare.
 - Section 1.4 below sets out the 17 (out of a total of 26) completed recommendations that involve or impact Watercare.

1.2 Amber Recommendations that involve Watercare

R-20: The Council establishes a small team to draw up detailed, implementable strategies that give CCOs more strategic direction, starting with strategies on water, economic development and stadiums.

- Work on this recommendation is a project within the council's operating model portfolio. There has been further work across the group to identify and review prioritised topics where more strategic direction is needed by CCOs.
- This first phase of the project has been completed. A CCO-council group has worked through issues related to the effective collaboration, prioritisation, alignment and commissioning of strategic work.
- In January 2022 it was agreed that the commissioning and prioritisation of strategy and policy will be part of Public Policy Service Programme within the operating model which aims to be completed by October 2022 to engage with the new term of council.
- RAG is 'Amber' as had been scheduled for completion by June 2021.

R-21: The council establishes a strategic planning process in which CCO boards and the governing body hold workshops to discuss CCO work programmes and priorities, with the results fed into each CCO's letter of expectation and statement of intent, as well as into the annual budgeting and planning processes.

- A workshop to support the development of letters of expectation was held with CCO chairs and chief executives and the CCO Oversight Committee on 10 November 2021. Margaret Devlin and Jon Lamonte attended the workshop. No further action required by Watercare on this recommendation.
- Future improvements to the group strategic planning function are being addressed as phase 2 of the group strategic planning project. The involvement of CCOs in agenda setting for the Public Policy Service Programme to be scoped.
- Group finance position and challenges are discussed regularly at the Group CEs meetings.
- This work links with recommendation 20.
- RAG is 'Amber' as had been scheduled for completion by June 2021 but will extend into 2022.

R-41: The Council and CCOs review the quality of the service their call centres provide, including by ensuring an up-to-date, group-wide phone directory is on hand containing job descriptions and contact details of all staff.

- Watercare employee data has been available to Council since July 2021 and is updated weekly via automated file transfer.

- Next step for Council to provide consolidated CCO contact information. Council's technology team is working on a solution, which may involve a significant update to the directory.
- No further action required by Watercare on this recommendation.
- RAG is 'Amber' as had been scheduled for completion by June 2022.

R-17 and R-18: Resolve consent processing delays (R-17) and clear measurable minimum performance levels when reviewing consent applications and formal mechanism for objections (R-18).

- An Asset Group Resolution Forum with key leaders and decision-makers from the council group has been established to resolve complex consent and engineering issues in a face to face, collaborative forum.
- Recommendations 17 & 18 will be delivered using different workstreams but within the same project - Better Faster (CCO) Consents, a collaborate effort between Council, Watercare and Auckland Transport.
- The first of three data exercises has been undertaken and the results are being validated by each AC Regulatory Services team prior to sharing with AT and Watercare for their validation / reconciliation.
- To mitigate the issues and risks identified, a 're-set' meeting will be held with the Sponsors to agree on the best way forward. This will include:
 - Agreement and sign-off on a revised plan, articulating 10 deliverables prior to 30 June 2022
 - Agree on the 'brief' of each of the first 5 workstreams
 - Sign-off of the Terms of Reference and Strategic Assessment documents
 - Agreement on initial area of focus: (Resource Consents–Normal/Custom)
 - Agreement on time commitments to the project
- Two Workstreams in the Better Consents Journey, namely, Service Level Agreements and CCO Objection Mechanisms, commenced February 2022.
- RAG Amber as delivery was to be by May 2021, but now will not be until approximately the end of 2022.

1.3 Green Recommendations that involve Watercare

R-15: The Council formulates a three waters strategy.

- The Auckland Water Strategy has now been completed was adopted by the Council's Environment and Climate Change Committee on 10 March 2022. The strategy is designed to guide the Council group in relation to its responsibilities and aspirations for water over the next 30 years, with detailed actions outlined in eight strategic shifts.
- A summarised version of the Strategy will also be made available by Council, with a target audience of an interested Aucklander who does not need large amounts of detail. This will also be available in Te Reo Māori.
- Council has also released a high-level Auckland Water Strategy Implementation Plan to accompany the Strategy. The plan is designed to guide Auckland Council group staff and Councillors as they implement the water strategy. Council has formed a senior leaders' group to guide implementation following adoption.
- Watercare will report quarterly progress towards demand targets agreed to in April 2021 (i.e. per capita water consumption targets for 2030 and 2050), smart-meter rollout and network leakage.
- Council continues to focus on integrating Te Mauri o Te Wai principles to ensure a deeper engagement with mana whenua.
- Now that the strategy has been adopted, we expect this recommendation be marked as complete shortly.

R-19: Council reviews the way it requires CCOs to monitor and report on risks and risk mitigation measures.

- A working group with representatives from all CCOs has been established and work is continuing.
- Working Group comprising representatives from all CCOs recommended focus areas for review and improvements, which were approved by CEs:
 - Review of current reporting from CCOs to Council, including Mayoral office and committees
 - Explore the opportunity for online reporting platform
 - Developing a group approach to climate change risk reporting.
- The action plan for the focus areas was reported to the council / CCO chief executives' group in October 2021. The plan includes the steps to explore, understand and establish a group approach for reporting on climate change risk management.

- A working group, including staff across the group's sustainability, risk and finance teams is being set up to undertake this work. The first phase of work is to develop group climate scenario parameters.

R-26: Councillors have a day-long induction at the start of their three-year term on their responsibilities as CCO shareholders, the separation of governance from management, and how to best govern CCOs as arm's-length organisations.

- High level scoping for next term's induction programme, and the wider Kura Kawana 2022-2025 programme, has started.
- Feedback on key areas to cover provided by the group chief executives in October 2021.
- Watercare's feedback was that councillor be given a deeper understanding on the role, responsibilities and liabilities of directors of CCOs.

R-28: The council reviews the liaison councillor role at the start of the 2021 financial year.

- Review now being undertaken in 2022, in recognition of the impact of Covid-19 in the past year, just as these roles were established.
- Under this updated timeframe the review can better reflect the practices that have emerged and inform the approach for the next term of council.
- Upcoming review noted to CCO chairs in February 2022.

R-31: The Council updates and clarifies it's no surprises policy.

- Policy will expand on the no surprises principle in the new statement of expectations.
- It will incorporate protocols governing information requests between the Governing body and CCOs (R-32).
- Aiming to report to CCO Oversight Committee April 2022.

R-32: The council draws up a protocol governing information requests between the governing body and CCOs.

- As part of the review of the Elected Members Code of Conduct, a policy and protocol has been developed for the sharing of confidential information between council and governing body members. The Elected Members Code of Conduct was approved by the governing body on 27 May 2021 and forms the basis of the protocol for CCOs. It is important to note that this is information that would be withheld from the public under the Local Government Official Information and Meeting Act. Remaining work required to develop protocol/rules for

sharing and receiving information between CCOs, and between CCOs and council/elected members. A protocol for non-confidential information will be developed alongside the no surprises policy (R- 31).

R-34: CCOs and local boards reset how they engage with one another

- The primary output is a combined engagement plan across the four CCOs for each of the 21 local boards. This was completed in August 2021.
- Positive feedback received on the work to date at the update on local recommendations to the CCO Oversight Committee in December 2021.
- Delivery of first round of joint quarterly update reporting across three of the four CCOs to December 2021 local board meetings was well received. Quarterly update reports were sent to local boards in March 2022. Business meetings in support of the quarterly updates are scheduled for April 2022.
- Watercare has created an information hub (the portal) on Watercare's website to improve information sharing and visibility.

R-35: The council, working with the Independent Māori Statutory Board (IMSB), the Mana Whenua Kaitiaki Forum and CCOs, clarifies for CCOs what each of these three entities' respective roles are at the governance level, and how CCOs should engage with each entity.

- IMSB and Tāmaki Makaurau Mana Whenua Forum secretariats are in the process of developing guidance material to explain their respective roles and instruments for the approval of the Board and Forum in November/ December 2021. Feedback will be sought from CCOs.
- The IMSB has approved their content. Guidance material can be used as a basis for developing communications with CCOs (and the wider council) about how they should engage with each entity.

R-36: The council urgently completes the Māori Outcomes Framework, which should include guidance on how CCOs engage with mataawaka, and afterwards CCOs update and align their Māori responsiveness plans accordingly.

- The Council has completed the Kia Ora Tāmaki Makaurau – Māori Outcomes Framework.
- CCOs are providing information on their current engagements with mataawaka.
- Framework and guidance for council teams and CCOs on Māori responsiveness have been developed.

R-37: CCOs use a template for their Māori responsiveness plans and collaborate with one another and seek input from Māori entities during the drafting process.

- Watercare has completed a Māori Outcomes Plan aligned to the new outcomes' framework. Other CCOs are also working on their plans.

R-38: CCOs continue to work with the IMSB to monitor and report more effectively on Māori responsiveness plans.

- No further work required at this stage. Dependent on completion of Recommendation 37.
- CCOs report on Māori outcomes as part of their regular quarterly performance reporting to CCO Oversight Committee.

R-40: Ngā Mātārae, the Mana Whenua Kaitiaki Forum and CCOs arrange a hui to establish a more co-ordinated and meaningful way of working together to reduce the number of meetings Māori entities are expected to attend and contribute to.

- Ngā Mātārae are scoping.
- Proposal to have an independent audit of all of the current fora.
- This is linked to Rec 35.

R-42 The council gives CCOs guidance on how to balance public and commercial interests and amends their constitutions to make explicit that each CCO must meet both objectives.

- Council officer advice to Group CEs in February 2022 was that the constitutions of each CCO are appropriately drafted and provide a clear statement of the principal objective of the CCO as it relates to both commercial and non-commercial objectives.
- CEs endorsed approach based on legal advice that constitutions are not amended, the appropriate way to address the issues raised in this recommendation is to provide this guidance through the Statement of Intent process.
- Reported to CCO Oversight for endorsement in March 2022.
- RAG status updated from 'Amber' to 'Green' March 2022.

R-44: The council and CCOs have common values and expectations of staff and management behaviour that collectively set the tone for the broader culture of all council organisations.

- Proposal to address in the next version of the Statement of Expectations. While the Statement of Expectation is from the Council as shareholder, it also identifies areas of focus for organisational culture in the council whanau, e.g. building and maintaining a culture of collaboration, active support of hauora / wellbeing of employees.

R-45: CCOs appoint a lead agency when working jointly on projects.

- Recommendations have been presented to the CCO CE group which endorsed that CCOs remain responsible for delivery and where a 'lead agency' is assigned, will assume the role of ensuring alignment and joint Local Board and community engagement.
- In line with the briefing to the Committee on 24 August, the working group has reported back to CEs 25 November on further scoping on the lead agency role following consultation with CCO teams.
- Lead Agency Terms of Reference are being drafted and Watercare has provided feedback. No further action required by Watercare at this stage

R-51: CCO chief and senior executives' job descriptions include requirements about collaborating with the council, following council directions and meeting council expectations.

- The Mayor and Deputy Mayor have written to CCOs requesting that CCO chief executives and executives' job descriptions include requirements about collaborating with council.
- Watercare PDs to be reviewed Q3 2021-2022.

R-53: CCOs make more effort to co-ordinate how they consult the community on and implement local projects.

- Local board engagement plans have identified CCO and local board expectations for where public consultation will occur. This practice will contribute to better alignment of CCO consultation activities and identify areas for public consultation opportunities and determine appropriate joint action as needed.
- Alignment has been supported by a cross-Council group looking at consistency and attribution of branding and communications material.
- Positive feedback received on the work to date at the update on local recommendations to the CCO Oversight Committee in December 2021.

R-54: CCOs report regularly on the nature of the complaints they receive and how long they take to resolve them.

- Cross-CCO workshop in May 2021 to share and assess current practices, with some notable similarities and differences identified. CCO and council staff agreed in November 2021 a base template to use for reporting trends in the type of formal complaints, actuals for the SOI complaint KPI and insights to executive lead teams and / or boards. The information can also be used in CCO quarterly performance reports.

R-56: The council and CCOs explore options to give ratepayers a more effective voice in what happens in Auckland and also how, short of court proceedings, to challenge CCO or council decisions.

- A brief has been provided to the Council's legal team for an overview of the current mechanisms available to ratepayers. This will be an input to identifying gaps and potential approaches.
- Aim to report to CCO Oversight Committee in April 2022 to complete.

R-60: The Council and CCOs work together to draw up group policies on shared services, the development of leadership talent and remuneration (R61).

- **Shared services:** the proposed scope of the review has been developed and includes the following functions across CCOs; digital, finance, procurement, P&C, HS&W, legal, corporate property, communications, other corporate services, EPMO, corporate strategy, risk and assurance and rates, valuations and data management. The assessment phase is estimated to take four to five months with final approval of recommendations by the CCO boards. Engagement with Watercare is on hold pending decisions on the three waters reform.
- **Remuneration policy:** approved by the governing body in June 2021. Feedback was provided on the policy by all CCOs.
- **Elected Members Survey:** Communication of the survey results is now complete. The research report has been completed. The new performance indicator framework to replace the previous elected member survey will be developed over 2022 and will be implemented in the new political term. This will include engagement with CCOs in the first half of 2022.

R-61: The council and CCOs work together to draw up group policies on shared services, the development of leadership talent and remuneration.

- Watercare has a watching brief on agreement with the Watercare Board and the SSGG, pending decisions on the three waters reform.

R-63: CCOs discuss their proposed collective bargaining strategy with the council.

- Approach is to be scoped with Watercare.

1.4 Completed Recommendations that impact Watercare

R-16: Watercare and Auckland Transport submit their asset management plans and detailed supporting information to the council every year so it can assess how well the plans give effect to its urban growth strategy.

- Council has updated the CCO Accountability Policy through the LTP 2021–2031 requiring Watercare and Auckland Transport to submit asset management plans (AMPs) to Council annually.
- A joint council and CCO Asset Management Community of Practice has been established, convened by the council. The purpose is to coordinate and advance joint asset management planning.
- Auckland Transport and Watercare have published their 2021 AMPs.
- Watercare and AT have confirmed the next AMP update to council will be by the end of June 2022. Council has agreed with Watercare and AT the information to be covered in the annual updates.
- Action now marked as complete.

R-23: The council develops a template CCOs must use when drafting their statements of intent, as well as a set of common key performance measures they must include, to ensure consistency in length, detail, presentation and benchmarks.

- CCOs have prepared SOIs for 2021-2024 using the new template.

R-24: CCOs' first and third quarterly reports concentrate more on any emerging risks or any developments that may require CCOs to adjust their priorities.

- Now “business as usual”.

R-27: The governing body spends half a day each year visiting each CCO to better understand its business and culture and to informally build relationships (R-27).

- Council Governing Body representatives attended Watercare Māngere WWTP on 10 August 2021. Guided tours were conducted of Māngere Wastewater Treatment Plant and Puketutu Island, with accompanying presentations on the Water Services Bill, Water Safety Plans and purified recycled water.
- Watercare visit will take place on 10 June 2022, and hopefully in person.
- This recommendation has now been noted by the cross-group Review Implementation Group as business as usual.

R-33: The council exercises its statutory powers under section 92 of Local Government (Auckland Council) Act 2009 if it has any concerns that a CCO is not acting consistently with any strategy.

- This can occur when needed.
- Complete as now business as usual.

R-39: CCOs engage directly and at a more senior level with the IMSB and the Mana Whenua Kaitiaki Forum to work on joint initiatives that benefit Māori.

- CCO CEs are meeting quarterly with Independent Māori Statutory Board chief executive.
- Staff supporting the Independent Māori Statutory Board and the Mana Whenua Kaitiaki Forum are scoping areas in their respective work programmes where they can work together and with CCOs.
- Action now complete as business as usual.

R-43: CCO boards have a more ethnically diverse membership and include more individuals with relevant subject matter expertise and public sector experience.

- This is included in the CCO board member appointment criteria.
- Recent board appointments include directors with strong Māori and Pasifika connections, relevant specialist backgrounds and public sector experience.
- It is part of the ongoing appointment programme under the Appointments and Performance Review Committee.

- Approved as complete by council/ CCO chief executives group on 8 July 2021.

R-47: CCO chief executives establish a group, led by the council's chief executive, that meets monthly to deal with any common or significant problems, risks or developments.

- CCO chief executives and the council's chief executive are meeting on group wide issues and to oversee the implementation of the CCO review.

R-49: CCO chairs meet four times a year to strengthen relationships, build trust and generally provide a forum to share information and views.

- Support is being provided for discussion of strategic issues by chairs at quarterly meetings.
- Opportunity to discuss chairs agenda at CEs meetings.
- Approved as complete by council/ CCO chief executives group on 8 July 2021.

R-49 The quarterly meetings of council and CCO executive leadership teams have a formal agenda.

- Regular meetings between council and CCO executives have been established and have an agenda.
- No further action required by Watercare.
- Action marked as complete and has become "business as usual".

R-50: New council and CCO staff receive instruction during their induction on the need for CCOs to operate at arm's-length but also to be accountable to the council.

- Governance Fundamentals introductory modules have been launched. Modules are hosted on Auckland Council's L&D site, accessible by Auckland Unlimited and Eke Panuku staff and can be shared with Auckland Transport and Watercare.
- This approach is now "business as usual".
- Further enhancements to the Governance Fundamentals module will be developed in 2022.

R-52: Job descriptions refer to the need to contribute to Māori outcomes.

- Completed by Watercare and all other council groups.

R-55: CCO's statements of intent contain a KPI on complaint handling.

- Completed by Watercare and all other council groups.

R-57: The council updates its brand guidelines to ensure the pōhutukawa logo is used in a clear, consistent and flexible way on all council-funded services, activities and facilities, including when used alongside CCO operational brands.

- The updated group brand guidelines, developed collaboratively with the CCOs, were approved by the CCO Oversight Committee on 24 August 2021. (CCO/2021/32)

R-58: The council monitors CCOs' compliance with its brand guidelines.

- CCOs are required to comply with the updated group guidelines. Updates on compliance will be reported to CCO Oversight committee annually.

R-59: CCOs follow the council's quality advice standards and encourage staff to participate in its quality advice training.

- The council's Governance Capability team and the Review Implementation Group have agreed that the council's quality advice standards are now being used across the group.
- Resources to embed the standards have been provided to CCOs to support their own actions.
- Watercare is planning a tailored quality advice workshop for early 2022.
- Quick reference guide on embedding the Quality Advice Standards has been provided to CCO contacts to support their own actions.

R-64: The council makes compliance with the procurement policy mandatory on all CCOs to reduce costs and minimise duplication.

- Procurement policy has been updated led by Steerco from council, AT (Andy Richards, GM Procurement, Mark Laing, CFO) and Watercare (Stuart Bird, Head of Supply Chain).
- CCOs boards endorsed policy.
- Finance and Performance Committee approved the policy in June 2021. Group CFOs will be accountable for policy implementation.

Board meeting | 5 April 2022

Public session



Review of the Corporate Governance Charter

For approval

Te pou whenua tuinga / Document ownership

Prepared by

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Recommended by

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Submitted by

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Chief Executive Officer

1. Te tūhunga / Recommendation

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

2. Take matua / Key points

The key points are:

- The review of the Charter was scheduled for August 2022.
- Following the 8 February 2022 Board meeting the review has been brought forward as the AMP and Major Capex Committee (AMCC), Committee for Climate Action (CfCA) and Te Tangata Komiti (TTK) were disestablished.
- The Charter has been amended to capture this and other recent modifications in Watercare's governance.
- The Charter has also been amended to reflect changes made by Auckland Council with the adoption of the Statement of Expectations for substantive Council-controlled Organisations (SoE).
- The revised version of the Charter is attached with this report as Attachment 1.

3. Whāinga / Purpose and context

The Charter was last reviewed in August 2021, with the next review scheduled for August 2022.

This review has necessarily been brought forward following the 8 February 2022 Board meeting as the Board resolved to disestablish the AMCC, CfCA and the TTK. The introduction of Auckland Council's SoE in 2021 also means the Charter should be updated to align with this governance document.

4. Kōrero pitopito / The details

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

- Clause 2 – Role of the Board Section: Alignment with the Four Pillars of Governance Best Practice by the Board directors is now specifically included. This is a requirement under the SoE.
- Clause 3 – Key activities of the Board:
 - Oversight of Management section has been amended to make it clear that the Board will annually review the CE’s contract, including the remuneration policy and package. This was previously undertaken by the TTK.
 - The Governance Section’s footnote has been updated, as the Governance Manual has been superseded by the new Accountability Policy and the SoE.
 - The Strategy section has been amended to clarify that Auckland Council sets the strategic direction of the company, and the Watercare Board oversees Management’s implementation of the strategic directions, plans and expectations set by the shareholder. This is a recommendation made by the CCO Review and flows through to the SoE.
 - The Strategy section now includes an obligation to exercise due care, diligence and effective oversight of all matters relating to the Asset Management Plan (AMP). This was previously undertaken by the AMCC.
 - The Stakeholder section now includes mention of “community partners” as Māori are not stakeholders, but partners.
 - The People section now includes ensuring sound policies and processes are in place to attract and retain outstanding people to Watercare; overseeing Watercare’s people strategies, remuneration policies and practices; and monitoring Watercare’s workforce diversity (including gender and culture). These tasks were previously undertaken by the TTK.
 - A new section has been included titled “Improve outcomes for Māori”, which requires Board members to foster more positive and productive relationships between Watercare and Māori, develop the ability of Watercare and its people to respond more effectively to Māori, and contribute to Māori wellbeing by developing strong Māori communities in Tamaki Makaurau. This is a requirement of Auckland Council’s Accountability Policy section 1.1.1.
 - A new section has been included for Climate Change and reducing carbon emissions which requires Board members to exercise due care, diligence and effective oversight of all matters relating to the actions taken by Watercare to reduce carbon emissions and contribute towards a climate resistant future. This was previously undertaken by the CfCA. It is also a requirement of Auckland Council’s Accountability Policy 1.1.5.
- Clause 4 – Board Committees: now only mentions the Audit and Risk Committee, as the other three committees have been disestablished.
- Clause 8.1 – Board meetings: “Board members will meet in-person at least 10 times per year” has been changed to “Board members will meet either in-person, or virtually, at least 8 times per year”. This is to account for the new ways of working that Covid-19 has introduced, and the new board schedule set in place earlier this year, which includes 8 rather than 10 Board meetings.

5. Ngā ūpoko / The capitals

5.1 Our environment including climate change

The Board Charter specifically requires Board members to exercise due care, diligence and effective oversight of all matters relating to the actions taken by Watercare to reduce carbon emissions and contribute towards a climate resistant future.

5.2 Our people and culture

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

5.3 Our communities, including Māori outcomes

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

5.4 Our assets and infrastructure

The Board Charter notes that Watercare has an obligation to manage its operations efficiently with a view to keeping the overall costs of water supply and wastewater services to its customers (collectively) at the minimum levels consistent with the effective conduct of its undertakings and the maintenance of the long-term integrity of its assets. The Strategy section also refers to the AMP.

5.5 Our future

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

5.6 Our finances

A reduction in the number of committees and board meetings per year will result in direct and indirect operational cost savings for the company.

6. Ngā tūraru matua / Key risks and mitigations

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

7. Ngā tuhinga ō mua / Previous deliberations

| Date | Report title | Key outcomes |
|----------------|--|--|
| 30 August 2021 | Review of the Corporate Governance Charter | The Board approved the marked-up version of the Charter. |

8. Ā muri ake nei / Next steps

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

9. Te whakapiringa / Attachment

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



Corporate Governance Charter

April 2022

7.1

1. Purpose

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

2. Role of the Board

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

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

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

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

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

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

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

Section 58 stipulates that an Auckland water organisation:

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

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

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

3. Key activities of the Board

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

Key activities of the Board include:

Legislative responsibilities

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

Oversight of Management

- Appointing the Chief Executive

- Reviewing the terms and conditions of the Chief Executive's contract annually, including their remuneration policy and package
- Setting objectives for the Chief Executive and monitoring the Chief Executive's performance against those objectives
- Overseeing the operation of Watercare's business to ensure it is being managed appropriately
- Reviewing progress on major projects, strategic plans and operating plans
- Monitoring the financial performance of Watercare including approving:
 - budgets
 - capital expenditure and investments above delegations
 - operating expenditure outside budgets and delegations.

In the normal course of events, day-to-day management of Watercare will be in the hands of the Management.

Ethics

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

Governance

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

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

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

- Monitoring the integrity of all financial and non-financial reporting to the shareholder.

Strategy

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

Our Stakeholders ~~stakeholders and partners~~

- Serving the legitimate interests of the stakeholders and community partners of Watercare and accounting to them in a clear, transparent and accessible manner
- Ensuring that Watercare communicates effectively with the shareholder, customers, and all other stakeholders, and community partners, including the nineteen iwi entities of Tāmaki Makaurau and the Independent Māori Statutory Board and Local Boards
- Ensuring that Management gives effect to the relevant recommendations of the CCO Review Panel
- Ensuring that Watercare complies with all relevant laws and regulations and that it meets its contractual obligations

Our people

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

Improve outcomes for Māori

- Foster more positive and productive relationships between Watercare and Māori, develop the ability

[of Watercare and its people to respond more effectively to Māori and contribute to Māori wellbeing by developing strong Māori communities in Tamaki Makaurau.](#)

Climate change and reducing carbon emissions

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

Risk management

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

4. Board committees

To assist in the process of corporate governance, the Board currently has [the the following committees](#).

Audit and Risk Committee ([ARC](#)).

- ~~1. Te Tangata Komiti~~
- ~~2. Asset Management Plan (AMP) & Major Capex Committee.~~
- ~~3. Committee for Climate Action~~

The Board is responsible for oversight of [the ARCany committee](#). [The ARCCommittees](#) may make recommendations to the full Board, but do not make decisions on behalf of the Board unless specifically mandated to do so.

[The ARC Committee Chairs](#) and members are appointed by the Chair.

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

5. Duties imposed on Board members

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

There are three types of duties imposed on Board members:

• **Fiduciary duties**

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

• **Duty of care and diligence**

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

• **Legal and statutory duties**

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

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

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

reasonable grounds, that Watercare will be able to perform the obligations.

6. Role of individual Board members

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

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

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

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

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

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

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

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

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

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

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

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

6.1 Disclosure of interest and conflicts of interest

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

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

7. Role of Chair

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

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

- Ensure that all new Board members are provided with an appropriate induction programme.

The Chair will also:

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

8. Board process and proceedings

8.1 Board meetings

- Board members will meet **either** in-person **or** **virtually** at least ~~40~~ **8** times per year. Additional meetings (including via teleconference) may be scheduled at the discretion of the Board members. Board members may also be required to participate in strategy and professional development workshops.
- The agenda and papers for the meeting will be circulated to all Board members in the week prior to the meeting
- The agenda will be constructed having regard to the Board's annual board planner
- The agenda will allow the Board to exercise adequate monitoring of company performance
- Agenda items will be supported by sufficient information to allow effective decision making.

8.2 Conduct of meetings

- The Chair will determine the degree of formality required at each meeting while maintaining the decorum of such meetings
- The Chair will ensure that all members are heard
- The Chair will maintain sufficient control to ensure that the authority of the Chair is recognised so that a degree of formality can be reintroduced when required
- The Chair will ensure that the decisions and debate are completed with a formal resolution recording the conclusions reached
- The Chair will take care that decisions are properly understood and well recorded.

8.3 Board minutes

- Minutes will contain a brief review of the discussion plus the official resolution adopted by the Board
- All decisions will be recorded by way of a formal resolution
- Board members who dissent or abstain may ask to have their dissent or abstention recorded in the minutes

- Material conflicts of interest will be recorded in the minutes.

9. Key Board functions

9.1 Delegation of authority

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

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

9.2 Public representation

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

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

9.3 Execution of documents

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

9.4 Supporting the Chief Executive

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

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

9.5 Chief Executive evaluation

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

9.6 Board composition

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

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

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

9.7 Board evaluation

- At least every two years, the Board will conduct a formal evaluation of its performance.
- The evaluation will be aligned with any process required by the shareholder including the opportunity to have input into the shareholder appointment process.

9.8 Board Member development

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

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

9.9 Remuneration

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

Remuneration will be paid on a monthly basis.

Watercare will reimburse reasonable and properly incurred travel, accommodation and other costs with the approval of the Chair. The Chair's costs are to be reviewed and approved by the Chair of the Audit and Risk Committee.

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

9.10 Director indemnity and insurance

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

10. Inconsistency with Constitution

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

11. Review of the Charter

This Charter was reviewed by the Board in ~~April~~ August 2024~~2~~ and will next be reviewed in ~~August~~ April 2023~~2022~~.

Board meeting | 5 April 2022

Public session



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

For approval

Te pou whenua tuhinga / Document ownership

Prepared by

Kevin Sharp
Head of Commercial

Recommended by

Nigel Toms
Acting General Manager - Finance

Amanda Singleton
Chief Customer Officer

Submitted by

Jon Lamonte
Chief Executive Officer

1. Te tūhonga / Recommendation

We recommend the Board:

- ratify, in this public session of the Board meeting, the Board's approval at the 1 March 2022 confidential board meeting session to implement price increases effective from 1 July 2022 for FY23 including:
 - Water and wastewater tariff increase by 7%
 - Infrastructure Growth Charges (IGC) increase by 8%
 - Sundry charges increase by 7%
 - Delegation to the Chief Corporate Service Officer to finalise the relevant price schedules.
- note that the price increases above for FY23 are in line with a previous Board approval made in December 2020.
- approve the price increase communications plan outlined below.

2. Take matua / Key points

Watercare is in the first year of a ten-year Long Term Plan (LTP) agreed with Auckland Council in 2021. The 2021 LTP established a financial profile including an accompanying revenue profile with related pricing. The price path proposed from 1 July 2022 is the same as that agreed with the Board in December 2020 and subsequently with Auckland Council in 2021.

The planned price increases for FY23 are:

- 7% price increases for water and wastewater tariff charges which will raise the average residential annual water/wastewater bill by circa \$80 or \$1.54 per week
- 8% increase in IGCs
- sundry charges increase by 7%.

This price increase, while planned in 2020-2021, is occurring at a time when our community is experiencing high inflation on other goods and services. To address this Watercare will consider additional support for financially vulnerable customers when it establishes the FY23 budget.

Our communications plan will seek to clearly communicate how the price rises will contribute to growth, resilience and service quality. The messaging will be in line with that communicated previously and also highlight the related measures we are putting in place to support financially vulnerable customers.

3. Whāinga / Purpose and context

The purpose of this report is to confirm the prices set for FY23 and confirm our communications plan to our customers and stakeholders.

In 2021 Watercare agreed a Long-Term Plan (LTP) with Auckland Council, including the establishment of a price path required to fund the plan.

When considering price changes, Watercare must consider its statutory obligations under section 57 of the Local Government (Auckland Council) Act 2009 (the Act) to manage its operations efficiently with a view to keeping the overall costs of water supply and wastewater services to its customers (collectively) at the minimum levels consistent with the effective conduct of its undertakings, and the maintenance of, and long-term integrity of its assets.

Simultaneously, we must also comply with the funding constraints of being a Council Controlled Organisation (CCO).

4. Kōrero pitopito / The details

The 2021 LTP was a ten-year plan agreed with Auckland Council about the resourcing and investment needs of Watercare over the planning period to meet reliability, service quality and growth needs of our community. The 2021 LTP informs the basis of Watercare's price path.

The first year of the 2021 LTP (FY22) has been materially influenced by the continuing Covid-19 pandemic. This is expected to result in higher than planned operating costs and slower than expected delivery of the capital investment programme across FY22.

The net outcome will see Watercare incur less debt than previously planned and remain within the net financial profile of the 2021 LTP.

Our capital commitment plan to address delivery of growth investment, resilience and service quality remains at previously planned levels and will therefore require the implementation of the price path previously agreed with Auckland Council.

4.1 Impact of the proposed price changes

The 2021 LTP proposed that the annual average residential water and wastewater charges increase by 7% in FY23. Table 1 below shows the impact of the price change for the average residential customer on an annual and weekly cost basis.

Table 1 – Change in water/wastewater charges for average residential user

| Year | FY22 (Current) | FY23 (Proposed) | Difference |
|-------------|----------------|-----------------|------------|
| Annual bill | \$1,144 | \$1,224 | \$80 |
| Weekly cost | \$22.00 | \$23.54 | \$1.54 |

Through our customer research, we know that our customers' understanding of value for money is about more than price. It is also associated with the quality of customer service we provide (which goes beyond our direct transactions) and customers' perception that we are planning well for the future. It is the demonstration and perceived value of our services, not only the price of them, which matters to our customers.

The percentage of customers who agree that Watercare provides value for money has increased since July 2021 and continues to rise. Similarly, sentiment around Watercare caring about communities, promoting sustainability, and solving issues have all risen since mid-2021.

Water bill levels are not a driver of our customer trust score. There was no significant difference between the trust scores of people with higher bills (over \$100 per month), people with medium bills (between \$50 and \$99) and people with lower bills (under \$50 per month) before the 2021 price rise or during the three months after it. However, we do know that household income makes a difference when it comes to trust. High income earners are more likely to talk about poor value for money than those on the lowest incomes. Customers in more affluent suburbs tend to be less trusting of Watercare and have higher expectations of our services. However, more well-off customers do think we are trustworthy when we get the basics right (e.g. leak management).

4.2 Inflation and affordability of the price change

The proposed price change is occurring at a time when inflation (as measured by the consumer price index (CPI)) has been increasing at levels not experienced for many years. This will create additional affordability issues within our community.

Affordability is also complex. Our affordability measure (percentage of average household income spent on water and wastewater services) improved in late 2021. This was due to a greater than 10% increase in Auckland incomes (from all sources, including government benefits and Covid-19 relief payments). Watercare has established an affordability target for the cost of its services as being less than 1.5% of the average Auckland household income. The proposed price will increase our cost to 0.87% of the average Auckland household income.

Affordability remained below one per cent and dropped to below 0.80% in September and October 2021 due to lower seasonal consumption and higher incomes in the region. However, we know that affordability is about what remains after payment of a household's non-discretionary expenses. The position is increasingly complex given different housing situations, the uneven impacts of the pandemic on employment, and the rising costs of other inelastic expenses such as food, rent/mortgage payments and electricity. For those who do struggle with meeting their financial commitments, we continue to promote the Water Utility Consumer Assistance Trust to provide support to customers where required. Consideration will be given to the provision of additional funding to the Water Utility Consumer Assistance Trust as part of the FY23 budget process.

4.3 Communications approach for 2022

The potential adverse sentiment associated with price rises can be mitigated if customers understand how they will benefit from increased investment. Therefore, the overarching communications objectives are to establish a shared understanding of:

- how the price rises will contribute to growth, resilience and service quality
- how the price rises are in line with what was communicated the previous year
- the measures in place to support customers facing financial difficulty.

To achieve these objectives, the following will be implemented:

| | |
|-------|--|
| April | <ul style="list-style-type: none"> • Email to central and local government stakeholders • Email to top commercial customers • Media release • Information for customers on watercare.co.nz and through customer service representatives |
| May | <ul style="list-style-type: none"> • Targeted engagement/emails to commercial customers |
| June | <ul style="list-style-type: none"> • We will produce three regionally focused editions of our customer newsletter Tapped In: central, north-west and south-east. Each edition will outline: the price rises; support available for customers experiencing financial hardship; how we spend each dollar we receive from our customers; infrastructure projects being delivered in the local area; regionally significant projects such as the Central Interceptor; and our Ecomatters home water check service. In this way, we will demonstrate to the customer the value we're delivering to them. • Public notices • Notices on the bills • Website information |
| July | <ul style="list-style-type: none"> • Notices on the bills. |

The communications approach aligns with the actions taken in 2021, which proved effective as indicated by the increase in Watercare's trust scores in the second half of 2021.

5. Ngā ūpoko / The capitals

5.1 Our environment including climate change

The proposed price changes are necessary for Watercare to fund its 10-year programme of work including dedicated programmes for managing the natural environment and limiting the impacts of climate change.

5.2 Our people and culture

The price change is part of an overall funding mix designed to ensure Watercare is effectively resourced to meet its operational and investment needs over the 10 years. This includes ensuring staff are adequately remunerated, have the right skills to be effective in their role, and to manage the demands of the business.

5.3 Our communities, including Māori outcomes

In our customer workshops residential customers gave us a clear endorsement to invest in infrastructure when the future outcomes and long-term customer benefits (e.g., water security and protection of the environment) are understood. Residential customers felt it was fair and they were happy to pay to avoid unfairly burdening future generations. Commercial customers are willing to pay more for greater certainty of supply, enabling them to grow in the short and medium term. They accept that we must invest more, but unlike residential customers, they are thinking in terms of the next decade, not the next generation. Both customer segments expect Watercare to share any changes with them with as much notice as possible, which is reflected in this communications plan.

5.4 Our asset and infrastructure

The price change is based on Watercare's 2021 LTP and the agreed capital plan and operational resourcing needed to ensure we deliver the appropriate level of supply reliability, water quality and growth investment to meet the needs of our users over the next 10 years. The cost of construction projects is currently rising (driven by challenges across both labour markets and material supply). Therefore, affordability of the programme will be closely monitored, and reprofiled to remain with planned funding if required. We will act to identify and minimise any resultant impacts on Watercare's risk profile.

5.5 Our future

Our commitment to management within the financial profile of the 2021 LTP is aligned with and supports continuous improvement in the financial management of Watercare. This will lead to improved organisational capability and improved efficiency given the material inflationary pressure on costs and continuing COVID induced expenditure.

5.6 Our finances

The price-change is based on careful consideration of the resourcing needs of the business including the prioritisation of capital projects over the next 10 years. The proposed annual price change is necessary to enable Watercare to fund its requirements, work within the constraints of Council's debt ceiling and also meet our obligations under Section 57 of the Local Government Act.

6. Ngā tūraru matua / Key risks and mitigations

| Risk themes | Key risk | Mitigation |
|--|---|--|
| Financial Responsibility & Commercial Acumen | Breaching our debt-to-revenue covenant with Auckland Council | We are proposing a revenue profile that delivers financial sustainability with sufficient headroom for the LTP investment programme to be executed. |
| Reputation and Engagement | Reputation from increasing the cost of water/wastewater at a time of high inflation | The need to increase prices has been well established. The ability to match inflation with price changes is the utility model adopted by the Commerce Commission for energy networks (both Transpower and 29 lines companies), reticulated natural gas pipelines and Chorus. |

7. Ngā tuhinga ō mua / Previous deliberations

| Date | Report title | Key outcomes |
|---------------|--|--|
| 1 March 2022 | Long-Term-Plan update for Council planning and FY23 pricing | The Board approved the implementation of price increases previously set, effective from 1 July 2022 for FY23 including: <ul style="list-style-type: none"> • water and wastewater tariff increase by 7% • Infrastructure Growth Charges (IGC) increase by 8% • sundry charges increase by 7% • delegation to the Chief Corporate Service Officer to finalise the relevant price schedules. |
| 29 April 2021 | Pricing to support Auckland Council's 2022 – 2031 Long Term Plan – Effective 1 July 2021 | The Board approved the following price increases, effective from 1 July 2022: <ul style="list-style-type: none"> • water and wastewater tariff increase of 7% • infrastructure Growth Charges increase of 12% • sundry charges increase of 7% with delegation to the Chief Executive to finalise the price schedule based on budgeted costs. |

| | | |
|------------------|--|--|
| 23 December 2020 | Investment Programme and Pricing to Support Council's Draft 2022-2031 Long Term Plan | <p>The Board approved Management's recommendations of the following price increases and capital expenditure programme for input into the Council's draft 2022-2031 LTP and consultation document:</p> <ul style="list-style-type: none"> • Water and Wastewater tariffs to increase by 7% for 1 July 2021 and 1 July 2022 followed by annual price increases of 9.5% to FY29 and a 3.5% increase for the final 2 years of the of the LTP • Increase to Infrastructure Growth Charges of 12% for 1 July 2021 followed by an 8% increase annually • An \$8.1 billion (real) capex programme over the 10-year period from 1 July 2021 to 30 June 2031. |
|------------------|--|--|

8. Ā muri ake nei / Next steps

- Implement our communications plan to customers and stakeholders
- Implement the price increases as outlined in the report.
- Following approval by the Board, we will step-up communication to customers regarding the price rise. This communication will roll out from April to July. The price schedules form part of the customer contract which requires us to give customers at least 10 days' notice of any changes.



Board meeting | 5 April 2022
Public session



Scanning the Horizon

For discussion

Te pou whenua tuhinga / Document ownership

Prepared by

Rebecca van Son
Head of Strategy

Submitted by

Jon Lamonte
Chief Executive Officer

1. Te tūhanga / Recommendation

We recommend that the Board discuss the following information updates:

- Los Angeles will recycle 100% of their wastewater by 2035
- Workforce burnout a risk
- IPCC's Climate Change 2022: Impacts, Adaptation and Vulnerability report reinforces climate challenges
- Chapter Zero New Zealand.

2. Take matua / Key points

The key points are outlined in the section 4 below.

3. Whāinga / Purpose and context

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

4. Kōrero pitopito / The details

4.1 Los Angeles will recycle 100% of their wastewater by 2035

In 2019 Mayor Eric Garcetti announced that Los Angeles (LA) would recycle 100% of its wastewater by 2035 — a major step to expand water recycling and reduce reliance on imported water. This was a significant announcement as LA had been considering water recycling for over 10 years.

When recycling was initially announced in 2001, there was public push back. The recycling idea became widely known as “toilet to tap,” implying that the Department of Water and Power customers would soon be drinking wastewater. It was then recognised that there had been inadequate public consultation and preparation.

By 2019, once communities understood the science and safety of purified recycled water, they supported it. “Those who doubt that wastewater recycling is safe need only look to the International Space Station, which recycles every drop of the crew’s moisture” (Sandra Postel, director of the Global Water Policy Project).

The projects in LA are now underway and are on track to cut purchases of imported water by 50% by 2025 and source 70% of water locally by 2035. The projected is costing \$8.1 billion and the city has also invested \$300 million in infrastructure projects to capture, treat, and recycle rainwater.

Some key messages that Mayor Garcetti shared with the people of LA:

- “Conservation is about more than how we respond to a dry year — it should shape how we prepare our city for tomorrow.”
- “Maximizing LA’s recycling capacity will increase the amount of water we source locally and help to ensure that Angelenos can count on access to clean water for generations to come.”
- “This is a major milestone in our work to make Los Angeles a sustainable and resilient city.”
- “This is the most critical step in making this megacity a sustainable one.”

Actions for Watercare/ Impacts on Watercare

The LA Department of Water and Power are part of ‘C40 cities water security network’ that Watercare together with Auckland Council are also part of. We therefore have access to LA staff and will endeavour to arrange a discussion to learn from their recycling water journey. These learnings will be beneficial in the establishment of Watercare’s recycled water trial projects.

4.2 Workforce burn out risk

RadioNZ article published an article on 15 March 2022 that reported workforce burnout is at an all time high, according to a study of 900 New Zealand workers performed by Frog recruitment.

The study found:

- 68 percent reported feeling more burnt out than this time last year
- 62 percent were either looking to change jobs this year or were not sure if they would stay in their current role
- nearly half of the people who were looking to leave cited poor leadership as the reason
- people were working much longer hours and having to cover more work with less people, perhaps due to absences with people isolating, the general talent shortage, and coping with an increase in resignations.

Actions for Watercare/ Impacts on Watercare

These pressures are also being felt by our people too. Our leaders are aware that our people are feeling nervous about Water Reform changes, as the reforms are still uncertain. There is also concern that Water Reform will result in a further increase in workloads.

The RadioNZ article noted “if you didn't take employee wellbeing seriously last year, you are definitely going to be at risk of losing talent or having to deal with some serious health issues”.

Watercare are aware of these issues, and Mental Wellbeing has been added to our list of Critical Risks. Elevating it to a critical risk acknowledges the impact poor mental wellbeing has on our team and workplace and its potential to lead to serious harm.

We are also analysing the results from a study of burnout conducted in Enterprise Model project teams. Early findings indicate concerning levels of stress and fatigue. The outcomes will be presented at the end of May 2022.

4.3 IPCC's Climate Change 2022: Impacts, Adaptation and Vulnerability report reinforces climate challenges

The anticipated future changes in the climate have been reinforced in the most recent Intergovernmental Panel on Climate Change report. Combining over 34,000 scientific studies the report concludes that the planet has already heated about 1.1C from people's gases and is likely to cross the 1.5C threshold not long after 2030. Humanity's best options now are:

- rapidly speeding up efforts to keep the planet under 1.5-2C heating, and
- getting ready to adapt to the inevitable changes quickly – while abandoning head-in-the-sand development strategies that lock in higher losses.

In comparison to previous reports there was a greater emphasis on:

- the compounding effects of multiple impacts (sea level rise and storms, or droughts and then floods)
- the unbalanced impact on vulnerable communities.

Overall, the report shows that extreme weather events linked to climate change like floods and heatwaves are hitting humans and other species much harder than previous assessments indicated. The conclusionary statement aptly reinforced the action we need to take:

“Climate change is a threat to human wellbeing and planetary health. Any further delay in concerted, anticipatory global action... will miss a brief and rapidly closing window of opportunity to secure a liveable and sustainable future for all”.

Actions for Watercare/ Impacts on Watercare

This report only reiterates the focus Watercare must have on being ‘Fully Sustainable’. We must ensure we meet or exceed our sustainability targets within the Company Plan and ensure we have sufficient resource to drive sustainability throughout every facet of our business.

4.4 Chapter Zero New Zealand – a climate change focused network for directors

The Institute of Directors (IOD) hosted an event on 3 March 2022 to establish Chapter Zero New Zealand, a climate change focused network for directors providing guidance, support, and direction for directors. <https://www.chapterzero.nz/>

Climate has consistently been highlighted as a top/key concern for directors in recent years, and there were over 900 registrations to this webinar – the largest ever event in IOD history.

The IOD challenged all directors in NZ to join the Chapter and make climate a board room priority. They highlighted that the IPCC report could be summarised in four words: ‘Code Red for Humanity’.

Chapter Zero recognises that:

- it is hard to govern organisations that are impacted by climate change, and almost every single business is.
- in comparison to financial reporting, climate governance is in its infancy. Over decades financial literacy has increased and this has become a common language for directors. Climate literacy needs to be developed at a rapid pace.

The IOD workshop highlighted the following areas that the Board should be focussing on:

- understand the plans the business is taking to reduce emissions. Ask what the strategy is, is it achievable, sign posted and underpinned by the best science.
- understand the business plans for adaptation, and the transitions that will occur in the economy and society.
- ensure there is a strategy and roadmap for adapting to long term climate impacts with indicators and steps being taken.
- stop asking what we can stop doing and start asking what we should start doing to ensure the company is best placed for long term success.
- acknowledge that the next three years are important. Move from pledges to action. Drive the challenging targets that are required.
- lean into climate governance with an open mind to quickly upskill and be able to provide appropriate direction and support.

- connect with your why. Why is it that you are supporting this Kaupapa? What do you believe in for the future?
- build your own climate intelligence and keep pace with the ongoing developments in this area.

Actions for Watercare/ Impacts on Watercare

Chapter Zero provides members with events, workshops, toolkits and content in relation to climate change. All directors in NZ are being encouraged to join.

5. Ngā tūraru matua / Key risks and mitigations

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

6. Ngā tuhinga ō mua / Previous deliberations

| Date | Report title | Key outcomes |
|--------------|----------------------|--|
| 1 March 2022 | Scanning the Horizon | This report has been provided at each Board meeting for noting and discussion. |

7. Ā muri ake nei / Next steps

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



Board - Public Session - Board planner

| | | Jan-22 | Feb-22 | Mar-22 | Apr-22 | May-22 | Jun-22 | Jul-22 | Aug-22 | Sep-22 | Oct-22 | Nov-22 | Dec-22 | |
|----------------------|---|--------|--|---|---|-----------------------------------|---|--|---|--|-------------------------------|---|--|--|
| Meetings | Board | | 8-Feb | 1-Mar | 5-Apr | 3- May (Board Development Day) | 7- Jun (Statutory Public Meeting) | 5-Jul | 2-Aug | 6-Sep | 4-Oct (Board Planning Day) | 1-Nov (Statutory Public Meeting) | 6-Dec (Update only -not a formal meeting) | |
| | Audit and Risk Committee | | 2-Feb | | | 31-May | | | 15-Aug 29-Aug | | | 22-Nov | | |
| Running the Business | Financial | | Approve half year accounts | a) approve financials for Draft SOI including projected 22/23 price increases, b) approve long term financials for Auckland Council modelling | | | Board approval of Insurance proposal Board approval of 2022/2023 Budget and updated SOI financials | Auckland Council and Watercare to review 30 June Treasury Interest rates | a) approve 2021/22 accounts, b) delegate final sign off of 2022/23 Annual Report c) Approve Auckland Council Reporting Pack | | | Auckland Council Draft Annual Plan - approve Watercare input | | |
| | Statement of intent | | Q2 Performance Report to Council - due to Council by 28 February 2022 | Draft 2022-2025 SOI for Board's approval - to be sent to Council by 1 April 2022 | Q3 Performance Report to Council - due to Council by 29 April 2022 | | Present shareholder SOI feedback at public meeting. | Final 2022-2025 SOI issued to shareholder by 31 July 2022 | Final 2022-2025 SOI adopted by Auckland Council Q4 Performance Report to Council - due to Council by 31 August 2022 | | | 2021/2022 SOI Results to be presented to Board at Public Meeting, Public Deputations to be received. Q1 Report to Council (Date TBC) | 2023/24 Letter of Expectations to be received | |
| | HSW Deep Dives | | Critical risk - deep dives on Working with or near live energy (electrical, mechanical, pneumatic, hydraulic, etc) | Critical risk - deep dives on Working with fixed plant and equipment | Critical risk - deep dives on Working in or near live traffic (includes road corridors, construction and operational sites) | | Critical risk - deep dives on Working around waterbodies | Critical risk - deep dives on Digging and working in excavations (includes tunnelling) | Critical risk - deep dives on Working with flammables or in explosive/flammable areas | Critical risk - deep dives on Working at Height (moved from May) | | | Critical risk - deep dives on mental wellbeing | |
| | Community and Stakeholder Relationships | | Stakeholder | Iwi | Stakeholder | | Iwi CCO Oversight Committee Half Day Visit : 10 June 2022 | Stakeholder | Iwi | Stakeholder | | | Iwi | |
| | Governance | | Enterprise Risk Report (Board then Council) Statutory compliance | The Sensitive Expenditure Policy | Enterprise Report to Board - Delegate authority to 31 May A&R meeting to approve report and submit to Council Corproate Governance Charter | Risk report due to Council | Q3 Statutory compliance | Fraud & Corruption Policy Q4 Statutory compliance | Enterprise Risk Report (Board then Council) | Our commitment to health, safety and wellness Board Delegations to CE | | | Good Employer Policy Enterprise Risk Report (Board then Council) Q1 Statutory compliance | |
| Deliver the future | Aligned to the Six Pillars | | | Te Ao Māori is embedded throughout our organisation Achieving Māori outcomes - Nicola Crauford and Richie Waiwai | We value our People & Culture - Dave Chambers and Jamie Sinclair | | We are fully sustainable - Brendon Green and Steve Webster | We educate, innovate, and collaborate for future generations - Frances Valentine and Rebecca Chenery | We have a resilient water supply - Graham Darlow and Mark Bourne | Our communities trust and respect us - Julian Smith and Amanda Singleton | | | | |

Board - Public Session - Board planner

| | | Jan-22 | Feb-22 | Mar-22 | Apr-22 | May-22 | Jun-22 | Jul-22 | Aug-22 | Sep-22 | Oct-22 | Nov-22 | Dec-22 |
|---------------|---------------------|--------|--|--------|--|--|---|--------|---|--------------------------------|--------|--|--------|
| Confidential | | | CE's KPIs Capex approvals | | | | CE's KPIs Capex Approvals | | Capex Approvals | CE's KPIs | | Capex approvals | |
| | | | Approve FY22 half year accounts Protected Disclosures (Whistle-blower) Policy | | | Present plan for Year end to A&R A&R Approve Insurance Proposal Approval of 2022/23 Budget & updated SOI Financials Tax Subvention Income Policy Fraud & Corruption Policy | | | Auckland Council FY22 Reporting Pack (15 August meeting) Approval of Financial Statements FY22 (29 August meeting) Tax Risk Management Policy Conflict of Interest Policy Board Delegations to CE | | | | |
| Lutra Limited | Performance report | | Half-yearly performance report | | | | | | | Half-yearly performance report | | | |
| | Statement of intent | | | | Draft SOI 2022-2025 to be presented to the Watercare Board | | Final 2022-2025 SOI to be sent to Council | | Final 2022-2025 SOI adopted by Auckland Council | | | 2021/2022 SOI Results to be presented to Board at Public Meeting. Public Deputations to be received. | |



Board meeting | 5 April 2022
Public session

Directors' appointment terms, committee memberships, and meeting attendances

For information

Te pou whenua tuhinga / Document ownership

Prepared by

Jacky Simperingham
Co-Head of Governance

Emma McBride
Co-Head of Governance

Recommended by

Jamie Sinclair
Chief Corporate Services Officer

Submitted by

Jon Lamonte
Chief Executive Officer

1. Te tūhunga / Recommendation

We recommend that the Board notes:

- this report outlining directors' appointment terms, committee membership, and meeting attendances
- the recent resolution of Council's Appointments and Performance Review Committee to reappoint the directors of Watercare whose end before 1 July 2024; and
- the subsequent amendment to Watercare's constitution by Council, which removed the limit of tenure. Therefore, enabling directors to serve more than three consecutive terms.

2. Take matua / Key points

The key points set out in this report are:

- the tenure of the eight current directors of Watercare Services Limited
- details of committee membership
- details of directors' attendance at Board and committee meetings over the calendar year.

3. Kōrero pitopito / The details

Table 1: We currently have eight directors and one board intern

Our directors are appointed by Auckland Council.

| Director | Original appointment date | End of term |
|-------------------------|---------------------------|--|
| Margaret Devlin (Chair) | 1 November 2016 | 2 nd term ends 31 October 2022* 3 rd term ends on 30 June 2024 |
| Nicola Crauford | 1 April 2014 | 3 rd term ends 31 October 2022* 4 th term ends on 30 June 2024 |
| Brendon Green | 1 November 2016 | 2 nd term ends 31 October 2022* 3 rd term ends on 30 June 2024 |
| Hinerangi Raumati-Tu'ua | 1 August 2019 | 2 nd term ends 31 October 2024 |
| Dave Chambers | 1 November 2019 | 1 st term ends 31 October 2022* 2 nd term ends on 30 June 2024 |
| Frances Valintine | 1 November 2019 | 1 st term ends 31 October 2022* 2 nd term ends on 30 June 2024. |
| Graham Darlow | 3 February 2021 | 1 st term ends 31 October 2024 |
| Julian Smith | 1 January 2022 | 1 st term ends 30 June 2024 |
| Wi Pere Mita (Intern) | 1 January 2022 | 30 June 2023 |

On 1 March 2022, Council's Appointments and Performance Review Committee resolved to reappoint the directors of Watercare whose terms end before 1 July 2024. The subsequent reappointments are highlighted in blue above. Maintaining the same membership of the Watercare Board supports the stability of the Board during the reform and transition period and avoids recruiting directors who would only serve a short tenure.

The reappointment of one director (Nicki Crauford) was conditional on an amendment to the Watercare constitution that would allow directors to remain on the Board for more than three consecutive terms (nine years).

Accordingly, on 22 March 2022, the Council Controlled Organisations Oversight Committee resolved to amend Watercare's constitution to enable directors to serve more than three consecutive terms.

Table 2: We currently have one Committee to assist the Board in its corporate governance

We currently have one Committee, the Audit and Risk Committee. The Chair and members are appointed by the Chair. Attendance at the Committee meetings by non-members is optional.

The table below sets out the membership of the current Committee.

| Director | Audit and Risk Committee |
|-------------------------|--------------------------|
| Margaret Devlin (Chair) | * |
| Dave Chambers | |
| Nicola Crauford | |
| Brendon Green | ✓ |
| Hinerangi Raumati-Tu'ua | Committee Chair |
| Frances Valentine | |
| Graham Darlow | ✓ |

**Board Chair attends in ex-officio capacity*

Previously, we had three other Committees. At the 8 February 2022 Board meeting, the following three Committees were disestablished, and the Board agreed to undertake the functions of these Committees in its future meetings:

- Te Tangata Komiti
- AMP & Major Capex
- Committee for Climate Action.

Table 3: Attendance at Board and committee meetings in 2021 is detailed in the table below:

| Attended ✓ Did not attend ✕ Not on the committee ■ Not on the Board ☐ | Attendance at Board meetings | | | | | | | | | | Attendance at Audit and Risk Committee meetings | | | | | Attendance at AMP & Major Capex Committee meetings | | | | Attendance at Te Tangata Komiti meetings | | | | Attendance at Committee for Climate Action meetings | | | | | | | | | |
|--|------------------------------|------------------------|---------------------|---------------------|-------------------|-------------------|--------------------|----------------------|-------------------------|-----------------------|---|---------------------|-----------------|-------------------|--------------------|--|-----------------------|--------------------|------------------|--|-----------------------|---------------------|-------------------|---|----------------------|----------------------|-----------------|-----------------------|---------------------|---|---|---|--|
| | Board 29 January 2021 | Board 26 February 2021 | Board 30 March 2021 | Board 29 April 2021 | Board 1 June 2021 | Board 5 July 2021 | Board 29 July 2021 | Board 30 August 2021 | Board 30 September 2021 | Board 28 October 2021 | Board 30 November 2021 | A&R 3 February 2021 | A&R 26 May 2021 | A&R 9 August 2021 | A&R 24 August 2021 | A&R 28 October 2021 | AMCC 18 February 2021 | AMCC 16 April 2021 | AMCC 20 May 2021 | AMCC 11 August 2021 | AMCC 18 November 2021 | TTK 27 January 2021 | TTK 28 April 2021 | TTK 19 August 2021 | TTK 24 November 2021 | CCA 19 February 2021 | CCA 24 May 2021 | CCA 13 September 2021 | CCA 8 December 2021 | | | | |
| Board members attendance 2021 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Margaret Devlin | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✕ ¹ | ✓ | ✓ | ✕ | ✓ | ✓ | ✓ | ✓ | | | | | | | | | |
| Nicki Crauford | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | # | | | | | | ✓ | ✓ | ✓ | ✓ | ✓ | | | | | | | | | ✓ | ✓ | ✓ | ✓ | |
| Brendon Green | ✕ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | ✓ | ✓ | ✓ | ✓ | |
| David Thomas | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | | | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | |
| Hinerangi Raumati-Tu'ua | ✕ | ✕ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | |
| Dave Chambers | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✕ | ✓ | ✓ | ✓ | | | | | | | | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Frances Valintine | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✕ | ✓ | ✓ | ✓ | | | | | | ✕ | | | | | | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Graham Darlow | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✕ | ✓ | ✓ | | ✓ | ✓ | ✕ | ✓ | | | | | | | | | | | | | | |

1. Margaret Devlin was absent from this meeting as she was required to attend another meeting as Chair of the Board.

Nicki Crauford was absent from this meeting as her term was extended for a year at Watercare and therefore, she was not expecting to attend this meeting. Due to that the invite for this meeting was not in her diary.

Table 4: Attendance at Board meetings (including the Development Day and the Planning Day) and the Audit and Risk Committee for 2022 is detailed in the table below:

| Attended ✓ Did not attend ✖ Not on the committee ■ Not on the Board ☑ | Attendance at Board meetings 2022 | | | | | | | | Attendance at Audit and Risk Committee meetings 2022 | | | | | Attendance at Board Development Day | Attendance at Board Planning Day |
|--|-----------------------------------|--------------|--------------|--------------|-------------|---------------|------------------|-----------------|--|-------------|----------------|----------------|------------------|-------------------------------------|----------------------------------|
| | 8 February 2022 | 1 March 2022 | 5 April 2022 | 22 June 2022 | 5 July 2022 | 2 August 2022 | 6 September 2022 | 1 November 2022 | 2 February 2022 | 31 May 2022 | 10 August 2022 | 29 August 2022 | 22 November 2022 | 3 May 2022 | 4 October 2022 |
| Margaret Devlin | ✓ | ✓ | | | | | | | ✓ | | | | | | |
| Nicki Crauford | ✓ | ✓ | | | | | | | | | | | | | |
| Brendon Green | ✓ | ✓ | | | | | | | ✓ | | | | | | |
| Hinerangi Raumati-Tu'ua | ✓ | ✓ | | | | | | | ✓ | | | | | | |
| Dave Chambers | ✓ | ✓ | | | | | | | ✓ | | | | | | |
| Frances Valentine | ✓ | ✓ | | | | | | | | | | | | | |
| Graham Darlow | ✓ | ✓ | | | | | | | ✓ | | | | | | |
| Julian Smith | ✓ | ✓ | | | | | | | | | | | | | |
| Wi Pere Mita (Intern) | ✓ | ✓ | | | | | | | | | | | | | |





Board meeting | 5 April 2022
Public session

Disclosure of Directors' and Executives' interests

For information

Te pou whenua tuhinga / Document ownership

Prepared by

Jacky Simperingham Emma McBride
Co-Head of Governance Co-Head of Governance

Recommended by

Jamie Sinclair
Chief Corporate Services Officer

Submitted by

Jon Lamonte
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

Watercare Services Limited's Directors' Interests Register is set out below.

- All new additions in 2022 are in [Blue](#).
- All deletions in 2022 have been ~~struck out~~.

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

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

| DIRECTOR | INTEREST |
|--------------------------------|--|
| Hinerangi Raumati-Tu'ua | <ul style="list-style-type: none"> • Chair, Te Rere O Kapuni Limited • Chair, Ngā Miro Trust • Chair, Nga Kai Tautoko Limited • Chair, Te Kiwai Maui o Ngaruahine Limited • Director, Taranaki Iwi Holdings Management Limited • Director, Te Puia Tapapa GP Limited • Chair, Tainui Group Holdings Limited • Executive Member, Te Whakakitenga O Waikato • Director, Genesis Energy Limited • Trustee, PKW Trust • Chair, Aotearoa Fisheries Limited • Director, Sealord Group Limited • Director, Port Nicholson Fisheries GP Limited • Chair, Parinihi Ki Waitotara Incorporated |
| Dave Chambers | <ul style="list-style-type: none"> • Director, Paper Plus New Zealand Limited • Director, Living Clean NZ Limited • Director, Turners and Growers Fresh Limited |
| Frances Valintine | <ul style="list-style-type: none"> • Director and CEO, The Mind Lab Limited • Director and CEO, Tech Futures Lab Limited • Director, Harcourt Jasper Limited • Director, Pointed Tangram Limited • Director, Harper Lilley Limited • Director, On Being Bold Limited • Director, Sandell Trustees Limited • Selection Advisor, Edmund Hillary Fellowship • Trustee, Dilworth Trust Board • Board of Trustee, University of Silicon Valley |

| DIRECTOR | INTEREST |
|--|--|
| Graham Darlow | <ul style="list-style-type: none"> • Business Executive, Acciona Infrastructure NZ Limited • Director and Shareholder, Brockway Consulting Limited • Chair, Frequency NZ Limited • Director, Hick Bros. Civil Construction Limited • Director, Hick Bros. Infrastructure Limited • Chair, Holmes GP Structure Limited • Director, Tainui Auckland Airport Hotel GP (No.2) Limited • Director, Hick Bros. Heavy Haulage Limited • Director, Hick Bros. Holdings Limited • Chair, The Piritahi Alliance Board |
| Julian Smith | <ul style="list-style-type: none"> • Board Trustee – Auckland Philharmonia Orchestra • Advisory Board Member – Vadacom Limited • Board Trustee – Look Good Feel Better Trust |
| Wi Pere Mita (Board intern) | <ul style="list-style-type: none"> • Chairperson, Copyright Tribunal • Director, Trust Tairāwhiti Trustee Limited • Director, Prime SPV Limited • Director, Te Runanganui o Ngāti Porou - Toitu Ngāti Porou Trustee Limited • Director, Resolution Institute NZ & Australia • Trustee, SkyCity Entertainment Group (SkyCity Auckland Community Trust) • Director and Shareholder, Laidlaw Law and Consultancy Limited • Māori Advisory Board member, New Zealand Police, Counties Manukau East • Member, Community Law Centres o Aotearoa Incorporated • Member, Wayfinding civil access to justice – Advisory Group |

Watercare's Executives' Interests Register is set out below.

All new additions in 2022 are in [Blue](#).

| EXECUTIVES | INTEREST |
|------------------|--|
| Jon Lamonte | <ul style="list-style-type: none"> • Director, Water Services Association of Australia • Chair, Audit and Risk Committee of Water Services Association of Australia • Member, Water Workforce Development Strategy Steering Group • Member, Department of Civil and Environmental Engineering Advisory Board |
| Marlon Bridge | <ul style="list-style-type: none"> • Trustee, Te Motu a Hiaroa (Puketutu Island) Governance Trust • Director, WCS Limited • The Department of Internal Affairs |
| Rebecca Chenery | <ul style="list-style-type: none"> • Director, Lutra Limited |
| Jamie Sinclair | <ul style="list-style-type: none"> • Director and Shareholder, Sinclair Consulting Group Ltd |
| Shayne Cunis | <ul style="list-style-type: none"> • Director, The Water Research Foundation (USA) • Director, Lutra Limited |
| Amanda Singleton | <ul style="list-style-type: none"> • Director, Die Weskusplek Pty Ltd (South Africa) • Trustee, Te Motu a Hiaroa (Puketutu Island) Governance Trust |
| Nigel Toms | <ul style="list-style-type: none"> • Director, TRN Risk & Resilience Consulting |
| Steve Webster | <ul style="list-style-type: none"> • Director, Howick Swimgym Limited |
| Mark Bourne | <ul style="list-style-type: none"> • Trustee, Watercare Harbour Clean Up Trust • Trustee, Te Motu a Hiaroa (Puketutu Island) Governance Trust |
| Andrew Chin | Nil |

