

Board meeting | 10 July 2024

Public session



Venue	Watercare Services, Level 3 Boardroom, 73 Remuera Rd, Remuera and via Microsoft Teams
Time	9:45am to 11am

Meeting administration		Spokesperson	Action sought	Supporting material
1	Opening Karakia	Chair	-	Verbal
2	Apologies	Chair	Record apologies	Verbal
3	Quorum	Chair	A majority of directors	Verbal
4	Declaration of any conflicts of interest	Chair	For noting	Verbal
5	Minutes of the previous meeting of 25 June 2024 Board meeting	Chair	For approval	Minutes
6	Public deputations	Chair	For information	Verbal
Items for information, discussion and approval				
7	Chief Executive's report	Executive Team	For discussion	Report
8	Health, Safety and Wellness Update	Andrew Mercer	For discussion	Report
9	Review of Asset Management Committee Terms of Reference	Emma McBride	For approval	Report
Governance				
10	Asset Management Committee meeting update	Graham Darlow	For discussion	Verbal update
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

Date of next meeting	Tuesday, 6 August 2024
-----------------------------	------------------------



Karakia Timatanga (To start a meeting)

1. Whakataka te hau ki te uru

Whakataka te hau ki te tonga

Kia mākinakina ki uta

Kia mātaratara ki tai

E hī ake ana te atakura

He tio, he huka, he hau hū

Tihei mauri ora!

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



2. Tukua te wairua kia rere ki ngā taumata

Hai ārahi i ā tātou mahi

Me tā tātou whai i ngā tikanga a rātou mā

Kia mau kia ita

Kia kore ai e ngaro

Kia pupuri

Kia whakamaua

Kia tina! TINA! Hui e! TĀIKI E!

Allow one's spirit to exercise its potential

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

Take hold and preserve it

Ensure it is never lost

Hold fast.

Secure it.

Draw together! Affirm



Minutes

Board meeting	Public session
Date	25 June 2024
Venue	Watercare House, Level 3 Boardrooms, 73 Remuera Rd, Remuera and via Microsoft Teams
Time	9:03am

Attendance		
Board of Directors	Watercare staff	Guests
Julian Smith Frances Valintine Graham Darlow Frederik Cornu Via Microsoft Teams Margaret Devlin Nicola Crauford Andrew Clark	Dave Chambers (CE) Jamie Sinclair (Deputy CE) Priyan Perera (Chief Strategy and Planning Officer) Brent Evans (Acting Chief Customer Officer) Richie Waiwai (Tumuaki Rautaki ā-lwi me ngā Hononga) Emma McBride (Head of Legal and Governance) Pinaz Pithadia (Legal and Governance Advisor) Via Microsoft Teams Shayne Cunis (Chief Programme Delivery Officer) Angela Neeson (Chief Financial Officer)	Via Microsoft Teams Trudi Fava (CCO Programme Lead) Lina Jeng, student from the Equal Justice Project

1.	<p>Meeting administration</p> <p>The Chair welcomed everyone to the meeting. She noted that at the time this meeting was scheduled last year, this was going to be the very last meeting of the Board of Watercare, before Wai Tamaki ki Te Hiku was set up. This is therefore an out of cycle Board meeting and the meeting pack does not have the standard reports such as Chief Executive's report and HSW report.</p> <p>The Chair congratulated Jamie Sinclair and Angela Neeson for their appointments as Deputy Chief Executive and Chief Financial Officer, respectively.</p> <p>The Chair also congratulated Kurt Maxwell, HSW Business Partner for winning Safety Practitioner of the Year award at the annual Safeguard awards.</p> <p>The Chair recognised that this will be Frances Valentine's last Board meeting. The Chair acknowledge and thanked Frances for her contribution to Watercare during her tenure and noted that the Board formally farewelled Frances at the May public Board meeting.</p> <p>Opening karakia</p> <p>Julian Smith opened the meeting with a karakia.</p>
2.	<p>Apologies</p> <p>Cr Ken Turner sent his apologies.</p>
3.	<p>Quorum</p> <p>All directors were present at the meeting, so a quorum was established.</p>
4.	<p>Declaration of any conflicts of interest</p> <p>No conflicts of interest were noted.</p>
5.	<p>Minutes of the previous meeting of 12 June 2024 Board meeting</p> <p><i>The Board resolved that the minutes of the public session of the Board meeting held on 12 June 2024 be confirmed as true and correct.</i></p>
5.1	<p>Other matters</p> <ul style="list-style-type: none"> • A further update on the company's Anniversary Weekend Flood and Cyclone Gabrielle insurance claims will be provided at the 10 July 2024 Board meeting. • After the public session of 12 June 2024 Board meeting, the Incident Management team for the PS25 failure downgraded the incident from Level 3 incident to a Level 1 incident. There were no overflows and the temporary works were working reliably. • Regarding the recent chlorine leak at Huia Water Treatment Plant, a further update will be provided in the CE's report for 10 July 2024 Board meeting. • The Chair asked Management to extend an invitation to the Waikato District Council's Waters Governance Board ideally before the end of the calendar year.

6.	<p>Public deputations</p> <p>Lena Jeng, a student from the Equal Justice Project noted that she is attending a meeting to observe.</p> <p>Emma McBride noted that David Jackson, a member from the public may also join the meeting later today to observe.</p> <p>There were no other public deputations.</p>
7.	<p>Final draft of Watercare's Statement of Intent 2024-27</p> <p>Emma McBride introduced the report and highlighted the following:</p> <ul style="list-style-type: none"> • A word version of the Statement of Intent 2024-27 (SOI) will be shared with the Board following the Board meeting. • Auckland Council's Finance team has requested late changes to the approved SOI financials. A report will be included in the 10 July 2024 Board meeting pack seeking approval of the revised SOI financials. • In response to a query from the Chair, the CE noted that the changes requested by Auckland Council were related to subvention tax numbers. <p>The Board provided following feedback to Management on the draft SOI:</p> <ul style="list-style-type: none"> • Regarding the SOI measure on average consumption of drinking water per day per resident, the CE noted that as discussed at the 12 June 2024 Board meeting, Management is checking this calculation to ensure we are using the correct number of Auckland residents. The CE also noted that there has been a disconnect between water consumption and population as we do not update the population numbers as often as water consumption figures. Emma McBride noted that Watercare is working closely with Auckland Council on the Auckland Water Strategy to further improve and reduce per capita consumption of water. This could include rainwater tanks and smart houses etc, initiatives driven by Auckland Council. The targets for this measure will be reviewed as a part of Auckland Water Strategy. • The CE noted that Management is working with Auckland Council to progress the Group Shared Services (GSS) as much as legally possible with the CE attending fortnightly meetings and Deputy CE and Chief People Officer sitting on an interview panel. • Trudi Fava will reach out to Emma McBride post the Board meeting to discuss Auckland Council's expectations for the CCOs regarding the capital programme measures. <p><i>The Board approved the final draft of the SOI for submission to the Shareholder, Auckland Council, by 31 July 2024, and delegated to Margaret Devlin and Nicki Crauford the final sign off of:</i></p> <ul style="list-style-type: none"> • <i>the draft SOI, including incorporation of:</i> <ul style="list-style-type: none"> ◦ <i>any changes post the 25 June 2024 Board meeting, and</i> ◦ <i>the updated SOI financials, once these have been approved by the Board on 10 July 2024.</i> • <i>a cover letter to the Mayor.</i>

8.	Board planner Emma McBride noted the following: <ul style="list-style-type: none"> Once the new Board Chair has been appointed, the Board meetings for 2025 and various site visits will be scheduled, which all Board members will be welcome to attend. The Asset Management Committee meeting will be held on 2 July 2024, and the Board meeting on 10 July 2024. Watercare is scheduled to attend a deep dive session at the CCO Direction and Oversight Committee meeting of 23 July 2024. <i>The Board noted the Board planner.</i>
9.	Directors' appointment terms, committee memberships and meeting attendances <i>The Board noted the report.</i>
10.	Disclosure of Directors' and Executives' interests <i>The Board noted the report.</i>
11.	General business There was no general business. The public session closed at 9:30am.

CERTIFIED AS A TRUE AND CORRECT RECORD

.....
Margaret Devlin, Chair

Chief Executive's report

Presented by: Dave Chambers



1. May 2024

May was a big month for our infrastructure programme in terms of project milestones and delivery:

- Our new \$22.5 million wastewater pump station at Mairangi Bay went into service. It can handle flows of up to 625 litres per second, double that of the old pump station now being demolished on Sidmouth Street. The increased pumping capacity and the pump station's integrated storage wet well of 230,000 litres will play a major role in significantly reducing the number of wet weather overflows into the bay.
- We increased our flood recovery efforts out west, doubling the number of crews working on flood and cyclone recovery works around the Waitākere dams to deliver crucial repairs before winter. Work completed includes retaining walls to protect the Upper Nihotupu and Upper Huia raw watermain from landslips, clearing away more than 20 landslips, as well as building back many of the pipe bridges, culverts and retaining walls lost in the severe weather events to a more resilient standard.
- Our Maintenance Network Services (MSN) team completed a watermain renewals project in Spring St, Onehunga completely in-house – saving more than \$120k. The residents of Spring Street in Onehunga had previously experienced ongoing issues with leaks and bursts. MSN's project lead and team supervisors identified people with the right skills and qualifications who could step into the shoes of outside contractors in areas like traffic management and operating the hydro-excavation unit – leading to cost savings.
- We received confirmation on the extension of the Central Interceptor tunnel to Point Erin, which we received the consent for last year. Healthy Waters will co-fund the project with us. Once the extension is complete and connected to the Herne Bay Trunk Sewer (which is planned to be upgraded), wet-weather flows will be carried to the Māngere Wastewater Treatment Plant instead of overflowing into the waterways and beaches in heavy rain.

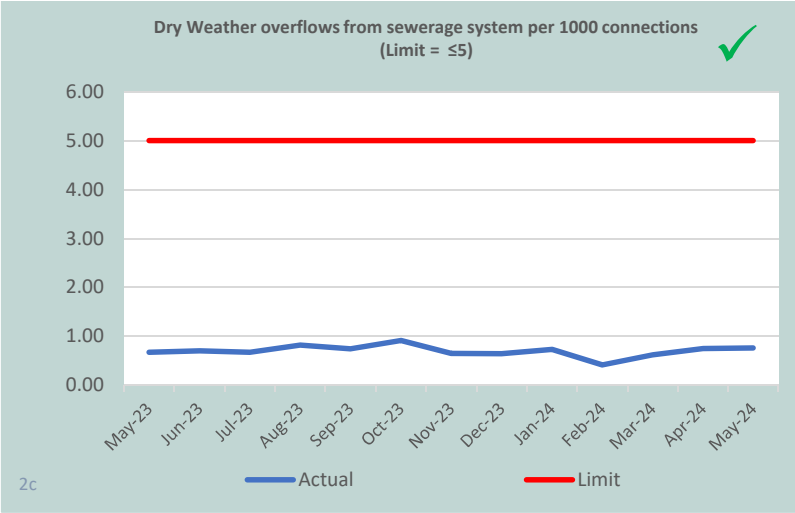
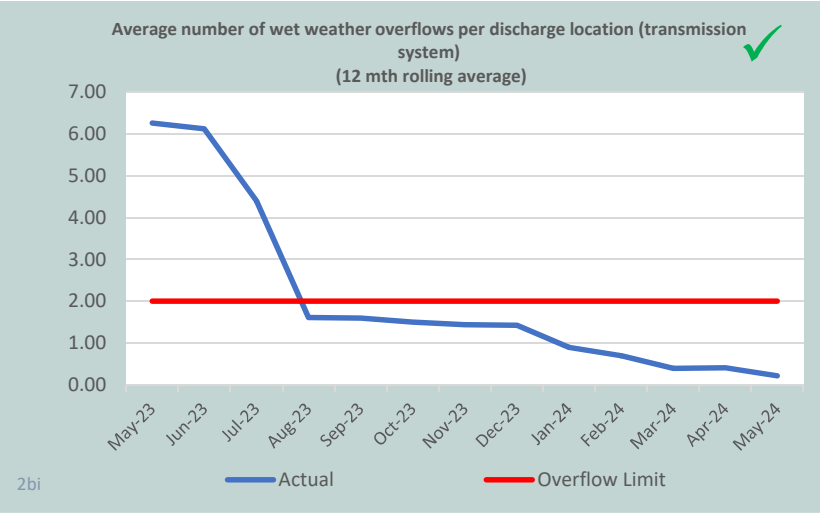
More recently in June, Watercare HSW business partner Kurt Maxwell emerged as the safety practitioner of the year at the annual Safeguard awards. Kurt was nominated for the practitioner award for his work in introducing and leading Safety 2 at Watercare. Safety 2 is the evolution of safety from compliance to culture – focusing on people as a valuable resource in identifying and managing safety. Kurt has helped to roll out Human and Organisational Performance (HOP) principles, learning teams, human factors investigations across the business, virtual tour bus updates to our board on critical risks as well as the bi-monthly business-wide HSW update. This award is a further recognition of the evolution of HSW thinking not just at Watercare, but across industries.

2. Key performance measures

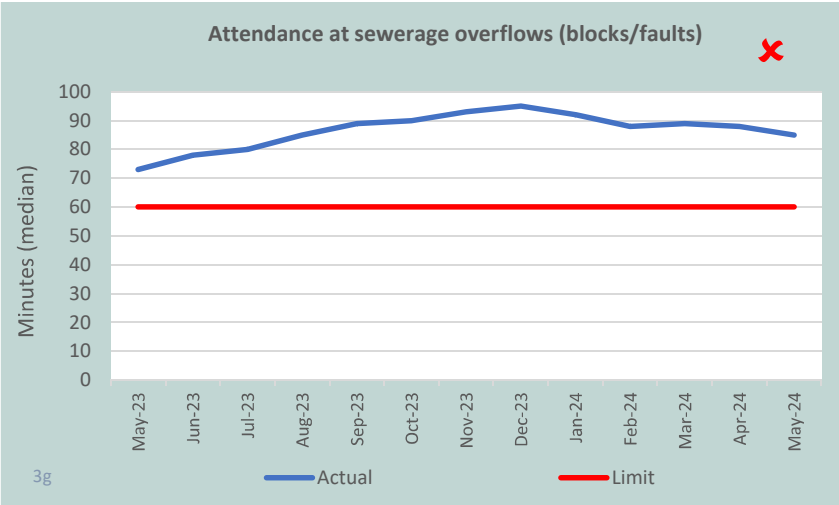
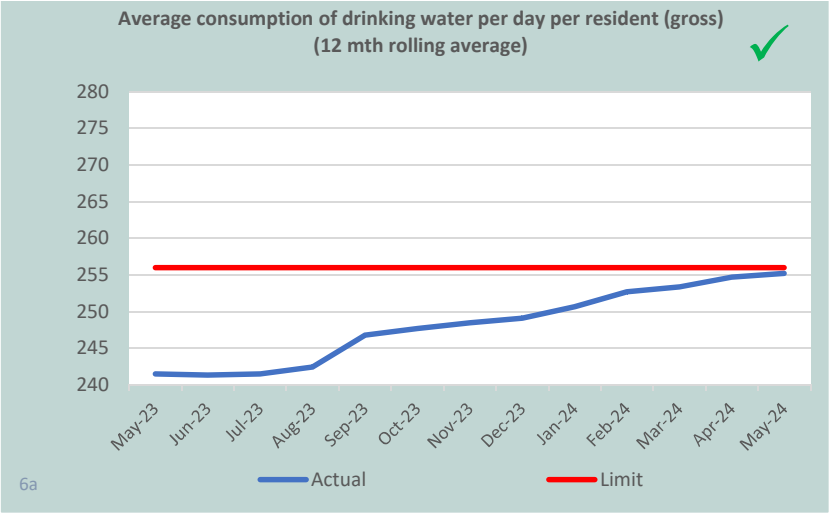
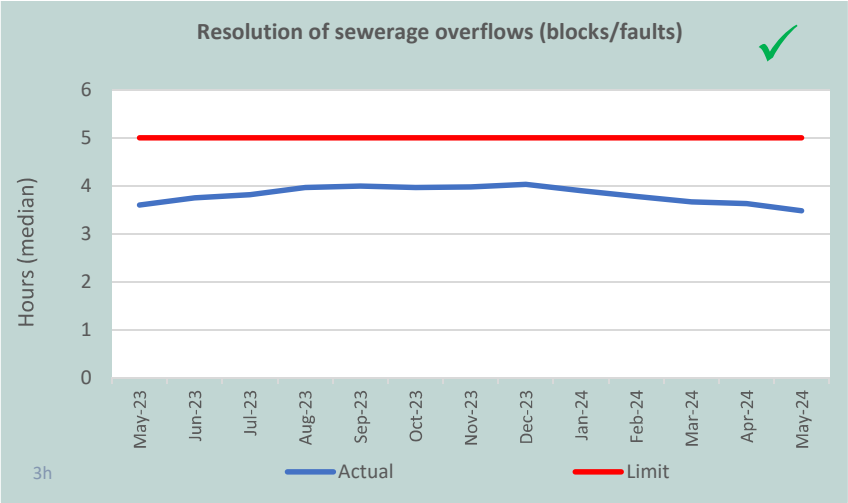
2.1 May 2024 performance

Watercare’s performance against the current Statement of Intent (SOI) measures for May 2024 is set out below.

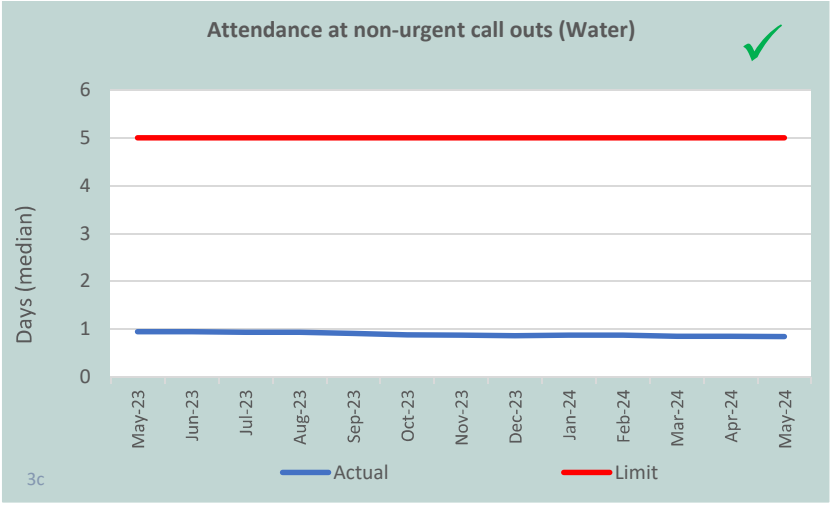
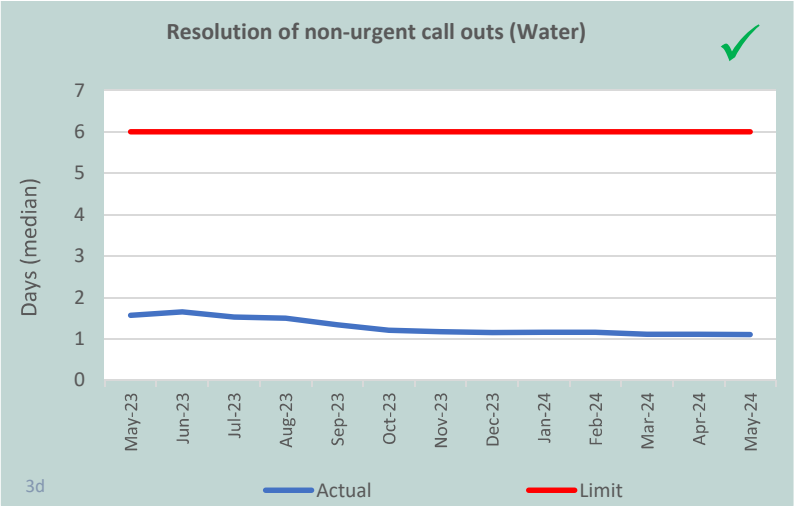
SOI measures — Natural Environment

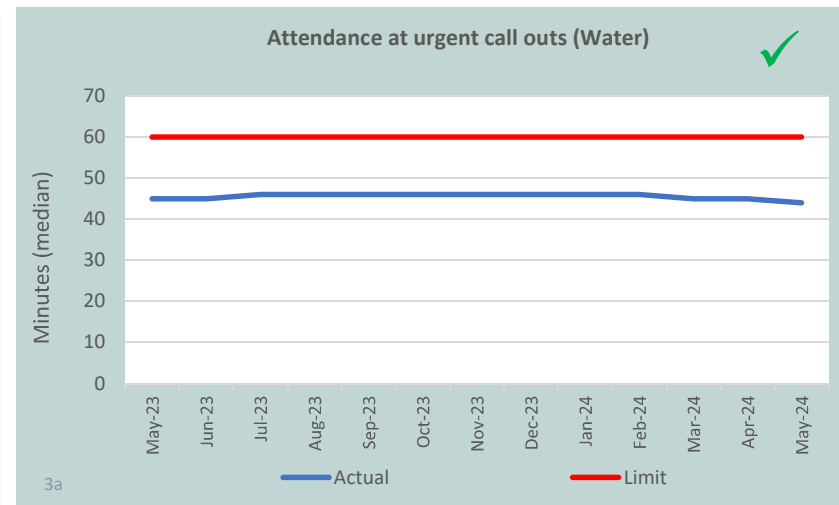
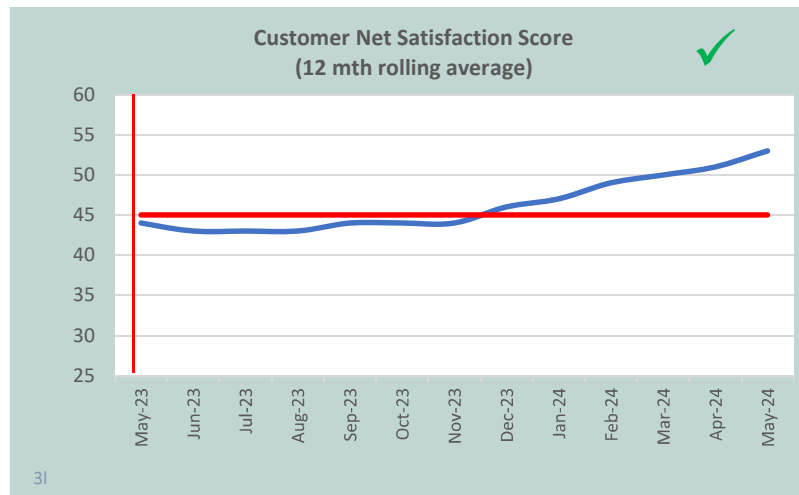


SOI measures — Community and Stakeholder Relationships



SOI measures — Community and Stakeholder Relationships



**Watercare performance measures (unaudited)**

No.	Measure	FY24 Target	Actual			Commentary
			May 2024	April 2024	March 2024	
1.	Total recordable injury frequency rate (TRIFR) per million hours worked (12-month rolling average).	<10	22.72	23.29	24.40	An independent review was commissioned in the second half of 2023. Management has accepted the findings of the review and are developing an action plan to implement these findings. Part of this will include the development of a new metrics for HSW which is complement the more traditional TRIFR lag indicator. The review acknowledges that TRIFR alone is no longer considered as useful measure of safety performance

No.	Measure	FY24 Target	Actual			Commentary
			May 2024	April 2024	March 2024	
2.	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:					<i>Note the assumption is that abatement notices received relates to new notices issued in the financial year.</i>
	a) abatement notices	≤2	0	0	0	
	b) infringement notices	≤2	0	0	0	
	c) enforcement orders	≤2	0	0	0	
	d) convictions	0	0	0	0	
	received by the territorial authority in relation to those resource consents.					
3.	The average consumption of drinking water per day per resident within the territorial authority district (*litres plus/minus 2.5%) (12-month rolling average).	256 litres	255.20	254.70	253.40	Further update provided at section 2.2 set out below.
4.	The extent to which the local authority's drinking water supply complies with part 4 of the drinking water standards (bacteria compliance criteria).	100%	Superseded	Superseded	Superseded	These two DIA Measures have been superseded by eight new Taumata Arowai Water Quality Assurance Rules (refer to items A to H below). For audit purposes, we will stop reporting against these two DIA measures (which have been superseded) and start reporting against the eight new Taumata Arowai rules set out below.
5.	The extent to which the local authority's drinking water supply complies with part 5 of the drinking water standards (protozoal compliance criteria).	100%	Superseded	Superseded	Superseded	
A	Compliance with Taumata Arowai Quality Assurance Rules T3 – Bacterial water quality . The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3.	100%	100%	100%	100%	
B	Compliance with Taumata Arowai Quality Assurance Rules T3 – Protozoal water quality .	100%	100%	100%	100%	

No.	Measure	FY24 Target	Actual			Commentary
			May 2024	April 2024	March 2024	
	The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3.					
C	Compliance with Taumata Arowai Quality Assurance Rules T3 – Chemical water quality . The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3.	100%	100%	100%	100%	
D	Compliance with Taumata Arowai Quality Assurance Rules T3 – Cyanotoxins water quality . The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules T3.	100%	100%	100%	100%	
E	Compliance with Taumata Arowai Quality Assurance Rules D3 – Residual disinfection (chlorine) water quality . The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3.	100%	90%	95%	90%	Out of 40 distribution zones, four distribution zones did not achieve the residual disinfection compliance. Proactive network flushing has been implemented whilst long term solutions are being implemented.
F	Compliance with Taumata Arowai Quality Assurance Rules D3 – Microbiological water quality . The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3.	100%	100%	100%	100%	
G	Compliance with Taumata Arowai Quality Assurance Rules D3 – Disinfection by-products water quality . The extent to which the local authority's drinking water supply complies	100%	100%	100%	100%	

No.	Measure	FY24 Target	Actual			Commentary
			May 2024	April 2024	March 2024	
	with Drinking Water Quality Assurance Rules D3.					
H	Compliance with Taumata Arowai Quality Assurance Rules D3 – Plumbosolvent metals water quality . The extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules D3.	100%	100%	100%	100%	
6.	Median response time for attendance for urgent water callouts: from the time that the local authority receives notification to the time that service personnel reach the site (minutes) (12-month rolling average)	≤ 60 mins	44	45	45	
7.	Median response time for resolution of urgent callouts: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (hours)(water, 12-month rolling average).	≤ 5 hours	3.96	4.12	4.20	
8.	Median response time for attendance for non-urgent water call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (days) (12-month rolling average).	≤ 5 days	0.85	0.86	0.86	
9.	Median response time for resolution of non-urgent water call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (days) (12-month rolling average).	≤ 6 days	1.10	1.11	1.11	

No.	Measure	FY24 Target	Actual			Commentary
			May 2024	April 2024	March 2024	
10.	The total number of complaints received by the local authority about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply f) the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system (12-month rolling average).	≤ 10	7.79	7.69	7.47	
11.	Attendance at sewerage overflows resulting from blockages or other faults: median response time for attendance – from the time that the territorial authority receives notification to the time that service personnel reach the site (minutes) (12-month rolling average).	≤ 60 mins	85	88	89	Overflows are triaged as a P1 or P2 response. P1s have a one hour response target and P2s have a four hours response target. Accordingly, if we meet these responses, we will not meet the 60 minute attendance set by this KPI. It is noted that the resolution of faults has been achieved within the KPI timeframe.
12.	Attendance at sewerage overflows resulting from blockages or other faults: median response time for resolution – from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault (hours) 12-month rolling average.	≤ 5 hours	3.48	3.63	3.67	
13.	The total number of complaints received by the territorial authority about any of the following: a) sewerage odour	≤ 50	19.29	19.96	19.83	

No.	Measure	FY24 Target	Actual			Commentary
			May 2024	April 2024	March 2024	
	b) sewerage system faults c) sewerage system blockages d) Watercare's response to issues with its sewerage system expressed per 1000 connections to the territorial authority's sewerage system (12-month rolling average).					
14.	The percentage of real water loss from the territorial authority's networked reticulation system (12-month rolling average).	≤13%	10.87% (January 2024)*	9.85% (December 2023)*	9.12% (November 2023)*	The water losses in this measure are calculated by deducting the volume of water sold and unbilled water usage (or non-revenue water) from the total volume of water produced. The drop in leakage is due to meter reads from the winter periods being higher for November and consumption data has been due to meter reading lag. We anticipate this will even out across the 12 month rolling values and likely return to an average of 11% in the next quarter. <i>*Water loss result is with 95% confidence limits of +/- 10%.</i>
15.	The number of dry-weather overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system (12-month rolling average).	≤ 5	0.76	0.75	0.62	The February data of 0.41 was shown to be an error and should be 0.70. The data received in February was only for 16 days. However, it was averaged over 29 days leading to the lower figure. The revised figure is generally in line with the trend over the last six months.
16.	Adherence to all of DIA's non-financial service performance measures.	100%	92.86%	92.86%	92.86%	Out of 12 DIA measures, 11 measures were met, and one measure (item 11) was not met.

No.	Measure	FY24 Target	Actual			Commentary
			May 2024	April 2024	March 2024	
17.	Average number of wet weather overflows per engineered overflow point per discharge location (12-month rolling average).	≤ 2 overflows per year	0.22	0.41	0.40	
18.	Leakage performance – litres/connection/day (l/c/d) (plus/minus 5%).	107.9 l/c/d	107.5	97.8	90.20	<p>Watercare has set an aspirational target for economic level of leakage (ELL) at 107.9 l/c/d.</p> <p>The ELL is the point at which the cost of producing water is equivalent to the cost of the efforts to keep leakage at those levels through a combination of leakage repairs, managing water pressure and renewal of watermains.</p> <p>The aim is to achieve an ELL at or close to the target.</p> <p>The leakage was lower due to the wetter ground conditions in 2023 which resulted in lower-than-average breaks, this is now returning to normal moisture levels with the leakage levels reflecting this.</p>

No.	Measure	FY24 Target	Actual			Commentary
			May 2024	April 2024	March 2024	
19.	Deliver capital programme in line with the asset management plan baseline approved by the Board.	80% of projects are in service within approved time and 80% of projects are delivered within approved budget.	38% of projects (5 out of 13) were in service within approved time@. 100% (8/8) of completed projects have been delivered within the approved budget.*	42% of projects (5 out of 12) were in service within approved time@. 100% (9/9) of completed projects have been delivered within the approved budget. *	42% of projects (5 out of 12) were in service within approved time. 100% (9/9) of completed projects have been delivered within the approved budget. *	<p>5/13 projects have been delivered on time in the year to May: Snells Algies WTP Filters replacement, 2. New Lynn Pump Station Upgrade; 3. Quinns Bridge & Upper Nihotupu Raw Watermain, 4. Walmsley Road BSP Upgrade, 5. DWOAB Compliance Instrumentation upgrade – Stage 2.</p> <p>8/13 projects were not delivered on time: 1. WWT TARP Panmure Basin Rising Main, 2. Waikato 175MLD Expansion Stage Ultimate, 3. TARP East Coast Bays RM, 4. WA Seismic and Safety Upgrades, 5. WW Seismic and Safety Upgrades, 6. STHUI Turbidity Instrument Replacement, 7. WWT TARP Lake Northcote PS, 8 STARD Fire Alarm System upgrade.</p> <p>8/8 Projects have been delivered within cost in the year to May: 1. STHUI Turbidity Instrument Replacement 2. Snells Algies WTP Filters replacement, 3. WA Seismic and Safety Upgrades, 4. WW Seismic and Safety Upgrades, 5. New Lynn Pump Station Upgrade; 6. Quinns Bridge & Upper Nihotupu Raw Watermain, 7. Walmsley Road BSP Upgrade, 8. DWQAB Compliance Instrumentation upgrade – Stage</p> <p>*We can only determine achievement to budget once projects are in service.</p>
20.	Reactive maintenance spend v's proactive renewals spend.	Establish a methodology on how this should be measured to demonstrate resilience	On track – annual target	On track – annual target	On track – annual target	A methodology was discussed and agreed at the 9 April 2024 Board meeting. Development of appropriate 6-monthly targets / trajectory is underway. An initial view of the metrics was provided in the final draft SOI document.

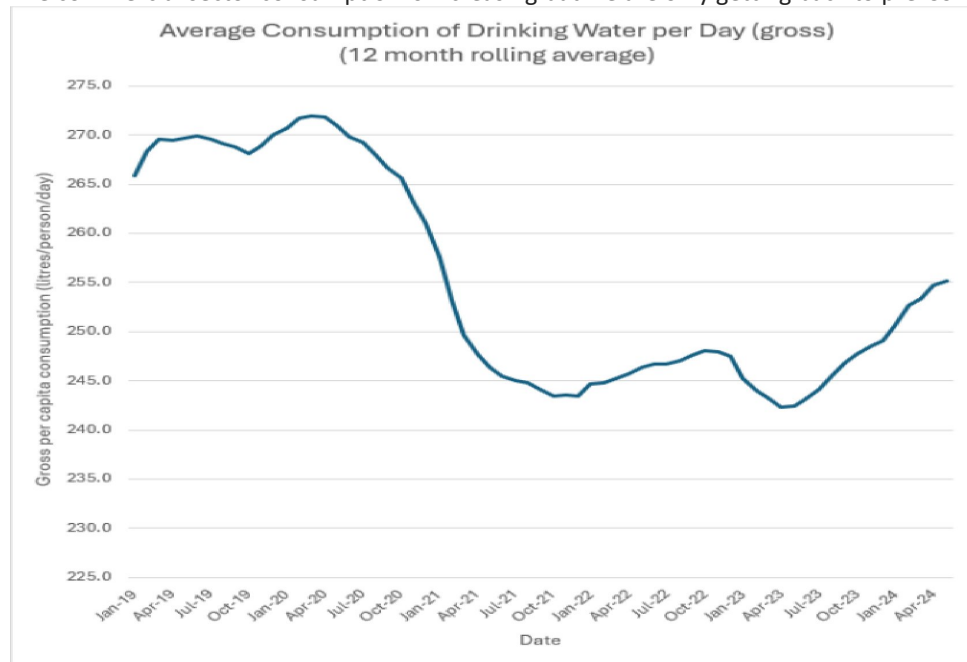
No.	Measure	FY24 Target	Actual			Commentary
			May 2024	April 2024	March 2024	
		within the network.				
21.	Controllable Cost target.	\$396m	YTD actuals \$390.0m against the target of \$364.0m	YTD actuals \$355.0m against the target of \$331.2m	YTD actuals \$317.6m against the target of \$299.4m	Flood management (\$12.7m), OMS Incident (\$7.7m) and reform costs (\$3.3m) have all contributed to the higher costs incurred May YTD. Reform costs have been offset by increased revenue and it is anticipated that the flood management costs will be recovered by an insurance claim in FY25. Costs on an ongoing basis excluding the items above are YTD \$2.2m above budget.
22.	Debt to revenue ratio.	≤3.35	3.62 (within the approved limit)	3.63 (within the approved limit)	3.66 (within the approved limit)	The Ōrākei Sewer Main break, delay in insurance revenue for the flood events and CI escalation have placed pressure on our cash position. This ratio reflects increased borrowings for FY24 and is within the approved limit.
23.	Percentage of household expenditure on water supply services relative to average household income.	< 1.5%	0.81%	0.84%	0.86%	
24.	Ratio of procurement sourced through Māori owned businesses.	3%	2.12%	2.17%	2.19%	Direct 0.90% and Indirect 1.22%. Total Māori business spend for FY24 is \$23.94m (\$10.08m Direct, \$13.63m Indirect). We have 115 active Māori suppliers out of a total of 2008 active suppliers (5.72% of active suppliers). We have matched last year's spend with a month left in FY24 and are projecting 15% increase in the full year.
25.	Percentage of customer complaints resolved within ten days of notification.	≥95%	99.40%	99.37%	99.28%	

No.	Measure	FY24 Target	Actual			Commentary
			May 2024	April 2024	March 2024	
26.	Customer Net Satisfaction Score (Previously Net promoter score).	≥45	53	51	50	
27.	Community trust score.	≥55	61	61	61	
28.	We will implement Mitigation measures in line with our emissions reduction targets scope 1 and 2) (Quarterly measure). <i>Note: these targets exclude emissions from Puketutu island as our current measurement methodology does not provide enough accuracy for a performance target. Actions to directly monitor emissions from this source as well as reduce them are being delivered and future SOI's will include these numbers.</i>	<89,200 tonnes CO ₂ e	-	-	45,100	Q3 performance is ahead of target. Data is unverified and excludes solids waste from wastewater processes at smaller plants. The largest reduction is in electricity emissions (down 71%) due to ecotricity offset and reduced consumption.
29.	Adherence to the Service Level Agreement with Council (10 working days) for Watercare to provide specialist input into resource consents (3 months rolling average).	90%	89.96%	89.73%	92.02%	The team has some vacancies at the moment, and is also dealing with some complex reviews within areas of constraint. Together, these factors have resulted in a slightly longer processing time. The team is in the process of actively recruiting new members.

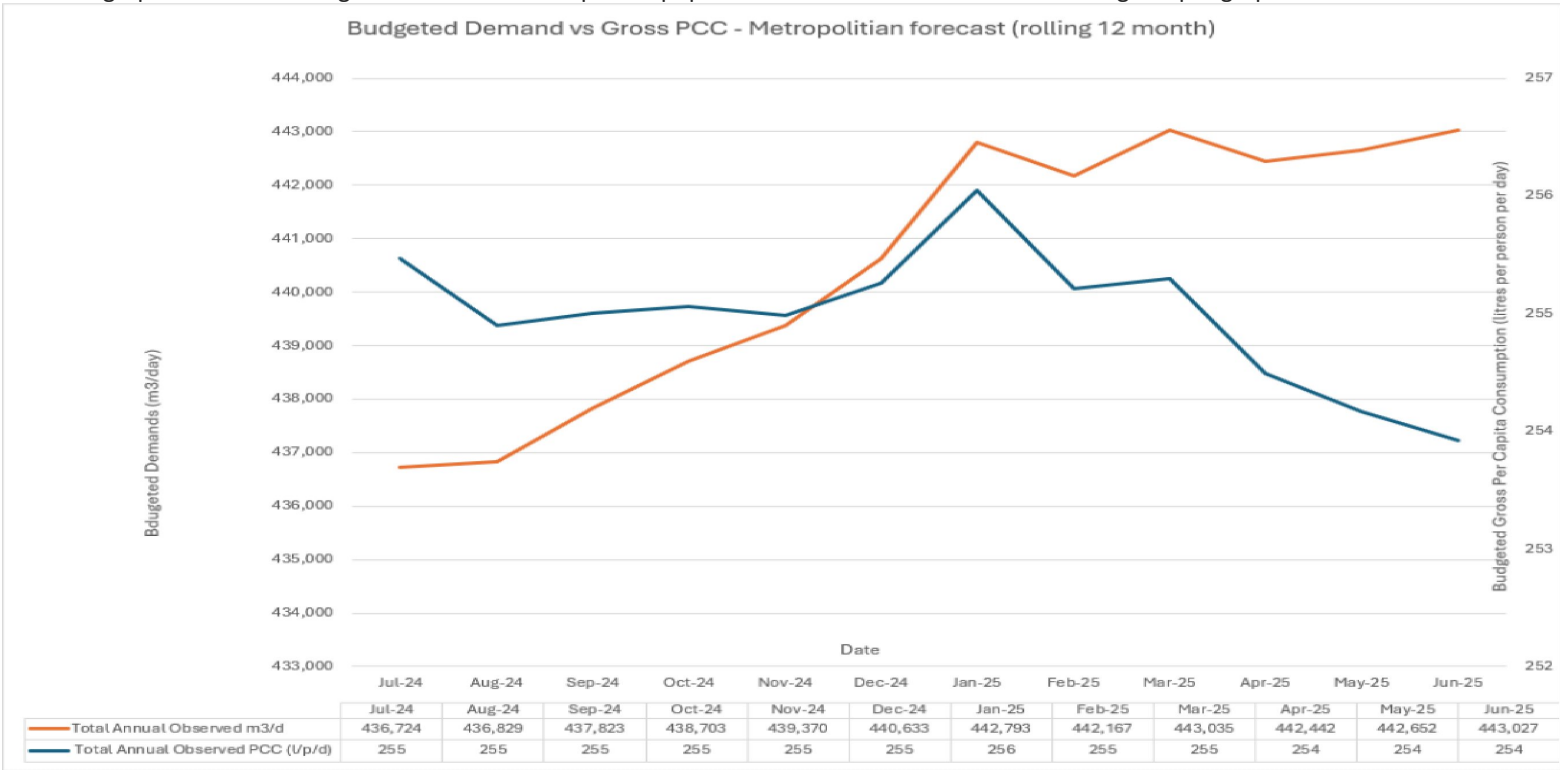
2.2 Budgeted Demand vs Gross PCC – Metropolitan forecast

- Over a five-year trend, there has been a large reduction in the gross per capita consumption (gross pcc) (item 3 in the table above) from over 270 litres per person per day (l/p/d) in 2019/2020, to approximately 255 l/p/d today (see gross pcc graph below).
- There have been several factors involved in this reduction including:
 - Impact of the Covid-19 pandemic driving a reduction in water consumption with a change in how people worked, reduction in tourism and reduction in commercial industries.
 - Impact of the 2020/2021 drought driving a reduction in water consumption with water education of our customers, improved water conservation behaviours (domestic and non-domestic), efficiency campaigns, enhanced leak detection, and system pressure management.
- From about 2022, we start seeing an increase in the gross pcc. However, the gross pcc dropped once again with the first half of 2023 as it was extremely wet including the Auckland Anniversary Weekend Floods and Cyclone Gabrielle incidents.
- From about mid-2023, the trend we are seeing is an increase in demand being driven from an increase in domestic consumption. This is related to an increase in net migration.

- The commercial sector consumption is increasing but we are only getting back to pre-Covid-19 levels.



- We have graphed the FY25 budgeted demands and expected population forecast to derive a forecasted gross pcc graph below.



3. Our people and customers

3.1 Our people

Our Watercare whānau got behind a worthy cause in May and held a home-baking fundraiser to raise awareness and funds for Breast Cancer. Organised by our Atā women's network, our team contributed a range of baked goods for purchasing on the day. Watercare has supported the Breast Cancer Foundation for a number of years now and this year's efforts saw an impressive selection on offer from our bakers and a large number of team members turning out to purchase goods on the day. Raising over \$1,600 on the day, people could also make donations to the foundation directly and overall, we were greatly impressed by the generosity of our team as a result of this event.

Recognising that our team value learning about parts of our business they may not always spend time in, one of our graduate engineers and members of our communications team came up with the idea to arrange a schedule of informative and guided staff tours of our Māngere Wastewater treatment plant. The tours were open to all team members and the aim was to connect people with the heart of our business to understand how the work they do contributes to us providing our essential services to the people of Tāmaki Makaurau.

Finally, we are proud to announce that we are a confirmed finalist for the Diversity Works NZ Diversity Awards this year in the Inclusive Workplace category for our company-wide efforts towards building Neurodiversity awareness and inclusion. With up to 20% of the population estimated to identify as Neurodivergent, we want to make sure everyone can be themselves at work, access opportunities, and overcome any barriers when working at Watercare. The endeavours which are part of this year's entry will help us tap into the potential Neurodiversity brings to our business and we look forward to celebrating with other finalists on the 28th of August when the winners will be announced.

Our People dashboards for the month are included. Metrics show May turnover continued the downward trend to 10.30% from 10.92% and rolling sick leave remained stable and typical for this time of the year.

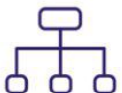
Workforce Summary

May 2024



Employment status

- May's headcount, while increasing very slightly on April (up 4), has remained relatively stable across the period.
- No incremental change for the quarter in FTE hours split between CAPEX/OPEX.
- Concerted effort in the contractor allocations has seen the number reported drop as data cleansing takes effect to reduce discrepancies, in turn this is providing us with more valuable information on what positions within the organisation are essential and how our workforce is structured.
- Contractors overall are still decreasing, down 3 to 202. Tenure >1yr remains same as previous month circa 65% and it would be worth overlaying contractor type of cover with tenure to see if this is related to roles considered necessary to organisational structure (headcount impact).
- Voluntary turnover continues downward trend, with April reporting 10.92% and for the month of **May we see a decrease of 0.62% to 10.30%.**



Leave & liability

- Leave liability is slowly but steadily increasing month on month to numbers previously seen prior to Christmas, **May \$9.92m** up \$260K V April at **\$9.66m (which was only a \$90K increase on previous month).**
- Units per person reflect this jump in cost also – now sitting at 140.14/person, up 4.14hrs/person on previous month.
- As per previous month, the increases in leave liability need to be considered in conjunction with steadily increasing **long service leave liability, up \$0.04m on April to \$3.08m for May.**
- We are continuing to see a steady decline month on month in the number of employees with **aged leave balances >2+yrs** – down 5 on last month to 90 for May and of those, 60 **have >160hrs outstanding** (less requested).
- Sick leave rolling continues to remain stable at 3.18% and track towards similar level as the end of last financial year.



Demographics

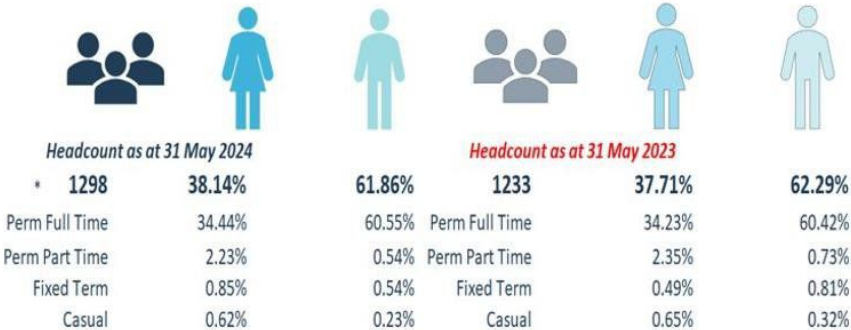
- As we see with our gender ratio month on month, we've seesawed again with May seeing female rise to 38.14%.
- Hires 12 month rolling average for female remains neutral (45.72%) and attrition for the same period is slightly higher as per previous trends at 44.91%, down slightly on previous.
- Māori representation has been maintained for May at 5.01%.
- Due to continued low voluntary turnover, no changes have occurred across either age or tenure demographics this month, with age group split remaining circa 50/50 across under 40/over 40 groups and no changes of note across our gender distribution by tier.



Talent Acquisition & Retention

- Average workdays to hire dropped this month, down from 62.19 for April to 47.20 for May.
- Hires continue to track steadily month on month, 30 in May and total vacancies created 25, current open vacancies also in line with previous months reporting at 48 for this month.
- Of those hires, 40% were female, 56.67% male and 3.33% other.
- New versus replacement roles for the 30 were 26.67% and 73.33% respectively, and comparative to previous month also.
- Internal movement for May account for 50% of the total hires made!
- Diversity statistics; **none of the hires in May identified as Māori.**
- There were 15 leavers in May, of those 60% were female.

Headcount & Demographics
– May 2024



Gender Breakdown

	♂	♀
Board	40%	60%
Executive	86%	14%

*Contractors and Directors are excluded. Long term leave and parental leave employees are included.
** Waikato employees are included in the overall snapshot above.



Current FTE 1279.29
(+ 4 on previous month)



Starters, Leavers & Turnover
– May 2024

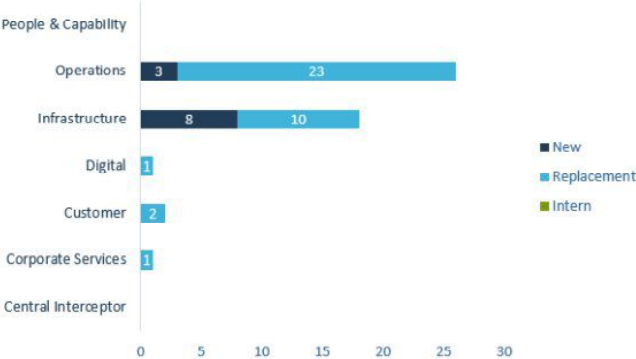


Includes permanent and fixed term employees only. Casuals, contractors & interns are excluded.

Average 12 mos Rolling: Headcount V % Voluntary Turnover



Vacancies - New/Replacement/Intern



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

Only Permanent employees (full time and part time) are included in the data.



Leave Liability & Sick leave – May 2024

Permanent full-time, permanent part-time, and fixed-term employees are included in this snapshot.

As of 31 May 2024, total annual leave liability has continued to climb - \$9.92m compared to \$9.66m in the previous month.

Long service leave liability has also increased slightly to \$3.08m after remaining relatively stable at \$2.9m over the last few months.

In April, 136 was the average leave liability units (hours) per person, this has increased for May to 140.14 hours, surpassing the target of 120 but still meeting the interim goal of 160.

Total Sick Leave by Month V 12mos Rolling & Target



Annual Leave Liability (\$ Value)



3.2 Our customers

We are excited to announce the launch of our new website and My Account self-service portal, designed to provide an intuitive and enhanced customer experience. These improvements are the result of extensive co-design sessions with various customer segments, including homeowners, tenants, and property managers. By understanding the insights from these customer segments, we were able to create a segmented journey on the website, delivering relevant information tailored to whether our users are residential customers, business owners, property managers, developers, or solicitors.




Our insights into the most frequent interactions of each customer segment have informed the design of the self-service portal, making it easier for users to complete their transactions. This has significantly improved the experience for property managers, who can now efficiently manage between 50 and over 1,000 accounts. Since property managers are among our most frequent contacts at the contact centre, enhancing their self-service experience will help us drive more interactions to efficient self-service channels.









Overall, our new website and My Account portal represent a significant leap forward in providing a seamless and personalised customer experience. Early feedback from property managers has been positive.



4. Our operations

4.1 Ōrākei main sewer (OMS) project

The progress with the recommendations from the OMS failure analysis report is shown in the table below:

WSP recommendations in the OMS failure Analysis report		Watercare response to recommendations	Status
1	It is recommended Watercare continue to inspect transmission sewers every 5 years using CCTV and Laser and Sonar profiling with inspections being undertaken on tighter frequencies on pipelines where there are concerns about the condition.	The OMS was surveyed in the first two weeks of April. Survey Work will now commence on the other interceptors. Analysis of the survey is underway.	
2	In addition, it is recommended to undertake condition inspections after events that could trigger rapid decline in condition e.g. after large storm events.	Agreed. This will be implemented as required.	
3	Improve the quality and resolution of the CCTV inspections to provide a clearer view of the pipe wall and aid the identification of faults	The enhanced CCTV camera needed for this work is not currently in New Zealand. This will be used in the next round of CCTV inspections.	

WSP recommendations in the OMS failure Analysis report		Watercare response to recommendations	Status
4	Reinstate cleaning the OMS using the plough or alternative cleaning systems that meets with current health and safety requirements.	Trial of new "high volume flushing methodology" presented by TDG to be trialed in the summer of 2024	
5	Produce detailed CCTV log sheets to record impactions and assign condition grades using a system suitable for brick pipelines.	This work has been included in the scope of the current inspection round.	
6	Change standard practise so that laser and sonar profiles are analysed for all inspections	This work has been included in the scope of the current inspection round.	
7	Compare laser profiling against previous inspections to determine the extent and severity of corrosion that could trigger a renewal.	The surveys have been completed on the OMS. We are currently awaiting the completion of the survey results before comparing with the prior results. Comparing the rate of change between surveys will determine next steps.	
8	It is recommended that Watercare continue with a risk-based approach to the management of assets however it is recommended that Watercare develop guidance documents to detail these process and procedure and ensure decision making is recorded.	Included in the scope of the Transmission sewer renewals strategy due to be delivered on 1 July 2024.	
9	Watercare should update process for determining the criticality of asset to include all factors that could impact the consequence of failure ie is the pipe under a building	Included in the scope of the Transmission sewer renewals strategy due to be delivered on 1 July 2024.	
10	Develop a condition assessment strategy that specifies the techniques that should be used for condition inspections, the timing of inspections and how the data should be recorded, analysed and stored.	Included in the scope of the Transmission sewer renewals strategy due to be delivered on 1 July 2024.	
11	Document a renewals intervention strategy that specifies the repairs and renewals to be undertaken and the urgency for undertaking the works based on the condition and the consequence of failure.	Included in the scope of the Transmission sewer renewals strategy due to be delivered on 1 July 2024.	

WSP recommendations in the OMS failure Analysis report		Watercare response to recommendations	Status
12	Consider undertaking structural analysis of block and brick-built sewers using finite analysis to improve the assessment of likelihood of failure and to set trigger levels for intervention.	This activity will be planned to follow the receipt of data from the latest condition assessment investigations.	
13	Develop a prioritised list of Transmission Sewer renewals and the triggers set out in the renewal intervention strategy.	Included in the scope of the Transmission sewer renewals strategy due to be delivered on 1 July 2024.	



Completed



Underway/Not due yet



Not on target

4.2 An update from the Incident Management team for the PS25 failure

After the public session of 12 June 2024 Board meeting, the Incident Management team for the PS25 failure downgraded the incident from Level 3 incident to a Level 1 incident. There were no overflows and the temporary works were working reliably. Management's response to the Board's queries is set out below.

An assessment of the quantum of the overflows and impacts

During the overflow PS 25 overflowed for approximately 18.5 hours with an estimated volume of 13,500m³ discharged. A significant volume of wastewater was stored in the Swanson Storage Tank minimising some impact. The discharge points were to the upper reaches of the Whau River and the Henderson Creek where there is limited tidal flushing and dead fish were observed on the banks of the Whau. There was a period of heavy rain overnight on 9 June 2024 that provided good flushing of the watercourse where the overflows occurred.

In accordance with Watercare's standard operating procedures all overflow sites were cleaned and debris removed from the banks adjacent to the discharge locations.

A risk assessment on keeping the pump station running until connecting to the Central Interceptor (CI)

A list of actions was identified after the event to ensure the PS25 keeps operating until the CI is commissioned in December 2024. A summary of the actions and progress is shown below:

- Pump 2 overhaul – the pump has been removed and delivered to A1 Pumps Limited for the overhaul. The pump will be reinstalled on 8 July 2024.
- VSD 2 replacement – the replacement VSD has arrived and will be installed on 26 June 2024.
- Dry well sump pump replacement – this work has been completed.

- Condition assessment of all valves and penstocks in the PS to assess operability.
- A condition assessment has been completed and the works identified include the following: an overhaul of pump one; a detailed pipe thickness testing assessment of all the rising main pipework in the dry well; manufacture of blanking plates for in lieu of Penstocks; and a review of the on-site lifting equipment.

4.3 Taumata Arowai Annual Report 2023

Taumata Arowai published their independent water services insights and performance suite of reports on 27 June 2024. The reports provide an overview of the performance of drinking water, wastewater and stormwater networks in New Zealand.

The format of the reporting takes a high-level commentary approach rather than being specific to any particular water utility. Although this is Taumata Arowai's third annual report, it is the first report to include information relating to performance and compliance with the Drinking Water Quality Assurance Rules.

Points of interest for Watercare include the following:

[Drinking Water Regulation report](#)

Page 28: Notifications of maximum acceptable value (MAV) exceedance – E. coli.

E.coli notifications are presented on a regional map of New Zealand rather than being supply specific. There are 30 notifications of bacterial exceedances for the wider Auckland Region. These 30 notifications are across 237 registered supplies across the Auckland Region. These include Watercare's positive E.coli at the Warkworth Wells Water Treatment Plant (WTP) in January 2023. This was investigated at the time and assessed to be no risk to public health and most likely caused by environmental contamination during sample collection.

Page 31: Notifications of MAV exceedance – Chemical

16 chemical notifications for the wider Auckland Region presented in map format. This includes Watercare's trihalomethane (THM) exceedance in the Helensville distribution zone with a ratio of 1.2 in February 2023 (the MAV ratio is 1 and relates to a life-time exposure). This was investigated at the time and a proactive flushing and reservoir turnover programme enacted. Water age modelling is being undertaken to inform options for improvement moving forward.

Page 78: Source water lead samples – Lead

This is the only part of the report where there is specific reference to Watercare with regards to two samples. The table only mentions the supply name (Auckland / Helensville), rather than the source sample point. Both of these samples were taken from the raw water source, not the treated water source.

- Sample collected on 15/03/2023 exceeded 50% of the MAV from Cosseys Dam Valve Tower – 30m.
- Sample collected on 16/02/2023 exceeded 50% of the MAV from Helensville Dam 1 Delivery Line.

Treated drinking water samples are collected at both Ardmore WTP (where the Cosseys dams flows to) and Helensville WTP (where the Helensville dam flows to) and tested for lead, every month.

The water treatment process removes lead bound up in naturally occurring source water sediments. All treated drinking water lead sample results are below 25% of the lead MAV.

[Performance Summary of the Water Services Sector Report](#)

Page 19: Notifications of maximum allowable value (MAV) exceedance – E. coli in regional map format (details as per above).

Page 21: Notifications of MAV exceedance – Chemical in regional map format (details as per above).

[Network Environmental Performance Report 2022/23](#)

Page 47: Watercare is cited for a short case study in relation to the Ōrākei Main Sewer failure and associated sink hole. The report notes that the *“sinkhole was not an isolated incident, as Watercare dealt with up to 30 sinkholes in Auckland linked to rainfall events in 2023”*.

Note, the Ōrākei Main Sewer suffered one large sinkhole. The ~30 other sinkholes were much smaller in nature and spread across Auckland, and across the calendar year due to the severe weather events. They related to both water and wastewater assets and seldom resulted in any overflow.

4.4 Water quality

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

Residual disinfection compliance was 90% for the month of May with four distribution zones not compliant.

85% of free available chlorine (FAC) samples in a month must be >0.20mg/L in each distribution network zone, with no results <0.1mg/L. This was not achieved in the Montana, Onehunga and Swanson zones where 1 sample was <0.1mg/L FAC, and High Head zone with 2 samples <0.1mg/L FAC. Proactive network flushing has been implemented in the short term to improve turnover, whilst medium to long term solutions are being implemented.

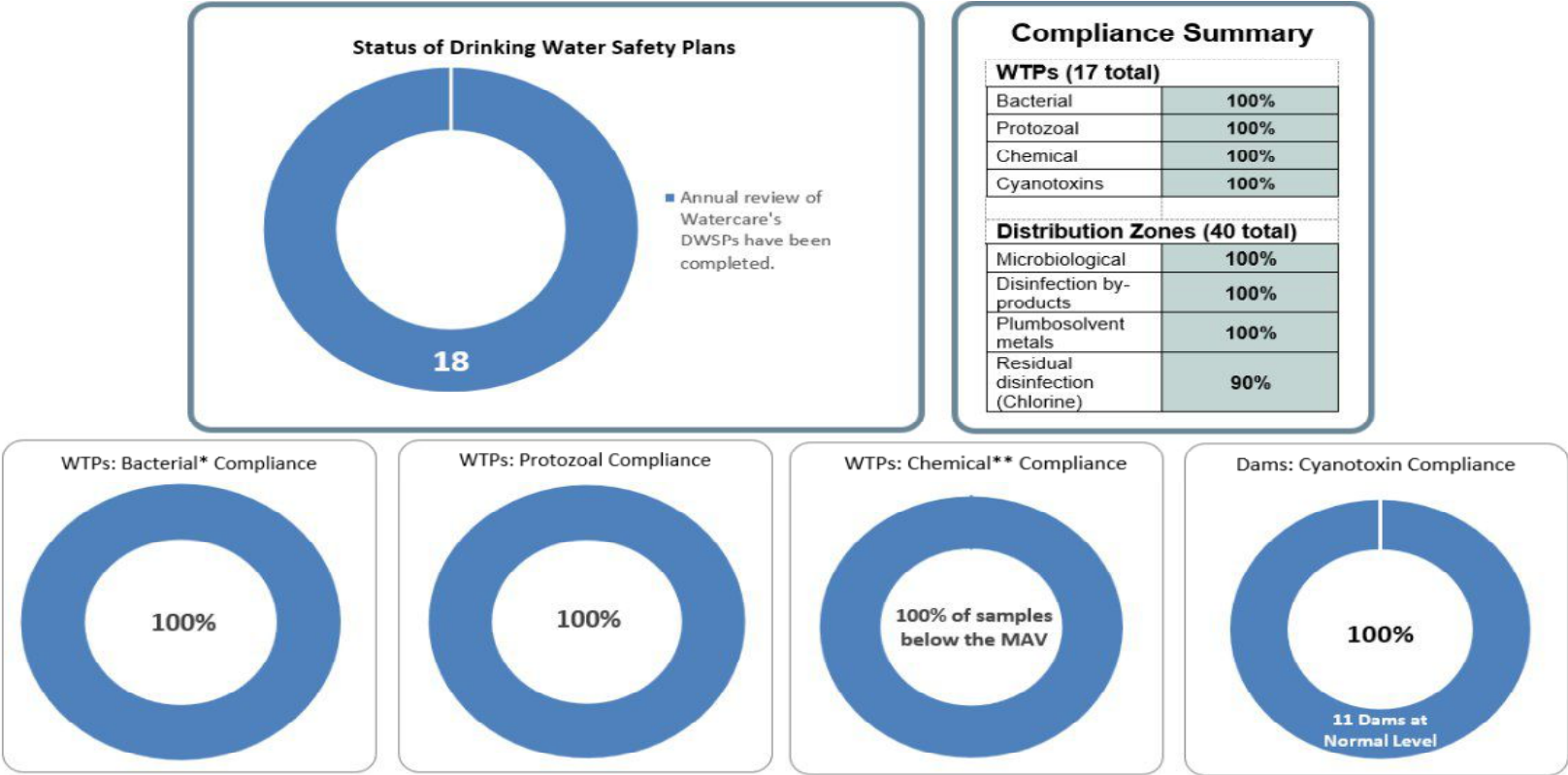
Drinking Water Safety Plan audits are required by the New Zealand Drinking Water Safety Framework. The Internal Audit Team has programmed these audits into its audit plan. To date the Ardmore WTP audit has been completed. The next audit will be at the Huia WTP. Over the next 12 months, a further five audits will be completed.

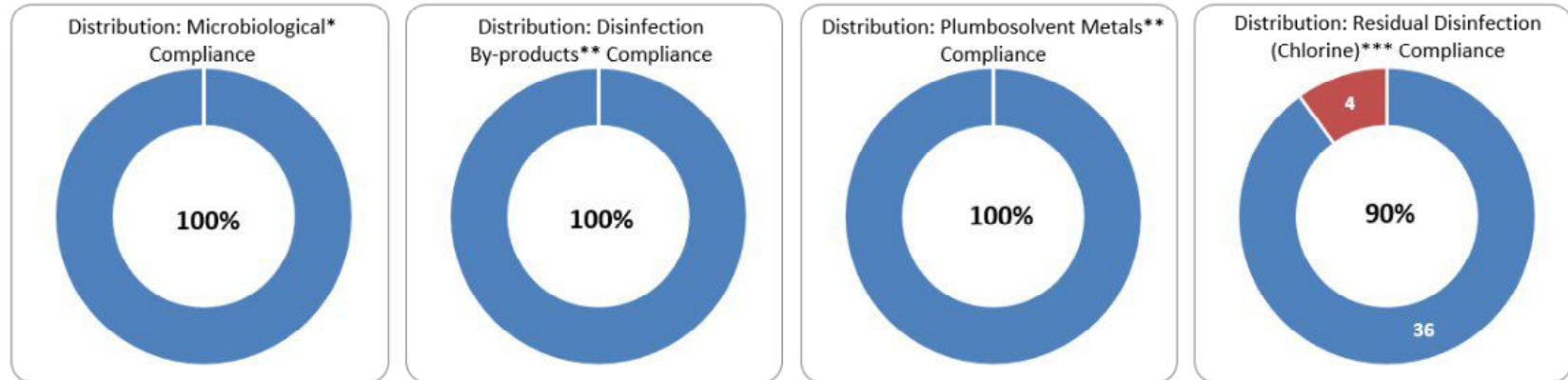
Low Residual Chlorine (FAC) and elevated Disinfection By-products (Trihalomethanes (THMs)) Investigation – Water age modelling to assess water age contributions to THMs formation and low FACs is progressing well. Final zones are being modelled, with reports due to be issued soon. This will determine next steps, with operational improvements and capital investment likely required. A balance of security of supply (reservoir storage) vs water age will have to be considered.

Investigations into Emerging Contaminants – The Water Quality Science team is looking into global trends that Watercare should be aware of and how these are applicable to New Zealand and Watercare.

The water quality report for May 2024 is set out below.

Scorecard





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

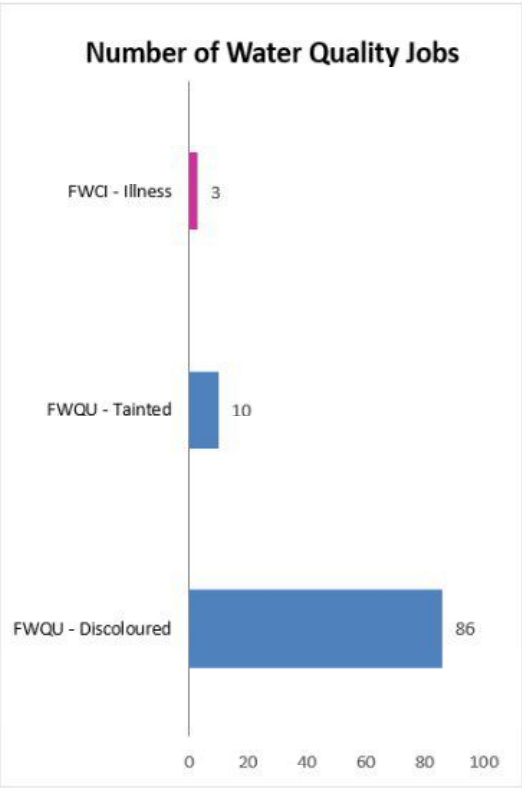
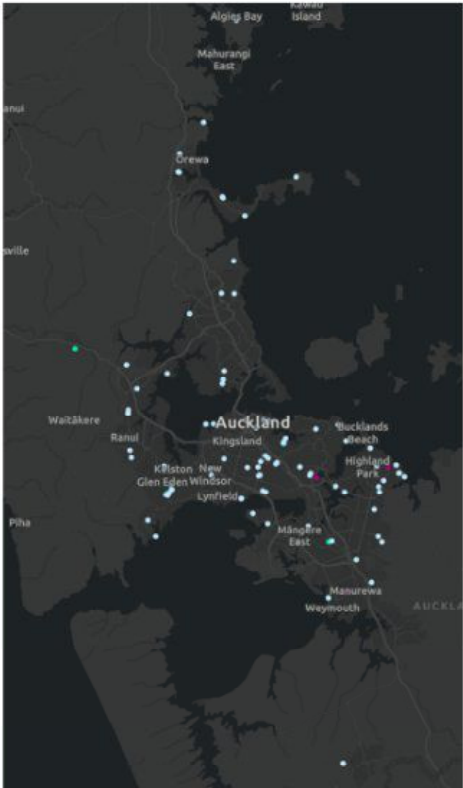
** Chemical compliance: At the WTPs determinands associated with chemicals dosed during the treatment process are monitored. In the distribution network disinfection by-products (DBPs) are monitored in each zone, and chlorates monitored in four zones where chlorine booster stations are utilised as best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

*** Residual disinfection (Chlorine) – 85% of free available chlorine (FAC) samples in a month must be >0.20mg/L in each distribution network zone, with no results <0.1mg/L. This was not achieved in the Montana, Onehunga and Swanson zones where 1 sample was <0.1mg/L FAC, and High Head zone with 2 samples <0.1mg/L FAC. Proactive network flushing has been implemented in the short term to improve turnover, whilst medium to long term solutions are being implemented.

Backflow prevention

Backflow testing has been completed as per targets set for the end May 2024. Backflow Surveys will be further progressing in 2024.

Customer complaints



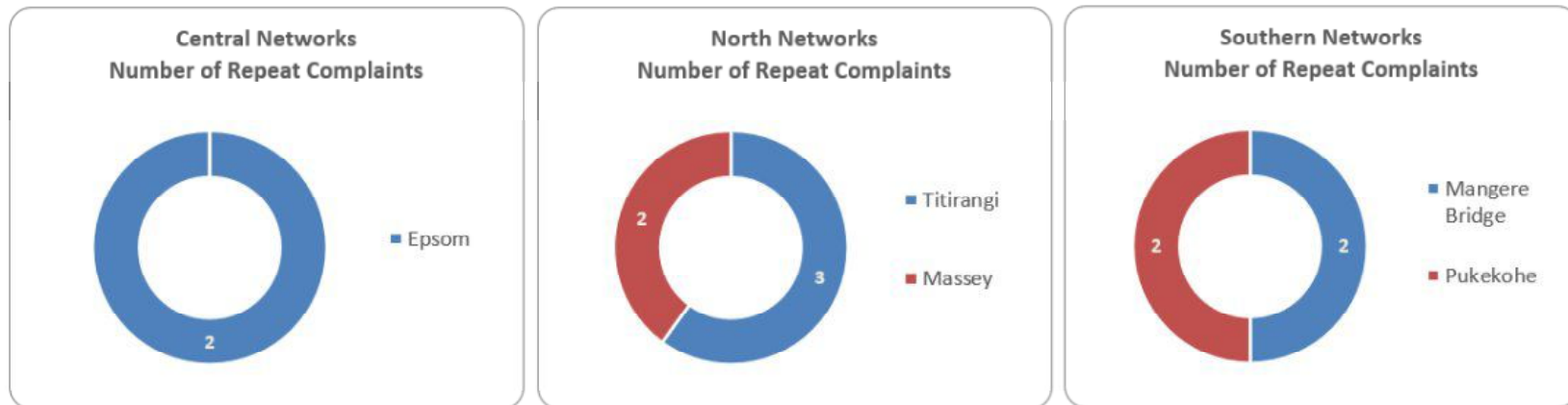
Actions Taken

Illness Complaints*: Provision of WQ compliance data to customer, water testing and pre-emptive flushing if appropriate
Main cause: Unrelated health issues

Tainted Water: Network flush, field FAC and turbidity testing; water meter replacement as required
Main causes: Various taste and odour issues (metallic/"plastic"/bitter) due to built-up sediment in main; black specks coming from water meter of 1 customer

Discoloured Water: Network flush
Main causes: Mineral and sediment build-up coming off pipes

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

Repeat water quality complaints – December 2023 to May 2024**Actions taken for repeat complaints*****Central**

Market Rd, Epsom – Repeated flushing from nearest fire hydrant was done to resolve discoloured water complaints.

North

Old Titirangi Rd, Titirangi – Repeated flushing from nearest fire hydrant and at the customer's meter were done to resolve discoloured water complaints.

Reynella Dr, Massey – Repeated flushing from nearest fire hydrant was done to resolve cloudy water complaints.

South

Toatoa Pl, Māngere Bridge – Flushing from nearest fire hydrant and from gate valve were done to address discoloured water complaints. Investigation also found a closed valve that should be open.

Rural View Tce, Pukekohe – Complaints of bitter tasting and bad smelling water. Attending crew did not find any issue onsite and tested the water. Water quality was back to normal as confirmed by customer.

**Repeat complaints – Complaints from 1 customer for the same WQ issue within the last six months.*

4.5 Leak management programme

The leak management programme is ongoing. Since the start of the programme approximately 23,750 kms have been surveyed to date with 15,400 leaks found. Since the start of the leak management programme over 28 MLD of water savings have been achieved.

4.6 Huia WTP chlorine leak

On 17 June 2024, a minor chlorine leak was detected in train B chlorine drum room triggering a sitewide alarm. Staff evacuated to the assembly point and FENZ were automatically alerted by the alarm system. The Drum Room chlorine concentration indicator visible from outside room showed a level of 5 ppm. Two firefighters and a plant operator, under full breathing apparatus, entered the room to investigate the source of the leak. All chlorine drums in the room were manually closed and checked for any further leaks.

It should be noted that safety protocols were activated including:

- Chlorguards (safety shut off device for the chlorine drums) failed safe – automatically closed
- Site wide alarm activated
- FENZ were alerted
- Staff were evacuated.

The minor chlorine gas leak was contained within the room.

The cause of the gas leak is under investigation but initial indications suggest a failure of an electrical relay in the chlorguard caused them to close. However, vibration and possibly the chlorguard not being tightened/seated 100% on the drum may have led to a small amount of movement of the regulator against the drum leading to a minor chlorine leak that was picked up by the detector in the drum room which activated the chlorine alarm. It was found to be an equipment failure and staff responded appropriately as per their training. Safety controls also worked as they should have. The supplier was involved in the investigation.

This was a minor leak and there was no requirement to notify Worksafe.

5. Risk and compliance

5.1 Non-compliance with resource consents

Overall consent compliance for operations decreased with two compared to April 2024. Three sites had full non-compliances, with the majority (80%) being technical issues. These technical non-compliances included:

- A delayed monitoring report for Puketutu Island Rehabilitation, Biosolids application.
- Procedural issues affecting the wastewater network discharge consents, leading to six technical non-compliances.
- Kingseat WWTP's historical TSS and E. coli exceedances within a rolling 12-month period.
- Lower Huia Reservoir's marginal exceedance of the daily discharge limit.
- Wellsford WTP's marginal exceedance in annual abstraction volume for the monitoring period from June to May.

Full non-compliances are detailed in the table and were as follows:

- Huia WTP: pH levels in the lagoon discharge exceeded limits on 1 May and 8 May, and aluminium levels were too high on 1, 8, 16, and 22 May. The cause is unknown, but these issues will be detailed in the annual report. Subsequent readings were within acceptable levels.
- Army Bay WWTP: A power outage on 18 May caused pond discharge pumps to fail, unnoticed until 20 May due to an alarm system failure. This led to an overflow, releasing partially treated wastewater without UV disinfection.
- Beachlands WWTP: Discharged more than the allowed volume due to a power outage on 20 and 21 April, causing excess water to be stored and later released. New permits and upgrades are planned for late 2025, with ongoing efforts to resolve these issues.

Additionally, Snells WWTP had two consecutive exceedances for faecal coliforms and E. coli in May, attributed to seawater ingress and infiltration. No process changes can remedy this situation. The Council has been notified, and we are awaiting their response, as this could lead to future non-compliances.

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

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

The details on the significant non-compliance for May 2024 (excludes technical non-compliances) are set out below.

Facility/Asset	Consent	Condition(s)	Issue(s)	Commentary	Resolution	Significance
Huia WTP (STHUI)	DIS80297101	Condition 3	Aluminium and pH exceeded the consented limits on several occasions in May.	Operators unable to ascertain the cause. Exceedances will be reported in the next quarterly reports.	Subsequent reading for 16.22 and 29 May are with in trigger limits	Moderate (Council grade 2)
Army Bay WWTP (DTARB)	DIS60331146	Condition 6	Approximately 7,828m3 of wastewater was discharged without UV disinfection (the volume discharged passed through all other stages of treatment).	On Saturday 18 May around 3:30pm there was a power outage at the Army Bay WWTP resulting in issues with the pond discharge pumps. The alarm system failed which meant the issue was only seen on Monday 20 May. The incident resulted in an overflow of the ponds from ~4pm Sunday 19/05 to 7:40am Monday 20/05.	Issue resolved	Moderate (Council grade 2)
Beachlands WWTP	DIS60263339	Effluent discharge volumes exceeded 2,800 m3/day on 20 and 21 April.	Power outage caused excess inflows to be stored in storm buffer pond. Catch-up on treatment exceeded discharge volumes. New consent is due late 2025 and associated upgrades included in AMP.	Ongoing	Moderate (Council grade 2-3)	As agreed with Auckland Council, there is no need to send a report about this occurrence. However, it will need to be included in the next quarterly report

Active resource consents in May 2024

375

Consents with non-compliances in May 2024

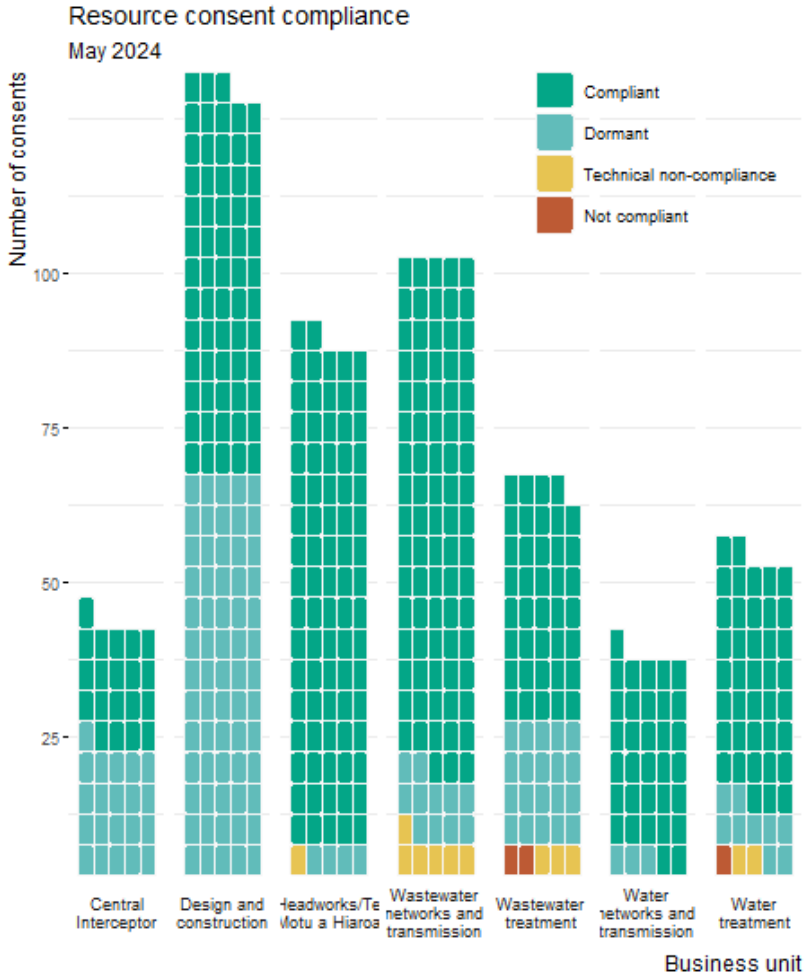
15 ↑

Rolling 6-month average (non-compliant consents)

16 ↓

Consents under enforcement in May 2024

0 -



5.2 Enterprise risk management

In FY24, 100 staff, attending six workshops have now completed CIMS (Coordinated Incident Management System) training. The next session is scheduled for September.

BCP testing was successfully conducted during the fire drill in Newmarket.

The Risk Team facilitated a meeting with Auckland Emergency Management (AEM), Auckland Lifelines Group (ALG) to review dam safety Emergency Response Plans (ERP). A session is scheduled in early July with Waikato Regional Council Civil Defence to review ERP for dams in the Waikato region.

Three project risk workshops have been conducted to date. We are steadily increasing project risk support for infrastructure projects.

5.3 Privacy Act 2020

There have been no privacy breaches reported to the Privacy Commissioner.

5.4 Whistleblowing update

We received a whistle-blower disclosure in May. We completed an investigation into the allegations raised and an update was provided to Chair of the Audit and Risk Committee. Following the Committee Chair's review this was considered closed, and all appropriate action was taken.

5.5 LGOIMA requests

In May 2024, we received 12 requests for information under the Local Government Official Information and Meetings Act 1987 (the Act). Three of these requests were transferred to us: two from Auckland Council, one from the office of Honourable Simeon Brown.

Out of the 12 requests received, we responded to 11 requests in accordance with the Act (within 20 working days). For one of the requests, we could not meet the deadline of 20 working days. We are following up our internal systems to ensure this does not occur again.

5.6 Non-RMA related legal actions

- There is currently one claim for \$1.2m for alleged damage to a residential property from a burst watermain. The matter is being handled by our insurers. A technical meeting was held with the plaintiff's experts and Watercare's experts in late February 2024. We are now reviewing the plaintiff's engineering report into possible causes of damage to the residential property. The next step is a mediation, which should hopefully occur in the next month or so.
- In February 2023, Watercare was served with a copy of proceedings lodged in the Māori Land Court by Te Runanga o Ngāti Whatua, Ngāti Manuhiri Settlement Trust concerning the legal status of the Hōteao Awa bed and customary ownership. Watercare owns property in Wellsford that adjoins the awa and draws water from it. Watercare filed a notice of intention to appear in late March 2023. Watercare must now file evidence in the proceedings,

setting out the history of the Wellsford WTP and the intake structure in the awa, and information about our consents and take from the awa via the intake structure. This evidence is due in November 2024.

5.7 Update on Persistent Organic Pollutants

- In November 2023, the Watercare Laboratory received a letter of enquiry from the Environmental Protection Authority (EPA) following the Lab's application for a new containment application. This application revealed a breach of the Hazardous Substances and New Organisms (HSNO) Act 1996 as Watercare was holding very small amounts of POPs, without holding a current permit.
- The Lab has since reviewed its POPs management against EPA controls addressing gaps in administrative controls (e.g. incomplete tracking records, not notifying EPA when POPs are purchased / disposed). The Laboratory has implemented these measures and the EPA granted a new containment permit, valid until 27 November 2028.
- On 5 June 2024, the Environmental Protection Authority (EPA) issued us with an advisory letter regarding their investigation into the Watercare Laboratory's Persistent Organic Pollutants breach ([attachment 1](#)).
- The EPA decided to not commence prosecution. However, they did require Watercare to be registered with the EPA as an importer/manufacture, and this has already been completed. This concludes this matter with the EPA.

6. Our infrastructure

6.1 Central Interceptor

- It was a big month for high profile visitors:
 - the Prime Minister Christopher Luxon, the Honourable Simeon Brown and Mayor Wayne Brown came to the Māngere Pump Station (MPS) for the Local Water Done Well announcement.
 - Federico Ghella came to site for the first time since the Contract signing, and joined his brother Lorenzo Ghella, at the memorial for their father Giandomenico Ghella, (who died suddenly in July 2019), located on the farm at Mt Albert Grammar School.
 - Bob Pragada, Chief Executive of Jacobs, made a whistlestop tour to NZ, where he met with Dave Chambers and Jamie Sinclair, and visited MPS to present safety awards to a number of the team.
- We awarded the first Delivery Excellence Award to our Xenia Meier, for her ongoing excellent work on the project.
- The Point Erin extension to the Central Interceptor was instructed on 28 May 2024, extending the main tunnel to the north by approximately 1.5km.
- The Main Tunnel TBM advanced 600m in May 2024, with a total length of 11,221m installed at month end. The TBM mined through the Mt Albert Link Sewer B adit connection ahead of schedule. The next shaft breakthrough into Western Springs is planned for September 2024.
- In the southern tunnel, HDPE welding was completed. The tunnel/ shaft connection works at Keith Hay Park and PS23 continue.
- HDPE welding works on Link Sewer B was completed.

- Sewer chamber connection work in progress with the live interceptors exposed at MPS, Confluence Chamber, PS23, Haycock, PS25 and Haverstock.
- For the May Rd Air Treatment Facility, the building structural steel framing and wall slabs progressed, along with the process chambers.
- Māngere Pump Station (MPS) MEICA works continuing to progress, with planning for the connection of the 11kV power to the MPS in June 2024. Smallbore pipework substantially completed; elevator installation ongoing; drywell ventilation installation ongoing. Inlet shaft benching being constructed. Civil works for odour bed continuing. The Emergency Pressure Relief roof was constructed under Western Interceptor, enabling the interceptor to be supported from below, significantly reducing the risk profile for this work.
- Construction of the new confluence chamber at the Māngere WWTP in progress, preparing for wall construction.



6.2 Asset upgrades and renewals

Ōrākei Main Sewer:

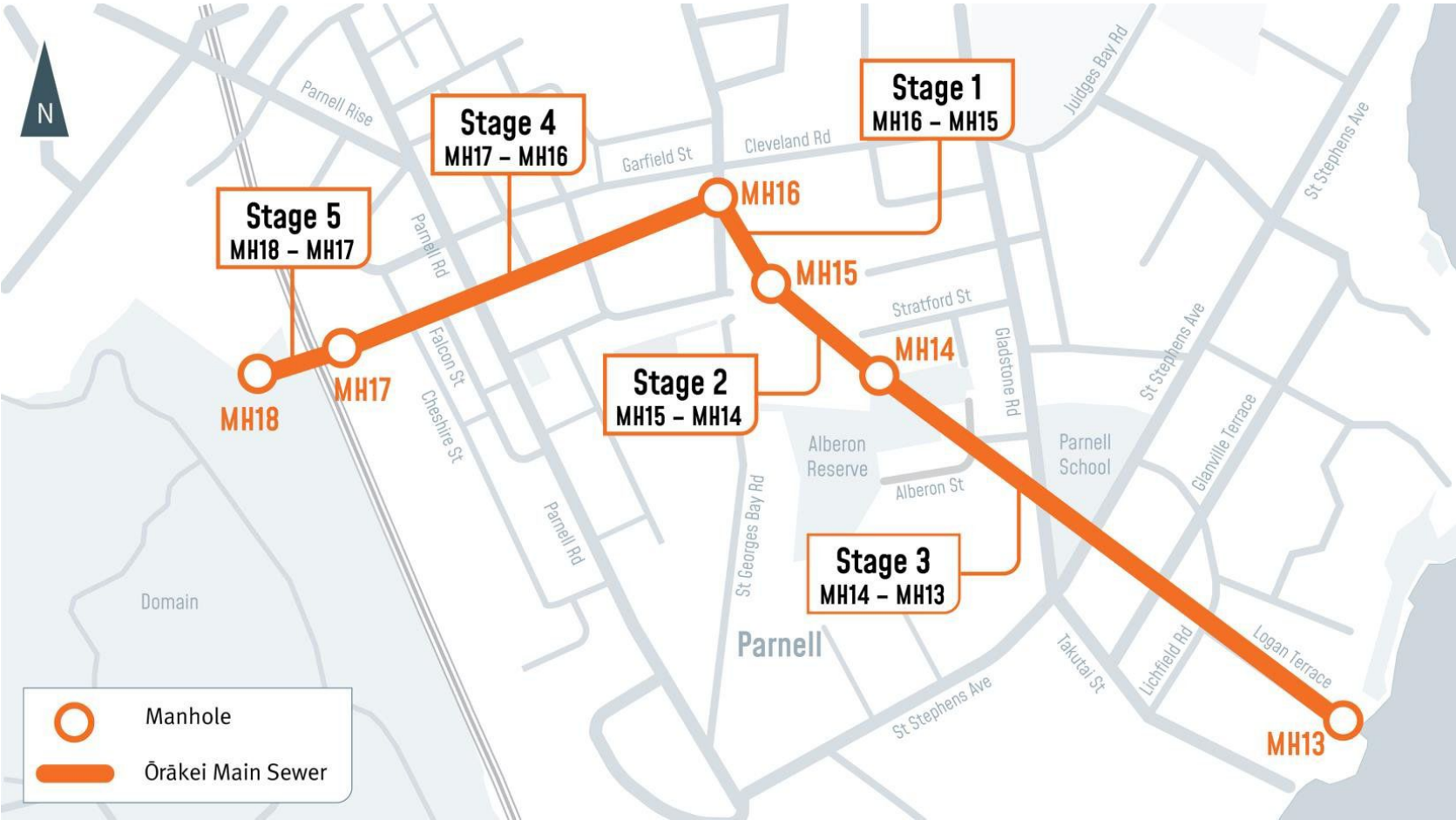
Rehabilitation of the sewer between MH16 and MH15 is centred around the sinkhole location that is approximately equidistant between MH16 and MH15. To date, the liner both upstream and downstream of the sinkhole has been installed, and grouting commenced on the upstream section and will be completed in 6 pours.

Weather conditions is hampering progress in two ways with higher rainfall and the colder temperatures. Increased rainfall has resulted in works not proceeding or working times being reduced, as the entry teams need to exit once water levels reach set points against the stop log. Once the workers have exited the sewer, the stop logs are removed to drop the water level. Colder temperatures have meant that grout could not be poured because the previous pour had not adequately set.

There has been additional works identified around MH15 due to severe degradation to the arch, which is needed to be completed to ensure ongoing asset integrity.

Design for the work between MH15 – MH14 are in progress, along with land negotiation. It has been determined that these works will be completed under emergency provisions of the RMA.

Planning for works between MH14 – MH13 has commenced, and it is likely that this work will need a resource consent to proceed.

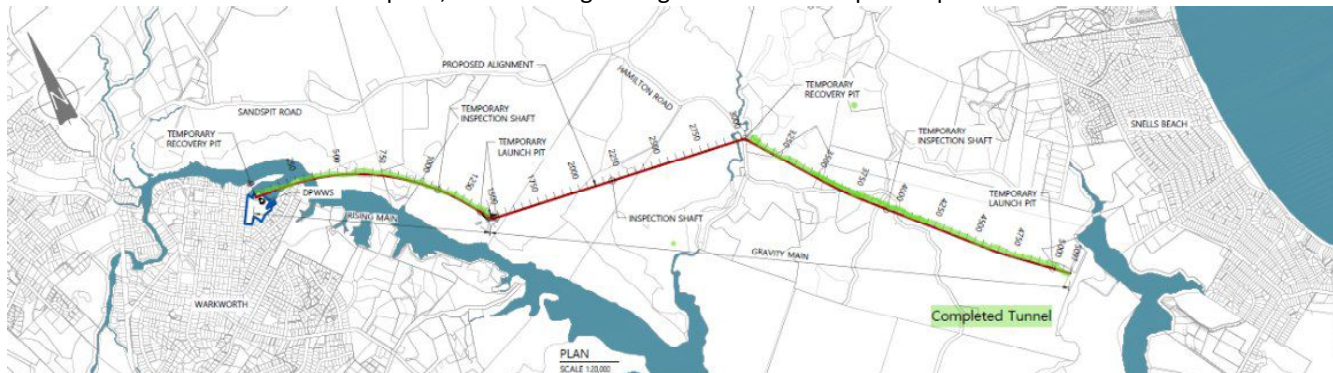


Huia 1 and Nihotupu 1 Watermain Renewals

- 90% of the 15.3km of pipe has been laid and 45% has been livened.
- Donovan St – 1,070m of the 1,433m section has been completed. Major traffic control and diversions will be in place over the July school holidays to enable the works to cross over Boundary Rd. The last stage will have to be completed after the school holidays, as it is a very challenging section for space and traffic volume.
- Scout Ave to Duke St – pipe laying has been completed. The line valve chamber on Scout Ave has been completed and the Line Valve chamber and pipework has been installed on Duke St. Finishing works are now required before the connections are completed in mid August.
- May Rd to Marion Ave – pipe works have been completed, with road reinstatement underway.

Warkworth to Snells WW Transfer Project

- The new 300 litre/sec Wastewater Pump Station at Lucy Moore Park, Warkworth is complete and the site is 90% reinstated and ready for the twin PE rising main pipes to arrive.
- The first of three tunnel drives installing the carrier pipes has been completed, installation of the twin 500 mm diameter rising main HDPE pipes and fibre is 60% complete and is expected to arrive at the pump station within the next 5 weeks.
- The second drive is at 96% complete, and breaking through at the retrieval pit is expected in late June.



Snells Beach Wastewater Treatment Plant

The Snells Beach Wastewater Treatment Plant remains a challenging project. However, the permanent works design is now complete leaving the team to focus on shop drawings and construction. Planning for commissioning has also started.

7. Policy update

The table below sets out the current programmes of work that are underway, and their expected impacts to Watercare.

Upcoming Bills, Government Reforms/Programmes/Policies, Council Plan Changes/Policy Initiatives	Potential implications on Watercare and any associated Watercare actions	Expected date of release/enactment/submissions due	What will Watercare be doing? Filing submissions? Providing Council feedback? Attending hearing?	Who will hold the pen?	Who in Watercare has been / needs to be involved?	High/Medium/Low impact?
Urban Intensification ("Tier 1" Councils) – MfE National Policy Statement for Urban Development (NPS-UD), and Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021 and MDRS: <ul style="list-style-type: none"> Auckland Council is developing their Plan Change to give effect to these two initiatives. Watercare has been invited to contribute to the plan change. However, Auckland Council have requested a year extension – still unclear what the Government will decide. 	Increased intensification without requiring a resource consent (as a permitted activity) puts Watercare at risk of breaching our existing level of service and network discharge consent conditions due to being unaware of where, and when, growth is occurring in advance. Watercare, Auckland Transport and Healthy Waters have been working with Auckland Council to develop Council's plan change.	Still awaiting.	Still awaiting final decision. Panel hearings have been delayed, and one year extension has been requested. New government has also indicated that they will make "Medium Density Residential Standards" be optional for councils.	Strategy and Planning	Strategy and Planning, and Operations	Medium
"Local Water Done Well" – related Bills	"Local Water Done Well" reform bills coming. Potential implications on Watercare to be worked through.	"The Local Government (Water Services Preliminary Arrangements) Bill" released 31 May.	Watercare provided input into the Auckland Council submission. Auckland Council attended the Select Committee	Policy	All	High
Resource Management (RM) System Reform – MfE	Many potential implications on Watercare due to major RMA reform 2024-26.	"RMA Bill No. 1" due May 2024; "RMA Bill No. 2" due Dec 2024,	Watercare likely to contribute to Auckland Council	Policy	Strategy and Planning,	High

Upcoming Bills, Government Reforms/Programmes/Policies, Council Plan Changes/Policy Initiatives	Potential implications on Watercare and any associated Watercare actions	Expected date of release/enactment/submissions due	What will Watercare be doing? Filing submissions? Providing Council feedback? Attending hearing?	Who will hold the pen?	Who in Watercare has been / needs to be involved?	High/Medium/Low impact?
<ul style="list-style-type: none"> Fast Track Approvals Bill – submissions closed 19 April – Auckland Council & CCO's, made a submission; RMA reform - to continue - (three bills coming) throughout 2024-26; Also, the Government is reviewing /updating NPS's & NES's – for Freshwater Management (including Te Mana o te Wai), Indigenous Biodiversity, Plantation forests, Housing, Energy, and Transport, etc. 		"RMA Reform Bill", due 2025.	submission on these RMA reform bills.		Operations, Finance and Policy	
National Policy Statement – for Freshwater Management ("NPS-FM") Auckland Council's Plan Change process. Plan notification has been delayed until 2027.	Working through potential implications on Watercare with Auckland Council.	Auckland Councils NPS-FM work programme is now being re-considered.	Watercare is working closely with Auckland Council.	Policy	Policy	High
Auckland Council's Proposed Natural Hazards Plan Change. Government is also reviewing the NPS: Natural Hazards Decision-making and will abandon the Emergency Management Bill. Public notification of Councils NH PC due, April 2025.	Likely to be many	Proposed Plan Change, sept 2024, notified April 2025, Environment Court Hearings, late 2025-26.	Watercare is working closely with Auckland Council and HWs and AT. This Natural Hazards PC likely to merge with PC 78.	Policy	Policy	High
Auckland Council's 10-year review of the "AUP" (Auckland Unitary Plan) – will begin late-2025, to be notified 2029	Likely to be many	Review work begins 2025, public notification 2029 – hearing through early 2030's.	Watercare to work with Auckland Council.	TBC	TBC	High
Essential Freshwater Package – (NPS-FM) – MfE - Waikato Regional Council (WRC) – Freshwater Policy Review	Watercare will need to engage with Waikato Regional Council as this plan change to their Regional Policy Statement and Regional Plan is rolled	Unclear as to Waikato Regional Council's reviewed timeframe.	Watercare will engage.	Policy	Strategy and Planning, Operations,	Medium to High

Upcoming Bills, Government Reforms/Programmes/Policies, Council Plan Changes/Policy Initiatives	Potential implications on Watercare and any associated Watercare actions	Expected date of release/enactment/submissions due	What will Watercare be doing? Filing submissions? Providing Council feedback? Attending hearing?	Who will hold the pen?	Who in Watercare has been / needs to be involved?	High/Medium/Low impact?
	out. This plan change is likely to have major implications in relation to water allocation methodology and how freshwater limits/standards will be set.	Website is slow to update.			Finance and Policy	
Marine and Coastal Area (Takutai Moana) Act 2011 (MACA)	Settlements are still working through the High Court. Settlements may have implications on Watercare's coastal assets, and wastewater treatment plant discharges.	Currently active	Watercare contributed to Auckland Council submission.	TBC	TBC	Low - Medium

8. Matters for noting

8.1 Significant meetings attended by the CE

- Extraordinary Budget Committee meeting
- Water Reform Developments for Auckland
- Group CEs
- Governing Body meeting
- A D Riley
- WSAA
- Group Shared Services (GSS) Governance Board
- Ngāti Paoa Iwi Trust
- NZTA railways regulator
- PWC (AI event)
- WSP
- Group CEs Quarterly Māori Outcomes meeting.

9. Delegated authority to Chief Executive

In accordance with the authority delegated to the Chief Executive by the Board for the month of May 2024:

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

Contract description	Successful supplier
Whenuapai Package 1 – Rising Main – Work Bond	Spedding Land Company
Zscaler – No ZDX	The Instillery Group Limited
Supply of ICP-MS Instrument	Agilent Technologies
Fixed Assets Register Valuation Review	KPMG Services Limited
Huia Rotable Spare Raw Water Pump	MacEwans Pumping Systems
Training Campus – Canopy Installation	Nova Shade Limited
Clarks Beach / Interim SW Plant	Spartan Construction Limited
Independent Contractor Agreement	Jones Davin Andrew
Finance Operating Model Support	KPMG Services Limited
Ivan Ottenheim Secondment	Lutra Limited



Dave Chambers
Chief Executive

Attachment 1

File reference: ENQ-47025-P9K3Z7



30 May 2024

Watercare Laboratory Services
52 Aintree Avenue
Mangere
Auckland 2022

Private Bag 63002
Wellington 6140, New Zealand

Level 10, Grant Thornton House
215 Lambton Quay
Wellington 6011, New Zealand

For the Attention of: David Chambers, Nicola Crauford, Graham Darlow,
Margaret Devlin, Julian Smith and, Frances Valintine (Directors)

epa.govt.nz
+64 4 916 2426

NZBN: 9429041901977

By email to: Rebyn.abernethy@water.co.nz (Compliance and Projects Manager)

Dear Directors

Advice in relation to the import of Persistent Organic Pollutants without a HSNO approval

The purpose of this letter is to inform you of the outcome of our investigation into the importation of Persistent Organic Pollutants (POPs) by Watercare Laboratory Services (Watercare) in relation to compliance with the Hazardous Substances and New Organisms Act 1996 (HSNO Act). I am writing to you as you are the Directors of Watercare, responsible for ensuring compliance with the HSNO Act.

Summary of investigation

On 10 October 2023, the Environmental protection Authority (EPA) was made aware that Watercare was in possession of POPs in their laboratory, without a current permit to do so.

The EPA sent a letter of enquiry to Watercare on 17 November 2023 requesting further information. Watercare provided a detailed response which included their current inventory of POPs.

Information provided showed that Watercare held a permit that expired in May 2018, and therefore, Watercare did not have a permit from May 2018 until 27 November 2023. Watercare's explanation for not obtaining an approval was that it was an 'oversight'. The EPA determined that Watercare failed to comply with section 25A of the HSNO Act as they imported POPs without an approval.

The EPA also identified that Watercare failed to comply with the Hazardous Substances (Imports and Manufacturers) Notice 2015 as they had not registered as an importer/manufacture of hazardous substances as required by the Notice.

Watercare has been granted a current permit to import or manufacture POPs in containment as on 27 November 2023.

Compliance with the Hazardous Substances and New Organisms Act 1996

The purpose of the HSNO Act is to protect the environment and the health and safety of people and

7.1

communities. It is the responsibility of the manufacturer, importer, and supplier of hazardous substances in New Zealand to ensure compliance with the Act is met, including any EPA notices and conditions of a group standard or controls of a HSNO approval.

Section 25A(1) of the HSNO Act restricts the importation, manufacture, or use of persistent organic pollutants, it states: *No persistent organic pollutant is to be imported or manufactured, and no approval is to be issued to import or manufacture a persistent organic pollutant, except as provided by -*

- (a) section 29B; or
- (b) section 30(a); or
- (c) section 30(ba), but only for research in a laboratory.

[Hazardous Substances \(Importers and Manufacturers\) Notice 2015](#)

Clause 5 outlines the duty of the importer to notify the Authority.

- Clause 5(2) states: *An importer or manufacturer must notify the Authority of the prescribed information within the 30 day period after the date of importation or manufacture*

Clause 6 details the information that should be provided by the importer or manufacturer to the EPA

Offences under the Hazardous Substances and New Organisms Act 1996

Section 109(1)(da) of HSNO states: *Every person commits an offence against this Act who... fails to comply with any requirements in an EPA notice made under section 76A(d) or (f)*

Section 109(1)(aa) of HSNO states: *Every person commits an offence against this Act who...imports, manufactures, uses, or stores a persistent organic pollutant in contravention of this Act*

Penalties under the Hazardous Substances and New Organisms Act 1996

Section 114 of HSNO states: *Every person who commits an offence against paragraph (a) or paragraph (aa)...or paragraph (da)...or paragraph (e)(i) to (vi)...of section 109(1) is liable on conviction to imprisonment for a term not exceeding 3 months or a fine not exceeding \$500,000 and, if the offence is a continuing one, to a further fine not exceeding \$50,000 for every day or part of a day during which the offence has continued.*

Outcome of this investigation

The overall circumstances of these breaches have been considered in determining an appropriate compliance outcome. The EPA has decided not to commence a prosecution in relation to this matter and to instead issue Watercare with an advice letter. This letter will be retained on file and may be referred to in future enforcement decisions. An investigation outcome is not a finding that an offence has been committed as only the courts can determine this.

The EPA's approach to non-compliance can be found on our website [EPA Regulatory Compliance Policy](#).

What the EPA expects of you

It is the EPA's expectation that Watercare will take all necessary steps to ensure that they are in compliance with HSNO Act requirements, to prevent the occurrence of any future potential non-compliance, including a review of internal procedures and all hazardous substances imported and manufactured by Watercare. More information regarding HSNO Act requirements can be found on the EPA website: [Rules for Hazardous substances | EPA](#).

The EPA also expects Watercare to register as an importer/manufacture on receipt of this letter. Details of how to register can be found [here](#)

For more information about POPs and the rules that apply to them please see the below appendix.

If you would like to discuss the above, please contact me at Calum.ogilvie@epa.govt.nz



Yours sincerely
Calum Ogilvie
Compliance Officer
Environmental Protection Authority
Te Mana Rauhi Taiao

[Compliance, Monitoring and Enforcement | EPA](#)

7.1

Appendix One:

POPs and the rules that apply to them

Persistent Organic Pollutants (POPs) are very stable compounds that do not readily break down through chemical or biological processes. They remain for a long time in the environment, in the human body, and in other organisms, and bioaccumulate up food chains. POPs cover a wide range of substance types and uses. They include pesticides, industrial chemicals and compounds present in manufactured articles.

As a signatory to the Stockholm Convention on Persistent Organic Pollutants, New Zealand has committed to eliminating and restricting the use of POPs. Storage and disposal of POPs are currently regulated by the Hazardous Substances and New Organisms Act 1996 and the Hazardous Substances (Storage and Disposal of Persistent Organic Pollutants) Notice 2004.

[Hazardous Substances \(Storage and Disposal of Persistent Organic Pollutants\) Notice 2004](#)

EPA notices contain many of the rules you must follow to safely manage hazardous substances. This Notice sets requirements for:

- the storage of PCBs
- notification by collectors of PCBs to the EPA
- specific controls to be met in relation to packaging, emergency management, and identification duties of collectors.

Since the current notice was first issued in 2004, 18 new substances have been listed as POPs by the Stockholm Convention, bringing the total list of POPs to 30. While amendments were made to the current notice in 2015 and 2016, the current notice is now outdated and the EPA is in the process of amending it (see [website for progress update and discussion documents](#)).

Board meeting | 10 July 2024

Public session



Health, safety, and wellbeing update

For discussion

Te pou whenua tuhinga / Document ownership

Prepared by

Andrew Mercer
Head of Health, Safety, and Wellbeing

Reviewed by

Jamie Sinclair
Deputy Chief Executive Officer

Submitted by

Dave Chambers
Chief Executive Officer

1. Te tūhunga / Recommendation

We recommend that the Board notes and discusses this report.

2. Whāinga / Purpose

This report provides an update on health, safety, and wellbeing outcomes and performance at Watercare.

3. Take matua / Key points

The report includes:

- Monthly progress update against the seven HSW KPIs.
- May 2024 – details of critical risk incidents.
- Progress against the HSE Global's review recommendations.

4. Kōrero pitopito / The details

4.1 HSW metrics – April 2024

KPI	Description	Target	March 2024	April 2024	May 2024	Commentary
HSW Climate	The team targets a HSW climate rating of $\geq 8/10$ in each six-monthly Watercare climate survey.	> 8	8.1 (November 2023 results)			This survey is done every six months. The next survey was scheduled for June; however, that has been postponed due to organisational changes.
Open iCare cases	95% of iCare cases are closed with appropriate and effective actions within 30 days of having been raised	< 5%	546 10%	413 8%	363 7%	This number is the % of open cases raised in the last 12 months, that are currently open, and have been open over 30 days. Coaches and business partners have been working with their teams to make sure actions are completed and closed. The percentage of open is tracking in the right direction.
Leadership Walks	To be determined by business unit	By business unit	129/127 102%	82/127 65%	124/127 98%	We continue to focus on ensuring leadership walks are completed.
Reward & Recognition	All business units to have a way to reward and recognise positive health, safety and wellbeing	By business unit	144	171	175	This is done via the reward and recognition app and business unit/site internal programmes. The numbers reported here are for recognition made via the Teams app.
Training - Induction	All kaimahi complete and maintain a current online Watercare HSW Induction within two months of starting with Watercare.	100% of kaimahi	94.16%	99.21%	100%	Automatic Push notifications were sent out in early March.
Training – Safety L-ship in Action	All leaders complete training in leadership engagement interactions	100% of leaders by July 2024	38.65%	44.62%	45.99%	This training is held monthly. The aim is for 5% increase each month. 18 staff trained during June and this will continue in future months. To date, a total of 225 staff have received the Safety Leadership in Action training.

KPI	Description	Target	March 2024	April 2024	May 2024	Commentary
Permit audits per site	Every month, a minimum of one permit audit is conducted per project/plant	One per site	27/36	18/36	32/36	Year to date completion rate is 268/432 permit audits completed (68% of target). This will be a key focus area for the new reporting year, with a goal of improving critical risk control verification.

4.2 May 2024 recordable Incidents

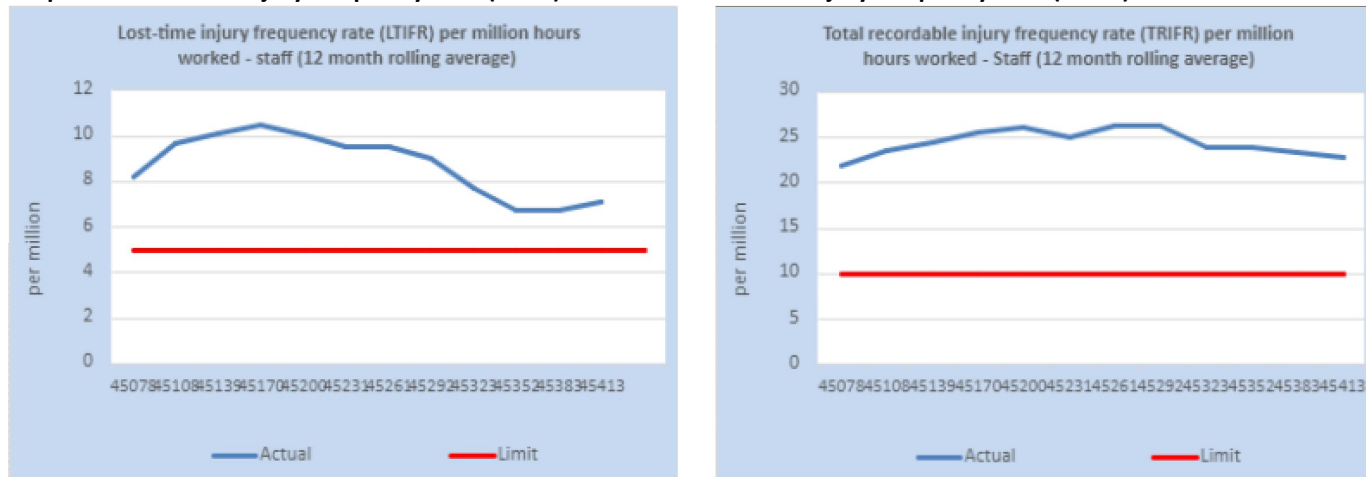
Watercare incidents

- Lost Time Injury: Replacing water meter, protective 'surf board' picked up by wind and worker then knelt heavily on concrete
- Medical Treatment Injury: Opening a door, banged door into mouth
- Medical Treatment Injury: Developed discomfort in shoulder following manual handling and assembly of equipment

Critical events

There were 47 events raised for Watercare, 12 of these involved a critical risk.

- Excavations: Service strike (Chorus fibre cable) very shallow in concrete footpath
- Driving/Using vehicles: 11x minor vehicle incidents (typically low speed collision with objects/other vehicles; and a tyre blowout on motorway)

Graphs for Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Injury Frequency Rate (TRIFR)

The LTIFR is currently 7.13 and TRIFR is 22.72

Contractor incidents

Metric	May 2024
Total recordable frequency rate	13.20
Total recordable injuries	14
Lost time injuries	2
Restricted work injury	3
Medical treatment	2
Notifiable incidents	0
Critical risk/All incidents for month	4/30
High potential critical events	1

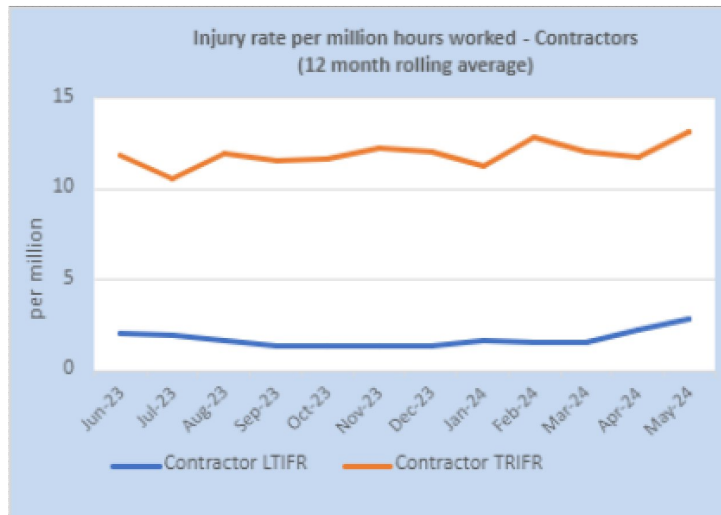
Seven recordable injuries, one of these involved a critical risk.

- Lost Time Injury: Worker entered manhole to inspect lateral pipe. Intermediate landing (webforge steel platform) collapsed under weight of worker. Fall of worker arrested by winch and tripod. Worker was holding a CCTV camera, but lost grip and camera struck head of worker, causing minor head injury.
- Lost Time Injury: Sub-contract worker hammering wedge behind formwork, missed wedge, and struck finger with hammer.
- Medical Treatment Injury: Worker slipped and sprained wrist when walking down a driveway.
- Medical Treatment Injury: While worker was removing old wooden handrail, slipped and missed target and struck forehead. Resulted in small cut above eye.
- Restricted Duties Injury: Worker was cutting PE liner with a skill saw, when slipped and cut hand. Taken to hospital and received seven stitches.
- Restricted Duties Injury: Worker was detaching the valve from the secondary grout line, water mixed with grout was released and splashed the worker. They experienced minor irritation on their shoulders, arms, and face.
- Restricted Duties Injury: Worker attempted to push water blaster from e-cart using legs. Leg got caught between objects resulting in scratched and swollen shin.

Incidents involving critical risks.

In May 2024, there were four contractor events involving critical risks. One of these resulted in a recordable injury (noted above).






- Driving/Using vehicles: 2x events involving minor vehicle collision.
- Excavations: Service strike on small diameter gas pipe. Marked out on site, but not physically located during potholing.





4.3 HSE Global Review – update on recommendations

Helping our leaders and kaimahi understand what is meant by 'psychological safety', and how they can enable and support psychological safety in the workplace, has been a key focus during this period. The safety leadership in action training has provided a good platform for embedding the Human and Organisational Performance (HOP) principles. These principles help guide the behaviours that support psychological safety through the focus on viewing incidents and observations as learning opportunities and applying a response that fosters a sense of safety and willingness to be vulnerable. Additionally, staff events included an opportunity to hear an external psychologist speak about psychological safety and with a focus on how leaders and kaimahi can observe examples of psychological safety in the workplace, and ideas to help foster that within their own teams.

The reporting of incidents and close calls continues to be strong, with everything from very minor to more significant events getting reported through appropriate reporting lines. This positive approach to reporting is an important indicator of psychological safety, reflecting the willingness to report incidents and importantly the learnings and corrective actions or improvements that follow.

Recommendation	Short description	Action	Due	Status	Comments
Priority 1	Agree on a strategic approach to managing health, safety and wellbeing	<ul style="list-style-type: none"> • Collaborative development of new vision and principles for HSW at Watercare • Develop engagement plan for senior leadership and wider organisation and partners 	Jul 2024		Working with senior leaders to understand business needs and develop strategic direction of HSW initiatives Update of HSW policy is underway, as well as a refresh of the safety commitment cards
Priority 2	Define a suite of health, safety and wellbeing metrics that can be used in combination to understand Watercare's performance	<ul style="list-style-type: none"> • Develop new metrics and measurement, reflecting and complementing redefined HSW strategy • Develop dashboards and trend analysis to support learning and improvement opportunity 	Jul 2024		Ongoing preferential shift to leading indicators rather than lag indicators. New suite of metrics drafted, and working through what changes to system recording and data analytics is required for measurement. Will focus on measurable metrics initially and expand as enhanced measurement becomes available.
Priority 3	Demonstrate accountability and psychological safety at all levels of the organisation	<ul style="list-style-type: none"> • Develop and implement enhanced safety leadership programme • Embed HOP and learning teams in business • Develop enhanced induction for new starters • Develop psychosocial safety knowledge and capability within Watercare 	Oct 2024		Increasing awareness of HOP within business. Refresh of new-starter orientation underway Review of safety leadership training content and delivery is underway.
Priority 4	Implement an organisational health and safety committee to increase cross-functional relationship building and organisational learning.	<ul style="list-style-type: none"> • Design HSW committee for Watercare (top tier committee) with clear purpose and support • Engage with HSRs and senior leaders to ensure appropriate representation • Ensure that representatives are trained and prepared for success in role 	Jul 2024		HSR Committees will be engaged to refresh the HSW policy and safety commitment cards. Business-wide HSR committee to set cadence for engagement
Supplemental 1	Form a contractor management working group to draw on the internal and external expertise to review current processes with an aim to remove duplication of processes,	<ul style="list-style-type: none"> • Establish contractor working group • Review processes and opportunity for better practice (overlapping duties) 	Aug 2024		Review of existing contractor working groups to understand what opportunity for improvement. Existing "MP/AUR Toolbox" is providing successful forum for

Recommendation	Short description	Action	Due	Status	Comments
	define areas of influence and share best practice				connection and shared learning with key contractors.
Supplemental 2	Add to the technical capability of the health safety and wellbeing team in high-risk areas to support senior leaders in ensuring compliance in complex areas	<ul style="list-style-type: none"> • Redefine role and alignment of HSW team within Watercare • Communicate role and function to staff and contractors • Develop HSW leadership, and technical HSW team capability 	Jul 2024 Dec 2024		Reviewing capability and functional orientation of HSW team to the business
Supplemental 3	Fully implement Safety in Design (SiD) principles in all project work	<ul style="list-style-type: none"> • Ensure that project delivery quality management processes include SiD • Capture and share learnings from SiD review. 	Aug 2024		SiD is a verified check in the design delivery process. Focus for this action will be on the quality and effectiveness of the SiD review, and learnings or improvements generated and adopted in engineering standards.



Board meeting | 10 July 2024
Public session



Review of Asset Management Committee Terms of Reference

For approval

Te pou whenua tuhinga / Document ownership

Prepared by

Emma McBride
Head of Legal and Governance

Recommended by

Shayne Cunis
Chief Programme Delivery Officer

Submitted by

Dave Chambers
Chief Executive Officer

1. Te tūhunga / Recommendation

We recommend that the Board accepts the Asset Management Committee (AMC)'s recommendation to approve the updated Terms of Reference (the ToR) ([Attachment 1](#)).

2. Whāinga / Purpose

The ToR was last reviewed and approved by the Board in September 2023.

In light of the recent changes in the Infrastructure team, Management recommended that the ToR be updated. Management's recommended changes were presented to the AMC at its meeting of 2 July 2024.

Clause 6 of the ToR requires that AMC must advise the Board of the outcome of the review along with any recommended changes to the ToR. Clause 6 also requires that any changes to it must be approved by the Board.

3. Kōrero pitopito / The details

Since the last review of the ToR, the Waikato District Council contract and Enterprise Model have been rationalised. In addition, the role of Chief Infrastructure Officer has been disestablished. The updated ToR, with Management's recommended changes was presented at the 2 July 2024 AMC meeting. At the meeting, the AMC asked Management to:

- Remove the reference to the Enterprise Model only (Clauses 1 and 5).
- Change from an annual review of the ToR to a two yearly review (Clause 6).
- Add reference to Management rather than individual titles (Clause 2).

A marked-up version of the ToR is attached with the changes highlighted in green.

4. Ngā whakaaweawe ki a Watercare / Impact on Watercare

The purpose of the AMC is to exercise due care, diligence and effective oversight of all matters relating to the Asset Management Plan (AMP) with focus on: the delivery of the capital programmes within the AMP to meet the needs of the Auckland Region, the risk associated with aspects of non-delivery of the programmes to schedule, business cases for capital expenditure over \$50m and major capital projects (MCPs). If the review is not undertaken, the ToR will become outdated and not accurately serve the governance purpose.

5. Ā muri ake nei / Next steps

Subject to final approval by the Board, the updated ToR will be implemented, and the changes communicated to staff.

6. Te whakapiringa / Attachment

Attachment number	Description
1.	The marked-up version of Asset Management Committee Terms of Reference



Komiti Whakahaere Rawa/ Asset Management Committee Terms of Reference

1. Purpose and Composition

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

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

The AMC will be independent of management and comprise:

- at least three Watercare Directors, **one of which should have experience overseeing major capital infrastructure projects;** and
- a non-Board External Expert Advisor.

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

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

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

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

2. Meetings

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

A quorum shall be a majority of AMC members.

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

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

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

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

The AMC may have in attendance Management and such other persons including external experts and others it deems necessary to provide appropriate information, explanation or assistance.

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

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

3. Authority

The AMC is authorised by the Board to oversee matters relating to Watercare's AMP and MCPs. The AMC may make recommendations to the Board, but does not have any decision making authority, unless this has been delegated to the AMC by the Board.

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

It is the responsibility of Senior Executives¹ to draw the AMC Chair's and AMC's immediate attention to any material matter that relates to the AMP and any MCP.

¹ Executive Team and Senior Management Team

4. Access and Independent Advice

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

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

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

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

5. Responsibilities

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

The responsibilities of the AMC include:

- Reviewing and recommend the AMP prior to the presentation to the Board;
- Serving as an independent, objective party to review information presented by senior management relating to the AMP and MCPs;
- For MCPs, reviewing the delivery and performance of these projects;
- For capital projects greater than \$50m, reviewing and make recommendations to the Board in relation to proposed business cases, change requests and early warnings;
- Providing appropriate scrutiny and governance to ensure planned investment remains balanced and optimised to achieve Watercare's strategic objectives;
- Regularly assessing portfolio performance to ensure that programmes are on target to deliver required outcomes, including health and safety, within tolerable cost, time, quality requirements, and that the portfolio risk profile remains acceptable across Watercare;
- Reviewing opportunities presented by Management that could positively impact the delivery of the AMP;
- Assessing the change in business risk profile or penalties associated with the deferral of the delivery of programmes to later years;
- Reviewing any significant programme forecast overruns or under performance against Watercare priorities and making related recommendations to the Board;

- Acting as a forum for the free and open exchange of views and information between the Board and internal Managers in relation to the AMP.

The AMC will have oversight of the following:

- All portfolio and programme outcomes seeking inclusion in the annual capital budget.
- Additional capital requirements for programmes and outcomes that are not currently included in the AMP.
- The Waikato District Council contract.

The duties and responsibilities of AMC members are additional to those they have as a member of Watercare's Board. In carrying out its responsibilities, the AMC will:

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

6. Review of the Terms of Reference

The AMC will conduct, with management assistance, a review of its performance, purpose, responsibilities and Terms of Reference every two years (or as often as conditions dictate). It will advise the Board of the outcome of that review along with any recommended changes.

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

These Terms of Reference were approved by the Board in July 2024. The next review is scheduled for July 2026.

Board - Public Session - Board planner

		Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Meetings	Board	3 July (Special board meeting) 10 July	6-Aug	3-Sep	8-Oct	5-Nov (Statutory Public Meeting)	12-Dec
	Audit and Risk Committee		16-Aug 30-Aug			19-Nov	
	Asset Management Committee	2-Jul	5-Aug		Date TBC	20-Nov	
Running the Business	Financial	Auckland Council and Watercare to review 30 June Treasury Interest rates	Approve Auckland Council Reporting Pack (via an out-of cycle resolution) Update on financing large infrastructure projects	Approve 2023/24 accounts Delegate final sign off of Annual Report 2024		Auckland Council Draft Annual Plan - approve Watercare input	
	Statement of intent	Final submission of 2024-2027 SOI to Council on or before 31 July 2024	Final 2024-2027 SOI adopted by Auckland Council Q4 Performance Report - due to Council by 30 August 2024		Q1 (FY25) Performance Report due to Council by 25 October 2024	2023/2024 SOI Results to be presented to Board at Public Meeting. Public deputations to be received	2025/26 Letter of Expectations to be received
	Community and Stakeholder Relationships	Watercare deep dive performance discussion at the CCO Direction and Oversight Committee meeting of 23 July 2024	Stakeholder	Iwi	Stakeholder	Iwi Progress update from Infrastructure, Operations and Customer teams on the recommendations of the Citizens' Assembly	Stakeholder
	Governance	Asset Management Committee Terms of Reference	Enterprise Risk Report Q4 Statutory compliance N2O strategy and decarbonisation roadmap	Update on Auckland flood recovery Policy update	Board Strategy Session Climate Change Governance Workshop	Enterprise Risk Report Good Employer Policy update Q1 Statutory compliance Policy update	Update on Auckland flood recovery Board delegations to the CE Policy
	Karakia	Margaret Devlin	Geoff Hunt	Andrew Clark	Frederik Cornu	Graham Darlow	Julian Smith
Confidential		An update on key climate change disclosures and risks Growth Servicing Policy update	A year end progress update for CE's KPIs N2O strategy and decarbonisation roadmap			CE's KPIs	Waikuku water supply system upgrade
Audit & Risk Committee			Auckland Council reporting pack Approval of F24 financial statements External audit update Internal audit report Enterprise Risks Deep Dive on failure to meet developer services commitments Risk appetite around AI Directors' expenses for the quarter ended 30 June 2024			Board delegations to the CE Policy Planning report for half-year accounts Internal audit report and plan Enterprise Risks Deep Dive on Artificial Intelligence risk at Watercare Directors' expenses for the quarter ended 30 September 2024	
Asset Management Committee		Enterprise Model update Central Interceptor Dashboard Committee Terms of Reference AMP financials, delivery report and traffic light reporting	Waikato District Council contract – update Deep dive on Central Interceptor AMP financials, delivery report and traffic light reporting			Waikuku water supply system upgrade Deep dive on Hula Water Treatment Plant AMP financials, delivery report and traffic light reporting	

Board meeting | 10 July 2024
Public session



Directors' appointment terms, committee memberships and meeting attendances

For information

Te pou whenua tuhinga / Document ownership

Prepared and recommended by

Emma McBride
Head of Legal and Governance

Submitted by

Dave Chambers
Chief Executive Officer

1. Te tūtohunga / Recommendation

We recommend that the Board notes this report outlining directors' appointment terms, committee membership and meeting attendances.

2. Take matua / Key points

The key points are:

- the tenure of the current directors of Watercare Services Limited
- details of the committees each director is a member of
- details of directors' attendance at Board and committee meetings over the calendar year.

3. Kōrero pitopito / The details

We currently have seven directors appointed by Auckland Council.

3.1 The tenure of the current directors

Director	Original appointment date	End of term
Geoff Hunt (Board Chair)	1 July 2024	1 st term ends on 31 October 2027
Margaret Devlin	1 November 2016	4 th term ends at such time as the annual audit of Watercare has been completed for 2024 (estimated to be August/September 2024)
Nicola Crauford	1 April 2014	5 th term ends at such time as the annual audit of Watercare has been completed for 2024 (estimated to be August/September 2024)
Graham Darlow	3 February 2021	2 nd term ends on 31 October 2027
Julian Smith	1 January 2022	2 nd term ends on 31 October 2027
Andrew Clark	1 June 2024	1 st term ends on 31 October 2027
Frederik Cornu	1 June 2024	1 st term ends on 31 October 2027

3.2 Details of the committees

We have two committees to assist the Board in its corporate governance. Committee Chairs and members are appointed by the Chair. Attendance at Committee meetings by non-members is optional.

Director	Audit and Risk Committee	Asset Management Committee
Geoff Hunt (Board Chair)*		
Margaret Devlin	✓	✓
Nicola Crauford	Committee Chair	✓
Graham Darlow		Committee Chair
Julian Smith	✓	
Andrew Clark	✓	
Frederik Cornu		✓

* Appointed on 1 July 2024.

3.3 Directors' attendance at Board and committee meetings

Attended ✓ Did not attend ✕ Not on the committee ■	Attendance at Board meetings															Attendance at Audit and Risk Committee meetings ^x					Attendance at Asset Management Committee meetings						
	25 January 2024	8 February 2024	5 March 2024	9 April 2024	23 April 2024	2 May 2024	7 May 2024	12 June 2024	25 June 2024	3 July 2024	10 July 2024	6 August 2024	3 September 2024	8 October 2024	5 November 2024	12 December 2024	7 February 2024	23 April 2024	21 May 2024	16 August 2024	30 August 2024	19 November 2024	19 February 2024	23 April 2024	2 July 2024	5 August 2024	20 November 2024
Geoff Hunt																											
Margaret Devlin	✓	✓	✓	✓	✓	✓	✓	✓	✓								✓	✓	✕				✓	✓			
Nicki Crauford	✓	✓	✓	✓	✓	✓	✓	✓	✓								✓	✓	✓				✓	✓			
Graham Darlow	✓	✓	✓	✓	✕	✓	✓	✓	✓								✕	✓	✓				✓	✓			
Julian Smith	✓	✓	✓	✓	✓	✓	✓	✓	✓								✓	✓	✓					✓			
Andrew Clark								✓	✓																		
Frederik Cornu								✓	✓																		

*Appointment effective from 1 July 2024.



Board meeting | 10 July 2024
Public session



Disclosure of Directors' and Executives' interests

For information

Te pou whenua tuhinga / Document ownership

Prepared and recommended by
Emma McBride
Head of Legal and Governance

Submitted by
Dave Chambers
Chief Executive Officer

1. Te tūtohunga / Recommendation

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

2. Take matua / Key points

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

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

3. Kōrero pitopito / The details

3.1 Watercare Services Limited's Directors' Interests Register

DIRECTOR	INTEREST
Geoff Hunt	<ul style="list-style-type: none"> • Principal, Geoff Hunt Consulting Ltd • Director, Preston 2 Trust Ltd • Director, J Scott and Company Ltd • Director, JSP Ltd • Advisor to the Board, Alta Consulting Ltd • Member, AUT Engineering Industry Advisory Committee

DIRECTOR	INTEREST
	<ul style="list-style-type: none"> • Member, Institution of Engineering and Technology • Member, Institute of Directors • Trustee, Hunt Family Trust
Margaret Devlin	<ul style="list-style-type: none"> • Director, Waikato Regional Airport • Director, Titanium Park (wholly owned subsidiary of Waikato Regional Airport)
Nicola Crauford	<ul style="list-style-type: none"> • Director and Shareholder, Riposte Consulting Limited • Trustee, Wellington Regional Stadium Trust • Director and Chair, Burgundy Holdco Limited (owner of StraitNZ Limited) • Director, Lyttleton Port Company Limited
Graham Darlow	<ul style="list-style-type: none"> • Director, Holmes GP ANZ Ltd • Director, Hick Group Ltd • 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. Heavy Haulage Limited • Director, Hick Bros. Holdings Limited • Director, Holmes Group Limited • Chair, The LEAD Alliance Board • Governance Board, North Shore Golf Club
Julian Smith	<ul style="list-style-type: none"> • Advisory Board Member Vadacom Limited • Board Trustee, Look Good Feel Better Trust • Director and Shareholder of JTB Enterprises Limited • Committee member of Institute of Directors, Auckland Committee • Chair, Institute of Directors Te Tai Tokerau, Northland Sub-Committee • Committee member of Body Corporate Chairs Group NZ, Auckland Committee • Body Corporate Committee member, The Connaught Residential Apartments, Auckland • MyCareerBrand • Group Secretary – Northland Corporate Group

DIRECTOR	INTEREST
Andrew Clark	<ul style="list-style-type: none"> • Chief Financial Officer at Port of Auckland Limited • Trustee of Maritime Retirement Scheme (Fund for the Maritime Union of NZ) • Trustee of the Maritime KiwiSaver Scheme (Fund for the Maritime Union of NZ) • Chair of Bunker Shipz Ltd (wholly owned subsidiary of Port of Auckland Limited) • Chair of Seafuels Ltd (wholly owned subsidiary of Port of Auckland Limited)
Frederik Cornu	<ul style="list-style-type: none"> • Vice-President and Board Member, French New Zealand Chamber of Commerce (FNZCCI) • Executive Committee Member, New Zealand China Trade Association • Director, Alliance Francaise Auckland • Shareholder and New Zealand Planet Leader, Team for the Planet

3.2 Watercare's Executives' Interests Register

EXECUTIVES	INTEREST
Dave Chambers	• Director, GB & DD's Outfit Limited
Jamie Sinclair	• Director and Shareholder, Sinclair Consulting Group Ltd
Shayne Cunis	Nil
Priyan Perera	• Board member, Water New Zealand • Director and shareholder, Popellow Limited
Mark Bourne	• Trustee, Te Motu a Hiaroa (Puketutu Island) Governance Trust
Andrew Chin	Nil
Sarah Phillips	• Trustee, Te Motu a Hiaroa (Puketutu Island) Governance Trust
Richard Waiwai	• Director and owner, Te Hautapu Consultants Limited • Trustee of Te Rana Te Araroa Waiwai Whanau Trust • Relatives work for Waikato Tainui
Nigel Toms	• Director, TRN Risk & Resilience Consulting
Angela Neeson	• Director, Tranquillo Properties Limited

