

**WATERCARE SERVICES LIMITED**

<b>AGENDA</b>	<b>BOARD MEETING</b>	<b>Friday 31 August 2018</b>
<b>Venue</b>	Watercare Services Limited, Level 3, 73 Remuera Road, Newmarket	
<b>Time</b>	8.30am	

*Open Public Meeting*

<b>Item</b>	<b>Spokesperson</b>	<b>Action sought at governance meeting</b>	<b>Supporting Material</b>
<b>1 Apologies</b>	Chair	Record apologies	
<b>2 Minutes of Meeting</b>	Chair	Approve Board Meeting Minutes 31 July 2018	<a href="#">Board Minutes 31 July 2018</a>
<b>3 Review Directors' Disclosure of Interests</b>	Chair	For noting	<a href="#">Report</a>
<b>4 For discussion</b>			
4.1 Safety Moment	All	For sharing	Nil
4.2 Chief Executive's Report	R Jaduram	For discussion	<a href="#">Report</a>
4.3 Board Committee Updates	Committee Chairs	For discussion	Nil
<b>5 For discussion</b>			
5.1 Executive Management's Strategic Update	Senior Exec	For discussion	<a href="#">Presentation</a>
<b>6 Directors' Corporate Governance Items</b>			
6.1 Board Planner	Chair	For noting	<a href="#">Report</a>
6.2 Review Executive Management Disclosure of Interests	Chair	For noting	<a href="#">Report</a>
6.3 Director Appointment Terms and Committee Membership	Chair	For noting	<a href="#">Report</a>
<b>7 General Business</b>	Chair		
<b>Date of next meeting</b>	Wednesday 26 September 2018		
<b>Venue</b>	Watercare Services Limited, Level 3, 73 Remuera Road, Newmarket		

# MINUTES

SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Watercare Services Limited, 73 Remuera Road, Remuera, Auckland
DATE	31 July 2018
TIME	10am
STATUS	Public Session

	<b>Present:</b> M Devlin (Chair) J Hoare (Deputy Chair) N Crauford B Green C Harland Hon Dame A King	<b>In Attendance:</b> R Jaduram (CE) R Chenery J Glennon S Webster S Morgan D Hawkins M Bridge A Singleton J Stewart R Fisher E McBride S Cunis (from 10am-11.10am)	<b>Members of the Public:</b> Nil
1.	<p><b>Apologies</b></p> <p>Apologies were received from D Thomas. The Chair noted that given D Thomas' previously declared conflict of interest, he had not received any confidential information relating to the Central Interceptor.</p>		
2.	<p><b>Minutes of Previous Meetings</b></p> <p>The Board <b>resolved</b> that the minutes of the public section of the Board meeting held on 29 May 2018 be confirmed as true and correct.</p>		
3.	<p><b>Review Directors' Disclosure of Interests</b></p> <ul style="list-style-type: none"> <li>- N Crauford requested that her disclosure be amended to read "Member of EPA decision making committee relating to OMV's application for a discharge consent".</li> <li>- D Thomas, was an apology for the meeting. Via email, D Thomas had declared a conflict of interest given his position in the Fletcher Group. The Fletcher Group is one of the four consortia bidding for the Central Interceptor. There will be confidential, commercially sensitive information that will be brought to the attention of the Board, which is unlikely to be shared with all four consortia. In order to ensure D Thomas is not privy to any sensitive information that would cause a conflict of interest (Sensitive Information), the following procedure will be followed. It was agreed that this procedure was to protect both D Thomas and Watercare from having their professionalism and integrity questioned.</li> <li>- Watercare will not include any Sensitive Information in the Board papers. Instead, this will be emailed to the other directors. D Thomas will not receive the information, whether it is a short email update or an entire board paper.</li> </ul>		

	<ul style="list-style-type: none"> <li>- In Board meetings, when we get to the relevant item on the agenda, the Chair will ask D Thomas to leave the meeting. The minutes will reflect that: <ul style="list-style-type: none"> <li>o D Thomas declared an interest.</li> <li>o The Sensitive Information was never provided to D Thomas.</li> <li>o D Thomas excused himself from the meeting for that agenda item and did not participate in any part of the discussion or decision (if a decision is required).</li> </ul> </li> <li>- D Thomas will then receive a redacted version of the minutes that excludes the agenda item covering the Sensitive Information.</li> </ul>
4.	<p><b>For Discussion</b></p> <p><b>4.1 Safety Moment</b></p> <p>S Webster provided the Board with a safety moment.</p> <ul style="list-style-type: none"> <li>- He noted that sometimes just a small oversight can cause harm.</li> <li>- To illustrate, he told a story about a near miss he had whilst on holidays involving a hire-car. The seatbelts system was unusual and a rear seat passenger did not use a seat-belt. When the car had to suddenly stop to avoid a crash, the passenger was thrown forward into the back of the front seat. As the car was travelling at 20km/h, there was no injury. It was a reminder than even a small oversight can cause harm, even at low speed.</li> </ul>
	<p><b>4.2 Health &amp; Safety Report</b></p> <p>J Glennon spoke to the report.</p> <p>Following this, there was a general discussion that covered the following points:</p> <ul style="list-style-type: none"> <li>- The Health and Safety Training workshop for Contractor Management (refer page 14), was rescheduled. There was a slippage as it takes time to pull all of the contractors together. The training session was a refresher, not an induction.</li> <li>- Management is reviewing the ACC Accredited Employer Programme. There is a significant amount of administration, support and funding to have this type of programme in place. If Watercare joined this programme, and someone was injured, Watercare would be responsible for the cost of that injury and any rehabilitation, even if this was very long term. J Hoare noted that some companies are outsourcing the management of these programmes, as they can be very costly and time consuming. J Hoare is a director of another company, which is already using this programme. She offered to put Watercare in touch with that company's CEO to discuss the programme in more detail.</li> <li>- S Morgan noted that the TRIFR results have halved in the last year. The Board acknowledged the positive movement in the results and was encouraged to learn that our workers were supported by a culture of openness.</li> <li>- J Glennon advised that employees are advised of Health and Safety learnings/moments via Stop Work meetings on site, daily briefings, and also via emails sent directly by the CE.</li> <li>- S Webster confirmed he would look into the "Safe Behaviour Observations" at the Albany Pinehill and Rosedale Expansion Plants. At each of these sites, the table suggests there were no "Safe Behaviour Observations".</li> <li>- S Webster noted there was a near miss at Army Bay in July. The site has a deep shaft, and to get down the shaft, workers are transported in a cage, which is suspended from a crane. The cage unexpectedly</li> </ul>

dropped when no workers were inside. All work was stopped. Nobody was hurt. The cage dropped because of a faulty instrument on the crane mechanism. Worksafe is going to issue an industry wide instruction regarding this type of mechanism, as the fault was not isolated to this particular crane, and is an industry wide problem.

- A Singleton recently received an unsolicited email from Worksafe commending Watercare’s MSN team on their professionalism and thoroughness. This email was sent after a Worksafe team randomly stopped to observe and talk to an MSN Watercare team working on the side of the road.
- N Crauford noted that since she became a director in 2014, she has noticed a major positive turnaround in the culture of Watercare. When she joined, she was part of a Health and Safety Committee that met fortnightly. Since then, Health and Safety at Watercare has come a very long way and it is worthwhile reflecting on just how far the company has come. The Chair requested that this comment be passed on to all staff.

#### **4.3 Chief Executive’s Report**

The report was taken as read. The CE and Management responded to questions from the Board.

##### ***Digital and Self Service (Point 3, page 27)***

- R Chenery noted that everyone needs to take credit for a job well done, not just those in the STP team.
- Customers are extremely positive about the digital channels, update has been strong, with no promotion by Watercare.
- We have investigated a “Watercare app”, but our research suggests customers are comfortable using the website.
- In relation to the e-billing campaign, A Singleton advised that over 3,500 new customers have signed up in the first few days of the campaign. However, there will always be customers that will not want to change. For example, we still have around 2,000 customers paying their monthly bill by cheque. At present, we are incentivising transfer over to e-billing, with a competition (customers can win a water efficient washing machine and water efficient shower heads). When the prize is won, the media will be informed so they can promote the event. In the future, we may look at providing disincentives to customers. A King noted that e-billing may not be an option for some customers, particularly the elderly..

##### ***Digital Day (Point 4, page 28)***

- C Harland attended Digital Day and confirmed it was a great success, very well attended, with a great variety of speakers and vendors.
- Next year, it was agreed that the Mayor, Councillors and our corporate customers should also be invited.

##### ***Celebrating the Opening of Three New Infrastructure Projects (point 9, page 29)***

- S Morgan noted that the Mayor attended two of the events with Councillors. The Mayor spent more time on site than planned and enjoyed speaking with staff and seeing the operational activities.

##### ***Waikato District Council (WDC) (Point 14, page 31)***

- The Chair and CE met with the Mayor and CEO of WDC. Ian Cathcart, ex Veolia, is now employed by WDC. He is proposing a service agreement with Watercare, which would commence on 1 July 2019. There is much work to do, including a business case and a review of the risks for the Board to consider. Any agreement is subject to Auckland Council approval. It was agreed that the CE would update Auckland Council on this project.

	<ul style="list-style-type: none"> <li>- The Chair confirmed that Watercare should progress with this initiative, despite the proposed reform of the water sector.</li> </ul> <p><b>17A Value for Money updates (Point 16, page 32)</b></p> <ul style="list-style-type: none"> <li>- M Bridge noted that the Terms of Reference for the Financial Group Services review are quite broad. We have provided the Value for Money team with our feedback, including suggestions around the governance and oversight of the report.</li> <li>- In September, the CE’s report is to include detail of the recommendations of each s17A review, the actions underway, and the progress made.</li> </ul> <p><b>Service Delivery (point 18, page 34)</b></p> <ul style="list-style-type: none"> <li>- S Morgan noted that water levels in our dams are very high, at 97%, but they are designed to hold 100% and will spill via engineered structures, if required. There are no safety concerns of the dam structures. Watercare has a dedicated and experienced Dam Safety team of four people. We also engage with external professional experts, Dam Watch.</li> </ul> <p><b>4.4 Board Committee Updates</b></p> <p><b>STP Committee Update</b></p> <p>The next meeting of the Committee is 30 August 2018.</p> <p><b>Audit and Risk Update</b></p> <p>The next meeting of the A&amp;R is 17 August 2018.</p> <p><b>AMP &amp; Major Capex Committee Update</b></p> <p>The next meeting of the AMCC is 30 August 2018.</p>
5.	<p><b>For Approval</b></p> <p><b>5.1 Update to 2018-21 SOI financials and 2018/19 Budget</b></p> <p>The report was noted.</p>
6.	<p><b>For Information</b></p> <p><b>6.1 Organisation and Culture Update – Ask Your Team Presentation</b></p> <p>J Glennon spoke to the presentation. He noted the following points:</p> <ul style="list-style-type: none"> <li>- The completion rate was very high.</li> <li>- The Overall Score of 67% is good on a global scale. 72-79% represents a “best employer” score. So Watercare’s score is relatively high with high levels of staff engagement.</li> <li>- The Leadership score shows a notable improvement.</li> <li>- The Organisational Learning and Project Planning scores have dropped and these are being addressed.</li> </ul>

	<ul style="list-style-type: none"> <li>- The Departmental Scores were all above 60. Anything above 60 is considered good and all of the scores are trending in the right direction. The lower score in the Risk &amp; Assurance department was due to a change in the Executive manager. The lower score in Operations was also due to the fact the survey occurred whilst executive recruitment was underway. The changes in senior management meant that some people were more concerned/unsettled than usual, resulting in lower scores.</li> <li>- The Engagement Score rose from 65% to 68%. Anything more than +2% change is over the margin of error and considered a significant improvement.</li> <li>- The key area where we need to do work is recognising our people, including how we provide feedback and providing warranted recognition. Getting this right will help improve our engagement scores.</li> </ul> <p><b>6.1 Compliance</b></p> <p><b>6.1.1 RMA Compliance</b></p> <p>The Board noted the report.</p> <p><b>6.2 Capital Programme</b></p> <p><b>6.2.1 Infrastructure Dashboard</b></p> <p>The Board noted the report.</p>
7.	<p><b>Directors' Corporate Governance Items</b></p> <p><b>8.1 Board Planner</b></p> <p>The Board noted the planner.</p> <p>The next Governing Body workshop is on 25 September.</p> <p><b>8.2 Review Executive Management Disclosure of Interests</b></p> <p>The Board noted the report.</p> <p><b>8.3 Director Appointment Terms and Committee Memberships</b></p> <p>The Board noted the report.</p> <p>The Chair reported that the Mayor is aware that five directors' terms end in October 2019. He is addressing the issue. Council also plans to provide us with a Board Observer intern before Christmas.</p>
8.	<p><b>General Business</b></p> <p>The CE suggested that at the August meeting, we invite a representative from the DIA to discuss the changes underway in the industry. We would also invite the Deputy Mayor, Councillor Cashmore, as well as the Chairs of the Council's Committees to that portion of the meeting.</p>
	The meeting closed at 11.35am.

CERTIFIED AS A TRUE AND CORRECT RECORD

Margaret Devlin  
Chair

## Report to the Board of Watercare Services Limited

**Subject:** Directors' Disclosure of Interests

**Date:** 24 August 2018

Section 140 of the Companies Act 1993 requires disclosure of interests of a director to the Board. Set out below are the disclosures of interests received as at the date of this report.

Director	Interest
Margaret Devlin	<ul style="list-style-type: none"> <li>– Chair, Harrison Grierson Limited</li> <li>– Director, Meteorological Services of NZ Limited</li> <li>– Director, Waikato Regional Airport</li> <li>– Chair, Titanium Park (wholly owned subsidiary of Waikato Regional Airport)</li> <li>– Director, IT Partners Group</li> <li>– Director, Aurora Energy</li> <li>– Independent Chair of Audit and Risk Committee, Waikato District Council</li> <li>– Chair, Women in Infrastructure Network</li> <li>– Councillor, Wintec Council</li> <li>– Councillor The University of Waikato Council</li> <li>– Member, Audit and Risk Committee of The University of Waikato</li> <li>– Chair, Waikato Spatial Plan Joint Committee</li> <li>– Chair Elect, Lyttleton Port Company Limited</li> </ul>
Catherine Harland	<ul style="list-style-type: none"> <li>– Director, McHar Investments Ltd</li> <li>– Director, Interface Partners Ltd</li> <li>– Trustee, One Tree Hill Jubilee Educational Trust</li> <li>– Member, Auckland Regional Amenities Funding Board</li> <li>– Member, Water Allocation Technical Advisory Group</li> </ul>
Julia Hoare	<ul style="list-style-type: none"> <li>– Director, AWF Madison Group Limited</li> <li>– Director, New Zealand Post Limited</li> <li>– Deputy Chair, The a2 Milk Company Limited</li> <li>– Director, The a2 Milk Company (New Zealand) Limited</li> <li>– Director, Port of Tauranga Limited</li> <li>– Director, Auckland International Airport Limited</li> <li>– Chair, Auckland Committee, Institute of Directors</li> <li>– Member, Advisory Panel to External Reporting Board</li> <li>– Member, Institute of Directors National Council</li> </ul>
Nicola Crauford	<ul style="list-style-type: none"> <li>– Director, Environmental Protection Authority (EPA)</li> <li>– Member of EPA decision making committee relating to OMV's application for a discharge consent</li> <li>– Member of Electoral Authority, Cooperative Bank Limited</li> <li>– Specialist Advisor, WorleyParsons New Zealand Ltd</li> <li>– Director and Shareholder - Riposte Consulting Limited</li> <li>– Director, Wellington Water Limited</li> <li>– Director, Orion New Zealand Limited</li> <li>– Chair, GNS Science Limited</li> <li>– Deputy Chair, Fire and Emergency New Zealand</li> </ul>

David Thomas	<ul style="list-style-type: none"> <li>- Chair, Ngāti Whakaue Tribal Lands Inc.</li> <li>- Chair, Gypsum Board Manufacturers of Australasia</li> <li>- Shareholder / Employee, Fletcher Building Limited</li> <li>- Director, New Zealand Ceiling &amp; Drywall Supplies Limited</li> <li>- Chair, Altus NZ Limited</li> <li>- Director, Delcon Holdings (No.8) Ltd</li> <li>- Director, Fletcher Building Products Ltd</li> <li>- Director, Fletcher Concrete and Infrastructure Ltd</li> <li>- Director, Home&amp;Dry Ltd</li> <li>- Director, Iplex Pipelines NZ Ltd</li> <li>- Director, Pinkfit Ltd</li> <li>- Director, Selwyn Quarries Ltd</li> <li>- Director, Tasman Insulation New Zealand Ltd</li> <li>- Director, Winstone Wallboards Ltd</li> </ul>
Brendon Green	<ul style="list-style-type: none"> <li>- Director, Kaitiaki Advisory Limited</li> <li>- Director, Tainui Kawhia Incorporation</li> <li>- Director, Peak2Peak</li> <li>- Executive Director, Bay Dairy Limited</li> <li>- Executive Director, Advanced Biotech NZ</li> <li>- Executive, Te Rūnanganui o Ngāti Hikairo</li> <li>- Management contract, Tainui Kawhia Minerals</li> <li>- Representative of Waipapa Marae, Kawhia, Te Whakakitenga o Waikato Tainui.</li> <li>- Consultant to Trility (Australian water infrastructure company).</li> </ul>
Hon Dame Annette King	<ul style="list-style-type: none"> <li>- Chair, Life Flight Trust Wellington.</li> <li>- Interim Chair, Earthquake Commission (EQC)</li> <li>- Member of the Appropriations Review Committee of the New Zealand Parliament</li> <li>- Chair of Federation of Primary Health Aotearoa New Zealand's Establishment Board.</li> </ul>

## RECOMMENDATION

That the report be received.

Approved by:



R Jaduram  
**Chief Executive**



## Report to the Board of Watercare Services Limited

**Subject:** Chief Executive Report – July 2018

**Date:** 24 August 2018

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### NEW LOOK CE'S REPORT

- This month, we have a new-look CE's report, which reports via exception.
- The report incorporates integrated thinking and references the capitals of our value creation model. Below are the highlights and lowlights of the month's performance.
- We welcome your feedback on the new-look report at the Board meeting.

### HIGHLIGHTS AND LOWLIGHTS

1. **Health and Safety:** TRIFR has almost halved over the last year. However, there were 2 MSO worker and 2 contractor injuries noted during the month. There was also a near miss incident report to Worksafe from a suspended cage falling.
1. **SOI measures:** Three SOI measures are not being met:
  - The drinking water consumption per day, per resident remains above our target, after the long, hot summer. Consumption increased by 5% from late spring to early autumn during the 2017/18 year compared to the same period in 2016/17. We are reviewing this and a number of initiatives are underway to bring this number down, including the implementation of our Water Efficiency Strategy to make a meaningful impact. Internally, we are working to streamline the delivery of the water efficiency programme to domestic and non-domestic customers and develop tools to understand localised demand and its causes.
  - Real-water losses from the network are also above the desired level. The July 12 month rolling average is 13.2%, against a target of ≤13%. Work is underway to improve checking procedures at our Bulk Supply Points (some of which are overestimating supply), including the creation of district metered areas, particularly in sub division areas where indications of water theft is high.
  - NPS is 29, below the target of 30. It has dropped slightly due to price increases.
2. **People, Capability and Learning:**
  - Brian Monk retires at the end of August. Brian has been our Chief Financial Officer since integration in 2010.
  - 156 of our People Leaders have graduated from our Leadership Training Programme. A morning tea celebration will occur on 31 August 2018, after the Board meeting.

3. **Customer service:**

- Customer satisfaction remains high at 82.5%, having recovered from a slight dip in January 2018.
- Our in-house MSN teams are replacing meters at a significantly lower cost than our external contractors.
- July saw us focus on a number of commercial customers, including the hosting of a Commercial Customer forum. Great feedback was received.
- We are continuing work on the Housing New Zealand/Homes.Land.Community redevelopment projects.
- We have also started working with the America's Cup Alliance ahead of the 2021 event.

4. **Community and stakeholder relationships:**

- Building relationships with the 19 lwi of Auckland is now part of "BAU" and is no longer part of our SOI measures.
- The Auckland's Waters Strategy is moving ahead. The Programme Manager wishes to hold a workshop with the Watercare Board in November 2018.

5. **Resource Management Act compliance:** There were no non-compliant Category 3 or 4 consents in July 2018.

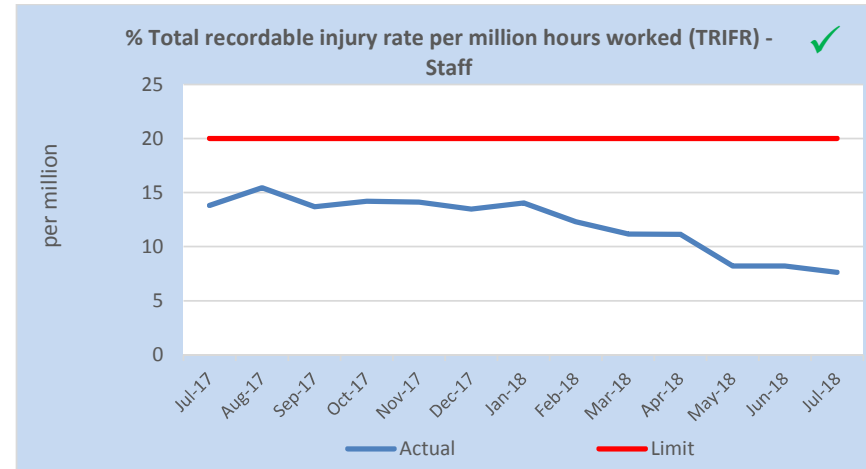
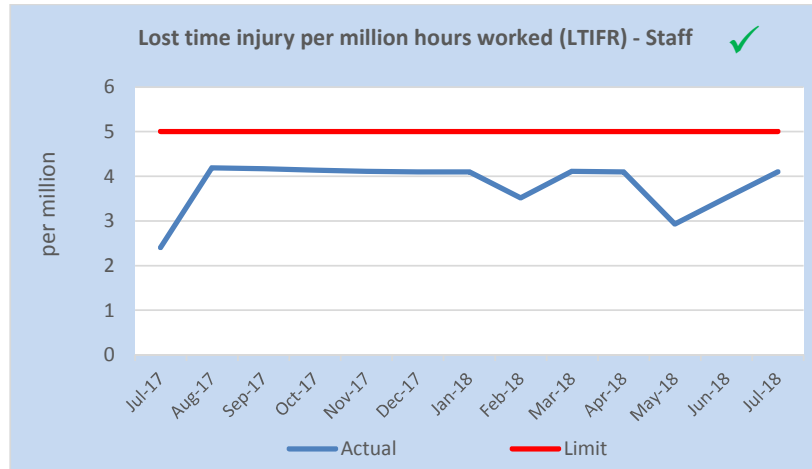
6. **Digital update:** Early prototype dashboards have been developed as part of the Nerve Centre programme. A real-time wastewater overflow dashboard is providing significant value to the business.

7. **Assets, infrastructure and sustainability:** The Central Interceptor remains on schedule, with proposals due to be submitted on 14 September. Consultant and contractor performance is now being measured via WaterPace.



Marlon Bridge  
Acting Chief Executive

# 1. HEALTH & SAFETY UPDATE



## WATERCARE WORKER INJURIES

- A MSO worker sustained a neck strain when attempting to open a large (700mm) gate valve. After seeking medical attention, he was declared unfit for a period of seven days. Manual handling and ergonomic practices were highlighted to all staff, and a one on one session will be conducted with the injured worker upon his return to work.
- A MSO worker experienced lower back muscle spasms when bending to pick up a tool bag. Pain injection treatment was administered and he returned to work the following day. Manual handling techniques were reinforced to prevent a recurrence. The MSO training matrix is being reviewed to ensure all staff are trained in manual handling.

## CONTRACTOR WORKER INJURIES

- A worker tripped over a hose while filling a water truck and sustained a sprain injury to his arm. He was given medical treatment and placed on light duties for 14 days. The contractor has reiterated best practices to the work teams with particular focus on routing of piping to prevent such incidents. An incident bulletin has been distributed.
- An electrician received a cut to his hand whilst stripping a cable sheath with a knife. Medical treatment included two sutures to close the wound. Though wearing all mandatory PPE, the gloves were not stab-proof. Investigation findings showed that it was a momentary failure of technique by an experienced worker. Workers were re-trained on the Standard Operating Procedure and reminded to plan work and ensure to cut away from themselves when using knives. The Watercare project engineer will conduct and record ongoing monitoring of site activities to ensure correct practices and procedures are followed, and has also requested the contractor to undertake their own internal inspections and audits.

**HEALTH & SAFETY UPDATE CONTINUED...****SIGNIFICANT INCIDENTS/HAZARDS/NEAR MISSES – ARMY BAY**

- At Army Bay, an uncontrolled crane cable release resulted in a suspended cage falling approximately 4 metres to the base of a shaft excavation.
- There were no workers in the cage at the time of the event and no injuries reported.
- The event was reported to WorkSafe and the incident investigation revealed two significant root cause contributors :
  - A breach in the contractor’s own procedures in that the cage was left suspended above workers that were working below
  - The crane that was found to have inadequate cable drum safety features.
- The contractor has fulfilled the requirements from the WorkSafe Prohibition Notice to review their hazard management control plans and procedures, review their equipment on-boarding procedures and re-train staff.
- The Watercare project management team reviewed and confirmed the remedial actions prior to work resuming on site.
- In the future, the contractor’s updated procedure will ensure that the cage is lifted out of the shaft, while work is being carried out in the tunnel below.
- The contractor has also put in place a training programme for its workers around crane operation and lifting procedures.
- WorkSafe intend to use the learnings from this event to generate an industry alert, followed by an expansive guidance information sheet.

**ACC PARTNERSHIP REVIEW**

- As previously reported, we are reviewing the options regarding registration for the Approved Employer Programme.
- We have reviewed the audit criteria, along with proposals from third party service providers outlining the services provided.
- Health and Safety team members have attended a recent ACC information seminar to gain updated information around the proposed new product options.
- Executive management will make a decision before year end after considering the financial and administrative risks and impacts.

**INDEPENDENT AUDIT REVIEWS**

- The first audit is scheduled for September at our Headworks unit. The audit will review working adjacent to water and confined space controls.

**HEALTH AND SAFETY TRAINING**

- On 22 August, at Rosedale, we will hold our next in-house health and safety training workshop for Contractor Management.
- Future training is planned. It will include other elements of the Health and Safety Toolkit. This is part of our ongoing in-house training programme to improve understanding and capability.

**HEALTH & SAFETY UPDATE CONTINUED...****INSPECTIONS**

- Targets were set with business units for Health and Safety Inspections. In part this was done to identify new hazards and risk, but also as a way of embedding a culture of enquiry and vigilance around safety. The information below reflects a level of activity that indicates a positive ongoing culture of monitoring of activities and equipment.
- Business units are implementing any improvements they have identified. There have not been any trends of significance arising from these inspections.
- The improved system categorisation options for those completing inspections is under ongoing monitoring and review. The new system allows those inputting data to pre-categorise matters. This will provide us with better information.

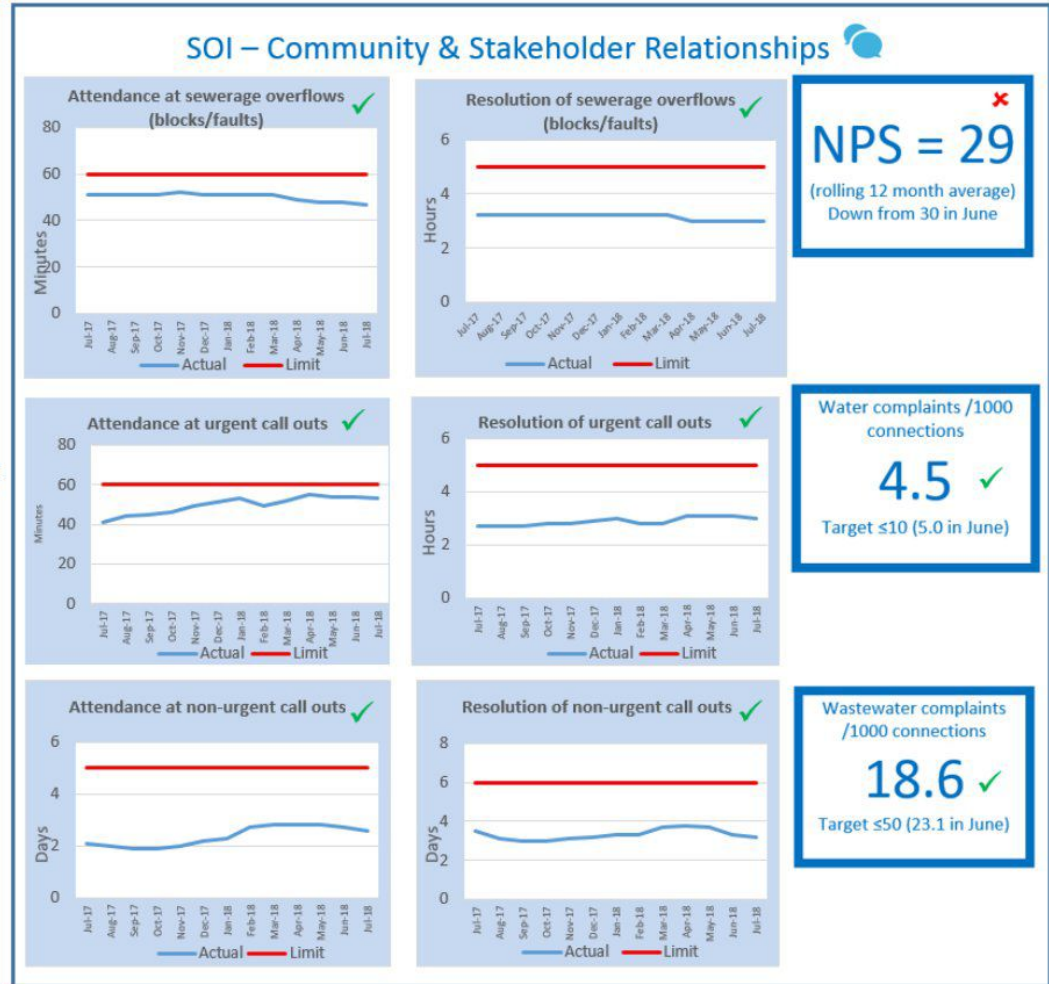
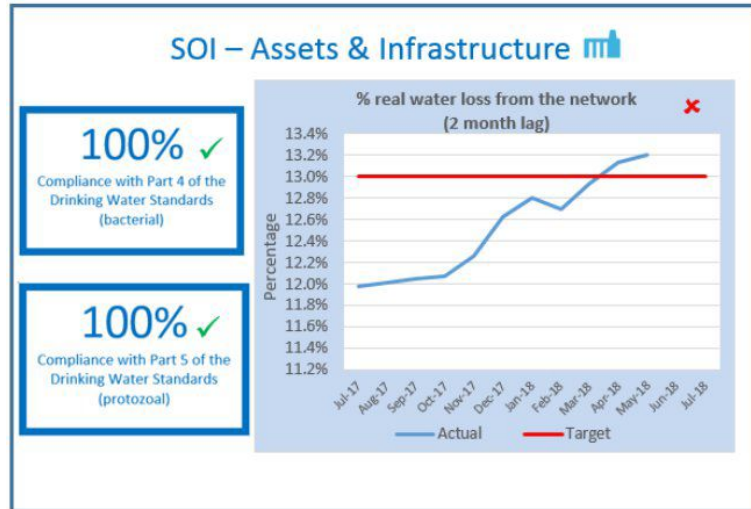
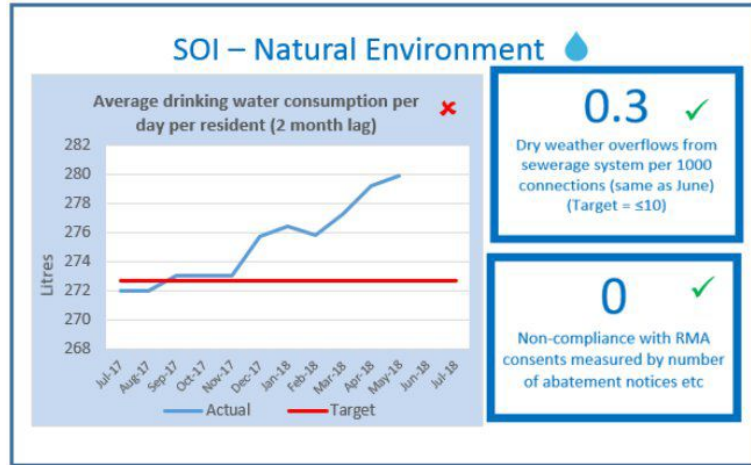
Business Unit	Jul-18	Total	Target for 2018-19	% Complete
<b>Watercare House</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>0</b>
<b>Retail</b>	<b>41</b>	<b>41</b>	<b>130</b>	<b>32</b>
<b>Infrastructure Delivery</b>				
Construction Delivery	9	9	230	4
Laboratory Services	7	7	110	6
MSN	46	46	180	26
<b>Total</b>	<b>62</b>	<b>62</b>	<b>514</b>	<b>12</b>
<b>Operations</b>				
Networks	14	14	150	9
Asset Protection & Engineering Performance	1	1	40	3
Water Supply	3	3	192	2
Wastewater	13	13	232	6
MSO	15	15	138	11
<b>Total</b>	<b>46</b>	<b>46</b>	<b>752</b>	<b>6</b>
<b>Watercare Total</b>	<b>149</b>	<b>149</b>	<b>1414</b>	<b>11</b>

**HEALTH & SAFETY UPDATE CONTINUED...****CONTRACTOR LEAD INDICATOR STATISTICS**

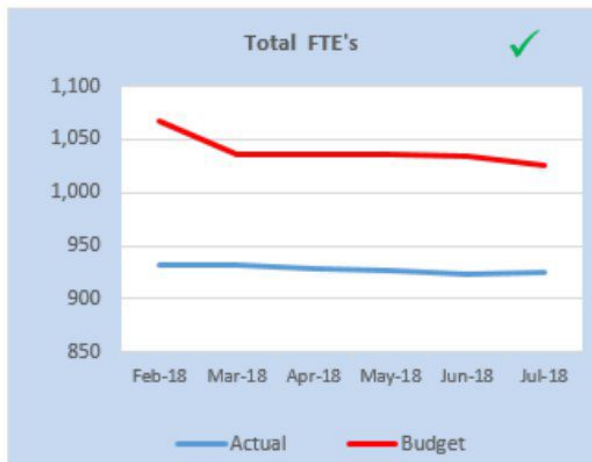
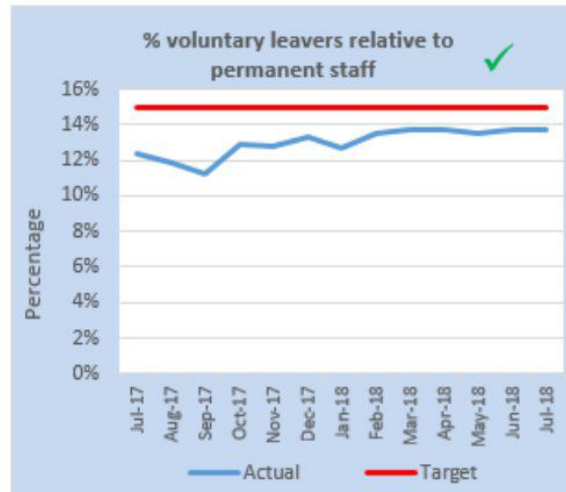
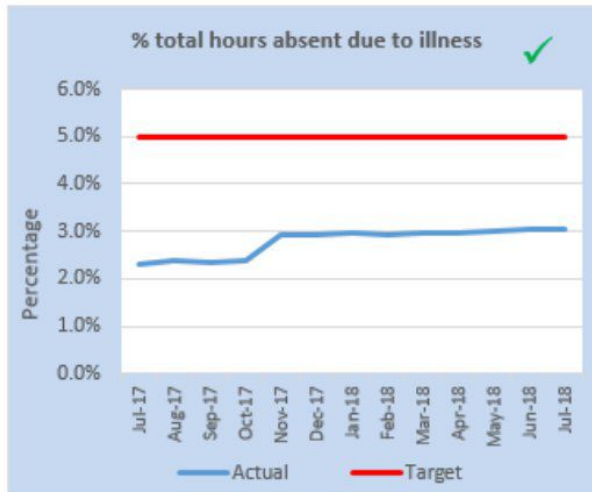
- The table shows contractor statistics for the last three months on a selection of four construction project sites.
- The final row shows July lead indicators for all contractors.
- Each contractor delivering projects for Watercare has their own Health and Safety system they utilise across multiple sites and client organisations. Watercare will not dictate, unless we feel it is appropriate, the mechanics of their system. Therefore, when we ask for lead indicator safety statistics we receive information that matches as closely as possible to the data categories we request. For example a contractor may interpret Hazards Raised as all hazards identified in their daily “Job Starts” on site. Another contractor has a system that identifies Hazards Raised as those that are materially different on the project. One method will record many hazards, i.e. Army Bay WWTP Outfall Upgrade, while another such as Albany-Pinehill Watermain does not report on each hazard raised in their “Job Starts”. Another example are Safe Behaviour Observations. On the Albany-Pinehill Watermain the contractor combines Audits, Inspections and Safe Observations into their Audit process. Therefore we see zero Safe Behaviour Observations and Inspections.
- The data indicates a positive culture of monitoring of activities and equipment. Contractors are reviewing hazards to ensure controls remain adequate and implementing actions where required. Safe behavioural observations indicate that contractors are also looking at ‘what is going right’ at site operational level.

2018	Hours Worked	Audits	Inspections	Hazards Identified	Corrective Actions – Raised	Corrective Actions - Completed	Safe Behaviour	Safety Meetings held
<b>North Shore Trunk Sewer 8 Upgrade</b>								
May	1089	0	1	2	0	3	16	18
June	6270	3	7	0	3	4	41	129
July	6061	4	9	0	3	3	51	109
<b>Albany-Pinehill Watermain</b>								
May	5220	2	0	0	0	9	0	87
June	8052	2	0	0	0	6	0	66
July	6790	3	0	0	0	7	0*	59
<b>Rosedale Expansion Project</b>								
June	1785	2	3	0	0	1	0	15
July	1989	6	2	0	0	6	10	22
<b>Army Bay WWTP Outfall Upgrade</b>								
May	18432	0	4	104	5	99	1	65
June	7788	0	4	72	7	69	0	77
July	24048	0	4	62	6	62	2	83
<b>Sub-Total of above projects – July</b>								
	<b>38888</b>	<b>13</b>	<b>15</b>	<b>62</b>	<b>9</b>	<b>78</b>	<b>63</b>	<b>273</b>
<b>All projects – July</b>								
	<b>64226</b>	<b>16</b>	<b>105</b>	<b>81</b>	<b>9</b>	<b>143</b>	<b>74</b>	<b>313</b>

## 2. SOI MEASURES – 2017-2018



3. PEOPLE, CAPABILITY AND LEARNING



**Full time employees**

Budget **1,025** ✓

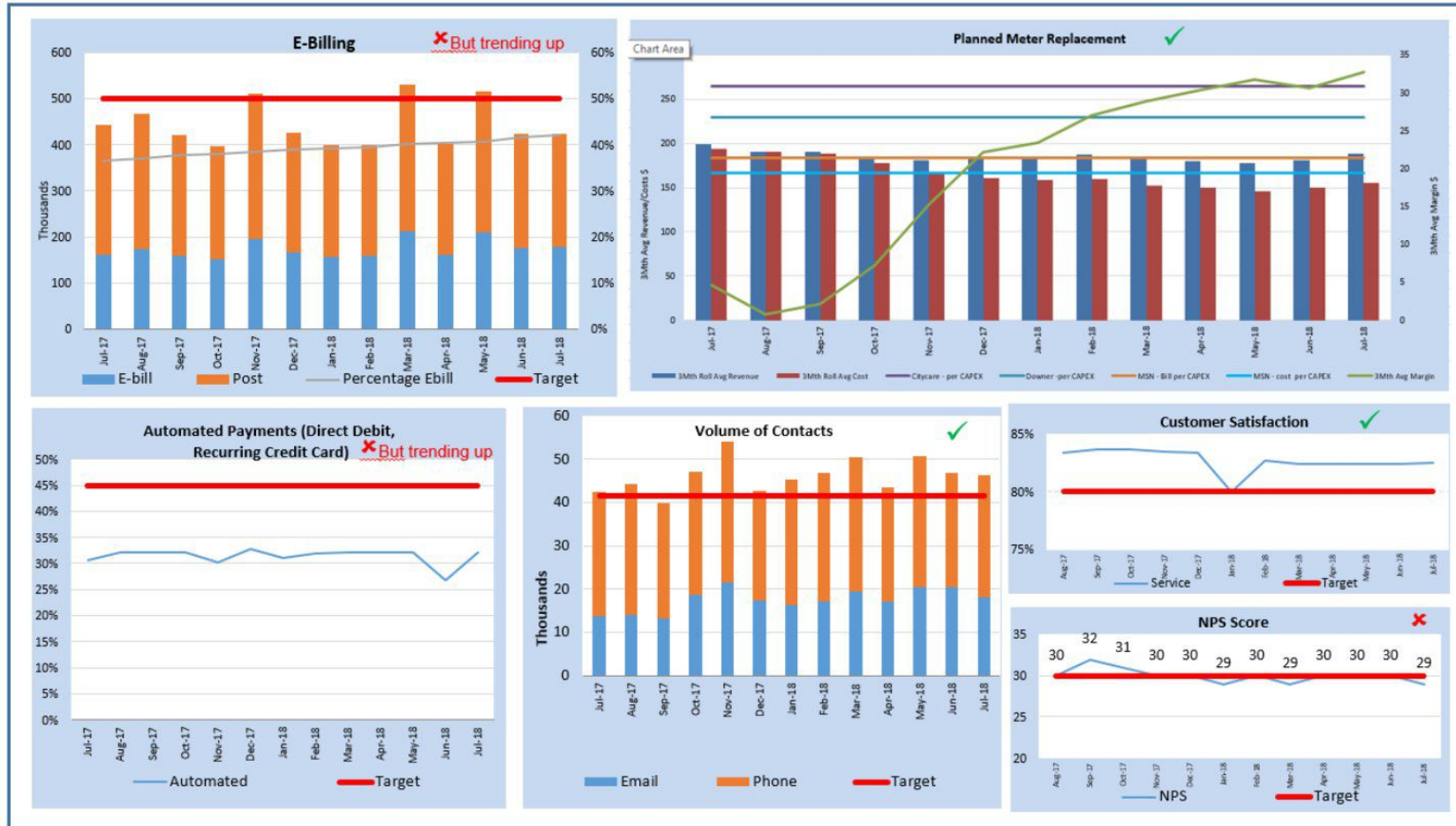
June 2018 **923 actual**

July 2018 **924 actual**

**156**  
Leadership  
Training  
Programme  
Graduates



4. CUSTOMER SERVICE




**CUSTOMER UPDATE CONTINUED...**
**AMERICA'S CUP – 2021**

- Watercare is working with the America's Cup Alliance to assess the infrastructure requirements for the America's Cup bases.
- The bases will be located on Wynyard Wharf and Hobson Wharf.
- Minor infrastructure wastewater upgrades that are currently underway to provide services to development in Wynard Quarter will also be a critical link to service the bases on Wynyard Wharf.
- There will also be some configuration of the network connections to enable the required servicing of the bases.

**COMMERCIAL CUSTOMER FORUM**

- On 25 July, we hosted 30 key commercial customers at Newmarket.
- Auckland Airport, DB Breweries and Coca Cola were present.
- Customers were provided with presentations on our major infrastructure projects and external speakers also presented on sustainability and water efficiency. The forum concluded with a panel discussion.
- Feedback from the attendees has been extremely positive. A second forum is planned for late 2018

**HOUSING NEW ZEALAND/HOMES.LAND.COMMUNITY (HLC) REDEVELOPMENT PROJECTS**

- HLC (formerly Hobsonville Land Company) is the development agency for Housing New Zealand.
  - HLC is undertaking three large-scale urban redevelopment projects to develop a combination of social, affordable end market priced houses (20,000 plus re-developed and new houses) in Northcote, Mt Roskill and Mangere.
  - These major transformation projects will be delivered over the next 10-15 years.
- HLC has also recently been given the role of the development agency for the Tamaki Regeneration Corporation (TRC).
  - TRC will retain responsibility for master planning and social housing operations in Tamaki, but HLC will deliver the housing (8,000 plus re-developed and new homes).
- Watercare is engaging with HLC to undertake joint planning to identify water and wastewater infrastructure requirements to service these areas, both in the short to medium term.
  - Northcote is well advanced. It will benefit from the completion of Watercare's Trunk Sewer 8 project.
  - The Mt Roskill area is partly a combined sewer area. It presents opportunities for sewer separation and upgrading water supply to the area.
- HLC is starting to look at projects in Onehunga. These projects will be linked to the wider Onehunga transformation project being undertaken by Panuku (Auckland Council has acquired the Onehunga Wharf).



## 5. COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE

### MAORI ENGAGEMENT

#### Te Taniwha o Waikato (Te Taniwha) Maatauranga Strategy

- Te Taniwha is a group of nine marae on the Waikato River from Rangiriri to Port Waikato. The group delivered a framework strategy regarding a restoration plan for the Waikato River.
- The framework constructed by Te Taniwha has been designed by mana whenua, with the interests of mana whenua and Watercare in mind. It also takes into consideration the environment, with the Awa (river) being of greatest importance. The framework strategy will significantly, and positively, influence the way Watercare advances its planning.
- In September, Te Taniwha o Waikato Maatauranga will outline the strategy to Watercare.

#### Ngāti Manuhiri and Ngāti Rehua

- Terrence (Mook) Hohneck, representing Ngāti Manuhiri and Nicola MacDonald, representing Ngāti Rehua, are now in discussions regarding relationships with Watercare.

### LOCAL BOARD ENGAGEMENT

- The main Local Board event over July involved hosting the Manukau Harbour Forum at the Mangere WWTP. The aim was to showcase the many people and talents behind Watercare and help build understanding and trust among our elected officials.
- The members toured the facility and learnt more about our innovation and technology. This included the significant challenges we have set ourselves and the passionate people behind our success. The trip concluded with a visit to Puketutu Island.
- Feedback was extremely positive with several Local Board members stating that we far exceeded their expectations for the visit.
  - Saffron Toms, Chair of the Forum concluded by noting: *“One thing that struck me is that there seems to be a real culture of innovation and fostering of innovation and that people working at Watercare feel that they can experiment with new technologies which is something that is not often seen so that’s awesome.”*
- We will be hosting a similar visit for some of the southern Local Boards at the end of August.



## COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE CONTINUED

### AUCKLAND'S WATERS

- The initial workshops for the Auckland Water Strategy have been held with staff from Watercare, Auckland Transport, NZTA, Auckland Council Departments, and with the Environment and Community Committee. The workshops explored the current and future state of water management.
- Auckland Council intends to undertake Local Board and mana whenua workshops in September and October.
- A workshop run by the Auckland's Waters' Programme Manager with the Watercare Board, is proposed for November 2018. This would review the discussion documents and seek the Board's input and feedback on the draft strategy.
- Following this, a report will be presented to the Environment and Community Committee for their approval prior to undertaking public engagement.

### AUCKLAND COUNCIL STRATEGY

- In late July, Auckland Council advised Watercare and all other CE's of CCOs that Council is working to improve the strategic direction setting for Council and CCOs.
- A copy of the memorandum from Council, dated 25 July 2018, is appended as **Appendix 1**.

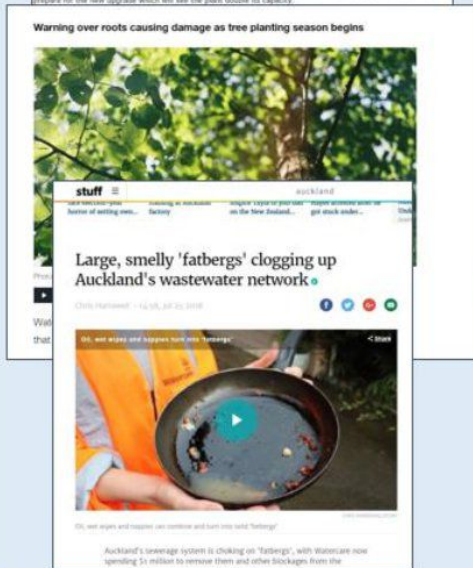
## COMMUNICATIONS AND STAKEHOLDER ENGAGEMENT SNAPSHOT



Enabling engaged communities and stakeholders

### Media

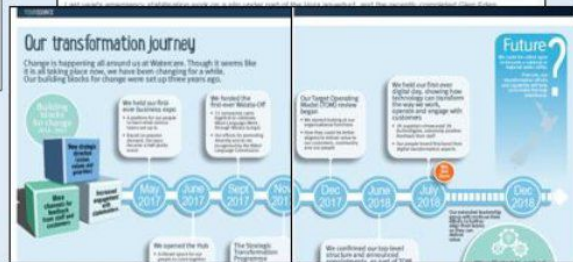
Media highlights for the month include coverage in: Franklin Post about the Pukekohe Wastewater Treatment Plant upgrades, The impact of fats, oil and grease on our wastewater networks (Manukau Courier) and head of service delivery Simon Porter's interview on RadioLive on the role of tree roots on water pipes.



Enabling safe, happy and empowered teams

### Staff

Internally, we showcased staff achievements (certifications, professional development) and project awards. We also published the quarterly newsletter on Watercare's transformation.



Enabling customer trust and value

### Customers

We distributed a Papatoetoe Matters newsletter to the local community, focusing on what not to throw down the drain, following a wastewater overflow that occurred on Great South Road, affecting two properties.



### Stakeholders

We took the members of the Manukau Harbour Forum on a tour of the Mangere Resource Recovery Facility and Puketutu Island. The feedback was very positive with several stating that they were extremely impressed with our vision for energy neutrality. Saffron Toms, Chair of the MHF said, "One thing that struck me is that there seems to be a real culture of innovation and fostering of innovation; people working at Watercare feel that they can experiment with new technologies which is something that is not often seen so that's awesome."



## 6. RESOURCE MANAGEMENT ACT COMPLIANCE



<b>July 2018</b>	<b>Compliance proceedings</b>	<b>Nil</b>	<b>Environmental incidents of significance</b>	<b>Nil</b>
<b>Summary</b>	<b>Category 4 non-compliant consents</b>	<b>Nil</b>	<b>Category 3 non-compliant consents</b>	<b>Nil</b>

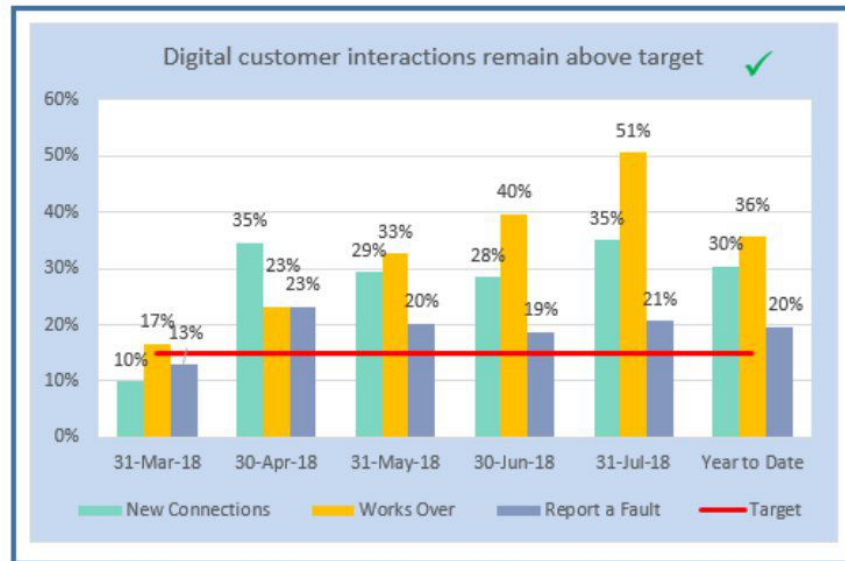
15 of our 479 active consents are technically non-compliant, but none are in Category 3 or 4 \*

	Feb	Mar	Apr	May	Jun	Jul
<b>Number of total active consents</b>	<b>499</b>	<b>491</b>	<b>485</b>	<b>485</b>	<b>483</b>	<b>479</b>
<b>Number of non-compliant consents</b>	8	11	11	9	10	15
<b>Number of non-compliant category 3 conditions</b> <i>Non-compliance where the result will have or has the potential to have an adverse or significant adverse effect on the environment, or where there has been a repeat of a lower score non-compliance.</i> <i>We would typically receive notification or have warning of a category 4 non-compliance well before we prepare this report.</i>	3	2	2	2	3	0
<b>Number of non-compliant category 1 or 2 conditions</b> <i>Technical non-compliance with no more than minor potential or actual adverse effect to the environment. For example, reports provided after due date.</i>	8	12	10	8	10	17

\*Note: Excludes unimplemented consents.



## 7. DIGITAL UPDATE



### STRATEGIC TRANSFORMATION PROGRAMME (STP) UPDATE

On 23 August, the third three-month release cycle (Release 3) commenced.

The programme continues to make good progress across the development of our core capability sets working closely with customers and end-users. Release 3 goals include:

- Delivering a Minimum Viable Product (MVP) of the usage to pay process, proving simple billing capability.
- Validation of developer collaboration and new connections improvements using customer focus groups.
- Work order scheduling and management against a robust and proven asset hierarchy at the Rosedale wastewater treatment plant
- Continued enhancement of the infrastructure project management capability, including trialling the capability across a number of live infrastructure projects in parallel with existing business processes
- Further development of demand analytics and insights.

### WASTE WATER OVERFLOW TASK FORCE - NERVE CENTRE

- A cross functional team has developed a real time wastewater overflow dashboard, which visually displays overflow locations on a map, as they are dispatched to the maintenance contractor. The dashboard also displays historical overflow data. This allows us to quickly identify repeated issues at the same location, and more easily identify the root cause of the overflow (e.g. fat, roots, wet wipes etc).
- We also now generate a daily report, which identifies repeat overflow locations. This information is used by our Operation Engineers to assess and take appropriate action. In one case, a wastewater overflow at a property was reported. Historical data quickly showed us that three overflows had occurred at the same property, over the last 12 months. Operation Engineers could see that these overflows were due to private drainage issues. We have now written to the property owner requesting that they seek advice from a drain layer in order to prevent further overflows.
- We are continuing to enhance the dashboard, which will be incorporated into the Nerve Centre.

8. ASSETS, INFRASTRUCTURE & SUSTAINABILITY



**OUR CLIMATE YOUR SAY – CONSULTATION ON THE ZERO CARBON BILL**

- The Ministry for the Environment released its “Our Climate Your Say: Consultation on the Zero Carbon Bill – Discussion Document” in early June 2018.
- Watercare made a submission in July 2018, which was broadly consistent with Auckland Council’s submission, and also included input from Watercare’s Environmental Advisory Group (EAG).

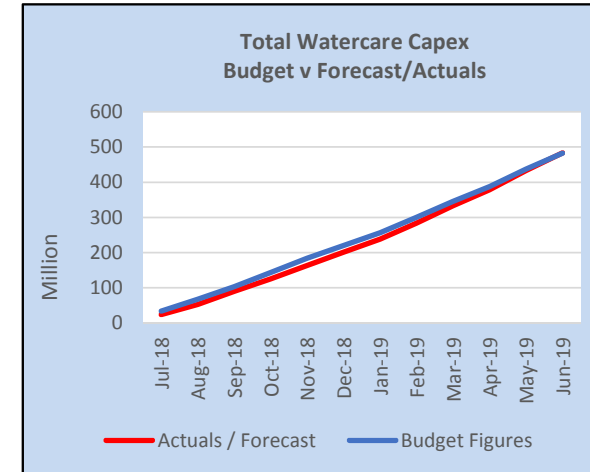
**TRADE WASTE BYLAW REVIEW UPDATE**

- On 12 July 2018, the Auckland Council Regulatory Committee accepted the Trade Waste Bylaw Review Options Report, well before the Statutory deadline.
- The Regulatory Committee requested a Statement of Proposal and a Draft Bylaw with the proposed amendments. We are now developing these two documents and will present these to the Regulatory Committee in November or December 2018.
- Public consultation is due to start in early 2019.



INFRASTRUCTURE PROJECT/PROGRAMME UPDATE

Project / Programme Infrastructure Related Projects (Phase: Design / Execution)	Project	Annual Performance		Project Status	
	Current Forecast	Forecast	Budget	Time	Cost
<b>Water Projects &gt;\$15 Million</b>					
Warkworth Wells WTP	19,584	1,849	1,550		
Orewa Number 1 Replacement Stg 3	15,453	3,690	3,700		
Albany Pinehill WM & PS	18,879	7,565	5,733		
North Harbour WM Duplication - GBWD	50,445	5,775	6,493		
Hunua 4 Section 11	71,698	28,465	28,955		
Huia 1 and Nihotupu 1 Replacement	133,582	15,801	16,241		
Huia WTP Upgrade	5,540	880	880		
Redoubt Road Reservoir Expansion	42,900	1,174	970		
Ardmore WTP Treated Water Resilience	27,600	7,419	7,535		
Pukekohe East Reservoir	28,577	11,525	11,673		
Waikato 175MLD Expansion Stage Ultimate	32,850	9,246	9,250		
<b>Wastewater Projects &gt;\$15 Million</b>					
Snells Algies WWTP Ocean Outfall	32,888	3,223	3,630		
Snells WWTP Upgrade	66,430	5,381	4,910		
Warkworth to Snells Transfer Pipeline	69,613	5,841	5,749		
Amy Bay WWTP Outfall Upgrade	37,950	11,100	11,221		
Rosedale WWTP Expansion Project	62,300	12,763	13,480		
East Coast Bays Link Sewer Upgrade	29,200	7,577	7,550		
Wairau Wastewater Pump Station	21,400	1,171	1,200		
Northern Interceptor - Stage 1	108,000	8,978	9,092		
Central Interceptor	1,180,626	32,492	32,780		
Mangere WWTP BNR Capacity	143,830	692	270		
Mangere WWTP Solids Stream Upgrade	55,929	7,368	7,200		
Glendowie Branch Sewer Upgrade	34,936	18,410	18,584		
Pukekohe WWTP Upgrade	66,000	24,373	17,613		
Otara Catchment WW Capacity Upgrades	24,800	540	600		
<b>Capex Programme (Design / Execution)</b>					
>\$15 Million	2,381,010	233,298	226,860		
>\$2 Million <\$15 Million	238,082	106,184	100,267		
<\$2 Million	24,784	10,150	10,168		
<b>TOTAL</b>	<b>2,643,876</b>	<b>349,631</b>	<b>337,295</b>		

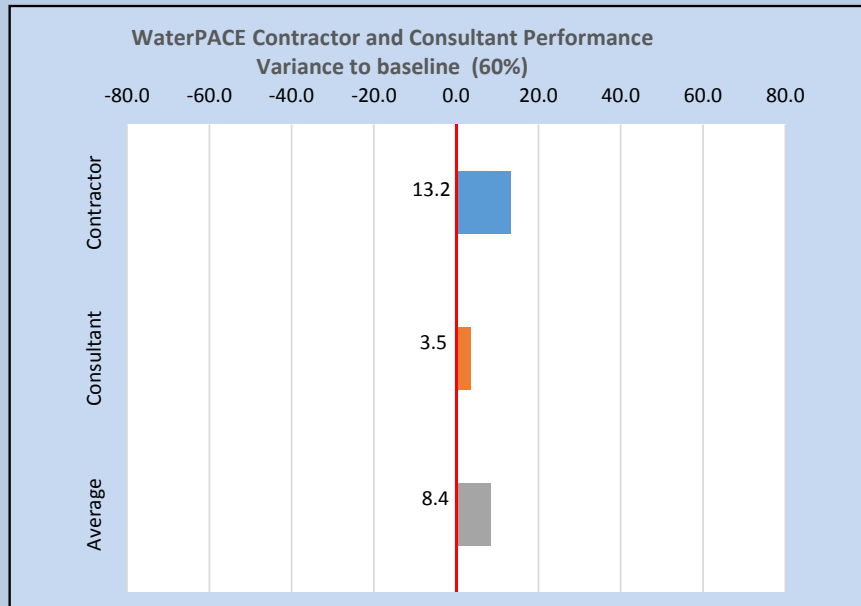


**Traffic light Key:**  
 On target / No adverse Service Delivery impact  
 Short to medium term issues that may impact on outcomes or targets / Minor Service Delivery Impacts  
 Medium to long term issues that are impacting on outcomes or targets / Risk of significant Service Delivery Impact  
 Underspend on the project approval (-10%)

**CENTRAL INTERCEPTOR UPDATE**

- The interactive tender process for the Central Interceptor has finished.
- The sessions will ensure the four contractors are able to submit high quality proposals.
- This will enable us to have an efficient evaluation process to identify the best value proposition.
- The four contractors’ proposals will be submitted, as planned, on 14 September 2018.

**CONSULTANT AND CONTRACTOR PERFORMANCE**



WaterPace measures the performance of our contractors and consultants.

The baseline target for “good performance” is 60%.

In July, our contractors and consults scored above the baseline as shown in the graph.

The scores are an average of the scores our Project Managers give the contractors/consultants in areas including:

- Project leadership
- Risk management
- Communication and responsiveness
- Customer focus
- H&S relationships, management and compliance
- Administration, documentation and handling of variations

## DELEGATED AUTHORITY OF THE CHIEF EXECUTIVE

**Watercare processed 14 deeds, instruments and documents, executed with the delegated authority provided to the Chief Executive by the Board:**

- One Section 18 Public Works Act notice served on a private landowner
- Three easements in favour of Watercare Services Limited
- One agreement for the purchase of land by Watercare
- Three agreements for the sale of Watercare land
- One surrender of lease over Watercare land
- One lease by Watercare over private land
- One vesting of land to Watercare
- Two encumbrance agreements in favour of Watercare
- One renewal of a lease by Watercare over private land

**There were six Capex and Opex contracts, over \$100,000, approved by the CE in accordance with the delegated authority provided to the Chief Executive by the Board:**

- Polymer Supply Panel Agreement - (IXOM Operations Pty Ltd & Chemiplas NZ Limited)
- Pukekohe WWTP Capacity Upgrade - UV Supply (Filtec Limited)
- Flatbush Pump Station Decommissioning (Guaranteed Flow Systems)
- Agreement for Engagement of Consultant (AECOM New Zealand Limited)
- Contract for SQL, Biztalk and Sharepoint (Dimension Data New Zealand Limited)
- Gartner Service Agreement

**There were no Capex approvals signed in accordance with the delegated authority provided to the Chief Executive by the Board in relation to Capex approvals below a threshold of \$15m.**

## Appendix 1



4.2

## Memorandum

25/07/2018

**To:** CCO Chief Executives

**Subject:** CCO Accountability Review: Strategic Direction

**From:** Alastair Cameron, Manager CCO Governance & External Partnerships

**Purpose**

1. To inform CCOs on work underway to improve the strategic direction setting for council and CCOs and principles that have been developed to help guide this process.

**Context/Background**

2. The Accountability Review programme for CCOs, approved by the Governing Body in February 2017 aims to improve the strategic alignment, accountability and responsiveness of CCOs using existing accountability mechanisms.
3. A key workstream in the review has been assessing council's strategic direction setting, which specifies the outcomes it wants from CCOs and determines whether CCOs are delivering to these outcomes. We want to ensure council is as clear as possible what it expects CCOs to deliver.
4. The primary role of Auckland Council is to develop policies, strategies, plans and regulations that drive the city forward. CCOs have an important role in providing information on how the strategies and plans are best implemented and in implementing the strategies and plans. However, it is not the role of CCOs to set the strategic direction for the Council or for Auckland.
5. The legislative context for CCOs to be held accountable for implementing council's strategy and plans is provided for in the Local Government Auckland Council Act section 92, where CCOs are required:
  - to 'give effect' to the Long-term Plan (LTP), and
  - to act consistently with the relevant aspects of any other plan or strategy of the council to the extent specified in writing by the governing body of council.

**Discussion**

6. The council's substantive strategic documents are the Auckland Plan, the LTP and Local Board Plans. Alongside the substantive plans, there are a suite of 'second-tier' strategies, policies and plans. These are a mix of place-based plans (for example the City Centre Masterplan), topic-based plans (e.g. Auckland Economic Development Strategy) and policies (e.g. Public Art Policy and the Smoke free Policy).
7. In reviewing the directives to CCOs in council's strategic framework, several issues have emerged that relate to the governance and roles and responsibilities in developing and implementing strategies / plans that need to be addressed. It is acknowledged that greater clarity is required in council's strategies and plans on the role that our CCOs are expected to play.
8. With the adoption of Auckland Plan 2050, there is now work underway to clarify the status of the second-tier strategies and whether any update is required to reflect the new Auckland Plan. This work provides an opportunity to help address the concerns raised in the accountability review. This work will also include a high-level alignment exercise to determine whether there
  - is a role for CCOs
  - are gaps in the direction given to CCOs, and whether these gaps need to be addressed.
9. If gaps are identified, staff will focus on ensuring that the CCOs' responsibilities in terms of governance, roles and funding of these strategies is clarified. The principles outlined in the next



section will be used to guide this process. The principles outline how the council and CCOs should work together in strategy and policy development and review, as well as the decision-making process, and will be included in the soon to be revised Governance Manual for Substantive CCOs.

- 10. The outcomes of this work will be used to guide the 2019 Letter of Expectation and 2019-2020 Statement of Intent process.

**Next steps**

- 11. Staff will be in touch with the CCO Board secretaries to identify what would be the best way to communicate the Auckland Plan implementation programme, strategy alignment review and the principles for strategy development.

**Attachments**

Attachment 1: Principles for council and CCO strategy development

## Attachment 1: Principles for council and CCO strategy development

The principles identify how the council and CCOs work together in strategy and policy development and review, as well as the decision-making process. Strategy development and advice cannot be carried out in isolation. It involves team work and collaboration with a range of internal and external stakeholders and experts. Implementation considerations are fundamental inputs to its development.

These principles relate to strategy development that is not solely specific to the CCO's service delivery.

### Commissioning

- Council leads the commissioning of strategies for Auckland and the Auckland Council group, unless a CCO is explicitly delegated this activity by the Governing Body
- Where a CCO identifies a strategy or policy gap, the CCO talks to council staff in the first instance to seek an agreed approach
- Council staff, in collaboration with relevant CCOs and other interested parties, assess the need for a strategy
- If a strategy is required, council staff and CCO jointly seek council committee agreement to proceed in strategy development and to agree strategy lead.

At the completion of the commissioning process the council and CCOs should have a clear understanding of the issue to be addressed; what council's involvement in this issue should be; which department will lead the work; how CCOs will be involved; and the broad programme of work.

### Analysis, engagement and advice process

- In developing a strategy council staff need to consider the overall strategic framework and how the strategy will contribute to the outcomes of the Auckland Plan.
- Early engagement with key stakeholders is desirable. The communications and engagement plan should be agreed at the commencement of the strategy development process.
- Council and CCO staff will work collaboratively within the organisation and with external agencies and stakeholders.
- The council will not develop strategies without considering the relevant CCOs' implementation plans.
- Council will not develop strategies which require CCOs to deliver activity where funding for implementation has not been considered or identified.

### Seek and obtain decision

- Council staff should write the covering report to any CCO report seeking a decision on a strategy.
- Council staff should ensure that contestable, evidence-based advice is provided, where appropriate, to decision-makers.

# Strategic Business Plan update to 31 July 2018

Board meeting – 31 August 2018



# Intellectual capital

Goal	2018/2019 Target	Progress to date
Customer - Enhanced digital enablement for customers	<p>Increase uptake of e-billing (Target – 50%)</p> <p>Channel migration from assisted to unassisted – 5% increase per year</p> <p>Proactive vs Reactive customer engagement split: 15/85</p>	<ul style="list-style-type: none"> <li>• Making good progress with additional uptake of around 100 customers per day.</li> <li>• Several initiatives underway to drive self-service uptake. For example, the “report a fault” online process now accounts for 20% of total faults reported.</li> </ul>
Efficiency - Implement robotic process automation (RPA) to drive back office efficiencies	8 in total	<ul style="list-style-type: none"> <li>• Development of Number 6 (i.e. first one for FY19) is underway.</li> </ul>

5.1





# People and Culture

5.1

Goal	2018/2019 Target	Progress to date
Develop a 3-year culture programme aimed at helping our people live our values	<p>Measure shift towards greater levels of collaboration, agile ways of working and self-motivated teams</p> <p>Develop and implement a diversity agenda</p>	<ul style="list-style-type: none"> <li>Each executive is working on agile fundamentals where appropriate, being discussed at the monthly management forum.</li> <li>Diversity and Inclusion Policy to be introduced by year end. We are also undertaking a review of our diversity approach in order to build an overarching plan.</li> </ul>
Employee engagement	<p>69%</p> <p>Develop and establish an Employee NPS (employer of choice measure)</p>	<ul style="list-style-type: none"> <li>To be measured in April 2019. More regular Pulse surveys focusing on Watercare as an employer planned in meantime. Survey under development.</li> </ul>
Talent Optimisation	<p>A Talent Development Programme has been developed and implemented (capability matrix as the base of this project)</p>	<ul style="list-style-type: none"> <li>Capability Matrix project is on-track for delivery by end of August. This will be the foundation of the Talent Development Programme.</li> </ul>
Learning and Development	<p>All employees have access to learning and development programs</p>	<ul style="list-style-type: none"> <li>Learning Management System is being tested prior to roll-out to all staff. A cross section of the business are providing input into the system.</li> </ul>



# Financial capital and resources

Goal	2018/2019 Target	Progress to date
Assess what an efficient, minimum cost provider looks like	Complete a pricing and cost benchmarking review.	<ul style="list-style-type: none"> <li>Board paper submitted in August 2018.</li> </ul>
Assist Council to review its debt challenges	Comprehensive review evaluating options for Watercare to alleviate Council's debt to revenue issue.	<ul style="list-style-type: none"> <li>Discussions continue on SPV funding.</li> </ul>
Ensure Watercare is 'future-fit' for a potential industry restructure	<p>Identify and influence regulatory model and potential legislative changes.</p> <p>Prepare for any impending changes.</p>	<ul style="list-style-type: none"> <li>We are providing information to DIA when requested.</li> </ul>
Assist Council with its debt to revenue challenges	<p>Business cases to the Board in respect of the Waikato District Council three waters management and one other opportunity.</p> <p>Achieve \$7m savings target set in 2018/2019 budget.</p>	<ul style="list-style-type: none"> <li>WDC is scoping the service requirement and will engage with Watercare.</li> <li>A review of the maintenance division has been done and actions identified. Implementation plan is now underway.</li> </ul>

5.1



# Natural environment

Goal	2018/2019 Target	Progress to date
We are preparing for climate change	<p>We will create and implement a Climate Change and Mitigation and Adaptation Strategy and associated Sustainability statement. Strategy released.</p> <p>We will collaborate with Auckland Council, Government agencies and other utilities to implement agreed plans and meet climate change targets.</p>	<ul style="list-style-type: none"> <li>• Strategy to be presented to the Board for feedback in September.</li> <li>• Watercare participating in Climate Change workshops with Council and other CCOs.</li> </ul>
We will develop a water efficiency strategy	Achieve Year 1 goals in the Auckland Water Efficiency Strategy 2017 to 2020	<ul style="list-style-type: none"> <li>• Priorities and ownership assigned with projects underway.</li> </ul>
We will deliver on carbon and energy initiatives that create value to our business	<p>We will finalise the roadmap for Energy Neutrality at Mangere and Rosedale, saving 37 Gwhr/annum by 2025.</p> <p><i>- Rosedale provides pilot plants for larger scale roll-out at Mangere.</i></p>	<ul style="list-style-type: none"> <li>• Thermal hydrolysis design at Rosedale is proceeding to programme. Delivery partner has been identified.</li> <li>• Energy efficiency, companywide, continues. First solar scheme is underway.</li> </ul>
We will create financially beneficial value added biosolids products from our wastes	We will create the understanding of a range of biosolids 'products' to access markets	<ul style="list-style-type: none"> <li>• As part of TOM, we now have a dedicated Biosolids Manager, focusing on beneficial re-use.</li> </ul>

5.1



# Assets and Infrastructure

5.1

Goal	2018/2019 Target	Progress to date
We are prepared for climate change	We will introduce a Resilience Policy and develop an action plan.	<ul style="list-style-type: none"> <li>Resilience Policy will be presented to the Board in September.</li> </ul>
We will deliver the Central Interceptor	Successfully negotiate and award the CI construction contract.	<ul style="list-style-type: none"> <li>Schedule is on track.</li> </ul>
We will deliver our capital programme efficiently and effectively	Reduce project cost and time overruns by 10%.	<ul style="list-style-type: none"> <li>Schedule is on track and being monitored.</li> </ul>
We will improve consultant and contractor performance	We will improve the overall WaterPace score by 10%.	<ul style="list-style-type: none"> <li>Mandated monthly reviews being implemented to establish baseline, achieve more robust data capture, and improve accountability.</li> </ul>
We will reduce our infrastructure capital TOTEX (total expenditure approach to build and operate water assets).	We will implement two new initiatives to reduce our TOTEX.	<ul style="list-style-type: none"> <li>Construction category strategy and capital works programme being developed.</li> <li>Value engineering framework implementation, which will be linked to our existing savings register.</li> </ul>



# Community and stakeholder

Goal	2018/2019 Target	Progress to date
Customer - Improved Net Promoter Score (NPS) (16/17 baseline = 27)	NPS $\geq$ 30	<ul style="list-style-type: none"> <li>Closed loop review process instituted</li> <li>Better measurement of NPS drivers</li> </ul>
We are engaged with our stakeholder	<p>We will create and implement a Stakeholder Statement (inclusive of commercial customers, developers and Iwi).</p> <p>We will set targets for engagement levels across key stakeholders.</p> <p>We will progress the conversation on the value of water and link this to our brand identity.</p>	<ul style="list-style-type: none"> <li>Brand strategy under development. Update to be provided by Communications Manager, Rachel Hughes.</li> </ul>

5.1

Board - Public Session - Directors' Corporate Governance Items

Board Planner 2018/2019

	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December
<b>Board</b>	31-Aug	26-Sep	30-Oct Newmarket*	28-Nov	17 Dec (Teleconference)	29-Jan	26-Feb	28-Mar	30-Apr	28-May	25 June ( NB: Strategy day on 24 June as well, with Board dinner)	29-Jul	30-Aug	24-Sep	30 Oct (with Board dinner on the 29th)	26-Nov	17 Dec (Teleconference)
<b>Meetings</b>																	
<b>Audit and risk committee</b>	17- Aug (10-12noon)			28-Nov (after Board meeting)		29-Jan (before Board Meeting)				27 May (3pm-5pm)		29 July (before Board meeting)	23 Aug (9-11am)		29 Oct (3-5pm)		
<b>People, Remuneration and appointments committee</b>	31 Aug (after Board Meeting)		30-Oct (after Board meeting)			29 Jan (after Board meeting)		30 Apr (after Board Meeting)			25 Jun (after Board Meeting)	Week starting 15 July - exact date TBC.	30 Aug (after Board Meeting)		29 Oct (1-3pm)		
<b>STP Committee</b>		25 Sep (3-4.30pm)															
<b>AMP &amp; Major Capex Committee</b>	30 Aug (3-5pm)			9 Nov (10-12noon)													
<b>Charter reviews</b>			PRAC charter					AMCC Terms of Reference	STP Terms of Reference	A&R Charter					PRAC charter		
<b>Policy reviews</b>				Our commitment to H&S Policy					2020 - Good Employer Policy	2020 - Sensitive Expenditure Policy				Tax Risk Management Policy			Fraud Policy
<b>Delegations</b>										Annual review of board delegations to CE							
<b>Quarterly risk reviews</b>			Risk report			Risk report			Risk report			Risk report			Risk report		
<b>Compliance</b>			Statutory compliance			Statutory compliance			Statutory compliance			Statutory compliance			Statutory compliance		
<b>Shareholder interaction</b>	Q4 quarterly report due 31 August	Auckland Council's A&R Committee Date TBC  Governing Body/Board workshop 25 September	Q4 briefing to F&P Committee 17 October (M Devlin)  Q1 quarterly report due 26 Oct	Q1 briefing to F&P Committee 14 Nov (M Devlin)			Q2 quarterly report due TBA	Q2 briefing to F&P Committee TBA		Q3 quarterly report due TBA	Q3 briefing to F&P Committee TBA		Q4 quarterly report due TBA	Q4 briefing to F&P Committee TBA Auckland Council's A&R Committee Date TBC	Q1 quarterly report due TBA	Q1 briefing to F&P Committee TBA	
<b>Site Visits</b>		Site Visit (after Board Meeting)		Site Visit (after Board Meeting)			Site Visit (after Board Meeting)		Site Visit (after Board Meeting)			Site Visit (after Board Meeting)		Site Visit (after Board Meeting)	Date TBC	Site Visit (after Board Meeting)	
<b>H&amp;S Quarterly report</b>			Jul-Sept 18 Report			Oct-Dec 18 Report			Jan-Mar 19 Report			Apr-Jun 19 Report			Jul-Sept 19 Report		
<b>Board training &amp; development</b>										H&S Board Update							
<b>Strategic planning</b>											Strategy Workshop 24 June followed by Board Dinner						
<b>Strategic updates</b>	Social and Relationship Capital	Manufactured Capital	Intellectual Capital	Manufactured Capital	Financial Capital	Natural Capital	Human Capital	Social and Relationship Capital	Manufactured Capital	Intellectual Capital	Financial Capital	Natural Capital	Human Capital	Social and Relationship Capital - includes <IR> Capitals	Manufactured Capital	Intellectual Capital	Financial Capital
<b>Key finance and business decisions</b>	a) approve 2017/18 accounts, b) delegate final sign off of 2017/18 Annual Report  <i>July financials in confidential</i>	Update from WUCAT  <i>August financials in confidential</i>	AMP		Draft Auckland Council Annual Plan - approve Watercare input*	Approve half year accounts  <i>December financials in confidential</i>	a) approve financials for Draft SOI including projected 19/20 price increases, b) approve long term financials for Auckland Council modelling  Approval of CI Contract <i>January financials in confidential</i>		Auckland Council to notify Watercare of Group Treasury Interest Rate by 30 April	Present plan for Year End to A&R  Approve Insurance Proposal  Auckland Council and Watercare to review Treasury Interest rate by 31 May	Approval of 2019/20 Budget  Mayor's Treasury Guarantee Letter due by 30 June	Approve Auckland Council Reporting Pack	a) approve 2019/20 accounts, b) delegate final sign off of 2019/20 Annual Report  <i>July financials in confidential</i>	Update from WUCAT  <i>August financials in confidential</i>	AMP		Auckland Council Draft Annual Plan - approve Watercare input*
<b>Statement of intent</b>	Final 2018/2021 SOI adopted by Auckland Council		2017/2018 SOI Results to be presented to Board at Public Meeting. Public Deputations received.		2019/20 Letter of Expectation to be received	Draft 2019-2022 SOI for Board's review	Approval of Draft 2019-2022 SOI			Present shareholder SOI feedback at public meeting. Public Deputations received.	Final 2019-2022 SOI approved and issued to shareholder		Final 2019/2022 SOI adopted by Auckland Council		2018/2019 SOI Results to be presented to Board at Public Meeting. Public Deputations received.		2020/21 Letter of Expectation to be received

6.1

## Report to the Board of Watercare Services Limited

**Subject:** Disclosure of Interests – Executive Management – For Information

**Date:** 24 August 2018

6.2

Executive	Interest
Raveen Jaduram	Trustee – Te Motu a Hiaroa (Puketutu Island) Governance Trust Steering Committee Member – Business Leaders' Health and Safety Forum Board Member – Committee for Auckland Director – J N Jaduram Corporation Limited (Fiji)
Rob Fisher	Deputy Chair – Middlemore Foundation President – Auckland University Rugby Football Club Trustee – Watercare Harbour Clean Up Trust Trustee – Te Motu a Hiaroa (Puketutu Island) Governance Trust Director – Hunua Forests Ltd
Steve Webster	Director – Howick Swimgym Limited
Marlon Bridge	Trustee – Te Motu a Hiaroa (Puketutu Island) Governance Trust
Rebecca Chenery	Director – Chenery Consulting Services Limited
David Hawkins	Nil
Jason Glennon	Nil
Amanda Singleton	Director – Die Weskusplek Pty Ltd (South Africa)
Shane Morgan	Nil

### RECOMMENDATION

That the report be received.

Approved by:



R Jaduram  
Chief Executive

## Report to the Board of Watercare Services Limited

**Subject:** Watercare Director Appointment Terms and Committee Memberships –  
For information

**Date:** 24 August 2018

6.3

Below is the end date of the current appointment term for the Watercare Board of Directors. Dates are current as at the date of this report.

Director	Original Appointment Date	End of Term
Margaret Devlin (Chair)	01 November 2016	31 October 2019
Julia Hoare (Deputy Chair)	01 November 2013	31 October 2019
Catherine Harland	21 April 2011	31 October 2019
Nicola Crauford	01 April 2014	31 October 2019
David Thomas	01 November 2014	31 October 2020
Brendon Green	01 November 2016	31 October 2019
The Hon Dame Annette King	01 November 2017	31 October 2020

Below is a summary of the Membership of the four Board Sub-Committees.

Director	Audit & Risk	People, Remuneration & Appointments	Strategic Transformation Programme	AMP & Major Capex
M Devlin	*	*		✓
J Hoare	Committee Chair			✓
C Harland		Committee Chair		✓
A King		✓	Committee Chair	
N Crauford			✓	Committee Chair
B Green	✓		✓	
D Thomas	✓	✓		

*\*Board Chair attends in ex-officio capacity*

### RECOMMENDATION

That the report be received.



R Jaduram  
Chief Executive