

WATERCARE SERVICES LIMITED

AGENDA	BOARD MEETING	Wednesday 26 September 2018
Venue	Watercare Services Limited, Level 3, 73 Remuera Road, Newmarket	
Time	8.30am	

Open Public Meeting

Item	Spokesperson	Action sought at governance meeting	Supporting Material
1 Apologies	Chair	Record apologies	
2 Minutes of Meeting	Chair	Approve Board Meeting Minutes 31 August 2018	Board Minutes 31 August 2018
3 Disclosure of Directors' Interests	Chair	For noting	Report
4 For discussion			
4.1 Safety Moment	All	For sharing	Nil
4.2 Chief Executive's Report	R Jaduram	For discussion	Report
4.3 Our Climate Change Adaptation and Mitigation Strategy	S Webster/R Klein	For discussion	Report
4.4 Board Committee Updates	Committee Chairs	For discussion	Nil
5 For information			
5.1 Strategic Business Plan Update	J Glennon	For discussion	Presentation
6 Directors' Corporate Governance Items			
6.1 Board Planner	Chair	For noting	Report
6.2 Disclosure of Senior Executives' Interests	Chair	For noting	Report
6.3 Directors' Appointment Terms and Committee Memberships	Chair	For noting	Report
7 General Business	Chair	For discussion	Nil
Date of next meeting	Tuesday 30 October 2018		
Venue	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 August 2018
TIME	8.30am
STATUS	Public Session

	Present: M Devlin (Chair) J Hoare (Deputy Chair) N Crauford B Green C Harland Hon Dame A King D Thomas	In Attendance: R Jaduram (CE) R Chenery J Glennon S Webster S Morgan D Hawkins M Bridge A Singleton R Fisher E McBride S Cunis B Monk R Hughes	Members of the Public: One member of the public from 8.55am
1.	<p>Apologies</p> <p>There were no apologies.</p>		
2.	<p>Minutes of Previous Meetings</p> <p>The Board resolved that the minutes of the public section of the Board meeting held on 31 July 2018 be confirmed as true and correct.</p> <ul style="list-style-type: none"> - The Chair clarified the statement in the minutes on page 4, regarding Waikato District Council. The sentence <i>“Any agreement is subject to Auckland Council approval”</i> means Watercare will ensure there is engagement of Auckland Council on a no-surprises basis. 		
3.	<p>Review Directors’ Disclosure of Interests</p> <ul style="list-style-type: none"> - D Thomas is no longer a director of Selwyn Quarries Ltd. - D Thomas declared his conflict of interest given his position in the Fletcher Group. The Fletcher Group is a member of one of the four consortia bidding for the Central Interceptor (CI). Over the coming months, 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. D Thomas is not to receive any sensitive information that would cause a conflict of interest and will excuse himself from the meeting for any agenda item that concerns such sensitive information. 		

4.	<p>For Discussion</p> <p>4.1 Safety Moment</p> <ul style="list-style-type: none"> - S Morgan provided a safety moment. It concerned a construction consultant who had spoken at a conference a few years ago. At the conference, the consultant’s message was to demonstrate Health and Safety at all levels of an organisation, and live that culture in everything you do. S Morgan saw that same consultant, a few years later. He was on a plane and ignored the safety briefing. This made S Morgan question whether he did take Health and Safety seriously. The important take-away from this that it is important to respect the rituals and lead by example at all times. - J Hoare mentioned a fire that recently occurred in the Port of Tauranga, one of her other directorships. Fortunately, no one was injured, but two buildings were destroyed, as were cars and staff members’ personal belongings. Some staff members tried to put out the fire, but were unsuccessful. The Fire Service reminded the Directors and Management of the Port of Tauranga that staff should not try to put out fires – fires spread so fast, that it is more important that they preserve their life rather than buildings or possessions. - J Hoare reported back on the CI site tour that six Board members went on following the 31 July Board meeting. The Board were impressed with the team working on the project. They were also interested to learn more about the project such as the challenges Watercare and its contractor will face at the sites, where access is tight and how Watercare will manage stakeholders and customers affected by the CI construction works.
	<p>4.2 Chief Executive’s Report</p> <p>Senior Executives took questions from the Board.</p> <p><i>Contractor injury (page 11 of Boardbooks)</i></p> <ul style="list-style-type: none"> - The contractor who injured himself during some electrical work was wearing appropriate Personal Protective Equipment. The injury occurred because he used the sharpest tool available to him, rather than the correct tool. Staff and contractors have been reminded that they should use the correct tool for the job. - The Board requested Management provide a report on the learnings from Army Bay. <p><i>Real Water Loss Number (page 15 of Boardbooks)</i></p> <ul style="list-style-type: none"> - The Real Water Loss number is above the current target. The most concerning areas of loss are in rural areas, where one leak on a large pipe can have a significant impact on the figure. We are continuing with our water efficiency initiatives including technology options. <p><i>Response times at non-urgent call outs (page 15 of Boardbooks)</i></p> <ul style="list-style-type: none"> - Our response time to non-urgent call out is below our required limit. The score is an average, so some response times are above our limit, and some are below, with the trend being well below the limit. While work could be done to bring the response time closer to our limit (which may result in cost savings), this could have negative effects on customer satisfaction and the NPS score. Watercare’s main focus in this area is to manage customer expectations. In the future, options to deliver further efficiencies will be explored. This will include using data from the Nerve Centre and better categorising the jobs.

Full time employees (page 16 of Boardbooks)

- The number of FTEs is around 10% below budget. This is a function of turnover and a usual vacancy rate of around 10%.

Cost of replacement meters (page 17 of Boardbooks)

- A Singleton, Chief Customer Officer, explained the graph, which demonstrates our in-house MSN team being more productive than contractors. MSN is looking to bring more meter replacements in-house, pending ability to recruit enough skilled staff.

Housing New Zealand /Homes.Land.Community (HLC) Redevelopment Projects (page 18 of Boardbooks)

- The Chair noted her potential conflict in this area, as she is the Chair of Harrison Grierson Ltd.

Auckland's Waters (Page 20 of Boardbooks)

- Work is continuing on the Auckland's Waters programme. One of the main focuses of the programme is to identify exactly what "stormwater" is. The term can apply not only to stormwater in pipes, but can also refer to water in channels and overland flooding. When it comes to the Auckland's Waters strategy, the definition of stormwater, and who is responsible for what moving forward, will be important. The s17A value for money team identified stormwater as a possible area where efficiencies could be made at Auckland Council, e.g. by contracting out the management of stormwater to Watercare.

General feedback on the CE's report

- The Board was pleased with the changes and thanked Management for the work completed to date.
- For the September 2018 CE's report, the Board requested:
 - o a summary of what is coming up in the next 3 months
 - o more detail on Customer service
 - o more detail/context around the graphs and trends.

The Board received the CE report.

4.3 Board Committee Updates**Audit and Risk Committee**

- J Hoare, Committee Chair, confirmed that a meeting had been held on 17 August.

Strategic Transformation Programme Committee

- A King, Committee Chair, confirmed the next meeting will be on 25 September, at 4.30pm.

PRAC Committee

- C Harland, Committee Chair, confirmed the next meeting would occur after this Board meeting.

AMP & Major Capex Committee

- N Crauford, Committee Chair, reported that a meeting had been held on 30 August 2018.
- Roger McRae had been appointed as the external advisor to the Committee.
- The Committee provides oversight of the Asset Management Plan and major projects, over \$100m, such as CI and the Huia Water Treatment Plant.

5.	<p>For Discussion</p> <p>5.1 Executive Management’s Strategic Update</p> <p>A Singleton, Chief Customer Officer, spoke to the presentation.</p> <p>The following was noted/discussed:</p> <ul style="list-style-type: none"> - eBilling: Staff are being encouraged to reach targets. We are holding inter-team competitions to increase e-billing. Reaching targets is the “Prize”. - Robotic Process Automation (RPA): The Digital team is working on a RPA solution for dishonoured payments. - Diversity: In relation to the work being done around Diversity, the Board stressed that the work should ensure this includes not only diversity of gender and increasing the numbers of women throughout the organisation, but also diversity of thought, background, and age. - Employee Engagement: The People and Capability team are working with each of the Chiefs to ensure they are addressing any issues that arose during the April 2018 survey - Talent Optimisation : The People and Capability team is working on a digital, self-service, self-development learning tool for staff - Waikato District Council (WDC): Discussions are continuing with WDC - Water Efficiency Strategy: Work on the plan for year 1 is underway, with progress is being tracked. - Climate Change: Watercare is showing strong leadership in this area and working with the Council family to ensure Council and the CCOs strategies are all aligned. - Carbon Efficiency: Projects are underway at Mangere and Rosedale, which involve finding more options for beneficial re-use and commercial applications for the waste/fertilizer that is a by-product of the wastewater treatment process. <p>R Hughes, Communications Manager, provided an update on a recent Brand Workshop.</p> <ul style="list-style-type: none"> - A copy of the branding presentation is attached to these minutes. <p>The Board received the presentation.</p>
6.	<p>Directors’ Corporate Governance Items</p> <p>6.1 Board Planner</p> <p>The report was noted.</p> <p>There are two official openings in October, which Board members have been invited to:</p> <ul style="list-style-type: none"> - 17 October – Opening of the MSN training facility at Mangere - 26 October – Opening of the Warkworth Water Treatment Plant <p>6.2 Review Executive Management Disclosure of Interests</p> <p>The report was noted.</p> <ul style="list-style-type: none"> - S Cunis is to be included on the list.




	<p>6.3 Director Appointment Terms and Committee Memberships</p> <p>The report was noted.</p> <ul style="list-style-type: none"> - The Chair reported that she is continuing to discuss the recruitment of new directors with the Mayor.
7.	<p>General Business</p> <ul style="list-style-type: none"> - Brian Monk, CFO, is retiring this month. The Board thanked Brian for his dedicated service as CFO and for ensuring Watercare was in a much better position than it was when he joined eight years ago at amalgamation. - The Board congratulated Watercare's 156 people leaders, who had graduated from the Leadership Training Programme. These leaders were recognised with a morning tea following the Board meeting. <p>The Chair invited questions from the member of public in attendance. No questions were raised.</p>
	<p>The meeting closed at 9.45am.</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

Margaret Devlin
Chair

Report to the Board of Watercare Services Limited
 Prepared for the 26 September 2018 Board meeting

Disclosure of Directors' interests

Purpose				Team		
Information	Discussion	Endorsement	Approval	Prepared	Recommended	Submitted
				E McBride Governance Manager	R Fisher Company Secretary	R Jaduram Chief Executive
Intellectual capital	People and culture	Community and stakeholder relationships		Financial capital & resources	Natural environment	Assets and Infrastructure
						

1. Purpose and context

s140 Companies Act 1993 requires all companies to keep an Interests Register, which must be disclosed to the Board of the company.

2. The details

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

Director	Interest
Margaret Devlin	<ul style="list-style-type: none"> • Chair, Harrison Grierson Limited • Director, Meteorological Services of NZ Limited • Director, Waikato Regional Airport • Chair, Titanium Park (wholly owned subsidiary of Waikato Regional Airport) • Director, IT Partners Group • Director, Aurora Energy • Independent Chair of Audit and Risk Committee, Waikato District Council • Chair, Women in Infrastructure Network • Councillor, WINTEC • Councillor, The University of Waikato Council • Member, Audit and Risk Committee of The University of Waikato • Director and Chair Elect, Lyttleton Port Company Limited (Chair effective 9 October 2018) • Director, Infrastructure New Zealand • Chartered Fellow, Institute of Directors • Member, Institute of Directors, Waikato Branch Committee • Member, National Infrastructure Advisory Board
Catherine Harland	<ul style="list-style-type: none"> • Director, McHar Investments Limited • Director, Interface Partners Limited • Trustee, One Tree Hill Jubilee Educational Trust • Member, Auckland Regional Amenities Funding Board • Member, Water Allocation Technical Advisory Group

Director	Interest
Julia Hoare	<ul style="list-style-type: none"> • Director, AWF Madison Group Limited • Director, New Zealand Post Limited • Deputy Chair, The a2 Milk Company Limited • Director, The a2 Milk Company (New Zealand) Limited • Director, Port of Tauranga Limited • Director, Auckland International Airport Limited • Chair, Auckland Committee, Institute of Directors • Member, Advisory Panel to External Reporting Board • Member, Institute of Directors National Council
Nicola Crauford	<ul style="list-style-type: none"> • Director, Environmental Protection Authority (EPA) • Member of EPA decision making committee relating to OMV's application for a discharge consent • Member of Electoral Authority, Cooperative Bank Limited • Specialist Advisor, WorleyParsons New Zealand Limited • Director and Shareholder - Riposte Consulting Limited • Director, Wellington Water Limited • Director, Orion New Zealand Limited • Chair, GNS Science Limited • Deputy Chair, Fire and Emergency New Zealand
David Thomas	<ul style="list-style-type: none"> • Chair, Ngāti Whakaue Tribal Lands Inc. • Chair, Gypsum Board Manufacturers of Australasia • Shareholder / Employee, Fletcher Building Limited • Director, New Zealand Ceiling & Drywall Supplies Limited • Chair, Altus NZ Limited • Director, Delcon Holdings (No.8) Limited • Director, Fletcher Building Products Limited • Director, Fletcher Concrete and Infrastructure Limited • Director, Home&Dry Limited • Director, Iplex Pipelines NZ Limited • Director, Pinkfit Limited • Director, Tasman Insulation New Zealand Limited • Director, Winstone Wallboards Limited
Brendon Green	<ul style="list-style-type: none"> • Director, Kaitiaki Advisory Limited • Director, Tainui Kawhia Incorporation • Director, Peak2Peak • Executive Director, Bay Dairy Limited • Executive Director, Advanced Biotech NZ • Executive, Te Rūnanganui o Ngāti Hikairo • Management contract, Tainui Kawhia Minerals • Representative of Waipapa Marae, Kawhia, Te Whakakitenga o Waikato Tainui. • Consultant to Trility (Australian water infrastructure company)
Hon Dame Annette King	<ul style="list-style-type: none"> • Chair, Life Flight Trust Wellington. • Interim Chair, Earthquake Commission (EQC) • Member of the Appropriations Review Committee of the New Zealand Parliament • Chair of Federation of Primary Health Aotearoa New Zealand's Establishment Board

Chief Executive's report for August 2018

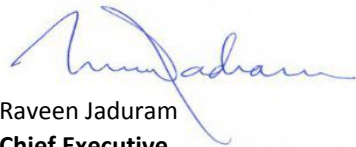
HIGHLIGHTS AND LOWLIGHTS

1. **Health and Safety:** There were no Watercare worker injuries and two contractor injuries in August. There were two near misses by contractors and sub-contractors. In the case of the more serious near miss, the sub-contractor was banned from working on Watercare projects.
2. **SOI measures:** Three SOI measures are not being met - the real water loss, NPS and water consumption.
3. **People, Capability and Learning:** In August, we have welcomed a number of new people into key leadership roles, and our new team structures are in place. Over the coming months, we will further enhance our working practices to support our new operating model.
4. **Customer service:**
 - Complaint resolution was 100% in August 2018.
 - Customer satisfaction remains high and steady at 82.5%.
 - We are working with Council to improve the efficiency of communication, project management and the application processing of resource consents involving water and wastewater assets.
5. **Community and stakeholder relationships:**
 - Watercare staff attended an event hosted by Ngāti Whātua, which allowed our people to network through the mediums of waiata and reo Māori.
 - We hosted local boards from Franklin, Papakura and Manurewa at our Māngere wastewater treatment plant,
 - Internally we showcased our health and safety culture with a story and video, and also celebrated Engineering Week.
6. **Environmental Court Action – 1080 drop in the Hunua ranges:** The Friends of Sherwood Trust sought an injunction against Auckland Council and Watercare to prevent the drop of 1080 in the Hunua Ranges. Watercare was removed as a party to the proceedings, but at the time of writing, the interim injunction remained in place, pending the Court's decision.

7. **Resource Management Act compliance:** There was one non-compliant Category 3 consent in August at the Helensville wastewater treatment plant. Works are underway and the plant should comply with all consent conditions by April 2019. There were no non-complaint Category 4 consents.
8. **Digital update:** Our Strategic Transformation Programme achieved a major milestone, generating a new domestic bill using our new billing solution.
9. **Assets, infrastructure and sustainability:** The Central Interceptor remains on schedule. Proposals were submitted on 14 September. The four tenders will now be assessed and a recommendation made to the Board in November 2018.

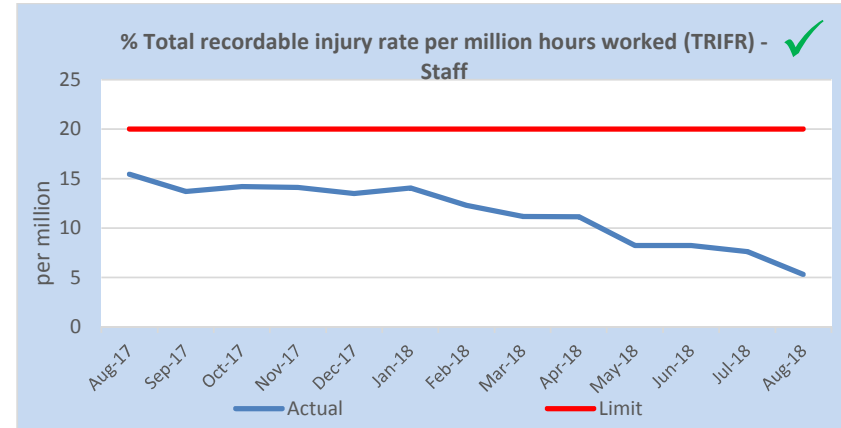
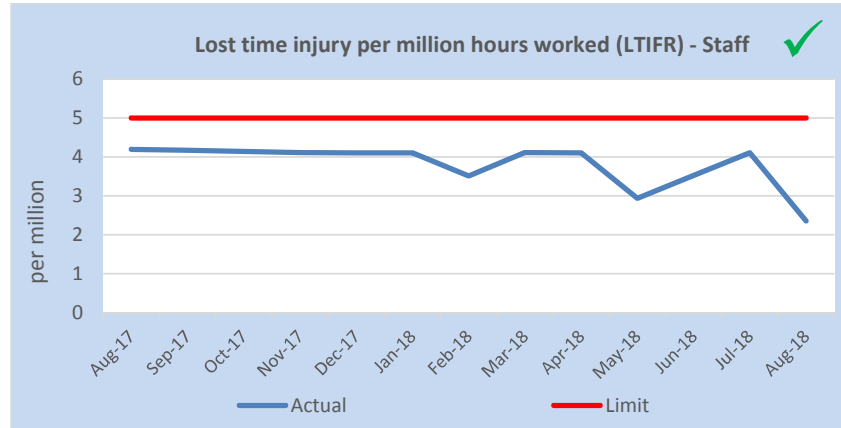
FUTURE OUTLOOK

- In September, we celebrated Māori Language Week. This year's theme is "Kia Kaha te Reo Māori: Let's make the Māori language strong". Watercare's celebrations are designed to increase awareness of Māori language revitalisation and to ensure it is visible, heard, spoken and learnt. Watercare have the first rōpū of staff learning Te Whāinga o te Ao Tikanga, an 18 week programme of customs and language (at NZTA level 3).
- Eight of our people will be presenting at the Water New Zealand Conference in Hamilton between 19 and 21 September 2018.
- In October, we will celebrate the official opening our MSN Training facility at Māngere.



Raveen Jaduram
Chief Executive

1. HEALTH & SAFETY UPDATE



WATERCARE WORKER INJURIES

- There were no Watercare worker injuries in August.

Note: In March 2018, a Lost Time Injury was reported for a worker. After extensive medical reviews, the injury has now been classified as non-work related and the frequency rates have been amended accordingly.

CONTRACTOR WORKER INJURIES

- Whilst two workers were disposing of excess roof sheeting that was left on site by another contractor, one of the workers sustained a cut to the thumb. Although he was wearing two pairs of gloves, they were not fit for purpose. Medical treatment involved three sutures, and the worker was prescribed 5 days recovery time. Preventative measures included Personal Protective Equipment (PPE) review as part of the pre-start planning. The event was raised with all contractors on site to reiterate the importance of timely housekeeping. Additionally, any materials intended for disposal must be cut to an appropriate size that one person can safely manage by themselves.
- A meter reader strained his upper arm ligament whilst trying to open a heavy steel meter box lid that had become stuck due to wet weather conditions. The worker was declared unfit for a period of seven days. The worker has been retrained in the correct lifting process to be followed and the meter in question is being assessed as to whether it needs to be changed to a two person reading team.

THERE WERE TWO NEAR-MISSES IN AUGUST

- At Māngere WWTP a gantry crane pendant controller was left unattended whilst a contractor technician was conducting maintenance testing on the crane. A Watercare operator who was unaware of the technician working overhead used the pendant to operate the crane, whereby the technician yelled out for him to stop.

Learnings: A second technician that was assigned safety watch responsibility over the pendant control had left his post. The work instructions and JSA lacked control detail for working on live equipment.

Actions: All work immediately stopped and prohibited from recommencing until investigation complete. Procedures were reviewed and gaps identified for working with live equipment. New work instruction and JSA to be developed.

- A sub-contractor's HIAB truck, whilst being set-up to lift some concrete blocks & props at the Albany Pump Station project site, rolled down the driveway, across the road and crashed into a parked vehicle. The truck was not safe as the hand brake was not connected. The driver/HIAB operator returned a non-negative drug test result. NZ Police attended the accident and subsequently impounded the vehicle for further inspection. While WorkSafe were contacted, it was deemed to not be a Notifiable Event. The sub-contractor has been banned from working on all Watercare sites and our contractors notified. The responsible contractor is reviewing its supply chain procedure to contemplate multiple levels of sub-contractors. We have communicated and reiterated to our contractors and project managers the importance of vehicle servicing and maintenance of vehicle and plant fleets, with requests for them to disseminate to their sub-contractor groups.

LEARNINGS FROM ARMY BAY NEAR-MISS IN JULY 2018

- 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.
- 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 lessons learnt for Watercare and our contractors are:

- Suspended cages must not remain in shafts if personnel are working below the cage
- Cranes and lifting equipment that are used to suspend personnel must have a fail-safe mechanisms in place to prevent free fall if there is a mechanical failure

The actions taken following the incident investigation are:

- All Watercare contractors have been issued with an instruction that while working in shafts there are to be no suspended loads above workers within the shaft.
- All cranes or lifting devices that carry workers in a suspended position must have a fail-safe in the event of brake or hydraulic failure.

WorkSafe intend to address this type of issue during their upcoming review of the Code of Practice for Cranes.

HEALTH & SAFETY UPDATE CONTINUED...

ACC PARTNERSHIP REVIEW

- Product options have been reviewed and a proposal document regarding registration for the Approved Employer Programme has been prepared.
- We have reviewed the audit criteria, along with proposals from third party service providers outlining the services provided.
- Executive management will make a decision before year end after considering the financial and administrative risks and impacts.

INDEPENDENT AUDIT REVIEWS

- The Headworks audit was conducted on 6 September 2018. There were no non-compliances noted. While the auditor did make some recommendations for improvement, they were complimentary of the Headworks team.

HEALTH AND SAFETY TRAINING

- The Contractor Management element of our in-house training is now complete.
- As part of our ongoing in-house training, planning is underway for 'Basic Hazard and Risk Management'. The workshop sessions are expected to commence during the month of October.

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.

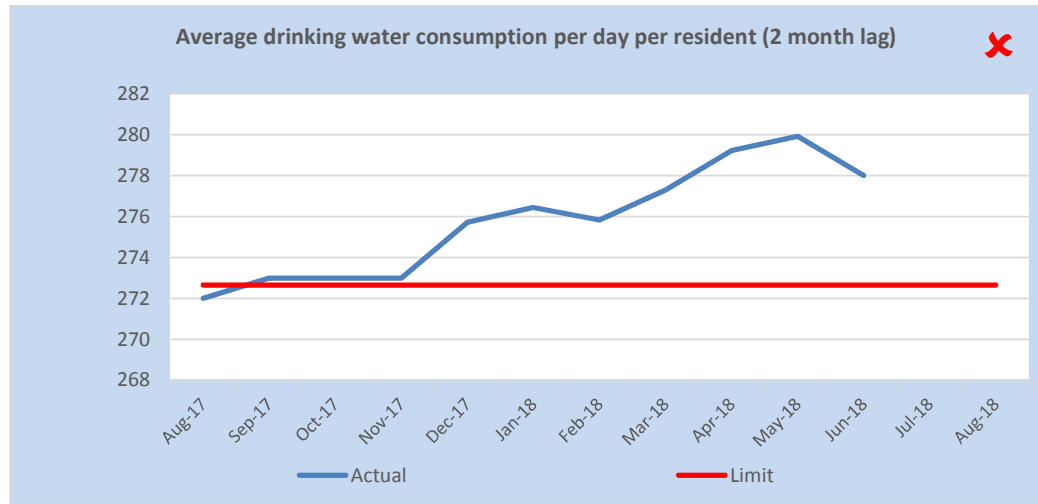
Business Unit	Aug-18	Total	Target for 2018-19	% Complete
Watercare House	0	0	6	0
Customer				
Laboratories	8	15	110	14
MSN	38	74	180	41
Total	46	89	290	31
Infrastructure Delivery				
Construction	27	39	230	17
Developer Services	25	66	130	51
Total	52	105	360	29
Operations				
Asset Efficiency	1	2	20	10
Maintenance Delivery	23	38	138	28
Production	12	28	324	9
Service Delivery	26	52	250	21
Water Value	4	7	20	35
Total	66	127	752	17
Watercare Total	164	321	1408	23

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 August lead indicators for all contractors.
- As previously reported, 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 the mechanics of their system, unless we feel it is appropriate. Therefore, when we ask for lead indicator safety statistics we receive information that matches as closely as possible to the data categories we request. Some contractors combines Audits, Inspections and Safe Observations into their Audit process. Therefore we see zero Safe Behaviour Observations and Inspections recorded.
- 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
North Shore Trunk Sewer 8 Upgrade								
June	6270	3	7	0	3	4	41	129
July	6061	4	9	0	3	3	51	109
August	5900	4	8	0	1	1	45	96
Albany-Pinehill Watermain								
June	8052	2	0	0	0	6	0	66
July	6790	3	0	0	0	7	0	59
August	5348	2	2	19	0	9	6	70
Rosedale Expansion Project								
June	1785	2	3	0	0	1	0	15
July	1989	6	2	0	0	6	10	22
Army Bay WWTP Outfall Upgrade								
June	7788	0	4	72	7	69	0	77
July	24048	0	4	62	6	62	2	83
August	17316	0	4	32	0	38	4	83
Sub-Total of above projects – August	30319	11	21	51	1	51	63	275
All projects – August	43793	12	61	56	1	54	95	343

2. SOI MEASURES – 2017-2018 - Natural environment



- 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.
- This measure is a 12-month rolling average. The highest ever use during the previous summer will continue to affect the results for a further six months. We have established a squad to escalate programmes in our Water Efficiency Strategy to increase Auckland’s water efficiency.

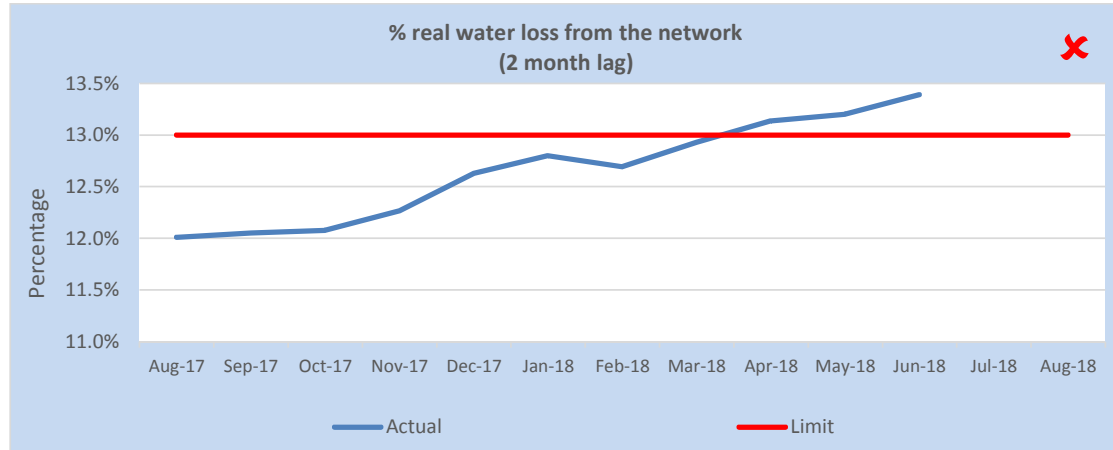
0.34 ✔

Dry Weather overflows from sewerage system per 1000 connections (same as June)
(Target = ≤ 10)

0 ✔

Non-compliance with RMA consents measured by number of abatements notices etc

SOI MEASURES – 2017-2018 - Assets and Infrastructure



100% ✓

Compliance with Part 5 of the Drinking Water Standards (protozoal)

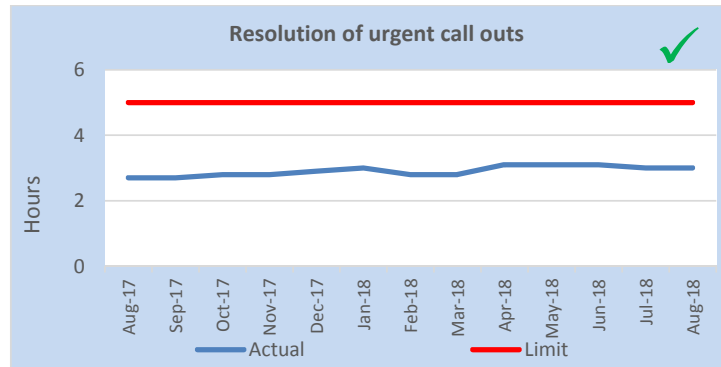
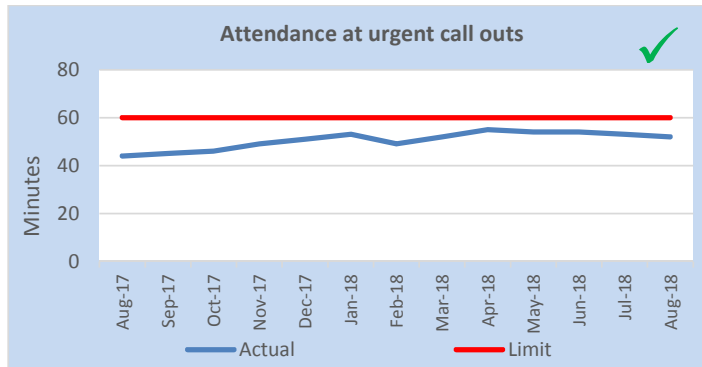
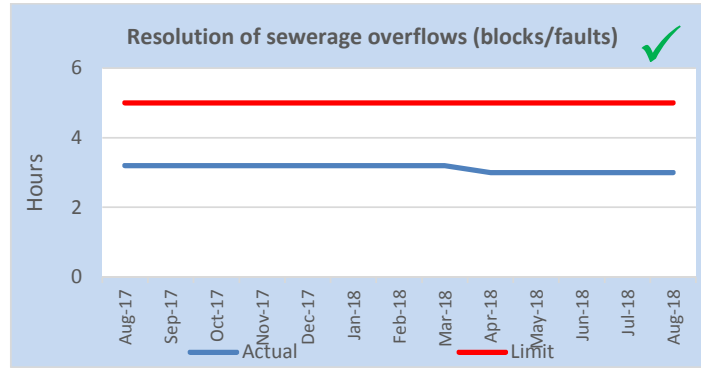
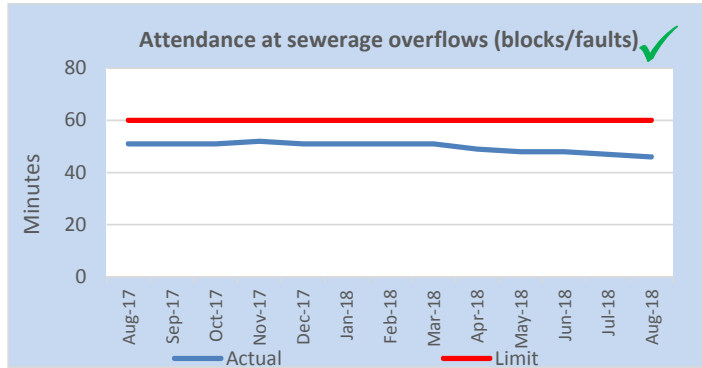
- Real-water losses from the network are also above the desired level. The July 12 month rolling average is 13.4%, against a target of $\leq 13\%$.
- Work continues on improving measurement quality at our Bulk Supply Points (some of which are overestimating supply). We are creating district metered areas (DMAs) which will allow us to have more granular detail of water accounting.
- In addition, we are investigating unauthorised use (theft). The real loss calculation assumes unauthorised consumption is 0.45% of production. However, we believe this assumption may be conservative and we are trying to identify modes of theft and processes to better manage these. A squad has been established to focus on water efficiency strategy to lower real loss.

100% ✓

Compliance with Part 5 of the Drinking Water Standards (bacterial)

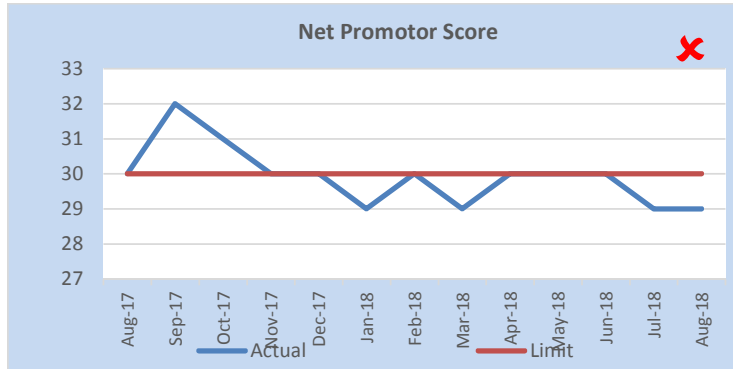


SOI MEASURES – 2017-2018 - Community and Stakeholder relationships

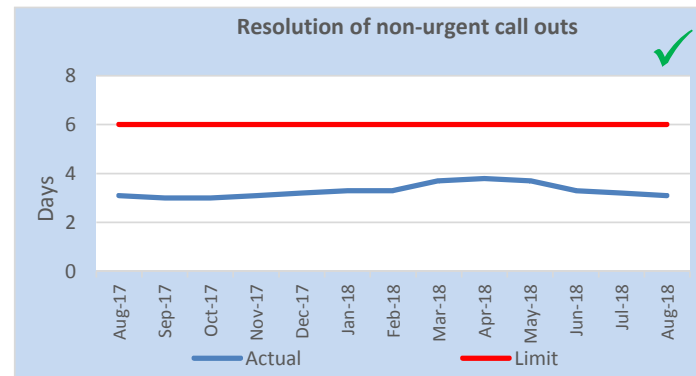
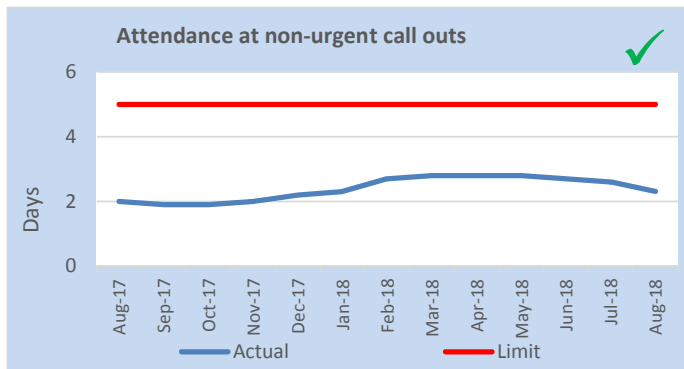




SOI MEASURES – 2017-2018 - Community and Stakeholder relationships continued

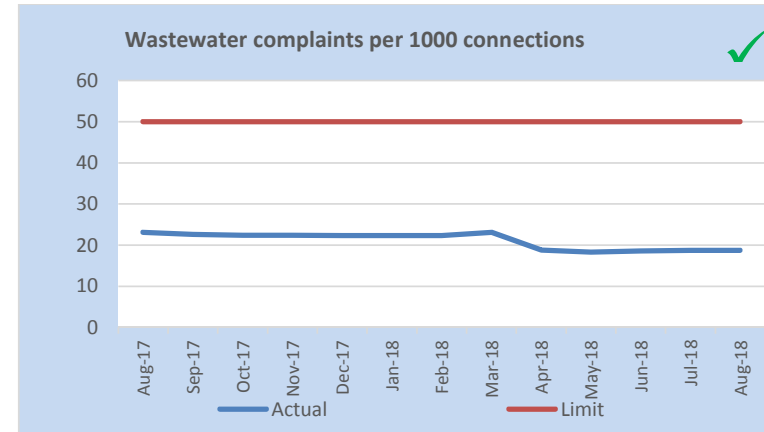
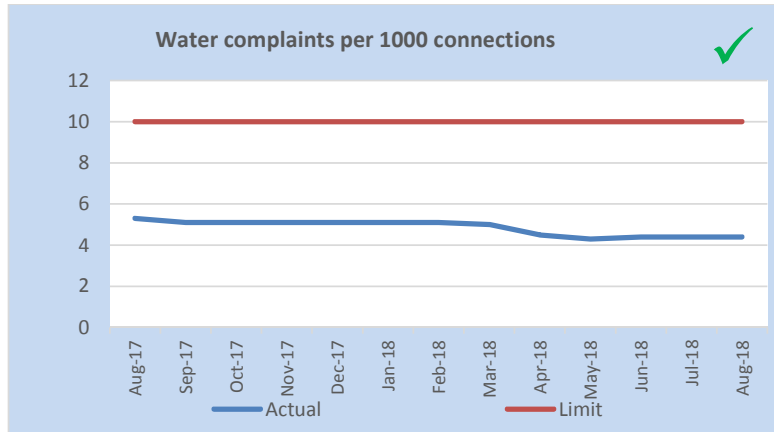


- NPS is 29, which is the same as last month.
- It stayed steady, just below target. Initiatives to improve the customer experience, across all channels should see this measure improving over the coming months.

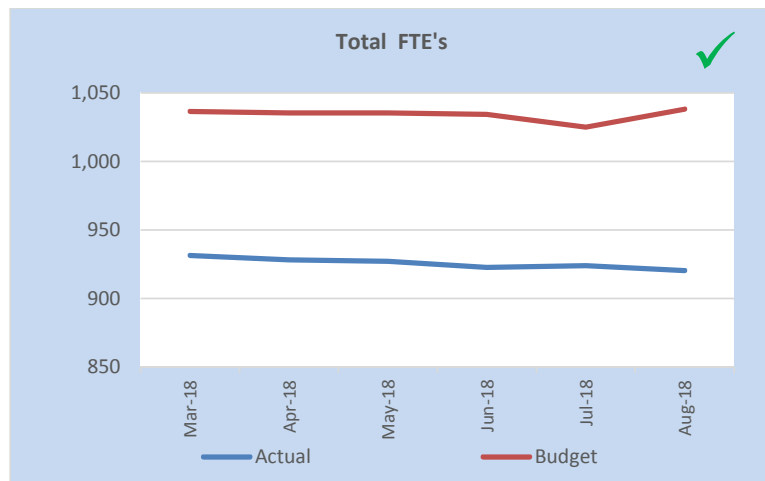
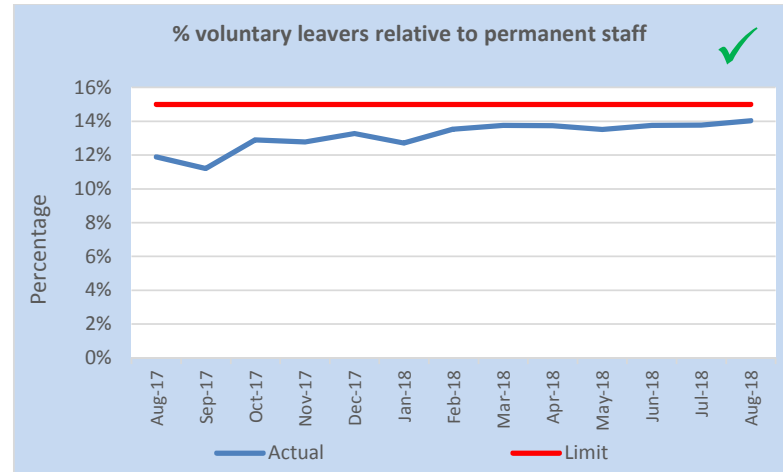
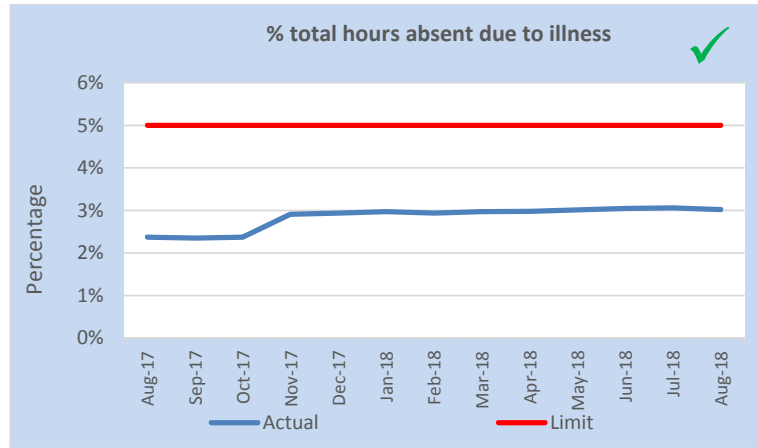




SOI MEASURES – 2017-2018 - Community and Stakeholder relationships continued

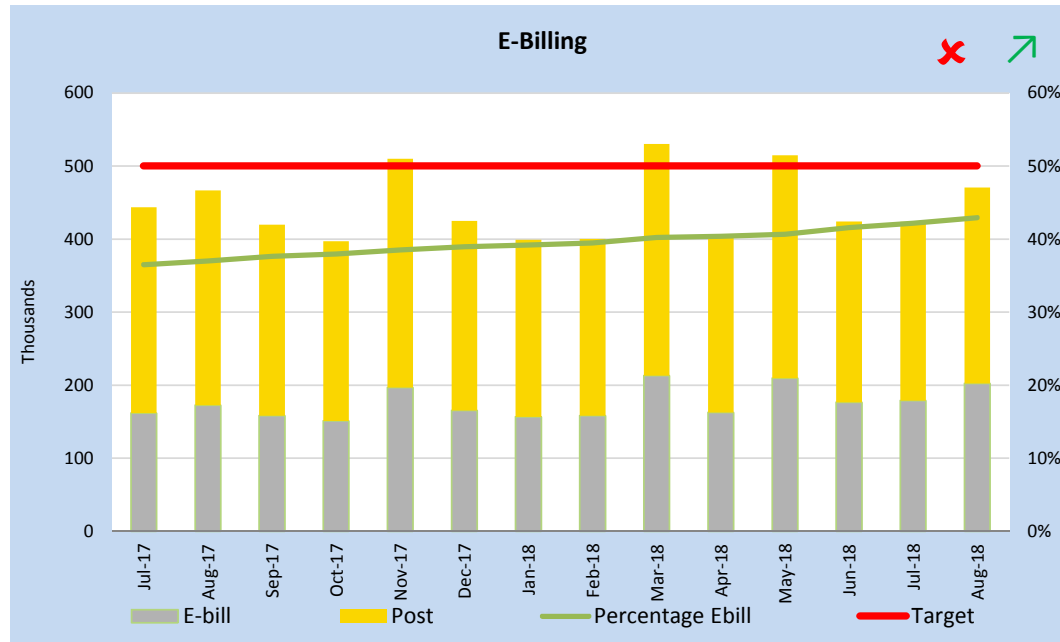


3. PEOPLE, CAPABILITY AND LEARNING



- The realignment of our operating model has continued to embed the changes from the first phase of our target operating model (TOM) review.
- We have welcomed a number of new people into key leadership roles, in particular in the Digital, Customer and People and Capability teams.
- Our new team structures are in place and our focus is now on empowering leaders to build their new teams and establish their new measures of success. To build on the structural changes our focus has included key drivers such as leadership, communications, working environment and new ways of working.
- Activity will be focussed on building capability through the development of an organisational wide Capability Framework, a targeted leadership program and also the launch of a revised learning platform.
- Following the success of the Hub and the STP project area, the coming quarter will also see us start to change our working practices to support our new operating model. We will be optimising our physical environment in our Newmarket office, whilst also developing productive and flexible working practices.

4. CUSTOMER SERVICE



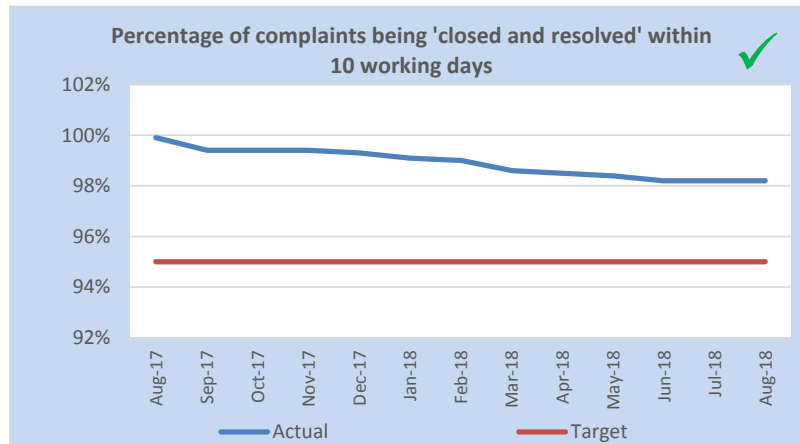
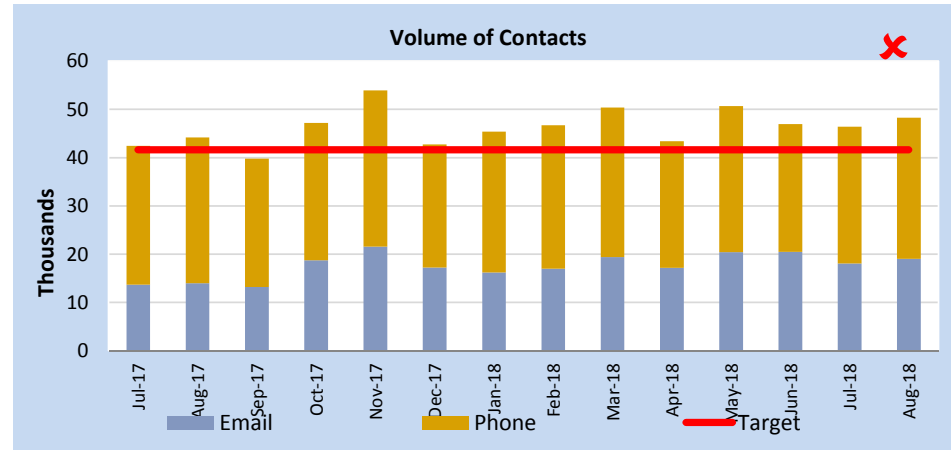
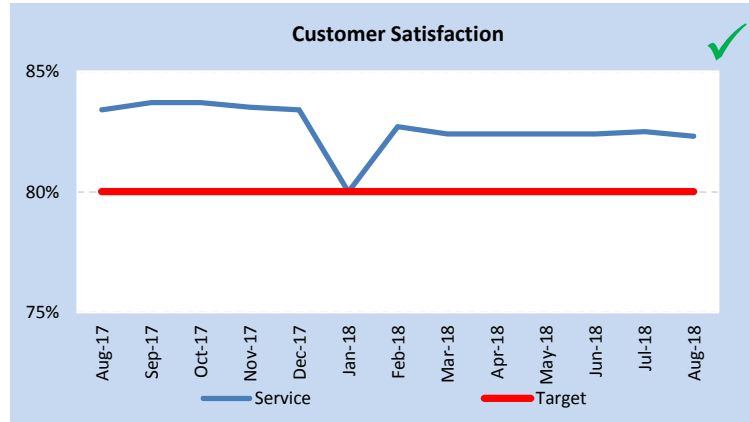
e-BILLING CAMPAIGN

- The e-billing campaign is making progress, with adopting of e-Billing by customers trending upwards.
- We are introducing a number of additional initiatives to incentivise more customers to migrate to e-Billing.

CONSENTING MADE EASY

- Historically, Auckland Council approved resource consents and technical designs on behalf of Watercare for the creation of water and wastewater assets (up to 4 lots). Since 1 July 2018, Watercare has had input on all technical designs for public water and wastewater assets. This is helping to ensure design standards are consistently applied and creating efficiencies for the application process.
- A workshop was held with Auckland Council in September to identify improvement opportunities achievable within systems and processes under Watercare’s strategic transformation project. The focus is now on improving the efficiency of communication, project management and application processing between the two organisations

CUSTOMER SERVICE continued 



98.2% ✓

Percentage of complaints being 'closed and resolved' within 10 working days

Target 95%



5. COMMUNITY AND STAKEHOLDER RELATIONSHIPS UPDATE

4.2

MĀORI ENGAGEMENT

Ngāti Whātua ki Orākei - Te Huinga o Te Kahu 2018, Thursday 9 August 2018

- This is the first time that Ngāti Whātua have held a corporate event of this nature, and they intend to continue to host it annually.
- The purpose of the event was to provide opportunities for corporate networking through the mediums of waiata and reo Māori. Participants included a number of agencies across the regional sector representing respective governance, senior leadership and operations staff. Agencies included Air NZ, Spark, KPMG, Auckland Council, Fonterra, Auckland Live and TPK.
- Watercare was represented by six of our people. All groups were required to perform. Our group showcased two beautiful waiata and a haka.
- Ngāti Whātua have a steep and rich history in the Tāmaki region dating back to Auckland's very beginnings. Events such as these are an opportunity for Watercare to acknowledge that history, and strengthen relationships with mana whenua of the central business district.

Watercare Mana Whenua Kaitiaki Managers' Forum – 9 August 2018 at Māngere wastewater water treatment plant

- At this last meeting, we invited NZTA and Healthy Waters, Auckland Council and Auckland Transport to attend the forum, in order to increase collaboration. Mana whenua representatives are now more engaged and we are seeing improved delivery of technical project information. This has resulted in wider understanding amongst mana whenua representatives of technical matters associated with water infrastructure. There has also been an improved understanding of mātauranga Māori, has resulted in project staff considering concepts and frameworks not generally available to western science.

Mana whenua engagement

- Other mana whenua engagements over the last quarter have included Ngāti Paoa, Te Taniwha o Waikato, Ngāti Whātua ki Ōrākei, Te Uri o Hau and Waikato-Tainui, Ngāti Manuhiri, Ngāti Rehua, Ngāti Tamaoho, Te Kawerau a Maki and Ngai Tai ki Tāmaki.

LOCAL BOARD ENGAGEMENT

- Information on the e-billing campaign was shared with local board members.
- Representatives from Franklin, Papakura and Manurewa Local Boards joined Watercare staff at the Māngere wastewater treatment plant for a presentation on the challenges we face with wastewater treatment and operation of the network. We also provided updates on how we are using our people's talent and innovation to meet these challenges. The trip concluded with a site visit of the plant and Puketutu Island. Feedback from those attending was extremely positive.
- Network operations staff responded to issues of wastewater overflows in the Wellsford network. Our people met on site with Local Board representatives to discuss and explain the situation as well as the significant investment being made in the local water and wastewater infrastructure.
- The Henderson Massey Local Board approved landowner access for Moire Park. This will allow important wastewater upgrades to proceed alongside a local housing development.

COMMUNICATIONS AND STAKEHOLDER ENGAGEMENT SNAPSHOT



Enabling engaged communities and stakeholders

Media

Media highlights for the month include coverage about our Hunua tree planting in Stuff (Homepage) and Papakura Courier; using sheep to maintain the grass surrounding BNR plant (Stuff and Manukau Courier) and operations controller Sifa Pole's efforts in Tonga to rehabilitate houses after Cyclone Gita (Manukau Courier)



Enabling safe, happy and empowered teams

Staff

Internally, we showcased our growing health and safety culture with a story and a video, promoted Engineering Week, Māori Language Week and staff achievements (awards, long service).



Enabling customer trust and value

Customers

We distributed the Spring Tapped In newsletter to all our customers, focusing on the trees planted at Hunua this year and our transformation efforts on former pine forests.



Enabling engaged communities and stakeholders

Stakeholders

We hosted the Manurewa-Papakura and Franklin local boards on a tour of the Mangere Wastewater Treatment Plant. Visitors were very impressed with our treatment processes, facilities and the passionate staff who took them around the plant.



Watercare



6. ENVIRONMENT COURT INJUNCTION– 1080 DROP IN HUNUA RANGES

4.2

THE COURT ACTION

- In early September 2018, conservation group, The Friends of Sherwood Trust, sought an injunction in the Environment Court to prevent Auckland Council from proceeding with its animal pest control programme in the Hunua Ranges. This involves dropping 1080 pellets (sodium fluoroacetate) in an area where Watercare has four storage dams, which supply 60% of Auckland's water.
- A member of The Friends of Sherwood Trust, Tricha Cheel, attended the October 2017 Open Board meeting. She addressed the Board on her concerns around the use of 1080 in the Hunua Ranges.
- Auckland Council and Watercare are both parties to the proceedings. The court heard the matter on Thursday, 13 September. At the end of the hearing, Watercare was removed as a Respondent, with the applicant's consent. This means the applicant accepts that the decision to undertake the 1080 drop is for the Council and not Watercare.
- The Court reserved its decision, indicating that its decision will issue on or before Friday, 21 September. The interim order remains in place until then.
- The Company Secretary will provide a further update at the Board meeting.

HOW WATERCARE IS PROTECTING OUR PEOPLE, CUSTOMERS AND COMMUNITY DURING THE DROPS

- Council divides the area into two operational blocks for the purpose of the drop.
 - Within each block, there are two water catchment areas with accompanying storage dams.
- To ensure the 1080 application poses absolutely no health risk to our customers, Watercare takes our dams out of service during the application to the relevant block.
- The 1080 application will only be carried out if the weather is suitable (forecast of three fine nights and no heavy winds).
- Helicopters carry out the drop:
 - They are not allowed to fly over the water storage dams.
 - There is also a buffer zone around the dams and major inflowing tributaries.
 - They use highly-accurate satellite systems and custom-designed bait applicators to ensure pellets are not spread outside the operational boundary.
- During the application, access to Watercare's assets in the Hunua Ranges is restricted to authorised staff.
- Following the drop, Watercare carries out rigorous testing on numerous water samples.
- Our dams are not returned to service until the Medical Officer of Health is satisfied with the results and has given approval.
- The results of our water testing is publicly available on our website.
- In the event one of the water samples returns a positive result, the affected dam will remain off-line and further sampling will be carried out.
 - 1080 is highly soluble in water and dilutes quickly into non-toxic compounds.
 - This means subsequent samples are likely to return results the Medical Officer of Health is happy with.
- Following the previous 1080 drop in 2015, 300 water samples were taken, none showed any trace of 1080.

7. RESOURCE MANAGEMENT ACT COMPLIANCE



August 2018	Compliance proceedings	Nil	Environmental incidents of significance	Nil
Summary	Category 4 non-compliant consents	Nil	Category 3 non-compliant consents	1

10 of our 483 active consents are technically non-compliant, but none are in Category 4

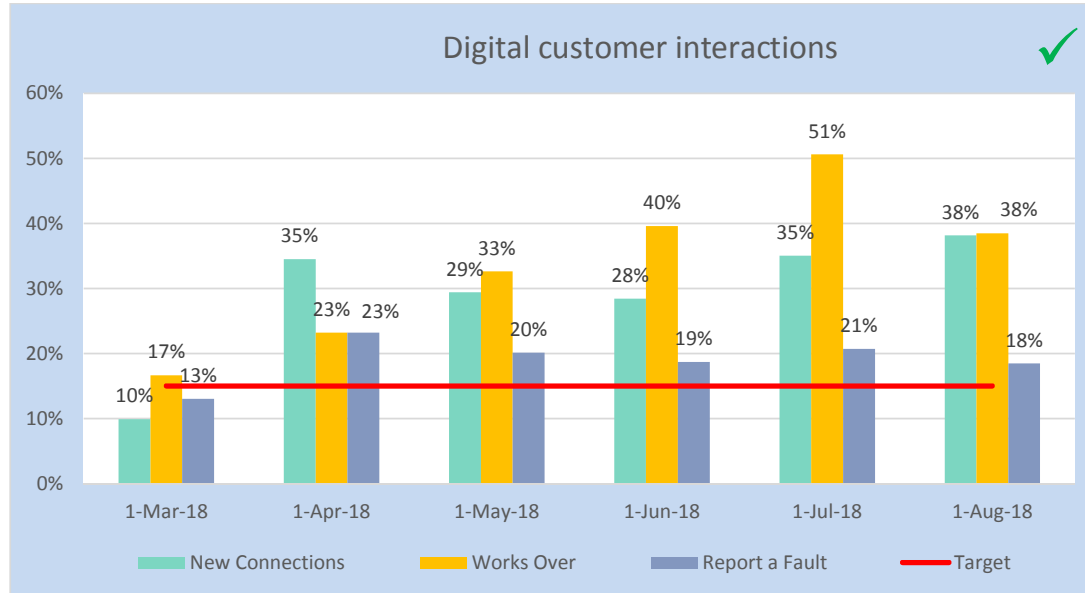
	Mar	Apr	May	Jun	Jul	Aug
Number of total active consents	491	485	485	483	479	483
Number of non-compliant consents ¹	11	11	9	10	15	10
Number of non-compliant category 3 conditions <i>Non-compliance where the result will have or has the potential to have an adverse or significant adverse effect on the environment, 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>	2	2	2	3	0	1
Number of non-compliant category 1 or 2 conditions <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>	12	10	8	10	17	16

Notes: 1 – excludes trade waste consents

There was one non-compliant consent in Category 3 for August 2018:

Facility or Project	Background & Reason for Non-Compliance	Summary of current actions	Current Self-Assessed Council Compliance Rating
Helensville Wastewater Treatment Plant	<p>Part 1.</p> <p>Wastewater at the Helensville treatment plant is processed to a standard that complies with the discharge consent. This treated water is then held within a retention pond until it can be released on the outgoing tide.</p> <p>During the period that the wastewater is held in the pond, the wastewater becomes contaminated with bird faeces from the outside environment. Further, the clay pond liner has been subject to wear and tear, resulting in suspended solids that exceed the permitted level.</p> <p>As a result, by the time the treated wastewater is released on the outgoing tide, the levels of E.Coli (from bird faeces) and suspended solids (from the ingress of soil and clay) exceed what is permitted in the discharge consent.</p> <p>Part 2.</p> <p>A tear in the membrane filter resulted in Biochemical Oxygen Demand results that are lower than that required by the discharge consent.</p>	<p>Part 1.</p> <p>A business case for works that will ensure that the treated wastewater discharge complies with the resource consent parameters has been approved</p> <p>The works are expected to be complete by March 2019.</p> <p>Part 2.</p> <p>The Biochemical Oxygen Demand non-compliance has been addressed by the replacement of the membrane filter cassette.</p>	3

8. DIGITAL UPDATE



DIGITAL INTERACTIONS

Year to date figures for FY19 are:

- New connections – 32%
- Works over – 36%
- Report a Fault – 19%

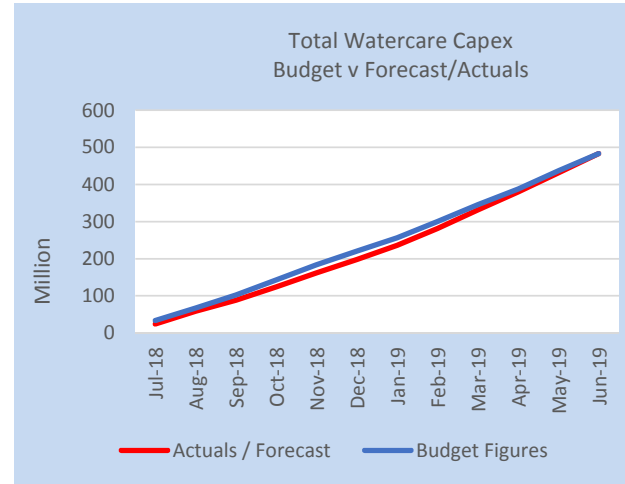
STRATEGIC TRANSFORMATION PROGRAMME (STP) UPDATE

- The programme continues to make good progress in Release 3 across the development of our core capability sets working closely with customers and end-users.
- In early September 2018, the Customer and Billing value stream reached a significant milestone by generating our first domestic bill using our new billing solution. This is a good proof point for the team, as it demonstrates the stable development of an end-to-end process from meter reading all the way through the billing process to a bill output file. The value stream is now adapting the process in order to generate bills for other types of customers, including our non-domestic customers, trade waste customers and new connections.
- A planned re-validation exercise is underway across all value streams to ensure we continue to focus on the captured business goals and that the expected value associated with the business goals remain valid. This supports and enables us to re-prioritise where appropriate and focus on the most valuable deliverables.

9. ASSETS AND INFRASTRUCTURE



Project / Programme Infrastructure Related Projects (Phase: Design / Execution)	Project Current Forecast	Annual Performance		Project Status	
		Forecast	Budget	Time	Cost
Water Projects >\$15 Million					
Warkworth Wells WTP	19,966	2,231	1,550		
Orewa Number 1 Replacement Stg 3	15,349	3,586	3,700		
Albany Pinehill WM & PS	18,040	6,757	5,733		
North Harbour WMDuplication - GBWD	54,300	11,183	6,493		
Hunua 4 Section 11	71,656	18,924	28,955		
Huia 1 and Nihotupu 1 Replacement	116,615	13,460	16,241		
Huia WTP Upgrade	5,540	1,843	880		
Redoubt Road Reservoir Expansion	47,900	1,316	970		
Ardmore WTP Treated Water Resilience	27,600	9,334	7,535		
Pukekohe East Reservoir	28,693	11,640	11,673		
Waikato 175MLD Expansion Stage Ultimate	32,850	5,681	9,250		
Wastewater Projects >\$15 Million					
Snells Agies WWTP Ocean Outfall	34,000	3,269	3,630		
Snells WWTP Upgrade	69,589	5,930	4,910		
Warkworth to Snells Transfer Pipeline	69,613	4,420	5,749		
Army Bay WWTP Outfall Upgrade	37,951	11,101	11,221		
Rosedale WWTP Expansion Project	62,500	13,485	13,480		
East Coast Bays Link Sewer Upgrade	29,200	7,555	7,550		
Wairau Wastewater Pump Station	21,400	1,235	1,200		
Northern Interceptor - Stage 1	96,840	16,844	9,092		
Central Interceptor	1,180,900	32,088	32,780		
Mangere WWTP Solids Stream Upgrade	55,940	7,379	7,200		
Puketutu Island Rehabilitation	64,882	26,071	23,600		
Puketutu Biosolids Facility Cell Wall	29,649	2,427	2,700		
Glendowie Branch Sewer Upgrade	34,936	18,592	18,584		
Pukekohe WWTP Upgrade	66,000	25,597	17,613		
Otara Catchment WW Capacity Upgrades	25,475	2,826	600		
Transmission Rising Main Renewals	14,900	2,301	2,300		
Capex Programme (Design / Execution)					
>\$15 Million	2,332,284	267,073	255,190		
>\$2 Million <\$15 Million	205,871	77,104	73,715		
<\$2 Million	27,555	12,837	12,676		
	2,565,709	357,015	341,581		



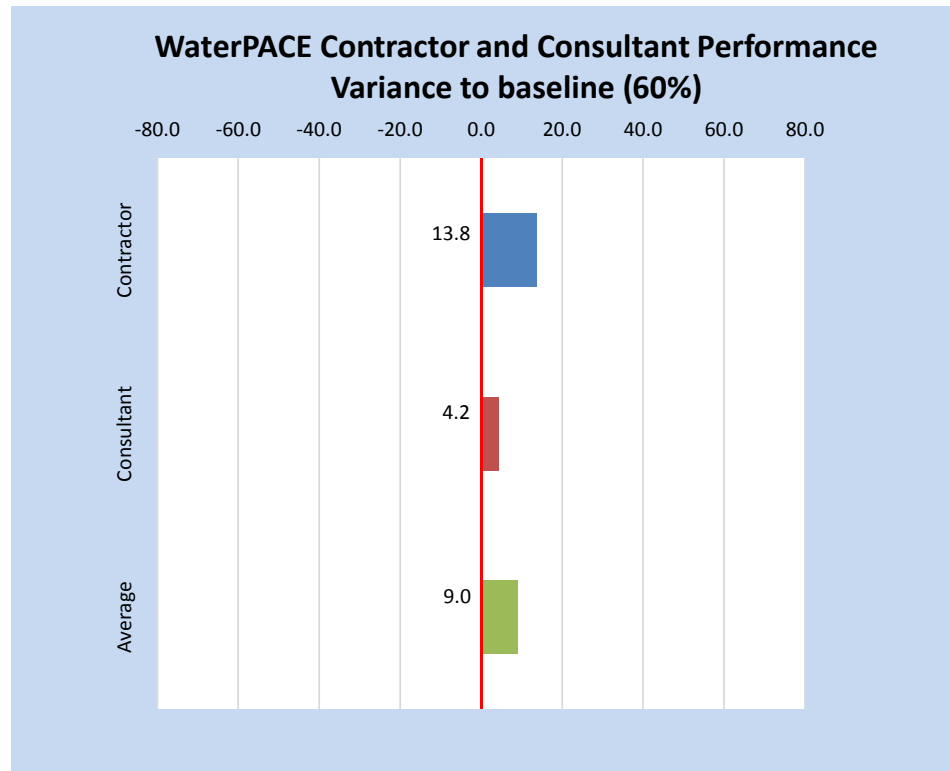
Traffic light Key:
On target / No adverse Service Delivery impact
Short to medium term issues that may impact on outcomes or targets / Minor Service Delivery Impacts
Medium to long term issues that are impacting on outcomes or targets / Risk of significant Service Delivery Impact
Underspend on the project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

ASSETS AND INFRASTRUCTURE continued

CENTRAL INTERCEPTOR UPDATE

- The four contractors' proposals were submitted, as planned, on 14 September 2018.
- We are now evaluating the proposals and a recommendation on the preferred contractor will be made to the Board in November 2018.

CONSULTANT AND CONTRACTOR PERFORMANCE



WaterPace measures the performance of our contractors and consultants.

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

Following on-going monthly reviews in August 2018, our contractors and consults increased their average performance score from 68.4% to 69.0%, which is 9% over the baseline target, and 3% over our target for FY19 of 66%.

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

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

- One part X Resource Management Act exemption for subdivision
- One agreement for Watercare to take a Licence over private land
- Five easements in favour of Watercare
- One easement in favour of a third party over Watercare land
- Two approvals to transfer land to Watercare
- One approval to register a compensation certificate over private land being acquired by Watercare
- Two approvals of a Land Transfer Tax statement over private land being transferred to Watercare
- One deed of covenant protecting Watercare's interest in an IGC Agreement








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:

- Pukekohe WWTP Upgrade Establishment (McConnell Dowell - HEB Joint Venture)
- Network Hardware (Dimension Data New Zealand Limited)
- Workorder for Infrastructure Development for delivering and running software services (Dimension Data New Zealand Limited)
- Aotea Square Sewer Replacement (March Cato Limited)
- Professional Services contract for surveying services (Beca Limited)
- Albany Pinehill Connections (Guaranteed Flow Systems)

There were five 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.

- Enterprise Network and Security Programme
- Network Planned Watermain Renewals – July 2018-December 2018
- Radio Communications Improvement Works
- FY2019 Digital Hardware Upgrade
- FY2019 Mobile Phone Upgrade

Our climate change adaptation and mitigation strategy

Purpose				Team		
Information	Discussion	Endorsement	Approval	Prepared	Recommended	Submitted
				R Klein Head of water value	S Webster Chief Infrastructure Officer	R Jaduram Chief Executive
Intellectual capital	People and culture	Community and stakeholder relationships	Financial capital & resources	Natural environment	Assets and Infrastructure	
						

1. Recommendation and key points

That the Board receives this progress report on the development of our Climate Change Adaptation and Mitigation Strategy and Policy (CCAMS).

Key points

- Management are reviewing the draft CCAMS, with finalisation due in December 2018 (on schedule).
- The draft CCAMS fits within the framework of integrated thinking and will be delivered as an agile programme of work.
- Climate change mitigation and adaptation actions are already underway.

2. Purpose and context

This report covers our progress with Watercare’s CCAMS. In particular, it outlines:

- The core principles guiding the strategy and its implementation
- An overview of climate change action already underway at Watercare
- The timeframe for completion of the strategy document
- How we are working with Auckland Council and central government, including how we will adapt to an evolving legislative environment

3. The details

3.1 Five principles are guiding the development of the strategy and its implementation

- **Make Climate Change BAU:** We will consider medium and long-term climate change impact in our analysis and decision making process
- **Avoid carbon lock-in solutions:** We will consider climate change mitigation as we develop adaptation solutions, to reduce our greenhouse gas emissions on an on-going basis.

- **Enact a 'no regrets' approach:** We will make decisions and take action, even if we may not be certain about all dimensions of future climate change.
- **Implement Adaptive planning pathways:** We will use an adaptive plan that specifies actions to be taken immediately, while keeping our options open to adapt in the future.
- **Use integrated thinking:** The CCAMS will be delivered using all six of the integrated thinking capitals.

Operationally, we will:

- Build regular reviews as a core part of the strategy: As more certainty is gained regarding the future climate and effectiveness of actions, the strategy will need to evolve and opportunities seized as they arise
- Identify areas of control and acknowledge dependencies with external factors
- Deliver an Agile programme of work: Agile project management for innovation is suited for climate change, providing early value generation and flexibility in an evolving context.

The development of the strategy has used a collaborative approach involving multiple Watercare teams as well as the Environmental Advisory Group.

3.2 Climate action at Watercare is progressing at pace

The plan to deliver the strategy has two timeframes:

- **2019-2024:** Short term actions, some of which are already underway.
- **2025 and beyond:** An adaptive pathways approach has been developed. This is commonly used where there is a need for planning related decisions to remain flexible and to continue to adapt to an ever-changing environment. The deep uncertainties associated with climate change make the adaptive pathways approach highly applicable.

Both timeframes will be governed under twelve portfolios:

1. Climate change modelling for Pukekohe and Waikato region¹
2. Investigation of and planning for increased flooding and sea level rise effects on low-lying assets
3. Understanding impact of climate change on demand patterns
4. Improving existing water source resilience
5. Improving existing treatment resilience
6. Improving existing network resilience
7. Understanding effects on the environment of a changing climate
8. Emergency preparedness
9. Understanding land use and development impact on adaptation

¹ Climate change modelling for Auckland has already been done by NIWA. We now need to work on climate change modelling in this area where we also have assets such as the Hunua raw water sources and our Waikato WTP and Pukekohe WWTP

10. Planting for adaptation (regeneration with natives)
11. Energy efficiency
12. Energy neutrality at major WWTPs.

3.3 The CCAMS will be finalised by December 2018

- The draft strategy and draft policy are currently being reviewed by management
- Additional work, focusing on mitigation, is guiding our emission reduction pathways work. We are using global Science Based Target methodology to reach Net Zero Carbon 2050. This work will be finalised by November.
- In December 2018, the CCAMS will be finalised. In the meantime, we have already started prioritising the short term portfolio of work (2018-2024) into an agile programme of work.

3.4 We are working with Council and keeping involved in central government policy changes

Locally, Watercare is working collaboratively with Auckland Council's Chief Sustainability Office on the development of the Auckland Climate Action Plan (ACAP), which is forecast to be completed by March 2019.

At a national level, we have made comprehensive submissions to the New Zealand Productivity Commission's (NZPC) "Low-emissions economy: Draft report" and the Ministry for the Environment's (MfE) "Our Climate Your Say: Consultation on the Zero Carbon Bill – Discussion Document". Watercare's submission to MfE's Discussion Document gave overall support to the proposed significant initiatives, which included advocating for a 2050 net zero emissions target.

3.5 We are monitoring changes to the legislation in the climate change area

The Government intends to make amendments to the "Climate Change Response Act 2002", which sets up New Zealand's Emission Trading Scheme (NZ ETS).

The Government also intends to consult on the "Zero Carbon Bill 2018" after its first reading in October. The resulting Act will most likely set up an independent Climate Change Commission next year, which will establish diminishing 5-yearly emission budgets.

The Government will also institute a national adaptation plan, which will likely include some mandatory adaptation reporting requirements, especially on organisations that own public infrastructure.

Our adaptive planning approach will enable us to evolve and adapt our programmes of work as the legislative environment changes.

Strategic Business Plan update

Board meeting – 30 September 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"> New initiatives planned to encourage e-bill uptake, as we're currently tracking below the daily target.

5.1



People and Culture

Goal	2018/2019 Target	Progress to date
Talent Optimisation	A Talent Development Programme has been developed and implemented (capability matrix as the base of this project)	<p>The capability matrix has been piloted through the Target Operating Model (TOM) review. The matrix was used as the base for a job description and interview guide for over 100 roles.</p> <p>We have had positive feedback from external and internal candidates as well as through engagement with our people leaders about the quality and transparency of our hiring process through the pilot.</p> <p>As a tool to support managers with performance and talent development it will be rolled out by the end of October</p>

5.1



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"> • Completed - Board paper submitted in August 2018.
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"> • Discussions continuing regarding SPVs. Treasury awaiting cabinet paper approval in October.
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"> • Met with WDC re scope of service. Work continuing. • Chemical savings achieved of \$500k/ annum. • Efficiency savings are challenging but on track.

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"> • Strategy with management for review • Update provided to the Board in September 2018.
We will deliver on carbon and energy initiatives that create value to our business	We continue to work on the roadmap for Energy Neutrality at Mangere and Rosedale, saving 37 Gwhr/annum by 2025.	<ul style="list-style-type: none"> • Thermal hydrolysis design at Rosedale is proceeding to construction. Delivery partner has been identified. • Energy efficiency, companywide, continues. First solar scheme is underway at Pukekohe and Wellsford.
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"> • As part of TOM, we now have a dedicated Biosolids Manager, focusing on beneficial re-use and product opportunities.

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"> Resiliency development pathway Board paper submitted in September 2018.
We will deliver the Central Interceptor	Successfully negotiate and award the CI construction contract.	<ul style="list-style-type: none"> Tenders received. Evaluation underway with award scheduled for February 2019.
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"> Construction category strategy being developed and market sounding complete by mid-October 2018. Value engineering framework implementation, which will be linked to our existing savings register.



Community and stakeholder

5.1

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"> Our focus on the end-to-end customer experience will continue to increase with a full Customer Leadership team now on board.
We are engaged with our stakeholder	<p>We will create and implement a Stakeholder Statement.</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"> We have set up a programme to measure stakeholder perception of Watercare, in order to establish a basepoint. As part of the TOM process, we have a Head of Water Value to drive these outcomes.

Board - Public Session - Directors' Corporate Governance Items

Board Planner 2018/2019

	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December
Board	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)
Meetings			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)		
Audit and risk committee																
People, Remuneration and appointments committee		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)		
STP Committee	25 Sep (4.30pm)															
AMP & Major Capex Committee			9 Nov (10-12noon)													
Charter reviews		PRAC charter					AMCC Terms of Reference	STP Terms of Reference	A&R Charter					PRAC charter		
Policy reviews			Our commitment to H&S Policy					2020 - Good Employer Policy	2020 - Sensitive Expenditure Policy				Tax Risk Management Policy			Fraud Policy
Delegations									Annual review of board delegations to CE							
Quarterly risk reviews		Risk report			Risk report			Risk report			Risk report			Risk report		
Compliance		Statutory compliance			Statutory compliance			Statutory compliance			Statutory compliance			Statutory compliance		
Governance																
Shareholder interaction	Auckland Council's A&R Committee Date TBC Governing Body/Board workshop 25 September (9.30-12.30)	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	
Site Visits	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)	Site Visit (after Board Meeting)	Site Visit (after Board Meeting)	Date TBC	Site Visit (after Board Meeting)	
H&S Quarterly report		Jul-Sept 18 Report			Oct-Dec 18 Report			Jan-Mar 19 Report			Apr-Jun 19 Report			Jul-Sept 19 Report		
Board Training		25 October, 2-4pm - Board Risk Workshop							H&S Board Update							
Strategic planning										Strategy Workshop 24 June followed by Board Dinner						
Business strategy																
Strategy updates	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
Key finance and business decisions		AMP Update from WUCAT <i>August financials in confidential</i>		Draft Auckland Council Annual Plan - approve Watercare input*	Approve half year accounts	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		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	Update from WUCAT	AMP		Auckland Council Draft Annual Plan - approve Watercare input*
Business planning																
Statement of intent		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

* Statutory public Board meeting - deputations invited




^ Extraordinary Audit & Risk and Board Meeting to meet shareholder half year and annual report timeline

6.1

Report to the Board of Watercare Services Limited
Prepared for the 26 September 2018 Board meeting

Disclosure of senior executives' interests

6.2

Purpose				Team		
Information	Discussion	Endorsement	Approval	Prepared	Recommended	Submitted
				E McBride Governance Manager	R Fisher Company Secretary	R Jaduram Chief Executive
Intellectual capital	People and culture	Community and stakeholder relationships		Financial capital & resources	Natural environment	Assets and Infrastructure
						

1. Purpose and context

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 (as required by law), but also voluntarily maintains an Interests Register for our senior executives.

2. The details




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

Senior Executive	Interest
Raveen Jaduram	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Director – Howick Swimgym Limited
Marlon Bridge	<ul style="list-style-type: none"> • Trustee – Te Motu a Hiaroa (Puketutu Island) Governance Trust
Rebecca Chenery	<ul style="list-style-type: none"> • Director – Chenery Consulting Services Limited
David Hawkins	<ul style="list-style-type: none"> • Nil
Jason Glennon	<ul style="list-style-type: none"> • Nil
Amanda Singleton	<ul style="list-style-type: none"> • Director – Die Weskusplek Pty Ltd (South Africa)
Shane Morgan	<ul style="list-style-type: none"> • Nil
Shayne Cunis	<ul style="list-style-type: none"> • Director – The Water Research Foundation

Report to the Board of Watercare Services Limited
Prepared for the 26 September 2018 Board meeting

Directors' appointment terms and committee memberships

6.3

Purpose				Team		
Information	Discussion	Endorsement	Approval	Prepared	Recommended	Submitted
				E McBride Governance Manager	R Fisher Company Secretary	R Jaduram Chief Executive
Intellectual capital	People and culture	Community and stakeholder relationships	Financial capital & resources	Natural environment	Assets and Infrastructure	
						

1. Purpose and context

This paper provides an update on:

- the tenure of the seven directors of Watercare Services Limited
- details of the committees each director is a member of.

2. The details

Table 1: We have seven directors, with five directors' terms ending simultaneously on 31 October 2019

Our directors are appointed by Auckland Council

Director	Original appointment date	End of term
Margaret Devlin (Chair)	1 November 2016	31 October 2019
Julia Hoare (Deputy Chair)	1 November 2013	31 October 2019
Catherine Harland	21 April 2011	31 October 2019
Nicola Crauford	1 April 2014	31 October 2019
David Thomas	1 November 2014	31 October 2020
Brendon Green	1 November 2016	31 October 2019
Hon Dame Annette King	1 November 2017	31 October 2020

Table 2: We have four committees to assist the Board in its corporate governance

Our four committees assist in the process of corporate governance

Committee Chairs and members are appointed by the Chair

Director	Audit and Risk	People, Remuneration & Appointments	Strategic Transformation Programme	AMP & Major Capex
Margaret Devlin (Chair)	*	*		✓
Julia Hoare (Deputy Chair)	Committee Chair			✓
Catherine Harland		Committee Chair		✓
Nicola Crauford			✓	Committee Chair
David Thomas	✓	✓		
Brendon Green	✓		✓	
Hon Dame Annette King		✓	Committee Chair	

**Board Chair attends in ex-officio capacity*