

WATERCARE SERVICES LIMITED

AGENDA	BOARD MEETING	Tuesday, February 27, 2018
Venue	Watercare Services Limited, Level 3, 73 Remuera Road, Newmarket	
Time	9am	

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 30 January 2018	Board Minutes 30 January 2018
3 Review Directors' Disclosure of Interests	Chair	For approval	Disclosure of Interests
4 For discussion			
4a Health & Safety Report	R Jaduram	For discussion	Report
4b Chief Executive's Report	R Jaduram	For discussion	Report
4c STP	R Chenery	For discussion	Report
4d Central Interceptor	S Cunis	For discussion	Report
5 For information			
5a Compliance			
i RMA Compliance	R Fisher	Receive reports	Report
5b Capital Programme			
i Infrastructure Dashboard	R Jaduram	Receive reports	Report
ii Traffic Light Variance Report	R Jaduram	Receive reports	Report
6 Strategy			
6a Climate Change & Natural Hazards	S Webster	For information	Presentation
7 Directors' Corporate Governance Items			
7a Board Planner	Chair	For approval	Board Planner
7b Review Executive Management Disclosure of Interests	Chair	For approval	Disclosure of Interests
7c Review Director Appointment Terms and Committee Membership	Chair	For approval	Appointment Terms and Committee membership
8 General Business	Chair		
Date of next meeting	Tuesday 27 March 2018		
Venue	Watercare Services Limited, Level 3, 73 Remuera Road, Newmarket		

MINUTES

SUBJECT	WATERCARE SERVICES BOARD MEETING
VENUE	Watercare Services Limited, 73 Remuera Road, Newmarket
DATE	30 January 2018
TIME	12.20pm
STATUS	Open 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 (Chief Executive) B Monk R Fisher R Chenery E McBride D Hawkins M Bourne M Bridge	Public in Attendance: Nil
1.	<p>Apologies</p> <p>There were no apologies.</p>		
2.	<p>Minutes of Previous Meeting</p> <p>The Board resolved that the minutes of the public section of the Board meeting held on 20 December 2017 be confirmed as correct.</p>		
3.	<p>Directors Corporate Governance Items</p> <p>3a Board Planner</p> <ul style="list-style-type: none"> - The Board Planner needs to be updated to reflect date changes agreed by the Board and the Chief Executive following the Board evaluation. - A Board Strategy workshop over a day and a half needs to be arranged. The Board and Management discussed possibly inviting the Chief Executives from Wellington Water and Water New Zealand to this strategy workshop. <p>3b Disclosure of Interests</p> <ul style="list-style-type: none"> - The Chair's disclosure of interests has been updated. <p>3c Director Appointments and Terms</p> <ul style="list-style-type: none"> - In October 2019, five of the seven director appointments come to an end. The Chair is discussing with the Mayor the need to ensure sufficient experience is available on the Board. The Chair is also discussing whether another director should be added to the Board prior to this date, to allow appropriate continuity. - The issue of a lack of a Council appointed Board Observer was discussed. Management advised the Board that the cost of a Board Observer is paid by Watercare. 		
4	<p>For Information</p> <p>4a Health & Safety Report</p> <ul style="list-style-type: none"> - In relation to the Contractor Lead Indicator Statistics, Management explained that not all "Hazards Identified" require "Corrective Action". The Board therefore requested that another column be added to the table identifying the number of "Corrective Actions Required" to give context and clarity to the statistics. - The rolling 12 month Lost Time Injury Frequency Rate at 4.1 per million is below the Statement of Intent target of less than 5. 		

	<ul style="list-style-type: none"> - Likewise, the Total Recordable Injury Frequency Rate at 13.48 per million hours is below the Statement of Intent target of less than 20. <p>4b Chief Executive's Report</p> <p>A general discussion was held regarding the storage levels.</p> <ul style="list-style-type: none"> - There has been a drop from November to January, but Watercare is still in a good position, around 3% ahead of the historical average range for this time of the year. Turbidity in the Hunua Lakes has improved significantly. - December and January have been dry, which means Watercare is pumping more water from the Waikato River, which increases the company's energy and chemical costs. - NIWA expect Auckland to get more intense, localised rainfalls as climate change takes hold. The intense rainfall at Rosedale is an example, as other parts of Auckland including Newmarket had no rain. - During December, there were concerns in some non-metropolitan areas, where tanker operators were buying water off Watercare during the dry spell, in order to supply non-Watercare customers' empty tanks. - Management have been using bore water to recharge the Mahurangi River in Warkworth. - There have been some complaints from people in Waiuku over the water being supplied by Watercare. The water is sourced from bores, which naturally provide 'harder' water. The quality of water is Aa grade. Prior to integration and Watercare taking over, the supply in this area was E grade. - M Bourne advised that in December, water production figures had twice broken the previous daily record. Records were set for peak 3 and peak 7 day and for the month. - M Bourne also advised that with the shrink/swell occurring with soils, breakages of watermains are occurring in greater numbers than normal.
5.	<p>General Business</p> <p>There were three items of general business to discuss.</p> <p>a) Mairangi Bay</p> <ul style="list-style-type: none"> - The Board were provided with an update on the Mairangi Bay event that occurred on Sunday, 28 January, when a rising transmission wastewater pipe ruptured. - M Bourne, Acting Chief Operations Officer, was on the scene on Sunday and updated the Board as follows: <ul style="list-style-type: none"> - A transmission rising main pipe, 450mm in diameter, failed. - The pipe runs from the Alma Road Pump station to Rosedale Wastewater Treatment Plant. - It ruptured in the early hours of Sunday morning and sent undiluted wastewater flowing into 13 nearby residential properties and into the stormwater system. Once the rising pipe was shut down, wastewater flowed into Wairau Creek and on to Milford Beach. The beach was closed by Auckland Council on Sunday. Signs were put in place by Auckland Council's Pollution Control team and the Safeswim Team. - Following some initial confusion on the part of the Fire Service and a resident, the fault was initially called in as a water incident. A water team attended and then called for a wastewater team. A multiple Watercare team, including MSO, Networks, Transmission, attended the site and worked through the day to repair the fault. - The first priority was the Health & Safety of the residents and other affected members of the public. - Over the course of the day, 35 people cleaned and repaired the affected site. Traffic management was required, and telecommunication and electrical services also attended as the site was beside

	<p>a transformer box and power pole. The protocols for safe excavation around electrical cables had to be followed.</p> <ul style="list-style-type: none"> - Return to service was achieved by 6.15pm. - Significant clean-up of the properties, including lawns, gardens and carpets, is being undertaken, and should be complete in the next few days. Affected residents appreciated the efforts of all staff in the extreme heat, and provided them with cool drinks and refreshments throughout the day. - A full investigation is now being undertaken to understand why the main failed. It was a 40 year old pressurised pipe, which was expected to last 80 years. Watercare will also look into the time it took to get the right people to the site and also the level of service provided by the after-hours fault team, which is currently outsourced. - Follow up letters/communications will be sent to all of the affected residents as well. <ul style="list-style-type: none"> - D Hawkins, Chief Corporate Affairs Officer, updated the Board regarding the media attention. <ul style="list-style-type: none"> - The event was fairly reported by the media. - The Watercare Communications team worked extremely well over the weekend and Anniversary Day to provide the Media with updates, facts and figures. <p>b) Independent Māori Statutory Board - Invitation to attend a Watercare Board meeting</p> <ul style="list-style-type: none"> - The Chief Executive advised the Board that the IMSB has been invited to a Board meeting to jointly discuss the PwC report on Assessment of Expenditure by Auckland Council, dated November 2017. - The Chair of the IMSB would first like to meet with the Chair of Watercare.
	The meeting closed at 12.50pm.

CERTIFIED AS A TRUE AND CORRECT RECORD

M Devlin
Chair

Report to the Board of Watercare Services Limited

Subject: Disclosure of Interests

Date: 20 February 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"> – Chairman, 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 – Chairman, Women in Infrastructure Network – Councillor, Wintec Council – Councillor The University of Waikato Council – Member, Audit and Risk Committee of The University of Waikato – Chairman, Waikato Spatial Plan Joint Committee
Catherine Harland	<ul style="list-style-type: none"> – Director, McHar Investments Ltd – Director, Interface Partners Ltd – Trustee, One Tree Hill Jubilee Educational Trust – Member, Auckland Regional Amenities Funding Board – Member, Water Allocation Technical Advisory Group
Julia Hoare	<ul style="list-style-type: none"> – Director, AWF Madison Group Limited – Director, New Zealand Post Limited – Deputy Chairman, The a2 Milk Company Limited – Director, The a2 Milk Company (New Zealand) Limited – Director, Port of Tauranga Limited – Director, Auckland International Airport Limited – Member, 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 – Member of Electoral Authority, Cooperative Bank Limited – Specialist Advisor, WorleyParsons New Zealand Ltd – Director and Shareholder - Riposte Consulting Limited – Director, Wellington Water Limited – Director, Orion New Zealand Limited – Chairman, GNS Science Limited – Deputy Chairman, Fire and Emergency New Zealand
David Thomas	<ul style="list-style-type: none"> – Chairman, Ngati Whakaue Tribal Lands Inc – Chairman, Gypsum Board Manufacturers of Australasia – Shareholder / Employee, Fletcher Building Limited

	<ul style="list-style-type: none"> - Director, New Zealand Ceiling & Drywall Supplies Limited - Director, Altus NZ 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 Runanganui o Ngati Hikairo - Management contract, Tainui Kawhia Minerals - Representative of Waipapa Marae, Kawhia, Te Whakakitenga o Waikato Tainui.
Hon Dame Annette King	<ul style="list-style-type: none"> - Chair, Life Flight Trust Wellington.

RECOMMENDATION

That the report be received.

Approved by:



R Jaduram
Chief Executive

Report to the Board of Watercare Services Limited

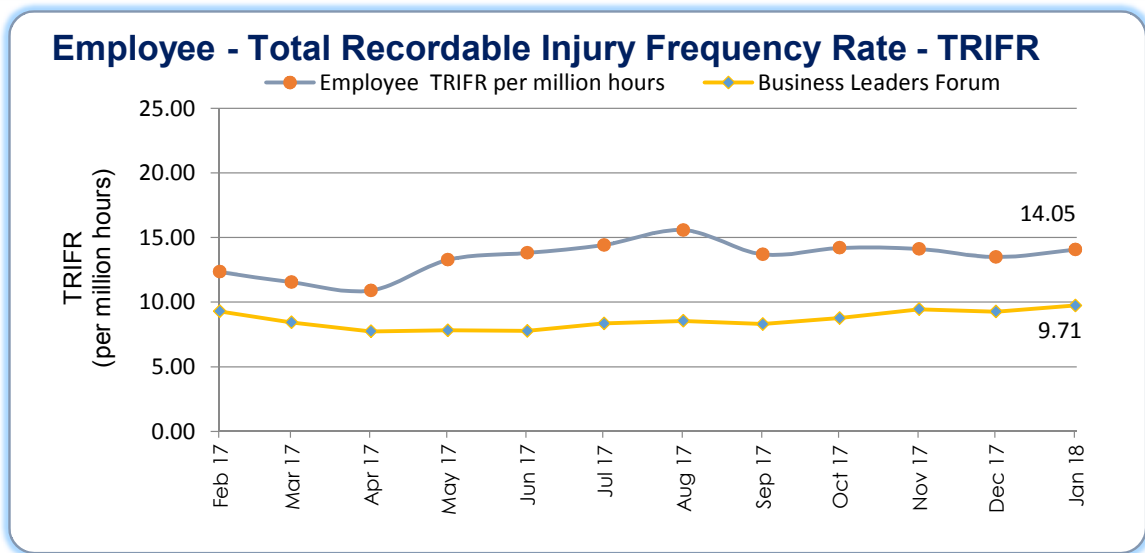
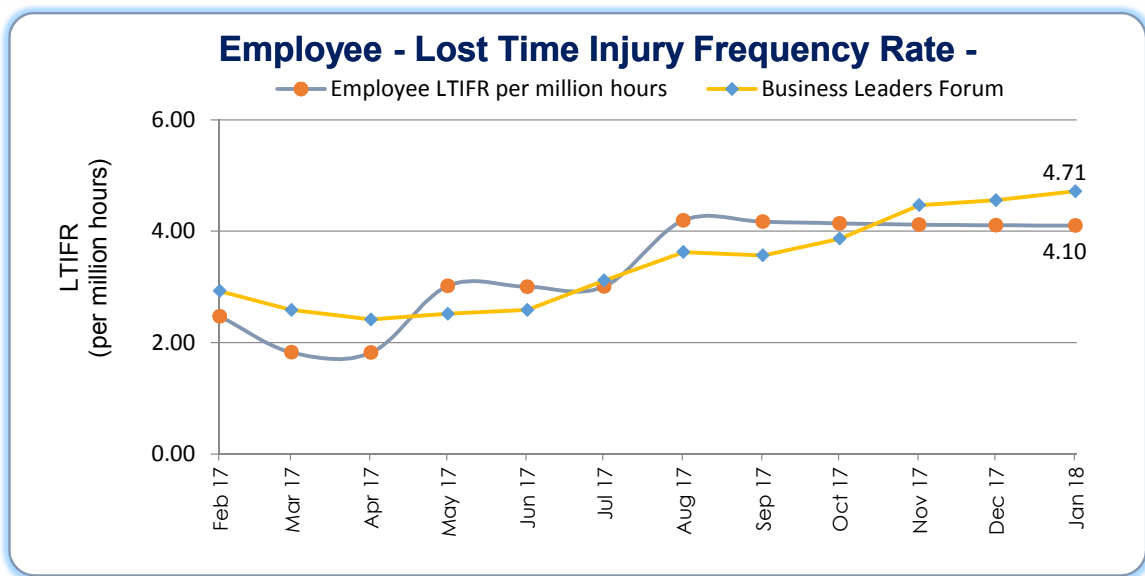
Subject: Health and Safety Report – January 2018

Date: 20 February 2018

1. LAG INDICATORS

There was 1 Lost Time Injury (LTI) and 2 Restricted Duties Injuries (RDI) involving Watercare employees during January. As a result the rolling 12 month Lost Time Injury Frequency Rate (LTIFR) for employees remains below the Statement of Intent target of ≤ 5 at 4.1 per million hours.

The rolling 12 month Total Recordable Injury Frequency Rate (TRIFR) is 14.05 per million hours, also below the Statement of Intent target of ≤ 20 .



(Note –Discussions in the context of the previous Business Leaders Forum comparator anomalies we had identified suggests that some members are not entering data monthly thereby leading to historical aggregated results changing over time).

2. WATERCARE WORKER INJURIES

While undertaking repair work inside a meter box, a maintenance serviceman struck his thumb with a hammer, resulting in a contusion and blood blister. Treatment was administered and the worker placed on restricted duties for a period of three days. This injury was avoidable and staff have been reminded to be vigilant and maintain safe work best practices.

While pumping water from a trench a maintenance services worker stepped on a suction hose, lost his footing and fell, causing a sprained ankle injury. The consulting doctor placed the worker on alternative duties for two days. Worksite planning, layout and awareness were key points addressed with the work teams following this event.

A maintenance serviceman sustained a shoulder injury. He believes this occurred whilst lifting a manhole cover. After medical observation the worker was given time off work for a period of four days initially, and subsequently for a further two weeks. It is possible that the injury could be related to a non-work pre-existing condition, and further medical scans and observations are scheduled before a final decision by our consulting doctor. The injury will be recorded as a Lost Time Injury while we await a final medical report.

3. CONTRACTOR WORKER INJURIES

A worker twisted his ankle when entering a trench. Following a medical examination the worker was placed on restricted duties for two days. The worker's boot laces were not properly tied at the time of the event. This was communicated to the workforce and management reiterated the importance of the correct use of PPE.

4. SIGNIFICANT INCIDENTS/HAZARDS/NEAR MISSES

Two contractors were authorised by Watercare to conduct work on the same asset, without knowledge of each other's activities. When one of the contractors arrived on site they realised that conditions were unsafe due to a flow-on effect and found another contractor undertaking work at a nearby location. They did not commence with the work and reported the matter to Watercare. The responsible Watercare Transmissions Manager is reviewing the work processes and procedures to ensure visibility across assets to prevent a recurrence.

As previously reported in January 2018, a contractor was undertaking directional drilling activities for the installation of a new watermain when the drilling machine struck an 11kv underground power cable. The investigation identified corrective actions for the power utility to update their service plans with accurate identification and location of the cable. Additional actions included that an aerial photograph needs to accompany requests for underground surveys/mark-outs clearly defining the area that needs to be surveyed/marked-out, and a supervisor is to be present during mark-out to ensure the correct area has been surveyed. Formal communication from our Networks Manager will be sent to contractors and the Watercare maintenance unit to share the learnings and raise awareness, to prevent a recurrence. A safety alert will be distributed companywide, including all other Watercare contractors.

5. INSPECTIONS

A table setting out Watercare business unit targeted versus completed inspections for the current reporting period is appended as Appendix A. Watercare is implementing any improvements that have been identified by these inspections and have not reported any trends of significance arising from these inspections.

Also included is a table reflecting contractor indicator statistics for the previous three months on a selection of four Watercare construction project sites. Overall this indicates a positive culture of monitoring of activities and equipment.

6. INDEPENDENT AUDIT REVIEWS

Previous information regarding scheduled audits remain unchanged.

The next audit scheduled is to review the Major Hazard facilities (MHF) Safety Case Hazard Controls at the Ardmore Water Treatment Plant in February 2018. This will be followed by an audit at the Waikato Water Treatment Plant, scheduled for March 2018 and will include a review of:

- Work adjacent to water
- Confined space controls
- Work at height

7. HEALTH AND SAFETY TRAINING

In-house training workshops for Incident Management that commenced in December is continuing. As at the end of January, 36 managers have attended, with a further 42 confirmed attendees for the month of February. Attendance and feedback remain positive. Contractor Management workshops will be scheduled to commence in March. As previously explained, these will be followed by more in depth training on other Health and Safety Toolkit elements, to improve people managers' understanding and capability.

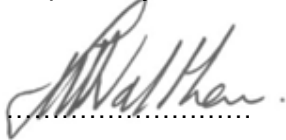
8. CONTRACTOR MANAGEMENT AND ENGAGEMENT

The current contractor forum has been reviewed, and a meeting scheduled for March 2018.

9. RECOMMENDATION

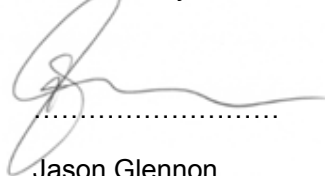
That the Board receives this report.

Prepared by:



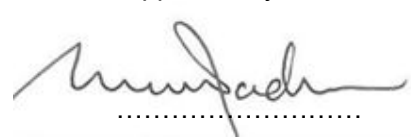
S Walthew
Health and Safety Manager

Reviewed by:



Jason Glennon
Chief People Officer

Approved by:



R Jaduram
Chief Executive

Appendix A

Inspections – Targets were set with business units for Health and Safety Inspections for the 2017-2018 financial year. 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 Unit	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Total	Target for 2017-18	% Complete
Watercare House	0	0	0	1	1	1	0						3	6	50
Retail	20	17	18	15	22	12	19						123	130	95
Infrastructure Delivery															
Construction Delivery	13	13	13	27	23	23	18						130	230	57
Laboratory Services	9	13	15	10	6	10	11						74	104	72
MSO	10	14	4	16	16	4	6						70	138	51
MSN	30	40	47	60	46	30	35						288	180	160
Total	62	80	79	113	91	67	70						563	652	86
Service Delivery															
Networks	12	10	13	10	9	2	31						87	150	58
Asset Protection & Engineering Performance	4	4	7	5	5	2	2						29	40	73
Water Supply	19	30	27	23	22	4	8						133	192	69
Wastewater	21	20	21	25	30	13	18						148	232	64
Total	56	64	68	63	66	21	59						397	614	65
Watercare Total	138	161	165	192	180	101	148						1086	1414	77

Business units are implementing any improvements they have identified and there have not been any trends of significance coming out of these inspections. The improved system categorisation options for those completing inspections is under ongoing monitoring and review (enabling those inputting data to pre-categorise matters so as to improve the granularity of automated reporting available to us).

Contractor lead indicator statistics

The table below is a reflection of contractor statistics for the previous three months on a selection of four construction project sites. This 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. No significant trends have been identified.

2017/ 2018	Audits	Inspections	Hazards Identified	Corrective Actions raised	Corrective Actions completed	Safe Behaviour Observation	Safety Meetings held
North Shore TS8 Upgrade							
November	2	1	1	-	4	34	54
December	1	1	1	-	2	22	40
January	4	1	5	-	2	34	54
Albany-Pinehill Watermain							
January	2	0	10	-	0	2	20
Glen Eden Wastewater Storage Tank							
November	0	4	37	-	37	2	5
December	0	2	9	-	9	3	3
January	3	2	2	-	2	0	48
Army Bay Outfall Upgrade							
November	0	4	101	-	101	6	25
December	0	5	48	-	48	3	19
January	1	4	79	-	79	6	18

A request from the Board to review the above table and add a column to indicate 'Corrective Actions Required' has been actioned. We will obtain this information from our contractors and include these statistics from next month.

WATERCARE SCORECARD 2017/2018																						
On budget, on time, within parameters		Unfa	Major issue, needs attention			SOI	2017/18 Target	Amber Threshold	Red Threshold	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
1 Safe and Reliable Water																						
1a	The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	☑	100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1b	The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	☑	100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1c	Percentage compliance with MoH drinking water standards		100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1d	Percentage of metropolitan water treatment plants achieving Grade A (annual measure)		100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1e	Percentage of metropolitan water supply reticulation achieving Grade A (annual measure)		100%	n/a	<100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1f	Percentage of non-metropolitan water treatment plants achieving Grade A (annual measure)		50% ☐	n/a	<45%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1g	Percentage of non-metropolitan water supply reticulation achieving Grade A (annual measure)		50% ☐	n/a	<25%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1h	Percentage of unplanned water shutdowns restored within five hours (12 mth rolling average)		≥95%	93% to <95%	<93%	95%	96%	96%	96%	95%	95%	95%	93%	94%	93%	93%	93%	93%	93%	93%	93%	93%
1i	Number of unplanned water interruptions per 1000 connected properties (12 mth rolling average)		≤10	>10 to 12	>12	5.3	5.4	5.7	5.7	5.9	6.0	6.0	6.0	6.0	6.1	6.0	6.2	6.0	6.2	6.0	6.0	
1j	Unrestricted demand - metropolitan		Unrestricted	Subjective	restrictions apply	Unrestricted	Unrestricted	Subjective	Subjective	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted
1k	Unrestricted demand - non-metropolitan		Unrestricted	Subjective	restrictions apply	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted
2 Healthy Waterways																						
2a	Number of dry weather sewer overflows per 100km of wastewater pipe length per year (12 mth rolling average)		≤5	>5 to 7	>7	1.60	1.60	1.86	1.89	1.90	1.92	2.09	2.28	2.37	2.37	2.42	2.28	2.25				
2b	Average number of wet weather overflows per discharge location (transmission system)	☑	≤ 2 overflows per year per engineered overflow point	Low risk non-compliance	High risk non-compliance	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
2c	The number of dry weather overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system	☑	≤10	>10 - ≤15	>15	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
2d	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by the territorial authority in relation to those resource consents	☑	a) ≤2 b) ≤2 c) ≤2 d) 0	n/a	>2 (for any)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2e	Number of sewer bursts and chokes per 1000 properties (12 mth rolling average)		≤10	>10 to ≤12	>12	7.60	8.00	8.40	9.00	9.20	9.28	9.36	9.26	9.17	9.20	9.07	8.83	8.60				
2f	Percentage of wastewater discharged that is compliant with consent discharge requirements for metropolitan areas		100%	98 to <100%	<98%	100%	99%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2g	Percentage of wastewater discharged that is compliant with consent discharge requirements for non-metropolitan areas		35%	n/a	<35%	85%	85%	87%	86%	80%	87%	76%	76%	79%	88%	83%	79%	80%				
3 Customer Satisfaction																						
3a	Median response time for attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site.	☑	≤60 mins	>60 - ≤90 mins	>90 mins	42 mins	41 mins	41 mins	41 mins	41 mins	41 mins	41 mins	44 mins	45 min	46 min	49 min	51 min	53 min				
3b	Median response time for resolution of urgent calls-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	☑	≤5 hours	>5 - ≤8 hours	>8 hours	3.2 hours	3.0 hours	2.9 hours	2.9 hours	2.8 hours	2.8 hours	2.7 hours	2.7 hours	2.7 hours	2.8 hours	2.8 hours	2.9 hours	3.0 hours				
3c	Median response time for attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	☑	≤3 days	>3 - ≤5 days	>5 days	1.4 days	1.2 days	1.1 days	1.0 days	1.0 days	1.0 days	1.1 days	1.1 days	1.2 days	1.9 days	2.1 days	2.8 days					
3d	Median response time for resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	☑	≤6 days	>6 - ≤8 days	>8 days	3.1 days	2.9 days	2.3 days	2.1 days	2.0 days	2.1 days	2.0 days	2.1 days	2.1 days	2.8 days	3.1 days	3.8 days					
3e	Percentage of customers surveyed satisfied with Watercare's delivery of water and wastewater services (12 mth rolling average)	☑	≥80%	≥75% to <80%	<75%	81.8%	82.1%	82.2%	82.2%	82.4%	82.4%	82.8%	83.4%	83.7%	83.7%	83.5%	83.4%	80.0%				
3f	The total number of complaints received by the local authority about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply f) the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system	☑	≤10	>10 - ≤15	>15	6.1	6.0	5.8	5.9	5.7	5.6	5.4	5.3	5.1	5.1	5.1	5.1	5.1				
3g	Attendance at sewerage overflows resulting from blockages or other faults: median response time for attendance - from the time that the territorial authority receives notification to the time that service personnel reach the site.	☑	≤60 mins	>60 - ≤90 mins	>90 mins	49 mins	49 mins	49 mins	50 mins	50 mins	50 mins	51 mins	51 mins	51 min	51 min	52 min	51min	51min				
3h	Attendance at sewerage overflows resulting from blockages or other faults: median response time for resolution - from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault	☑	≤5 hours	>5 - ≤8 hours	>8 hours	3.0 hours	3.0 hours	3.1 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours	3.2 hours				

4.2

WATERCARE SCORECARD 2017/2018																		
On budget, on time, within parameters		Unfa	Major issue, needs attention															
	SOI	2017/18 Target	Amber Threshold	Red Threshold	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	
3i	The total number of complaints received by the territorial authority about any of the following: a) sewerage odour b) sewerage system faults c) sewerage system blockages d) the territorial authority's response to issues with its sewerage system expressed per 1000 connections to the territorial authority's sewerage system	☑	≤ 50	>50 - ≤ 75	>75	22.1	22.1	23.2	24.5	24.4	24.1	23.5	23.1	22.6	22.4	22.4	22.3	
3j	Number of water quality complaints (taste, odour, appearance) per 1,000 water supply connections (12 mth rolling average)		≤5	>5 to ≤5.5	>5.5	3.70	3.50	3.37	3.30	3.50	3.46	3.48	3.50	3.46	3.47	3.56	3.53	
3k	Percentage of complaints being 'closed and resolved' within 10 working days (12 mth rolling average)	☑	≥95%	≥90% to <95%	<90%	94.60%	95.9%	96.9%	97.6%	97.9%	98.1%	98.9%	99.9%	99.4%	99.4%	99.4%	99.3%	
3l	Net Promotor Score (12 month rolling average)		>30	26-29	≤ 25	New measure						28	30	32	31	30	30	29
3m	Percentage of the 19 Iwi groups throughout Auckland that Watercare have entered into a Memorandum of Understanding with (target for end of FY16/17)	☑	>60%			Annual measure				16.00%	21.05%	21.05%	21.05%	26.32%	26.32%	26.32%	26.32%	
4 Health, Safety and Wellbeing																		
4a	Lost-time injury frequency rate per million hours worked (12 month rolling average)	☑	≤5	5 - 7	>7	1.87	2.47	1.82	2.42	2.41	2.4	2.4	4.19	4.17	4.14	4.11	4.1	4.1
4b	Percentage of total hours absent due to illness (12 mth rolling average)		≤2.5%	>2.5 to 3.5%	>3.5%	2.21%	2.19%	2.23%	2.28%	2.28%	2.29%	2.29%	2.37%	2.35%	2.37%	2.91%	2.94%	2.97%
4c	Percentage of voluntary leavers relative to number of permanent staff (12 mth rolling average)	☑	≤12%	>12 to 14%	>14%	11.31%	10.67%	10.04%	10.76%	11.15%	12.00%	12.38%	11.88%	11.19%	12.90%	12.78%	13.28%	12.71%
4d	Total recordable injury frequency rate per million hours worked (12 month rolling average)	☑	<20	>20 to <23	>23	14.31	12.95	10.93	10.9	12.06	13.2	13.81	15.44	13.69	14.19	14.11	13.48	14.05
6 Fully Sustainable																		
6a	The average consumption of drinking water per day per resident (gross PCC) (12 month rolling average)	☑	268 + / - 2.5%	≥274.7		272	271	271	272	272	272	272	273	273	273	276	276	
6b	Per capita consumption (litres / person / day) - Residential Monthly PCC		Information only			171	168	162	154	152	152	150	147	149	153	162		
6c	Non-Domestic Monthly Water Volume		Information only			3,267,842	3,091,670	3,223,550	2,905,975	2,948,602	2,887,411	2,869,036	2,953,759	2,850,758	3,006,935	3,186,122		
6d	Non-Revenue Water Percentage		Information only			16.8%	16.9%	16.9%	17.1%	17.0%	17.1%	17.2%	17.2%	17.3%	17.3%	17.4%		
6e	The percentage of real water loss from the local authority's networked reticulation system (rolling 12 mth average)	☑	≤13%	>13 to 13.2%	>13.2	11.5%	11.7%	11.7%	11.9%	11.8%	11.9%	12.0%	12.0%	12.1%	12.1%	12.3%		
6f	Percentage of annual potable water transmission system losses (12 month rolling average)		No specific target - information only			2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
6g	Percentage of annual potable water network losses (12 mth rolling average) - Urban as a percentage of total volume		No specific target - information only			10.9%	11.1%	11.1%	9.7%	9.5%	9.6%	9.7%	9.7%	9.8%	9.8%	10.0%		
6h	Percentage of annual potable water network losses (12 mth rolling average) - Rural as a percentage of total volume		No specific target - information only			0.34%	0.34%	0.34%	0.33%	0.31%	0.31%	0.32%	0.33%	0.34%	0.35%	0.35%		
6i	Percentage of annual potable water network losses (12 mth rolling average) - Rural as a percentage of rural volume		No specific target - information only			22.8%	22.4%	22.4%	21.8%	20.7%	20.8%	21.3%	21.7%	22.3%	22.6%	22.8%		
7 Policy Compliance																		
7a	Compliance with Treasury Policy		Within policy	Planned outside policy	Unplanned outside policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	Within policy	

4.2

Watercare Services Limited**Subject: Chief Executive Report – January 2018****Date: 20 February 2018**

1. HEALTH AND SAFETY

There was one Lost Time Injury (LTI) and two Restricted Duties Injuries (RDI) involving Watercare employees during January. The RDIs involved one worker striking their thumb with a hammer, another losing their footing and sustaining a sprained ankle. The LTI involved a shoulder injury, which may be due to a pre-existing condition, in which case, the LTI will be reversed next month.

Notwithstanding these injuries, the rolling 12 month Lost Time Injury Frequency Rate (LTIFR) for employees remains below the Statement of Intent target of ≤ 5 at 4.1 per million hours.

The rolling 12 month Total Recordable Injury Frequency Rate (TRIFR) is 14.05 per million hours, also below the Statement of Intent target of ≤ 20 .

2. CUSTOMER FOCUS

In January, the customer satisfaction score rose slightly to 80.0%. The 12 month rolling average remains above target, with an average score of 82.8%, against a target of 80%.

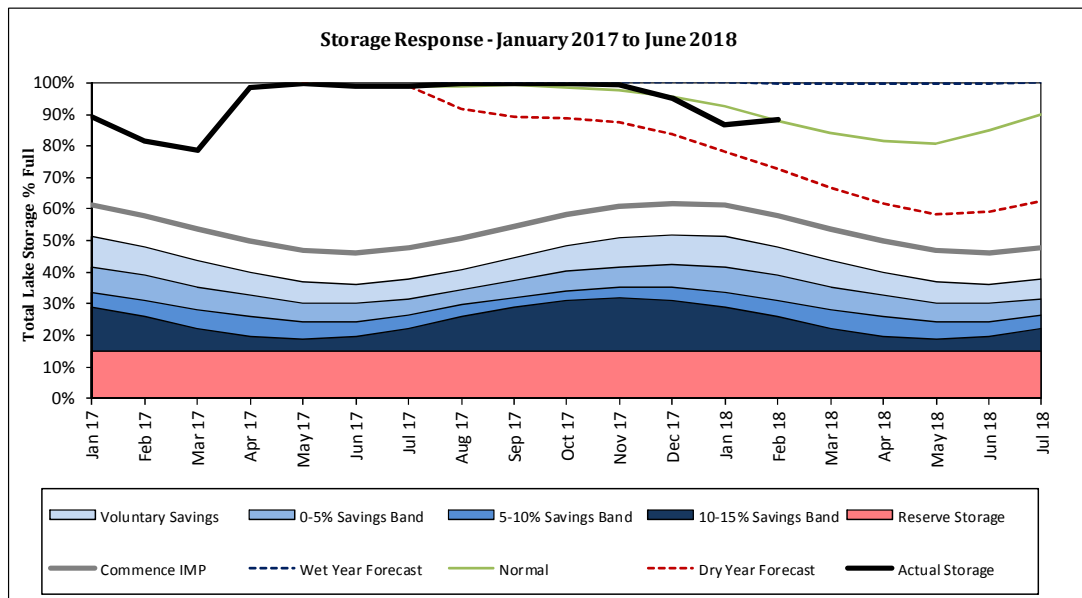
The Net Promoter Score (NPS) 12 month rolling average was 29, against a target of >30 . The NPS is now being reported as a 12 month rolling average as previously agreed by the People, Remuneration and Appointments Committee.

Complaint resolution was 96% for January. The rolling 12 month average is 99.1%, against a target of 95%.

3. SERVICE DELIVERY**Rainfall and Water Resources**

Rainfall for the month was above normal for all areas in the Auckland region. Waitakere Ranges was 246% of average and the Hunua Ranges was 148% of average. Franklin and Rodney recorded 199% and 205% of average respectively.

Metropolitan total system storage ended January at 88.3%, up from 86.5%. Above average rainfall this month has put us well above the historical average (81.0%) and is tracking within normal storage response.



4. INFRASTRUCTURE DELIVERY

The following table provides a December 2017 update for significant projects.

Project	Update
North Harbour Watermain Duplication – GBWD and Northern Interceptor Stage 1.	These projects have been combined for procurement and delivery efficiency. The RFP is going to the market in February 2018 with contract award in June 2018. Target completion is scheduled for December 2020 (on target), at a forecast of \$161m (under budget). These are the first stages of the entire North Harbour Watermain and Northern Interceptor Projects.
Hunua 4 Section 11	Design is 80% complete. Property purchases are complete and land access agreements are under negotiation. Drilling to commence in August 2018. Completion is forecast for June 2020 (ahead of budgeted completion by 6 months), at a forecast of \$67m (under budget).
Mangere Waste Water Treatment Plant Solid Stream Upgrade	The project is 75% complete. The final construction package was awarded in December 2017. Project completion is June 2020 (on target) and the forecast cost to complete is on budget.
Glendowie Branch Sewer Upgrade	Construction tenders have closed. The evaluation complete and negotiation will begin in February with award in March 2018. Construction commencing in April 2018 (on target).
Army Bay Wastewater Treatment Plant Outfall Upgrade	Design is 98% complete for this design build project. The launch pit construction is fully complete including the launch pads. Drilling is to commence in March 2018. Forecast cost to complete and time to complete are on target.

5. BOARD CORRESPONDENCE

The Chair received a letter from the Mayor on 16 February requesting that all Council Controlled Organisations, including Watercare, consider climate change in their planning and operational processes. A copy of this letter is attached as **Appendix A**.

6. EXECUTION OF DOCUMENTS

In January 2018, Watercare processed the following six documents, which were executed with the delegated authority provided to the Chief Executive by the Board in relation to deeds, instruments and other documents:

- Two agreements to create an easement in favour of Watercare over private land
- An agreement to acquire Forestry Rights in favour of Watercare
- A Licence to Occupy in favour of Watercare
- An IGC agreement with a land developer
- A Part X Resource Management Act exemption for land subdivision

There were two Capex approvals totalling \$2.405m 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.

Summary of Capital Projects approved by Chief Executive – January 2018	
Huia Water Treatment Plant 110MLD Capacity Restoration Upgrade	\$622,000
Solar Generation & Battery Storage - Meeting Watercare's Energy Objectives	\$1,783,000

There was one contract over \$100,000 approved during January 2018, in accordance with the delegated authority provided to the Chief Executive by the Board in relation to Capex and Opex contract approvals, namely:

Contract	Contractor
Greenhithe Bridge Watermain Duplication Advance Works: Sinton Road East and Ockleston Landing NH2 Watermain	The Fletcher Construction Company Limited

7. COMMUNICATIONS

Appendix B sets out:

- Customer Communications update for December 2017-March 2018
- Watercare YouTube Video Uploads
- Education update
- Media summary for January 2018
- Internal communications in January 2018
- Stakeholder Project Communications in January 2018.

8. WORKING WITH LOCAL BOARDS

Representatives from Franklin Local Board joined Watercare executives at a dawn site blessing at the Pukekohe wastewater treatment plant in preparation for the upcoming upgrades due to start this month.

Otara Local Board received a workshop presentation on the proposed \$29m on Otara wastewater upgrades.

Over late January 2018, the Takapuna Devonport Local Board members and ward Councillors were kept informed of the response to the wastewater main break affecting Milford Beach.

Watercare joined Franklin Local Board members, Healthy Waters and Safeswim staff at a residents meeting in Clarks beach to discuss local wastewater issues. Another meeting with Milford residents, and Takapuna Devonport Local Board is also planned.

Veolia representatives joined Watercare for a presentation to the Papakura Local Board on local and transmission water and wastewater projects. Good examples of developer cooperation with both Watercare and Veolia were discussed.

A full schedule of local board interactions over the month is attached as **Appendix C**.

9. S17A VALUE FOR MONEY UPDATES

Three Waters

Watercare continues to work with Auckland Council and Auckland Transport on the s17A Value for Money recommendations for Three Waters.

A joint Paper has been prepared and is being presented at the 27 February 2018 Finance and Performance Committee Meeting of Auckland Council. A copy of the joint paper will be provided to the Board once finalised.

The Paper outlines the recommendations that can be investigated and implemented immediately and those recommendations that should progress after the completion of the Auckland Water Strategy in June 2019 and the s17A Value for Money Procurement Review.

We have agreed with Auckland Council that the Three Waters Policy and Strategy will now be incorporated within the Council lead Auckland's Waters Strategy

The immediate recommendations being investigated are:

- Consolidated capital planning
- Joint procurement
- Stormwater operations and maintenance to Watercare

Work has progressed to integrate work programmes and achieve savings on major projects, such as the proposed Western Isthmus Water Quality Improvement Programme and Franklin Road separation

works. An update on these will be provided to the Watercare Board and Auckland Council's Finance and Performance Committee in May 2018. The savings will be benchmarked from 31 July 2017 when the s17A review was initiated.

A business case for the stormwater operations and maintenance to Watercare will be prepared and presented to the Watercare Board and Auckland Council's Finance and Performance Committee in October 2018.

The report also recommends that the following recommendations progress once the Auckland's Waters Strategy and the s17A Procurement Review are completed and informed by the Department of Internal Affairs' (DIA) Three Waters Review:

- Economic regulations
- Consolidated environmental regulations
- Consolidated capital planning and delivery
- Joint procurement for three water's
- Stormwater operating model

These will also be informed by the DIA's Three Waters Review.

Communications & Engagement

Implementation of the Communications and Engagement review recommendations is being driven by Auckland Council.

Watercare will continue to work together with the Auckland Council family to implement and help shape the policies, where these affect Watercare.

Procurement

Watercare has received a draft of the Current State Assessment (the first of the three reports). Watercare is assisting the Value for Money team by providing further information to help them finalise the report, and we expect to receive a further draft before the March Board meeting. Management will keep the Board updated on any major issues as this review progresses.

10. WATERCARE STAFF SHARING EXPERTISE IN SUDAN

Watercare principal planning engineer Brendon Harkness recently travelled to war-torn Sudan with the United Nations to share his water expertise in refugee camps.

Brendon spent two weeks in Sudan in November 2017 and visited three refugee camps, assessed the set-ups for supplying drinking water and gave technical training to field staff in the water and sanitation team. Brendon, who has a master's degree in engineering for sustainable development, noticed how water is a cherished resource in the dry, harsh landscape of the eastern camps. In Sudan, the typical demand is just over 20 litres per person per day – far less than what we use here in Auckland. Many of the camps have traditional bores with pumps powered by diesel generators, which involves many truck movements every day. This is costly, bad for the environment and means supply of water is vulnerable to market changes and logistical challenges

Twenty-five people came from all over the country to attend Brendon's workshop on water system operation and design and the advantages of using solar power. Solar involves more initial capital investment, but the benefits are seen long-term in reducing operating costs and environmental impact. It also builds independence and resilience.

11. BUSINESS OPERATING MODEL REVIEW

Watercare has completed a review of its business operating model - the way that the business constructs its capabilities to execute its business strategy. The operating model review identified that the organisational structure needs to be reshaped to better align the company with the vision for the future. As well as alignment to the vision, the new organisational restructure focuses on driving efficiency, reducing duplication, reducing the number of internal handover points and increasing organisational agility. The organisational changes were implemented at an Executive level in January 2018 and will continue to cascade through the company over the coming months. The new structure sees fewer roles in the Executive Team.

The next stage of the review will require teams to consider different factors, including:

- how to place our customers at the centre of what we do;
- reducing touch points and handovers;
- reducing duplication;
- increasing flexibility and responsiveness for external stakeholders;
- clarifying roles and responsibilities;
- building an inclusive, cooperative workforce; and
- increasing the flexibility and responsiveness of the service each team provides to others.

The process is a genuine attempt to eliminate pain points for our customers and staff, streamline the way we operate, reduce effort and duplication, and ultimately make Watercare more efficient and effective.

12. RAINBOW NETWORK

Watercare Staff have set up a Rainbow Network to support our LGBTI staff, educate people and start the journey to achieving the Rainbow Tick. The group was been formed with the primary goals of raising awareness, promoting diversity and providing a safe and inclusive environment for Rainbow people within Watercare. The network is open to everyone, including allies of the LGBTI community. On 17 February 2018, Watercare staff joined the Auckland Council in the Pride Parade.

13. UTILITIES DISPUTES LIMITED

Watercare has entered into a partnership with Utilities Disputes Limited (UDL), who provide independent arbitration services. Watercare is leading the Water industry by having this independent service, aligning ourselves to other utility providers.

This service is free for customers and is an alternative to the Disputes Tribunal or Ombudsman. Watercare will receive valuable feedback from the UDL on how we can improve our services and avoid similar disputes occurring the future.

This service gives our customers another option. Customers may still go to the Disputes Tribunal or the Ombudsman with their complaints.

This service does not deal with any disputes to IGCs. A separate objection/appeal process modelled on the process under the Local Government Act 2002 for Development Contributions is in place.

14. MANGERE'S BIOLOGICAL NUTRIENT REMOVAL (BNR) FACILITY NOW OPERATING

The BNR went into trial service in January 2018, marking the end of a 4.5year, \$141 million project. It consists of a new four-stage treatment reactor, two new 52-metre diameter clarifiers and associated pump stations, pipes and blower facilities.

The BNR increases Mangere plant's capacity, which currently treats 75 percent of Auckland's wastewater, allowing it to treat the wastewater of another 250,000 Aucklanders. The commissioning team added 22 tonnes of microbes – sourced from the existing reactor clarifiers – to the wastewater so they can begin “munching” organic material as part of the secondary treatment process.

With the increased capacity, Watercare will be able to produce high-quality wastewater, even during and following heavy rainfall events.

15. MSN TRAINING FACILITY

A purpose-built facility for Maintenance Services Network (MSN) trainees at Mangere is underway. The facility will provide a realistic environment in which water and wastewater scenarios can be simulated (e.g. a burst water main, replacing a water meter, fixing a wastewater overflow etc). Longer term, the facility will include a sealed road, footpaths and grass berms, as well as façade imitating a suburban street so staff can practice everything from door-knocking customers to explain what's going on, to reinstatement when the job is complete. There will be containers where trainees can work at height or in confined spaces.

The facility will be able to trigger a variety of different faults so trainers can easily assess the team's ability to safely assess, plan, expose, repair and reinstate the job in a timely manner.

Other utility providers are already expressing interest in using the space to train their own employees. So the facility may soon also have power, gas and telecommunications installed. A multi-utility training area would then allow the different utility maintenance teams to learn from each other and master best practice for the location of services.

The facility should result in increased collaboration on site, with a reduction in injuries to workers, as well as less damage to assets.

16. INTEGRATED REPORTING

The Integrated Reporting work is progressing well. The draft value creation model presented to the Board in November 2017 has been reviewed by KPMG to ensure it meets the Integrated Reporting framework requirements. Changes made following this review were minor. The Inputs and Outcomes of the model have been mapped to Watercare's four strategic priorities, showing how the six capitals of <IR> interact with our business priorities. A copy of the model is attached as **Appendix D**.

Next steps include the performance measures and reporting structure for the next annual report. We will be determining which performance measures need to be reported in addition from the Statement of Intent in the annual report, as per the performance measurement framework circulated to the December 2017 Board meeting.

This draft annual report structure will be available for the Board's review and comment in May 2018.

The Integrated Thinking process will start once the work on the 2018 integrated report is complete, aiming at embedding the <IR> approach into our decision making.

17. MAIRANGI BAY/MILFORD BEACH RISING WASTEWATER PIPE FAILURE – AUCKLAND ANNIVERSARY WEEKEND

As reported last month, the Milford Branch rising main suffered an in-service breakage, resulting in a significant leak. The pipe (approximately 450mm internal diameter) ruptured in the early hours of Sunday, 28 January 2018, causing undiluted wastewater to flow into 13 nearby residential properties and into the stormwater system.

The fault was initially reported to the Watercare Faults Centre as a water incident as a result of some initial confusion on the part of the Fire Service and a resident. A water team attended and then called for a wastewater team, causing some delay in the response to the situation. A multiple Watercare team, including MSO, Networks, Transmission, attended the site in the early morning, and worked throughout the day to repair the fault.

Watercare's first priority was the health and safety of the residents and other affected members of the public. The normal first response to an incident like this is to contain the overflow. In this instance, due to the proximity of other utility services and the volume of the leak, the downstream Alma Road Pump station was required to be shut down which resulted in wastewater flowing into Wairau Creek and impacting water quality at Milford Beach. Some residents were evacuated and Watercare's Incident Controller worked with Auckland Council's Pollution Control team and the Safeswim Team to arrange inspections and signage on the beach.

Throughout Sunday, up to 35 people cleaned the affected sites and repaired the rising main. Traffic management was required, and telecommunication and electrical services also attended as the site was beside a transformer box and power pole. The protocols for safe excavation around electrical cables had to be followed, which requires additional care and time.

By 6.15pm on the same day, service was restored and the Alma pump station re-started. Clean-up operations were substantially completed by 9pm on Sunday, and further tidy up continued over the following days. This involved cleaning up lawns, gardens and carpets. Affected residents appreciated the efforts of all staff in the extreme heat, and provided them with cool drinks and refreshments throughout the day.

The permanent repair (involving concrete-encasing the repaired section of pipe) and reinstatement of the area was completed on 31 January 2018.

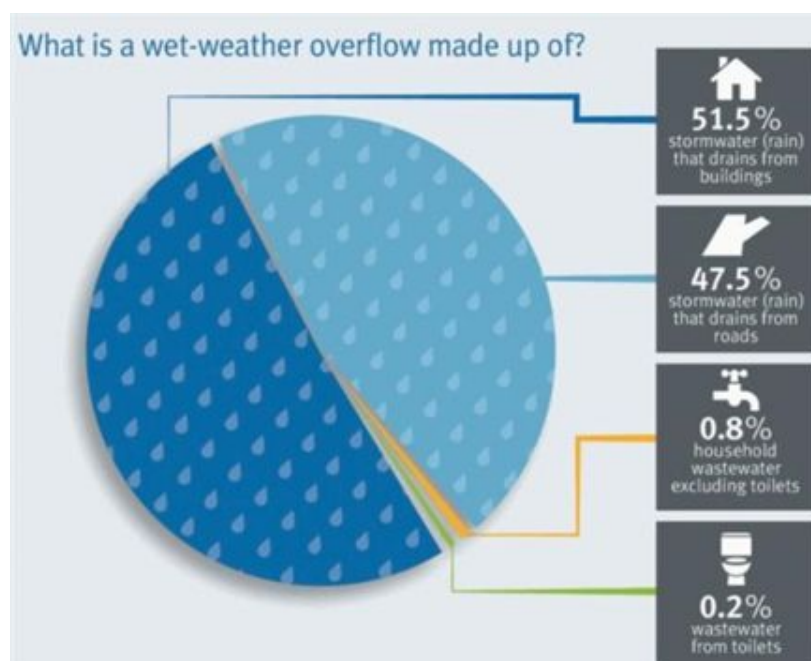
A full investigation is underway to understand why the main failed. Visual inspection suggests that it may have been suffered an external load or damage at some stage of its life. Watercare has an established renewals programme for managing the condition of rising mains as critical assets. The review will also consider what improvements can be made to better triage incidents to ensure the right response crews are sent to site.

All residents affected by the incident have been met to ensure they are satisfied with the clean-up and reinstatement work. The general feedback received has been supportive of the effects undertaken to minimise the disruption.

18. SAFESWIM

Safeswim water quality alerts have significantly increased the media interest in wastewater overflows across the region. Numerous events have caused beach closures during the month of January. Watercare continue to work with AC, Healthy Waters and Safeswim representatives to reduce these impacts where possible. A collaborative 'Stream Health' group has been established to review certain high priority sites with a view to improving asset condition and water quality in their receiving environments.

Below is a graphic showing the composition of a wet-weather overflow:



19. SOUTHWEST SUB-REGIONAL WASTEWATER SERVICING PROJECT

Watercare received a favourable decision for the Southwest Sub-Regional Wastewater Servicing Project with a 35-year term. This is a particularly important decision, with a discharge to the Manukau Harbour providing a strong signal for the future consenting of the Mangere WWTP. A comprehensive appeal has been lodged against the decision by The Manukau Harbour Restoration Society Incorporated, who are legally represented by Dr Grant Hewison. Several meetings between the parties have been arranged in an attempt to mediate areas of concern.

A handwritten signature in blue ink, appearing to read 'R. Jaduram', is written over a horizontal dotted line.

R Jaduram

CHIEF EXECUTIVE

Appendix A



4.2

16 February 2018

Margaret Devlin
Chair
Watercare Services Limited

BY EMAIL

Tēnā koe Margaret

Climate Change

Further to the letter of expectations process, I am keen that CCOs also consider climate change in your planning and operational processes. Climate change is one of the pressing issues of our time. Addressing the challenges that it presents for Auckland is a priority for Council.

The impacts of climate change will require the application of renewed thinking and approaches to your areas of responsibility, as we respond to mitigate and adapt to the effects of climate change.

I am asking the Auckland Council Group to include these requirements in their planning.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Phil Goff".

Phil Goff
MAYOR OF AUCKLAND

CC Councillor Penny Hulse, Chair Environment and Community Committee
CC Councillor Chris Darby, Chair Planning Committee
CC Councillor Ross Clow, Chair Finance and Performance Committee

Appendix B – Communications Summary**Customer communications**

The table below outlines the indicative customer communications programme. This programme is dynamic and will be adapted as appropriate to align to the new strategic priorities and respond to current issues/areas of interest.

Month	Activity	Status
December	Website uploading (phase 2)	Complete
	Social media strategy	On-going
	e-billing redesign – layout design	Complete
	Change transformation/STP communications plan for wider staff	On-going
	Update boil water notice	Complete
January	Social media strategy	On-going
	Social media guidelines	Started
	e-billing redesign – functionality	On-going
	Change transformation/STP communications plan for wider staff	On-going
	Website phase 2 wording	Started
February	Tapped In – design	On-going
	Comms plan for non-dispersibles campaign	On-going
	Non-dispersibles campaign – create collateral	On-going
	e-billing redesign – functionality	On-going
March	Updating Welcome Pack to bring into line with new website	Planned
	Tapped In – autumn 2018. Updating Aucklanders on our major projects underway and planned.	Planned
	E-billing campaign – planning	Planned

Watercare YouTube Video Uploads

Story	Brief
Watercare's \$14 million new pump station & pipework at Wynyard Quarter nears completion	https://youtu.be/qggarQ--uVM
It's time to think about Round The Bays 2018. Here's a recap on last year's event	https://youtu.be/vBcvaC8pI9w
Watercare's broken wastewater pipe, Milford	https://www.youtube.com/watch?v=PC8BZgYY0_w
Drone shots over Watercare's completed BNR extension -	https://www.youtube.com/watch?v=pgaciL0a6_g
Watercare checks out Waiheke Island's wastewater services	https://www.youtube.com/watch?v=Q-a6ord-IBA

Education

Bookings are coming in for Terms 1 and 2, 2018. Work continues on a new illustrated children's book and the new educational videos to support its in-school education programme. Watercare is also preparing for 2018 World Water Day on 22 March 2018.

Media summary

Date	Media	Headline	Summary
2 Jan	NZ Herald	12 questions with Auckland Council's water manager, Andrew Chin	Auckland Council's water manager, Andrew Chin, hopes beachgoers will use the new Safeswim website to check the water quality before they swim at the region's beaches
2 Jan	NZ Herald	Sewage saga: Takapuna Beach closed after sewage flows into water	Takapuna Beach in Auckland has been closed since yesterday afternoon due to high health risks arising from poor water quality. Watercare says that water testing showed no signs of sewage contamination.
3 Jan	NZ Herald	Beach given all-clear after fears of pollution	Overflow from stormwater drain at Takapuna deemed to be low risk to swimmers Takapuna beach gained the all-clear last night after a murky start to the 2018 swimming season caused by an overflowing stormwater drain.
6 Jan	NZ Herald	John Roughan: Whatever has happened to 'she'll be right'?	In the middle of the afternoon on New Year's Day, lifeguards at Takapuna beach called all swimmers out of the water believing sewage was flowing from a stormwater pipe after a downpour that day. When I read that I couldn't believe it. Couldn't believe lifeguards would do something so drastic.
Jan-Feb	The Hobson	Getting the treatment	With our about the clean-up of Newmarket Stream and continuing concern about aging sewer infrastructure, Wayne Thompson thought it timely to visit Ardmore WTP to better understand the delivery of H2O. N.B. the Comms team arranged for water operations manager, Priyan Perera to give the reporter a guided tour of Ardmore
8 Jan	NZ Herald	Water targeted rate not equitable across Auckland's Super City, councillor says	An Auckland councillor is questioning the equity of a proposed targeted water quality rate.
9 Jan	North Shore Times	Pollution prompts ire	Residents want action after a stinky white stormwater discharge effectively closed one of the North Shore's most popular and scenic beaches on New Year's day.
11 Jan	NZ Herald	Wastewater treatment work explained	Ever wondered what happens when you flush the toilet? Sanjay Kumarasingham, the manager of Watercare's wastewater treatment plant in Mangere, has the answer. N.B. this story was initiated by the Comms team as a way of showcasing Mangere WWTP
17 Jan	North Shore Times Herald	Pollution at Auckland's Chelsea Bay ponds leaves locals angry with council	Dead eels, paralysed ducks and violently green water has left some Chelsea Bay locals concerned the pollution in the ponds surrounding the iconic sugar factory is getting out of control. While the ponds sit close to the sugar factory, they are the responsibility of the Auckland Council.

Date	Media	Headline	Summary
17 Jan	Radio NZ	Govt hits back at Auckland sewage dumping criticism	The Government has hit back at the National leader Bill English's criticism of its water policies, saying his words are hollow populist sentiments.
19 Jan	NZ Herald	Auckland apartment block to recycle its own water for residential drinking	A new apartment block being built in Auckland will save residents big bucks by recycling its own water. The build, called Element, will be comprised of two three-level buildings at the top of Pukerangi Crescent in Ellerslie
19 Jan	NZ Herald	Storm's \$100,000 bill	Beachlands Maraetai Watercare says Pohutukawa Coast residents of Beachlands and Maraetai had enough to do following the storm on January 5, so it stepped in with a temporary water tanker. A tanker arrived at 6pm on Saturday and left on Monday, January 8, having supplied locals with around 300 litres of water. N.B. this story was initiated by the Comms team
22 Jan	Stuff/Rodney Times	Consultation on dealing with extra wastewater	With a big increase in population on the Hibiscus Coast and in Wainui, from 46,000 residents to 180,000 expected over the next 30 years, that's a lot of extra flushes. Watercare is holding two open days in February to give residents a say on how all that extra waste should be managed. N.B. this story was initiated by the Comms team
23 Jan	The Post, Waiuku, Franklin	Residents call for better water	Residents of Waiuku have started a petition about the quality of their water. More than 1000 people signed the petition within 48 hours, which will be delivered to Auckland Council. They are asking Watercare to investigate and take urgent steps to improve the safety and quality of the water source and treatment.
23 Jan	Gulf News	Residents on slippery slope over fat	Auckland Council investigations into suspected illegal stormwater connections may have turned up no significant results but wastewater agency Watercare will continue to educate Oneroa businesses over excessive fat dumping.
23 Jan	North Shore Times	Downpour triggers pollution on two North Shore beaches	Swimmers are advised to avoid two beaches on Auckland's North Shore, after today's heavy rain flooded the wastewater system, which includes sewage, and triggered an overflow.
23 Jan	Radio NZ	Water engineers at AK Council investigate drains	Water engineers at Auckland Council are investigating drains in Albany after localised flooding settled into cul de sacs and flooded a house
24 Jan	Radio NZ	The life and times of wastewater	A passport of a man seeking asylum is just one of the valuable items that have made their way to Mangere's wastewater treatment plant. The water that carries it there is itself an undervalued resource, says Watercare's Shane Morgan. N.B. this story was initiated by the Comms team

Date	Media	Headline	Summary
24 Jan	Radio NZ	The life and times of wastewater	A passport of a man seeking asylum is just one of the valuable items that have made their way to Mangere's wastewater treatment plant. The water that carries it there is itself an undervalued resource, says Watercare's Shane Morgan. N.B. this story was initiated by the Comms team
27 Jan	One News	Stop flushing wet wipes down the toilet!	Watercare launches public awareness campaign. Watercare trade waste manager Peter Rogers explains what to do and not what to do N.B. this story was initiated by the Comms team
28 Jan	Radio NZ	Swimming warning, homes evacuated by sewage leak	The source of a sewage leak that led to six houses being evacuated on Auckland's North Shore has been found, Watercare says. N.B. this story was widely reported across all forms of media
29 Jan	Radio Live	Milford residents could spend days away from home after sewage pipe bursts	It could be days before some residents of Milford in Auckland can move back into their homes after they were evacuated following a burst sewage pipe early on Sunday morning
29 Jan	Contractor magazine	The water challenge	The long awaited second stage of the government inquiry into the Havelock North Drinking Water contamination was released in December and the government is signalling that we are likely to see major reform in the sector.
31 Jan	North Shore Times	Auckland's worst sewage spill in 25 years in clean-up mode	A damaged pipe led to one of the worst sewage spills a long-time Watercare manager has ever seen, over Auckland Anniversary weekend.

Internal and other communications

Internal communication	Status
February Your Source	Completed and distributed
Communications for E3 mid-year review	Completed
Statement of Intent 2018-2021	Underway
Developing value story, business model frameworks for Integrated reporting	Underway
Communications for company cars procurement processes	Underway
Customer letters for IGC and wastewater audits	Completed
Water Quality Report review and redesign	Underway
Honesty comms campaign – MSN focus	Underway
World Water Day	Underway
Comms assistance for Watercare's Rainbow Network	Ongoing
NewsBuzz, Directions stories on Our Place	Ongoing

Stakeholder communications for January 2018

Project	Communications
Glen Eden wastewater storage tank and network upgrades project	Storage tank fully backfilled and Harold Moody reserve car park resealed and reinstated. Tank due for commissioning Jan '18. All WW pipe construction completed, remedial work will be carried out in Jan '18 for completion end of Jan '18.
Ponsonby pipeline upgrades	Progress on Ponsonby Road recommenced and likely to continue until mid-Feb '18. Letter notifying residents sent out before Christmas. Hereford Street progress minimal while doing Ponsonby Road and will resume for completion mid-Feb for completion by Apr '18.
Wairau Road wastewater upgrade works	First section on pipeline upgrades completed earlier than expected and Wairau road traffic management returned to normal operations from 22 Dec '17. Second phase to commence mid-Jan via TBM on Wairau Road. Survey of property in close proximity to tunnel route taking place early Jan prior to this section of the works completed.
Army Bay Outfall pipeline upgrade	Construction is underway and project boards in place. TBM to arrive on site early Jan '18 with media engagement. Local Board engagement to Army Bay WWTP and outfall location planned for 12 Feb.
Whangaporoa and surrounding growth WW servicing project (Army Bay consent application)	A project introductory flyer went out in Dec '17 and workshop on options. Advertisement out end Jan for public engagement open days for long list options planned for 14-15 Feb '18. Local Board meeting on this project to coincide with visit to Army Bay WWTP (outfall project) on 12 Feb.
Albany / Pinehill watermain and reservoir project	A dawn blessing was held 16 October for the joint NZTA / Watercare / Auckland Transport Spencer Road bridge work. Construction began on East Coast Road on 27 December. Newsletter has been sent to residents Dec 18 and project sign boards and VMS are on site. Site preparation works at Albany Reservoir and tree felling at Pinehill Reservoir will commence mid-Jan '18.
Huia Water Treatment Plant replacement project	Community liaison group meetings continue on a fortnightly basis; minutes and information is being placed on the Watercare website
Wynyard Quarter wastewater network upgrade project	Halsey Street works have been completed. Works continue at the pump station and are due for completion in March.
Fred Thomas Drive wastewater storage tank and local network upgrade project	Works have completed and the pump station commissioned. A formal opening will be undertaken early 2018 once the site has been restored.
Northcote Wastewater Upgrades – TS8	Works are progressing well.

Appendix C - Local Board Interaction (As at 13 February 2018)

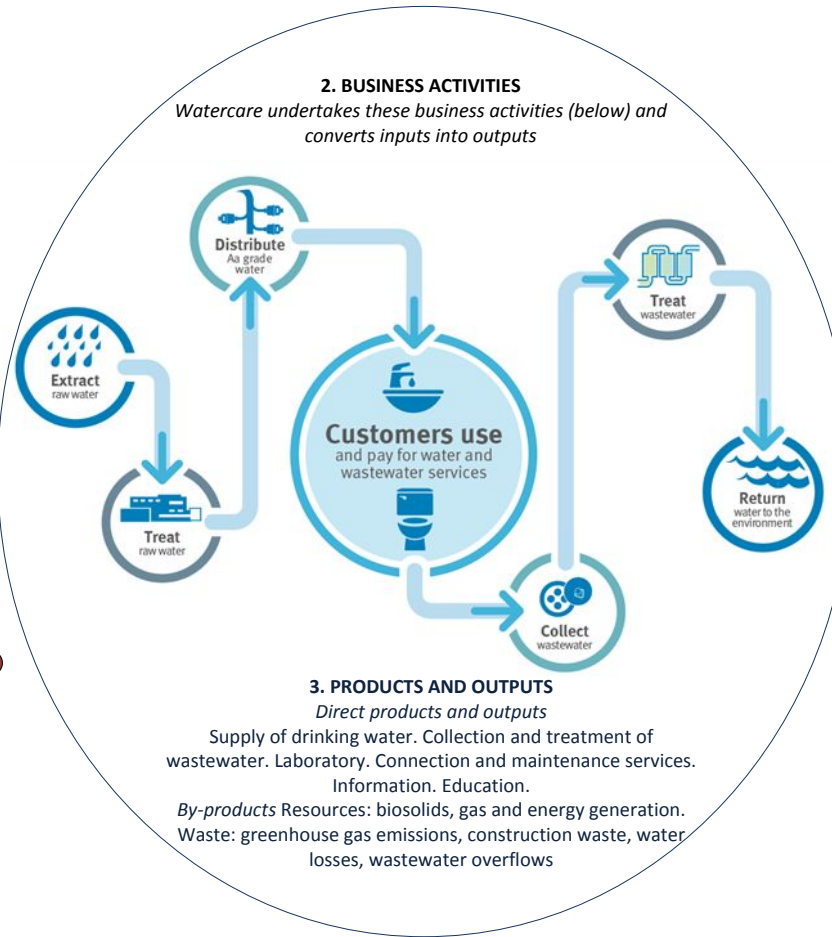
Local Board	Chair	Deputy Chair	Dec 17	Jan 17	Feb 2018
Albert - Eden	Peter Haynes	Glenda Fryer	Local Board business meeting for CI landowner approval for works in parks (13 Dec)		
Devonport - Takapuna	Grant Gillon (26 October 2016 to 22 April 2018) George Wood (23 April 2018 to the end of the 2016-2019 political term)	George Wood (26 October 2016 to 22 April 2018) Grant Gillon (23 April 2018 to the end of the 2016-2019 political term)	Management of discoloured water escalation sent to the local Board – issue resolved (14 Dec 17).	Incident response updates following wastewater overflow event into Wairau Creek and Milford Beach (29 , 30 Jan)	On-going feedback and updates on the Milford wastewater break in January (1 Feb)
Franklin	Angela Fulljames	Andy Baker	Notification of rural water situation (19 Dec). Discussions regarding Cape Hill Booster Pump Station (20 Dec). Waterwise information for Facebook page (21 Dec).	Watercare responded to request for temporary water supply in Beachlands following the storm event in early January (8 Jan). Response to wastewater overflows at Clarks beach following storm event (16 Jan).	Invitation to Treatment plant site blessing (7 Feb). Residents meeting in Clarks Beach with Local Board (7 Feb). Response to enquiry on works in Cape Hill Rd (7 May). Pukekohe Treatment Plant Site Blessing (9 Feb).
Great Barrier	Izzy Fordham	Luke Coles			
Henderson - Massey	Shane Henderson	Peter Chan		Escalation regarding poor reinstatement of footpath repairs in Blockhouse Bay Plunket Rooms (22 Jan).	
Hibiscus and Bays	Julia Parfitt	Janet Fitzgerald	Site visit to Sidmouth Street pump station with Parks, local board services and the surf club (20 Dec).	Response to enquiry regarding east coast bathing beach monitoring and media reports of beach closure at Takapuna (3 Jan). Reply for chair in response to constituent question on community garden at Kowhai Reservoir site (25 Jan).	Invitation for information evenings re Whangaparoa and Surrounding Growth Areas – Wastewater Servicing Project (7 Feb)
Howick	David Collings	Katrina Bungard			
Kaipatiki	Danielle Grant (2 Nov 2016 to 28 Feb 2018) John Gillon (1 March 2018 to the end of the 2016-2019 political term)	John Gillon (2 Nov 2016 to 28 Feb 2018) Danielle Grant (1 March 2018 to the end of the 2016-2019 political term)			Follow up enquiry on drinking fountains (7 Feb)
Mangere - Otahuhu	Lydia Sosene	Walter Togiama	Update on wastewater spill onto private property (1 Dec.)		
Manurewa	Angela Dalton	Rangi McLean			
Maungakiekie - Tamaki	Josephine Bartley - until 22 April 2018, to be replaced by Chris	Don Allan - until 29 October 2017. Debbie Burrows - 30 October			

Local Board	Chair	Deputy Chair	Dec 17	Jan 17	Feb 2018
	Makoare on 23 April 2018.	2017 to 28 October 2018. Bernie Driver – 29 October 2018 until end of the term.			
Orakei	Colin Davis - After 18 months Kit Parkinson will Chair.	Kit Parkinson - After 18 months Carmel Claridge will be Deputy Chair			
Otara - Papatoetoe	Lotu Fuli	Ross Robertson			Local Board workshop on Otara catchment wastewater project (13 Feb).
Papakura	Brent Catchpole	Felicity Auva'a			Local Board workshop – also attended by Veolia (7 Feb).
Puketapapa	Harry Doig	Julie Fairey	Local Board discussion on the Trade Waste Bylaw review (13 Dec). Local Board business meeting for CI landowner approval for works in parks (14 Dec).		
Rodney	Beth Houlbrooke	Phelan Pirrie	Waterwise messages and update for northern areas (12 Dec). Media release on Wellsford Wastewater Plant (12 Dec). Resolution of customer escalation regarding dust at Warkworth Treatment Plant (12 Dec). Update on tanker filling stations and waterwise message (16 Dec). Notification of rural water situation (19 Dec). Waterwise material for facebook page (21 Dec).	Update on escalated complaint regarding driveway dust at Warkworth Wastewater Treatment Plant and update on Watercare plant land holdings (24 Jan).	Invitation for information evenings re Whangaparoa and Surrounding Growth Areas – Wastewater Servicing Project (7 Feb)
Upper Harbour	Lisa Whyte (31 October 2016 to 1 June 2018) Margaret Miles (2 June 2018 to the end of the 2016-2019 political term)	Margaret Miles 31 October 2016 to 1 June 2018) Lisa Whyte (2 June to the end of the 2016-2019 political term)			
Waiheke	Paul Walden (26 October 2016 to Sunday, 22 April 2018) Cath Handley (23 April 2018 to the end of the 2016-2019 political term)	Cath Handley (26 October 2016 to Sunday, 22 April 2018) Paul Walden (23 April 2018 to the end of the 2016-2019 political term)	Notification of rural water situation (19 Dec).	Update on land transfer process at Matiatia between Watercare and AT (22 Jan).	
Waitakere Ranges	Greg Presland	Saffron Toms		Follow up complaint of stream dumping in Glen Eden (22 Jan. Condolences to the local board regarding Denise Yates passing (23 Jan)	Feedback on Matiatia Strategic Plan and property issues for local board report (7 Feb)
Waitemata	Pippa Coom	Shale Chambers		Information provided on the Wynyard Quarter wastewater pump station project for	

Local Board	Chair	Deputy Chair	Dec 17	Jan 17	Feb 2018
				the Local Board which can be included on their Facebook page (17 Jan).	
Whau	Tracey Mulholland	Susan Zhu	Local Board business meeting for CI landowner approval for works in parks (13 Dec).		
Manukau Harbour Forum			Presentation on the Western Isthmus Wastewater Servicing Project by Healthy Waters and Watercare (16 Dec).		

WATERCARE VALUE CREATION MODEL

Vision TRUSTED BY OUR COMMUNITIES TO DELIVER EXCEPTIONAL SERVICE EVERY DAY
 Mission RELIABLE, SAFE WATER AND WASTEWATER SERVICES
 Strategic focus CUSTOMER FOCUS BUSINESS EXCELLENCE FINANCIAL RESPONSIBILITY FULLY SUSTAINABLE



1. INPUTS – VALUE IN

Watercare's ability to carry out its activities is influenced by the following resources and relationships:

NATURAL CAPITAL

- Availability of and access to water sources (S)
- Availability and access to discharge points for treated wastewater (S)
- Ecosystem services (S)
- Understanding of environmental dynamics (S)

HUMAN CAPITAL

- Access to the right people (C, B)
- Staff training and development (B, S, C)
- Positive organisational culture (C)
- Understanding future work force needs (B, F, S)

SOCIAL AND RELATIONSHIPS CAPITAL

- Understanding of customer needs (C)
- Understanding of community stakeholder expectations (C)
- Engagement with owner, regulator and government (C)
- Engagement with iwi (C)
- Relationships with unions (C)
- Relationships with contractors, suppliers, consultants and industry professionals (C)

MANUFACTURED CAPITAL

- Company assets (eg dams, plants, pump stations) (F, B)
- Critical third party infrastructure (eg roads, energy) (C, S)
- Quality of wastewater (C, B, S)
- Volume of stormwater (C, B, S)
- Availability of construction materials, chemicals, energy (B)

INTELLECTUAL CAPITAL

- Technology (C, B)
- Business continuity and crisis management procedures (B, F)
- Processes and systems (B, F)
- Documented good practice (B)
- Datasets (B)

FINANCIAL CAPITAL

- Access to affordable capital and debt (F)
- Access to sufficient free cash flow (F)

Key inputs on which Watercare depends. The focus is on those that have a material bearing on the ability to create value in the short, medium and long term

STRATEGIC FOCUS AREAS – KEY

- (C) Customer focus
- (B) Business excellence
- (F) Financial responsibility
- (S) Fully sustainable

Appendix D

4. OUTCOMES – VALUE OUT

Through the provision of safe and reliable water and wastewater services, Watercare delivers the following:

NATURAL CAPITAL

- We mitigate the negative impact of our activities (S, C)
- We protect and enhance the environment and ecosystems (S, C)
- We use resources efficiently and reduce waste, leading to a circular economy (S)

HUMAN CAPITAL

- We have a productive and engaged workforce (B, C, S)
- We develop talents and skills in the industry (B)
- We are committed to the health and safety of our staff and contractors (F, B)
- We are an employer of choice (B)

SOCIAL AND RELATIONSHIPS CAPITAL

- We provide continuity of service (B, S, C)
- We create a positive customer experience and receive positive feedback (C)
- We are trusted by our customers and stakeholders who understand our purpose and value our service (C)
- We have a strong relationship with our shareholder (B, S)
- We have strong relationships with iwi (B, S)
- We contribute to public health and wellbeing (S, C)
- We provide affordable water and wastewater services (C, F)
- We enable the Auckland Plan supporting growth / development (B)
- We are a client of choice for our suppliers (C, F)

MANUFACTURED CAPITAL

- We ensure our water and wastewater assets are well maintained and perform well (F, C, B)
- We build and maintain resilient, fit for purpose infrastructure (F, B, C)
- We plan and construct in a timely way (B)

INTELLECTUAL CAPITAL

- We make decisions that are informed and effective (B)
- We continually strive for process excellence (B)
- We strive for continuous improvement, and a future-proofed organisation (B, C)
- We are industry leaders (B)

FINANCIAL CAPITAL

- We are a minimum-cost provider (F)
- We are financially stable over the long term (F, S)
- We optimise cashflow and interest cover (F)
- We optimise asset value (F, B)
- We are a commercially savvy business (F)

Internal and external, positive and negative outcomes resulting from Watercare's outputs

Report to the Board of Watercare Services Limited

Subject: Strategic Transformation Programme Governance Update

Date: 20 February 2018

1. INTRODUCTION

This paper provides an update for the Board on the proposed governance framework for the Strategic Transformation Programme (STP). Through this framework the STP programme will deliver on its change objectives and remain within corporate visibility and control.

2. PURPOSE OF GOVERNANCE

Governance for the STP addresses the strategy, investment, risk, compliance and execution decisions across the scope of the programme. The governance framework is designed to be responsive to the innovation, pace, and agility requirements of the programme.

The framework is designed to ensure:

- **Alignment:** Ensure strategic direction of the programme and alignment of the programme to the business vision and strategy
- **Accountability:** Visible and transparent points of accountability exists at all levels of the programme
- **Responsibility:** Clear decision making and governance roles and responsibilities
- **Value delivery:** A focus on benefits, early value delivery and business outcomes
- **Risk and issue management:** Effective risk and issue management with all risks being actively managed and all issues encountered being reviewed and addressed appropriately
- **Quality:** Quality and assurance management providing guidance on effective process and decision-making
- **Monitoring and control:** The necessary monitoring and control metrics are in place across all layers of governance enabling the right decisions and timely course correction.

EY has been engaged to provide independent quality assurance for the STP. As part of their role, EY has proposed a draft governance framework (refer STP folder in Boardbooks for the full framework). The proposed framework looks to provide governance across three layers - Strategic, Enablement and Delivery.



3. KEY FUNCTIONAL GROUPS AND RESPONSIBILITY AREAS

There are four specific functional roles/groups that support effective governance across the programme:

- **Design oversight:** Ensuring STP activities are aligned to the common vision and strategic objectives.
- **Delivery oversight:** Ensure that all the internal deliverables are planned and delivered with the desired outcomes
- **Third party management:** Commercial/contract management that will ensure all external dependencies with partners and vendors are managed to achieve the desired outcomes for STP
- **STP PSO (Programme Support Office):** Responsible for communication and co-ordination of the release plan, costs and benefits, risk and issues and integration of all STP activities

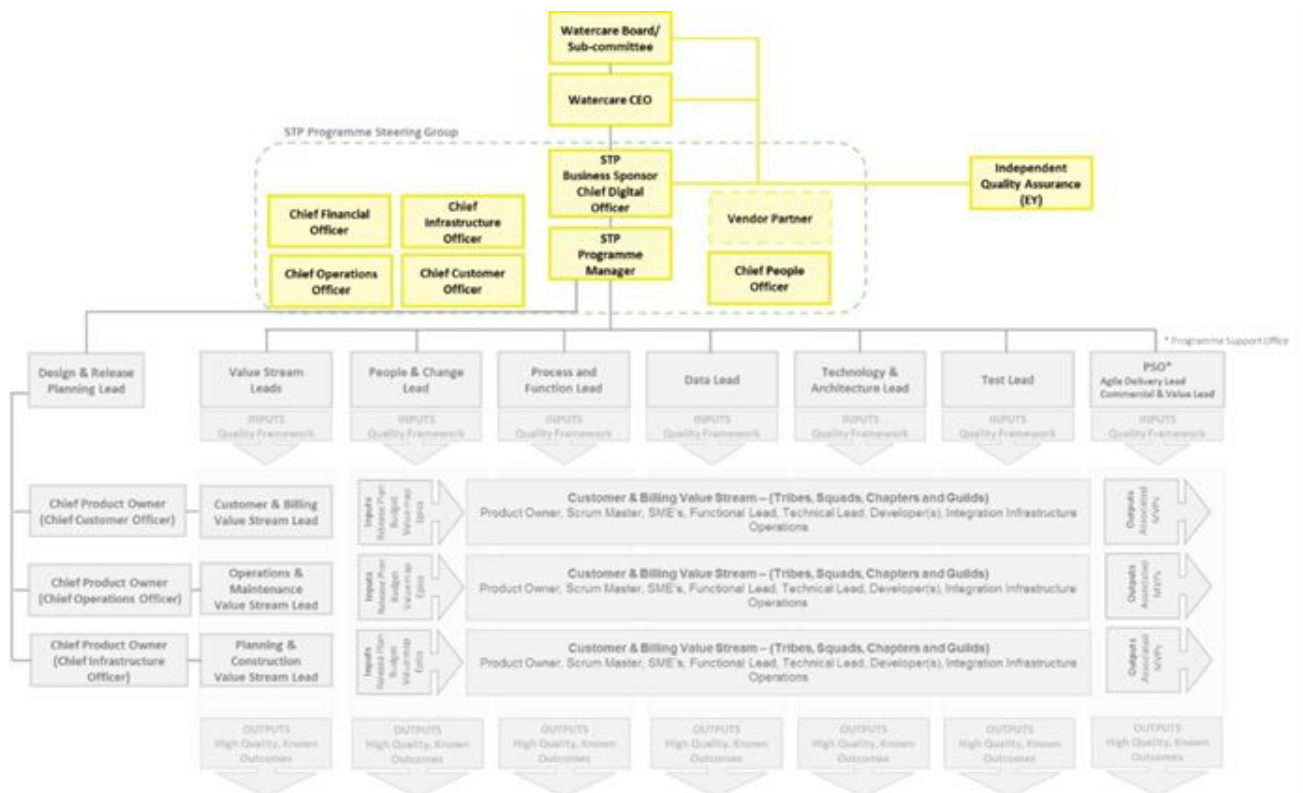
To support the key functional groups collaborative teams are formed to address topic-specific governance activities. Each forum has a clarity of purpose and accountabilities and plays a key role in ensuring key components of the governance framework are successfully achieved.

Governance Level	Forum	Purpose
Strategic	Board Sub-Committee	Provide support and leadership at the strategic governance level, working with the CEO and Programme Steering Group ensuring continual alignment of the programme to the business vision and strategy and reviewing recommendations made on key decisions required that are outside the delegations of the Chief Executive.
Strategic	Programme Steering Group	Executive authority for governing and controlling the STP and making all major decisions related to STP execution. The forum will evaluate options and make recommendations to the Chief Executive and Board on key decisions required.
Strategic	Release Planning and Design Group	The release planning and design group is a collaborative, consultative, advisory and decision-making forum that provides the capability for weighing the impact of initiatives on architectural and design outcomes. It will be the sole body for setting and managing enterprise level design direction. The design group will have responsibility for making sure there is alignment of the STP with the desired future state of Watercare.
Enablement	Delivery Leadership Group	The delivery leadership group will have authority for guiding execution during all stages of STP delivery. Sub-groups specific to business design and system design are formed as required to address key decision points throughout execution.
Enablement	Data Oversight Group	The data oversight group is responsible for approving migration scope for the programme and resolving data conflict and ensuring data readiness for migration.

Enablement	PSO (Programme Support Office)	Provide delivery assurance through support and coordination of work being done across each value stream.
Enablement	Vendor Performance Review Group	Monitor and review performance of third-party vendors against contract parameters.
Delivery	Technical Review Group	The solution architecture team will be responsible for developing the technology, application and data architectures – so that they are aligned with the business, security and services architecture.
Delivery	Delivery Teams – Tribes, Squads etc	Delivery teams guided by the Watercare “ways of working” and focused on delivering value early and continuous improvement across all execution.

4. PROPOSED GOVERNANCE STRUCTURE

The governance forums and groups will be supported by a programme structure with positions and specific roles and responsibilities. An overview of the proposed structure is shown below.



5. THE ROLE OF THE BOARD (SUB-COMMITTEE) IN THE STP GOVERNANCE FRAMEWORK

The role of the Board sub-committee is to provide support and leadership at the strategic governance level, working with the CEO and Programme Steering Group to ensure continual alignment of the programme to the business vision and strategy. The Board sub-committee will act as approvers of any decisions that are outside the delegations of the Chief Executive. The sub-committee will also keep the full Board informed on the status of the programme.

The sub-committee will be supported by EY as independent advisors.

A detailed terms of reference for the STP Board sub-committee will be drafted in conjunction with the sub-committee Chair.

6. RECOMMENDATION

That the Board receive this report.

Prepared by :



R Chenery
Chief Digital Officer

Approved for submission by:



R Jaduram
Chief Executive

Report to the Board of Watercare Services Limited

Subject: Central Interceptor Report – January 2018

Date: 20 February 2018

1. HEALTH AND SAFETY

Nil to report.

2. GOVERNANCE AND RISK

The new project structure has been implemented, with Shayne Cunis appointed as the executive responsible for the works. Roger McRae, the previous Chief Executive of McConnell Dowell has been engaged as a strategic advisor to Watercare for this project. We are fortunate to have secured Roger, as he has been involved in most of the significant major civil construction projects in recent times, and in particular the delivery of Hobson Bay and Waterview Tunnels. He brings invaluable knowledge of the construction industry and can provide independent assurance to the Board and Chief Executive that the risks associated with this project are being managed adequately.

A further strategic risk review of this project will be completed to ensure the residual risk associated with tunneling and associated underground works have been appropriately identified, are being minimised, and controls are in place. It is proposed to use an international expert in this field, coupled with local industry experts. This is a similar approach taken by NZTA prior to commencing Waterview Tunnel, to provide assurance that the project risks have the necessary controls in place to limit the risk exposure to the Client.

3. CUSTOMER AND STAKEHOLDER ENGAGEMENT

A significant programme of consultation with stakeholders (Mana Whenua, Meola Creek Liaison Group, Manukau Harbour Restoration Society and Auckland Stadium) continues to ensure there are no delays to commencing construction in 2019.

4. COMPLIANCE

The detailed design has yielded the need to realign a section of the Main Tunnel (May Road and St Lukes) and Link Sewer C to improve constructability. A new consent application was lodged for the new alignment in June 2017, as an alternative strategy to varying the existing consent. After a lengthy deliberation, on 19 January 2018, Auckland Council notified approximately 80 properties that are affected by the change. The submissions against the application close on 20 February 2018. We do not expect to receive any submissions against the consent application.

5. PROGRESS

5.1 Property

The Local Government Act Section 181 notification was issued to 1,085 property owners in October 2017. Five objections were received and resolved by December 2017. Auckland Council Local Boards have approved the landowner agreements to be issued by Auckland Council Parks.

Work on securing easements at critical sites is ongoing, but there are no foreseen issues at this time that will prevent a successful outcome.

5.2 Design

The detailed design is largely completed. Testing of the concrete lining corrosion resistance and degradation at universities in New South Wales and Queensland continues. Preliminary results of the acid bath testing indicate that there is a concrete mix design that will achieve the design specification of a 100 year lifespan.

Work continues on developing a spoil disposal strategy at Puketutu Island, which has the potential to achieve significant cost savings for Watercare, along with reducing the carbon footprint associated with the project.

The potential to extend the Main Tunnel to Grey Lynn as part of the Western Isthmus Water Quality Improvement Programme will be included in sufficient detail within the Request For Proposal, such that it can be priced as a provisional sum and result in significant cost savings, as opposed to undertaking this work as a standalone contract. A separate capital expenditure approval is being prepared by Planning to undertake detailed design, consenting and landowner approval for this work. Interfaces with this wider programme of improvement works are being identified to ensure the most efficient delivery mechanism can be achieved.

5.3 Procurement

Request for Expressions of Interest (REOI) resulted in seven submissions, but one withdrew at the end of 2017. The REOI process was to identify up to four (4) parties that would be invited to submit tenders to deliver the works.

Each consortium comprised a primary contractor, predominately a major international construction company, who specialised in tunnelling operations, coupled with supporting firms to deliver the ancillary works. All six consortia (A – F) submitted high quality submissions, which were evaluated against the following criteria:

- Capacity – Financial, Resources, Respondent details (including Joint Venture arrangements), management systems
- Capability - proven track record in the construction and commissioning of large sewer tunnels, deep shafts, micro tunnels, large pump stations, sewers and rising mains
- Demonstrated excellence in stakeholder and environmental management; including recognition of Watercare's relationship with iwi, workforce development aspirations and sustainability outcomes in the delivery of large infrastructure projects.

The financial review by Price Waterhouse Coopers, confirmed that all submitters had the financial ability to deliver the works, albeit reservations were highlighted about a number of the submitters, but not sufficient to exclude them from further consideration.

On completion of the technical review and reference checking, all submitters were found to have the ability to deliver the works, but there was a clear ranking of the submitters. Two were clearly ahead of the remaining submitters, the next two were inseparable, but significantly ahead of the remaining two submitters. Therefore four submitters will be invited to tender for the Central Interceptor Main Works Contract. All submitters will be notified of the REOI shortlisting outcome in early March.

The evaluation process was reviewed and audited by Watercare's Risk and Assurance team as well as Deloitte (independent probity auditor). All submitters were formally asked to identify any issues regarding the process followed, but all formally confirmed that they were satisfied with the process followed.

Work continues on completing the RFP document, for issuing in May 2018. This includes the development of the Conditions of Contract, and confirming the insurance requirements for the main works.

5.4 Construction

Nil to report. Construction is expected to commence in April 2019.

6. FINANCIAL PERFORMANCE

Stage	Approved (\$M)	Expenditure to date (\$M)	Forecast (\$M)
Stage 1A & B Planning and Consenting	20.850	20.850	20.850
Stage 1C Property Purchase and Easement	9.600	8.460	8.617
Stage 1D Detailed Design and Construction Tendering	30.430	25.724	30.430
Stage 2 Construction, Supervision and Commissioning	1,120.000	0.000	1,120.000
TOTAL	1,180.880	55.034	1,179.897

7. PROGRAMME

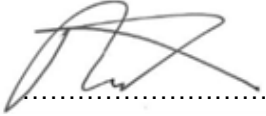
The current high level programme of works is as follows:

Programme Milestone	Timing	Status
Complete Detailed Design	Mar 18	
Complete Expression of Interest process with selection of shortlist	Mar 18	
Issue Request for Proposal	May 18	
Identify Preferred Supplier for Main Works and obtain approval to award contract	Dec 18	
Sign Contract with Supplier	Feb 19	
Commence Physical Works	Apr 19	
Construction complete	Late 2025	
CI Main Works into service	Early 2026	

8. RECOMMENDATION

That the Board receives this report.

Prepared by:



S Cunis
Executive Programme Director -
Central Interceptor

Approved by:



R Jaduram
Chief Executive

Watercare Services Limited

Subject: Resource Management Act (RMA) Compliance for January 2018

Date: 20 February 2018

5.1

1. COMPLIANCE PROCEEDINGS

There have been no compliance proceedings during the period.

2. MAJOR ENVIRONMENTAL INCIDENTS OR OTHER NON-COMPLIANCE MATTERS

There are no environmental incidents of any significance to report.

There has been considerable media and public comment on wastewater overflows during and following significant rain events. These overflows are designed to occur and are authorised by the Network Discharge Consent, which requires a programme of upgrading of the network to ensure over time that overflows occur no more frequently than twice per year per location or Best Practicable Option (BPO) is applied.

Watercare has many projects underway and planned to meet this performance level. Examples of work completed are the Kohimarama and Glen Eden Storage Tanks; the separation of stormwater and wastewater systems at Franklin Road. Examples of work planned are the Western Isthmus Strategy and the Central Interceptor.

3. RESOURCE CONSENT COMPLIANCE SUMMARY

Table 1 shows the number of active consents, number of non-compliant consents and the number of non-compliant conditions by Auckland Council compliance rating (1 - 4), compared to the previous months.

Category 1 and 2 relates to a technical non-compliance with a no more than minor potential or actual adverse effect to the environment and are reported only to management to action.

Category 3 and 4 relates to a 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.

Table 1: Compliance Status of Active Consents*

	Aug	Sep	Oct	Nov	Dec	Jan
Number of total active consents	606	597	496	505	503	503
Number of non-compliant consents	17	23	18	16	21	22
Number of non-compliant category 3 or 4 conditions	4	4	4	4	5	4
Number of non-compliant category 1 or 2 conditions	19	15	14	12	8	8

* Note: Excludes unimplemented consents.

Table 2 presents the consents that have conditions that are non-compliant with a self-assessed Council compliance rating of 3 or 4.

Table 2: Consents with self-assessed Category 3 and 4 Non-Compliant Conditions in Month

Facility or Project	Background & Reason for Non-Compliance	Explanation	Action & Target	Current Self-Assessed Council Compliance Rating
Water Treatment				
Huia WTP (Waitakere)	Exceeded aluminium and suspended solids	Due to excessive heavy rain during the month	To be addressed by sludge handling upgrade	3
Wastewater Treatment				
Helensville WWTP (Rodney)	Exceeded the annual 92 nd percentile for suspended solids and E.coli	Algae grows within the discharge pond and clay particles from unlined pond effect solids; bacteria from bird droppings effect the quality of the final effluent	Application to be made to shift the resource compliance point to upstream of the final pond and wetland; review underway	3
Owhanake WWTP (Waiheke)	Exceeded Phosphorus and suspended solids limits	Due to exhausted slag beds	Plant to be upgraded	3
Beachlands WWTP (Manukau)	Exceeded the 90%-ile of suspended solids	Possible tear in cloth filter	Filter inspected and panels replaced where necessary	3

Each of the four consents above are category 3 because of a repeat of lower score non-compliance. There have been no adverse effects on the environment.

4. RECOMMENDATION

That this report be received.

Report prepared by:

pp

.....
O Kent
Environmental Planner

Recommended by:

.....
M Bourne
Chief Operations Officer (Acting)

Approved for submission by:

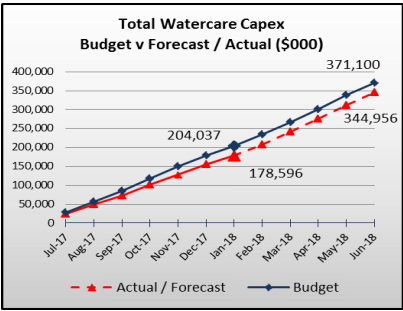
.....
R Jaduram
Chief Executive

5.1

WATERCARE PUBLIC REPORT CAPITAL EXPENDITURE



TOTAL WATERCARE EXPENDITURE	Year to Date		Annual Performance	
	Actual	Budget	Actual + Forecast	Budget
Strategy & Planning	4,198	14,593	10,681	39,681
Infrastructure Delivery	108,123	114,914	200,026	201,053
Service Delivery	45,011	46,399	85,090	83,364
Retail	6,555	7,421	13,258	12,322
Information Services	1,517	5,023	5,694	7,575
Other	5,352	7,160	21,238	14,533
Capitalised Interest	7,840	8,527	11,868	12,572
Watercare Total	178,596	204,037	347,856	371,100



Project / Programme Infrastructure Related Projects (Phase: Design / Execution)	Project Current Forecast	Annual Performance		Status	
		Forecast	Budget	Time	Cost
Water Projects >\$15 Million					
Albany Pinehill WM & PS	16,730	7,579	11,976		
North Harbour WM Duplication - GBWD	53,467	3,815	5,544		
Hunua 4 Section 11	66,501	7,170	3,110		
Huia 1 and Nihotupu 1 Replacement	137,879	663	1,840		
Ardmore WTP Treated Water Resilience	27,600	2,974	5,640		
Pukekohe East Reservoir	55,300	3,977	6,091		
Waikato 175MLD Expansion Stage Ultimate	31,505	8,119	13,050		
Wastewater Projects >\$15 Million					
Mangere WWTP BNR Capacity	143,250	7,702	7,357		
Mangere WWTP Solids Stream Upgrade	53,366	13,020	13,950		
Snells Algies WWTP Ocean Outfall	34,000	442	11,180		
Snells WWTP Upgrade	63,769	1,329	4,050		
Warkworth to Snells Transfer Pipeline	69,613	923	1,117		
Army Bay WWTP Outfall Upgrade	36,632	26,687	10,518		
Rosedale WWTP Expansion Project	62,300	6,133	11,400		
East Coast Bays Link Sewer Upgrade	29,200	383	600		
Fred Thomas Drive WW PS & Storage Tank	28,688	6,660	6,858		
Wairau Wastewater Pump Station	21,400	840	1,910		
Northern Interceptor - Stage 1	106,107	3,746	4,626		
Central Interceptor	1,180,900	5,405	2,017		
Glendowie Branch Sewer Upgrade	28,753	3,076	6,650		
Glen Eden Storage & Pipe Upgrade	16,255	4,118	4,500		
Pukekohe WWTP Upgrade	66,000	5,128	2,507		
Pukekohe Trunk Sewer Upgrade	44,428	6,450	8,328		
Shared Services >\$15 Million					
Networks Controls Upgrade	18,601	1,412	220		
Capex Programme (Design / Execution)					
>\$15 Million	2,392,242	127,750	145,038		
>\$2 Million <\$15 Million	197,098	87,127	74,647		
<\$2 Million	31,685	11,834	8,754		
TOTAL	2,621,025	226,712	228,440		

Watercare Services Ltd
Financial Summary 2017-18
Report Period January 2018
Infrastructure Related Projects: Strategy & Planning / Infrastructure Delivery / Service Delivery

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%)

TRAFFIC LIGHT VARIANCES REPORT – BOARD REPORT

Period 7 – January 2018

Report Purpose :	Summary of Capex performance relating to Major Project Performance Report (Greater than \$2Million)
Submitted by :	S Webster

5.2

Key:

On target

Short to medium term issues that may impact on outcomes or targets

Medium to long term issues that are impacting on outcomes or targets

Underspend on the capex variance (-10%)

No approved capex or the project is “in-service” indicating the issue is not critical

Change from previous month

Water				
Project	Project Manager	December	January	Commentary
1. Albany Pinehill Watermain and Pump Station	J. Parsons	Cost	Cost	Forecast reduced following award of main contract significantly below the budget allowance.
2. Hunua 4 Section 11	D. Moore	Cost	Cost	The risk allowance has been reduced following the completion of geotechnical assessments.

Wastewater				
Project	Project Manager	December	January	Commentary
3. Pukekohe Trunk Sewer Upgrade	J. Eardley	Cost	Cost	The new trunk sewer was put into service in December. Lower construction cost associated with early contractor engagement value engineering. Reductions include pipe material substitution, pump station depth and single pipe design.

5.2

Board - Public Session - Directors' Corporate Governance Items

Board Planner 2017/ 2018

	February	March	April	May	June	July	August	September	October	November	December		
Meetings	Board	27-Feb	27-Mar	24-Apr	29-May Newmarket*	No Board Meeting (Strategy workshop instead on 19 Jun)	31-Jul	22-Aug	26-Sep	30-Oct Newmarket*	27-Nov	19 Dec (Teleconference)	
	Audit and risk committee			18-Apr			31 Jul (before Board meeting)	17-Aug			28-Nov		
	People Remuneration and appointments committee			24- Apr (after Board Meeting)	29-May (after Board Meeting)	19-June (before Strategy workshop)		22-Aug (after Board Meeting)		30-Oct (after Board meeting)			
	STP Committee												
	CI/Major Capex Committee												
Governance	Charter reviews			A&R Charter			Corporate Governance Charter			PRAC charter			
	Policy reviews		Infrastructure Growth Charges Policy	Risk Management Policy						Treasury policy review (via A&R)			
	Delegations				Annual review of board delegations to CE								
	Quarterly risk reviews			Risk report			Risk report			Risk report			
	Compliance			Statutory compliance			Statutory compliance			Statutory compliance			
	Shareholder interaction	Q2 quarterly report due 21 Feb	Q2 briefing to F&P Committee 12 March (J Hoare)		Q3 quarterly report due 18 May	Q3 briefing to F&P Committee 6 June (M Devlin)		Q4 quarterly report due 31 August	Q4 briefing to F&P Committee 19 Sept (M Devlin) Auckland Council's A&R Committee Date TBC	Q1 quarterly report due 26 Oct	Q1 briefing to F&P Committee 14 Nov (M Devlin)		
	Site Visits		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			Jan-Mar 18 Report			Apr-Jun 18 Report			Jul-Sept 18 Report				
Board Training	Board training & development			H&S Due diligence refresher. Date TBC.									
Business strategy	Strategic planning					Strategy Workshop 19 June							
	Strategy updates	Climate Change (Theme: Value of Water)	The Value of Water (Non-Revenue Water)	Organisation and Culture	Technology, Innovation and Digital transformation - Beneficial Reuse	New Ventures	Demand Management Plan update (Theme: Value of Water)	Voice of the Customer (Theme: Technology, Innovation and Digital Transformation)	Options for large capital projects (Theme: Financing and Funding)	Faults and New Connections (Theme: Technology, Innovation and Digital Transformation)	Smart Infrastructure (Theme: Technology, Innovation and Digital Transformation)	Organisation and Culture	
Business planning	Key finance and business decisions	a) approve financials for Draft SOI including projected 18/19 price increases, b) approve long term financials for Auckland Council modelling				Approval of 2018/19 Budget		a) approve 2017/18 accounts, b) delegate final sign off of 2017/18 Annual Report	Update from WUCAT				
	Statement of intent	Approval of Draft 2018-2021 SOI			Present shareholder SOI feedback at public meeting	Final 2018-2021 SOI issued to shareholder						2019/20 Letter of Expectation to be received	

* Statutory public Board meeting - deputations invited

> Timetable/Plan not yet available

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

7.1

Report to the Board of Watercare Services Limited

Subject: Disclosure of Interests – Executive Management

Date: 20 February 2018

Executive	Interest
Raveen Jaduram	Trustee – Te Motu a Hiaroa (Puketutu Island) Governance Trust Steering Committee Member – Business Leaders' Health and Safety Forum Chair – Centre for Infrastructure Research at University of Auckland Director – J N Jaduram Corporation Limited (Fiji)
Rob Fisher	Deputy Chairman – 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
Brian Monk	Deputy Chairman – MIT Chairman Audit and Compliance Committee – MIT 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
Shayne Cunis	Director – The Water Research Foundation
Rebecca Chenery	Director – Chenery Consulting Services Limited
David Hawkins	Nil
David Sellars	Nil
Jason Glennon	Nil
Mark Bourne	Trustee – Watercare Harbour Clean Up Trust

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

Date: 20 February 2018

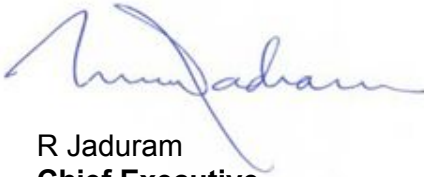
Set out below is the end date of the current appointment term for the Watercare Board of Directors. Dates are current as at the date of this report.

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

RECOMMENDATION

That the report be received.

Approved by:



R Jaduram
Chief Executive

Report to the Board of Watercare Services Limited

Subject: Confirmation of Board Sub-Committee Membership

Date: 20 February 2018

7.3

1. INTRODUCTION

Recent changes have seen the Board form two new committees, effective 1 March 2018. As a result, the membership of all four sub-committees has changed.

Membership of Board sub-committees is now recorded as follows:

Audit and Risk Committee:

Julia Hoare (Chair)
Brendon Green
David Thomas

**Margaret Devlin (Board Chair attends in an ex-officio capacity)*

People, Remuneration and Appointments Committee:

Catherine Harland (Chair)
David Thomas
Annette King

**Margaret Devlin (Board Chair attends in an ex-officio capacity)*

Strategic Transformation Programme (STP) Committee:

Annette King (Chair)
Nicki Crauford
Brendon Green
Non-Board External Expert Advisor – to be appointed in due course

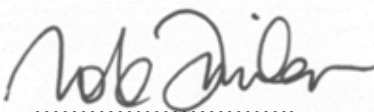
Central Interceptor (CI) /Major CAPEX Committee:

Nicki Crauford (Chair)
Julia Hoare
Margaret Devlin
Catherine Harland
Non-Board External Expert Advisor – to be appointed in due course

2. RECOMMENDATION

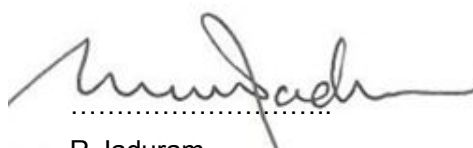
That the Board confirms membership of Board sub-committees as recorded above.

Report prepared by:



R Fisher
Company Secretary

Report prepared by:



R Jaduram
Chief Executive