I hereby give notice that an ordinary meeting of the Governing Body will be held on:

**Date:** Thursday, 24 September 2020  
**Time:** 10.00am  
**Meeting Room:** Reception Lounge  
**Venue:** Auckland Town Hall  
301-305 Queen Street  
Auckland

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**Tira Kāwana / Governing Body**  
**OPEN ADDENDUM AGENDA**

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**MEMBERSHIP**

<table>
<thead>
<tr>
<th>Mayor</th>
<th>Hon Phil Goff, CNZM, JP</th>
</tr>
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<tr>
<td>Deputy Mayor</td>
<td>Deputy Mayor Cr Bill Cashmore</td>
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</table>
| Councillors | Cr Richard Hills  
Cr Dr Cathy Casey  
Cr Fa’anana Efeso Collins  
Cr Pippa Coom  
Cr Linda Cooper, JP  
Cr Angela Dalton  
Cr Chris Darby  
Cr Alf Filipaina  
Cr Christine Fletcher, QSO  
Cr Shane Henderson |

(Quorum 0 members)

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**Sarandra O’Toole**  
**Kaiarataki Kapa Tohutohu Mana Whakahaere / Team Leader Governance Advisors**

23 September 2020

Contact Telephone: (09) 890 8152  
Email: sarndra.otoole@aucklandcouncil.govt.nz  
Website: www.aucklandcouncil.govt.nz

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**Note:** The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.
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Review of drought restrictions for the 2020/2021 summer season

Te take mō te pūrongo
Purpose of the report

1. To review and approve amendments to the drought restrictions applied by the Emergency Committee on 7 May 2020.

Whakarāpopototanga matua
Executive summary

2. On 7 May 2020 the Emergency Committee of Auckland Council resolved to implement mandatory Stage 1 water restrictions (EME/2020/52) – minutes appended as Attachment A. The water restrictions have subsequently been in place since 16 May 2020.

3. Aucklanders have responded well to the restrictions and reduced their water use significantly. This is in excess of the 5 per cent savings expected during Stage 1. However, we know that water use, and demand increases when daylight savings changes and that this continues in the lead up to the holiday period and over summer.

4. Ongoing savings of 5 per cent will be required over summer 2020/2021.

5. On 21 September 2020 the dam storage levels are at 67.5 per cent. This is approximately 20 per cent lower than where they would be in a normal year. However, the dam levels have recovered faster than was forecast in June and Watercare has set a target for the dam levels to reach 75 per cent by 1 November 2020.

6. The current forecasts from MetService and NIWA are now for an average to dry spring rather than their earlier projection of a drier spring. Both are forecasting a wetter than usual period from January to February 2021 when Auckland could be exposed to more ex-subtropical cyclones or rain systems. However, they advise there is currently little reliability in such long-range forecasts. Neither is predicting a return of the extended dry periods experienced last summer.

7. In parallel Watercare and the council have worked to increase the supply of potable and non-potable water through infrastructure investment, water takes and use of the Waikato River resource. The use of additional water from the Waikato River comes with some specific conditions including that Auckland has water restrictions that are at least as stringent as those regularly applied in Hamilton City over summer. In Hamilton the equivalent to Stage 1 restrictions allow garden sprinklers to be used between 6-8am and 6-8pm and hand-held hoses with trigger nozzles at any time.

8. As part of the investment in infrastructure, additional water sources are due to come into service in the current financial year. The following table outlines the expected dates and water supply each will deliver:
9. Watercare’s Board has endorsed a proposal to request Auckland Council to amend the current Stage 1 outdoor water use restrictions. Specifically, it is requesting Auckland Council adjust the current Stage 1 outdoor water use restrictions imposed under the Water Supply and Wastewater Network Bylaw 2015 to the following:

- Residential water users cannot:
  - use an outdoor hose unless it has a trigger nozzle and is attended.

- Commercial water users cannot:
  - use an outdoor hose unless it has a trigger nozzle and is attended
  - water sports fields, plants or paddocks unless they have an irrigation system that is fitted with soil moisture or rain sensors
  - the proposed adjustment to Stage 1 outdoor water use restrictions should be implemented to align with seasonal changes in water demand observed in spring and should be supported by a comprehensive communications plan.

10. Auckland Council’s Emergency Committee resolved on 7 May 2020 that restrictions would remain in place until it was satisfied, based on advice from Watercare, that it was appropriate to lift water restrictions and that there was no longer a risk to the adequate supply of drinking water to Auckland metropolitan customers.

11. To assess the risk to the adequate supply of drinking water, the council needs to evaluate the demand management impact of the restrictions alongside the water supply forecast for the summer and the progress of the other measures being delivered to mitigate the supply risk.

12. While there have been positive responses to the water restrictions and savings targets, and significant work has gone into securing additional supply options, the dams in the Hunua Ranges, which normally supply 60 per cent of Auckland’s potable water, are still at low levels heading into summer.

13. The council must balance the risk of adjusting the water restrictions with the economic and social impacts, specifically, the impact of these restrictions to the livelihoods of the Auckland business community (or owners) who have already been impacted by COVID-19 restrictions. In addition, the council should be cognisant of the potential consequences if the forecast rain does not eventuate. For example, if the rainfall is lower than expected further severe water restrictions may be necessary.

14. A workshop was held with councillors and the Chair of the Watercare Board on 21 September 2020. Staff from both Watercare and Auckland Council outlined the water supply forecasts for the summer of 2020/2021 and the current measures to mitigate the water supply shortfall and the options for adjusting the water restrictions.

### Table 1: New water sources and their timing

<table>
<thead>
<tr>
<th>Source name</th>
<th>Yield (MLD)</th>
<th>Planned commissioning date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pukekohe Hickeys Bore</td>
<td>5</td>
<td>25 October 2020</td>
</tr>
<tr>
<td>Papakura Hays Creek Dam</td>
<td>12</td>
<td>6MLD December 2020 balance early 2021</td>
</tr>
<tr>
<td>Onehunga Bore</td>
<td>4</td>
<td>December 2020</td>
</tr>
<tr>
<td>New Waikato River Take</td>
<td>50</td>
<td>June 2021</td>
</tr>
</tbody>
</table>

* MLD = Megalitres per day
15. Given the uncertainty with regard to rainfall and the current water supply scenario the Governing Body has the option to maintain or modify summer water restrictions as follows:
   i. Option A, continue with the status quo (Stage 1) water restrictions
   ii. Option B, approve gradual and phased amendments to the Stage 1 water restrictions starting with commercial users from 12 October 2020 and assessing residential users by December 2020 when new supply is operational and dam storage levels and summer weather forecasts can be further assessed.

16. Staff recommend that the Governing Body approve Option B (gradual and phased amendments to Stage 1 water restrictions). This option recognises the pressure that the current water restrictions place on the economic and social wellbeing of Aucklanders while also mitigating the risk of more severe restrictions later in summer.

17. Targeting the amendments to the commercial sector first minimises the economic impact of restrictions on employment whilst providing an opportunity to monitor the effectiveness of the communications and education campaigns to achieve the water saving targets of at least 5 per cent.

18. Residential water use makes up the majority of demand in Auckland at approximately 70 per cent whilst commercial and non-residential demand is approximately 30 per cent. Therefore, trialing the adjustments on the commercial sector first will limit the potential for runaway demand.

19. Commercial use broadly includes all activities related to commerce such as exterior house cleaning businesses, builders, maintenance contractors and plant nurseries. Commercial use can also occur on residential property, for example a house renovation or clean.

20. If the recommended changes are approved, the ongoing communications and engagement campaign will be stepped up in the lead up to the change and for six weeks afterward.

21. It is also recommended that the Governing Body re-consider these measures, with a specific focus on adjusting the residential restrictions, with up to date knowledge of water storage levels and usage by December 2020.

22. The ban on the use of fire hydrants for outdoor construction use will continue. The frequent use of fire hydrants creates additional risks of network damage, contamination, and water wastage. The construction sector will have the option to apply for a metered construction connection, these connections are designed to mitigate the risk of backflow contamination and water hammer on the network.

Ngā tūtohunga

Recommendations

That the Governing Body:

a) note that on 7 May 2020, the Emergency Committee agreed that water restrictions and associated delegations to Watercare Services Limited (Watercare) approved on that date would remain in place until Auckland Council was satisfied, based on advice from Watercare, that there is no longer a risk to the adequate supply of drinking water to Auckland metropolitan customers

b) note that the ability for Watercare to maintain an adequate supply of drinking water to the Auckland metropolitan system remains at risk due to the 2019/2020 drought but that advice from Watercare is that savings required over the summer of 2020/2021 may be met through an adjustment to the Stage 1 restrictions
c) note that Stage 1 water restrictions that seek at least 5 per cent savings on base demand are forecast to be required over the Summer of 2020/2021 and amendments to the restrictions are not a relaxation or removal of the need to save water this summer.

d) approve restrictions on the use of water supplied to customers connected to Watercare’s metropolitan system under clause 12(1) of the Water Supply and Wastewater Network Bylaw 2015, in accordance with Watercare’s Auckland Metropolitan Drought Management Plan, as outlined in clauses e) and f) below.

e) approve the following adjustment to mandatory Stage 1 water use restrictions, to come into force on 12 October 2020

i) Commercial and non-residential water users

   A) No use of an outdoor hose or water blaster unless it is handheld with a trigger nozzle attached or for a health, safety, emergency or biosecurity reason

   B) no operation of a car wash unless it uses recycled water

   C) no watering of sports fields, plants or paddocks unless an irrigation system is fitted with soil moisture or rain sensors

f) note that commercial use will broadly include all activities related to commerce, such as exterior house cleaning businesses, builders, maintenance contractors and plant nurseries

g) note that Stage 1 restrictions for residential water users remain unchanged

h) note that Stage 2 water use restrictions and the approval of Stage 2 restrictions coming into force on trigger levels being reached remain unchanged

i) note that previous delegations to Watercare for the notification and enforcement of water use restrictions under clause 12(4) and 12 (3) of the Water Supply and Wastewater Network Bylaw 2015, remain unchanged

j) agree that the water use restrictions and delegations in clauses e) to h) will be reviewed again by December 2020 with regard to assessing adjustments for residential users

k) request Watercare to continue to provide weekly updates to Auckland Council on the implementation of water use restrictions and its ability to maintain an adequate supply of drinking water.

Horopaki Context

23. Watercare builds and operates the water supply system to a 1:200 year drought security standard. That standard was set by the legacy councils following the drought of 1993/1994, increasing it from the previous 1:50 year standard.

24. The low rainfall between 1 November 2019 and 30 April 2020 – the driest six months on record – resulted in dam storage levels reaching the trigger points of Watercare’s drought management plan, initiating a request for voluntary savings measures from the public in February 2020. An Emergency Committee decision approved Stage 1 water restrictions to lower demand with effect from 16 May 2020 (EME/2020/52).
25. Outdoor water use restrictions are an important part of the Auckland Metropolitan Drought Management Plan. The purpose of Stage 1 restrictions is to reduce demand by 5 per cent and to allow dam storage levels to recover before the summer of 2020/2021. Under Stage 2 water restrictions the targeted levels of savings increases from 5 to 10 per cent. The current outdoor water use restrictions under the two stages are provided in Table 2.

Table 2: Stage 1 and 2 outdoor water use restrictions – May 2020

<table>
<thead>
<tr>
<th>User</th>
<th>Stage 1</th>
<th>Stage 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>Residential water users:</td>
<td>Residential water users:</td>
</tr>
<tr>
<td></td>
<td>- No use of an outdoor hose or water blaster.</td>
<td>- No use of an outdoor hose or water blaster.</td>
</tr>
<tr>
<td>Commercial / Non-</td>
<td>Commercial water users:</td>
<td>Commercial water users:</td>
</tr>
<tr>
<td>residential</td>
<td>- No use of an outdoor hose or water blaster unless it is for a</td>
<td>- No use of an outdoor hose or water blaster unless it is for a</td>
</tr>
<tr>
<td></td>
<td>health, safety, emergency or biosecurity reason</td>
<td>health, safety, emergency or biosecurity reason</td>
</tr>
<tr>
<td></td>
<td>- No operation of a car wash unless it uses recycled water</td>
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<td></td>
<td>- No watering of sports fields, plants or paddocks unless they</td>
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<tr>
<td></td>
<td>have an irrigation system that is fitted with soil moisture or rain</td>
<td>have an irrigation system that is fitted with soil moisture or rain</td>
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<td></td>
<td>sensors.</td>
<td>sensors.</td>
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26. Water use restrictions have the potential for social and economic impacts on the wellbeing of Aucklanders which have also been exacerbated by the effects of COVID-19. As we move into summer the current hose ban will impact activities such as gardening and property cleaning. This has flow on economic effects to the retail sector including hardware and garden centres and associated suppliers. The Exterior Cleaners Association and the New Zealand Plant Producers Incorporated have made representations about the disproportionate economic impacts of water restrictions on their sectors and concerns for the coming summer.

27. Auckland Council’s Chief Economist prepared a memo on the economic impacts of drought and water restrictions on Auckland on 19 June 2020. The key findings covered the potential impacts on employment, wellbeing, loss of value of households, economic costs and the general impact of the drought on those not on the municipal network. As the water restrictions increase through the stages the economic impacts will become worse.

28. As the season is changing and daylight savings time is imminent, it is now appropriate to review and assess the current level of water restrictions. This will include evaluating if the restrictions are effectively managing water demand, as well as evaluating the likelihood and consequences of the risks to the adequate supply of drinking water to Auckland metropolitan customers.

29. To assess the risk to the adequate supply of drinking water, the council needs to evaluate the demand management impact of the restrictions alongside the water supply forecast for the summer and the progress of the other measures being delivered to mitigate the supply risk.
30. Watercare has set a target to achieve at least 75 per cent dam storage levels by 1 November 2020 through a combination of initiatives, including:
   i) voluntary indoor water savings.
   ii) restricted outdoor water uses from hoses and water blasters.
   iii) additional water source augmentations; and
   iv) proactive leak and water pressure management.

31. Watercare is in regular contact with its top commercial customers to encourage voluntary water savings. A number of these customers, including Frucor, Lion, Griffins, Chelsea Sugar and Auckland Council, have all implemented production process improvements reducing water usage. In some cases, this has resulted in water savings of up to 20 per cent per annum.

32. Watercare has also increased its effort on leakage control and pressure management achieving a current leakage rate of 12.8 per cent against the target set in June to reduce leakage to below 13 per cent from 13.1 per cent.

33. Watercare utilises a computer model, Integrated Source Management Model (ISMM) for water supply operational and planning purposes. The model has been used to forecast the probabilities of dam storage levels over the coming summer and the potential risk of moving to more limiting water use restrictions. The following variables have been included in the water supply forecast:
   i) increasing summer demand
   ii) the range of drought interventions underway including additional water supply projects
   iii) the impact of staged water restriction levels consistent with the Metropolitan Drought Management Plan
   iv) historical and modelled rainfall and consumption data
   v) assuming a summer maximum rolling seven-day demand target of 510 MLD.

34. Watercare’s ISMM model forecast of potential storage responses showed that as long as water demand can be adequately managed within targets, the risk of moving to Stage 2 outdoor water use restrictions over summer is considered to be low, at less than 5 per cent, with the chance of reaching Stage 3 restrictions less than 0.5 per cent.

**Chart 1: Water supply forecast**
35. In August 2020 additional water from the Waikato Water Treatment Plant has been brought into service, the additional water take has resource consent and the plant’s capacity has been increased by 25 MLD to 175 MLD. To secure access to this additional water an agreement with Hamilton City Council was reached to use water from the Waikato River allocated to them but not currently used. A condition of the agreement requires that if the allocation is used, water restrictions that are at least as stringent as those regularly applied in Hamilton City over summer are to be in place. In Hamilton the equivalent to Stage 1 restrictions allow garden sprinklers to be used between 6-8am and 6-8pm and hand-held hoses with trigger nozzles at any time. Even with the proposed amendments, Auckland water use restrictions will remain more stringent than those applied in Hamilton City.

36. More additional water sources are due to come into service over the financial year. These include:
   i) Pukekohe Hickeys Bore (+5 MLD 25 October 2020)
   ii) Papakura Hays Creek Dam (+12 MLD, 6 MLD December 2020 with balance early 2021)
   iii) Onehunga (+4 MLD December 2020)
   iv) New Waikato take (+50 MLD June 2021)

37. To mitigate the impacts of the water restrictions on the construction and commercial sectors, Watercare and Auckland Council have developed several non-potable water sites. These sites are being well utilised with approximately 22 million litres of non-potable water provided to over 10,900 tank fills to date.

38. Fire hydrant use for outdoor construction use is proposed to remain restricted. The frequent use of fire hydrants creates additional risks of network damage. The frequent opening and closing of hydrants can create water hammer in the network and this increases the likelihood of bust mains and leakage. Furthermore, hydrants are designed to operate at high flowrates and do not have built in non-return valves, increasing the risk of contamination entering the network and water wastage on site. The construction sector will have the option to apply for a metered construction connection, these connections are designed to mitigate the risk of backflow contamination and water hammer on the network.

Unreticulated Communities

39. There are estimated to be between 40,000-50,000 dwellings in the Auckland region that do not have mains water supply. This is roughly equivalent to the number of dwellings in Whangarei or Dunedin.

40. Currently Auckland Council is the water supplier of last resort to non-reticulated residents and the costs are funded from general rates. Last summer this community was supported with unbudgeted expenditure to provide two types of contingency water supply:
   i) Welfare water (20 litres per person per day) was made available from various community facilities small water supplies (local halls/libraries)
   ii) Milk tankers were used to transport water to distribution hubs to reduce private tanker travel time.

41. In the coming summer, residents on rain tanks that ran out of water last summer are now more vulnerable if the drought conditions continue as this will create demand for refills higher than the private water carriers can meet. This is due to:
   i) The ongoing low rainfall and water restrictions
   ii) The prohibitive costs of running milk tanker shuttles
   iii) Potential restrictions and/or closure to supply at tanker filling stations if Stage 3 water restrictions are required or if the network is compromised due to excessive tanker demand
   iv) An increased demand on water carriers moving water for other sectors (such as non-potable water for construction).
42. To prepare the non-reticulated residents for a potential drought this summer, the following measures have been planned and are in delivery:
   i) The development of a targeted communications and engagement campaign to prepare non-reticulated residents for water shortages, including the message to install further tank capacity
   ii) Auckland Council rain tank programme, removing barriers to residents installing extra rain tanks, such as removing the fees for resource consents
   iii) Preparations to start up minimum service programmes of 20L per person per day welfare water stations in target areas.

43. Due to the current financial constraints, staff have made preparations to avoid the need to use milk tankers to support distribution of potable water to rain tank households. If the situation becomes urgent and such support is necessary the cost of the service will need to be recovered from the users of the water.

44. Staff have been investigating the development of bore sites as alternative long-term ground water sources to supplement the non-potable water supply and support tanker filling. These bores would serve the same function as the milk tanker distribution hubs by reducing private tanker travel time.

45. Watercare is actively supporting the council to develop contingency plans for the non-reticulated communities, including the construction sector. Watercare is preparing to fund the development of bores and will be presenting a paper outlining the approach to its September 2020 board meeting.

46. A workshop with the Environment and Climate Change Committee will be proposed so that Watercare and Auckland Council’s response to the issue can be outlined and discussed.

Targeted communications

47. Watercare is communicating regularly with its customers on water savings requirements. Since early 2020, it has delivered a multi-platform marketing campaign reminding all Aucklanders of the need to use water wisely and informing them of the Stage 1 water restrictions. This campaign, which is ongoing, includes outdoor, digital, print, radio and social media advertising; media engagement and alignment with products typically used with water (e.g. dishwashing).

48. The council has shared Watercare’s collateral on all of its own channels and will continue to support Watercare’s efforts as we head into summer.

49. In addition, the council has promoted installation of rain tanks, highlighting the recent removal of resource consent fees, and is about to start direct engagement with existing rain tank users. This will include direct communication with residents and property owners that are not connected to reticulated water supplies on the Auckland mainland, reminding them to check tank levels often, book refills early and manage their water use carefully this summer.

50. Direct communication with rain tank users will be supported by targeted social media advertising, information in Auckland Council service centres, and messages in or on all Auckland Council channels (including the rates notice that goes out to all Auckland Council ratepayers). A paid media campaign is being investigated.

Tātaritanga me ngā tohutohu
Analysis and advice

51. Two options have been analysed for the Governing Body’s consideration of the current water restrictions. Option A is status quo and continues the regulations under stage 1 water restrictions. Option B amends these water restrictions in a gradual and phased manner. These options are described and analysed in Table 3 below.
Table 3: Options to impose water use restrictions for Watercare’s metropolitan network

<table>
<thead>
<tr>
<th>Option</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
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</table>
| **Option A: Status Quo**  
No change to current Stage 1 water restrictions  
– no outdoor hose use for commercial and residential | The more conservative option.  
Delivers water savings target. | The economic and social wellbeing impacts of restrictions continue.  
Restriction fatigue leads to non-compliance.  
Communications simple but messages may be lost over time. |
| **Option B: RECOMMENDED OPTION**  
Gradual and phased change to restrictions  
- Enable outdoor hose use with a handheld trigger nozzle* for commercial users from 12 October 2020  
- Review residential user restrictions by December 2020 to assess the risk to an adequate supply of drinking water in the metropolitan network at which time there will be more certainty of storage levels and supply infrastructure | Reduces economic and reputational risks of easing restrictions while mitigating risk of runaway usage causing a need for Stage 2 restrictions.  
Water savings target expected to be delivered based on modelling and forecasts.  
The adjustment of restrictions will be offset by the addition water of 5 MLD water from Hickeys Bore and 6 MLD from Hays Creek.  
The effects of water demand from commercial users can be assessed before adjustments.  
Adjusting restrictions for residential users later allows more accurate forecasts of the summer weather to be developed and assessed prior to decision. | Implementation is more complex because distinguishing between commercial and residential users is necessary.  
Communications more complex.  
Residential users will be under harder restrictions for a longer time. |

* Outdoor hose use with a handheld trigger nozzle controls use as users are more conscious of the amount of water consumed. Hose use without such controls tends to lead to overwatering and wastage.

52. The adjustment to the commercial and non-residential restrictions also removes the specific reference to ‘no operation of a car wash unless it uses recycled water’, this is because there are commercial car washers that use hoses with trigger nozzles. Automated commercial car washers typically recycle at least some of the water they use and have well controlled time limits. Rather than create a competitive advantage between one type of car wash and another it is more equitable to remove the restriction on all car washers on the basis that the water use in both types of car wash is actively controlled.

53. The timing of amendments is important. The closer we are to summer, the more confidence we will have about the weather outlook and the water levels in the dams. But the longer full hose pipe restrictions are in place the longer the economic impacts on business and employment continue.

54. Communicating the changes to restrictions is very important, as the adjustment does not remove the need to achieve water savings. Watercare will continue the existing high-frequency, multi-channel and multi-language campaign advertising to manage the changes and also:
Increased the frequency and prominence of the water restrictions messaging in the lead up to the change and for six weeks afterwards.

ii) Introduce a water usage graphic (similar to a fire danger rating sign) to communicate how Aucklanders' water usage is tracking against the target range. If it exceeds the target, Aucklanders will be warned that more stringent water restrictions may be implemented.

**Recommended option**

55. It is recommended that the Governing Body approves Option B, as this provides a balanced approach to reducing the impact on our business communities. The water restrictions on the commercial sector are largely removed and the risks created by uncertain summer rainfall and the potential for harder restrictions later in summer are mitigated by the phased approach to the largest user of water: residential users.

56. Under Option B, the restrictions will be reviewed again by December 2020. Specifically, this will allow the council time to see where the dam storage levels are at, assess demand and have confidence in new infrastructure as outlined in Table 1.

57. Restrictions will remain in place until Auckland’s water storage dams reach levels where Watercare and the council can be confident there is no longer any significant risk to an adequate supply of drinking water in the metropolitan system.

58. Targeting the amendments to the commercial sector first minimises the economic impact of restrictions on employment whilst providing an opportunity to monitor the effectiveness of the communications and education campaigns to achieve the water saving targets of at least 5 per cent. It is also an opportunity for the business associations that have been advocating for changes based on their industry best practice water use, to prove they can still achieve water savings under the adjusted restrictions.

59. Residential water use makes up the majority of demand in Auckland at approximately 70 per cent whilst commercial demand is approximately 30 per cent. Therefore, trialing the amendments on the commercial sectors first will limit the potential for runaway demand. Commercial water use will include all activities related to business and commerce, such as exterior cleaners, builders, maintenance contractors and plant nurseries.

60. The proposed adjustments to restrictions are in relation to commercial outdoor water use. All businesses will still be asked to meet the voluntary savings target for indoor water use of 10 per cent.

**Tauākī whakaaweawe āhuarangi**

**Climate impact statement**

61. The decision to impose water use restrictions has not been subject to a climate change assessment. However, the drought is associated with the effects of the changing climate and the very low levels of rainfall over the last six months.

62. More frequent droughts (not necessarily of this severity or duration), as well as more extreme rainfall, are expected in the future. These parameters continue to be factored into long term planning, including Auckland’s Climate Action Plan and the development of Auckland Council’s water strategy – specifically the proposed supply and demand pathway.

**Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera**

**Council group impacts and views**

63. Auckland Council and Watercare staff have worked collaboratively to prepare this advice.

64. Auckland Transport has raised concerns about the ongoing impacts on roading and transport construction projects it is delivering or are being delivered by Waka Kotahi (NZTA). Under the recommended option the construction sector will still be reliant on non-potable water supply as opposed to fire hydrants. Staff will attempt to ensure the non-potable points are set up in convenient locations close to construction sites, where possible.
65. The council has 850 sports fields across the parks network that require irrigation to sustain the minimum infrastructure standards to maintain the integrity and quality of field surfaces. A programme of upgrading irrigation systems with soil moisture and rain sensors is being implemented by Community Facilities, in consultation with Watercare and regional sports organisations.

66. Mitigation of water use for sports field irrigation includes prioritising the allocation of artificial sports surfaces and limiting the renovation programme for winter sports fields to minimise irrigation demand. Alternative water supplies of non-potable water are also being considered where practicable. The areas of risk are maintaining the integrity of sports surfaces that rely on irrigation, and the disruption of summer sport.

67. The Community Facilities department has used the winter to implement a number of water savings initiatives to mitigate the effects of the restrictions for the coming summer and Auckland Council’s water consumption has reduced significantly as a result. The initiatives include developing bores for irrigation, applying soil moisture additives that reduce the amount of water needed, installing soil moisture sensors for irrigation systems and repairing leaking infrastructure.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe
Local impacts and local board views

68. No specific engagement with local boards was undertaken on the regional matter of adjusting the water restrictions.

69. Several local boards have raised concerns around the resilience of water supply and the current restrictions. They have been kept up to date with regular communications from Watercare.

70. Workshops have been held with local boards that have high populations of unreticulated communities to brief them about the drought contingency measures Watercare and the council are planning for the coming summer. Boards have provided feedback on the preferred locations of welfare water facilities and opportunities to connect with private bore owners to develop contingency supplies.

71. Feedback in the workshops from the local boards raised concerns about the unreticulated communities this summer and the level of support the council can provide. They emphasised the need for early communication and requested officers increase the efforts to engage these communities.

Tauākī whakaaweawe Māori
Māori impact statement

72. Mana Whenua have not been specifically consulted in regard to this paper and decision.

73. The Kaitiaki Forum has been kept up to date with the water supply situation. The forum received an item on the drought and unreticulated communities and the drought contingency measures Watercare and the council are planning for the coming summer. They were in support of the council’s water tank programme and requested to be kept up to date on the measures, including the Waikato River take.

74. There are no specific impacts on Māori above the general impacts of water use restrictions on all Aucklanders. If marae or dwellings on Māori land are connected to the metropolitan water supply, they are impacted by the water restrictions as non-commercial sites.

75. As a result of Auckland’s drought conditions and the need to supplement the water collected in the dams, the Mayor led discussions with Watercare, Waikato-Tainui, Waikato Regional Council and the Waikato River Authority on immediate solutions to the drought via increased water take from the Waikato River. An output of these discussions is He Paiheretanga o Ngā Wai o Waikato (the Agreement) which was approved by the Governing Body in August 2020.
76. One of the parties to the agreement is Waikato-Tainui. There are thousands of its iwi living within Tāmaki Makaurau, a proportion of whom rely on Watercare’s water supply. While Waikato-Tainui is the proposed signatory to the Agreement, it also recognises that the Waikato River is also of spiritual and cultural significance to other iwi, including but not limited to Ngāti Maniapoto, Raukawa, Te Arawa River Iwi and Ngāti Tūwharetoa.

Ngā ritenga ā-pūtea
Financial implications

77. The costs related to this decision will be underwritten by Watercare and are primarily related to the communications and advertising programmes.

78. Under the recommended option there will be a reduction in costs related to a reduced demand for non-potable water for small business users, however, this will be offset by an anticipated increase in demand for non-potable water needed for the construction sector as the summer works season progresses.

Ngā raru tūpono me ngā whakamaurutanga
Risks and mitigations

79. The key risks associated with the options are discussed above in Table 3.

80. Five per cent water savings are still required to ensure water supply is maintained. There is a risk that making changes to the restrictions will result in runaway water usage. This could result in further restrictions and an increase to Stage 2 restrictions being required at a later date.

81. The recommended easing of restrictions in phases reduces the risk of runaway usage and retains existing controls for residential users. This strategy is a key mitigation to reduce the likelihood of runaway usage and that we will not maintain 5 per cent savings required.

82. The risks and mitigations associated with the recommended option are detailed below in Table 4.

Table 4: Risk associated with recommended Option B (Gradual and phased change to restrictions)

<table>
<thead>
<tr>
<th>Risk Scenario</th>
<th>Consequences</th>
<th>Mitigations</th>
</tr>
</thead>
<tbody>
<tr>
<td>The public response to the adjustment results in runaway water demand due to a false perception that savings are no longer necessary.</td>
<td>The 5 per cent reduction from baseline is not achieved. Stage 2 restrictions are required to curb water demand. Reputation risk – trust and confidence in the council is undermined, due to the perception that the council is appearing to change its mind and return to restrictions.</td>
<td>Targeted communications and engagement with business owners and general public. • Publish the joint Auckland Council / Watercare Water Supply Management Plan for the Summer 2020/2021</td>
</tr>
<tr>
<td>Risk Scenario</td>
<td>Consequences</td>
<td>Mitigations</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------</td>
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<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Rainfall is much lower than expected and Stage 2 restrictions become necessary</td>
<td>Stage 2 restrictions are required to protect water supply.</td>
<td>Source augmentation already underway:</td>
</tr>
<tr>
<td></td>
<td>Reputation risk - trust and confidence in the council undermined, due to the</td>
<td><strong>Pukekohe Hickeys Bore 25 October 2020</strong></td>
</tr>
<tr>
<td></td>
<td>perception that the council is appearing to have relaxed restrictions too soon.</td>
<td><strong>Onehunga December 2020</strong></td>
</tr>
<tr>
<td></td>
<td>Negative economic and social wellbeing impacts.</td>
<td></td>
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</tbody>
</table>

**Ngā koringa ā-muri**

**Next steps**

83. Following a decision on the amendment on restrictions, Watercare will implement phase one of the tactical communications plan. Auckland Council communications will be aligned to support this plan and the decisions.

84. The bylaw requires the council to give the public reasonable notice when it imposes water use restrictions. The date of 12 October 2020 gives sufficient time for reasonable notice. The delegation to Watercare of the responsibility to publish necessary notices under clause 12(3) of the bylaw remains in place.

**Ngā tāpirihanga**

**Attachments**

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
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</thead>
<tbody>
<tr>
<td>A</td>
<td>Water Restrictions Resolutions - Emergency Budget - 7 May 2020</td>
<td>19</td>
</tr>
<tr>
<td>B</td>
<td>Auckland Council Chief Economist - Economic Impacts of Drought - July 2020</td>
<td>21</td>
</tr>
</tbody>
</table>

**Ngā kaihaina**

**Signatories**

<table>
<thead>
<tr>
<th>Author</th>
<th>Authorisers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrew Chin – Head of Healthy Waters Strategy</td>
<td>Barry Potter - Director Infrastructure and Environmental Services</td>
</tr>
<tr>
<td></td>
<td>Jim Stabback - Chief Executive</td>
</tr>
</tbody>
</table>
A PowerPoint presentation was given in support of the item. A copy has been placed on the official minutes and is available on the Auckland Council website was a minutes attachment.

Resolution number EME/2020/52

MOVED by Mayor P Goff, seconded by Cr L Cooper:

That the Emergency Committee:

a) note that the ability for Watercare Services Limited (Watercare) to maintain an adequate supply of drinking water to the Auckland metropolitan system is at risk due to the 2019/2020 drought

b) approve restrictions on the use of water supplied to customers connected to Watercare’s metropolitan system under clause 12(1) of the Water Supply and Wastewater Network Bylaw 2015, in accordance with Watercare’s Auckland Metropolitan Drought Management Plan, as outlined in clauses c) and d) below

c) approve the following mandatory Stage 1 water use restrictions, to come into force on 16 May 2020:

i) Residential
   A) no use of an outdoor hose or water blaster

ii) Commercial and non-residential
   A) no use an outdoor hose or water blaster unless it is for a health, safety, emergency or biosecurity reason
   B) no operation of a carwash unless it uses recycled water
   C) no watering of sports fields, plants or paddocks unless an irrigation system is fitted with soil moisture or rain sensors

d) approve the following Stage 2 water use restrictions, to come into force once the trigger levels in Figure 1 of the Auckland Metropolitan Drought Management Plan are reached:

i) Residential
   A) no use of an outdoor hose or water blaster

ii) Commercial and non-residential
   A) no use of an outdoor hose or water blaster unless it is for a health, safety, emergency or biosecurity reason
   B) no operation of a carwash unless it uses recycled water
   C) no watering of sports fields
   D) no watering of plants or paddocks unless an irrigation system is fitted with soil moisture or rain sensors.

e) delegate to Watercare the enforcement of water use restrictions under clause 12(4) of the Water Supply and Wastewater Network Bylaw 2015, in accordance with its Auckland Metropolitan Drought Management Plan

f) delegate to Watercare the responsibility to publish the necessary public notices under clause 12(3) of the Water Supply and Wastewater Network Bylaw 2015 prior to the stage 1 or stage 2 restrictions coming into force;
g) agree that the water use restrictions and delegations in clauses b) to f) will apply until Auckland Council is satisfied, based on advice from Watercare, that there is no longer a risk to the adequate supply of drinking water to Auckland metropolitan customers

h) request Watercare to continue to provide regular updates to Auckland Council on the implementation of water use restrictions and its ability to maintain an adequate supply of drinking water

i) request Watercare to work directly with key customers to ensure clear lines of communication around the effects of water restrictions and possible mitigation measures

j) agree to convene a joint workshop of the Governing Body, or appropriate council committee and the Watercare board of directors to canvass the urgent need to examine a climate resilient water strategy for Auckland, and other relevant issues.

CARRIED ON VOICES

Attachments

8 COVID-19 briefing and Auckland Emergency Management status update

Two PowerPoint presentations were given in support of the item by Auckland Transport. Copies have been placed on the official minutes and are available on the Auckland Council website as a minutes attachment.

Resolution number EME/2020/53

MOVED by Deputy Mayor BC Cashmore, seconded by Cr S Stewart:
That the Emergency Committee:

a) receive the report and thank Ian Maxwell, Director Executive Programmes, Mace Ward, Group Controllers, Auckland Emergency Management, Phil Wilson, Recovery Manager and Rodger Murphy, Auckland Transport for the briefing on the COVID-19 pandemic and the Auckland Emergency Management status update.

CARRIED ON VOICES

Attachments

The meeting adjourned at 1.08pm and reconvened at 1.33pm.
Memo: Economic impacts of drought and water restrictions on Auckland

From: David Norman, Chief Economist, and Shyamal Maharaj, Economist, Auckland Council

To: Megan Tyler, Chief of Strategy; Mayor Phil Goff

Date: 19 June 2020

The Chief Economist Unit was asked for an initial view of the economic implications of Auckland’s ongoing droughts and consequent water restrictions.

The drought and related water restrictions have at least four impacts:

- On the operations of businesses in Auckland, particularly those most reliant on water
- On households affected by water restrictions – loss of value derived from gardens, pools, washing vehicles and the like, and possible damage to gardens, vehicles and the like from not being able to use water
- On society at large through poorer environmental outcomes and administrative costs
- On non-reticulated households and businesses who face ongoing uncertainty and higher costs.

The main focus of this memo is on the first two of these impacts although some detail is provided at the end of the memo the final two impacts.

Key findings

- An estimated 750 to 1,000 employees are already affected across Auckland by Stage One water restrictions. This does not imply that they will all lose their jobs, but that the viability of the businesses that employ them may be severely compromised. It is likely there will be job losses.
- Conservatively, 6,000 employees in Auckland could be affected by more severe water restrictions than the restrictions currently in place. A less conservative (but not extreme view), would be that 14,000 employees could be affected by tighter water restrictions including reduced production in major water-using businesses.
- Lost value to households from not being able to use hoses, pools, maintain gardens or wash vehicles with a hose are estimated at $700 per household across every detached and semi-detached household in Auckland, or an annual cost from water restrictions of around $230 million in lost private value.
- Costs to taxpayer and ratepayers from drought and water restrictions include the money spent on planning, promotion and education costs to reduce water consumption (notwithstanding these may have positive impacts on behaviour in the long-run); inability to maintain public green space, leading to environmental and maintenance costs; and lost carbon sequestration effects.
- The drought more broadly has affected 135,000 Aucklanders living on water tanks, and around 70,000 workers in areas with little or low reticulation uptake. In addition to the large financial costs imposed, emotional stress due to long wait times for tankered water is a huge social cost.

Reticulated business users

According to Watercare, 68.5% of water consumed in Auckland is for domestic use. The other 31.5% is for commercial use, spread across the sectors set out below.
The impacts on businesses obviously depend on the severity of the water restrictions, and who those restrictions apply to. This brief analysis considers the impacts on different sectors across the different stages of water restrictions.

**Stage One water restrictions**

Under Level 1, commercial car washes and businesses that use lots of water for house and roof cleaning (typically water blasters) have been predominantly impacted. These businesses were forced to cease operations or to source non-potable water. Some car washes and water blasters have been able to do this, but this will come at considerable additional cost. It is unclear whether businesses that have found a way to continue operating have passed on the increased costs to their customers or have swallowed the cost themselves.

If they are passing on the cost, these price increases will discourage customers, reducing profitability. If they are borne by the business, profit per job will be reduced, and the viability of the business will still be affected.

**Car wash workers impacted**: Putting exact numbers on how many businesses and employees are affected is hard. We know that around 2,900 employees are employed in Automotive Body, Paint and Interior Repair in Auckland, but this does include panel beaters and spray painters as well. Car wash services are also provided at many petrol stations, which are captured in a separate category — Fuel Retailing — which has a further 2,350 employees. While car washes are not the main business of petrol stations, they are an add-on that generates additional revenue, contributing to the viability of these businesses. We understand that most of these car washes are now closed. As a conservative estimate, we could conclude that perhaps 5% to 10% of workers across these two categories — or 250 to 500 employees in total, are affected by restrictions on car washing activity in Auckland.

**Water-blasters**: House exterior cleaning businesses in Auckland fall within the Building and Other Industrial Cleaning Services category. This is a particularly broad category that includes street cleaning and a range of other industries. There are around 9,700 employees in the sector. Assuming only 5% work in water-blasting type services suggest a further 500 affected employees.

**Stage Two water restrictions**

Stage Two is similar to Stage One, a key difference being the inclusion of watering sports fields and golf courses in the restrictions. There does not seem to be a material step change in the number of businesses or workers affected by these restrictions.

The primary impact is likely to be of damage to fields and injury to people using them from either dried out natural sports fields, or artificial turfs that cannot be kept moist. This could have significant longer-term
operational costs for these facilities or impacts on quality of life if people are banned from using the facilities due to risk of damaging the fields or hurting themselves.

Sports clubs that rely on fee-paying members to continue to exist would also be at risk of continuing to operate if fields cannot be used. These are usually volunteer-run, so won’t necessarily have a significant direct employment impact.

**Stage Three and beyond**

Watercare has worked with major water users in Auckland across various industries to try and pro-actively reduce water usage by 10%. At the same time, all businesses have been encouraged to reduce use by a similar proportion.

Watercare has not finalised what Stage Three or Four restrictions in detail, but does suggest that under tighter restrictions (possibly Stage Four), large water users may be required to cut production by one to two days out of a five to seven day work week, or between 14% (best case) and 40% (worst case).

At Stage Three, all irrigation would likely be required to cease. This would have a major impact on garden centres. An estimated 630 employees work at Garden Supplies Retailing. Many more workers are employed at garden centres attached to hardware stores. We assume 80% of Garden Supplies Retailing employees would be affected by Stage Three restrictions, which would imply around **500 employees**.

As already highlighted, the biggest share of total commercial water use is in office buildings. It may well be possible for commercial buildings to meet the 10% target or even more, given the impact covid-19 has had on people’s propensity to work from home. However, it is unclear if this may simply displace water use from workplaces to homes.

Other sectors, and manufacturing in particular, are likely to be more affected. In these sectors, there are more individual businesses with large consumption, often because they are national production facilities. If restrictions do begin to affect these businesses more dramatically, there will be significant impacts. Food and beverage manufacturing employs 10,600 employees in Auckland. Glass, concrete and metal manufacturing businesses employ around 10,200 employees between them. While it would be simplistic to imply that a 14% lower-bound estimate of production disruption would result in a 14% reduction in workers or business viability, that does give some sense of the number of employees who could be affected (not that they would all lose their jobs). This suggests conservatively that around **4,250 employees could be affected** if across the board reductions in water use were required across these sectors. Using the 40% figure would imply around **11,900 affected employees**. Again, this is a simplistic way to consider this, but provides a sense of scale in the absence of more detailed information.

Various other sectors would be affected as well. An obvious stand-out is Laundry and Dry-Cleaning Services, which are effectively water-based businesses. Auckland has around 1,500 employees at laundromats and dry-cleaning services, and severe restrictions on these businesses would take a major toll. Conservatively, we could expect around **500 affected workers**.

Public swimming pools may also be required to close under Stage Three or Four restrictions, impacting private enjoyment of those facilities but also potentially workers.

Even if we ignore the impacts on all other industries that will be affected to varying extents (employing the other 90% of Auckland workers), tighter restrictions at Stage Three and Stage Four would yield between 6,000 and 14,000 affected employees. The analysis doesn’t imply that all these employees would lose their jobs, but that the businesses they work for would be impacted to the extent that many would be likely to have their jobs impacted.

**Reticulated households**

The economic cost of water restrictions also includes the loss of consumer surplus or “enjoyment” that households derive from their private use of water. Measuring the welfare effects requires testing for people’s willingness to pay, where welfare impacts are measured against a comparison of no water restrictions.
A study completed in South East Queensland (SEQ) in Australia provides a useful indication of the value of not facing water restrictions for households. The study concluded that the value of avoiding water restrictions was conservatively around AUS$1,100 per household a year in 2003. In today’s dollars, that equates to around NZ$1,380 per household.

This willingness to pay covers a number of costs associated with water restrictions:

- Time costs from labour intense lawn maintenance like use of buckets or watering cars
- Installing water tank systems to maintain year round water access
- Loss of plants and lawn which died out and had to be replaced
- Being unable to wash cars at home and associated bodywork issues
- Pools not being able to be filled and a pool cover being required.

The figures do not account for other losses that accrue to households from water restrictions more broadly, such as the welfare households derive from using sports fields they may not be able to use under Stage Two due to the risk of damage to the fields or injury to themselves, or not being able to use public swimming pools if those are closed.

There are differences between SEQ and Auckland, which suggest a like-for-like comparison may not be appropriate:

- The Australian climate is more prone to harsher droughts, and the study was completed during a period of multi-year droughts. This means both that Australians would have been more used to and possibly prepared for droughts, but also that they would have perhaps been more willing to pay for drought relief.
- Aucklanders’ willingness to pay is likely lower here because our experience of severe drought is so much more limited than in Australia because of relative climatic conditions. Aucklanders’ willingness to pay may not reflect future climate conditions, and would likely rise sharply if multiple dry years follow.
- The SEQ government had already put in place Water Efficiency Management Plans (WEMP) to encourage the more efficient use of water for businesses, meaning they were at a different starting point than Auckland residents and businesses.

If we conservatively assume a cost per detached or semi-detached household in Auckland of half the Australian figure - $700 a year, we get a reasonable proxy. This would imply, conservatively, $230 million in lost private benefit per year to Auckland households from water restrictions.

**Societal costs**

There are other costs not borne directly by private businesses or households individually, but by society as a whole. These include:

- Ratepayer or taxpayer funded costs of restrictions including planning, promotion and education costs
- Inability to maintain parks, urban green space, vegetation, and plants due to not being able to irrigate, which will cost the public from a loss of established eco-systems and more maintenance costs later
- Lost carbon sequestration effects. Trees, plants, and urban green spaces absorb and sequester carbon. If these plants are not watered as needed, there can be a resulting loss of sequestration ability in areas where air pollution is higher such as is common in urban areas.

**Non-reticulated water users**

Residents and businesses operating on water tanks live with the constant risk of running out of water. More than 40 days in a row without more than 1mm of rain between January and February 2020 created severe water shortages for these people. Our understanding is that recent heavy rains, while not enough to alleviate drought conditions in Auckland overall, have helped alleviate much of the non-reticulated users’ water shortages.

However, for several months, users faced the impacts of much higher water costs from having to have water delivered by tanker (around 15 times the price at which Watercare delivers a litre of water to reticulated...
homes), as well as the emotional stress of not knowing if water would arrive in time given the long wait list for tanker water that ensued.

According to a number of people we spoke to, in a few instances nearby reticulated water pipes exist, but residents chose not to connect to the reticulated supply because of cost. In hindsight, these decisions may end up creating greater economic costs, both financial and social.

While the population of water tank users is spread over a wide number of areas, Silverdale is by far the largest employment centre with limited reticulated water use.

With the climate changing, and expectations of longer periods of unpredictable weather, ongoing and growing risks will exist for users of non-reticulated water. The installation of additional water tanks will be required to mitigate risks to households and businesses, which will come at significant cost. Typically a new 21,000 litre water tank costs at least $2,700, plus installation costs and connection to the existing water tank system.

![Population by main centres in non-reticulated potable water areas](image)

Source: Chief Economic Unit, Auckland Council, Statistics New Zealand

![Workers by industry in non-reticulated potable water areas (000)](image)

Source: Chief Economic Unit, Auckland Council, Statistics New Zealand
Review of drought restrictions for the 2020/2021 summer season

Workers by industry, main centres in non-reticulated potable water areas

Source: Chief Economic Unit, Auckland Council, Safefill New Zealand
Independent review into Ports of Auckland’s health and safety: terms of reference

File No.: CP2020/13615

Te take mō te pūrongo
Purpose of the report

1. To approve the terms of reference of an independent review into health and safety at Ports of Auckland.

Whakarāpopototanga matua
Executive summary

2. On 14 September the mayor announced that Auckland Council, as Ports of Auckland’s sole shareholder, would initiate an independent review of health and safety at Ports of Auckland.

3. The review was initiated following the death of a stevedore, Palaamo Kalati, on 30 August, and two previous deaths in 2017 and 2018, however, the council’s independent review will not be an investigation into the specific circumstances of Mr Kalati’s death. Maritime New Zealand is conducting an investigation into that under the Health and Safety at Work Act and it is important that the council’s independent review does not overlap or interfere with that review.

4. The proposed focus of the council’s independent review is to assess and comment on Ports of Auckland’s management of its critical risks for health and safety (including hazard identification, risk assessment, monitoring controls and resilience) and the health and safety culture at Ports of Auckland. The review will help to identify any improvements to be made.

5. Under the proposed terms of reference, the review will be fully independent, carried out on a free-and-frank basis and will exclude an investigation into specific incidents.

6. We propose that the Governing Body delegate to the chief executive of Auckland Council, in consultation with the mayor and deputy mayor, the authority to appoint a reviewer or reviewers and to make any minor changes to the terms of reference as required.

Ngā tūtohunga
Recommendation/s

That the Governing Body:

a) approve the terms of reference for the independent review into health and safety at Ports of Auckland

b) delegate to the Auckland Council chief executive, in consultation with the mayor and deputy mayor, the authority to appoint a reviewer or reviewers and to make any minor changes to the terms of reference as required.

Horopaki
Context

7. On 14 September the mayor announced that Auckland Council, as Ports of Auckland’s sole shareholder, would carry out an independent review of health and safety at Ports of Auckland, following the death of a stevedore, Palaamo Kalati, on 30 August which was the third death at or connected to the port’s operations since 2017.
8. The council’s independent review will not be an investigation into the specific circumstances of Mr Kalati’s death. Maritime New Zealand is conducting an investigation under the Health and Safety at Work Act and it is important that the council’s independent review does not overlap or pre-empt that review.

9. There are two other reviews relating to health and safety which are currently being carried out:
   - Ports of Auckland is carrying out a review of worker engagement. It has advised us that it is involving the Maritime Union of New Zealand in this.
   - Maritime New Zealand and Worksafe have together been carrying out joint assessments of New Zealand ports, which is to assess risks associated with shipping movements and the loading and discharge of cargo. This was scheduled to occur at Ports of Auckland before the first Alert Level 4 lockdown, and has been rescheduled to occur in October 2020. This is separate to the investigation under the Health and Safety at Work Act.

10. Ports of Auckland also carries out its own reviews into specific incidents, and periodic reviews and independent audits of its health and safety framework.

**Ports of Auckland’s corporate objectives**

11. The statement of corporate intent sets out Ports of Auckland’s objectives and performance. The statement of corporate intent has an outcome of “safe and empowered people” with a related objective to have “safety and wellbeing embedded into our culture”. To enable the council to evaluate this, there are two performance targets:
   - number of lost time injuries, with the target to achieve zero
   - achieve the target of becoming a zero harm workplace

**Tātaritanga me ngā tohutohu**

**Analysis and advice**

12. Ports of Auckland’s board is responsible for ensuring the health and safety of workers. However, because of the importance of health and safety and meeting its corporate objectives on health and safety, it is reasonable for the council to seek an independent review. The review will help to inform the council’s role as shareholder and assist Ports of Auckland in improving health and safety at the port.

**Proposed scope of the review**

13. We have developed the attached terms of reference for the independent review which are contained in Attachment A. We have consulted Ports of Auckland on the terms of reference.

14. The proposed scope of the review is the critical risks and health and safety culture:

   To assess and comment on POAL’s systemic management of its critical risks for health and safety (including hazard identification, risk assessment, monitoring controls and resilience) and the health and safety culture at Ports of Auckland.

   In carrying out the assessment, the Reviewer may have regard to the following.

   (a) Governance and leadership (including the accountability relationship between the Board and senior managers of POAL in respect of health and safety).

   (b) Continuous improvement (including due diligence and continuous improvement functions of the Board and senior executives, implementing learnings from previous incidents and near misses).

   (c) Resourcing of and consideration of the health and safety function in its business (including empowerment of the health and safety team, and relevant managers, and investment in plant and equipment).

   (d) POAL’s training methods, methods of assessing competency, supervision and reporting regimes in relation to its critical risks.
(e) **Culture and engagement (including modelling good practice, an integrated and holistic approach to health and safety and well-being, and effective shared ownership of health and safety priorities through collaboration of staff, crews, contractors and management).**

(f) **Factors bearing on management of critical risks and health and safety culture (including performance management, management accountability for health and safety outcomes, financial incentives, industrial relations, and staff and union engagement).**

The way the review will be carried out

15. The proposed terms of reference also include principles about how the review should be carried out. These are:

- The review excludes an investigation into specific incidents and is not being carried out for evidential purposes. This is to mitigate the risk that the investigation will overlap with Maritime New Zealand’s investigation.
- The review will be fully independent, and the findings based on the reviewer’s professional experience and judgment.
- The review will be carried out on a free-and-frank basis. The reviewer will be able to speak to staff confidentially as well as any other stakeholders participating in the review, and have full access to information within the scope of the review, excluding any information that is subject to legal privilege. The reviewer should anonymise any personal or identifying information of staff.
- The reviewer will fact-check relevant information with stakeholders before finalising the report. Once finalised, the reviewer will provide the full report to the council and Ports of Auckland on a confidential basis.

16. Key findings and recommendations will be publicly released, subject to legal review to ensure no impact on Maritime New Zealand’s investigations, however some aspects of the report may remain confidential until the current Maritime New Zealand investigations are resolved. The full report (with any necessary redactions of personal information) will be made public once Maritime New Zealand investigation and any proceedings are concluded.

17. Ports of Auckland’s board has confirmed that it supports an independent review and will provide information to the reviewer in accordance with the scope.

18. The mayor has indicated that he would like the reviewer to report back with findings before Christmas. We propose that the Governing Body delegate to the Auckland Council chief executive, in consultation with the mayor and deputy mayor, the authority to appoint the reviewer and to make any minor changes to the terms of reference.

19. Depending on the capacity of the reviewer, they may need to be engaged through a separate consulting firm who would assist with the background work for the review.

Auckland Council’s accountability levers

20. The council’s desired outcome is to improve the performance of Ports of Auckland in health and safety. The review will make recommendations for improving performance. As a shareholder, the council’s main levers to influence Ports of Auckland are:

- appointments to the board (which the Governing Body has delegated to the Ports of Auckland Appointments Panel, made up of the mayor, the Auckland Council chief executive and the chair of Ports of Auckland) and
- approving or modifying Ports of Auckland’s statement of corporate intent.

21. The Ports of Auckland Appointment Panel is currently appointing two new directors to the board, with health and safety a key competency for both. The findings of the independent review will assist the Appointment Panel in decisions about future board members, and an overall assessment of the board’s performance.
22. We are considering further changes to the statement of corporate intent and will provide advice to the Governing Body shortly.

**Tauākī whakaaweawe āhuarangi**

**Climate impact statement**

23. There are no climate impacts associated with the recommendations.

**Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera**

**Council group impacts and views**

24. Ports of Auckland has provided comments on a draft of the terms of reference and supports the review.

**Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe**

**Local impacts and local board views**

25. The governance of council-owned organisations is the responsibility of the Governing Body, and therefore we have not consulted local boards on the terms of reference.

**Tauākī whakaaweawe Māori**

**Māori impact statement**

26. There are no specific impacts of the recommendations for Māori.

**Ngā ritenga ā-pūtea**

**Financial implications**

27. Ports of Auckland will meet the costs of the review, and therefore there are no financial impacts for the council of the recommendations.

**Ngā raru tūpono me ngā whakamaurutanga**

**Risks and mitigations**

28. The scope of the review has been carefully framed to not overlap or interfere with the legal investigation by Maritime New Zealand into the death of Mr Kalati.

29. We have mitigated this risk in the terms of reference by:
   - excluding a review of specific incidents from the scope,
   - requiring the reviewer to engage with Maritime New Zealand before interviewing anyone, and before they report back to ensure that nothing in the report will prejudice their investigation.

30. There is a need for the review to be independent of Ports of Auckland so the reviewer can take an objective view and bring an independent perspective to bear. The associated risk is mitigated by the council selecting the reviewer, which we propose is delegated to the Auckland Council chief executive, in consultation with the mayor and deputy mayor.

**Ngā koringa ā-muri**

**Next steps**

31. If the Governing Body agrees to the terms of reference, the council’s chief executive will appoint the reviewer, who will provide a report to the council and Ports of Auckland by 1 December.
### Ngā tāpirihanga
**Attachments**

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### Ngā kaihaina
**Signatories**

<table>
<thead>
<tr>
<th>Authors</th>
<th>Alastair Cameron – Manager CCO Governance and External Partnerships</th>
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<tbody>
<tr>
<td></td>
<td>Bram VanMelle - Manager Property and Commercial</td>
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<tr>
<td>Authorisers</td>
<td>Phil Wilson - Governance Director</td>
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<td>Jim Stabback - Chief Executive</td>
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TERMS OF REFERENCE

Independent Review of Health and Safety at Ports of Auckland

[Date] September 2020

BACKGROUND

A Ports of Auckland Limited (POAL) is incorporated under the Companies Act 1993 and operates Ports of Auckland (including its inland ports, and other activities) under the Port Companies Act 1988. Its principal objective is to operate as a “successful business” in accordance with its statement of corporate intent. Operational decisions are the responsibility of the POAL Board.

B Auckland Council (Council) is the unitary authority for the Auckland region established by the Local Government (Auckland Council) Act 2009. It owns 100% of the shares in POAL. Council is responsible for the appointment of directors to the POAL Board and for approving POAL’s statement of corporate intent.

C POAL’s current and previous statements of corporate intent include key performance targets for “safe and empowered people”, including zero lost time injuries, and to “achieve the target of becoming a zero-harm workplace”.

D Since 2017 there have been three deaths at Ports of Auckland. For the first two POAL pleaded guilty to offences under the Health and Safety at Work Act 2015, and the third (in August 2020) is currently being investigated by Maritime New Zealand.

E Because of the importance of health and safety to operating a “successful business”, Council and POAL have agreed to an independent review (Review) of the health and safety framework and culture at POAL.

F The Review will focus on POAL’s systemic management of critical health and safety risks. This will help inform whether POAL’s current health and safety framework is fit-for-purpose, and help identify any systemic issues which need to be addressed.

G These Terms of Reference set out the scope and objectives of the Review.
1. **APPOINTMENT**

[Name] (Reviewer) has been nominated by Council to lead the Review in accordance with these Terms of Reference. The Review should commence as soon as practicable with an expected reporting date of [December 2020].

The Review is being conducted urgently within a short time-frame, and accordingly the Reviewer should prioritise making meaningful findings that will inform continuous improvement.

2. **DELIVERABLES**

The main deliverable is a Report on the Review’s findings and recommendations, and briefings for Council’s Governing Body and POAL Board following report delivery. Prior to finalising the Report the Reviewer shall conduct fact-checks with POAL and stakeholders (as applicable).

The Report shall include a summary of key findings and recommendations which Council will publicly release with a communication strategy agreed by Council and POAL. The Reviewer shall endeavour to present these key findings and recommendations in a manner which facilitates this public release.

Some aspects of the Report may remain confidential until the current Maritime NZ and Worksafe investigations are finally resolved. At that point Council may release the entire Report, subject to redaction of any personal or privileged information.

3. **SCOPE OF REVIEW**

To assess and comment on POAL’s systemic management of its critical risks for health and safety (including hazard identification, risk assessment, monitoring controls and resilience) and the health and safety culture at Ports of Auckland.

In carrying out the assessment, the Reviewer may have regard to the following.

(a) Governance and leadership (including the accountability relationship between the Board and senior managers of POAL in respect of health and safety).

(b) Continuous improvement (including due diligence and continuous improvement functions of the Board and senior executives, implementing learnings from previous incidents and near misses).

(c) Resourcing of and consideration of the health and safety function in its business (including empowerment of the health and safety team, and relevant managers, and investment in plant and equipment).

(d) POAL’s training methods, methods of assessing competency, supervision and reporting regimes in relation to its critical risks.
(e) Culture and engagement (including modelling good practice, an integrated and holistic approach to health and safety and well-being, and effective shared ownership of health and safety priorities through collaboration of staff, crews, contractors and management).

(f) Factors bearing on management of critical risks and health and safety culture (including performance management, management accountability for health and safety outcomes, financial incentives, industrial relations, and staff and union engagement).

4. KEY PRINCIPLES

The Review will be conducted in accordance with the following principles:

(a) The Review should be conducted with respect and sensitivity acknowledging that staff are likely to be affected by the tragedy of recent events.

(b) The Reviewer shall have complete independence in conducting the Review, formulating its findings and reporting to Council and POAL.

(c) The Review should report on key findings and provide recommendations for improvements within scope of the Review including regarding culture, systems, accountability, performance, risk / hazard identification and mitigation.

(d) The findings and recommendations will be the Reviewer’s own opinion, based on their professional experience and judgement in light of the information and material reviewed.

(e) While the Review is not an investigation into specific incidents, discussion of previous incidents can be used as examples if applicable.

(f) To facilitate prompt reporting on findings, the Reviewer may rely on or refer to other reviews and reports which POAL has conducted (independently or otherwise), and is not expected to duplicate effort or information gathering.

(g) To encourage free-and-frank exchange of views and provision of information by all participants, and facilitate prompt assessment and reporting of meaningful improvement recommendations:

- The Review will not be conducted to evidential standards or for evidential purposes. Information and material relied on by the Reviewer does not need to be attributable or verifiable.
• The Review should allow participants to provide information and comment anonymously and on a fully confidential basis.

(h) The Review is not intended to be a benchmarking exercise against other comparable ports, but the Review may provide a sense of context and perspective for the scale and nature of operations at POAL and industry practice.

5. REVIEW PROCESS

The Reviewer will have access to information and materials on the following basis:

(a) POAL will provide the Reviewer with all requested information and materials about its health and safety framework including systems, policies, and practices, records and reporting on health and safety performance, and staff and union engagement concerning health and safety matters. POAL may withhold any legally privileged material.

(b) The Reviewer will also have confidential access to POAL staff for interviews. The Reviewer may receive contributions from Council, POAL management and board members, union representatives, former staff and any other person or organization the Reviewer considers appropriate.

(c) The Reviewer must engage with Maritime New Zealand before engaging any interviewees to ensure that the Review does not in any way interfere with Maritime New Zealand’s current investigation. Prior to presenting the draft report to Council and POAL, the Reviewer must confirm with Maritime New Zealand that nothing in the report prejudices its investigation.

6. ENGAGEMENT TERMS

The Reviewer will be engaged by [xxxxx] for the Review, at POAL’s expense. The Reviewer shall be required to use due care and skill in preparing the report, with such disclaimers and conditions as appropriate, and (subject to preparing the report in good faith) the Reviewer shall be fully indemnified by POAL from any claim or proceeding resulting from the Review process or the report.

These Terms of Reference are agreed by:

Auckland Council: ______________________________

Ports of Auckland Limited: ______________________________