

Minutes

Board meeting	Public session
Date	12 December 2024
Venue	Watercare House, Level 4 Boardroom, 73 Remuera Rd, Remuera and via Microsoft Teams
Time	9:46am

Attendance		
Board of Directors	Watercare staff	Guests
<p>Geoff Hunt (Chair)</p> <p>Julian Smith</p> <p>Frederik Cornu</p> <p>Graham Darlow</p> <p>Andrew Clark</p>	<p>Dave Chambers (Chief Executive Officer)</p> <p>Mark Bourne (Chief Operations Officer)</p> <p>Shayne Cunis (Chief Programme Delivery Officer)</p> <p>Richie Waiwai (Tumuaki Rautaki ā-lwi me ngā Hononga)</p> <p>Sarah Phillips (Chief People Officer)</p> <p>Brent Evans (Acting Chief Customer Officer)</p> <p>Angela Neeson (Chief Financial Officer)</p> <p>Priyan Perera (Chief Strategy and Planning Officer)</p> <p>Rob Burchell (Programme Director, Programme Delivery) (from start until end of item 7)</p> <p>Andrew Mercer (Head of Health, Safety and Wellbeing) (from start until the end of item 9)</p> <p>Tere Ryan (Security Coordinator) (from start until the end of item 7)</p> <p>Emma McBride (Head of Legal and Governance)</p> <p>Pinaz Pithadia (Legal and Governance Advisor)</p> <p>Hinerangi Waiwai (Summer Intern, Legal and Governance team)</p> <p>Via Microsoft Teams</p> <p>Tracey Carter (Legal and Governance Business Partner)</p> <p>Mel Verran (External Content Manager)</p> <p>Ben Halliwell (Elected Member Relationship Manager) (for item 6 only)</p>	<p>Members from the public</p> <p>Murray Chapman, Bevan Morrison and David Stott (One Mahurangi Business Association) (from start until the end of item 7)</p> <p>Jannette Thompson (Editor, Mahurangi Matters) (Via Microsoft Teams) (from start until the end of item 6)</p> <p>Karalisa Dantas (Editor, Hibiscus Matters) (Via Microsoft Teams) (from start until the first half of item 9)</p> <p>Laura Kvigstad (Independent Journalist) (Via Microsoft Teams)</p> <p>Members from Auckland Council</p> <p>Alexis Poppelbaum (Chairperson, Hibiscus and Bays Local Board) (from start until the end of item 6)</p> <p>Gary Brown (Deputy Chairperson, Hibiscus and Bays Local Board) (Via Microsoft Teams) (for the first half of item 9)</p> <p>Rose Leonard (Manager of Governance Services acting for Trudi Fava, CCO Programme Lead) (Via Microsoft Teams) (from item 6 to end)</p>

1.	Opening karakia Richie Waiwai opened the meeting with a karakia.
2.	Apologies Cr Ken Turner sent his apologies. The Commerce Commission sent their apologies for the public session. Charlottee Reed will attend the confidential session.
3.	Quorum All directors were present at the meeting, so a quorum was established.
4.	Declaration of any conflicts of interest Andrew Clark noted his employment as CFO of the Ports of Auckland Limited (POAL) and noted he would have a conflict if tax issues were discussed.
5.	Minutes of the previous Board meeting of 5 November 2024 <i>The Board resolved that the minutes of the public session of the Board meeting held on 5 November 2024 be confirmed as true and correct.</i> The Chair reordered the agenda and invited the CE and Shayne Cunis to present item 7 as we have invited One Mahurangi to attend the meeting.
7.	Warkworth growth wastewater servicing – southern branch alignment The CE and Shayne Cunis introduced the report. The following points key were made: <ul style="list-style-type: none"> • The proposed approach to the pipeline alignment (trenchless), set out in the report, has an estimated project completion date in 2027, one year in advance of current 2028 completion. This methodology reduces the number of other services that need to be relocated as well as the disruption to local businesses. In addition, it enables us to further refine the approach and methodology to better meet cost and schedule expectations. We will, however, need to modify the Lucy Moore pump station to accommodate a deeper pipeline. • This proposal was reviewed by the Asset Management Committee (AMC) on 21 November 2024. One Mahurangi attended this meeting, which the CE noted was the first confidential committee meeting where the members of public were invited to attend. • A deep dive on lessons learnt from the Warkworth Scheme is scheduled for the July 2025 Asset Management Committee meeting. • Murray thanked Watercare Management for listening to the community’s concerns and was pleased to be included in the project. He noted that since attending the Watercare Board meeting in July 2024, the Watercare team and One Mahurangi have worked excellently together to reach this point, and the community is very pleased with the outcome and the fact it will cause less disruption to the community. • The Chair thanked the One Mahurangi Business Association for their professional submission back in July at his first Board meeting as a Board Chair; and he also thanked them for working with our team to devise this new solution.

	<p><i>The Board resolved to accept the Asset Management Committee’s recommendation and approved proceeding with a pipeline alignment through the Warkworth township, maximising trenchless construction, as part of delivering the Warkworth growth wastewater servicing project (WW0001113).</i></p>
6.	<p>Public deputations</p> <p>Alexis Poppelbaum, Chair of Hibiscus and Bays Local Board presented to the Board to express her concerns with Watercare’s recent advice regarding capacity constraints in her local board area. Alexis made the following key points:</p> <ul style="list-style-type: none"> • In her local board area, those granted building consent before 15 November 2024 will be able to connect to Watercare’s wastewater network. This means that 4,000 new homes can be connected with the Army Bay WWTP before the WWTP reaches its capacity. However, there are many other developers, big and small, that do not yet have building consents and will not be able to connect until 2031. This has caused alarm in the community. • Alexis acknowledged that managing growth is a difficult balance, and understands that Watercare does not always get visibility of resource consents for less than 10 lots. Additionally, the new Fast Track legislation will make tracking future growth even more difficult for both Council and Watercare. • Alexis noted that Watercare is fortunate that this issue has not become a bigger media issue. • The Local Board has three questions for Watercare: <ol style="list-style-type: none"> 1. Watercare was slow to communicate the reality of the situation. In the future, how will you do better? 2. What alternative solutions are being worked on in the meantime? 3. How is Watercare going to manage growth in the future, given the difficulties in obtaining growth numbers, and the incoming Fast Track legislation? <p>In response to the presentation, and Alexis’ questions, Priyan Perera noted the following key points:</p> <ul style="list-style-type: none"> • Watercare recognises the importance of clear, no-surprises communication, and was as proactive as we could be. That said, we are sorry for not getting the message out to the community sooner than we did. However, given the situation, we were as proactive as we could be as we were working with so many uncertainties. While we have a Community Liaison Group (CLG), this is for the Army Bay WWTP itself (as opposed to the broader community), is not well attended, and has not had a proper meeting for some time. However, our stakeholder team is in regular contact with the Local Board. • Alexis noted that since the CCO Review, Watercare’s communication and engagement (especially from Ben Halliwell) has been exceptional. However, she noted that the issue relates to strategic communication above the level of everyday customer issues and faults dealt with by the shareholder team. • Alexis also noted that the last Army Bay WWTP CLG meeting was in 2019. • Priyan noted that Watercare is well aware of the challenges and difficulties in managing growth and realises we need to be more nimble. At the same time, we are conscious that if we deviate from existing plans, it often costs more. • The CE noted that Watercare has been making a good progress on its strategic outcomes and for next year we are working on a rolling programme of community updates involving developers and the community. <p>The Chair thanked Alexis for her presentation and valuable feedback.</p>
8.	<p>Review of ‘our commitment to health, safety and wellbeing’.</p> <p><i>The Board approved the updated ‘our commitment to health, safety and wellbeing’.</i></p>

9.	<p>Health, safety and wellbeing update</p> <p>Andrew Mercer took the report as read. The following points were made:</p> <ul style="list-style-type: none"> • Open iCare cases remain high and closure rates need to improve. We have updated the iCare system and now leaders will receive a prompt through the system which will enable them to better manage open cases and get them closed. This is an interim update ahead of the future HSW systems upgrade, scheduled to be completed in 18 months. • We are promoting a strong reporting culture for incidents and close call events. • A serviceperson who injured his index finger had his surgery completed and has now returned back to work. WorkSafe had no concerns with the way the case was managed by Watercare. • The Board voiced their concerns regarding the clarifier incident. Mark Bourne noted that the clarifier cleaning task requires two people: one operator as a safety watch, and one operator doing the cleaning task. Risk mitigation controls include maintaining a safety watch and wearing a lifejacket. We are reviewing the standard operating procedure and the safety railings to see whether additional risk controls are required. • HSE Global's review recommendations are now business as usual. The recommendations will be embedded in a new reporting format. • The Board asked Management to consider how the HSW management system audit will be undertaken now that the new changes in ACC programme do not require us to conduct this audit. • In response to questioning regarding improving contractor H&S statistics, Shayne Cunis explained that we have regular monthly forums with our contractors to discuss the HSW matters. The challenge is to ensure our people, project managers and managers are asking the right questions to our contractors. <p><i>The Board noted the report.</i></p>
10. (part 1)	<p>Chief Executive's report</p> <p>The CE and executive team introduced the report, which was taken as read. The following key points were made.</p> <p>October 2024</p> <ul style="list-style-type: none"> • The contract with Waikato District Council (WDC) has been extended for another two years, with the revised date being 30 June 2028. Anin Nama is now managing this contract. • In response to questioning from the Board, the CE suggested that we will reach out to the WDC to see if they would still like to meet the Watercare Board in early 2025 <p>Key Performance Measures (KPIs)</p> <ul style="list-style-type: none"> • The CE provided an update on the recent media coverage on wastewater overflows in Auckland. He explained that a red flag on Safeswim is a risk based on a modelled outcome based on the weather. No water testing has been done. A black flag represents an actual wastewater overflow. When the Central Interceptor (CI) turns on completely, Safeswim's water quality model will need to be updated and re-modelled.

	<ul style="list-style-type: none"> The Board recommended Management undertake a wider strategic communication programme around Safeswim, that includes elected members, including local board members. <p><i>Our customers</i></p> <ul style="list-style-type: none"> The Board requested an update in March/April 2025 on our journey towards the use of recycled wastewater, as recommended by the Citizens' Assembly. <p><i>Our people</i></p> <ul style="list-style-type: none"> The Board was pleased to learn about the performance of the Watercare haka by Watercare Whānau and asked for the 'Proud to Be' video be circulated to the Board. Sarah Phillips explained that we are currently conducting a deep dive into trends around our headcount, and ensuring our headcount matches our business priorities. <p><i>The Chair invited Sarah to present item 11.</i></p>
11.	<p>Our purpose, values and employee engagement survey results</p> <p>Sarah Phillips took the presentation as read.</p> <ul style="list-style-type: none"> A review of our organisational purpose and values was conducted through surveys, workshops and interviews across the business. Feedback from our people indicated a desire to retain our current purpose. The four new values reflect what is important to our people and what we need to focus on to continue delivering for our communities in future. The values are in both Te Reo and English. Our staff engagement survey is undertaken twice a year. The most recent survey tested what our people feel about the new values. The engagement score was 7.7, 0.1 above the last survey and 0.1 below the energy and utilities benchmark. Our people are already demonstrating the new values through our Teams recognition app. Given the challenging past few years, the Board congratulated management on keeping our people engaged given all the uncertainty we are facing as a company and industry. <p><i>The Board noted the presentation.</i></p>
10. (part 2)	<p>Chief Executive's report</p> <p><i>Operations</i></p> <p>Mark Bourne provided the following update.</p> <ul style="list-style-type: none"> Following the recent elevated levels of arsenic in the Waikato River, we have sent water samples to a lab in Melbourne to confirm the species. This will help us devise a plan to deal with this species of arsenic when it is present in the river. The last recommendation from the Ōrākei Main Sewer report is now closed and has become "BAU". Trials using new high pressure jetting heads were successful and we have now extended these trials in other areas. The new technology is much safer for our staff as they do not need to enter the sewer.

- The Board thanked Watercare Management for meeting the very tight deadline given by Auckland Council’s Manager of Environmental Monitoring to provide a comprehensive response to their letter regarding a Māngere WWTP consent review. The Board, however, noted their concern at the very short timeframe given by Auckland Council and their ability to discharge their duties as directors in this regard. The Board asked Rose Leonard of Auckland Council to pass on the Board’s concerns and seek a response from Auckland Council on this matter.

Programme delivery

Shayne Cunis provided the following update.

- The Central Interceptor tunnel boring machine (TBM) is close to the Grey Lynn shaft where it will breakthrough this week. The TBM will then rest and restart in the New Year. The TBM is due to finally finish tunnelling at Point Erin in May 2025.
- The Board congratulated the CI team for successful commissioning of the Māngere Pump Station, a critical aspect of the CI project.
- The procurement strategy for Herne Bay wastewater upgrade and the Warkworth growth servicing pipeline will be discussed during the Confidential session of today’s Board meeting.
- We are receiving positive feedback from the community regarding our stakeholder engagement for the Queen Street wastewater upgrade.
- The Ōrākei Main Sewer works are challenging. A more formal update will come to the Board in February 2025. The future works are complicated as the sewer has tight bends for us to navigate.
- The Chair noted he visited the Huia 1 construction site on Gillies Avenue recently. He also reported that the New Zealand Infrastructure Commission’s annual report states that the Central Interceptor is a great example of project management, delivered on time during a challenging period.

Strategy and planning

Priyan Perera provided the following update.

- We have achieved the FY24 target for our statement of intent measure on emissions reduction, mainly due to the fact we now source 100% renewable electricity from Ecotricity. We also had reduced energy consumption last year, but this is expected to rise as more assets come online.
- In response to questioning from the Board, Priyan confirmed that we are working on calculating how much our emissions reduction initiatives are costing the company. In this regard, we are shifting to a TOTEX approach.

Matters for noting

- The CE noted that we had recently been advised by both the Commerce Commission and Taumata Arowai that they both are planning to charge levies to water services organisations to cover their regulatory activities. They intend to charge Watercare 33% of the total levies charged based on Auckland having 1/3 of New Zealand’s population. The levies would be on top of the \$1.4m we are already paying for the Crown Monitor’s activities over the next three years (see page 94 of the pack). In total, if implemented, this would mean approximately \$12m (including GST) of charges will need to be passed on to Aucklanders, which has not been accounted for in Watercare’s future budgets. Our teams will be responding to the consultation documents by the deadline of 25 January 2025.

*The Board **noted** the report.*

12.	<p>Audit and Risk Committee meeting update</p> <p>Andrew Clark, the Audit and Risk Committee (ARC) Chair advised that the ARC met on 19 November 2024 and he also attended the Council’s Audit and Risk Committee meeting on 3 December 2024. At the Watercare ARC, the Committee received the following updates:</p> <ul style="list-style-type: none"> • Review of Board Delegations to the Chief Executive Policy • Deloitte – Review planning report for the half year ending 31 December 2024 and audit proposal for 2025 • An enterprise risk update • Internal audit report and audit plan for the year ending 30 November 2025. <p>At the 3 December 2024 Council Audit and Risk Committee, the CCOs all reported on enterprise risks. For Watercare, the key discussions topics included Local Water Done Well and the timeline of Watercare’s financial separation.</p>
13.	<p>Asset Management Committee meeting update</p> <p>Graham Darlow, the Asset Management Committee (AMC) Chair advised that the AMC met on 21 November 2024. The AMC received the following updates:</p> <ul style="list-style-type: none"> • The AMC reviewed Management’s proposals and updates which are included in the confidential pack of today’s Board meeting, namely: <ul style="list-style-type: none"> ○ Waiuku water supply system upgrade ○ Update on Private Plan Change 93 – Warkworth South Development ○ Warkworth growth wastewater servicing – southern branch alignment, stage 2 business case and procurement strategy ○ The renewal of Southwestern Interceptor • An update on the programme of works for Mangakura No. 1 Dam • Growth Servicing Policy update • Quarterly update on asset capitalisation, where there is more work to do.
14.	<p>Capital Finance Committee meetings update</p> <p>Julian Smith, the Capital Finance Committee (CFC) Chair advised that the CFC received various updates at its meetings held on 6 and 21 November 2024. The committee has gained excellent momentum and has been working closely with Ross Tucker (Group CFO) and John Bishop (Group Treasurer) from Auckland Council. The CFC Chair thanked Management for building the relationship with Council’s treasury services and expressed his thanks to Ross and John for their assistance with the financial separation.</p>
15.	<p>Board planner</p> <p>Jim Reardon, an expert advisor to the CFC has been invited to the two February 2025 Board meetings.</p> <p><i>The Board noted the Board planner.</i></p>

16.	Directors' appointment terms, committee memberships and meeting attendances <i>The Board noted the report.</i>
17.	Disclosure of Directors' and Executives' interests Frederik Cornu noted that he has stepped down from the board of Alliance Francaise Auckland. <i>The Board noted the report.</i>
18.	General business The public session closed at 11:40am.

CERTIFIED AS A TRUE AND CORRECT RECORD

.....
 Geoff Hunt, Chair