

**Minutes**

<b>Board meeting</b>	Public session
<b>Date</b>	8 February 2024
<b>Venue</b>	Watercare Services, Level 3 Boardrooms, 73 Remuera Rd, Remuera and via Microsoft Teams
<b>Time</b>	11:15am

<b>Attendance</b>		
<b>Board of Directors</b>	<b>Watercare staff</b>	<b>Guests</b>
Margaret Devlin (Chair)	Dave Chambers (CE)	<b>Via Microsoft Teams</b>
Julian Smith	Mark Bourne (Chief Operations Officer)	Trudi Fava (CCO Programme Lead)
Graham Darlow	Amanda Singleton (Chief Customer Officer)	
Nicola Crauford	Shayne Cunis (Exec Programme Director CI)	
Frances Valintine	Sarah Phillips (Chief People Officer)	
	Paula Luijken (Acting Head of Health, Safety and Wellness) (from the beginning until end of item 8)	
	Nigel Toms (General Manager Risk, Quality and Assurance) (from the beginning until the end of item 7)	
	Emma McBride (Head of Legal and Governance)	
	Pinaz Pithadia (Legal and Governance Advisor)	

<p><b>1.</b></p>	<p><b>Opening karakia</b></p> <p>Nicola Crauford opened the meeting with a karakia.</p> <p><b>Meeting administration</b></p> <p>The Chair took a moment to reflect on the challenges Aucklanders were facing this time last year due to the flooding and Cyclone Gabrielle.</p> <p>In light of the new government’s Local Water Done Well plan, the Chair asked the Governance team to organise a strategy session to discuss the following matters:</p> <ul style="list-style-type: none"> <li>• What Watercare needs to achieve by June 2024.</li> <li>• What Watercare must achieve by June 2025.</li> <li>• What Watercare will need to do from July 2025 and beyond.</li> </ul> <p>The Chair congratulated Sarah Phillips and her team for their work on Watercare’s Gender Tick accreditation and publishing Watercare’s gender pay gap.</p>
<p><b>2.</b></p>	<p><b>Apologies</b></p> <p>Councillor Shane Henderson (Chair, CCO Oversight and Direction Committee) and Councillor Ken Turner (Watercare’s Lead Councillor) sent their apologies.</p> <p>Cr Turner provided the Chair with comments on the Huia Treatment Plant replacement project. Cr Turner reiterated that Watercare needs to ensure they engage with Council and community regarding the development of this project.</p>
<p><b>3.</b></p>	<p><b>Quorum</b></p> <p>All directors were present at the meeting, so a quorum was established.</p>
<p><b>4.</b></p>	<p><b>Declaration of any conflicts of interest</b></p> <p>No conflicts of interest were noted.</p>
<p><b>5.</b></p>	<p><b>Minutes of the previous meeting of 12 December 2023</b></p> <p><i>The Board <b>resolved</b> that the minutes of the public session of the Board meeting held on 12 December 2023 be confirmed as true and correct subject to a minor typographical error at section 11 of the minutes.</i></p>
<p><b>6.</b></p>	<p><b>Public deputations</b></p> <p>There were no public deputations.</p>

7.

### **Chief Executive's report**

The CE introduced the report. The following key points were made:

#### ***November and December 2023 update***

- The Water Services Programme managed by National Transition Unit (NTU) is being closed down by 31 May 2024.

#### ***People update***

- Watercare has achieved the Gender Tick, but will need to continue these efforts to ensure we maintain it.
- The sports tournament went well, and a Family Day for Watercare staff and their whanau is planned for late February 2024.
- Watercare continues to explore what can be utilised through the work that the NTU had undertaken under the Water Services Programme.
- People metrics show turnover continued to trend downwards and leave liability is also falling. To meet the target, we are working to manage leave to reduce excessive aged entitlements.

#### ***Partnerships***

- Meetings with Chairs and Chief Executives of our iwi and mana whenua partners are scheduled to address concerns and clarify Watercare's role and responsibilities in water services whilst we navigate the transition to "Local Water Done Well". Our iwi partners have advised us they want more direct engagement on the issues that impact them directly.

#### ***Operations***

- There have been no concerns from Taumata Arowai (TA) regarding the annual review of our Drinking Water Safety Plans (DWSPs). Mark Bourne advised that we do not expect any feedback from TA on the DWSPs.
- The leak management programme is a maintenance programme which started during the 2020 drought. This programme has now become a more targeted programme, focusing on smaller, problem areas with repeated leaks.
- The feedback from the Voice of Customer confirms that the customers are aware of our leak response times. We are also ramping up our "every drop counts" campaign.
- The water leaks on the customer side of the meter are a private issue. However, Watercare provides leak rebates on a case-by-case basis to those who promptly fix private leaks. These amounted to around \$9m last year. The Chair noted that smart metering will allow us to catch these types of leaks sooner.

#### ***Central Interceptor***

- The main Tunnel Boring Machine (TBM) has now tunnelled 9km. The next stop will be Walmsley shaft connection point.
- All major mechanical process plant and pipe work has been installed for the Māngere pump station. Confluence chamber works within the wastewater plant are also progressing.

- The team is keeping an eye on talent, and the GAJV and other contractors are working to ensure that their people remain committed and enthusiastic about the project.

#### ***Huia water treatment plant replacement project***

- We are scoping to determine the most efficient way to deliver the large programme of projects, including restoration of the Nihotupu filter station.
- A Board and Governing Body visit to Huia Water Treatment Plant (WTP) is scheduled for 4 March 2024.
- For the 4 March 2024 visit, the Chair requested a schematic showing the wider project.
- Nicola Crauford noted she visited Huia WTP on 25 January 2024 and thanked the team for their tour and sharing their knowledge of the project.

#### ***Risk and compliance update***

- The Privacy Commissioner has closed the investigation based on our response and the steps taken to ensure this type of breach does not occur again.
- The increase in number of LGOIMA requests is associated with the Southwest wastewater upgrade.
- At section 9.5 of the report, there was a mention of section 8.4 however, this is a typo and should read as section 9.4.

#### ***Laboratory services – hazardous substances review***

- The hazardous substance review includes two reviews: a full audit of all hazardous substances; and a review assisted by the internal audit (IA) and Health, Safety and Wellbeing (HSW) teams.
- The IA team will assist with a review of the certifications, ensuring that all relevant certifications for individual sites are up-to date and valid.
- HSW team will perform a physical inspection of storage of the hazardous substances to ensure that we are complying with our certifications. Their review findings will then be reported to IA team.
- The Audit and Risk Committee will be kept informed via internal audit reports.
- On a related topic, the potential impact of Australian port strikes on chlorine supply is being closely monitored.

#### ***Key performance measures***

- Item 11 – Attendance of sewerage overflows remains high which is a reflection of the extreme wet weather last year. We are focusing on the resolution of faults (item 7). These are DIA measures and therefore any changes to the measures would require a consultation by Council through the Long-Term Plan process. The Board had a robust discussion regarding the need to change the target of these measures and further guidance to be taken from the DIA regarding these measures. Emma McBride confirmed that as a part of the Statement of Intent and Long-Term Plan process, we are undertaking a review of our measures.
- Item 27 – Despite the Ōrākei Main Sewer (OMS) collapse, the December 2023 community trust score has increased to 61. Management considers this is because our communications around the incident have been proactive and ongoing, helping to maintain trust. Julian Smith was surprised the score rose on the back of the OMS collapsed and queried the drivers. Amanda will provide a further update to Julian on this after the meeting.
- Amanda noted our January 2024 trust score has dipped three points, and we think this may be due to the national narrative around water reform, and the issues faced by water utilities elsewhere, including Wellington.
- Items 8 and 9 – These measures are similar to other DIA measures (items 6 and 7). Items 6 and 7 include P1 (Priority 1) response; and items 8 and 9 include other non-urgent response ie P2, P3 and P4.

	<ul style="list-style-type: none"> <li>Item 18 – Amanda provided an update on the current performance of our meter reader contractors and the new methodology they have adopted regarding readings.</li> <li>Item 20 – The Chair requested a performance update on ‘reactive maintenance spend vs proactive renewals spend’ in April 2024.</li> </ul> <p><b>Water quality</b></p> <ul style="list-style-type: none"> <li>The number of repeat complaints noted on page 61 of the report are associated with the wider issue of discoloured water in the Onehunga Low Zone.</li> <li>There is no relation between the water discolouration and shutdown of our Onehunga Water Treatment Plant. The complaints are due to the construction activity and third party damage. In addition, we have had a number of watermain breaks in short period of time. This led to water outages in the area and then flushing, which can result in discolouration.</li> </ul> <p><i>The Board noted the report.</i></p>
<p><b>8.</b></p>	<p><b>Health, safety and wellbeing update</b></p> <p>The CE and Paula Luijken noted the following key topics:</p> <ul style="list-style-type: none"> <li>On 2 February 2024, a sampler was performing routine sample testing at the Huntly WTP when he came into contact with caustic soda which splashed onto him. Given the nature of the injury and the further treatment needed, the incident met the threshold for Worksafe notification, and this has been completed. An investigation report is due tomorrow. Waikato District Council’s Water Governance Board has also been notified. Further detail, including PPE requirement and caustic soda storage level to be provided in the Board pack for 5 March 2024 Board meeting.</li> <li>A final report from HSE Global, independent external reviewer, was received yesterday. The report is currently being reviewed. As noted on pages 84 and 85 of the pack, the 2023 numbers have decreased as compared to last year. Therefore, we are still struggling to understand the correlation of these numbers with our TRIFR as it remains higher than other organisations. The report’s recommendations will form part of the work the company must do before 30 June 2024. The Board requested a detailed update on HSE Global’s report be provided at the March 2024 Board meeting.</li> <li>The Board requested that an update on TRIFR be included in the Deep Dive presentation to Council’s CCO Direction and Oversight Committee on 22 February.</li> <li>In response to a query from the Board regarding the staff turnover in HSW team, Paula noted that out of 13 people four have resigned, including Bronwyn Struthers.</li> <li>One highlight from the report was praise for a “high level of intrinsic motivation within the workforce” as we started to review various sites through HSW representatives. The HSW representatives are in the process of collating the feedback from their meetings to enable structured focus.</li> </ul> <p><i>The Board noted the report.</i></p>
<p><b>9.</b></p>	<p><b>Updated Summer Water Production Plan</b></p> <p>Mark Bourne took the report as read. The following was discussed:</p>

	<ul style="list-style-type: none"> <li>• The storage lakes were full during September 2023. NIWA advised that there will be dry summer and lower-than normal rainfall over the next autumn and winter period. Although current storage lakes are nearly at full capacity, we have updated our summer production plan to ensure continuity of supply and prevent restrictions during late summer and autumn 2025.</li> <li>• At the time of budget in February 2023/March 2023, the water supply lake levels were full. Accordingly, the plan was to source water from Huia and Ardmore. Graph 1 on page 91 of the pack shows a range of these scenarios ie increased demand, less rainfall and continuing with the original budgeted plan.</li> <li>• The Graph on page 92 is an updated summer production plan where an additional 60MLD of water is taken from Waikato WTP rather than the lakes. The graph shows the difference in lake storage levels and forecast weather patterns vs actual.</li> <li>• Some El Niño (a drier windier weather pattern) do produce rain, like we have had in recent weeks. This has a positive impact on our water supply lake levels, and we are currently 12% ahead of our target storage.</li> <li>• The water supply lake levels do decrease during summer, with dams typically recharging in autumn and winter.</li> <li>• The maximum unconstrained production from all our sources is 600MLD but it is not sustainable in the long term. The Chair noted that on a recent visit to the UK, many construction sites and businesses advertised the fact they were using non-potable water.</li> <li>• It was noted that water restrictions are not failure but part of the management of water supply and demand by an organisation. The Chair asked Management to include seasonal water update including comments on the Auckland Water Strategy in our deep dive topics with Council's CCO Direction and Oversight Committee on 22 February 2024.</li> <li>• The Chair asked for the monthly reports on Auckland Water Strategy targets to be shared with the Board via the Diligent resource centre.</li> </ul> <p><i>The Board <b>noted</b> the report.</i></p>
<p><b>10.</b></p>	<p><b>Audit and Risk Committee meeting update</b></p> <p>Nicki Crauford, the Chair of Audit and Risk Committee (ARC), provided an update on the ARC meeting held on 7 February 2024. She noted that the ARC:</p> <ul style="list-style-type: none"> <li>• Reviewed the half year accounts;</li> <li>• Discussed Deloitte's external audit update;</li> <li>• Recommended to the Board for its approval of the Risk Management Policy; and</li> <li>• Discussed internal audit report.</li> </ul>
<p><b>11.</b></p>	<p><b>Board planner</b></p> <p>Following key topics were discussed:</p> <ul style="list-style-type: none"> <li>• Watercare's deep dive session with the CCO Direction and Oversight Committee is set for 22 February 2024.</li> <li>• The Asset Management Committee meeting has moved forward to 19 February 2024.</li> <li>• A Board Strategy session to be scheduled for later this month.</li> </ul> <p><i>The Board <b>noted</b> the Board planner.</i></p>

12.	<p><b>Directors' appointment terms, committee memberships and meeting attendances</b></p> <p>The Chair noted her attendance at a confidential workshop organised by Council's Performance and Appointment Committee regarding director appointments.</p> <p><i>The Board <b>noted</b> the report.</i></p>
13.	<p><b>Disclosure of Directors' and Executives' interests</b></p> <p><i>The Board <b>noted</b> the report.</i></p>
14.	<p><b>General business</b></p> <p>The public session closed at 12:30pm.</p>

CERTIFIED AS A TRUE AND CORRECT RECORD

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Margaret Devlin, Chair